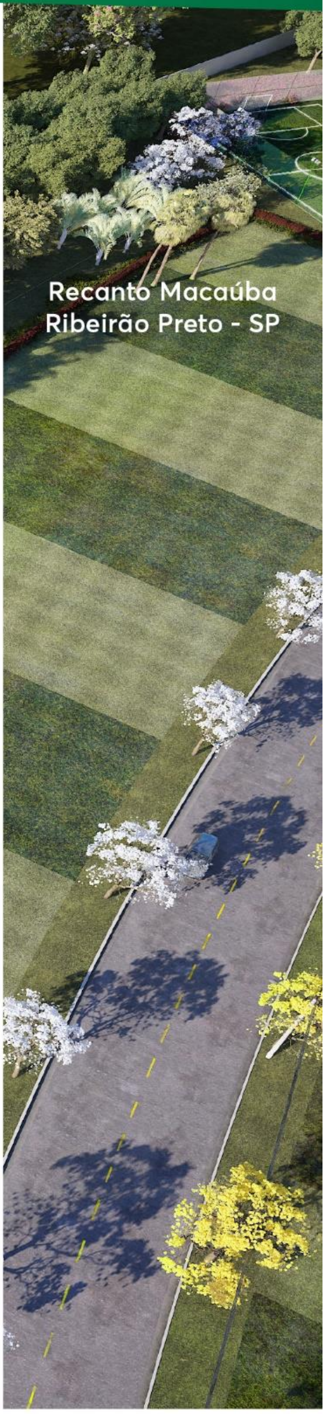
FINANCIAL STATEMENTS 2020



Luggo | SENSIA INCORPORADORA | MRV | ahs RESIDENTIAL | Urba

MRV&CO

MRV Engenharia e Participações S.A.

Financial Statements

December 31, 2020

Contents

Independent Auditor’s Report on the Financial Statements 1

Management Report 7

Audited Financial Statements

Balance Sheets 25
Statement of Income 26
Statements of Comprehensive Income 27
Statement of Changes in Equity 28
Statement of Cash Flows 29
Statements of Value Added 30
Notes to the Financial Statements 31

Fiscal Council's Opinion........ 87
Directors' Statement........ 88
Capital Budget........ 89

KPMG Auditores Independentes
Rua Paraíba, 550 - 12º andar - Bairro Funcionários
30130-141 - Belo Horizonte/MG - Brasil
Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brasil
Telefone +55 (31) 2128-5700
kpmg.com.br

Independent auditors' report on the individual and consolidated financial statements

To the shareholders and management of MRV Engenharia e Participações S.A.

Belo Horizonte - MG

Opinion

We have audited the accompanying individual and consolidated financial statements of MRV Engenharia e Participações S.A.("Company"), identified as individual and consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes, comprising significant accounting policies and other explanatory information.

Opinion on the individual financial statements

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

Opinion on the consolidated financial statements

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

Basis for Opinion

Our audit was conducted in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the following section "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("*Código de Ética Profissional do Contador*") and in the professional standards issued by the Brazilian Federal Accounting Council ("*Conselho Federal de Contabilidade*") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Presentation of Financial Statements
As described in Note 2.1, the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil, applicable to real estate development entities in Brazil registered with the CVM, and the consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil, registered with the CVM. Accordingly, the determination of the accounting policy adopted by the entity, for the recognition of revenue in unfinished real estate unit purchase and sale agreements, on the aspects related to the transfer of control, follow the understanding of the Company's management regarding the application of CPC 47 - Revenue from contract with client (IFRS 15), in line with that expressed by CVM in Circular Letter CVM / SNC / SEP No. 02/2018. Our opinion is not qualified in respect of this matter.

Key audit matters

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

Recognition of revenue – estimated measurement of the progress for satisfaction of the performance obligation

Notes 2.2(a) and 22 to the individual and consolidated financial statements.

Key audit matters	How the matter was addressed in our audit
Pursuant to CPC 47 – Revenue from contract with customer (IFRS15 – Revenue from contract with customer) and the understanding expressed by the CVM in Circular Letter/CVM/SNC/SEP/No. 02/2018 on the application of NBC TG 47 (IFRS 15), the recognition of the Company's and its subsidiaries' revenue requires the measurement of the Company's progress with respect to the satisfaction of the performance obligation over time. Such measurement requires the exercise of significant judgment by Management to estimate the inputs necessary for the satisfaction of the performance obligation, such as expected materials, labor and profit margins for each performance obligation identified. Due to the significance, complexity and judgment required to determine the inputs necessary to satisfy the performance obligation and the impact that potential changes in such estimate could have on the Company's individual financial statements, including as a result of the effects arising from the equity method of accounting, and on the Company's consolidated financial statements, we consider this matter as a key audit matter.	We assessed the design and effectiveness of the key internal controls related to the approval and review of construction costs to be incurred used to calculate the percentage-of-completion of construction works. Based on a sample of real estate projects, we obtained the budgets prepared by the Company and the related approvals and matched to the accounting records. We also matched, on a sampling basis, the costs incurred, units sold and amount of sales agreements used to calculate revenue to the related supporting documentation. Through analytical procedures performed on the full basis of the consolidated revenue from real estate development, we assessed the nature of significant changes in the margin of real estate projects and the budgeted amount of costs to be incurred, as well as exceptions identified during the analysis of changes in the percentage-of-completion occurred in the period. Additionally, with the support of our asset measurement specialists, we analyzed the percentage-of-completion of a given construction work.

	We recalculated the revenue recognized for all Company's and its subsidiaries' real estate projects on the balance sheet date considering the managerial reports reconciled with the accounting balances. We have also assessed the disclosures made by the Company. During the course of our audit, we identified adjustments that would affect the measurement of the amount of consolidated revenue to be recognized, which were not recorded and disclosed by management, as they were considered immaterial. Thus, based on the evidence obtained through the procedures summarized above, we believe that the revenue amount and related disclosures are acceptable within the context of the individual and consolidated financial statements for the year ended December 31, 2020, taken as a whole.

Provisions and contingent liabilities – civil, labor and tax risks

Notes 2.2(l) and 18 to the individual and consolidated financial statements.

Key audit matters	How the matter was addressed in our audit
The recognition and measurement of provisions and disclosure of contingent liabilities related to lawsuits and administrative proceedings of civil, labor and tax nature require that the Company exercise judgment to determine the existence of a present obligation and the likelihood of an outflow of funds to settle the obligation. The assessment of the risks related to these lawsuits and proceedings requires significant judgment that may give rise to significant impacts on the amount recognized in the individual and consolidated financial statements, including related disclosures, and on the amount of the investment recorded under the equity method of accounting in the individual financial statements. Due to the significance, complexity and judgment required to assess and measure provisions and contingent liabilities, we believe that this matter is a key audit matter.	We have obtained an understanding of the design of the Company's key internal controls related to the recognition, measurement and disclosure of said provisions. We have obtained the list of lawsuits and administrative proceedings to which the Company is a party, the Company's assessment of the measurement and likelihood of outflow of funds required to settle the obligation, as well as the assessment of the Company's external advisors on the measurement and likelihood of risk of loss. Based on such information, we assessed the criteria used by the Company to recognize, measure and disclose provisions, as well as their sufficiency, taking into consideration the assessments made by the Company's internal and external legal advisors, historical information on payments and reversals. We have also analyzed the Company's disclosures with respect to the information on the mature, exposure and amounts of the risks related to the main lawsuits and proceedings involving the Company.

	Based on the evidence obtained through the procedures summarized above, we believe that the balance of the provisions for civil, labor and tax risks and the disclosures of the contingent liabilities are acceptable within the context of the individual and consolidated financial statements for the year ended December 31, 2020, 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 disclosed as supplemental information for purposes of the IFRSs, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all relevant aspects, in accordance with the criteria set out in such 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 the independent auditor's report

Management is responsible for such other information. The other information comprises 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 audit 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 such report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), and the consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB"), 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 unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- 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 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's audit. We remain solely responsible for our 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 identify during our audit.

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

Belo Horizonte, March 4, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 F-MG
Original report in Portuguese signed by
Felipe Augusto Silva Fernandes
Accountant CRC MG-091337/O-5 T-SP

Management Report 2020

Dear Shareholders,

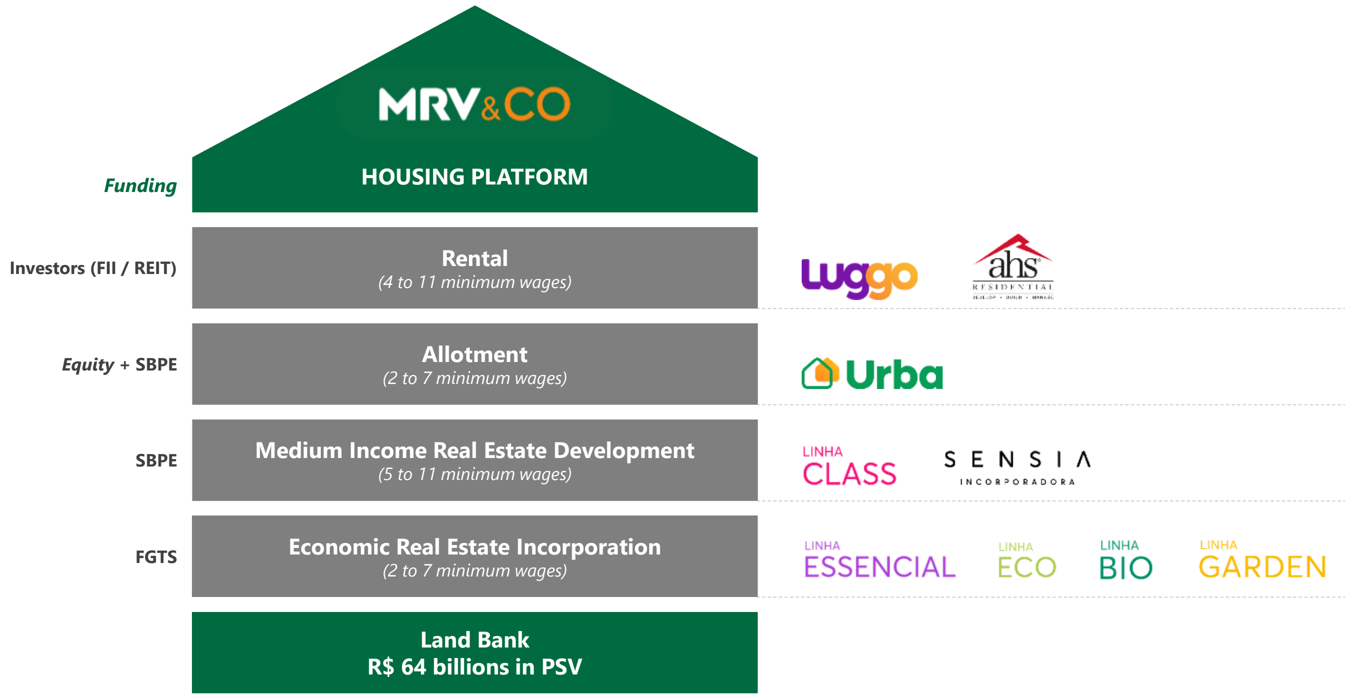
Pursuant to legal and statutory provisions, MRV Engenharia e Participações S.A. ("Company" or "MRV") Management presents its Management Report and the Company Consolidated Financial Statements, together with the independent Auditors' Report, for the fiscal year ended December 31, 2020.

Message from the CEOs

Multifunding Housing Platform

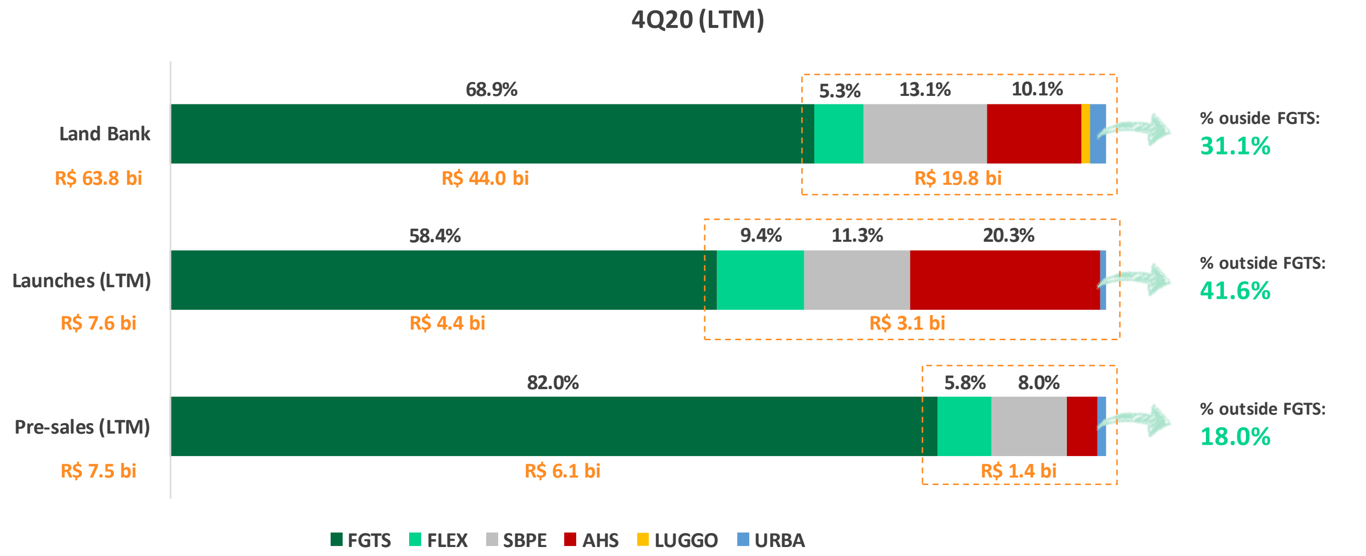
For many years MRV has steadily diversified its business portfolio and product range, aiming to better meet the growing demands of the residential real estate market. Today, **MRV&CO has become a complete housing solution platform** positioned to offer the best housing option for the specific stage clients find themselves in life, from the acquisition of apartments through **MRV** and **Sensia** urbanized properties through **Urba**, or even those seeking rental units through **Luggo** in Brazil and **AHS** in the United States.

As a result, **MRV&CO's multifunding housing platform is capable to meet the needs of families earning salaries equivalent to 2 to 11 minimum wages in some 162 cities throughout the country, in addition to the North American market, where AHS is active in 14 cities in the states of Florida, Texas and Georgia**, offering a range of products targeting the workforce market, made up of families earning from US$ 3,300 to US$ 6,600.



One of the most important aspects of MRV&CO's housing platform is the diversity of funding sources for the sale of its products, with financing options from FGTS (Severance Pay Fund for Workers) for products targeting the Casa Verde e Amarela Program CVA (former Minha Casa Minha Vida housing program), from SBPE (Brazilian system of Savings and Loans) funding for products outside of this program, or resources from FIIs and REITs targeting LUGGO and AHS projects.

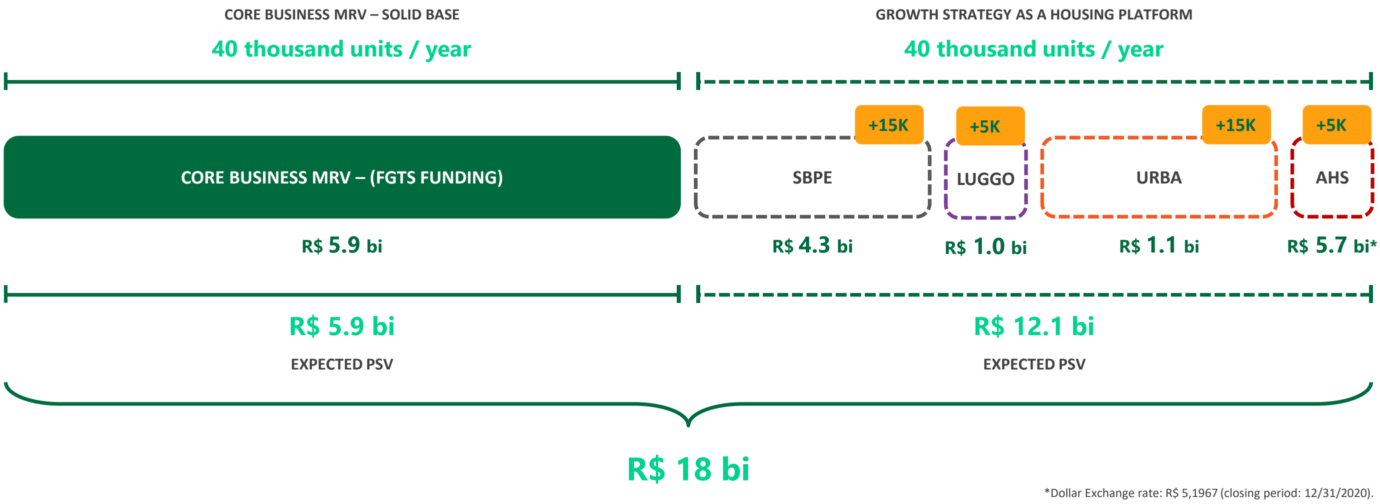
As a result, **MRV&CO aim to no longer depend on a sole source of funding or a specific market segment**, with products reaching low to mid-income families in both Brazil and the USA.



Growth: 80K Plan

MRV&CO is the biggest player in the CVA program and, for years, has consistently offered a consolidated operation of more than 40 thousand units per year to the program. This is the foundation of the company's housing platform, and this has served as the base on which the 80K plan has been designed.

The strategy for growth includes the expansion of operations into developing businesses complementary to the company's core business in the CVA program, in the form of the Sensia and Class lines, both targeting SBPE funding, in addition to Urba projects and rental projects for Luggo in Brazil and AHS in the USA.



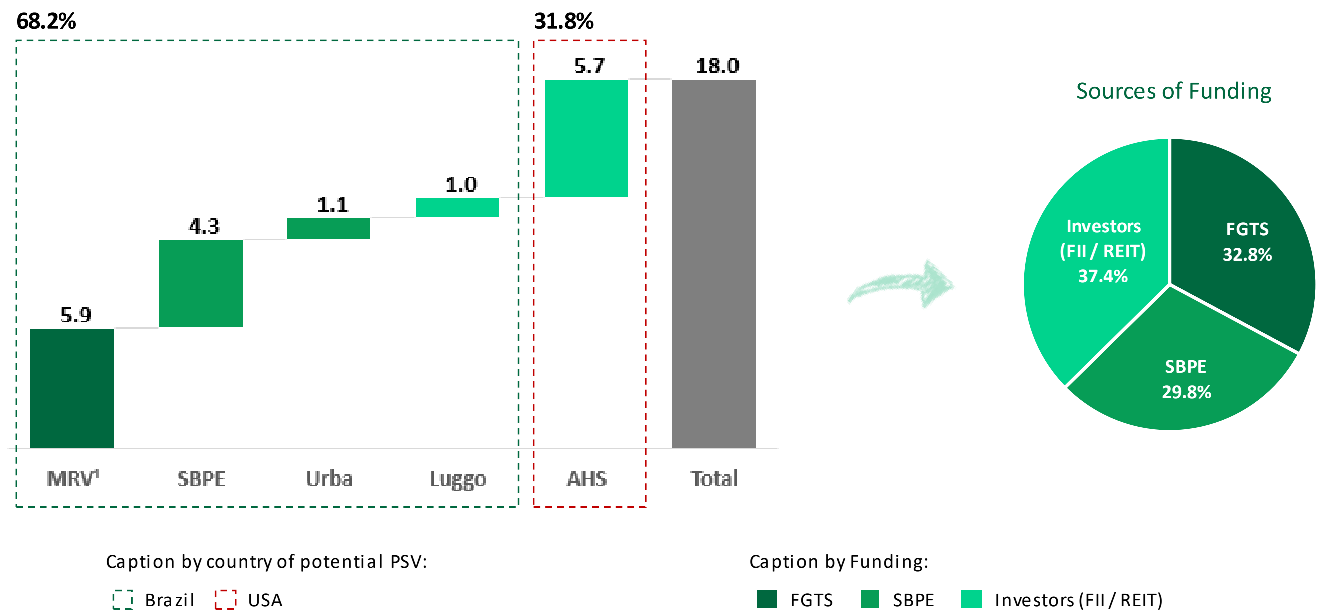
*Dollar Exchange rate: R$ 5,1967 (closing period: 12/31/2020).

With the plan of 80 thousand annual units, the **MRV&CO operation will rely on various business fronts, capable of reaching R$ 18 billion in pre-sales value per year**. The plan rests on an extremely high synergy among real estate businesses, supported by MRV's solid core business base.

MRV&Co 2025 Strategy

Potential PSV - Plan 80k

(values in R$ billions)

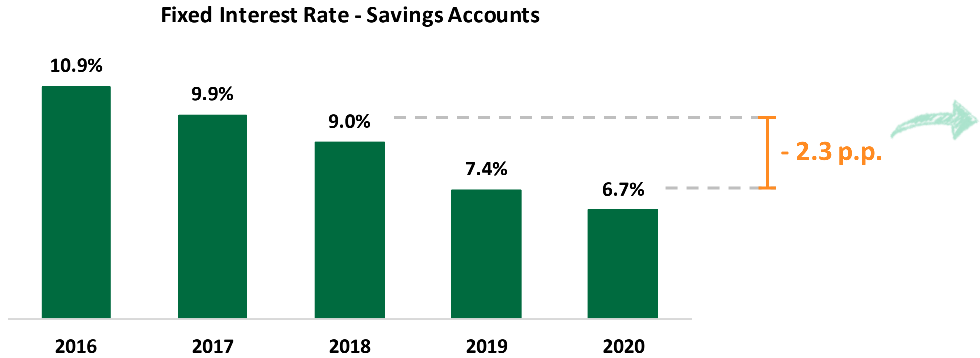


MRV&CO Sales Performance

In 2020, the company saw record-breaking sales, totaling 54 thousand in gross sales for the year, equaling R$ 8.7 billion in pre-sales value. These significant results confirm the assertive strategy adopted by MRV&CO, as well as demonstrate the strength of the low to mid-income housing segment, bolstered by the current interest rates in the country.

Due to falling interest rates for real estate funding, in both private banks and Caixa Econômica Federal (CEF), in addition to the creation of new financing methods such as IPCA+ and Poupança+, clients have seen not **only an increase in purchasing power, but the company has also seen broadening markets for target clients.**

Fixed Interest Rate - Savings Accounts



Every **1 p.p.** for falling interest rates results in **800.000***new families and **10%***less demand on income for real estate valued at **R$ 300k.**

**) Source: FGV, Company*

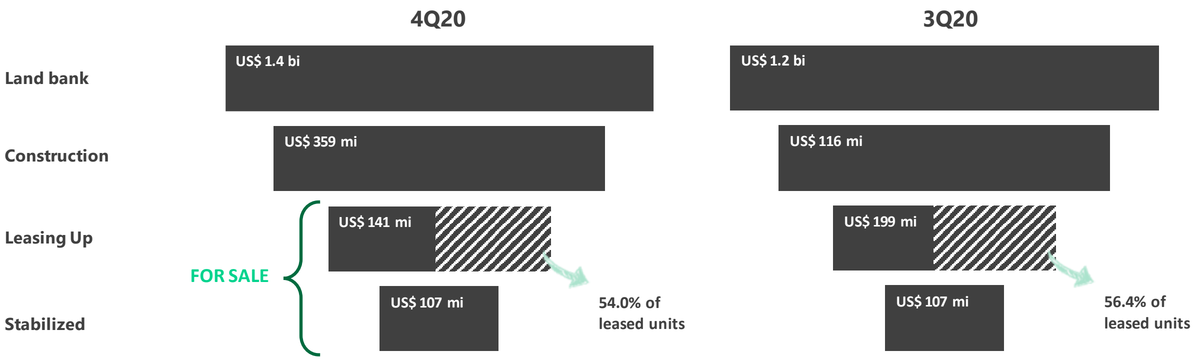
AHS: North American Operation

In January 2020, MRV&CO expanded its operations in the North American market with the acquisition of AHS Residential. The company focuses on the development of projects targeting the rental market and aims to sell the rental development to real estate investment trusts (REIT).

The first AHS project was sold in 4Q20 after MRV&CO's acquisition at a value of US$ 57 million, gross income of US$ 17 million, yield on cost of 7.21% and Cap Rate of 5% (% based on projected NOI after 12 months stabilization).

Deering Groves	(in US$ thousand)
Sale Value	57,000
Project Cost	(40,649)
Gross Profit	16,351
Gross Margin (%)	**28.7%**

At the end of 4Q20, AHS held US$ 1.4 billion in its land bank, US$ 359 million in projects under construction in addition to **six projects that have already been negotiated for sale, ranging from projects in stabilization and stabilized projects, valued at US$ 249 million.**

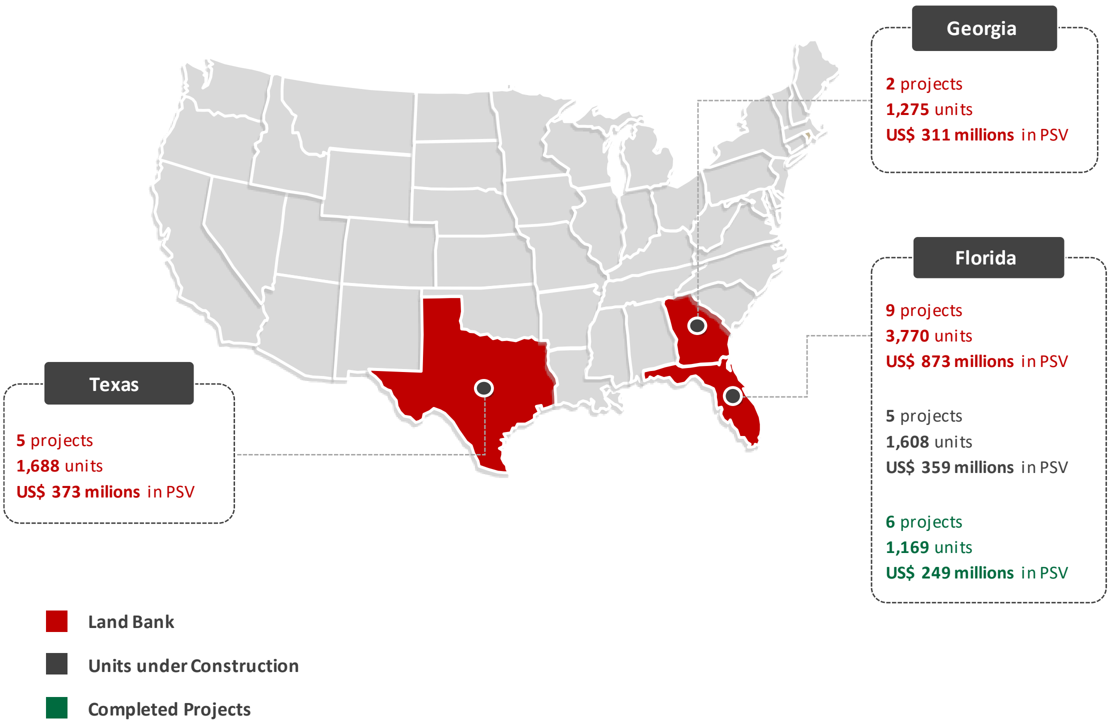


Subsequent events:

AHS operation continues to follow the geographic expansion plan in the USA and, in 1Q21, three new land plots were acquired in Texas, two in Dallas and one in Austin, with a total of 876 units and an estimated US$ 204 million PSV.

Images – Future AHS Project in Texas

Texas is the second largest state in the United States in terms of area, population and GDP, in addition to being the largest producer of oil and natural gas in the country. This move puts AHS in 4 of the 10 largest metropolitan regions by population in the USA (Dallas, Houston, Miami and Atlanta)[1]. Moody's Analytics [2]estimates that Texas is expected to create about one million new jobs by 2023, which is equivalent to the country's third highest average annual job growth rate.



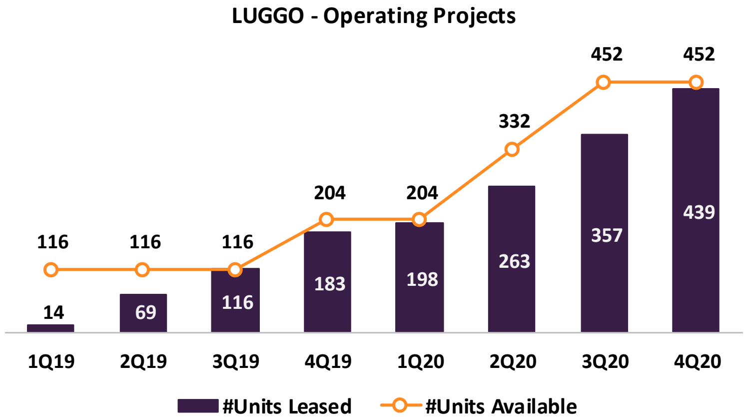
[1] Source: US Census Bureau. 2011
[2] Source: Forbes (2019)

Additional MRV&CO Business

Luggo

Luggo operations continues to show steady success, meeting the demand for quality rental apartments, focusing on a specific target market seeking comfort, technology, safety and a unique, seamless experience, from rental to day-to-day activities.

The company's fourth development sold to FII LUGG11 during 4Q19 reached stabilization in 4Q20, showing the strength of the Brazilian multi-family market in which Luggo has been a trailblazer. **As a result, the four projects that have been sold to REIT's have stabilized at a level of 97% occupation.**



Urba

Urba continued to expand its land bank in 2020, reaching R$ 1.1 billion, equivalent to 11.2 thousand units, recording growth of 118% in PSV (% MRV) and 131.6% (%MRV) in the number of units when compared to the closing of 2019.

Gross sales in 2020 (100%) showed significant growth when compared to 2019, growing from R$ 104 million to R$ 174 million, or an increase of 67.0%. When looking at fourth-quarter performance, 4Q20 stood at 381.9% above 4Q19, showing significant growth from R$ 13 million to R$ 61 million.

Net sales (100%), comparatives saw results in 2020 soar even higher, leaping 89.6% over 2019 results, reaching R$ 147 million in 2020, compared to R$ 77 million in 2019.

Sensia

MRV&CO's new brand, focusing on the mid-income segment, aims to reach families earning monthly salaries between R$ 7,000-11,000. Sensia projects employ the same methods of construction used in other product lines, such as aluminum molding and concrete walls, in addition to transfers during the construction phase.

Focusing on capital cities and major metropolitan areas in Brazil, Sensia is poised to launch projects in six cities in the year 2021.

Subsequent events:

In 1Q21, the brand's first development, Sensia Parque Prado, was launched in the city of Campinas. **Valued at a pre-sales value estimated at R$ 108 million, the development offers 304 two-bedroom apartments, featuring a suite and fully-equipped gourmet balcony; priced at an average of R$ 363 thousand and located in the southern region of the city of Campinas,** the development offers a host of additional features and 18 leisure activities, just 4KM from downtown Campinas.

With its launch on February 24, 2021, the project has been a great success and **registered 62 units sold until March 3, equivalent to 20,4% of sales in the first 7 days of sales.**

ESG

MRV&CO has been an uncontested leader in ESG in its sector and continues to be a front runner in the country. As a result of years of investment in important projects championing Sustainability, Corporate Governance and Environmental Preservation, the company has continued to rigorously uphold and strengthen these issues during 2020.

The company has been a signatory of the UN Global Pact, and the company's sustainability is strongly aligned with the Sustainable Development Goals and the 10 driving principles of the Global Pact. One of the company's key actions to combat climate change since 2015 has been the purchase carbon emission credits, aiming to cancel out 100% of the company's direct carbon emissions and acquisition of energy.

Furthermore, **the company is the only homebuilder that has been part of the Business Sustainability Index (ISE B3) for five consecutive years - an index that oversees the performance of large-scale companies listed on the B3** market regarding their sustainability practices. These important facts and other information can be found in the 9th edition of MRV's Sustainability Report by scanning the QR code.

COVID-19:

Strengthening its social commitment, which begins with the mission of **building dreams that transform the world, as well as delivering quality housing to lower income families**, MRV has remained committed to fighting the COVID-19 pandemic in 2Q20 and has engaged in many solidarity campaigns in several locations.

Overall, the MRV Group, together with the Menin family, Log CP and Banco Inter have donated R$ 28.2 million over the year.

Social Impact

For many years the company has championed its commitment to carrying out its role, focusing on and improving the quality of life in the surrounding communities where the company is in operation and where its clients call home.

MRV has employed the best social and environmental practices for the last 40 years, staffing the company with specialized teams that balance respect for the local community, the generation of resources, the reduction of waste and the promotion of social engagement and responsibility for the common good of all.

Action to fight **global climate** change	**Quality education**	**Sanitation and Potable** water	People **benefited by Instituto MRV**
1.446.132 **Planted** trees	**170** Schools **inaugurated**	**12** Million / **liters**	**218.000** **People**

The "Instituto MRV" is an initiative that has been transforming the lives of hundreds of thousands of people, supporting important projects and programs aimed at children and teens.

Our way to transform

The first step for a **future** with more **opportunities**, are directly linked to the power of transformation offered through education.

Therefore, we support and develop important social programs and projects, that are essential to offer greater possibilities to kids and teens.

In 6 years: more than **510 thousand** people supported

R$23 million invested

MRV believes that sustainability is exactly that: to seek sustainable, social and environmentally correct solutions to take care of the world around us and which is crucial for our own survival.

Environment

On August 10, **MRV formalized its commitment to support the Amazon Council, alongside** 50 large-scale Brazilian companies. The objective is to **contribute with solutions targeting the combat of illegal deforestation in the Amazon, minimize the environmental impact in the use of natural resources** and **valuing and preserving biodiversity** as part of their business strategies.

MRV guarantees the origin of all timber acquired in its construction sites, as well as eliminating the purchase of all and any protected timber.

This commitment strengthens the company's engagement with SDG 12 and SDG 15, Responsible Consumption and Production and Life on Land.

Science Based Target Initiative (SBTI)

Assuming its role as a leader of extreme global importance, the company has set off 2021 with an unprecedented commitment among companies in the sector by signing the SBTi (Science Based Targets Initiative), thus adopting goals to reduce greenhouse gas emissions, further strengthening the fight against climate change.

SBTI is supported by CDP institutions, the Global Pact, World Resources Institute and the WWF and to help companies identify how they can promote significant changes in greenhouse gas emissions.

The company's commitment entails establishing goals to reduce greenhouse gases, globally collaborating to limit rising global temperatures and directly contributing to the Paris Agreement.

INNOVATION AND TECHNOLOGY

MRV's Digital Platform

The MRV Digital Platform is an environment in which customers are guided through their complete, customer experience from the first moment of contact with the company, up to the moment their keys have been delivered, and beyond. The entire platform is fully integrated and has been designed to provide a seamless experience.

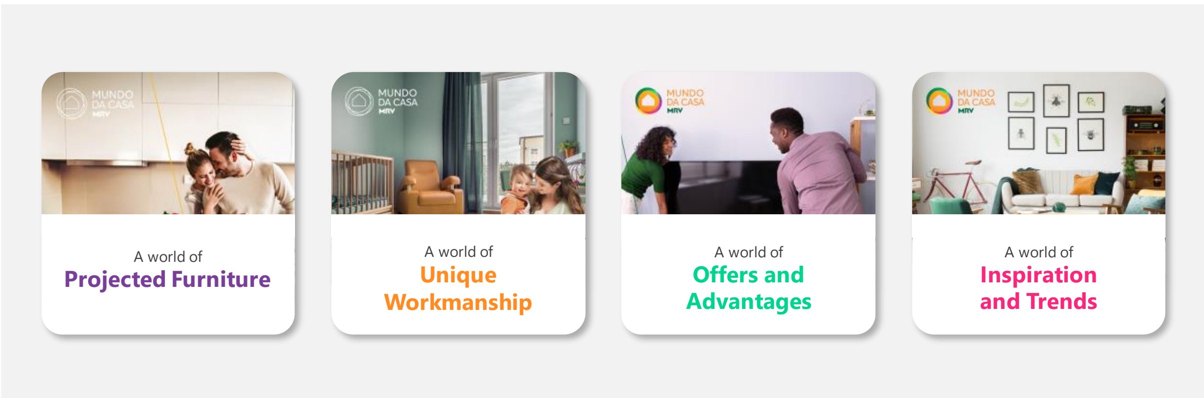
Throughout the entire process the customer is assisted by a chat feature employing artificial intelligence (named MIA). **From the first contact with the company** (through chat and product awareness) **to the digital signing of contract** (handling credit analysis and payment plans), customers will remain connected to MRV's cutting-edge digital platform.

The platform is not limited to simply facilitating the sales experience; it plays an **essential role in enhancing the customer experience and the development of the after-sales experience** including real time worksite updates, marketplace and loyalty programs, financial education modules, preventative maintenance of real estate, collaborative micro economic platforms, interactive development management tools and online building management assistance, among other features.

MRV World at Home

The MRV World at Home project is a unique initiative within the sector, aiming to offer MRV client's greater comfort from their homes. After purchasing an MRV home, customers are granted access to a host of opportunities full of helpful tips on products, personalized items, quality products, practical hints and special deals.

"Your home is a world. The world is your home. And MRV brings a world of possibilities to transform your life, your home and your world."



MRV Center for Research and Development

The project aims to support the **development of new technologies and processes, innovative construction methods and the testing of materials** to increase the quality of products delivered to our consumers.

The project is located in Belo Horizonte (MG) and has partnered with the Center for Innovation and Technology – CIT at the SENAI FIEMG foundation and the company's main areas involved in innovation, quality, projects, supplies and engineering. In addition, partners involved in the production and supply chain in the construction area are also engaged in the project.

Capital Markets

Our shares have been traded on the B3 S.A. – Securities, Commodities and Futures Exchange (B3) since 2007, held to the highest levels of governance – Novo Mercado. MRVE3 shares closed the year valued at R$ 18.95, at a market cap of 9.13 billion, with an average trade volume of R$ 93.1 million (average/day).

On December 31, 2020, the company held 481,953,895 shares, with a trust of 1,348 shares.

Shareholders Return

Approval for the payment of ordinary dividends at the OEGM held on in April 2020, amounting to R$ 163,933,138.74 (approximately R$ 0.34 per share). In January 13, was approved by the board of Directors the payment of extraordinary dividends, the amount of R$ 100,000,000.00 (approximately R$ 0.207 per share).

The year 2020 saw R$ 0.57 per share distributed in dividends from the year 2019 (representing regular and extraordinary dividends).

As proposed by the Company's Management, “ad referendum” of the Annual General Meeting (AGM), the dividends for 2020 will be as follows

Proposed Dividends (R$ million)	2020	2019	2018
Minimum Mandatory	131	164	164
Extraordinary	78	100	328
Total Proposed	209	264	492

Proposed Dividends per share (R$ million)	2020*	2019	2018
Minimum Mandatory	0.271	0.340	0.371
Extraordinary	0.162	0.207	0.740
Total Proposed (R$)	0.433	0.547	1.111

* Common shares less treasury shares in 02/04/2021 : 482,873,685

Operational Performance

Note: all values included in this report consider participation attributed to stockholders in the company, except where expressly indicated otherwise.

Operational Indicators (%MRV)	2020	2019	2018	Chg. 2020 x 2019	Chg. 2020 x 2018
MRV&Co					
Land Bank (R$ billion)	**63.8**	52.5	49.7	21.6% ↑	28.4% ↑
Units	**348,926**	331,621	331,461	5.2% ↑	5.3% ↑
Launches (R$ million)	**7,559**	6,901	6,424	9.5% ↑	17.7% ↑
Units	**36,658**	41,817	41,425	12.3% ↓	11.5% ↓
Net Pre-Sales (R$ million)	**7,492**	5,405	5,228	38.6% ↑	43.3% ↑
Units	**45,667**	35,404	35,403	29.0% ↑	29.0% ↑
Built Units	**35,752**	39,660	36,977	9.9% ↓	3.3% ↓
Finished units	**35,395**	34,049	35,921	4.0% ↑	1.5% ↓
Transferred Units	**44,367**	33,539	40,882	32.3% ↑	8.5% ↑
Inventories at Market Value (R$ million)	**7,560**	9,009	7,459	16.1% ↓	1.4% ↑
Under Construction - Investment Property					
Units Under Construction	**2,710**	144	-	1781.7% ↑	-
# Constructed Units	**707**	-	-	-	-
% of Projects Progression	**26.1%**	0.0%	0.0%	-	-
Market Value at Stabilization (R$ million)	**568**	317	25	79.3% ↑	2184.9% ↑
	-	-	-		
Leasing Up - Investment Property					
Number of Projects	**3**	-	-	-	-
Units Completed	**567**	-	-	-	-
Leased Units	**306**	-	-	-	-
% Leased Units	**54.0%**	0.0%	0.0%	-	-
Market Value at Stabilization (R$ million)	**672**	-	-	-	-
Stabilized - Investment Property					
Number of Projects	**3**	-	-	-	-
Units Completed	**503**	-	-	-	-
Leased Units	**481**	-	-	-	-
% Leased Units	**95.6%**	0.0%	0.0%	-	-
Market Value at Stabilization (R$ million)	**510**	-	-	-	-

Land Bank

With a total land bank valued at R$ 63.8 billion, MRV&CO housing platform is prepared to ramp up its operations and reach the goal of 80 thousand annual units over the upcoming years.

Launches

The year 2020 was highlighted by record-setting launches in the company's history, totaling R$ 7.6 billion in pre-sales values launched, including the group's entire business lines. This historical milestone reaffirms the strength of MRV&CO's diversified funding housing platform.

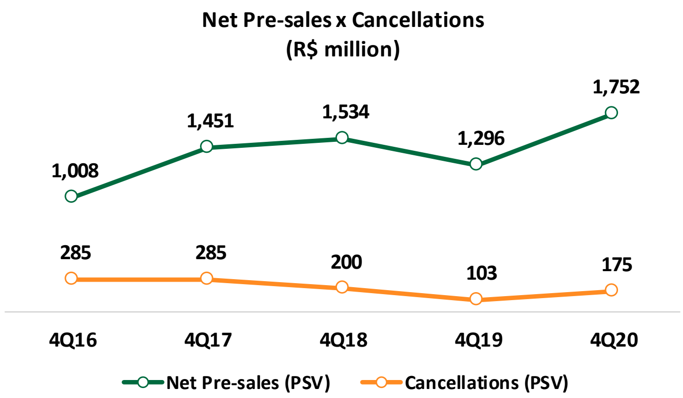
4Q20 saw new increases in the volume of launches, continuing the recovery seen in the previous quarter. Total launches for the year, however, fell below company forecasts, due fundamentally to the impact caused by the pandemic on launches, particularly in the first quarter.

Increasing average prices in launched projects are due to a geographic mix, coupled with MRV's strategy to diversify housing platform products.

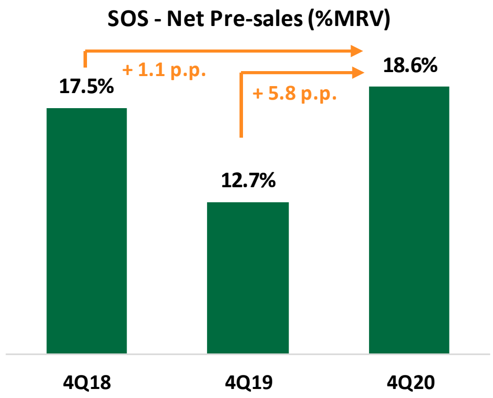
Net Pre-Sales - MRV&Co

Registering a total of 54 thousand gross pre-sales in 2020, equal to R$ 8.7 billion in PSV, MRV&CO has set itself apart as the first and only housing platform active in **162 Brazilian cities, in addition to 14 cities in the USA**, in states such as Florida, Texas and Georgia.

MRV (Real Estate Development):



Increased launches in 4Q20 saw VSO retract to 2.6 p.p. for the period when compared to the previous quarter, reaching 18.6%. This landmark represents a speed of sale at 5.8 p.p. higher than 4Q19 and 1.1 p.p. over the same quarter in 2018.



It is important to mention that the company continues to expand the implementation of its "Venda Garantida" pre-sale process (Zero Cancellations Program), which strongly reduces the risk of sales cancellations in this category.

Cash Generation

Cash flow in 2020 reached R$ 75.4 million. This result already takes into consideration the effects of investments over diverse business platforms such as AHS (which recorded a cash burn of R$ 344.1 million), Luggo (cash burn of R$ 42.7 million) and Urba (cash burn of R$ 58.8 million). Thus, it is important to remember that MRV **(Real Estate Development) booked cash flow at R$ 521.1 million in 2020.**

Financial Performance – MRV&Co

Note: The information contained and analyzed below is derived from the consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, unless otherwise stated.

Net Operational Revenue

Record sales reported in 2020 was responsible for significant expansion of ROL when compared to the previous year, even though the years production was negatively impacted by the effects of the pandemic.

Consolidated Financial Highlights - MRV&Co (R$ million)	2020	2019	2018	Chg. 2020 x 2019	Chg. 2020 x 2018
Total Net Revenue	**6,646**	**6,056**	**5,419**	**9.8% ↑**	**22.6% ↑**
Gross Profit	**1,874**	**1,842**	**1,799**	**1.7% ↑**	**4.2% ↑**
Gross Margin (%)	**28.2%**	30.4%	33.2%	2.2 p.p. ↓	5.0 p.p. ↓
Gross Margin ex. financial cost (%)	**30.9%**	33.4%	36.6%	2.5 p.p. ↓	5.6 p.p. ↓
Selling Expenses	**(649)**	**(592)**	**(586)**	**9.6% ↑**	**10.8% ↑**
Selling Expenses / net revenues (%)	**9.8%**	9.8%	10.8%	0.0 p.p. ↓	1.0 p.p. ↓
Selling Expenses / net pre-sales (%)	**8.7%**	11.0%	11.2%	2.3 p.p. ↓	2.5 p.p. ↓
General & Administrative Expenses	**(433)**	**(352)**	**(347)**	**23.2% ↑**	**24.8% ↑**
G&A Expenses / net revenues (%)	**6.5%**	5.8%	6.4%	0.7 p.p. ↑	0.1 p.p. ↑
G&A Expenses / net pre-sales (%)	**5.8%**	6.5%	6.6%	0.7 p.p. ↓	0.9 p.p. ↓
EBITDA	**1,007**	**1,009**	**988**	**0.2% ↓**	**1.9% ↑**
EBITDA Margin (%)	**15.2%**	16.7%	18.2%	1.5 p.p. ↓	3.1 p.p. ↓
Net Income	**550**	**690**	**690**	**20.3% ↓**	**20.3% ↓**
Net Margin (%)	**8.3%**	11.4%	12.7%	3.1 p.p. ↓	4.5 p.p. ↓
Earnings per share (R$)	**1.112**	**1.561**	**1.559**	**28.8% ↓**	**28.7% ↓**
ROE (LTM)	**10.2%**	14.5%	12.7%	4.3 p.p. ↓	2.5 p.p. ↓
ROE (annualized)	**10.2%**	14.5%	12.7%	4.3 p.p. ↓	2.5 p.p. ↓
Unearned Gross Sales Revenues	**2,512**	1,629	2,196	54.2% ↑	14.4% ↑
Unearned Costs of Units Sold	**(1,527)**	(976)	(1,284)	56.5% ↑	19.0% ↑
Unearned Results	**985**	653	912	50.7% ↑	7.9% ↑
% Unearned Margin	**39.2%**	40.1%	41.5%	0.9 p.p. ↓	2.3 p.p. ↓
Cash Generation	**75**	**(183)**	**467**	-	**83.9% ↓**

Gross Margin

Gross margins continue to remain at the same levels of previous quarters, as forecast by the company, as a result of pressures on the cost of materials across the sector. This neutralized the positive affects seen from the removal of discounts implemented during the initial quarters of 2020, such as the prevention of the possible negative effects of the pandemic, as well as gains in productivity registered on construction.

Gross margins are forecast to remain at the same levels over the next quarters until they recover in the second quarter of 2021.

Excluding the effects of the result of the sale of AHS's Deering Groves project, the Other Operating Income (Expenses) line remains at the level of previous quarters.

In the Equity Income **the results of the subsidiaries Prime and MRL continue to show improvements, with growth of 13% in Net Revenue, 10.5% in Gross Profit and 53.3% in Net Income** in comparison of the year 2020 with 2019.

PRIME and MRL (R$ million)	4Q20	3Q20	4Q19	Chg. 4Q20 x 3Q20	Chg. 4Q20 x 4Q19	2020	2019	Chg. 2020 x 2019
Net Revenue	**155**	**168**	**150**	7.8% ↓	3.7% ↑	**647**	573	13.0% ↑
Gross Profit	**49**	50	50	2.1% ↓	3.3% ↓	**195**	176	10.5% ↑
Gross Margin (%)	**31.4%**	29.6%	33.7%	1.8 p.p. ↑	2.3 p.p. ↓	**30.1%**	30.8%	0.7 p.p. ↓
Net Income	**20**	23	19	10.5% ↓	7.8% ↑	**77**	50	53.3% ↑
Net Margin (%)	**13.2%**	13.6%	12.7%	0.4 p.p. ↓	0.5 p.p. ↑	**11.9%**	8.8%	3.1 p.p. ↑

Operating Income (Expenses)

Commercial expenses saw modest increases, due to the highest volume of sales reported for the year. G&A also saw modest increases resulting from the expansion product lines and new business for MRV&CO.

However, it is important to note that when compared to G&A/Net Revenues expenses for 2020 and 2019, results remained in line for both MRV&CO consolidated, as well as MRV operations.

EBITDA

EBITDA (R$ million)	4Q20	3Q20	4Q19	Chg. 4Q20 x 3Q20	Chg. 4Q20 x 4Q19	2020	2019	Chg. 2020 x 2019
MRV&Co								
Income Before Taxes	**254**	183	200	38.9% ↑	27.1% ↑	**761**	878	13.3% ↓
(+) Depreciation and Amortization	**32**	31	24	3.2% ↑	33.2% ↑	**112**	89	26.3% ↑
(-) Financial Results	**3**	10	33	66.2% ↓	90.2% ↓	**47**	137	65.7% ↓
(+) Financial charges recorded under cost of sales	**44**	45	40	1.1% ↓	12.3% ↑	**181**	180	0.6% ↑
EBITDA	**327**	**249**	**231**	**31.3% ↑**	**41.9% ↑**	**1,007**	**1,009**	**0.2% ↓**
EBITDA Margin (%)	**19.2%**	14.0%	16.2%	5.2 p.p. ↑	3.0 p.p. ↑	**15.2%**	16.7%	1.5 p.p. ↓

Consolidated Net Debt

Net Debt (R$ million)	Dec/20	Dec/19	Dec/18	Chg. Dec/20 x Dec/19	Chg. Dec/20 x Dec/18
MRV&Co					
Total debt	**4,652**	3,202	2,863	45.3% ↑	62.5% ↑
(-) Cash and cash equivalents & Marketable Securities	**(2,695)**	(2,085)	(2,428)	29.2% ↑	11.0% ↑
(-) Derivative Financial Instruments	**(53)**	(45)	(18)	19.1% ↑	197.9% ↑
Net Debt	**1,904**	**1,072**	**417**	**77.5% ↑**	**356.3% ↑**
Total Shareholders' Equity	**6,035**	5,109	4,875	18.1% ↑	23.8% ↑
Net Debt / Total Shareholders' Equity	**31.5%**	21.0%	8.6%	10.6 p.p. ↑	23.0 p.p. ↑
EBITDA LTM	**1,007**	1,009	988	0.2% ↓	1.9% ↑
Net Debt / EBITDA LTM	**1.89x**	1.06x	0.42x	78.0% ↑	347.8% ↑

Relationship with Independent Auditors

Pursuant to CVM Instruction 381/03, we inform that the Company's independent auditors KPMG Auditores Independentes S/S ("KPMG") did not provide services during the year 2020 other than those related to external auditing, except for the contract of professional services signed in August 31, 2020, related to the issue of comfort letter to the Public Offer of stocks issued by subsidiary, amounting for R$ 815 thousand, equivalent to 102% of the compensation of the external auditing. The Company's policy for hiring independent auditors ensures that there is no conflict of interest, loss of autonomy or objectiveness.

Arbitration Clause

In accordance with Article 48 of Chapter VIII – Arbitration Chamber of the Company's Bylaws: The Company, its shareholders, executive officers and members of the Board of Directors are obliged to resolve, through arbitration, all and any disputes or controversies between them related to or arising from, in particular, the application, validity, efficacy, interpretation, violation and effects thereto of the provisions in Brazilian Corporation Law, the Company's Bylaws, the regulations of the National Monetary Council (CMN), the Central Bank of Brazil and the Brazilian Securities and Exchange Commission (CVM), as well as any other rules applicable to the functioning of the capital markets, including those provided for in the regulations of the Novo Mercado Special Corporate Governance, the Arbitration Regulations of the Market Arbitration Chamber and the Participation Agreement of the Novo Mercado.

Message from the Executive Board

In accordance with CVM Instruction 480, the Executive Board declares that it has discussed and reviewed the opinions expressed in the independent auditors' report and the financial statements for the fiscal year ended December 31, 2020.

Acknowledgements

MRV Management thanks its shareholders, customers, suppliers and financial institutions for their support and confidence. It also thanks its employees for their dedication and efforts, who in great part were responsible for the results achieved.

Belo Horizonte, March 4, 2021.

The Management

BALANCE SHEETS AS AT DECEMBER 31, 2020 AND 2019
(In thousands of Brazilian reais - R$)

		Consolidated		Individual	
	Notes	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	4	**1,080,705**	674,919	**485,346**	403,876
Marketable securities	5	**1,599,644**	1,330,773	**1,365,000**	1,038,644
Receivables from real estate development	6	**1,840,376**	1,555,145	**1,040,242**	814,810
Receivables from services provided	6	**3,446**	1,282	**1,318**	1,417
Inventories	7	**3,741,278**	3,959,745	**2,270,677**	2,488,014
Recoverable taxes	16	**78,280**	98,544	**53,986**	71,485
Prepaid expenses		**100,980**	81,814	**52,918**	54,122
Other assets		**119,386**	98,932	**119,351**	103,436
Total current assets		**8,564,095**	7,801,154	**5,388,838**	4,975,804
Noncurrent assets					
Marketable securities	5	**14,284**	79,421	**14,243**	29,699
Receivables from real estate development	6	**1,641,094**	1,153,277	**817,674**	558,433
Inventories	7	**4,860,581**	4,674,360	**3,665,977**	4,056,593
Intercompany receivables	19	**60,123**	38,518	**822,810**	677,640
Prepaid expenses		**50,405**	30,386	**29,170**	20,324
Derivative financial instruments		**67,090**	44,805	**66,754**	44,297
Other noncurrent assets		**156,557**	151,281	**110,544**	116,101
Total long-term realisable		**6,850,134**	6,172,048	**5,527,172**	5,503,087
Equity interest in investees	8	**121,002**	75,675	**2,295,412**	1,875,695
Investment properties	9	**1,797,960**	33,511	**173,075**	33,511
Property and equipment	10	**564,393**	485,757	**494,158**	455,229
Intangible assets	11	**164,431**	118,178	**148,771**	115,974
Total noncurrent assets		**9,497,920**	6,885,169	**8,638,588**	7,983,496
Total assets		**18,062,015**	14,686,323	**14,027,426**	12,959,300
Liabilities and Equity					
Current liabilities					
Suppliers		**467,929**	303,645	**297,181**	215,983
Payables for investment acquisition	19	**6,135**	9,977	**-**	-
Loans, financing and debentures	12	**687,520**	671,611	**554,243**	649,776
Land payables	13	**1,189,205**	742,216	**848,854**	576,068
Advances from customers	14	**254,011**	223,281	**170,826**	151,771
Payroll and related liabilities	15	**142,155**	139,919	**86,611**	80,918
Tax payables	16	**90,477**	76,580	**66,079**	57,632
Provision for maintenance of real estate	17	**41,647**	32,462	**19,733**	16,333
Deferred tax liabilities	26	**64,480**	54,378	**35,253**	27,303
Proposed dividends	0	**131,986**	163,933	**130,658**	163,933
Net capital deficiency liability - Investments	8	**287,580**	167,671	**163,681**	149,270
Other payables		**252,685**	220,441	**92,449**	77,850
Total current liabilities		**3,615,810**	2,806,114	**2,465,568**	2,166,837
Noncurrent liabilities					
Payables for investment acquisition	19	**13,310**	17,942	**-**	-
Loans, financing and debentures	12	**3,964,011**	2,530,547	**2,685,392**	2,351,890
Land payables	13	**3,624,906**	3,393,498	**2,646,694**	3,045,090
Advances from customers	14	**360,645**	486,655	**251,504**	327,150
Provision for maintenance of real estate	17	**124,252**	107,375	**71,083**	56,853
Provision for civil, labor and tax risks	18	**102,144**	101,572	**71,706**	72,053
Deferred tax liabilities	26	**66,734**	46,516	**31,504**	21,332
Other payables		**141,909**	87,315	**130,644**	76,325
Total noncurrent liabilities		**8,411,620**	6,771,420	**5,888,527**	5,950,693
Total liabilities		**12,027,430**	9,577,534	**8,354,095**	8,117,530
Equity					
Paid-in capital	20 (a)	**4,609,424**	4,282,130	**4,609,424**	4,282,130
Treasury shares		**(1,120)**	(4,786)	**(1,120)**	(4,786)
Capital reserves		**59,502**	49,555	**59,502**	49,555
Earnings reserves		**843,521**	514,871	**843,521**	514,871
Proposed additional dividends		**78,395**	-	**78,395**	-
Equity valuation adjustments		**83,609**	-	**83,609**	-
Equity attributable to the Company' shareholders		**5,673,331**	4,841,770	**5,673,331**	4,841,770
Noncontrolling interests		**361,254**	267,019	**-**	-
Total equity		**6,034,585**	5,108,789	**5,673,331**	4,841,770
	20 (g)				
Total liabilities and equity		**18,062,015**	14,686,323	**14,027,426**	12,959,300

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

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

INCOME STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of Brazilian reais - R$, except earnings per share)

	Nota	Consolidated		Individual	
		2020	2019	2019	2020
Net operating revenue	22	**6,646,359**	6,055,722	**3,719,834**	3,213,123
Cost of real estate sales and services	23	**(4,772,021)**	(4,213,455)	**(2,646,726)**	(2,269,824)
Gross profit		**1,874,338**	1,842,267	**1,073,108**	943,299
Operating income (expenses):					
Selling expenses	23	**(649,261)**	(592,252)	**(424,605)**	(366,847)
General and administrative expenses	23	**(433,410)**	(351,676)	**(359,175)**	(321,977)
Other operating income (expenses), net	23	**(31,191)**	(85,601)	**(91,922)**	(52,590)
Results from equity interest in investees	8	**(46,741)**	(72,062)	**391,532**	461,042
Income before financial income and taxes		**713,735**	740,676	**588,938**	662,927
Financial income (expenses):					
Financial expenses	24	**(108,529)**	(58,119)	**(55,659)**	(43,093)
Financial income	24	**60,872**	118,864	**49,282**	97,117
Financial income from receivables from real estate development	24	**94,669**	76,499	**44,364**	38,988
Income before taxes		**760,747**	877,920	**626,925**	755,939
Income tax and social contribution:					
Current	26	**(126,216)**	(122,075)	**(68,025)**	(59,475)
Deferred	26	**(13,539)**	(7,969)	**(8,760)**	(6,219)
	26	**(139,755)**	(130,044)	**(76,785)**	(65,694)
Net income for the year		**620,992**	747,876	**550,140**	690,245
Net income attributable to:					
Company' shareholders		**550,140**	690,245		
Noncontrolling interests		**70,852**	57,631		
		620,992	747,876		
Earnings per share (In Reais - R$):					
Basic	20 (g)	**1.14884**	1.56128	**1.14884**	1.56128
Diluted	20 (g)	**1.14321**	1.55490	**1.14321**	1.55490

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of Brazilian reais - R$)

	Consolidated		Individual	
	2020	**2019**	**2020**	**2019**
Net income for the year	**620,992**	747,876	**550,140**	690,245
Other components of comprehensive income	**-**	-	**-**	-
Currency translation adjustments	**85,755**	-	**74,943**	-
Cash flow hedge reserve	**8,666**	-	**8,666**	-
Total comprehensive income for the year	**715,413**	747,876	**633,749**	690,245
Comprehensive income attributable to:				
Company' shareholders	**633,749**	690,245	**633,749**	690,245
Noncontrolling interests	**81,664**	57,631	**-**	-
	715,413	747,876	**633,749**	690,245

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

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In thousands of Brazilian reais - R$)

	Paid-in capital	Treasury shares	Capital reserves		Earnings reserves		Equity valuation adjustments		Retained earnings	Proposed additional dividends	Equity attributable to the Company' shareholders	Noncontrolling interests	Total
			Share issuance costs	Recognized options granted	Legal	Earnings retention	Cash flow hedge reserve	Cumulative translation adjustment					
BALANCE AT DECEMBER 31, 2018	4,079,770	(36,081)	(26,309)	68,496	158,431	386,138	-	-	-	-	4,630,445	244,141	4,874,586
Capitalization of reserves	202,360	-	-	-	(158,431)	(43,929)	-	-	-	-	-	-	-
Extraordinary dividends	-	-	-	-	-	(327,897)	-	-	-	-	(327,897)	-	(327,897)
Capital transaction	-	-	-	-	-	(6,024)	-	-	-	-	(6,024)	925	(5,099)
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	-	(35,678)	(35,678)
Treasury shares transferred	-	19,729	-	-	-	(19,729)	-	-	-	-	-	-	-
Treasury shares disposed to beneficiaries of stock option plan	-	11,566	-	-	-	-	-	-	-	-	11,566	-	11,566
Stock options	-	-	-	7,368	-	-	-	-	-	-	7,368	-	7,368
Net income for the year	-	-	-	-	-	-	-	-	690,245	-	690,245	57,631	747,876
Allocation of net income:													
Recognition of legal reserve	-	-	-	-	34,512	-	-	-	(34,512)	-	-	-	-
Mandatory minimum dividends	-	-	-	-	-	-	-	-	(163,933)	-	(163,933)	-	(163,933)
Earnings retention	-	-	-	-	-	491,800	-	-	(491,800)	-	-	-	-
BALANCE AT DECEMBER 31, 2019	4,282,130	(4,786)	(26,309)	75,864	34,512	480,359	-	-	-	-	4,841,770	267,019	5,108,789
MDI incorporation effects	326,338	-	-	-	-	(5,609)	-	-	-	-	320,729	41,517	362,246
Capital increase	956	-	-	-	-	-	-	-	-	-	956	-	956
Capital transaction	-	-	-	-	-	(9,471)	-	-	-	-	(9,471)	12,776	3,305
Net contributions from noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	-	(28,374)	(28,374)
Currency translation adjustments	-	-	-	-	-	-	-	74,943	-	-	74,943	10,812	85,755
Cash flow hedge reserve	-	-	-	-	-	3,902	8,666	-	-	-	12,568	361	12,929
Treasury shares transferred	-	3,533	-	-	-	(2,772)	-	-	-	-	761	-	761
Treasury shares disposed to beneficiaries of stock option plan	-	133	-	-	-	-	-	-	-	-	133	-	133
Reflection of error correction in subsidiary	-	-	-	-	-	1,513	-	-	-	-	1,513	(13,709)	(12,196)
Stock options	-	-	-	9,947	-	-	-	-	-	-	9,947	-	9,947
Net income for the year	-	-	-	-	-	-	-	-	550,140	-	550,140	70,852	620,992
Allocation of net income:													
Recognition of legal reserve	-	-	-	-	27,507	-	-	-	(27,507)	-	-	-	-
Mandatory minimum dividends	-	-	-	-	-	-	-	-	(130,658)	-	(130,658)	-	(130,658)
Proposed additional dividends	-	-	-	-	-	-	-	-	(78,395)	78,395	-	-	-
Earnings retention	-	-	-	-	-	313,580	-	-	(313,580)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	**4,609,424**	**(1,120)**	**(26,309)**	**85,811**	**62,019**	**781,502**	**8,666**	**74,943**	**-**	**78,395**	**5,673,331**	**361,254**	**6,034,585**

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

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 - INDIRECT METHOD
(In thousands of Brazilian reais - R$)

	Notes	Consolidated		Individual	
		2020	2019	2020	2019
Cash flows from operating activities					
Net income for the year		**620,992**	747,876	**550,140**	690,245
Adjustments to reconcile net income to cash generated by operating activities:					
Depreciation and amortization		**109,731**	87,163	**77,357**	76,732
Recognized stock options granted	23	**10,142**	7,362	**9,698**	7,362
Property and equipment write off		**3,132**	4,269	**1,726**	1,944
Financial result		**(9,906)**	(30,469)	**(30,849)**	(12,047)
Results from equity interest in investees	8	**46,741**	72,062	**(391,532)**	(461,042)
Gain on equity interest variation in joint venture		**(88,293)**	(31,851)	**-**	(31,851)
Provision for maintenance of real estate		**91,594**	80,263	**50,595**	43,018
Provision for civil, labor and tax risks		**133,873**	139,535	**83,572**	85,167
Allowance for credit risk		**134,077**	56,098	**68,989**	27,197
Amortization of prepaid expenses		**161,855**	158,991	**86,767**	82,802
Results from derivative financial instruments		**(7,089)**	(26,159)	**(20,833)**	(26,126)
Deferred income tax and social contribution	26	**13,539**	7,969	**8,760**	6,219
Deferred taxes on revenue (PIS & COFINS)		**16,781**	8,998	**9,362**	6,589
		1,237,169	1,282,107	**503,752**	496,209
(Increase) decrease in operating assets:					
(Increase) decrease in trade receivables		**(800,940)**	(491,290)	**(499,440)**	(313,773)
(Increase) decrease in real estate for sale		**772,063**	(97,120)	**461,143**	(236,811)
(Increase) decrease in prepaid expenses		**(193,822)**	(140,872)	**(94,409)**	(78,935)
(Increase) decrease in other assets		**33,169**	(11,681)	**35,658**	(44,261)
Increase (decrease) in operating liabilities:					
Increase (decrease) in trade payables		**155,134**	(76,344)	**81,198**	(33,792)
Increase (decrease) in payroll and related taxes		**(1,173)**	(360)	**5,693**	(1,445)
Increase (decrease) in taxes, fees and contributions		**125,799**	110,361	**64,437**	52,983
Increase (decrease) in advances from customers		**32,144**	(10,164)	**74,842**	(1,086)
Increase (decrease) in other payables		**(27,725)**	8,946	**13,595**	8,433
Interest paid		**(270,285)**	(262,957)	**(198,485)**	(229,695)
Income tax and social contribution paid		**(112,163)**	(107,118)	**(56,251)**	(46,686)
Realization of real estate maintenance	17	**(108,515)**	(120,940)	**(57,455)**	(64,861)
Amounts paid for civil, labor and tax risks	18	**(150,921)**	(147,302)	**(96,309)**	(92,477)
Net cash generated by (used in) operating activities		**689,934**	(64,734)	**237,969**	(586,197)
Cash flows from investing activities					
Increase in marketable securities		**(4,584,720)**	(5,942,671)	**(3,248,461)**	(3,407,585)
Decrease in marketable securities		**4,421,092**	6,243,084	**2,964,150**	3,646,806
Advances to related companies		**(60,366)**	(43,251)	**(1,082,810)**	(1,035,091)
Receipts from related companies		**42,812**	47,956	**941,173**	923,571
Distribution from (acquisition of/contribution to) investees	8	**24,360**	(13,193)	**429,019**	536,296
Payment for acquisition of investees		**6,396**	(5,579)	**-**	-
Receipts for sale of investees / assets		**303,369**	83,022	**6,077**	83,022
Purchase of investment property	9	**(767,702)**	(33,511)	**(139,564)**	(33,511)
Purchase of property and equipment and intangible assets		**(179,957)**	(208,735)	**(131,766)**	(195,071)
Net cash generated by investing activities		**(794,716)**	127,122	**(262,182)**	518,437
Cash flows from financing activities					
Proceeds from issue of shares		**956**	-	**956**	-
Proceeds from exercised stock options	20 (e)	**894**	11,566	**894**	11,566
Loans from related parties		**1,793**	22,192	**19,275**	(4,959)
Proceeds from loans, financing and debentures		**2,492,897**	2,417,269	**1,298,435**	1,653,353
Repayment of borrowings, financing and debentures	12 (a)	**(1,802,740)**	(2,099,941)	**(1,056,175)**	(1,116,299)
Contracted and redeemed derivative financial instruments		**7,042**	(724)	**7,042**	(724)
Capital transaction		**3,305**	(5,099)	**(811)**	(6,024)
Dividend paid		**(163,933)**	(491,906)	**(163,933)**	(491,845)
Distribution to noncontrolling shareholders	20 (h)	**(28,374)**	(35,678)	**-**	-
Net cash generated (used in) by financing activities		**511,840**	(182,321)	**105,683**	45,068
Effects of exchange rates on cash and cash equivalents		**(1,272)**	-	**-**	-
(Decrease) increase in cash and cash equivalents, net		**405,786**	(119,933)	**81,470**	(22,692)
Cash and cash equivalents					
At the beginning of the year		**674,919**	794,852	**403,876**	426,568
At the end of the year	4	**1,080,705**	674,919	**485,346**	403,876
(Decrease) increase in cash and cash equivalents, net		**405,786**	(119,933)	**81,470**	(22,692)

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

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In thousands of Brazilian reais - R$)

	Notes	Consolidated		Individual	
		2020	2019	2020	2019
REVENUES					
Gross operating revenue		**6,898,422**	6,246,763	**3,853,173**	3,311,017
Other income		**5,114**	36,950	**5,057**	36,036
Revenues related to construction of own assets		**46,964**	37,212	**46,288**	36,469
Allowance for credit risik		**(134,077)**	(56,098)	**(68,989)**	(27,197)
		6,816,423	6,264,827	**3,835,529**	3,356,325
Inputs purchased from third-parties (includes the taxes ICMS, IPI, PIS and COFINS)					
Cost of real estate and services sold: supplies, land, power, outside services and other items		**(4,358,835)**	(3,794,589)	**(2,703,021)**	(2,295,072)
GROSS VALUE ADDED		**2,457,588**	2,470,238	**1,132,508**	1,061,253
Depreciation and amortization		**(109,731)**	(87,163)	**(77,357)**	(76,732)
NET VALUE ADDED GENERATED BY THE COMPANY		**2,347,857**	2,383,075	**1,055,151**	984,521
VALUE ADDED RECEIVED IN TRANSFER					
Results from equity interest in investees	8	**(46,741)**	(72,062)	**391,532**	461,042
Financial income		**180,040**	200,106	**108,691**	140,716
		133,299	128,044	**500,223**	601,758
TOTAL VALUE ADDED FOR DISTRIBUTION		**2,481,156**	2,511,119	**1,555,374**	1,586,279
VALUE ADDED DISTRIBUTED					
Personnel:		**869,545**	878,716	**377,669**	358,562
Salaries and wages		**687,174**	683,168	**265,139**	251,217
Benefits		**138,573**	146,767	**87,310**	82,156
Severance Pay Fund (FGTS)		**43,798**	48,781	**25,220**	25,189
Taxes and fees:		**591,612**	536,171	**370,040**	316,996
Federal		**420,729**	374,173	**253,360**	216,048
Municipal		**169,718**	156,395	**115,907**	97,917
State		**1,165**	5,603	**773**	3,031
Lenders and lessors:		**399,007**	348,356	**257,525**	220,476
Interest		**297,667**	239,822	**178,526**	149,926
Rentals / Leases		**101,340**	108,534	**78,999**	70,550
Shareholders:		**620,992**	747,876	**550,140**	690,245
Dividends		**209,053**	163,933	**209,053**	163,933
Earnings retained in the year		**341,087**	526,312	**341,087**	526,312
Noncontrolling interests		**70,852**	57,631	**-**	-
VALUE ADDED DISTRIBUTED		**2,481,156**	2,511,119	**1,555,374**	1,586,279

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

1. General information

MRV Engenharia e Participações S.A. (“Company”) and its subsidiaries ("Group") are engaged in the management of own and third-party assets, development, construction and sale of Company owned or third-party real estate, the provision of technical engineering services related to the functions of the technicians in charge, real estate consultancy services, dealing service of goods and services supply in residential real estate segment and holding equity interests in other companies as a shareholder. Real estate development and the construction of real estate are performed directly by the Company or other business partners. The direct and indirect subsidiaries are summarized in Note 8. Partners have a direct participation in the projects, through interest in silent partnerships (“SCP”), a consortium, and special purpose entities (“SPE”) to develop the projects. The Company is a publicly held corporation listed in B3 S.A. (B3), under ticker MRVE3, with registered head office at 621 Professor Mário Werneck Ave.,1º floor, Belo Horizonte city, Minas Gerais, with CNPJ (taxpayer identification number) 08.343.492/0001-20.

As described in Note 30, on January 31, 2020, the Company acquired control of AHS Residential LLC (“AHS Residential”), a limited liability company, based in the State of Florida, United States, engaged of developing real estate projects and subsequent renting and, depending on market conditions, sale of the residential projects, as detailed in Note 21. On December 30, 2020, AHS Residential concluded the first sale of an asset, since the acquisition made by the Company, for the amount of US$57 million (R$297 million), with net proceedings of US$21 million (R$115 million) and gross profit of US$17 million (R$88 million), recorded in caption “Other operating income (expenses), net”.

On December 9, 2020, the new product line ‘Sensia’ was launched, aimed at medium-standard developments, to be financed by SBPE (Brazilian Savings and Loan System), thus complementing the Company's operating portfolio and reinforcing the MRV housing platform.

2. Presentation of financial statements and significant accounting policies

2.1. Presentation of financial statements

I. Statement of compliance

The consolidated financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil (BRGAAP) and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB), applicable to real estate development entities, registered with Brazilian Securities and Exchange Commission (CVM). The individual financial statements have been prepared and presented in accordance with accounting practices adopted in Brazil (BRGAAP), applicable to real estate development entities, registered with the CVM. Aspects related to transfer of control of real estate units follow the Company´s management understanding aligned with that expressed by CVM in Circular Letter CVM/SNC/SEP n.º 02/2018, regarding the application of Technical Pronouncement CPC 47 / IFRS 15. The individual financial statements are not in conformity with International Financial Reporting Standards (IFRS) because it considers the borrowing cost’s capitalization on its investees’ qualifying assets.

The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the CVM and the Federal Accounting Council (CFC).

II. Basis of measurement

The financial statements have been prepared based on the historical cost basis, except for the balances of ‘Short-term investments’, ‘Marketable securities’, ‘Derivative financial instruments’ and some debentures (hedge accounting), measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

III. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled directly by the Company or indirectly through its subsidiaries. The Company's subsidiaries included in consolidation are listed in Note 8.

To determine whether the Company has control over the investees, Management used contractual agreements to evaluate the existing rights that give the Company the ability to direct the relevant activities of the investees, as well as exposure to, or rights to, variable returns from its involvement with them and the ability to use its power to affect the amount of returns.

On consolidation, the assets, liabilities and profits or losses balances of subsidiaries are combined with the corresponding line items of the Company's financial statements, on a per line-item basis, and the parent company's interests in the subsidiaries' equity, as well as all intragroup transactions, balances, revenue, and expenses are eliminated.

Noncontrolling interest (NCI) are measured initially at their proportionate share of the acquiree´s identifiable net assets at the date of acquisition. The changes in equity interests in subsidiaries not resulting in loss of control are recognized as capital transactions. The accounting balances of the Company's and non-controlling interests are adjusted to reflect changes in their respective interests in the subsidiaries. The difference between the amount based on which noncontrolling interests are adjusted and the fair values of considerations paid or received are recognized directly in equity and attributed to the Company´s shareholders.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

2.2. Significant accounting policies

The accounting policies described below have been consistently applied to all fiscal years presented in the consolidated and individual financial statements for both the Company and its subsidiaries.

(a) Revenue recognition

The Group adopts CPC 47 / IFRS 15 - "Revenues from Contracts with Customers", also considering the guidelines contained in Circular Letter CVM/SNC/SEP nº 02/2018, of December 12, 2018 which establishes accounting procedures related to recognition, measurement and disclosure of certain types of transactions arising from sale contracts of uncompleted real estate units in Brazilian real estate development companies.

According to CPC 47 / IFRS 15, revenue recognition from contracts with customer has a new normative discipline, based on the transfer of control of the promised good or service, which may be at a specific moment in time (at a point in time) or over-time, depending on the satisfaction or otherwise of the so-called "contractual performance obligations". Revenue is measured at the amount that reflects the consideration to which it is expected to be entitled and is based on a five-step model detailed below: 1) contract identification; 2) identification of performance obligations; 3) determining the price of the transaction; 4) allocation of the transaction price to the performance obligations; 5) revenue recognition.

The Company's business model is predominantly based on sale contracts of "off-plan" real estate units. In this model, usually aimed at low income, the customer signs a "purchase contract of off-plan real estate unit" with the developer, already foreseeing the payment conditions, as follows:

(i) Direct payments to the developer
(ii) Bank financing
(iii) Funds from the Fundo de Garantia do Tempo de Serviço – FGTS (government labor time guarantee fund)
(iv) Eventual subsidies from government housing programs

The amounts paid directly to the developer (item (i) above) represent approximately 10 to 15% of the real estate unit´s value price, and the remaining amount come from bank financing, FGTS funds and eventual subsidies (items (ii) to (iv) above). The customer then signs a bank financing agreement ("private contract with a public deed") with a financial institution, including the amounts of bank financing, FGTS funds and eventual subsidies from government housing programs. The release of these resources is conditioned to the work progress, according to the percentage of conclusion certified in the Relatório de Acompanhamento do Empreendimento (monitoring report of the residential complex), according to the physical-financial schedule approved by the financial institution. This monitoring, for purposes of release of the installments, is carried out by the engineering area of the financial institution. At the time of signature of the bank financing agreement, unit´s ownership is transferred to the customer, being fiduciarily assigned to the respective financial institution.

A summary of “off-plan” contract modality detailing involved parties, guarantees and existing risks is presented below:

Contracts	Parties	Real guarantee of the unit	Credit risk	Market risk	Cancelation risk
Sale	Buyer and Developer (Seller)	Developer	Developer: 100%	Buyer and Developer (in case of cancellation)	Developer
Bank financing	Buyer, Developer (Seller) and Financial institution (Fiduciary agent)	Financial institution (FI)	Developer: 10 to 15% and Financial institutions: 85 to 90%	Buyer and Financial institution	Not applicable. In a default event by the customer, the FI may consolidate the property on its behalf for subsequent sale to third parties, in accordance with the procedures set forth in art. 27 of Law 9.514/97. The collected amount will have as main objective to discharge the customer´s outstanding balance with the FI.

In addition, the Company also enters into sale contracts of real estate units by bank financing at the final phase of the project or by its own financing. For the year ended December 31, 2020, 85% of the contracts were "off-plan" modality, 13% represented bank financing agreements at the final phase of the project (mainly sale of completed properties) and 2% own financing.

Five-steps model for revenue recognition

Steps	Addressed criteria
Step 1: Identity the contract	The contracts detailed above were identified as within the scope of the standard, since: · Have commercial substance; · It is probable that the consideration will be received; · Rights and payment conditions can be identified; · Are signed by the parties and they are committed to their obligations.
Step 2: Identity the performance obligations	Delivering the real estate unit to buyer.
Step 3: Determine the transaction price	Represented by the sale value of the real estate units, explicitly established in the contracts.
Step 4: Allocate the transaction price to the performance obligations	Direct and simple allocation of the transaction price, since the contracts detailed above have one single performance obligation (delivering the real estate unit).
Step 5: Revenue recognition	Recognized over-time.

Accordingly, the policies adopted for calculating and recognizing income and recording the amounts in the line items ‘Revenue from real estate development’, ‘Real estate for sale’, ‘Receivables from real estate development’, and ‘Advances from customers’ follow the procedures above described and detailed as follows:

- For sales of uncompleted units, income is recognized based on the following criteria:
  - (i) Sales revenues are allocated to profit or loss as construction progresses, as control is transferred on a continuous basis. Accordingly, the Company adopts the POC method (percentage of conclusion) which refers to the calculation of revenue based on percentage of completion for each project. The POC method uses the ratio of the incurred cost in relation to the budgeted cost of the respective projects and the revenue is calculated by multiplying this percentage (POC) by the contracted sales. The total budgeted cost of projects is initially estimated at launching and regularly reviewed; any adjustments identified in this estimate based on these revisions are reflected in the Group's results. The related land and construction additional costs inherent to the related developments of the units sold are allocated to net income when incurred.
  - (ii) Sales revenues calculated according to item (i), measured at fair value, including inflation adjustment, net of installments already received, are recognized as accounts receivable or advances from customers, according to the ratio between recognized revenues and received amounts.

- For installment sales of completed units, income is fully recognized at the time the sale is completed, regardless of the term for receiving the amount established by contract, and revenue is measured at the fair value of the consideration receivable.
- Interest and present value discount are allocated to profit or loss. Interest is recorded in line item ‘Revenue from real estate development’ during the period before the delivery of the units and in line item ‘Financial income’ during the period after the delivery of the units, on the accrual basis, regardless of actual receipts.
- Revenues from bartered real estate units are recorded as the works progresses until the units are delivered, in accordance with the contracts.

The Group recognizes as assets the incremental costs to obtain sale contracts, mainly represented by commissions and brokerage necessary to obtain the aforementioned contracts. These costs are recorded in line item "prepaid expenses" and amortized using the percentage of completion method described above.

Revenue and expenses are recorded on the accrual basis.

The Group accounts for the effects of a contract only when: (i) the parties have approved the contract; (ii) can identify each party´s rights and the payment terms; (iii) the contract has commercial substance; and (iv) it is probable to receive the consideration that the Group is entitled to.

The Group enters into sale contracts of real estate units, essentially classified into two types: "conventional" contracts and "guaranteed sale" contracts. The conventional contracts produce their effects since the signature date. “Guaranteed sale” contracts have suspensive clauses until the bank financing agreement´s signing date. In line with the legal effects described above, revenues from “Conventional contracts” are recognized from the execution date of the respective contracts and revenues from “Guaranteed sale” contracts are recognized since the bank financing agreement´s signing date, when the suspensive clause is satisfied, and the contract produces its effects.

Cancellations

The Group recognize a provision for cancellations when identifies cash inflow risks.

Contracts are monitored to verify when these conditions are mitigated. While this does not occur, no revenue or cost is recognized in profit or loss, and amounts are only recognized in financial position line items.

(b) Present value discount

Monetary assets and monetary liabilities are discounted to their present value based on an effective interest rate resulting from short- (if material) and long-term transactions, without yield or subject to: (i) embedded fixed interest; (ii) interest rates clearly below market rates for similar transactions; and (iii) inflation adjustment only, with no interest. The Group periodically assesses the effect of this policy.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which necessarily take a substantial amount of time to be ready for the intended use or sale, are capitalized until the date they are substantially ready for the intended use or sale. Since financing activities are centrally managed by the Company, interest incurred by the Company on the financing of its investees' qualifying assets are capitalized and presented in the investment line item (individual financial statements), net of gains obtained on the temporary investment of funds obtained on specific borrowings that have not yet been spent on the qualifying assets. In the consolidated financial statements, subsidiaries' amounts are reclassified to line item 'Inventories (real estate for sale)'. In the individual financial statements, these costs are allocated to profit or loss proportionately to the units sold, by deducting the line item 'Results from equity participation' and, in the consolidated financial statements, are reclassified to line item "costs of real estate sold and services".

All other loan costs are recognized in profit or loss for the period they are incurred.

(d) Impairment of Property and equipment, Intangible assets and Investment

The Group assesses, at least annually, if there are any indications that property and equipment and intangible items are impaired. Additionally, the Group tests for impairment, at least annually, goodwill on investment acquisitions.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Group is a party to the contractual provision of the instruments and are initially measured at fair value.

Transaction costs are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets and liabilities, if applicable, after their initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are stated at their net amounts in the balance sheet if, and only if, the Company has a legally enforceable right to offset the amounts recognized and if there is intent to simultaneously realize the asset and settle the liability.

Financial assets

Financial assets classifications are based on the business model which the asset is managed and its contractual cash flow characteristics (binomial contractual cash flow and business model), as summarized below:

Categories / measurement	Conditions for category definition
Amortized cost	Financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows on specific dates.
Fair value through other comprehensive income (FVTOCI)	There is not a specific definition within the business model about holding financial asset to collect contractual cash flows on specific dates or selling financial assets.
Fair value through profit or loss (FVTPL)	All other financial assets.

The Group's main financial assets are shown below, classified as amortized cost, FVTPL and FVTOCI and presented in Note 25 (b):

- Cash and cash equivalents: Include amounts held as cash, bank accounts, and short-term investments, redeemable within ninety days or less as of the acquisition date, and subject to insignificant risk of change in market value.
- Marketable securities: The balances represent investments in: (i) restricted investment funds that include public and private securities (both post fixed rates) and investments in unrestricted investment funds, which in turn invest mainly in fixed income securities; (ii) unrestricted investment funds; (iii) bank deposit certificates; (iv) savings deposits; (v) real estate consortium, among others.
- Derivative financial instruments: Non-speculative derivative financial instruments for exposure management, as described in Note 25 (b).
- Receivables from real estate development: Represents amounts receivable for the sale of real estate units, initially recognized as described in paragraph “a” above, adjusted as contractually set out, net of present value discount, when applicable.
- Intercompany loans: receivables from subsidiaries, joint ventures, associates and partners in real estate development.

Ordinary purchases or sales of financial assets are recognized and derecognized on a trade date basis. Ordinary purchases or sales are purchases or sales of financial assets that require delivery of assets in accordance with regulation or market practice.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

Classified at initial recognition as: (i) amortized cost; or (ii) measured at fair value through profit or loss.

The Group's financial liabilities, are classified as are measured at amortized cost, using the effective interest rate method, and include loans, financing and debentures, trade accounts payable, intercompany loan payables and land payables, except for several debentures which are measured at fair value through profit or loss, once they were designated as hedged items, according to hedge accounting methodology.

The referred financial liabilities are initially recognized when funds are received, net of transaction costs, when applicable. At the end of the reporting period, they are carried at their initial recognition, less amortization of installments of principal, when applicable, plus the related charges incurred. Transaction costs are presented as a reduction of current and noncurrent liabilities and are recognized in profit or loss over the same repayment term of the financing from which they were originated based on the effective interest rate of each transaction.

Financial liabilities are derecognized when, and only when, the Group’ obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the sum of the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value. After initial recognition, derivatives are still measured at fair value and changes in fair value are recorded in profit or loss.

At the inception of the hedging relationship, the Group assesses whether the hedge relationship qualifies for hedge accounting; if positive, it formally documents the relationship between the hedging instrument and the hedged item. The assessment of whether the relationship meets the hedge effectiveness requirements is made and documented at the inception of the hedge relationship, on each reporting date on a relevant change in circumstances that affect the effectiveness requirements. Adjustments to hedge relationships are permitted after designation, without being considered a "discontinuity" of the original hedge relationship.

The Group discontinues hedge accounting only when the hedge relationship (or part thereof) no longer meets the qualifying criteria. This includes cases where the hedging instrument expires, is sold, terminated or exercised. Discontinuation is accounted for prospectively.

Fair value hedge

The Group entered non-speculative derivative financial instruments (swaps) to hedge its exposure to changes in indexes and interest rates in several loans, financing and debentures or aiming not being exposed to changes in the fair value of certain financial instruments. For avoiding accounting mismatch in the measurement of these instruments, opted for hedge accounting (designations classified as fair value hedge). Accordingly, changes in fair values of derivatives financial instruments and hedged items (contracted debts) are recognized in profit or loss.

Cash flow hedge

The Group contracted derivative financial instruments of the swap type to hedge interest payments on debt in US dollars or subject to floating rates, formally designating them as hedging instruments and the interest payments on mentioned debts as hedged items, respectively, establishing an economic relationship between them, according to the hedge accounting methodology. This designation was classified as a cash flow hedge, with the effects of changes in equity.

Impairment of financial assets

The Group recognize allowance for expected credit loss for all sale contracts of real estate units, and amounts are recorded monthly matched with respective real estate revenue recognition, based on historical data. When these contracts do not present real guarantee of the real estate unit sold and the customers are in default in installments over three hundred and sixty days, the Group completes this allowance for the total outstanding balance. Such analysis is performed individually by sale contract. This simplified approach is in line with item 5.5.15 of CPC 48 / IFRS 9 - Financial Instruments.

The Group's policy is to write-off amounts corresponding to real estate unit's sales contracts included in the allowance for credit risks that present maturing installments over two years. However, collection activities for recovery of these amounts continue to be carried out periodically.

Based on individual analysis, the Group also recognize allowance for expected credit loss for other receivables, mainly related to partners in real estate development whose recovery is doubtful.

The Group did not identify impairment on the recoverable amount of short-term investments.

The Group periodically reviews its assumptions to recognize allowance for expected credit loss considering revision of historical transactions and improvement of its estimates.

(f) Inventories (real estate for sale)

Inventory of completed units or under construction and not yet sold, including land bank, is stated at the incurred cost, which does not exceed market value. The land acquired under barter agreements is valued, on initial recognition, at the sales price of the bartered land or at the sales price of the bartered units. Classification into current and noncurrent assets is based on the date scheduled to launch the project.

Inventory of supplies is carried at the lower of average cost of purchase or their net realizable values.

(g) Equity interest in investees

In the Company's consolidated financial statements, investments in joint ventures and associates are recorded using the equity method, based on the investees' financial statements as of the Company's reporting period and using the same accounting policies used in the Company's financial statements.

Investments in subsidiaries, joint ventures and associates are recorded in the Company's Individual financial statements using the equity method of accounting, based on the subsidiaries' financial statements as of the Company's reporting period and prepared using the same accounting policies used in the Company's financial statements.

Profits and losses resulting from transactions between the Company and its joint ventures or associates are recognized in the financial statements only to the extent of third parties' interest in those joint ventures or associate. Profits and losses resulting from transactions between the Company and its subsidiaries are fully eliminated.

Goodwill arising on a business combination, with indefinite useful life, is carried at cost on the date of the business combination net of accumulated impairment losses, if any. As prescribed by ICPC 09, goodwill is classified in line item 'Investments', in the Individual and Consolidated balance sheet as it involves a joint venture.

(h) Property and equipment

Stated at cost, less depreciation and accumulated impairment losses, where applicable. Additions are classified as construction in progress and transferred to the appropriate categories when completed and ready for the intended use. These assets start to be depreciated when ready for the intended use, using the same base as the other property and equipment items already in use.

Assets acquired through finance leases are depreciated over their expected useful lives as own assets or over a shorter period, according to the terms of the underlying lease agreement, when applicable.

Includes right-of-use assets, as per item (u) below.

(i) Intangible assets

Separately acquired intangible assets with finite useful lives are stated at cost less amortization and accumulated impairment losses.

Research expenditure is recognized as an expense when incurred. An internally generated intangible asset arising from expenditure on development is recognized if, and only if, all the conditions prescribed by CPC 04 / IAS 38, paragraph 57, on intangible assets can be demonstrated.

The amount initially recognized of internally generated intangible assets corresponds to the sum of the costs incurred since the time an intangible asset met the recognition criteria above. When no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss, when incurred.

(j) Depreciation, amortization, and derecognition of property and equipment and intangible assets

Depreciation/amortization is recognized based on the estimated useful life of each asset on a straight-line basis, so that cost less its residual value after its useful life is fully written off, except for item "Aluminum forms", classified in line item "Machinery and equipment", which depreciation is calculated based on use and land and constructions/intangibles in progress that do not suffer depreciation. The estimated useful lives, the residual values, and the depreciation/amortization methods are reviewed at the end of the reporting period, and the effects from any change in estimates are recognized prospectively.

(k) Assets and liabilities subject to inflation adjustment

Assets and liabilities denominated in Brazilian reais and subject to contractual or legal indexation are adjusted for inflation based on the relevant index at the end of the reporting period. Gains and losses arising on inflation adjustments are recognized on an accrual basis in the income statement.

(l) Provisions

Provisions, including the provisions for civil, labor, and tax risks are recognized when there is a present obligation (legal or constructive) as a result of a past event, that can be reliably estimated, and it is probable that a disbursement will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, considering the risks and uncertainties inherent to such obligation.

When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is certain that reimbursement will be received, and the amount can be reliably measured.

(m) Provision for maintenance of real estate (Warranties)

The accruals for the expected cost of property maintenance are recognized in the profit or loss using the same criteria for the allocation of real estate development revenue, described in paragraph “a” above, from the date the related real estate units are sold, based on management's best estimate of the disbursements required to settle the Group's obligations.

(n) Stock option plan

The Company has stock option plans as part of its employee retention plan. The Company recognizes the issued options´ costs under the straight-line basis over the vesting period, from grant date to the date the options become exercisable, with a corresponding adjustment in equity. Costs were determined based on the fair value of the options on the grant date using the Black & Scholes pricing model (Note 20 (e)).

(o) Taxation

Current and deferred income tax, social contribution and taxes on sales are recognized in profit or loss, except when they correspond to items recognized in ‘Other comprehensive income’, or directly in equity, in which case current and deferred taxes are also recognized in ‘Other comprehensive income’ or directly in equity, respectively.

The income tax and social contribution, and taxes on sales expenses represent the sum of current and deferred taxes.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each fiscal year, or when new legislation has been substantially approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Income tax and social contribution

Current taxes

As allowed by prevailing tax legislation, the Group adopts the cash basis to calculate income from real estate development, and this income is used to determine taxable income.

The provision for income tax and social contribution is based on taxable income for the year. Taxable income differs from the profit reported in the income statement, since it excludes income or expenses that are taxable or deductible in other years, as well as permanently nontaxable or nondeductible items. The provision for income tax and social contribution is calculated separately for each company based on the prevailing tax rates.

The Company and subsidiaries calculate income tax (IRPJ) and social contribution (CSLL) based on actual taxable income, deemed income or special taxation regime (RET) as detailed below:

- Actual taxable income—adopted by the Company. Under this taxation system, the income tax is calculated at the rate of 15%, plus a 10% surtax on taxable income above R$240, and social contribution is calculated at the rate of 9%, and both take into consideration the offset of tax loss carryforwards, limited to 30% of taxable income per fiscal year.

- Deemed income—adopted by certain subsidiaries. Under the deemed income taxation system, each company's income for income tax and social contribution determination purposes is calculated on real estate revenue received at the 8 and 12 percent tax rates, respectively. The income tax and social contribution rates prevailing at the end of each fiscal year (15% plus a 10% surtax on income exceeding R$240 per year for income tax, and 9% for social contribution) are levied on deemed income.

- Special taxation regime (RET)—adopted by certain projects of the Company and subsidiaries. As allowed by Law 12024, of August 27, 2009, which amends Law 10931/2004 that created the RET, it was elected to submit these projects to the earmarked assets and opt for the RET. For these projects, the consolidated income tax and social contribution, and the security funding tax on revenue (COFINS) and the social integration program tax on revenue (PIS) charges are calculated at the total overall tax rate of 4% on gross revenue received, being 1.92% for IRPJ and CSLL and 2.08% for PIS and COFINS.

Deferred taxes

Deferred income tax and social contribution ("deferred taxes") are fully recognized as prescribed by CPC 32 and IAS 12 *Income Tax* on the temporary differences between assets and liabilities recognized for tax purposes and related amounts recognized in the financial statements by applying the statutory tax rates in effect on the date the financial statements were prepared and applicable when such temporary differences reverse.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be generated to realize such deferred tax assets or loss carryforwards. The realization of deferred tax assets is assessed at the end of each annual reporting period and, when it is no longer probable that future taxable income will be available to recover of all or part of the assets, they are adjusted to the expected recoverable amount.

Taxes on revenue

Revenue is stated net of taxes on sales (PIS and COFINS). For PIS and COFINS calculation purposes, total tax rate is 9.25% for taxation based on actual taxable income, 3.65% under the deemed income taxation and 2.08% under the RET.

Beginning July 1, 2015, as provided for by Decree 8426, financial income earned by legal entities subject to the noncumulative calculation regime are subject to a 0.65% PIS tax rate and a 4% COFINS tax rate.

(p) Treasury shares

Own equity instruments reacquired by the Company are recognized at cost and deducted from equity. Transaction costs incurred on share buybacks are added to the purchase cost of such shares.

(q) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of several assets and liabilities, such as revenues and expenses. Since management's judgment involves estimates related to the probability of future events, actual results could differ from those estimates.

Significant estimates and assumptions are used on the accounting of revenue, that consider estimated budgeted cost of projects (item (a) above), provision for maintenance of real estate (Note 17); depreciation and amortization on property and equipment and intangible asset items, subject to useful lives and the residual values estimates (Note 10 and 11); provisions for civil, labor and tax risks (Note 18); stock option plan (Note 20, (e)), fair values of financial instruments and credit risk (Note 25), goodwill on investments acquisitions (Note 8).

The Group revises its estimates and assumptions at least annually. The effects arising from these revisions are recognized in the year when the estimates are revised if such revision impacts only such year, or also in subsequent years if the revision impacts both the current and future fiscal years.

(r) Functional, reporting currency and currency conversion

The Group's functional and presentation currency used in the consolidated and individual financial statements is the Brazilian Real, except for the subsidiary MRV (US) Holdings Corporation and its subsidiaries whose functional currency is the US dollar. The Group translates the financial statements of this subsidiary, as follows:

- For assets and liabilities, the closing exchange rate is used;
- For income and expenses in the statement of income and comprehensive income and for cash flows, the average exchange rate for the period is used;
- All resulting exchange variations were recognized in other comprehensive income and accumulated in currency translation adjustments in equity. If the subsidiary is not a wholly owned subsidiary, the corresponding portion of the translation differences is attributed to non-controlling interest.

The financial information is presented in thousands of Brazilian reais, unless otherwise stated.

(s) Statement of value added

The Group prepares consolidated and individual statements of value added in accordance with Brazilian Accounting Standard CPC 09 - *Demonstração do Valor Adicionado* (Statement of Value Added), which are presented as an integral part of the financial statements prepared in accordance with accounting practices adopted in Brazil, applicable to publicly held corporations, while for IFRS purposes they are presented as supplemental information.

(t) Earnings per share

Basic earnings per share are calculated by dividing net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year, less treasury shares, if any.

Diluted earnings per share are calculated by dividing net income attributed to the holders of common shares of the parent entity by the weighted average number of common shares outstanding during the year, less treasury shares, if any, plus the number of common shares that would be issued assuming that the stock options would be exercised at a price lower than the market price.

(u) Leases

The Group as a lessor

The Group classifies leases as financial or operational. The lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as operating if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

In January 2019, the Group began operating a new line of business, expanding its share in the real estate sector by leasing its own residential units under the "Luggo" brand. Revenues from operating leases are recognized in the income statement under the straight-line method over the lease period.

The Group does not have lease agreements in which it is a financial lessor.

The Group as lessee

The Group assesses whether a contract is or contains a lease if it conveys the right to control the use of the identified asset for a period of time in exchange for consideration. Such assessment is performed at inception. Exemptions are applied for short-term leases and low-value items.

The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made until the commencement date; (iii) direct costs incurred; and (iv) estimated costs to be incurred in dismantling and removing the asset, when applicable and it is recognized in 'Property and equipment'.

Lease liability is measured at the present value of the lease payments, discounted by the implicit interest rate or by the incremental borrowing rate and represents the obligation to make lease payments and it is recognized in 'Other payables'.

In measuring the lease liability, the consideration incorporates the actual inflation up to the current period and is discounted at nominal rates that represent the Company's funding costs. When considering future flows with inflationary expectations, the Company assessed as non-material the impacts on lease liabilities and right-of-use assets, depreciation expenses and financial expenses.

As a lessee, the Group identified lease agreements related to its head office, regional offices and commercial stores. These contracts are valid for between one and ten years and for the purpose of estimating the initial recognition of the lease liability and right-of-use asset were considered: the option to extend lease agreement for the same period for offices and the contractual term for commercial stores.

In determining the lease term, the Group considers all the facts and circumstances that create an economic incentive to exercise the option of extension, or not exercise a termination option. Extension options (or periods after the termination options) are included in the lease term only if the lease term is reasonably certain to be extended (or not terminated). The assessment is reviewed if there is a significant event or a significant change in circumstances that affects that assessment and is within the control of the Group. The contracts extension assessment affects the amounts of the recognized lease liabilities and rights-of-use assets.

In the income statement for the period, an expense for depreciation of the right-of-use asset and an interest expense for the lease liability are recognized.

The Group does not have rights-of-use assets that meet the definition of investment property.

(v) Investment properties

Investment property consists of properties held to earn rentals or for capital appreciation (including construction in progress for such purpose) and is measured at cost, including transaction costs. Financial charges incurred on loans linked to the development of projects are capitalized and recognized in profit or loss through the realization of the underlying assets.

Depreciation is recognized based on the estimated useful life of each asset (other than land and constructions in progress) using the straight-line method, thus that cost less its residual value after its useful life is fully written off. The estimated useful lives, residual values and depreciation method are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis. Eventual costs incurred on the maintenance and repair of investment property are capitalized in assets when, and only when, the economic benefits associated to these items are probable and the amounts can be reliably measured, while other costs are directly allocated to profit or loss when incurred.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, where applicable. Any gain or loss arising on derecognition of the property, calculated by the difference between the net amount received on the sale and its book value, is recognized in profit or loss in the period in which the property is derecognized.

3. Adoption of new standards and new standards issued and not yet adopted

3.1. Adoption of new standards

There are no new standards and changes, which are valid for the annual periods beginning on or after January 1st, 2020 which had material effects on the Group's financial statements. The Group decided not to early adopt any other standard, interpretation or amendment that have been issued, but are not yet in force.

3.2. New standards issued and not yet adopted

The new and changed standards and interpretations issued, but not yet in effect until the date of issue of the Group's financial statements, are described below. The Group intends to adopt these new and changed standards and interpretations, if applicable, when they come into force.

- COVID-19 – Related Rent Concessions (Amendment to CPC 06 - IFRS 16)
- Interest rate benchmark reform – Phase II (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous contracts (Amendments to CPC 25 – IAS 37)
- Property, Plant and Equipment: Proceeds before intended use (Amendments to CPC 27 – IAS 16)
- References to conceptual framework (Amendments to CPC 15 – IFRS 3)
- Annual improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Classification of liabilities as current or non-current (Amendments to CPC 26 – IAS 1 and CPC 23 – IAS 8)
- IFRS 17 Insurance contracts

4. Cash and cash equivalents

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Cash	**354**	420	**326**	384
Bank accounts	**1,054,449**	557,382	**479,684**	287,802
	1,054,803	557,802	**480,010**	288,186
Short-term investments:				
Savings deposits	**-**	9	**-**	9
Unrestricted investment funds	**243**	-	**147**	-
Bank certificates of deposit (CDB)	**12,335**	117,108	**5,189**	115,681
Securities with repurchase agreement backed by	**13,324**	-	**-**	-
	25,902	117,117	**5,336**	115,690
Total	**1,080,705**	674,919	**485,346**	403,876

For the year ended December 31, 2020, short-term investments had yield equivalent to 98.8% of CDI in Consolidated and 100.4% of CDI in Individual (102.0% of CDI in Consolidated and Individual, at December 31, 2019). They have immediate liquidity clauses, without any penalty on redemption and are subject to insignificant risk of change in value.

The Company assessed the credit risk of the counterparty of its financial investments as described in Note 25 (e).

5. Marketable securities

		Consolidated		Individual	
		12/31/20	12/31/19	12/31/20	12/31/19
Restricted investment funds	(i)	**1,432,714**	1,139,288	**1,332,794**	855,371
Bank certificates of deposit (CDB)	(ii)	**15,345**	20,596	**15,345**	20,596
Savings deposits	(iii)	**80,177**	250,088	**30,888**	192,154
Escrow account and swap guarantee	(iv)	**82,893**	-	**-**	-
U.S. Treasuries		**2,583**	-	**-**	-
Real estate consortium		**216**	222	**216**	222
Total		**1,613,928**	1,410,194	**1,379,243**	1,068,343
Current		**1,599,644**	1,330,773	**1,365,000**	1,038,644
Noncurrent		**14,284**	79,421	**14,243**	29,699
		1,613,928	1,410,194	**1,379,243**	1,068,343

(i) The Group established investment funds, restricted to the Group´s companies, managed by first-rate banks, responsible for the custody of the assets and financial settlement of its transactions. The established funds aim at yielding interest equivalent to the Certificate of Interbank Deposit rate (CDI). The funds invest in government and other banks securities and in other unrestricted investment funds, which in turn invest primarily in fixed-income securities. The balance includes blocked amounts essentially resulting from collateral, as detailed in the table below. For the year ended December 31, 2020, the mentioned funds yielded average interest equivalent to 88.27% of CDI in Consolidated and 88.25% of CDI in Individual (99.6% of CDI in Consolidated and 100.0% of CDI in Individual , at December 31, 2019).

(ii) Bank certificated of deposits (CDB) held as collateral for loans, financing and debentures, infrastructure works, and others, as detailed in the table below.

(iii) Savings deposits correspond to amounts contributed on the projects financed by the financial institution for contracting “Crédito Associativo” financing modality and are maintained in this condition until the funds are released by the financial institution when the contracts are signed by the customers or by the construction evolution.

(iv) Refers to escrow accounts of the subsidiary AHS Residential to honor land purchase commitments and swap operations.

The Group presents amounts blocked classified as Marketable securities regarding granted guarantees, as shown below:

Blocked amounts guaranteeing:	12/31/20				
	Consolidated			Individual	
	Restricted investment funds	Escrow account and swap guarantee	Bank certificates of deposit	Restricted investment funds	Bank certificates of deposit
Infrastructure works	**49,074**	**-**	**-**	**32,153**	**-**
Other	**6,252**	**82,893**	**15,345**	**5,397**	**15,345**
Total	**55,326**	**82,893**	**15,345**	**37,550**	**15,345**

Blocked amounts guaranteeing:	12/31/19					
	Consolidated			Individual		
	Restricted investment funds	Bank certificates of deposit	Others	Restricted investment funds	Bank certificates of deposit	Others
Company and subsidiaries' loans	56,037	-	-	5,484	-	-
Infrastructure works	51,540	15	-	47,537	15	-
Other	23,049	20,581	6	23,037	20,581	6
Total	130,626	20,596	6	76,058	20,596	6

Breakdown of restricted investment funds portfolio, proportionately to the units held by the Company and subsidiaries, is as follows:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Unrestricted investment funds	**482,254**	491,155	**448,621**	368,756
Private bonds	**352,282**	254,573	**327,713**	191,132
Securities with repurchase agreement	**216,855**	136,267	**201,731**	102,309
Financial treasury bills (LFTs)	**277,539**	78,989	**258,183**	59,304
Bank certificates of deposit (CDBs)	**65,504**	140,421	**60,936**	105,427
Debentures	**36,618**	37,883	**34,064**	28,443
Others	**1,662**	-	**1,546**	-
Total	**1,432,714**	1,139,288	**1,332,794**	855,371

As of December 31, 2020 and 2019, the portfolio of unrestricted investment funds is comprised of highly liquid public and private bonds.

The Company assessed the credit risk of the counterparty of its financial investments as described in Note 25 (e).

6. Trade accounts receivable

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Receivables from real estate development				
Receivables from real estate development	**3,822,269**	2,991,829	**2,038,103**	1,521,688
Present value discount	**(59,532)**	(60,116)	**(31,617)**	(29,671)
Allowance for credit risk	**(281,267)**	(223,291)	**(148,570)**	(118,774)
	3,481,470	2,708,422	**1,857,916**	1,373,243
Current	**1,840,376**	1,555,145	**1,040,242**	814,810
Noncurrent	**1,641,094**	1,153,277	**817,674**	558,433
	3,481,470	2,708,422	**1,857,916**	1,373,243
Receivables from services provided and rents				
Related parties	**-**	11	**-**	68
Other receivables	**3,446**	1,271	**1,318**	1,349
Total - current	**3,446**	1,282	**1,318**	1,417

The amounts related to receivables for real estate development include fixed-rate contracts with fixed installments, floating-rate contracts with interest rates below those of similar transactions and floating-rate contracts indexed to inflation which are interest free and discounted to present value using the higher rate between the Company's weighted market funding rate, less inflation indices, and the yield rates of government securities with similar risks and terms; and floating-rate contracts plus interest of 6% to 12% p.a. The rates used to discount to present value for sales performed during the year ended December 31, 2020 ranged from 0.08616% per month to 0.27011% per month (0.1763% per month to 0.41647% per month for the same period of 2019). The assumptions made by the Company's management for the calculation of the present value discount, are consistent among the periods, and thus there were no changes in assumptions during the reporting periods.

Floating-rate contracts are adjusted based on various financial indices, mainly the National Civil Construction Index (INCC-M) for the period before the delivery of the units and the Broad Consumer Price Index (IPCA) or the General Market Price Index (IGP-M) for the period after the delivery of the units.

The agreements entered and to be entered with Caixa Econômica Federal (CEF), Banco do Brasil, Santander and Bradesco in "Crédito Associativo" modality correspond to approximately 57.1% of the balance of receivables from real estate development and unearned sales revenue, as at December 31, 2020 (56% at December 31, 2019). Of this same total, the agreements already entered with the financial institutions above mentioned, correspond to 39.8% for CEF and 0.18% for others (33% and 0.1% as at December 31, 2019 respectively).

Note 2.2 (a) describes the policies used for the recognition of revenues earned on real estate operations, as summarized below:

- receivables were recognized up to the amount of real estate operations conducted in the year, including the related financial income, under the conditions described above, as applicable;
- the present value discount represents the portion of interest to be earned in future years, on the accrual basis and is realized to calculate revenue at its fair value, and the reversals of present value discount are recognized in profit or loss for the year, in line item "Revenue from real estate development", during the period before the delivery of the units, and in line item "Financial income" during the period after the delivery of the units;
- receipts in excess of the recognized balances of receivables were recognized as advances from customers, in liabilities and are disclosed in Note 14; and
- sales revenue is allocated to net income as construction progresses, using the method called "POC", which records the percentage of completion of each project, as described in Note 2.2 (a). The related land and construction additional costs inherent to the related developments of the units sold are allocated to net income when incurred.

Changes in allowance for credit risk for the years ended December 31, 2020 and 2019 are as follows:

	Consolidated		Individual	
	2020	2019	2020	2019
Opening balance	(223,291)	(234,353)	(118,774)	(133,050)
Additions	(223,126)	(161,148)	(122,387)	(90,855)
Reversals	89,049	105,050	53,398	63,658
Write-offs	76,101	67,160	39,193	41,473
Closing balance	(281,267)	(223,291)	(148,570)	(118,774)
Current	(179,170)	(159,573)	(94,836)	(85,152)
Noncurrent	(102,097)	(63,718)	(53,734)	(33,622)
	(281,267)	(223,291)	(148,570)	(118,774)

The balances of unearned gross sales revenue to be appropriated and cost to be incurred from real estate already contracted transactions, including related financial income, as applicable, are as follows:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Unearned gross sales revenue (*)	2,511,802	1,629,206	1,400,226	1,080,787
Costs to be Incurred (*)	(1,527,171)	(975,811)	(842,974)	(658,170)

(*) Does not include the impacts of future inflation, taxes on sales, financial charges, and maintenance costs.

The amounts above, referring to receivables from real estate development and unearned sales revenue, have the following expectation of receipt:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Expectation of receipt				
1 year	3,088,203	2,397,065	1,785,856	1,403,905
2 years	2,023,912	1,346,544	1,043,725	766,001
3 years	456,479	306,047	230,038	152,228
4 years	272,465	158,404	138,651	78,411
After 5 years	152,213	129,568	59,872	53,485
	5,993,272	4,337,628	3,258,142	2,454,030
Unearned sales revenue	2,511,802	1,629,206	1,400,226	1,080,787
Receivables from real estate development	3,481,470	2,708,422	1,857,916	1,373,243
	5,993,272	4,337,628	3,258,142	2,454,030

For sales contracts with bank financing, customers are submitted to bank credit analysis before the sale occur. After receiving the approved amounts from the bank, including each client´s financing capacity, an internal credit analysis is performed, considering the commitment of income involving amounts that will be paid directly to the Group. If the established parameters are not met, additional guarantees may be required, such as the inclusion of guarantors. See note 25 (e) for credit risk.

Discounts, rebates and returns are deducted directly from revenue from real estate development and refer substantially to cancellation of sale agreements for properties not yet delivered. The amounts related to cancellations comprise all the revenue earned, net of the contractual fine to reimburse expenses incurred by the Group. Cancellations are recognized as they occur.

As at December 31, 2020, the Group has trade accounts receivable pledged as collateral of construction financing totaling R$1,210,645 (R$1,357,645 at December 31, 2019).

7. Inventories (real estate for sale)

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Real estate under construction	**2,429,656**	2,808,239	**1,378,608**	1,619,227
Completed units	**120,166**	213,534	**53,230**	96,352
Landbank	**5,969,889**	5,532,310	**4,460,209**	4,776,421
Advances to suppliers	**81,797**	79,641	**44,485**	52,405
Materials stock	**351**	381	**122**	202
Total	**8,601,859**	8,634,105	**5,936,654**	6,544,607
Current	**3,741,278**	3,959,745	**2,270,677**	2,488,014
Noncurrent	**4,860,581**	4,674,360	**3,665,977**	4,056,593
	8,601,859	8,634,105	**5,936,654**	6,544,607

This line item incorporates real estate units for sale, both completed and under construction, and land for future developments.

As of December 31, 2020, of the total consolidated balance of real estate under construction and completed units, R$1,991,593 refers to projects launched and R$558,229 refers to projects started but not yet launched (R$2,459,481 and R$562,292 at December 31, 2019, respectively).

As at December 31, 2020, line items “Real estate under construction”, “Completed units” and “Landbank” includes capitalized financial charges, as detailed in Note 12 (e), totaling R$489,425 and R$340,596 in Consolidated and Individual, respectively (R$546,184 and R$366,996 as at December 31, 2019, in Consolidated and Individual, respectively). A project’s land is transferred to line item ‘Real estate under construction’ when development of the respective project begins.

The Group has agreements with financial institutions to finance the construction of real estate (see Note 12). As at December 31, 2020, the Group has real estate under construction recognized in assets, used as collateral of loans and financing agreements, totaling R$10,925 and R$1,246 in Consolidated and Individual, respectively (R$54,881 and R$20,325 at December 31, 2019, in Consolidated and Individual, respectively).

Information on the net revenue amount generated by units under construction, incurred costs and recognized profits as of reporting date and the related criteria adopted for their recognition, are described in Note 22.

8. Equity interests in investees

a) The main information on equity interests is summarized as follows:

	12/31/20			2020		12/31/19			2019	
	Equity interest	Equity	Invest-ments	Net income	Results from equity interest in investees	Equity interest	Equity	Invest-ments	Net income	Results from equity interest in investees
Joint ventures and associates:										
MRL Engenharia e Empreendimentos S.A. (MRL)	**51.03%**	**32,047**	**16,354**	**24,440**	**12,493**	36.93%	14,410	5,322	4,323	1,596
PRIME Incorporações e Construções S.A.	**59.51%**	**(8,811)**	**(5,243)**	**53,569**	**31,879**	59.51%	(62,398)	(37,133)	48,528	28,879
MRV MD PE Mar De Espanha SPE Ltda.	**50.00%**	**(1,994)**	**(997)**	**(7,472)**	**(3,928)**	50.00%	25,930	12,965	(5,640)	(6,872)
Pq Castelo De Gibraltar SPE Ltda.	**65.00%**	**23,745**	**15,434**	**15,857**	**10,307**	65.00%	7,872	5,117	3,472	2,257
SCPs (35)		**6,616**	**4,931**	**(20,541)**	**(12,497)**		16,491	9,501	(22,792)	(14,069)
SPEs (40)		**52,434**	**70,191**	**(444)**	**(7,505)**		762,536	86,348	(2,146)	(14,769)
Goodwill on the acquisition of Joint venture in the MRL [1]		**-**	**3,237**	**-**	**-**		-	3,237	-	-
Capitalized interest		**-**	**4,666**	**-**	**(1,396)**		-	6,062	-	(1,416)
Total Joint ventures and associates		**104,037**	**108,573**	**65,409**	**29,353**		764,841	91,419	25,745	(4,394)
Elimination of indirect participations		**-**	**(275,151)**	**-**	**(76,094)**		-	(183,415)	-	(67,668)
Total Joint ventures and associates		**104,037**	**(166,578)**	**65,409**	**(46,741)**		764,841	(91,996)	25,745	(72,062)
Investments - Consolidated			**121,002**					75,675		
Net capital deficiency liability - Investments - Consolidated			**(287,580)**					(167,671)		
Total Joint ventures and associates			**(166,578)**					(91,996)		
Subsidiaries:										
MRV (US) Holdings Corporation [2]	**100.00%**	**442,962**	**442,962**	**17,753**	**17,753**	0.00%	-	-	-	-
MRV Construções Ltda.	**95.00%**	**31,315**	**29,749**	**109**	**104**	95.00%	31,206	29,646	55	52
Urba Desenvolvimento Urbano S.A. [3]	**51.44%**	**105,191**	**52,250**	**11,515**	**3,554**	52.07%	95,610	48,120	(4,805)	(3,404)
SCP MRL MRV Adão 02	**50.00%**	**5,021**	**2,511**	**(1,595)**	**(798)**	50.00%	13,654	6,827	16,496	9,104
SCP MRV MRL Adão 3	**50.00%**	**13,576**	**6,787**	**15,413**	**7,707**	50.00%	14,558	7,278	2,980	1,467
SCP MRV MRL Rj Pedregoso	**50.00%**	**3,232**	**1,616**	**(5,390)**	**(2,695)**	50.00%	13,146	6,573	14,889	7,446
SCP MRV MRL Galpão Ccp 1	**50.00%**	**47,972**	**23,986**	**26,146**	**13,073**	50.00%	7,983	3,991	2,416	1,208
SCP MRV MRL Maxwell	**50.00%**	**27,707**	**13,854**	**14,931**	**7,466**	50.00%	202	101	(69)	(35)
SCP Porto Marabella	**99.99%**	**18,339**	**18,337**	**13,012**	**13,011**	100.00%	17,338	17,338	5,315	5,285
SCPs (243)		**678,020**	**396,124**	**102,946**	**48,626**		429,832	281,983	25,591	8,139
MRV MDI Nasbe Incorp. SPE Ltda.	**100.00%**	**68,170**	**68,170**	**75,932**	**75,932**	100.00%	185,917	185,917	134,252	134,252
Caminho das Orquideas SPE Ltda.	**100.00%**	**8,288**	**8,288**	**6,851**	**6,851**	100.00%	1,438	1,438	789	783
Campo Di Roma Incorporacoes SPE Ltda.	**99.00%**	**6,742**	**6,675**	**9,510**	**9,415**	99.00%	609	603	476	471
MD MRV Polidoro SPE Ltda.	**50.00%**	**22,230**	**11,115**	**15,813**	**8,102**	90.00%	10,629	9,566	232	209
MRV MD Lagoa Do Nautico SPE Ltda.	**100.00%**	**2,494**	**2,494**	**(3,346)**	**(3,346)**	100.00%	11,776	11,776	9,439	9,363
MRV MD PE Lyra Const. SPE Ltda.	**100.00%**	**2,047**	**2,047**	**(2,453)**	**(2,453)**	100.00%	7,166	7,166	16,085	15,989
MRV MD PE Timbi Const SPE Ltda.	**100.00%**	**134**	**134**	**373**	**373**	100.00%	4,285	4,286	8,716	8,619
MRV MD Tododia Construcoes SPE Ltda.	**100.00%**	**13,071**	**13,071**	**1,493**	**1,493**	100.00%	11,999	11,999	10,843	10,756
MRV MD Vila Das Quaresmeiras SPE Ltda.	**100.00%**	**5,710**	**5,710**	**(730)**	**(730)**	100.00%	9,474	9,475	12,403	12,289
MRV MDI ES Vila Esmeralda Incorp. SPE Ltda.	**75.00%**	**5,111**	**3,833**	**2,573**	**1,930**	75.00%	7,666	5,750	8,709	6,532
MRV MDI Maraponga IV SPE Ltda.	**100.00%**	**8,323**	**8,323**	**(2,108)**	**(2,108)**	100.00%	14,854	14,854	18,006	17,913
MRV MDI Reserva Ouro Branco II SPE Ltda.	**100.00%**	**27,652**	**27,652**	**1,864**	**1,864**	100.00%	31,718	31,718	7,823	7,762
MRV MRL Baia Da Babitonga SPE Ltda.	**100.00%**	**57,271**	**57,302**	**41,782**	**41,519**	99.00%	28,663	28,373	10,535	10,428
MRV MRL LXXI Inc. SPE Ltda.	**50.00%**	**15,992**	**7,996**	**3,578**	**1,789**	50.00%	30,221	15,111	23,369	12,189
MRV MRL Plural 1 Inc SPE LTDA.	**100.00%**	**6,567**	**6,567**	**6,754**	**6,737**	99.00%	261	259	106	105
MRV MRL RJ SG4 SPE Ltda.	**50.00%**	**22,989**	**11,495**	**14,796**	**7,398**	50.00%	12,332	6,166	3,617	1,881
MRV MRL RJ5 SPE Ltda.	**65.00%**	**27,645**	**17,969**	**8,141**	**5,292**	65.00%	19,448	12,641	9,405	6,113
MRV PRIME II SPE Ltda.	**99.00%**	**16,772**	**16,604**	**1,441**	**1,427**	99.00%	20,202	20,001	16,141	15,980
MRV PRIME LX Incorporaçoes SPE Ltda.	**99.00%**	**11,389**	**11,275**	**11,457**	**11,342**	99.00%	1,408	1,394	132	131
MRV PRIME LXXXIV SPE Ltda.	**99.00%**	**7,228**	**7,156**	**9,621**	**9,525**	99.00%	1,079	1,068	956	946
MRV PRIME LXXXVIII Inc. SPE Ltda.	**99.00%**	**17,718**	**17,541**	**15,376**	**15,222**	99.00%	3,079	3,048	1,957	1,937
MRV PRIME Projeto MT N Incorp. SPE Ltda.	**40.00%**	**17,333**	**6,933**	**15,278**	**6,111**	40.00%	32,019	12,807	31,101	12,440
MRV PRIME Projeto Palmas A SPE Ltda.	**40.00%**	**16,083**	**6,434**	**5,019**	**2,007**	40.00%	26,863	10,745	18,740	7,496
MRV PRIME XXVIII Inc SPE Ltda.	**97.00%**	**7,077**	**6,865**	**(519)**	**(503)**	97.00%	14,264	13,837	(11,452)	(11,108)
Parque Aspen SPE Ltda.	**99.00%**	**8,620**	**8,534**	**180**	**178**	99.00%	31,416	31,102	22,851	22,622
Parque dos Cantos SPE Ltda.	**99.00%**	**6,700**	**6,633**	**1,888**	**1,869**	99.00%	14,831	14,683	6,454	6,389
Parque Lagoa Do Ouro SPE Ltda.	**100.00%**	**9,807**	**9,807**	**2,032**	**2,025**	99.00%	7,984	7,904	8,401	8,317
Parque Paladino Inc. SPE Ltda.	**99.00%**	**9,218**	**9,126**	**9,913**	**9,814**	99.00%	3,155	3,123	285	282
Parque Piazza Verona SPE Ltda.	**100.00%**	**4,137**	**4,137**	**657**	**651**	99.00%	16,162	16,001	13,909	13,770
Parque Serra Bonita Inc. SPE Ltda.	**99.00%**	**22,907**	**22,678**	**10,740**	**10,633**	99.00%	23,146	22,915	18,272	18,089
Porto Dos Vinhedos SPE Ltda.	**99.00%**	**9,101**	**9,010**	**7,447**	**7,373**	99.00%	1,654	1,637	372	368
Projeto Goiás II SPE Ltda.	**55.00%**	**21,893**	**12,041**	**3,068**	**1,687**	55.00%	25,278	13,903	12,963	7,130
Rec Pátio Maceió S.A. SPE Ltda.	**100.00%**	**12,800**	**12,810**	**15,644**	**14,989**	99.00%	13,126	13,603	13,712	12,569
Reserva Real Inc SPE Ltda.	**99.00%**	**14,556**	**14,410**	**(2,065)**	**(2,044)**	99.00%	55,396	54,842	38,030	37,650
Residencial Allegra Ltda SPE Ltda.	**99.00%**	**1,656**	**1,639**	**568**	**562**	99.00%	7,692	7,615	7,241	7,169
Residencial Dos Lirios Incorporacoes SPE LTDA.	**99.00%**	**7,306**	**7,233**	**7,247**	**7,175**	99.00%	59	58	16	16
Vila Velha SPE Ltda.	**100.00%**	**13,558**	**13,558**	**1,224**	**1,224**	100.00%	12,756	12,756	11,749	11,681
SPEs (448)		**646,367**	**437,789**	**71,493**	**46,100**		653,563	451,911	87,680	48,952
Capitalized interest		**-**	**133,928**	**-**	**(53,047)**		-	161,098	-	(42,306)
Total subsidiaries		**2,555,997**	**2,023,158**	**563,372**	**362,179**		1,977,117	1,635,006	637,183	465,436
Total of subsidiaries, joint ventures and associates		**2,660,034**	**2,131,731**	**628,781**	**391,532**		2,741,958	1,726,425	662,928	461,042
Investments - Individual			**2,295,412**					1,875,695		
Net capital deficiency liability - Investments - Individual			**(163,681)**					(149,270)		
Total of subsidiaries, joint ventures and associates			**2,131,731**					1,726,425		

[1] Goodwill on the acquisition of jointly controlled entity MRL, in 2007, is based on expected future earnings and is not being amortized, as required by CPC 13. At the end of the reporting periods, the Company conducted the impairment tests prescribed by CPC 01 / IAS 36 and concluded that this asset was not impaired. Company internal functions review these projections.

[2] Subsidiary in the United States that received the investment in AHS Residential (effective interest of 89.4%), arising from the acquisition (Note 30).

[3] As at December 31, 2020, in equity method recognition on subsidiary Urba Desenvolvimento Urbano S.A. (until September 25, 2019 called Urbamais Properties e Participações S.A.), unrealized profit of R$1,860 raised from sales of lots were eliminated (R$1,664 at December 31, 2019).

Some subsidiaries have restrictions on transferring cash to the Company, based on their option for the equity segregation called “Patrimônio de afetação" (Earmarked assets) that establishes the permanence of amounts in cash accounts that ensure the continuity and delivery of uncompleted units to future customers. At December 31, 2020 the restricted amounts for distribution amounted to R$8,053 (R$16,785, as at December 31, 2019).

On December 15, 2020, the Company's Board of Directors approved the capital contribution of R$100 million in favor of Urba Desenvolvimento Urbano S.A., in the amount proportional to its equity interest. Of this contribution, R$25 million was paid on February 25, 2021.

b) Changes in investments are as follows:

	Opening balance	Capital subscription (reduction and distribution of profits)	Proposed dividends	Results from equity interest in investees	Others	Closing balance
Year ended December 31, 2020:						
Joint ventures and associates:						
MRL Engenharia e Empreendimentos S.A. (MRL)	5,322	2,031	(2,982)	12,493	(510)	**16,354**
PRIME Incorporações e Construções S.A.	(37,133)	-	-	31,879	11	**(5,243)**
MRV MD PE Mar De Espanha SPE Ltda.	12,965	(10,034)	-	(3,928)	-	**(997)**
SCPs (35)	9,501	7,927	-	(12,497)	-	**4,931**
SPEs (41)	91,465	(8,642)	-	2,802	-	**85,625**
Goodwill on the acquisition of Joint venture in the MRL	3,237	-	-	-	-	**3,237**
Capitalized interest	6,062	-	-	(1,396)	-	**4,666**
Total Joint ventures and associates	91,419	(8,718)	(2,982)	29,353	(499)	**108,573**
Elimination of indirect participations	(183,415)	(15,642)	-	(76,094)	-	**(275,151)**
Total Joint ventures and associates	(91,996)	(24,360)	(2,982)	(46,741)	(499)	**(166,578)**
Total Joint ventures and associated companies - Consolidated	75,675	(22,351)	(2,982)	(63,723)	134,383	**121,002**
Net capital deficiency liability - Investments - Consolidated	(167,671)	(2,009)	-	16,982	(134,882)	**(287,580)**
Total Joint ventures and associates	(91,996)	(24,360)	(2,982)	(46,741)	(499)	**(166,578)**
Subsidiaries:						
MRV (US) Holdings Corporation [1]	-	5,388	-	17,753	419,821	**442,962**
MRV Construções Ltda.	29,646	-	-	104	(1)	**29,749**
Urba Desenvolvimento Urbano S.A.	48,120	-	(1,407)	3,554	1,983	**52,250**
MRV MDI Nasbe Incorp. SPE Ltda.	185,917	(193,679)	-	75,932	-	**68,170**
SCPs (250)	324,091	52,734	-	86,390	-	**463,215**
SPEs (484)	886,134	(284,744)	-	231,493	1	**832,884**
Capitalized interest	161,098	-	-	(53,047)	25,877	**133,928**
Total of subsidiaries	1,635,006	(420,301)	(1,407)	362,179	447,681	**2,023,158**
Total of subsidiaries, joint ventures and associates	1,726,425	(429,019)	(4,389)	391,532	447,182	**2,131,731**
Total of subsidiaries, joint ventures and associated companies - Individual	1,875,695	(461,912)	(4,389)	438,836	447,182	**2,295,412**
Net capital deficiency liability - Investments - Individual	(149,270)	32,893	-	(47,304)	-	**(163,681)**
Total of subsidiaries, joint ventures and associates	1,726,425	(429,019)	(4,389)	391,532	447,182	**2,131,731**
Year ended December 31, 2019:						
Total joint ventures - Consolidated	46,468	121,048	(184)	(92,173)	516	75,675
Net capital deficiency liability - Investments - Consolidated	(79,927)	(107,855)	-	20,111	-	(167,671)
Total Joint ventures and associates	(33,459)	13,193	(184)	(72,062)	516	(91,996)
Total Joint ventures and associated companies - Individual	1,966,483	(558,502)	(184)	499,084	(31,186)	1,875,695
Net capital deficiency liability - Investments - Individual	(133,434)	22,206	-	(38,042)	-	(149,270)
Total of subsidiaries, joint ventures and associates	1,833,049	(536,296)	(184)	461,042	(31,186)	1,726,425

[1] Subsidiary in the United States that received the investment in AHS Residential (effective interest of 89.4%), arising from the acquisition (Note 30).

c) The main information of the Company’s joint ventures and associates, directly and indirectly invested is summarized as follows:

	12/31/20						12/31/19					
	MRL	Prime	Mar de Espanha	Pq Castelo de Gilbraltar	Other SPEs (40)	Other SCPs (35)	MRL	Prime	Mar de Espanha	Pq Castelo de Gilbraltar	Other SPEs (40)	Other SCPs (35)
Current assets	32,147	85,957	41,643	22,727	100,765	9,724	25,695	46,756	97,377	19,803	87,421	17,080
Noncurrent assets	372,325	296,099	317	6,714	83,909	2,523	289,272	277,526	28,590	3,196	790,437	4,653
	404,472	382,056	41,960	29,441	184,674	12,247	314,967	324,282	125,967	22,999	877,858	21,733
Current liabilities	242,080	242,282	43,140	3,088	88,908	(308)	200,587	34,833	61,149	5,904	57,513	595
Noncurrent liabilities	130,345	148,585	814	2,608	43,332	5,939	99,970	351,847	38,910	9,223	57,787	4,647
Equity	32,047	(8,811)	(1,994)	23,745	52,434	6,616	14,410	(62,398)	25,908	7,872	762,558	16,491
	404,472	382,056	41,960	29,441	184,674	12,247	314,967	324,282	125,967	22,999	877,858	21,733
Operating income	106	107	43,311	48,127	61,581	11	-	-	16,102	10,785	92,469	(795)
Cost of real estate sold and services	(4,117)	(2,547)	(25,973)	(28,762)	(48,696)	(7,870)	-	-	(4,412)	(6,138)	(77,290)	(7,540)
Operating income (expenses)	(13,773)	(14,909)	(23,415)	(2,505)	(14,947)	(13,355)	(10,344)	(12,848)	(5,119)	(950)	(18,924)	(15,125)
Results from equity interest in investees	51,294	81,860	-	-	-	-	29,595	83,186	-	-	-	-
Financial income (expenses)	(9,070)	(10,942)	(1,244)	(12)	3,442	653	(14,928)	(21,810)	(11,311)	(5)	4,355	571
Income tax and social contribution	-	-	(151)	(991)	(1,824)	20	-	-	(900)	(220)	(2,756)	97
Net income for the year	24,440	53,569	(7,472)	15,857	(444)	(20,541)	4,323	48,528	(5,640)	3,472	(2,146)	(22,792)
Total interest %	51.03	59.51	50.00	65.00	De 30 a 70	De 32 a 95	36.93	59.51	50.00	65.00	De 30 a 70	De 32 a 95

Note: Some percentages and other amounts of items (a) to (c) in all tables above have been rounded to facilitate their presentation. Thus, some totals presented in the tables may not represent the exact arithmetical sum of the amounts above.

The asset percentages related to the Group's projects that have real estate development equity segregation, as at December 31, 2020 and 2019, are as follows:

	Consolidated			
	12/31/20		12/31/19	
Projects under Law 10931/04 (Earmarked Assets)	**6,880,130**	**38.09%**	6,397,658	43.56%
Silent partnerships (SCPs)	**497,912**	**2.76%**	176,388	1.20%
Special Purpose Entities (SPEs)	**1,079,638**	**5.98%**	629,342	4.29%
Other entities	**807,242**	**4.47%**	682,267	4.65%
Projects with segregation	**9,264,922**	**51.30%**	7,885,655	53.70%
Balances without segregation	**8,797,093**	**48.70%**	6,800,668	46.30%
Total Consolidated	**18,062,015**	**100.00%**	14,686,323	100.00%

9. Investment Property

Investment property are held to obtain rental revenues and, depending on market conditions, sale of the residential projects and are demonstrated as follows:

Description	Average annual depreciation rates	Cost	Accumulated depreciation	Net 12/31/20	Fair value with level measurement	Fair value 12/31/20	Net 12/31/19
Buildings	2.56%	941,716	(53,090)	**888,626**	3	1,291,380	-
Properties under construction		561,789	-	**561,789**	3	676,337	-
Landbank		160,952	-	**160,952**	3	183,387	-
Subtotal AHS Residential [1] [2]		1,664,457	(53,090)	**1,611,367**		2,151,104	-
Properties under construction		165	-	**165**	3	165	-
Landbank [2]		13,353	-	**13,353**		13,353	-
Subtotal Subsidiaries		1,677,975	(53,090)	**1,624,885**		2,164,622	-
Properties under construction		82,163	-	**82,163**	3	202,762	6,287
Landbank [2]		90,912	-	**90,912**		90,912	27,224
Subtotal Individual		173,075	-	**173,075**		293,674	33,511
Buildings	2.56%	941,716	(53,090)	**888,626**		1,291,380	-
Properties under construction		644,117	-	**644,117**		879,099	6,287
Landbank		265,217	-	**265,217**		287,652	27,224
Total Consolidated		1,851,050	(53,090)	**1,797,960**		2,458,131	33,511

[1] Investment properties arising from the acquisition described in Note 30.
[2] Stated at cost, as mentioned in the investment property policy described in note 2.2 (v).

The fair value of the Group's investment properties, used only for disclosure purposes, was internally calculated and considered the operating stage of each assets, as detailed below:

- Land: mainly maintained at book value as they refer to recent acquisitions;

- Projects under construction: calculated using the discounted cash flow technique, considering vacancy rates estimated between 4% and 5% p.a., discount rates between 5.3% and 10.02% p.a. and capitalization rate from 4.8% to 6.5% p.a. Inflation or rent adjustments during the period were not considered.
- Completed projects: calculated using the income capitalization approach technique, by dividing the net operating income (NOI) by the capitalization rate, considering rate of 4.8% to 5.3% p.a. Inflation or rent adjustments during the period were not considered.

Significant changes in the discount and capitalization rates, considered for the calculation of the fair value of completed and under construction projects, may result in significant changes in the fair value of investment properties.

Changes in balances of investment property for the years ended December 31, 2020 and 2019 were as follows:

	Consolidated		Individual	
	2020	2019	2020	2019
Opening balance	**33,511**	-	**33,511**	-
Acquisition effects (Note 30)	**998,350**	-	**-**	-
Additions	**767,702**	33,511	**139,564**	33,511
Transfer (*)	**4,519**	-	**-**	-
Capitalized interest	**11,276**	-	**-**	-
Write-off due to disposal of assets (**)	**(207,122)**	-	**-**	-
Depreciation	**(22,669)**	-	**-**	-
Currency translation adjustments	**212,393**	-	**-**	-
Closing balance	**1,797,960**	**33,511**	**173,075**	**33,511**

(*) Refers to transfer from Property and Equipment.
(**) Write-off due to the sale of Deering Groves by subsidiary AHS Residential, as detailed in note 1.

10. Property and equipment

Changes in property and equipment for the years ended December 31, 2020 and 2019 are as follows:

Consolidated	Average annual depreciation rates	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Acquisition effects (Note 30)	Addition	Write-off	Transfer (*)	Currency translation adjustments	Closing balance
Year ended December 31, 2020:									
Cost:									
Right-of-use		89,707	-	1,881	19,796	-	-	402	**111,786**
Buildings, facilities and leasehold improvements		48,153	-	466	5,754	(1,217)	637	78	**53,871**
Aircraft and vehicles in use		23,654	-	941	122	(150)	-	204	**24,771**
Machinery and equipment		390,939	-	11,231	80,651	(2,158)	2,371	2,142	**485,176**
Furniture and fixtures		2,943	-	5,128	531	(79)	(5,486)	1,169	**4,206**
IT equipment and installations		7,340	-	1,182	1,729	(1,803)	-	250	**8,698**
Sales booths, stores and model apartments		78,072	-	-	13,287	(3,264)	9,980	-	**98,075**
Works in progress		18,094	-	-	15,676	(129)	(12,988)	-	**20,653**
Total cost		658,902	-	20,829	137,546	(8,800)	(5,486)	4,245	**807,236**
Accumulated depreciation:									
Right-of-use	Sundry	10,999	-	152	12,181	-	-	22	**23,354**
Buildings, facilities and leasehold improvements	14.40%	19,963	-	266	6,226	(556)	(527)	55	**25,427**
Aircraft and vehicles in use	10.08%	3,961	-	616	1,701	(22)	-	133	**6,389**
Machinery and equipment	10.00%	75,939	-	1,829	34,799	(1,082)	527	347	**112,359**
Furniture and fixtures	10.00%	2,533	-	1,142	297	(40)	(967)	256	**3,221**
IT equipment and installations	20.00%	6,501	-	481	838	(1,740)	-	98	**6,178**
Sales booths, stores and model apartments	25.19%	53,249	-	-	14,894	(2,228)	-	-	**65,915**
Total accumulated depreciation		173,145	-	4,486	70,936	(5,668)	(967)	911	**242,843**
Total property and equipment, net		485,757	-	16,343	66,610	(3,132)	(4,519)	3,334	**564,393**
Year ended December 31, 2019:									
Total property and equipment, net		300,854	70,971	-	118,201	(4,269)	-	-	485,757

(*) Refers to transfer to investment properties.

Individual	Average annual depreciation	Opening balance	CPC 06 (R2) / IFRS 16 adoption	Addition	Write-off	Transfer	Closing balance
Year ended December 31, 2020:							
Cost:							
Right-of-use		87,528	-	18,886	-	-	**106,414**
Buildings, facilities and leasehold improvements		37,481	-	2,251	(150)	1,698	**41,280**
Aircraft and vehicles in use		23,504	-	122	-	-	**23,626**
Machinery and equipment		388,444	-	53,169	(1,940)	1,614	**441,287**
Furniture and fixtures		2,894	-	-	(55)	-	**2,839**
IT equipment and installations		7,312	-	1,145	(1,798)	-	**6,659**
Sales booths, stores and model apartments		43,270	-	9,210	(1,232)	3,525	**54,773**
Works in progress		11,932	-	10,604	(5)	(6,837)	**15,694**
Total cost		602,365	-	95,387	(5,180)	-	**692,572**
Accumulated depreciation:							
Right-of-use	Sundry	10,868	-	10,994	-	-	**21,862**
Buildings, facilities and leasehold improvements	14.40%	17,812	-	4,273	(59)	(276)	**21,750**
Aircraft and vehicles in use	10.08%	3,941	-	1,699	-	-	**5,640**
Machinery and equipment	10.00%	75,318	-	30,035	(943)	288	**104,698**
Furniture and fixtures	10.00%	2,496	-	82	(21)	-	**2,557**
IT equipment and installations	20.00%	6,490	-	321	(1,740)	-	**5,071**
Sales booths, stores and model apartments	25.19%	30,211	-	7,485	(848)	(12)	**36,836**
Total accumulated depreciation		147,136	-	54,889	(3,611)	-	**198,414**
Total property and equipment, net		455,229	-	40,498	(1,569)	-	**494,158**
Year ended December 31, 2019:							
Total property and equipment, net		272,919	70,971	113,440	(1,944)	(157)	455,229

As described in Note 2.2 (j), the Group reviews the useful lives of property and equipment items on an annual basis, at the end of each annual reporting period. The amounts regarding “Aluminum molds” included in line item “Machinery and equipment” by R$389,485 (net of depreciation) have its depreciation method based on use, which on average are 500 uses, thus they were not considered in the average annual depreciation rates of that line item.

At the end of the reporting periods, the Group’s management concluded that there were no indications of impairment of its assets with finite useful lives, as none of the loss indicators set out in CPC 01 / IAS 36, paragraphs 10 and 12, was evidenced. As at December 31, 2020, the residual value of items pledged as collateral for liabilities amount R$19,049 in Consolidated and Individual (R$19,949 as at December 31, 2019).

11. Intangible assets

Changes in intangible assets for the years ended December 31, 2020 and 2019 are as follows:

Consolidated	Opening balance	Acquisition effects (Note 30)	Addition	Transfer	Currency translation adjustments	Closing balance
Year ended December 31, 2020:						
Cost:						
Software development	125,644	7,856	14,350	37,340	1,645	**186,835**
Software license	55,795	-	349	-	-	**56,144**
Intangibles under development	46,416	-	46,964	(37,340)	-	**56,040**
Trademarks and patents	24,000	-	-	-	-	**24,000**
Total cost	251,855	7,856	61,663	-	1,645	**323,019**
Accumulated amortization:						
Software development	81,699	546	22,409	-	103	**104,757**
Software license	51,978	-	1,853	-	-	**53,831**
Total accumulated amortization	133,677	546	24,262	-	103	**158,588**
Total intangible assets	118,178	7,310	37,401	-	1,542	**164,431**
Year ended December 31, 2019:						
Total intangible assets	95,627	-	22,551	-	-	118,178

Individual	Opening balance	Addition	Transfer	Closing balance
Year ended December 31, 2020:				
Cost:				
Software development	125,084	8,628	35,449	**169,161**
Software license	55,791	349	-	**56,140**
Intangibles under development	44,466	46,288	(35,449)	**55,305**
Trademarks and patents	24,000	-	-	**24,000**
Total cost	249,341	55,265	-	**304,606**
Accumulated amortization:				
Software development	81,393	20,616	-	**102,009**
Software license	51,974	1,852	-	**53,826**
Total accumulated amortization	133,367	22,468	-	**155,835**
Total intangible assets	115,974	32,797	-	**148,771**
Year ended December 31, 2019:				
Total intangible assets	94,074	21,900	-	115,974

The amount classified as "trademarks and patents" refers to property rights acquisition of trademark "MRV Engenharia", which contractual value is supported by economic studies. Since it is an intangible asset with an indefinite useful life, its amortization is not expected. This assessment is based on the unforeseeability of the period during which this asset will generate economic benefits for the Group.

The average annual amortization rate for “software development” and “software license” is 20%.

Estimated consolidated amortization expenses for the next five years are as follows:

	Consolidated	Individual
2021	**36,047**	**32,048**
2022	**32,257**	**28,260**
2023	**29,007**	**25,865**
2024	**25,743**	**22,761**
2025	**17,377**	**15,837**
Total	**140,431**	**124,771**

Amortization expenses on intangible assets are allocated to line items ‘Cost of real estate sold and services’, ‘Selling expenses’, and ‘General and administrative expenses’, in the income statement, according to the nature and allocation of each intangible asset. No intangible assets were pledged as collateral for liabilities.

At the end of the reporting periods, the Group's management concluded that there were no indications of impairment of its intangible assets, as none of the loss indicators set out in CPC 01 / IAS 36, paragraphs 10 and 12, was evidenced.

12. Loans, financing and debentures

(a) Loans, financing and debentures:

The position of loans, financing and debentures as at December 31, 2020 and 2019, is as follows:

Type	Currency	Maturity of principal	Effective rate p.a.	12/31/20			12/31/19
				Current	Noncurrent	Total	Total
Individual:							
Debenture - 9th Issue - 1st series	R$	2/19 to 2/20	CDI + 1.95%	-	-	-	48,476
Debenture - 9th Issue - 2nd series	R$	2/20 to 2/22	CDI + 2.57%	203,571	99,453	303,024	511,475
Debenture - 9th Issue - 3rd series (*)	R$	2/22	IPCA + 8.52%	2,753	98,367	101,120	100,660
Debenture - 11th Issue - 1st series	R$	9/20	CDI + 1.17%	-	-	-	288,757
Debenture - 11th Issue - 2nd series	R$	9/21 to 9/22	CDI + 1.56%	109,228	107,150	216,378	218,382
Debenture - 11th Issue - 3rd series (*)	R$	9/23 and 9/24	IPCA + 6.47%	2,554	149,720	152,274	149,963
Debenture - 12th Issue - 1st series	R$	7/23	CDI + 1.52%	4,917	298,700	303,617	308,830
Debenture - 12th Issue - 2nd series	R$	7/24 and 7/25	CDI + 1.79%	920	51,300	52,220	53,118
Debenture - 12th Issue - 3rd series	R$	7/23	CDI + 1.62%	1,850	109,130	110,980	112,886
Debenture - 12th Issue - 4th series	R$	7/23	CDI + 1.62%	1,408	83,070	84,478	85,929
Debenture - 15th Issue	R$	11/22 to 11/25	CDI + 1.19%	875	300,000	300,875	301,604
Debenture - 16th Issue	R$	4/23 to 4/25	CDI + 1.69%	833	99,999	100,832	-
Debenture - 17th Issue	R$	4/21 to 4/23	CDI + 3.68%	17,110	33,333	50,443	-
Debenture - 18th Issue	R$	8/25	CDI + 2.54%	7,226	500,000	507,226	-
(-) Funding cost				(4,214)	(5,860)	(10,074)	(10,010)
Total debentures - Individual				349,031	1,924,362	2,273,393	2,170,070
CRI (Bank Credit Notes) (***)	R$	6/20 to 6/21	CDI + 2.21%	-	-	-	115,201
CRI (13th debentures issue)	R$	9/23 to 9/24	CDI + 0.83%	269	300,000	300,269	300,513
CRI (14th debentures issue)	R$	5/24	100.4% CDI + 0.28%	621	360,000	360,621	361,492
Construction financing	R$	1/21 to 9/24	TR + 8.30%	21	3,904	3,925	53,866
Construction financing	R$	2/24 to 3/24	CDI + 2.08%	6	1,506	1,512	-
Leasing	R$	3/18 to 5/23	CDI + 2.00% to 2.93%	6,466	3,530	9,996	15,526
Working Capital	R$	4/21 and 4/22	CDI + 3.10%	101,731	100,000	201,731	-
Promissory note	R$	5/21	CDI + 4.62%	99,950	-	99,950	-
(-) Funding cost				(3,852)	(7,910)	(11,762)	(15,002)
Total loans and financing - Individual				205,212	761,030	966,242	831,596
Total Individual				554,243	2,685,392	3,239,635	3,001,666
Subsidiaries:							
Debenture - 2nd Issue - Urba	R$	6/21 to 6/23	CDI + 1.73%	20,123	40,002	60,125	60,215
Debenture - 4th Issue - Urba	R$	4/23 to 4/25	CDI + 1.71%	333	39,999	40,332	-
(-) Funding cost				(218)	(396)	(614)	(493)
Total debentures - Subsidiaries				20,238	79,605	99,843	59,722
Project loans	US$	2/22 to 5/23	Libor + 2.15% to 2.40%	-	572,526	572,526	-
Project loans	US$	5/26 to 11/29	3.95% to 4.63%	5,654	309,755	315,409	-
Loan agreements	US$	4/22 to 2/25	4.00% to 5.94%	3,705	244,292	247,997	-
Loan agreement / credit line	US$	4/21	Libor + 2.90%	100,795	-	100,795	-
CRI (3rd debentures issue - Urba)	R$	3/24	CDI + 1.10%	15	60,000	60,015	60,021
Construction financing (**)	R$	4/16 to 3/23	TR + 13.53%	2,052	2,393	4,445	6,425
Construction financing	R$	12/20 to 6/24	TR + 8.30%	2,332	2,757	5,089	76,649
Construction financing	R$	11/22	CDI + 2.50%	46	12,024	12,070	-
(-) Funding cost				(1,560)	(4,733)	(6,293)	(2,325)
Total loans and financing - Subsidiaries				113,039	1,199,014	1,312,053	140,770
Total subsidiaries				133,277	1,278,619	1,411,896	200,492
Total Consolidated				687,520	3,964,011	4,651,531	3,202,158

(*) Measured at fair value through profit or loss, once they were designated as hedged items, according to hedge accounting methodology, as detailed in Note 25 (b).

(**) As mentioned in Note 25 (b), for this operation the Company hired derivative financial instrument (interest rate swap) to hedge its exposure to TR plus fixed rate, by pegging interest to CDI.

(***)Paid in advance in August 2020.

Key features of the Company's loans, financing and debentures are as follows:

Type	Serie	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Effective rate (p.a.)
Debenture - 9th Issue - 2nd series	Single	49,727	3/17	Semiannual	Semiannual	2/20 to 2/22	CDI + 2.30%	CDI + 2.57%
Debenture - 9th Issue - 3rd series	Single	8,000	3/17	Bullet payment	Semiannual	2/22	IPCA + 8.25%	IPCA + 8.52%
Debenture - 11th Issue - 2nd series	Single	21,430	9/17	Annual	Semiannual	9/21 to 9/22	CDI + 1.50%	CDI + 1.56%
Debenture - 11th Issue - 3rd series	Single	12,120	9/17	Annual	Annual	9/23 to 9/24	IPCA + 6.45%	IPCA + 6.47%
Debenture - 12th Issue - 1st series	Single	29,870	8/18	Bullet payment	Semiannual	7/23	CDI + 1.40%	CDI + 1.52%
Debenture - 12th Issue - 2nd series	Single	5,130	8/18	Annual	Semiannual	7/24 and 7/25	CDI + 1.70%	CDI + 1.79%
Debenture - 12th Issue - 3rd series	Single	10,913	8/18	Bullet payment	Semiannual	7/23	CDI + 1.50%	CDI + 1.62%
Debenture - 12th Issue - 4th series	Single	8,307	8/18	Bullet payment	Semiannual	7/23	CDI + 1.50%	CDI + 1.62%
Debenture - 15th Issue	Single	300,000	11/19	Annual	Semiannual	11/22 to 11/25	CDI + 1.06 %	CDI + 1.19%
Debenture - 16th Issue	Single	100,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50 %	CDI + 1.69%
Debenture - 17th Issue	Single	50,000	4/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	CDI + 3.68%
Debenture - 18th Issue	Single	500,000	8/20	Bullet payment	Semiannual	8/25	CDI + 2.40%	CDI + 2.54%
Debenture - 2nd Issue - Urba	Single	6,000	6/18	Annual	Semiannual	6/21 to 6/23	CDI + 1.22%	CDI + 1.73%
Debenture - 4th Issue - Urba	Single	40,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	CDI + 1.71%
CRI (13th debentures issue)	-	-	3/19	Semiannual	Quarterly	9/23 to 9/24	100% CDI	CDI + 0.83%
CRI (14th debentures issue)	-	-	6/19	Bullet payment	Semiannual	04/23 to 04/25	100.4% CDI	100.4% CDI + 0.28%
CRI (3rd debentures issue) - Urba	-	-	3/19	Bullet payment	Quarterly	3/24	CDI + 0.20%	CDI + 1.10%
Construction financing	-	-	3/16	Monthly	Monthly	4/16 to 3/23	TR + 13.29%	TR + 13.53%
Construction financing	-	-	Sundry	Sundry	Sundry	1/21 to 9/24	TR+ 8.30%	TR+ 8.30%
Construction financing	-	-	Sundry	Sundry	Sundry	11/22 to 3/24	CDI + 2.08% to 2.50%	CDI + 2.08% to 2.50%
Leasing	-	-	Sundry	Monthly	Monthly	3/18 to 5/23	CDI + 2.00% to 2.93%	CDI + 2.00% to 2.93%
Working Capital	-	-	4/20	Annual	Quarterly	4/21 and 4/22	CDI + 3,10%	CDI + 3.10%
Promissory note	-	-	5/20	Bullet payment	Bullet payment	5/21	CDI + 2,50%	CDI + 4.62%
Project loans	-	-	Sundry	Bullet payment	Monthly	2/22 to 5/23	Libor + 2.00% to 2.25%	Libor + 2.15% to 2.40%
Project loans	-	-	Sundry	Monthly	Monthly	5/26 to 12/27	3.95% to 4.63%	3.95% to 4.63%
Loan agreement	-	-	Sundry	Sundry	Sundry	12/22 to 2/25	4.00% to 5.94%	4.00% to 5.94%
Credit line	-	-	3/20	Bullet payment	Monthly	4/21	Libor + 2.75%	Libor + 2.90%

The 13rd and 14th issue of debentures of the Company and 3rd issue of subsidiary Urba were carried out to back transactions of certificates of real estate receivables, as detailed above.

The debentures issued by the Company are simple, nonconvertible, registered, book-entry.

Funding during the year ended December 31, 2020, is as follows:

Type	Currency	Qty	Funding date	Repayment of principal	Interest payment	Maturity of principal	Contractual rate (p.a.)	Amount (*)
Construction financing	R$	-	Sundry	Sundry	Sundry	1/21 to 9/24	TR + 8.30%	352,276
Construction financing	R$	-	Sundry	Sundry	Sundry	2/24 to 3/24	TR + 2.08%	1,822
Leasing	R$	-	5/20	Monthly	Monthly	6/20 to 5/23	CDI + 2.51%	90
Debenture - 16th Issue	R$	100,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50 %	100,000
Debenture - 17th Issue	R$	50,000	4/20	Quarterly	Quarterly	4/21 to 4/23	CDI + 3.00%	50,000
Debenture - 18th Issue	R$	500,000	8/20	Bullet payment	Semiannual	8/25	CDI + 2.40%	500,000
Working capital	R$	-	4/20	Annual	Quarterly	4/21 and 4/22	CDI + 3.10%	200,000
Promissory note	R$	-	5/20	Bullet payment	Bullet payment	5/21	CDI + 2.50%	100,000
Total - Individual								**1,304,188**
Construction financing	R$	-	Sundry	Sundry	Sundry	5/21 to 6/24	TR + 8.30%	283,989
Construction financing	R$	-	Sundry	Sundry	Sundry	11/22	CDI + 2.50%	14,885
Debenture - 4th Issue - Urba	R$	40,000	4/20	Annual	Semiannual	4/23 to 4/25	CDI + 1.50%	40,000
Project loans	US$	-	Sundry	Bullet payment	Monthly	2/22 to 5/23	Libor + 2.00% to 2.3%	564,842
Loan agreements	US$	-	Sundry	Sundry	Sundry	12/22 to 2/25	1.00% to 4.00%	256,689
Credit line	US$	-	Sundry	Sundry	Monthly	4/21	Libor + 2.75% to 3.5%	36,782
Total - Subsidiaries								**1,197,187**
Total - Consolidated								**2,501,375**

(*) Gross of funding costs.

In 2020, the Company paid in advance construction financing in the amount of R$243,945, with maturities between December 2020 and March 2024, subjects to contractual rate of TR + 7.75% to TR + 11.25% p.a.

In 2019, the Company paid in advance construction financing in the amount of R$1,189,636, with maturities between April 2020 and April 2024, subjects to contractual rate of TR + 8.30% to TR + 11.52% p.a.

Changes in loans, financing and debentures are as follows:

	Consolidated		Individual	
	2020	2019	2020	2019
Opening balance	**3,202,158**	2,863,018	**3,001,666**	2,441,447
Acquisition effects (Note 30)	**626,126**	-	**-**	-
Funding	**2,501,375**	2,439,242	**1,304,188**	1,672,740
Accrued financial charges	**199,786**	211,910	**149,981**	190,126
Fair value adjustment	**(7,245)**	18,558	**(7,245)**	18,558
Funding costs	**(8,478)**	(21,528)	**(5,753)**	(18,942)
Amortization of funding costs	**11,470**	9,509	**8,928**	8,699
Repayment of principal	**(1,802,740)**	(2,099,941)	**(1,056,175)**	(1,116,299)
Payment of financial charges	**(201,655)**	(218,610)	**(155,955)**	(194,663)
Currency translation adjustments	**130,734**	-	**-**	-
Closing balance	**4,651,531**	3,202,158	**3,239,635**	3,001,666

(b) Guarantees and surety

The types of guarantees for loans, financing and debentures as at December 31, 2020 are as follows:

	Consolidated								
	Debentures	Bank credit notes	Construction financing	Leasing	Working capital	Promissory note	Project loans	Loan agreements / credit line	Total
Collateral / surety	-	-	-	9,996	-	-	887,935	348,792	1,246,723
Collateral / receivables	-	-	27,041	-	-	-	-	-	27,041
No guarantees	2,383,924	720,905	-	-	201,731	99,950	-	-	3,406,510
Total (*)	**2,383,924**	**720,905**	**27,041**	**9,996**	**201,731**	**99,950**	**887,935**	**348,792**	**4,680,274**

(*) Amounts of loan, financing and debentures gross of funding cost.

Construction financing agreements are collateralized by receivables (see Note 6) or mortgage of land (see Note 7). Leasing contracts are collateralized by assets referred in Note 10.

The Company guaranteed loans, financing and debentures obtained by a subsidiary and several jointly ventures from financial institutions, as described below:

Guarantees, warranties and surety	Start	Maturity	Amount
MRL Engenharia e Empreendimentos S.A.	9/27/18	9/27/21	150,660
	4/8/20	4/1/25	60,500
	5/28/20	5/30/22	112,854
Prime Incorporações e Construções S.A.	9/27/18	3/27/21	4,510
	9/27/18	9/27/21	101,467
	9/27/18	3/28/22	124,140
	6/26/19	6/26/24	150,052
Urba Desenvolvimento Urbano S.A.	3/18/16	3/6/23	4,445
	6/13/18	6/6/23	60,125
	3/28/19	3/27/24	60,015
	4/8/20	4/1/25	40,332
MRV US Holdings Corporation	2/21/20	2/21/25	247,827
			1,116,927

(c) Aging

Aging of loans, financing and debentures by maturity is as follows:

After the reporting period	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
1 year	**687,520**	671,611	**554,243**	649,776
2 years	**965,330**	443,199	**501,127**	388,033
3 years	**970,036**	435,888	**782,366**	394,231
4 years	**847,390**	758,378	**768,474**	736,366
After 5 years	**1,181,255**	893,082	**633,425**	833,260
Total	**4,651,531**	3,202,158	**3,239,635**	3,001,666

(d) Contractual commitments

Related to financial ratios:

Some debentures and loans have obligations related to financial ratios compliance, determined and reviewed on a quarterly basis by the fiduciary agent, as follows:

	Description	Required ratio
[1]	(Net debt + properties payable) to Equity	Lower than 0.65
[2]	(Net debt + properties payable) to Equity	Lower than 0.925
[1] [2]	(Receivables + unearned revenue + inventories) to (Net debt + properties payable + unrecognized cost)	Higher than 1.6 or lower than 0

[1] Net debt for some loans and the 9th, 11th, 12th, 17th and 2nd (Urba) public issuance of the Group's debentures corresponds to the total current and noncurrent loans and financing, less financing received under the Housing Financial System or the financing granted by the Real Estate Investment Fund of the Severance Pay Fund (FI-FGTS) and less cash, banks, and short-term investments, except for blocked amounts for guarantees.

[2] Net debt for some loans corresponds to the total current and noncurrent loans and financing, including discounted return securities, financial leasing and debentures, whether public or private, in the local or international markets, plus sureties or sureties provided by the Group to guarantee the Group companies' debt, less the cash and cash equivalents, banks and financial investments of the Group whose debts are under the debtor's guarantee, except for blocked amounts for guarantees that are not included in the net debt defined above.

Properties payable corresponds to the sum of line item 'Land payables' in current and noncurrent liabilities, less the land acquired through barters, if any.

Equity represents the value presented in the balance sheet.

Receivables corresponds to the total current and noncurrent receivables, disclosed in the financial statements.

Unearned revenue corresponds to the balance disclosed in notes to the consolidated financial statements related to the sales already contracted of uncompleted real estate units, not disclosed in the balance sheet in compliance with accounting practices adopted in Brazil.
Inventories correspond to the amount presented in line item 'Real estate for sale' in the balance sheet.

Unrecognized cost corresponds to costs to be incurred related to the sales of uncompleted projects.

Other contractual commitments:

The Group is subject to certain contractual requirements under the loan, financing, and debentures agreements that must be complied throughout the debt period, such as: comply with the payments provided for in the agreements; items related to discontinuation of activities, bankruptcy or insolence; items related to any judicial measure that may affect the guarantees given in contracts; not to transfer rights on contracts without the consent of financial agents; obtaining the mandatory insurance of project and assets; guarantee completeness of data provided to financial agents; not to have significant changes in statutory structure, without observance of the respective laws, and in the stock control; proving the allocation of funds raised in the projects described in the agreements; provide requested information within contractual deadlines; not to occur cases provided for in Articles 333 and 1425 of the Civil Code; do not perform operations that are not in accordance with its corporate purpose; comply with the statutory, legal and regulatory provisions in force; ensuring compliance with all laws, rules and regulations in any jurisdiction in which conducts businesses or have assets; not to exceed the ceiling of protested bills; guarantee maintenance of the ability to honor the guarantees provided in the agreements; keeping licenses valid for the business operation; expropriation, nationalization (or similar) of assets or shares, by any governmental authority; no completion of the construction project within the contractual period; delay or shutdown of the construction project without proper justification accepted by the financial agent; sell, mortgage, demolition, alterations in order to compromise the maintenance or fulfillment of the guarantee given, or fail to keep the property offered as collateral in perfect condition, without previous and express consent of the financial agent, among others. Failure to comply with the mentioned covenants could result in early maturity of the agreements.

As at December 31, 2020, the Group is compliant with all the contractual requirements in the loans, financings and debentures instruments.

(e) Allocation of financial charges

Financial expenses on loans, financing and debentures are capitalized and later allocated to profit or loss according to the criteria described in Note 2.2 (c).

	Consolidated		Individual	
	2020	2019	2020	2019
Gross financial charges	**211,108**	235,487	**148,422**	203,448
Capitalized financial charges on:				
Real estate under construction and landbank	**(124,414)**	(204,393)	**(77,844)**	(134,052)
Investment property (Note 9)	**(11,276)**	-	**-**	-
Equity interest in investees	**-**	-	**(25,877)**	(44,726)
Amounts recognized in financial result (Note 24)	**75,418**	31,094	**44,701**	24,670
Financial charges				
Opening balance	**552,246**	529,429	**534,156**	507,191
Acquisition effects	**5,685**	-	**-**	-
Capitalized financial charges	**135,690**	204,393	**103,721**	178,778
Charges allocated to profit or loss:				
Cost of real estate sold and services provided (Note 23)	**(181,173)**	(180,160)	**(104,244)**	(108,091)
Depreciation	**(111)**	-	**-**	-
Results from equity interest in investees	**(1,396)**	(1,416)	**(54,443)**	(43,722)
Closing balance	**510,941**	552,246	**479,190**	534,156
Capitalized financial charges related to:				
Real estate under construction and landbank (Note 7)	**489,425**	546,184	**340,596**	366,996
Equity interest in investees (Note 8)	**4,666**	6,062	**138,594**	167,160
Investment property	**16,850**	-	**-**	-
	510,941	552,246	**479,190**	534,156

During the year ended December 31, 2020, total financial charges capitalized on loans, financing and debentures represented an average charge rate of 4.79% p.a. (7.33% p.a. in the same period of 2019).

13. Land payables

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
INCC	**649,629**	681,806	**451,871**	551,181
IGP-M	**238,437**	279,798	**153,162**	245,250
IPCA	**133,065**	95,322	**81,435**	91,459
Other indexes	**40,535**	37,421	**30,032**	35,759
Non-interest bearing	**3,883,668**	3,182,952	**2,873,588**	2,825,024
Present value discount	**(131,223)**	(141,585)	**(94,540)**	(127,515)
Total	**4,814,111**	4,135,714	**3,495,548**	3,621,158
Current	**1,189,205**	742,216	**848,854**	576,068
Noncurrent	**3,624,906**	3,393,498	**2,646,694**	3,045,090
	4,814,111	4,135,714	**3,495,548**	3,621,158

As at December 31, 2020, 'Land payables' include financial barters in the amount of R$2,655,201 in Consolidated and R$1,883,416 in Individual (R$2,357,258 and R$2,044,701 as at December 31, 2019, in Consolidated and Individual, respectively).

Present value discount for the land payments was calculated according to criteria described in Note 2.2 (b).

Several land acquisition agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at December 31, 2020, R$2,197,867 in Consolidated and Individual, of total 'Land payables', involves repayments linked to the above-mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals (R$2,773,903 as at December 31, 2019).

Aging of 'Land payables' is as follows:

Periods after the reporting period	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
1 year	**1,189,205**	742,216	**848,854**	576,068
2 years	**2,202,816**	1,268,369	**1,325,988**	1,041,805
3 years	**540,680**	800,645	**483,903**	751,306
4 years	**259,602**	611,124	**240,132**	583,930
After 5 years	**621,808**	713,360	**596,671**	668,049
Total	**4,814,111**	4,135,714	**3,495,548**	3,621,158

14. Advances from customers

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Proceeds in advance	**113,305**	74,337	**71,940**	44,411
Advances for barters	**501,351**	635,599	**350,390**	434,510
	614,656	709,936	**422,330**	478,921
Current	**254,011**	223,281	**170,826**	151,771
Noncurrent	**360,645**	486,655	**251,504**	327,150
	614,656	709,936	**422,330**	478,921

Several barter agreements have clauses that allow the resolution without any burden to the Company, if certain conditions are not met or reached. These conditions mainly include obtaining legal, municipal or state approvals (incorporation permits, construction licenses, etc.), technical and commercial viability of the projects and obtaining construction financing.

As at December 31, 2020, R$241,117 in Consolidated and Individual, of total 'Advance for barters', involves obligations linked to the above-mentioned conditions, therefore only will occur if and when the projects become feasible, this is when the Company obtains the respective approvals (R$278,572 as at December 31, 2019).

Advances from customers are broken down as follows:

Periods after the reporting period	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
1 year	**254,011**	223,281	**170,826**	151,771
2 years	**202,988**	272,746	**138,057**	176,421
After 2 years	**157,657**	213,909	**113,447**	150,729
Total	**614,656**	709,936	**422,330**	478,921

Proceeds in advance

In sales of uncompleted units, proceeds that exceed recognized sales revenue are recorded in line item 'Advances from customers', classified in current and noncurrent liabilities, as shown above, according to the expected construction schedule. These balances are not subject to financial charges.

Advances for barters

Advances for barters refer to commitments assumed on land bank purchases for real estate projects and are settled during construction evolution until the unit delivery, according to the underlying contracts.

Bank guarantees provided for land purchases, including barter arrangements and infrastructure works of the Company and its investees are summarized as follows:

Periods after the reporting period	12/31/20	12/31/19
1 year	**673,822**	855,217
2 years	-	24,616
	673,822	879,833

Beside bank guarantees, advances for barters are covered by property delivery insurance policy, as described in Note 29.

15. Payroll and related liabilities

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Salaries and wages	**28,687**	22,969	**13,153**	11,152
Payroll benefits	**17,545**	19,195	**10,206**	9,349
Accrued vacation, 13th salary and related benefits	**70,309**	69,765	**39,815**	34,853
Provision for employees and management profit sharing	**23,230**	25,286	**22,500**	24,703
Other	**2,384**	2,704	**937**	861
Total	**142,155**	139,919	**86,611**	80,918

Employee and management profit sharing, as provided for by prevailing legislation, can be either under voluntary programs maintained by companies or agreements with employees or labor unions.

16. Tax payables

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Income tax and social contribution	**14,333**	12,018	**8,087**	6,082
Taxes on revenue (PIS and COFINS)	**54,006**	44,600	**42,741**	37,519
Withheld third parties taxes	**12,363**	11,584	**7,807**	7,387
Taxes withheld on interest on salaries	**9,238**	7,532	**7,480**	6,007
Other	**537**	846	**(36)**	637
Total	**90,477**	76,580	**66,079**	57,632

As at December 31, 2020, amounts of recoverable taxes, essentially arising from tax credits claimed on the costs incurred on units sold (PIS and COFINS) and short-term investments are R$78,280 and R$53,986 in Consolidated and Individual, respectively (R$98,544 and R$71,485 as at December 31, 2019, respectively), and are classified in line item ‘Recoverable taxes’, in current assets.

17. Provision for maintenance of real estate

The Company and its subsidiaries offer warranty for construction defects limited to five years, in compliance with Brazilian legislation. To meet this commitment without impacting future years and properly match revenues with costs, for each project under construction, amounts corresponding to 1.85% to 2.20% of the total construction cost incurred were accrued as at December 31, 2020 and 2019. This estimate is based on annually reviewed historical averages according to analysis by the Company's engineering department. The provisions are recorded under the percentage-of-completion method, by applying the percentage above to actual costs incurred.

Changes in provision for maintenance of real estate are as follows:

	Opening balance	Additions	Write-off	Transfer	Closing balance
Consolidated:					
Current	32,462	134,577	(108,515)	(16,877)	41,647
Noncurrent	107,375	-	-	16,877	124,252
Total - FY 2020	**139,837**	**134,577**	**(108,515)**	**-**	**165,899**
Total - FY 2019	137,247	123,530	(120,940)	-	139,837
Individual:					
Current	16,333	75,085	(57,455)	(14,230)	19,733
Noncurrent	56,853	-	-	14,230	71,083
Total - FY 2020	**73,186**	**75,085**	**(57,455)**	**-**	**90,816**
Total - FY 2019	70,090	67,957	(64,861)	-	73,186

18. Provision for civil, labor and tax risks

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and governmental bodies, arising in the normal course of their operations, involving essentially civil and labor matters. Accordingly, recognize provisions in sufficient amount to cover contingent liabilities related to proceedings for which a probable cash disbursement is expected.

Based on information from its legal counsel and the analysis of the ongoing proceedings and previous court and administrative decisions, the Company's management believes that the provision recognized for probable unfavorable outcomes is sufficient to cover estimated losses and to ensure that the final decision on each proceeding will not have a significant impact on its financial position.

Changes in provision are as follows:

	Opening balance	Additions	Reversals	Payments	Inflation adjustment	Closing balance
Consolidated						
Civil	60,285	109,892	(12,706)	(113,220)	9,728	53,979
Labor	40,969	38,185	(4,104)	(34,827)	7,830	48,053
Tax	298	809	(687)	(428)	53	45
Environmental	20	2,525	(41)	(2,446)	9	67
Total - FY 2020	**101,572**	**151,411**	**(17,538)**	**(150,921)**	**17,620**	**102,144**
Total - FY 2019	92,229	165,549	(26,014)	(147,302)	17,110	101,572
Individual						
Civil	36,413	62,861	(9,177)	(65,177)	5,647	30,567
Labor	35,327	32,447	(2,698)	(30,722)	6,694	41,048
Tax	295	397	(309)	(389)	42	36
Environmental	18	92	(41)	(21)	7	55
Total - FY 2020	**72,053**	**95,797**	**(12,225)**	**(96,309)**	**12,390**	**71,706**
Total - FY 2019	66,782	103,904	(18,737)	(92,477)	12,581	72,053

The total number of the Group’s lawsuits and the number of lawsuits classified as a “probable” likelihood of an unfavorable outcome, based on Group’s legal counsel’s assessment, broken down by type, are as follows:

Nature	Consolidated				Individual			
	12/31/20		12/31/19		12/31/20		12/31/19	
	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits	Total lawsuits	Probable lawsuits
Civil	**21,462**	**3,790**	28,141	5,594	**11,838**	**2,258**	16,388	3,589
Labor	**2,620**	**664**	3,073	758	**1,723**	**444**	2,042	523
Tax	**847**	**16**	855	25	**663**	**14**	682	24
Criminal	**218**	**-**	174	-	**184**	**-**	147	-
Environmental	**253**	**12**	216	4	**185**	**9**	151	3
Total	**25,400**	**4,482**	32,459	6,381	**14,593**	**2,725**	19,410	4,139

As shown above the main lawsuits as at December 31, 2020 and 2019 and the additions for the years then ended refer to civil and labor lawsuits, basically related to:

- civil: lawsuits claiming compensations related to delivery of units and request of repairs on delivered units.

- labor: lawsuits claiming employment relationship, lawsuits involving former employees and contractors over which the Company has joint liability.

Civil, labor, tax, criminal, and environmental proceedings assessed by the Group's legal advisors as possible losses, which have essentially the same nature as those described above, total R$512,569 and R$392,606 in Consolidated and Individual, respectively, as at December 31, 2020 (R$232,502 and R$130,334 as at December 31, 2019 in Consolidated and Individual, respectively). Said amount on December 31, 2020, includes two tax assessment notices for the collection of IRPJ and CSLL, related to fiscal years 2016 and 2017, in the total amount of R$186,944, having as object the assumptions for determining the taxable profit. The Company's legal advisors, considering the assessments and applicable legislation on the matter, classified the probability of success as possible. In February 2021, the Company sent an appeal to the CARF (Administrative Tax Appeals Council) and understands that is probable that the tax authority accepts the tax treatment adopted. In accordance with international accounting standards, accounting practices adopted in Brazil and applicable legislation, no provision was recognized for these contingent liabilities.

Lawsuit proceedings universe, as shown in the tables above, is completely spread out, and there are no individually relevant processes to be disclosed, except the already mentioned in the paragraph above.

Considering legal, tax, and regulatory systems' timing and dynamics, the Group's management believes that it is not practical to provide useful information to financial statements´ users about the timing of potential cash disbursements or any possibility of reimbursements. Additionally, the Group's management believes that potential cash disbursements exceeding recognized provision after the outcome of related lawsuits will not have a material impact on the Group's results and financial position.

19. Related parties

		Consolidated				Individual			
		Asset		Liability		Asset		Liability	
		12/31/20	12/31/19	12/31/20	12/31/19	12/31/20	12/31/19	12/31/20	12/31/19
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A. (Inter)	[1]	115,754	263,622	-	-	115,754	263,622	-	-
Dividends receivables									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.		-	-	-	-	1,407	-	-	-
Joint ventures									
MRL Engenharia e Empreendimentos S.A. (MRL)		2,982	184	-	-	2,982	184	-	-
Receivables from services provided									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	-	-	-	-	-	57	-	-
Other related parties									
MRV Serviços de Engenharia Ltda.	[4]	-	7	-	-	-	7	-	-
Banco Inter S.A.	[5]	-	4	-	-	-	4	-	-
Intercompany receivables									
Investees									
SPEs	[6]	31,578	18,245	-	-	796,145	666,310	-	-
Joint ventures									
Prime Incorporações e Contruções S.A.	[7]	176	87	-	-	42	83	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	9,535	816	-	-	9,035	816	-	-
Reserva Macaúba Loteamento Ltda.	[7]	1,246	8,939	-	-	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	17,588	10,431	-	-	17,588	10,431	-	-
Other assets									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[8]	-	-	-	-	-	52	-	-
SCPs e SPEs	[8]	3,978	1,056	-	-	21,522	15,858	-	-
Joint ventures									
Prime Incorporação e Construções S.A.	[8]	3,602	131	-	-	3,434	75	-	-
MRL Engenharia e Empreendimentos S.A.	[8]	26,529	986	-	-	26,499	951	-	-
Other related parties									
Partners in real estate development projects	[8]	5,636	2,572	-	-	45	232	-	-
Controlling shareholder	[9]	30,145	34,771	-	-	30,145	34,771	-	-
Suppliers									
Subsidiaries									
MRV Construções Ltda. (MC)	[2]	-	-	-	-	-	-	43,687	29,856
Other related parties									
T Lott Advocacia	[10]	-	-	-	78	-	-	-	76
Payables for investiment acquisition									
Other related parties									
LOG Commercial Properties e Participações S.A. (LOG)	[11]	-	-	19,445	27,919	-	-	-	-
Intercompany payables (Other payables)									
Investees									
SPEs	[12]	-	-	84	17,583	-	-	36,858	17,583
Joint ventures									
Prime Incorporações e Contruções S.A.	[13]	-	-	37,042	37,357	-	-	-	-
MRL Engenharia e Empreendimentos S.A.	[13]	-	-	57,255	62,540	-	-	-	-
Other related parties									
Partners in real estate development projects	[13]	-	-	40,382	15,490	-	-	-	-
Costellis International Limited	[17]	-	-	27,646	-	-	-	27,646	-
Lease liability (Other payables)									
Other related parties									
Conedi Participações Ltda e MA Cabaleiro Participações Ltda	[14]	-	-	65,687	60,428	-	-	63,305	58,314
Lakeside office, LLC	[16]	-	-	868	-	-	-	-	-

		Consolidated				Individual			
		Income		Expense		Income		Expense	
		2020	2019	2020	2019	2020	2019	2020	2019
Net operating revenue									
Receivables from services provided									
Subsidiaries									
MRV Construções Ltda.	[2]	2,096	1,924	-	-	-	-	-	-
Financial income									
Short-term investments and marketable securities									
Other related parties									
Banco Inter S.A.	[1]	2,641	10,703	-	-	2,641	10,703	-	-
Intercompany receivables									
Joint ventures									
Prime Incorporações e Contruções S.A.	[7]	17	24	-	-	17	24	-	-
MRL Engenharia e Empreendimentos S.A.	[7]	111	12	-	-	111	12	-	-
Reserva Macaúba Loteamento Ltda.	[7]	617	329	-	-	-	-	-	-
Other related parties									
Partners in real estate development projects	[7]	847	809	-	-	847	809	-	-
Other operating income (expenses), net									
Subsidiaries									
Urba Desenvolvimento Urbano S.A.	[3]	-	-	-	-	684	280	-	-
Joint ventures									
Prime Incorporações e Construções S.A.	[3]	1,709	868	-	-	1,709	868	-	-
MRL Engenharia e Empreendimentos S.A.	[3]	1,830	876	-	-	1,830	876	-	-
Other related parties									
LOG Commercial Properties e Participações S.A.	[3]	1,666	1,737	-	-	1,666	1,737	-	-
MRV Serviços de Engenharia Ltda.	[4]	72	79	-	-	72	79	-	-
Banco Inter S.A.	[5]	1,029	692	-	-	1,029	692	-	-
Other		33	33	-	-	33	313	-	-
Sale of subsidiary									
Other related parties									
Controlling shareholder	[9]	1,452	34,771	-	-	1,452	34,771	-	-
Operating costs and expenses									
Cost of real estate sales and services									
Subsidiaries									
MRV Construções Ltda.	[2]	-	-	-	-	-	-	287,183	329,256
General and administrative expenses									
Other related parties									
T Lott Advocacia	[10]	-	-	5,024	4,479	-	-	4,573	4,330
Conedi Participações Ltda. e MA Cabaleiro Participações Ltda.	[14]	-	-	4,091	4,455	-	-	3,934	4,288
Luxemburgo Incorporadora SPE Ltda.	[15]	-	-	257	546	-	-	257	546
Lakeside office, LLC	[16]	-	-	116	-	-	-	-	-
Financial income									
Commissioning services									
Other related parties									
Banco Inter S.A.	[18]	-	-	-	1,379	-	-	-	1,364

[1] Refers to short-term investments with Banco Inter S.A. and/or subsidiaries (“Inter”), which is controlled by controlling shareholder of the Company. As at December 31, 2020, short-term investments yielded 73.42% of CDI in Consolidated and Individual (100.98% at December 31, 2019).

[2] Refers to construction services provided by MC for the Company and its investees and were recorded under the caption “Revenue from construction services”. Transactions with the Company and its subsidiaries, which amount to R$534,728, were eliminated in the consolidation process, thus remaining only revenues with associates (Note 22). Accordingly, the remaining balance in the Consolidated in caption “Receivables for services rendered” refers to amounts receivable from associates and the remaining balance in the Individual in caption “Suppliers” refers to the amount payable by the Company to MC.

[3] Refers to administrative services (shared service center) provided by the Company to LOG, an investment property company controlled by the Company´s controlling shareholder and to subsidiary Urba and for the joint ventures MRL and Prime, based on the quantity of transactions (receipt of invoices and payments).

[4] The Company provides building services to this related party. Revenue from services rendered is equivalent to 15% of incurred cost.

[5] Refer to 0.15% on invoices of the Company’ suppliers discounted in the bank.

[6] Refers to the Company's operating contributions in investees, proportional to its interest in each project, to make feasible the projects and will be refunded as the projects reach cash surpluses for allowing the distribution of the amounts priorly contributed. In Consolidated, the remaining balances refer to contributions in associates. These balances do not have pre-determined maturities and does not generate interest.

[7] Intercompany receivables refers mainly to transactions conducted to fund the initial stage of projects in view of the business relationships with these parties for the development of real estate construction operations. No maturities have been defined for these transactions and as at December 31, 2020, R$24,888 in Consolidated and R$23,642 in Individual (20,047 in Consolidated and R$11,108 in Individual as at December 31, 2019) are subject to interest pegged substantially to interbank deposit rate (CDI), plus a spread of 2.8% to 4% p.a. in Consolidated and Individual (1.64% to 4% p.a. in Consolidated and Individual, as at December 31, 2019). Receivable balances from partners in real estate development projects include allowance for credit risk in the amount of R$11,630 as at December 31, 2020 (14,077 as at December 31, 2019).

[8] Refers to balances receivable from capital contributions and other transactions between group companies and other related parties. These balances do not generate interest and are receivable immediately after the Company request.

[9] On December 27, 2019, the Company sold its entire interest in MRV PRIME LII INCORPORAÇÕES SPE LTDA. for the controlling shareholder for R$39,783, to be paid in seventy-two consecutive monthly installments, in the amount of R$553 each, starting February 2020. The referred SPE hold a plot land where the Clube Atlético Mineiro's multipurpose arena will be built. As of December 31, 2020, the balance receivable includes adjustment to present value of R$3,560 (R$5,012 at December 31,2019).

[10] Refers to legal services agreement with entity which has as its managing partner Thiago da Costa e Silva Lott, a member of the Company's fiscal board.

[11] In July 2018, the Company acquired equity interest in MRV LOG MDI SJC I Incorporações SPE Ltda. ("LOG SJC Sony") through its subsidiary MRV MRL CAMP NOU Incorporações e Participações Ltda. The contract determines payments in two tranches as detailed below:

I. R$10,800 referring to 10.81% of the equity interest, to be paid in 24 monthly installments of R$450 each, the first being paid after the approval of the land subdivision project by the Muncipal Administration, an event that took place in July 2018; and

II. R$25,523 (R$24,200 plus updated by IPCA index) referring to 24.22% of the equity interest, which will be paid in 48 monthly installments of R$532 each, the first being paid after approval of a change in the zoning area from industrial to residential by the Municipal Administration, an event that took place in the fourth quarter of 2019.

[12] Refers to amounts received from subsidiaries and will be settled by the Company essentially after the completion of the formal capital reduction process of these SPEs. In Consolidated balance, the remaining amounts refer to intercompany balances with associates. These balances do not have pre-determined maturities and does not generate interest.

[13] Refers to amounts contributed by joint ventures and partners in the Company's subsidiaries to make feasible the projects and will be refunded as the projects reach cash surpluses and allow the distribution of the resources initially contributed. These balances do not have pre-determined maturities and does not generate interest.

[14] Refers to headquarters lease agreement for the Company and a subsidiary. This companies have as owners: shareholders, executives or board members of the Company. Rental agreements are effective until February 28, 2035, including term extension, adjustable by the General Market Price Index (IGP-M) and as of January 1st, 2019, due to CPC 06 (R2) adoption, the contracts recognition is made as lease and no more as rental. As at December 31, 2020 and 2019 provides for monthly total payment of R$619 and R$579 (gross of taxes), respectively.

Joint ventures MRL Engenharia e Empreendimentos S.A. e Prime Incorporações e Construções S.A. hold rental agreement of offices and parking lots with Conedi. The rental agreement is adjustable by the General Market Price Index (IGP-M) and as at December 31, 2020 provides for total monthly payment of R$6 (R$9 as at December 31, 2019). Related expenses, net of PIS/COFINS taxes, for the year ended December 31, 2020, was R$84 (R$92 for the year ended December 31, 2019).

[15] The Company hired hotel services from Hotel Ramada Encore Luxemburgo, asset hold by Luxemburgo Incorporadora SPE Ltda., company linked to Company's shareholders and management key personnel.

[16] Refers to lease agreement of subsidiary AHS Residential's headquarters. This entity has as partner the Company's controlling shareholder. The contract is effective until January 1, 2022. On December 31, 2020, it establishes a total monthly payment of US$2.

[17] Contingent consideration resulting from the acquisition, as per note 30. All other amounts and conditions involved in the acquisition are detailed in the referred note.

[18] Refers to CRI commissioning services for the Company and subsidiary.

Notes:

- Intercompany loans with related parties are conducted with subsidiaries and partners in real estate projects under terms and conditions negotiated by the parties. As the Company does not conduct similar transactions with unrelated parties, there is no evidence that these transactions would produce the same results had they been conducted with unrelated parties.

- Company shareholders Marcos Alberto Cabaleiro Fernandez and Rubens Menin Teixeira de Souza entered into a noncompetition agreement with the Company, under which they agree not to engage in any activity in Brazil, in the construction industry outside the Company for up to a two-year period after a possible withdrawal as shareholders. Their activities in the industry are, therefore, restricted to the Company.

- On August 18, 2020, the Company entered into an Operational Agreement with its subsidiary Urba Desenvolvimento Urbano SA, in order to discipline the partnership between both, establishing the principles that should guide its operational and commercial relationship, nevertheless not affecting the normal course of business and activities carried out by Urba or the Company independently ("Operating Agreement").

Compensation of key personnel

Pursuant to CPC 05, which addresses related party disclosures, and according to the Company's understanding, key management personnel consist of members of the Board of Directors and officers elected by the Board of Directors in conformity with the Company's bylaws, and their roles and responsibilities comprise decision-making powers and control of the Company's activities.

	Consolidated		Individual	
	2020	2019	2020	2019
Short-term benefits granted to management:				
Management compensation (*)	**34,439**	**18,248**	19,921	16,368
Profit sharing	**7,774**	**10,156**	7,429	9,881
Non-monetary benefits	**522**	**514**	474	432
Long-term benefits granted to management:				
Retirement private plan	**719**	**625**	666	582
Stock option plan	**6,070**	**3,897**	5,722	3,897
	49,524	**33,440**	34,212	31,160

(*) Not included social security contributions at the rate of 20%.

On April 16, 2020, the Extraordinary Shareholders' Meeting approved the change in the overall Company management compensation threshold to R$40,000.

Besides the benefits above, the Company does not grant any other benefits such as postemployment benefits or severance pay.

20. Equity

(a) Capital stock

On December 31, 2020, the Company's capital stock is R$4,609,424 (R$4,282,130 as at December 31, 2019), represented by 481,954 thousand common shares as shown below:

Shareholders	Number of shares in			
	12/31/20		12/31/19	
	Ordinary	%	Ordinary	%
Rubens Menin Teixeira de Souza (Controlling shareholder)	**182,334**	**37.8**	139,711	31.5
Officers	**6,009**	**1.2**	7,153	1.6
Fiscal council and executive committees	**196**	**-**	194	-
Treasury shares	**1**	**-**	318	0.1
Other shareholders	**293,414**	**61.0**	296,763	66.8
Total	**481,954**	**100.0**	444,139	100.0

Under Article 5, paragraph 6, of the Company's Bylaws, shareholders are entitled to preemptive rights to the subscription of Company shares, convertible debentures or share warrants, proportionally to the related interest held, which can be exercised within thirty (30) days.

Each share entitles its holder to one vote in the Company's shareholders meetings. Under the Bylaws and the Novo Mercado Listing Agreement, the Company cannot issue nonvoting shares or restricted voting shares, or beneficial shares.

Under the Company's Bylaws article 6, capital can be increased by means of a resolution of the Board of Directors, regardless of amendments to the bylaws, up to the limit of R$7,000,000 (seven billion reais), including shares already issued, without maintaining proportion between the existing shares. The Company may issue common shares, debentures convertible into common shares, and share warrants within this limit. Any capital increase exceeding the authorized capital limit must be approved by the shareholders at shareholders' meeting. Each common share is undividable and entitles its holder to one vote in decisions of the shareholders' meetings.

During the years ended December 31, 2020 and 2019, the Shareholders' Meeting (SM), approved the following capital increases:

Date of approval	Number of shares	Unit price	Total capital increase (decrease)	Capital after capital increase (decrease)	Total outstanding shares after issuance
Year ended December 31, 2020:	(thousand)	R$	R$'000	R$'000	(thousand)
1/31/20 MDI incorporation effects (*)	**37,287**	**-**	**326,338**	**4,609,424**	**481,954**
1/17/20 Capital increase	**528**	**-**	**956**	**4,283,086**	**444,667**
Year ended December 31, 2019:					
4/25/19 Capitalization of earning retention reserve and legal reserve	-	-	202,360	4,282,130	444,139

(*) The amount of the capital increase, according to corporate acts, is R$685,700, represented by the fair value of MDI's assets before the merger. As the transaction involves entities under common control (note 30), the assets were incorporated considering their historical cost.

(b) Treasury shares

On March 16, 2020, the Board of Directors approved the new share buyback program of the Company, which should be settled by September 15, 2021, limited to 15 million shares of the Company's total shares, without a capital reduction, using funds from the available earnings or capital reserve, aiming to maximize the generation of value for shareholders, and / or transfer to beneficiaries of the Company's stock option plans.

In the year ended December 31, 2020, 317 thousand shares were transferred to beneficiaries of the Company's stock option plan (2,810 thousand during the year ended December 31, 2019) as shown below:

Type	Number (thousand)				
	Opening balance	Acquired	Transferred	Closing balance	Market value (*)
Exercise 2020:					
Common shares	**318**	**-**	**(317)**	**1**	**19**
Exercise 2019:					
Common shares	3,128	-	(2,810)	318	6,853

(*) Market value of shares remaining in treasury as at December 31, 2020 and 2019.

During the year ended December 31, 2020, a net loss amounting R$2,772 was transferred from line item 'Treasury shares' to line item 'Earnings retention reserve' related to transfers of the Company shares to stock option plan beneficiaries (loss amounting R$19,729 during the year ended December 31, 2019).

During the year ended December 31, 2020, the subsidiary Urba Desenvolvimento Urbano S.A. transferred 258 thousand own shares kept in treasury to beneficiaries of the stock option program for total amount of R$258 (zero in the same period of 2019). The Company recorded the effect of this transaction, in the amount of R$133, under the caption "Treasury shares" in the statement of changes in equity, according to its interest.

(c) Capital reserves

Capital reserves' balances are derived from share issuance cost related to share public offers (IPOs) and stock options granted to executives and employees of the Company, according to item (e) bellow. In accordance with art. 200 of the Brazilian Corporation Law and considering the Company's Bylaws, it may use the capital reserves to absorb losses, redemption, redemption or purchase of shares and incorporation into the capital stock.

(d) Earnings reserves

Legal reserve

The constitution of the legal reserve is mandatory, up to the limits established by law, and its purpose is to ensure the integrity of the share capital, conditional on its use to absorb losses or increase the share capital. As at December 31, 2020, the Company recognized legal reserve in the amount of R$27,507 (R$34,512 as at December 31, 2019) equivalent to 5% of annual net income for the year, as prescribed by Article 193 of the Brazilian Corporate Law.

The Annual and Extraordinary Shareholders' Meeting held on April 25, 2019, approved the capitalization of R$158,431, with no issuance of new shares.

Earnings retention reserve

According to article 33, paragraph 3, item (e) of the Company´s bylaws, this reserve is intended to meet the funding requirements for future investments, mainly to meet working capital requirements, land purchases, investments in property and equipment and intangible assets, and payment of interest according to the capital budget to be submitted to and approved in Shareholders' Meeting.

As at December 31, 2020, the management proposed for approval at a Shareholders' Meeting, the allocation of remaining balance of retained earnings, totaling R$313,580, to the earnings retention reserve.

The Annual and Extraordinary Shareholders' Meeting held on April 16, 2020 approved the allocation of the remaining net income of year 2019, amounting to R$491,800, to this reserve.

The Annual and Extraordinary Shareholders' Meeting held on April 25, 2019 approved the capitalization of R$43,929, with no issuance of new shares.

(e) Stock option plan

The Company's Board of Directors periodically establishes Stock Option Programs, which will define the number and type of shares that will be entitled to subscribe with the exercise of the option, the subscription price, the maximum term for exercising the option, rules on transfer of options and any restrictions on shares received for exercising the option. The issue price of the shares to be subscribed by the stock options plan beneficiaries, as result of exercising the option, will be equivalent to the average of the thirty (30) trading sessions prior to the concession date ("strike price").

The Company's officers and employees, including of direct and indirect subsidiaries, may be eligible for the plan. Should the employment contract or term of office of the employee or officer terminate due to: respectively, (a) quitting or resignation; or (b) dismissal (with or without just cause) or removal from office (with or without fair reason), providing the definition of cause in the Brazilian labor law, as applicable, is observed, the options whose exercise right: (i) had not been vested until such date will be cancelled; and (ii) had already been vested by such date, may be exercised within ninety day of the date of the termination of said employment agreement or mandate, by means of a written notice sent to the Chairman of the Company's Board and, after this period, they will be cancelled.

In case of death or permanent disability of the beneficiary, his or her successors shall have the right to exercise any unexercised stock options, regardless of the share sale restrictions periods set out in the Plan and even if such stock options are unvested, immediately and during the exercise period set out in the related program, where the number of shares to which the beneficiary's successors are entitled will be calculated on a prorated basis, according to the plan.

Under Article 171, paragraph 3, of the Brazilian Corporate Law, the Company's shareholders do not have preemptive rights on the exercise of stock options.

On April 30, 2020, the Company granted the Program 12 of the Company stock options plan. The grant limit for this program will be 2,348,218 options, whose exercise price will be R$12.73.

On August 31, 2020, Program 1 of the Stock Option Plan was approved by the Board of Directors of Urba Desenvolvimento Urbano S.A. The grant limit for this Program is 2,996,697 options with exercise price by R$1.34.

Key features of the stock option plan programs are as follows:

Program	Plan	Approval	Stock options (thousand)	Vesting period	Strike price	Participants	Exercise deadline
4	I	6/11/12	1,945	Up to 5 years	R$ 11.56	Officers, managers, and key employees	8/19
5	I	8/20/13	1,522	Up to 5 years	R$ 5.91	Officers, managers, and key employees	12/20
6	I	10/14/14	1,512	Up to 5 years	R$ 6.50	Officers, managers, and key employees	12/21
7	I	6/1/15	1,454	Up to 5 years	R$ 6.84	Officers, managers, and key employees	12/22
8	I	7/1/16	1,538	Up to 5 years	R$ 10.42	Officers, managers, and key employees	12/23
9	I	6/1/17	1,511	Up to 5 years	R$ 14.80	Officers, managers, and key employees	12/24
10	II	5/25/18	1,853	Up to 5 years	R$ 14.52	Officers, managers, and key employees	12/25
11	II	6/5/19	2,352	Up to 5 years	R$ 15.51	Officers, managers, and key employees	12/26
12	II	4/30/20	2,226	Up to 5 years	R$ 12.73	Officers, managers, and key employees	12/27
1 - Urba	I	8/31/20	2,997	Up to 5 years	R$ 1.34	Officers, managers, and key employees	12/27

Changes in stock options plan per program for the years ended December 31, 2020 and 2019 and supplemental information is as follows:

Program	Number of participants	Changes in 2020 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
6	11	492	-	-	(141)	**351**
7	18	639	-	-	(88)	**551**
8	60	1,325	19	(33)	(463)	**848**
9	72	1,411	14	(43)	(92)	**1,290**
10	80	1,790	-	(30)	(94)	**1,666**
11	83	2,338	-	(26)	(30)	**2,282**
12	72	-	2,226	(5)	(13)	**2,208**
		7,995	2,259	(137)	(921)	**9,196**
Weighted average price of options		13.07	12.72	13.75	10.53	**13.23**

Program	Number of participants	Changes in 2019 (thousand shares)				
		Opening balance	Granted	Expired / forfeited	Exercised	Closing balance
4	89	1,122	-	(36)	(1,086)	-
5	15	837	-	-	(837)	-
6	33	1,325	-	(3)	(830)	492
7	72	1,303	-	(12)	(652)	639
8	62	1,504	-	(14)	(165)	1,325
9	74	1,488	-	(19)	(58)	1,411
10	83	1,834	-	(25)	(19)	1,790
11	86	-	2,352	(8)	(6)	2,338
		9,413	2,352	(117)	(3,653)	7,995
Weighted average price of options		10.60	15.51	12.28	8.29	13.07

Program	Other information				
	Number of vested shares (thousand)	Sotck option cost for the year	Unrecognized stock option cost	Remaining stock option cost period (in years)	Remaining contractual life (in years)
6	351	-	-	-	1.0
7	551	-	-	-	2.0
8	848	1,037	-	-	3.0
9	195	1,359	1,258	1.0	4.0
10	207	1,728	3,020	2.0	5.0
11	195	2,472	5,893	3.0	6.0
12	98	3,102	11,775	4.1	7.1
1 - Urba	150	444	2,802	4.1	7.1
2020	2,595	10,142	24,748	3.4	5.6
2019	1,779	7,362	16,767	3.3	5.3

The weighted average market price of exercised shares, considering each exercise date, during the year ended December 31, 2020, was R$19.43 (R$18.80 during the year ended December 31, 2019).

Stock options costs arising from joint ventures and recognized by the Company totaled R$249 for the year ended December 31, 2020 (R$6 for the year ended December 31, 2019).

In the year ended December 31, 2020, the Company received R$761 (R$11,566 for the year ended in December 31, 2019) in proceeds related to 317 thousand stock options exercised in 2020 (2,810 thousand in 2019), and were delivered 317 thousand common shares (2,810 thousand common shares in 2019) held in treasury, as explained in (b) above.

The Company records stock options costs in the financial statements based on its fair value. The fair values of the stock option programs were estimated based on the Black & Scholes stock option pricing model, considering the following weighed average assumptions:

	Program							
	6	7	8	9	10	11	12	1 - Urba
Strike price	R$ 6.50	R$ 6.84	R$ 10.42	R$ 14.80	R$ 14.52	R$ 15.51	R$ 12.73	R$ 1.34
Risk-free rate	11.34%	12.60%	11.04%	10.54%	10.28%	7.82%	7.11%	7.11%
Exercise period in years	7	7	7	8	8	8	8	8
Expected annualized volatility	58.67%	56.84%	55.14%	53.20%	36.47%	33.39%	40.75%	42.14%
Expected dividends	5%	5%	5%	5%	5%	5%	0%	0%
Stock options fair value on grant date per share	R$ 4.00	R$ 3.56	R$ 4.97	R$ 5.35	R$ 5.05	R$ 4.98	R$ 7.43	R$ 1.20

The expected volatility was calculated by the Company's historical up to the date of the beginning of each plan. The risk-free interest rate was based on the annualized DI projection, considering the expected period of exercise of the options granted, at each plan´s start date.

The table below presents the plans approved by the Board of Directors and the percentage of concession for each one:

Plans	Approval	Approved options	Options granted	Percentage granted
I	4/2/07	24,098	21,113	87.61%
II	4/19/18	6,500	6,421	98.78%
III	12/21/20	8,200	-	0.00%

As at December 31, 2020, had all options currently granted been exercised, the Company would have issued 9,196 thousand shares, which would represent a 1,87% dilution in relation to total Company shares of 481,954 thousand.

(f) Dividends

Mandatory minimum and additional proposed

Under the Company's Bylaws and the Brazilian Corporate Law, shareholders are entitled to receive dividends and other distributions related to the Company shares, proportionally to their interests in capital.

Shareholders are entitled to an annual mandatory minimum dividend of no less than 25% (twenty five percent) of profit, which can be decreased or increased by the following amounts: (i) amount to be allocated to the legal reserve; (ii) amount to be allocated to the recognition of a provision for contingencies and reversal of this provision recognized in prior years; and (iii) amount derived from the reversal of prior years’ unrealized earnings reserve, pursuant to Article 202, II, of Corporate Law.

According to the Company’s management’s proposal, to be approved at the Annual Shareholders' Meeting (ASM), 2020 mandatory minimum dividends are as follows (2019 dividends are presented for comparative purposes):

	2020	2019
Net income for the year	**550,140**	690,245
Legal reserve - 5% of net income	**(27,507)**	(34,512)
Net income available for distribution	**522,633**	655,733
Proposed dividends:		
Mandatory minimum dividends - 25% of net income available for distribution	**130,658**	163,933
Additional - 15% of profit available for distribution	**78,395**	-
Total	**209,053**	163,933
Number of common shares at end of reporting period (less treasury shares) (thou.)	**481,953**	443,821
Proposed dividends per share:		
- Mandatory minimum dividends - R$	**0.2711**	0.3694
- Additional - R$	**0.1627**	-
Total - R$	**0.4338**	0.3694

The mandatory minimum dividends of fiscal year 2019 by R$163,933 were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 16, 2020 and paid on October 23, 2020, and are equivalent to R$0.34014373 per share, net of inflation adjustment, as per the shareholding position effective on October 13, 2020.

The mandatory minimum dividends of fiscal year 2018 by R$163,948 were approved at the Extraordinary and Annual Shareholders' Meeting (EASM) held on April 25, 2019 and paid on June 13, 2019, and are equivalent to R$0.37101456 per share, net of inflation adjustment, as per the shareholding position effective on June 06, 2019.

Extraordinary

On January 13, 2021, it was approved at the Board of Directors' Meeting the distribution of extraordinary dividends in the amount of R$100,000, to 2019 earnings, which were paid on January 28, 2021, being R$0.207093497 per share, as per the shareholding position effective on January 18, 2021.

On April 25, 2019, it was approved at the Ordinary and Extraordinary Shareholders' Meeting the distribution of extraordinary dividends in the amount of R$327,897, to the earning retention reserve account which were paid in two installments, the first installment on November 27, 2019, in the amount of R$163,949, being R$0.37013483 per share, as per the shareholding position effective on November 18, 2019 and the second installment on December 20, 2019, in the amount of R$163,948, being R$0.37011668 per share, as per the shareholding position effective on December 10, 2019.

(g) Noncontrolling interests

	Consolidated	
	2020	2019
Opening balance	**267,019**	244,141
Acquisition effects (Note 30)	**41,517**	-
Capital transactions	**12,776**	925
Net distributions to noncontrolling interests	**(28,374)**	(35,678)
Currency translation adjustments	**10,812**	-
Reflection of the cash flow hedge reserve in a subsidiary	**361**	-
Reflection of error correction in subsidiary	**(13,709)**	
Interest in net income for the year	**70,852**	57,631
Closing balance	**361,254**	267,019

In the year ended December 31, 2020, changes in the Company's equity interests in subsidiaries generated an increase in noncontrolling interests of R$12,776 (an increase of R$925 in the year ended December 31, 2019) and a net loss of R$9,471 (loss of R$6,024 in 2019) for the Company owners, directly recorded in equity.

(h) Earnings per share

The table below shows net income data and the number of shares used to calculate basic and diluted earnings per share:

	Consolidated and Individual	
	2020	**2019**
Basic earnings per share:		
Net income for the year	**550,140**	690,245
Weighted average number of outstanding common shares (thousand)	**478,865**	442,103
Basic earnings per share - in R$	**1.14884**	1.56128
Diluted earnings per share:		
Net income for the year	**550,140**	690,245
Weighted average number of outstanding common shares (thousand)	**478,865**	442,103
Dilutive effect of stock options (thousands of shares)	**2,358**	1,813
Total shares after dilutive effect (thousand)	**481,223**	443,916
Diluted earnings per share - in R$	**1.14321**	1.55490

(i) Currency translation adjustments

The balances are essentially due to translation of the financial statement of the foreign subsidiary MRV (US) Holdings Corporation, whose functional currency is the US dollar, to the Group's presentation currency, as described in Note 2.2 (r).

21. Segment information

The Group's management defined the operating segments based on the reports used by the Board of Directors in its strategic decision-making, product differentiation and geographic location. Four operating segments were identified, which are separately managed, as follows:

i. Real estate development: segment engaged in the development, construction, and sale of own and third-party real estate. Project development and construction are carried out directly by the Company, subsidiaries, joint ventures and associates;

ii. Rental of residential properties: this segment engaged in the development and rent residential properties near urban centers and provide various other services to the renter. The Group's strategy is to develop projects (through the construction of its own assets), make them available for renting and, depending on market conditions, selling these properties. In Brazil, this segment is operated by the "Luggo" business line and, in the United States, by the indirect subsidiary AHS Residential (Note 30);

iii. Urban land subdivisions (Urba): division responsible for the development and sale of residential and commercial urban land subdivisions.

The rental of residential properties segment was split in "United States (USA)" and "Brazil" since they are inserted in different environments and economic characteristics and have different managers.

The Group's financial position as at December 31, 2020 and results for the year ended December 31, 2020, split in its operating segments, are as follows:

	12/31/20					12/31/19			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties	Land subdivisions	Consolidated
		USA	Brazil				Brazil		
Assets									
Cash, cash equivalents and marketable securities	2,506,560	152,263	12,850	22,960	2,694,633	2,020,357	25,537	39,219	2,085,113
Trade accounts receivable	3,310,137	2,973	-	171,806	3,484,916	2,582,037	-	127,667	2,709,704
Inventories	8,322,724	-	2,244	276,891	8,601,859	8,381,092	339	252,674	8,634,105
Investment properties	-	1,611,367	186,593	-	1,797,960	-	33,511	-	33,511
Other assets	1,345,334	80,517	5,787	51,009	1,482,647	1,184,492	263	39,135	1,223,890
Total assets	15,484,755	1,847,120	207,474	522,666	18,062,015	14,167,978	59,650	458,695	14,686,323
Liabilities and equity									
Loans, financing and debentures	3,256,791	1,232,215	-	162,525	4,651,531	3,078,316	-	123,842	3,202,158
Land payables	4,586,570	-	7,268	220,273	4,814,111	3,965,596	-	170,118	4,135,714
Advances from customers	611,075	-	2,706	875	614,656	661,192	2,300	46,444	709,936
Other payables	1,795,499	108,767	9,064	33,802	1,947,132	1,498,977	7,319	23,430	1,529,726
Total liabilities	10,249,935	1,340,982	19,038	417,475	12,027,430	9,204,081	9,619	363,834	9,577,534
Operating segment net assets	5,234,820	506,138	188,436	105,191	6,034,585	4,963,897	50,031	94,861	5,108,789
Total liabilities and equity	15,484,755	1,847,120	207,474	522,666	18,062,015	14,167,978	59,650	458,695	14,686,323

	2020					2019			
	Real estate development	Rental of residential properties		Land subdivisions	Consolidated	Real estate development	Rental of residential properties	Land subdivisions	Consolidated
		USA	Brazil				Brazil		
Net operating revenue	6,491,233	66,132	-	88,994	6,646,359	5,996,553	790	58,379	6,055,722
Cost of real estate sold and services	(4,661,068)	(56,490)	-	(54,463)	(4,772,021)	(4,176,208)	(220)	(37,027)	(4,213,455)
Gross profit	1,830,165	9,642	-	34,531	1,874,338	1,820,345	570	21,352	1,842,267
Operating income (expenses):									
Selling, general and administrative expenses	(1,006,696)	(47,480)	(4,697)	(23,798)	(1,082,671)	(923,799)	(1,062)	(19,067)	(943,928)
Other operating income (expenses), net	(121,188)	97,130	(6,217)	(916)	(31,191)	(96,628)	16,029	(5,002)	(85,601)
Results from equity interest in investees	(48,863)	-	-	2,122	(46,741)	(74,741)	-	2,679	(72,062)
Income before financial income	653,418	59,292	(10,914)	11,939	713,735	725,177	15,537	(38)	740,676
Financial result	84,107	(39,713)	36	2,582	47,012	136,630	(1)	615	137,244
Income before taxes	737,525	19,579	(10,878)	14,521	760,747	861,807	15,536	577	877,920
Income tax and social contribution	(136,749)	-	-	(3,006)	(139,755)	(126,789)	-	(3,255)	(130,044)
Net income for the year	600,776	19,579	(10,878)	11,515	620,992	735,018	15,536	(2,678)	747,876

22. Net operating revenue

The table below shows reconciliation between gross and net revenue stated in the income statement for the years ended December 31, 2020 and 2019:

	Consolidated		Individual	
	2020	2019	2020	2019
Gross operating revenue				
Real estate development	**7,396,258**	6,612,609	**4,137,016**	3,472,226
Bartered real estate units	**39,584**	56,648	**15,636**	17,948
Rental revenue	**66,132**	-	**-**	-
Cancellations	**(605,648)**	(424,419)	**(299,479)**	(179,156)
Allowance for credit risk	**(107,755)**	(57,521)	**(54,711)**	(28,840)
Revenue from construction services	**2,096**	1,924	**-**	-
	6,790,667	6,189,241	**3,798,462**	3,282,178
Taxes on sales	**(144,308)**	(133,519)	**(78,628)**	(69,055)
Net operating revenue	**6,646,359**	6,055,722	**3,719,834**	3,213,123

Amounts related to units under construction recognized in consolidated for the year ended December 31, 2020 and 2019 are as follows:

	Consolidated	
	2020	2019
Net revenue from units under construction	**5,772,172**	5,379,412
Costs of real estate sold under construction	**(4,116,601)**	(3,673,036)
Recognized profits	**1,655,571**	1,706,376

The amounts of received advances regarding contracts in progress as at December 31, 2020 and 2019 are R$156,333 and R$119,112, respectively.

The accounting revenue recognition criteria and policies are described in Note 2.2 (a).

The accounting treatment of sale contracts cancellations is described in Notes 2.2 (a) and 6.

23. Costs and expenses

	Consolidated		Individual	
	2020	2019	2020	2019
Cost of real estate sold and services:				
Financial charges (Note 12 (e))	**(181,173)**	**(180,160)**	(104,244)	(108,091)
Cost of rental operations	**(56,490)**	**-**	-	-
Land, construction and maintenance costs	**(4,534,358)**	**(4,033,295)**	(2,542,482)	(2,161,733)
Total cost of real estate sold and services	**(4,772,021)**	**(4,213,455)**	(2,646,726)	(2,269,824)
Selling, general and administrative expenses:				
Salaries, charges and benefits	**(352,968)**	**(283,376)**	(254,651)	(217,054)
Management compensation	**(34,439)**	**(17,540)**	(19,921)	(15,660)
Management and employees profit sharing	**(30,329)**	**(29,790)**	(23,954)	(29,779)
Stock option plan expenses	**(10,142)**	**(7,362)**	(9,698)	(7,362)
Commissions and brokers' fees	**(151,507)**	**(140,012)**	(81,980)	(73,953)
Outside services	**(99,237)**	**(77,073)**	(83,260)	(57,936)
Marketing and advertising expenses	**(150,464)**	**(144,562)**	(102,622)	(96,423)
Utilities	**(11,400)**	**(13,718)**	(8,982)	(10,875)
Depreciation and amortization	**(53,766)**	**(47,738)**	(43,392)	(39,889)
Training	**(2,758)**	**(2,608)**	(2,027)	(2,110)
Other expenses	**(185,661)**	**(180,149)**	(153,293)	(137,783)
Total selling, general and administrative expenses	**(1,082,671)**	**(943,928)**	(783,780)	(688,824)
Classified as:				
Selling expenses	**(649,261)**	**(592,252)**	(424,605)	(366,847)
General and administrative expenses	**(433,410)**	**(351,676)**	(359,175)	(321,977)
	(1,082,671)	**(943,928)**	(783,780)	(688,824)

	Consolidated		Individual	
	2020	2019	2020	2019
Other operating income (expenses), net				
Provision for civil, labor and tax risks	**(50,735)**	(45,963)	**(35,592)**	(31,331)
Real estate credit department	**-**	(43,699)	**-**	(38,581)
Results on the sale of property and equipment	**241**	105	**86**	251
Donatives - Instituto MRV	**(6,044)**	(6,901)	**(6,044)**	(6,901)
Other:				
Income (*)	**97,842**	38,914	**9,468**	44,825
Expenses	**(72,495)**	(28,057)	**(59,840)**	(20,853)
Total other operating income (expenses), net	**(31,191)**	(85,601)	**(91,922)**	(52,590)

(*) In 2020, the Consolidated includes gains from the sale of property Deering Groves by AHS, in the amount of R$88 million (Note 1). In 2019, Consolidated and Individual, includes gains with sale of properties to Luggo Fundo de Investimento Imobiliário in the amount of R$16 million.

24. Financial expenses and income

	Consolidated		Individual	
	2020	2019	2020	2019
Financial expenses:				
Interest on loans, financing and debentures (Note 12 (e))	**(75,418)**	(31,094)	**(44,701)**	(24,670)
Fees and taxes	**(11,500)**	(11,799)	**(6,424)**	(5,844)
Other financial expenses	**(21,611)**	(15,226)	**(4,534)**	(12,579)
	(108,529)	(58,119)	**(55,659)**	(43,093)
Financial income:				
Short-term investments	**37,872**	85,879	**33,062**	74,410
Interest on intercompany loans (Note 19, item 7)	**1,592**	1,174	**975**	845
Other financial income	**21,408**	31,811	**15,245**	21,862
	60,872	118,864	**49,282**	97,117
Income from real estate development receivables	**94,669**	76,499	**44,364**	38,988
	155,541	195,363	**93,646**	136,105
Financial result	**47,012**	137,244	**37,987**	93,012

25. Financial instruments and risk management

(a) Capital risk management

The Group manages its capital to ensure the continuity of its activities, and at the same time maximizes the return of all their stakeholders by optimizing the balance debt and equity.

The Group's equity structure consists of net debt (debt broken down in Note 12, less cash and cash equivalents and marketable securities, broken down in Notes 4 and 5, respectively) and the Group's equity.

Management periodically reviews the Group's equity structure. As part of this review, the Management consider the cost of capital, asset liquidity, the risks associated to each class of equity, and the Group's debt-to-equity ratio.

Management's objective is to keep debt ratios in line with the requirements of its loan, financing and debenture agreements. As at December 31, 2020 and 2019, the consolidated debt-to-equity ratio is as follows:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Loans, financing and debentures	**4,651,531**	3,202,158	**3,239,635**	3,001,666
Cash, cash equivalents and marketable securities	**(2,694,633)**	(2,085,113)	**(1,864,589)**	(1,472,219)
Net debt	**1,956,898**	1,117,045	**1,375,046**	1,529,447
Equity	**6,034,585**	5,108,789	**5,673,331**	4,841,770
Net debt-to-equity ratio	**32.4%**	21.9%	**24.2%**	31.6%

The Group is not subject to any external debt requirements, except for the contractual obligations described in Note 12.

(b) Financial instruments categories and fair value

Consolidated	Note	12/31/20		12/31/19	
		Book value	Fair value	Book value	Fair value
Financial assets:					
Amortized cost		**4,599,842**	**4,599,842**	3,306,024	3,306,024
Receivables from real estate development	6	3,481,470	3,481,470	2,708,422	2,708,422
Intercompany receivables		60,123	60,123	38,518	38,518
Cash and bank accounts	4	1,054,803	1,054,803	557,802	557,802
Receivables from services provided	6	3,446	3,446	1,282	1,282
Fair value through profit or loss (mandatorily measured) (*)		**1,706,920**	**1,706,920**	1,572,116	1,572,116
Restricted investment funds	5	1,432,714	1,432,714	1,139,288	1,139,288
Unrestricted investment funds	4	243	243	-	-
Bank Certificates of Deposit (CDB)	4 and 5	27,680	27,680	137,713	137,713
Short-term investments	4	13,324	13,324	-	-
Escrow account and swap guarantee	5	82,893	82,893	-	-
U.S. Treasuries	5	2,583	2,583	-	-
Savings deposits	5	80,177	80,177	250,088	250,088
Real estate consortium	5	216	216	222	222
Derivative financial instruments (**)	25 (b)	67,090	67,090	44,805	44,805
Financial liabilities:					
Amortized cost		**10,094,216**	**10,084,016**	7,726,569	7,759,288
Loans, financing and debentures	12	4,398,137	4,387,937	2,951,535	2,984,254
Land payables	13	4,814,111	4,814,111	4,135,714	4,135,714
Suppliers		467,929	467,929	303,645	303,645
Payables for investment acquisition	19	19,445	19,445	27,919	27,919
Other payables		394,594	394,594	307,756	307,756
Fair value through profit or loss (hedge accounting) (**)		**267,103**	**267,103**	250,623	250,623
Loans, financing and debentures	12	253,394	253,394	250,623	250,623
Derivative financial instruments	25 (b)	13,709	13,709	-	-

(*) Financial assets recognized in the financial statements at fair value with level 2 measurement, using the discounted cash flows valuation technique. Pursuant to CPC 48 / IFRS 9, these financial assets were designated as measured at fair value through profit or loss (FVTPL) because they are managed, and their performance is monitored on a fair value basis.
(**) Recognized in the financial statements at fair value with level 2 measurement, using the discounted cash flows valuation technique, according to hedge accounting methodology.

The fair value of loans, financing and debentures were estimated by the Group's management based on their future value at maturity with the contracted rate, discounted to present value at the market rate at December 31, 2020 and 2019.

Management believes that the other financial instruments, which are recognized in the financial statements at their carrying amounts, do not present significant changes in relation to their fair values.

It is not a Group policy to enter into derivative transactions or any other assets for speculative purposes.

The Group entered non-speculative derivative financial instruments to hedge its exposure to the interest rates in loan, financing and debentures and to US dollar. The purpose of these transactions is value hedging by minimizing the impacts of changes in interest rates, by replacing the TR / IPCA plus fixed spread or US dollar for the interbank deposit rate (CDI) or fixed rate.

As at December 31, 2020, the swap contracts position is as follows:

Type of transaction	Currency	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	12/31/20	Total effect accumulated on results		Other comprehensive results
								Derivative fair value	Gain or loss on transaction	Mark-to-market	Mark-to-market
Swap	R$	3/16	TR + 13.29% / CDI + 2.55%	3/23	4,307	4,445	4,319	336	126	210	-
Swap (*)	R$	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	94,764	80,746	22,533	14,018	8,515	-
Swap (*)	R$	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	140,506	122,021	33,919	18,485	15,434	-
Swap	US$	2/20	Dollar + 4% / 76% CDI	2/25	47,000	7,712	3,119	10,302	4,593	-	8,666
Swap	US$	11/19	Dollar libor / 1,60%	11/29	35,000	-	-	(13,709)	-	(13,572)	-
								53,381	37,222	10,587	8,666

	Consolidated	Individual
Noncurrent assets	67,090	66,754
Noncurrent liabilities	(13,709)	-

(*) Derivatives designed as hedge instruments, according to hedge accounting methodology.

	Effect on results / other comprehensive results					
	Consolidated			Individual		
	Gain on transaction	Mark-to-market	Total	Gain on transaction	Mark-to-market	Total
2020:						
Effect on results						
Fair value hedge	21,275	(614)	20,661	21,324	(491)	20,833
Cash flow hedge	-	(13,572)	(13,572)	-	-	-
Other comprehensive results	-	8,666	8,666	-	8,666	8,666

As at December 31, 2019, the swap contracts position was as follows:

Type of transaction	Hiring	Asset / Liability	Maturity	Notional amount	Long position	Short position	12/31/19	Total effect on results	
							Derivative fair value	Gain or loss on transaction	Mark-to-market
Swap	3/16	TR + 13.29% / CDI + 2.55%	3/23	6,221	6,425	6,250	508	175	333
Swap (*)	3/17	IPCA + 8.25% / 132.2% CDI	2/22	80,000	90,786	82,089	18,415	8,697	9,718
Swap (*)	9/17	IPCA + 6.45% / 122.1% CDI	9/24	121,200	134,523	123,365	25,882	11,158	14,724
							44,805	20,030	24,775

	Consolidated	Individual
Noncurrent assets	44,805	44,297

(*) Derivatives designed as hedge instruments, according to hedge accounting methodology.

	Effect on results					
	Consolidated			Individual		
	Gain on transaction	Mark-to-market	Total	Gain on transaction	Mark-to-market	Total
2019	8,633	17,699	26,332	8,677	17,622	26,299

Fair value measurement of these derivative financial instruments is carried out through discounted cash flows at market rates as at the balance sheet date. Impacts on profit or loss related to derivatives above are recognized in line item "Financial expenses" and "Financial income", according to their nature.

As at December 31, 2020 and 2019, the Group does not have financial instruments not recognized in its financial statements.

Hedge accounting

As described in note 2.2 (e), to represent the effects of risk management activities and eliminate accounting mismatch and volatility in results arising from the measurement of financial instruments on different basis, the Group opted to adopt hedge accounting.

To evaluate whether there is an economic relationship between the hedging instrument and the hedged item, a qualitative evaluation of the effectiveness of the hedge is performed by comparing the critical terms of both instruments. Subsequently, on each reporting date by the occasion of a significant change in the hedge relationship circumstances, a quantitative assessment is performed by comparing the change, from the beginning of the hedge relationship, in fair value of the hedge instrument to change in fair value of the hedged item (quantitative effectiveness assessment), as follows:

Dollar offset method = Change in fair value of the hedge instrument /
Change in fair value of the hedged item

The Group formally designated derivative financial instruments (swap type) as a hedging instrument and debentures as hedged items, establishing a relationship of economic protection between them, according to the hedge accounting methodology. This designation was classified as a fair value hedge, since it reduces the market risk arising from the fair value fluctuations of the respective debentures. In this way, both the derivatives and the debentures are measured at fair value through profit and loss, with the expectation that changes in fair values will compensate each other. Additionally, the Group contracted swap derivative financial instruments to hedge interest payments on debts denominated in US dollars, formally designating it as a hedging instrument and the interest payments on these debts as hedged items. These designations were classified as cash flow hedge, with the effects of changes in equity. The critical terms of the instruments are as follows:

	Hedging instrument (swap)		Hedged item 9th issue (3rd series)	Hedging instrument (swap)		Hedged item 11th issue (3rd series)
Notional value	80,000		80,000	121,200		121,200
Hiring date	3/17		3/17	9/17		9/17
Maturity date	2/22		2/22	9/24		9/24
	Long position	Short position		Long position	Short position	
Rates	IPCA + 8.25%	132.20% CDI	IPCA + 8.25%	IPCA + 6.45%	122.10% CDI	IPCA + 6.45%

	Hedging instrument (swap)		Hedged item (*) Interest in dollars
Notional value	47,000		47,000
Hiring date	2/20		2/20
Maturity date	2/25		2/25
	Long position	Short position	
Rates	Dollar + 4%	76% CDI	Dollar + 4%

(*) The hedged item refers to interest payments in US dollars.

The effects of hedge accounting on balance sheet and the statement of income are as follows:

Fair value hedge	Notional value	Rates	Fair value 12/31/20	Effects on results 2020	Fair value 12/31/19	Effects on results 2019
9th issue (3rd series)	80,000	IPCA + 8.25%	(101,120)	3,518	(100,660)	(4,719)
11th issue (3rd series)	121,000	IPCA + 6.45%	(152,274)	3,727	(149,963)	(13,839)
Loans, financing and debentures (Hedged items)	201,000		(253,394)	7,245	(250,623)	(18,558)
		Long position				
Swap	80,000	IPCA + 8.25%	101,120	(3,518)	100,660	4,719
Swap	121,000	IPCA + 6.45%	152,274	(3,727)	149,963	13,839
Derivative financial instruments (Hedging instruments)	201,000		253,394	(7,245)	250,623	18,558
		Short position				
		132.20% CDI	(78,594)	2,316	(82,245)	(164)
		122.10% CDI	(118,348)	4,438	(124,081)	(772)
			(196,942)	6,754	(206,326)	(936)
		Swap net position	56,452	(491)	44,297	17,622
		Total net position	(196,942)	6,754	(206,326)	(936)

Cash flow hedge	Notional value	Rates	Fair value 12/31/20	Other comprehensive results 2020	Fair value 12/31/19	Other comprehensive results 2019
Swap		Long position				
Derivative financial instruments (Hedging instruments)	US$ 47,000	Dólar + 4%	43,787	2,151	-	-
		Short position				
		76% CDI	(33,485)	6,515	-	-
		Swap net position	10,302	8,666	-	-

(c) Risk management

In the normal course of its operations, the Group is exposed to the following risks related to financial instruments:

(i) Market risk: is the risk that fair value or future cash flows of certain financial instrument fluctuate because of interest rates and inflation indices fluctuations. Market risk management is made to ensure that the Group is only exposed to acceptable risk levels on its operational context;

(ii) Liquidity risk: is the risk of lack of funds to settle obligations. Liquidity risk management is made to ensure that the Group holds the necessary funds to settle its liabilities on the maturity dates.

The Group's risks management is performed by the Board of Directors, the Risk Committee, and the Finance Committee, based on financial reports analyses and cash flow forecasts.

Market risk

The Group is exposed to usual market risks arising from changes in interest rates and inflation adjustment indices.

The Company conducted a sensitivity analysis for financial instruments exposed to changes in interest rates and financial indicators. The sensitivity analysis was developed considering the exposure to changes in the indexes of financial assets and financial liabilities, considering the net exposure of these financial instruments as at December 31, 2020, as if such balances were outstanding during the entire 2020, as detailed below:

Exposed net financial asset and exposed financial liability, net: the change in the rate estimated for 2021 ("probable scenario") compared to the effective rate for 2020, multiplied by the exposed net balance as at December 31, 2020, was used to calculate the financial impact, had the probable scenario materialized in 2020. For the impact estimates, a decrease in financial assets and an increase in financial liabilities were considered, at the rate estimated for 2021 of 25% for the possible scenario and 50% for the remote scenario.

Index	Financial asset	Financial liability	Net exposed financial asset (liability)	Effective rate for the year ended 12/31/20	Annual rate estimated for 2021		Rates changes for each scenario	Total estimated financial impact	Estimated impact on net income and equity
Probable scenario									
CDI	1,584,325	(3,382,201)	(1,797,876)	2.75%	2.85%	(i)	0.10%	(1,798)	(1,061)
IGP-M	112,384	(238,437)	(126,053)	23.14%	4.45%	(ii)	-18.69%	23,559	23,559
INCC-M	1,193,143	(649,629)	543,514	8.68%	3.30%	(iii)	-5.38%	(29,241)	(29,241)
TR	84,484	(53,994)	30,490	0.00%	0.01%	(i)	0.01%	3	2
IPCA	358,097	(386,459)	(28,362)	4.52%	3.30%	(ii)	-1.22%	346	204
								(7,131)	(6,537)
Scenario I									
CDI	1,584,325	(3,382,201)	(1,797,876)	2.75%	3.56%		0.81%	(14,563)	(8,593)
IGP-M	112,384	(238,437)	(126,053)	23.14%	5.56%		-17.58%	22,160	22,160
INCC-M	1,193,143	(649,629)	543,514	8.68%	2.48%		-6.20%	(33,698)	(33,698)
TR	84,484	(53,994)	30,490	0.00%	0.01%		0.01%	3	2
IPCA	358,097	(386,459)	(28,362)	4.52%	4.12%		-0.40%	113	67
								(25,985)	(20,062)
Scenario II									
CDI	1,584,325	(3,382,201)	(1,797,876)	2.75%	4.28%		1.53%	(27,508)	(16,231)
IGP-M	112,384	(238,437)	(126,053)	23.14%	6.67%		-16.47%	20,761	20,761
INCC-M	1,193,143	(649,629)	543,514	8.68%	1.65%		-7.03%	(38,209)	(38,209)
TR	84,484	(53,994)	30,490	0.00%	0.01%		0.01%	3	2
IPCA	358,097	(386,459)	(28,362)	4.52%	4.95%		0.43%	(122)	(72)
								(45,075)	(33,749)

(i) Data obtained on B3's website.
(ii) Data obtained on Banco Central website.
(iii) As there was no market projection available for 2021 for INCC, the IPCA variance was used instead

The total financial effect estimated, basically pegged to CDI, would be substantially recognized in real estate for sale and development and allocated to profit or loss as the real estate units were sold. Thus, the estimated effect on net income and equity is net of the remaining portion in real estate for sale.

As required by CPC 40 / IFRS 7, management believes that the estimated annual rates presented in the probable scenarios above reflect the reasonable possible scenario for 2021.

Liquidity risk

The Board of Directors is responsible for the management of the liquidity risk and periodically reviews the cash flow projections, using stress scenarios and assesses the possible funding requirements in line with the equity structure and the indebtedness to be maintained by the Group.

Liquidity and interest rate risk table

The table below details the remaining contractual maturity of the Group's non-derivative financial liabilities and the contractual amortization periods, basically represented by loans, financing, debentures, trade payables, and payables for acquisition of land. This table was prepared using the undiscounted cash flows of financial liabilities, based on the earliest date on which the Group must settle the related obligations. The tables include interest and principal cash flows. For liabilities with floating rates, the undiscounted cash flows were based on projections for each index at December 31, 2020.

	Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Consolidated:					
Floating rates liabilities	1,381,414	1,405,707	1,239,962	1,907,265	5,934,348
Fixed rates liabilities	48,838	40,786	39,630	692,442	821,696
Non-interest bearing liabilities	1,209,147	1,922,346	420,910	750,703	4,303,106
Total	2,639,399	3,368,839	1,700,502	3,350,410	11,059,150
Individual:					
Floating rates liabilities	1,047,448	882,111	1,042,029	1,809,340	4,780,928
Fixed rates liabilities	15,832	12,361	11,056	87,470	126,719
Non-interest bearing liabilities	808,543	1,122,494	404,374	740,819	3,076,230
Total	1,871,823	2,016,966	1,457,459	2,637,629	7,983,877

The Group has financial assets (basically represented by cash equivalents marketable, securities, and receivables from real estate development) that it considers sufficient to honor its commitments arising from its operating activities.

(d) Foreign exchange risk

As mentioned in item (b) above, the Company contracted derivative financial instruments of the swap type to protect interest payments on debt in US dollars. The Group formally designated this derivative instrument as a hedge instrument and debt interest as hedged item, establishing an economic relationship between them, according to the hedge accounting methodology. This designation was classified as a cash flow hedge, with the effects of changes in equity.

Sensitivity analysis

The group has loans and financing and other balances denominated in US dollars. These loans are recorded in foreign subsidiaries abroad, whose functional currency is the US dollar. Thus, according to financial statements translation rules, the assets and liabilities of these entities are being translated using the closing exchange rates, with the impacts of exchange variations recognized in other comprehensive income, in equity.

The Group estimated, as a probable scenario, a dollar of R$5.46, this is 5% above the closing exchange rate of December 31, 2020 (R$5.1967) and performed a sensitivity analysis of the effects on the Company’s results and equity, arising from 25% and 50% depreciation of the Real in relation to the book value, as shown below:

Exchange rate exposure	Dollar value	Book value	Probable scenario	Possible scenario	Remote scenario
		R$5.20	R$5.46	R$6.50	R$7.80
Loans and financing	(237,115)	(1,232,216)	(1,293,826)	(1,540,269)	(1,848,323)
Suppliers	(12,142)	(63,098)	(66,253)	(78,873)	(94,647)
(-) Cash, cash equivalents and marketable securities	29,300	152,263	159,876	190,329	228,395
Exposed net liabilities	(219,957)	(1,143,051)	(1,200,203)	(1,428,813)	(1,714,575)
Net effect on income			-	-	-
Net effect on equity			(57,152)	(285,762)	(571,524)

(e) Credit risk

It refers to the risk of a counterparty failing to meet its contractual obligations, leading the Group to incur in financial losses. The Group is exposed to credit risks related to:

i) Accounts receivable from customers: to mitigate this risk, the Group adopts the policy of dealing only with counterparties that have credit capacity and obtain sufficient guarantees. Trade accounts receivables are substantially collateralized by the real estate units themselves and there is no customers concentration, which reduce exposure to credit risk. The Company recognize allowance for expected credit loss, as detailed in Note 2.2 (e).

ii) Financial investments: to mitigate default risk, the Group maintains its investments with first class financial institutions.

(f) Social and Environmental risks

Social and Environmental risks in the Group operating activities are related to various environmental and labor laws and regulations involving licenses, registrations, among others. The risks are managed in the form of mitigation of environmental and community impacts, as well as guaranteeing decent work conditions, observing compliance with the Company´s Code of Conduct by our employees, partners and suppliers.

26. Current and deferred taxes

Deferred tax liabilities are broken down as follows:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Income tax (IRPJ)	**41,107**	31,742	**21,011**	15,262
Social contribution (CSLL)	**21,614**	16,653	**10,980**	7,969
Total - IRPJ and CSLL	**62,721**	48,395	**31,991**	23,231
Tax on revenue (PIS)	**12,167**	9,328	**6,193**	4,481
Tax on revenue (COFINS)	**56,326**	43,171	**28,573**	20,923
Total - PIS and COFINS	**68,493**	52,499	**34,766**	25,404
Total	**131,214**	100,894	**66,757**	48,635
Current	**64,480**	54,378	**35,253**	27,303
Noncurrent	**66,734**	46,516	**31,504**	21,332
	131,214	100,894	**66,757**	48,635

Changes in deferred income tax (IRPJ) and social contribution (CSLL) liabilities for the years ended December 31, 2020 and 2019 are as follows:

	Consolidated		Individual	
	2020	2019	2020	2019
Opening balance	**(48,395)**	(40,426)	**(23,231)**	(17,012)
Effect of deferred IRPJ and CSLL recognized in:				
Equity	**(787)**	-	**-**	-
Net income	**(13,539)**	(7,969)	**(8,760)**	(6,219)
Closing balance	**(62,721)**	(48,395)	**(31,991)**	(23,231)

The effects of corporate income tax (IRPJ) and social contribution on income (CSLL) on temporary differences are shown as follows:

	Consolidated		Individual	
	12/31/20	12/31/19	12/31/20	12/31/19
Effects of IRPJ and CSLL on:				
Portion not received for real estate development	**(65,315)**	(49,972)	**(33,590)**	(24,237)
(-) Advances from customers	**2,594**	1,577	**1,599**	1,006
Net amount	**(62,721)**	(48,395)	**(31,991)**	(23,231)

Reconciliation of income tax and social contribution expenses at the statutory and effective rates for the years ended December 31, 2020 and 2019 is as follows:

	Consolidated	
	2020	2019
Revenue from real estate development - subsidiaries	**2,900,029**	2,866,439
Nominal tax rate (*)	**1.92%**	1.92%
IRPJ and CSLL tax expenses on:		
Real estate development	**(55,681)**	(55,036)
Financial income - subsidiaries (**)	**(3,941)**	(7,394)
IRPJ and CSLL in subsidiaries	**(59,622)**	(62,430)
IRPJ and CSLL in Individual	**(76,785)**	(65,694)
Other	**(3,348)**	(1,920)
Expenses in profit or loss	**(139,755)**	(130,044)
Breakdown of expense in profit or loss - Consolidated:		
Current	**(126,216)**	(122,075)
Deferred	**(13,539)**	(7,969)
	(139,755)	(130,044)

(*) Tax rate for earmarked assets projects that opted for the special taxation regime (RET), as detailed in Note 2.2 (o).
(**) Financial income of subsidiaries is taxed at 34%

	Individual	
	2020	2019
Income before income tax and social contribution	**626,925**	755,939
Tax rate - IRPJ and CSLL	**34%**	34%
Nominal expense	**(213,155)**	(257,019)
Effects of IRPJ and CSLL on:		
Results from equity interest in investees gross of capitalized interest	**151,632**	171,620
Earmarked assets	**(8,930)**	5,359
Other permanent add-back	**(6,332)**	14,346
Expenses in profit or loss	**(76,785)**	(65,694)
Breakdown of expense in profit or loss - Individual:		
Current	**(68,025)**	(59,475)
Deferred	**(8,760)**	(6,219)
	(76,785)	(65,694)

27. Noncash transactions

During year 2020 and 2019, the Company and its subsidiaries conducted the following financing and investment transactions that did not involve cash, thus is not reflected in the statement of cash flows:

	Consolidated		Individual	
	2020	2019	2020	2019
Capitalized financial charges (Note 12 (e))	**135,690**	204,393	**103,721**	178,778
Right-of-use (Initial adoption and remeasurement of CPC 06 (R2)) (Note 10)	**19,796**	89,707	**18,886**	87,528
Acquisition of AHS Residential	**378,432**	-	**349,634**	-
Proposed dividends	**210,381**	163,933	**209,053**	163,933
Capital increase arising from capitalization of reserve (Note 20 (a))	**-**	202,360	**-**	202,360
Property and equipment acquisition – Leasing funding	**-**	445	**-**	445

28. Unappropriated revenues, costs to be incurred and cancellations

In compliance with Circular Letter No. 02/2018 dated December 12, 2018, which deals with revenue recognition of sale contracts of uncompletes real estate units of Brazilian publicly traded companies, hereby is presented the following information, mainly related to revenues to be appropriated, costs to be incurred and cancellations of units under construction.

		Consolidated		Individual		
		12/31/20	12/31/19	12/31/20	12/31/19	
Projects under construction						
(i)	**Unappropriated revenues from sold units**					
	Projects under construction:					
	(a) Revenues from contracted sales	**57,924,622**	49,958,641	**34,504,195**	30,176,015	
	Appropriated revenues:					
	Appropriated revenues	**(55,422,331)**	(48,336,244)	**(33,105,960)**	(29,098,601)	
	Cancellations - Reversed revenues	**9,511**	6,809	**1,991**	3,373	
	(b) Appropriated revenues, net	**(55,412,820)**	(48,329,435)	**(33,103,969)**	(29,095,228)	
	Unappropriated revenues (a + b)	**2,511,802**	1,629,206	**1,400,226**	1,080,787	
(ii)	**Indemnity revenue from cancellations**	**370**	89	**32**	56	(*)
(iii)	**Unappropriated revenues from contracts from non-qualifying contracts for revenue recognition**	**632**	791	**167**	555	(*)
(iv)	**Provision for cancellations**					
	Adjustments on appropriated revenues	**9,511**	6,809	**1,991**	3,373	
	Adjustments on receivables from real estate development	**(7,933)**	(6,363)	**(1,829)**	(3,093)	
	Indemnity revenue from cancellations	**(370)**	(89)	**(32)**	(56)	
	Liability - Rebates from cancellations	**1,208**	357	**130**	224	
(v)	**Budgeted costs to be appropriated of sold units (**)**					
	Projects under construction:					
	(a) Budgeted cost	**16,408,195**	16,636,095	**9,335,987**	9,745,233	
	Incurred cost:					
	Construction cost	**(14,883,174)**	(15,662,619)	**(8,493,825)**	(9,088,294)	
	Construction cost - cancellations	**2,150**	2,335	**812**	1,231	
	(b) Incurred cost, net	**(14,881,024)**	(15,660,284)	**(8,493,013)**	(9,087,063)	
	Costs to be incurred of sold units (a + b)	**1,527,171**	975,811	**842,974**	658,170	
(vi)	**Budgeted costs to be appropriated of units in inventory (**)**					
	Projects under construction					
	(a) Budgeted cost	**5,197,473**	5,509,129	**2,640,328**	3,263,301	
	(b) Incurred cost	**(2,121,527)**	(2,359,324)	**(1,104,408)**	(1,292,122)	
	Cost to be incurred of units in inventory (a + b)	**3,075,946**	3,149,805	**1,535,920**	1,971,179	

(*) Amounts referring to contracts that comprise the provision for cancellations.
(**) Does not consider financial cost.

29. Insurance

The Group has an insurance policy that considers primarily risk concentration and their materiality, taking into consideration the nature of its business, and advice of the insurance brokers. As at December 31, 2020, insurance coverage is as follows:

Items	Type of coverage	Insured amount
Construction insurance (engineering risk)	Insures, during the project construction period, any compensation for damages caused to the construction, such as: fire, lightning, theft, and other specific coverage of facilities and assemblies of the insured site.	10,265,504
Professional liability for property damages	Insures the payment of indemnities from borrower or property owner claims against the builder and/or the engineer in charge, duly registered with the CREA/CAU (Regional Engineers and Architects professional Association), related to design errors, construction defects, and/or use of incorrect materials, over a five-year period after the issue of the occupancy permit.	248,955
Warranty insurance after delivery	Insures the maintenance and resolution of construction issues during up to five years, concerning damages provided for in the Consumer Bill of Rights.	461,575
Multi-peril insurance	Insures the completion of a project construction, compensation for damages caused by fire, lightning, windstorm, electrical damages, and glass shattering.	637,579
Civil liability (works under construction)	Insures payments, up to the insured ceiling amount, of compensation for which the Company is held liable for involuntary bodily injuries or property damages caused to third parties.	1,695,500
Builder guarantee insurance	Insures the project financer that construction will be completed in the event of technical and/or financial inability by the Company.	1,715,612
Sundry risks insurance	Insures the payment to the financial agent of compensation for property damages caused to financed/leased equipment.	4,305
Civil liability (officers)	Insures the coverage of pain and suffering payable by Company officers (D&O).	130,000
Auto	Insures payment to the Company of any amounts arising from damages to insured vehicles, such as theft, collision, property damages, and bodily injuries to passengers.	1,088
Lenders insurance	Insures that the Company will receive the outstanding balance of a property sold in case of lender's death.	28,446
Group life and personal injury insurance	Insures payment of compensation related to involuntary personal injuries to employees, contractors, interns, and officers.	847,472
Residential	Insures payment of compensation to the Company for covered events in leased residential properties, events such as electric damages, fire, lightning, windstorm, etc.	18,412
Corporate insurance	Insures payment of compensation to the Company for covered events occurring in leased commercial properties, events such as electric damages, fire, lightning, windstorm, etc.	132,895
Aircraft insurance	Insures payment of compensation to the Company for damages to aircraft hulls, covered risks, such as expense and liability payment reimbursements claimed from the Company due to the use of insured aircraft.	422,911
Legal guarantee insurance	Insures to the policyholder the payment of any disputed amount in full related to any lawsuit filed with any court or threatened. The contracted guarantee replaces escrow deposits.	177,492
Infrastructure insurance	Insures to City authorities the completion of any infrastructure works required under licensing procedures of the projects under construction.	82,717
Property delivery insurance	Insures to the barters the delivery of the units subject matter of the Barter Instrument entered into by the parties.	180,484
Warranty insurance for Infrastructure	It guarantees the execution of infrastructure works in the project construction required by the financial institution to make the project feasible.	312,543
Rent Guarantee Insurance	It guarantees indemnification to the lessor the receipt of rent, property tax, condominium and ancillary expenses if they are not paid by the lessee.	113
Financial guarantee insurance	It guarantees the indemnity to the seller of the land by means of payment in cash in case of impossibility or insolvency of the Borrower.	70,096

30. Acquisition of AHS Residential

On January 31, 2020, the merger of MDI Desenvolvimento Imobiliário Ltda. (“MDI”) was approved in Extraordinary Shareholders' Meeting, which held stake in AHS Residential LLC (“AHS Residential”) through ASH Development LLC (“AHS Development”), a holding company domiciled in the United States. On the same date, the Company's investment in AHS Development (after the incorporation of MDI) was transferred to its wholly owned subsidiary MRV (US) Holdings Corporation, domiciled in Delaware, United States.

AHS Residential is a limited liability company, incorporate in the State of Florida, United States, until then controlled by the Company's controlling shareholder, engaged in developing real estate projects and subsequent renting and, depending on market conditions, sale of the residential projects to investors and real estate funds in the United States.

This acquisition aims to consolidate the alignment of interests of the Company and AHS Residential´s shareholders, as well as ensuring that future business opportunities are fully exploited by the Group. This transaction brings several benefits such as: expansion of shareholder value, through access to the profitable North American market; markets diversification in line with the Company's strategy in search of being a complete housing platform, reaching more customers and sources of funding; synergies between North American and Brazilian operations in properties management, including the exchange of technologies, headcount, processes and methods, among others.

As the mentioned acquisition involves entities under common control, the acquired assets and liabilities were incorporated considering the historical cost, as shown below:

	Book value
Assets	
Cash and cash equivalents	12,719
Investment properties	998,350
Other assets	47,024
Total assets	**1,058,093**
Liabilities	
Loans and financing	626,126
Other payables	40,816
Total liabilities	**666,942**
Net assets	**391,151**
(-) Non-controlling shareholders	(41,517)
Acquired net assets	**349,634**

For the control acquisition, on January 31, 2020, 37,286,595 new common shares of the Company were issued, registered, book-entry and without par value (note 20, item (a)) and a stock warrant for certain number of shares to be determined as follows:

a) 8,882,794 common, registered, book-entry shares with no par value issued by the Company, equivalent to 2% of the Company's capital stock on December 26, 2019, if the internal rate of return (IRR) of the Company’s investment in AHS Residential (in dollar) is greater than 15% per year, calculated in the period between the date of the merger and the date of calculation of AHS Residential's Net Asset Value (NAV), to be carried out during the year 2027; or

b) 13,324,191 common, registered, book-entry shares with no par value of the Company, equivalent to 3% of the Company's capital stock on December 26, 2019, if the internal rate of return (IRR) of the Company’s investment in AHS Residential (in dollar) is greater than 20% per year, calculated in the period between the date of the merger and the NAV calculation date of AHS Residential, to be carried out during the year 2027.

The stock warrant was measured at fair value on the transaction date for R$28,905 and, as of this date, changes in fair value are recognized in profit or loss. As at December 31, 2020, the updated amount is R$27,646, as disclosed in Note 19, item 17.

31. Commitments

On December 23, 2020, the Company signed with Arena Vencer Complexo Esportivo Multiuso SPE Ltda. and Clube Atlético Mineiro (CAM) a naming rights sponsorship agreement for the new CAM stadium. The validity and entry into force of this agreement is subject to prior approval by the Company's Board of Directors, and as a result, no provision for this transaction was recorded in the financial statements of December 31, 2020. The Company´ shareholders.

32. COVID-19 impacts on financial statements

In compliance with CVM's Circular Letter No. 02/2020 of March 10, 2020, which deals with the effects of COVID-19 on the Company's interim financial statements, Management assessed the impacts of the main risks and uncertainties that could affect the financial statements presented herein, these being:

- Cash equivalents and marketable securities (Note 4 and 5): Changes in issuers' ratings may lead to the recognition of impairment adjustments on these assets.
- Trade receivables (Note 6): Eventually higher defaults due to credit risk increase.
- Inventories – Real estate for sale (Note 7) and budgeted costs: recognition of idleness of fixed production costs, possible risks related to selling inventories and increase of production costs.

The Company's management assessed the items above and understood that, until the issuance date of this financial statements, there are no material impacts that could affect them, as well as there was no indication that could compromise the continuity of the Group's business (going concern assumption). For "Receivables from real estate development", an additional allowance for credit risk was recorded in the amount of R$8,867, in order to reflect possible losses due to economic environment deterioration arising from COVID-19 pandemic.

33. Subsequent event

On January 28, 2021, the Company paid extraordinary dividends for the year of 2019, in the amount of R$100,000, as detailed in Note 20 (f).

34. Approval of the Financial Statements

These financial statements were authorized for issue by the Board of Directors on March 04, 2021.

(Free translation, for reference only – Original in Portuguese)

COMMITTEE AND FISCAL COUNCIL HELD ON MARCH 2nd.

MRV ENGENHARIA E PARTICIPAÇÕES S.A.

CNPJ/ME No. 08.343.492/0001-20

NIRE 31.300.023.907

Publicly-held Company

FISCAL COUNCIL OPINION

The Fiscal Council of **MRV ENGENHARIA E PARTICIPAÇÕES S.A.** ("Company"), in compliance with the legal provisions, pursuant to article 163, of Law No. 6.404/1976, of December 15, 1976, as amended ("Corporate Law") and its statutory attributions, examined the Annual Management Report and the Financial Statements of the fiscal year ended December 31, 2020, including the proposal of Allocation of the Results and the Capital Budget.

Based on the work carried out and considering the Annual Management Report and the Financial Statements of the fiscal year ended December 31, 2020, including the proposal of Allocation of the Results and the Capital Budget, and also the opinion of the Independent Auditors, KPMG Auditores Independentes, unqualified (without reservation), until this moment, as well as the information and additional explanation from the Controllership Department, the Company's Officers and the aforementioned Auditors, the Fiscal Council unanimously issues the Opinion that the Financial Statements, including the proposal of Allocation of the Net Income of the fiscal year ended on December 31, 2020 and the Capital Budget, as well as the Annual Management Report adequately represent, in all relevant aspects, MRV ENGENHARIA E PARTICIPAÇÕES S/A's financial and equity position on December 31, 2020 and are in condition to be analyzed and approved by the Annual Shareholders' Meeting.

Belo Horizonte/MG, March 2, 2021.

Fernando Henrique Fonseca
Member of the Fiscal Council

Paulino Ferreira Leite
Member of the Fiscal Council

Thiago da Costa e Silva Lott
Member of the Fiscal Council

Belo Horizonte, March 4, 2021

By this instrument, the Chief Executive Officer and the other Directors of MRV Engenharia e Participações S.A. (“MRV”), a publicly-held corporation, headquartered at Avenida Professor Mário Werneck, 621 - Estoril - Belo Horizonte - Minas Gerais, for the purposes of the provisions of items V and VI of paragraph 1 of article 25 of CVM Instruction nº 480 of December 7, 2009 (“INSTRUCTION”) declare that:

(i) reviewed, discussed and agreed with MRV's financial statements for the fiscal year ended December 31, 2020.

(ii) reviewed, discussed and agreed with the opinions expressed in the KPMG Auditores Independentes independent auditors’ report, regarding MRV's financial statements for the fiscal year ended December 31, 2020.

____

Rafael N. Menin Teixeira de Souza

Chief Executive Officer of Region MG, RJ, ES, CO, NE and NO

____

Ricardo Paixão Pinto Rodrigues

Chief Financial and Investor Relations Officer

____

Marcelo Paulino Santana

Controllership Director

CAPITAL BUDGET

On December, 31 of 2020, the Company's Management proposed, to be approved in General Meeting, the allocation of the remaining earnings balance amounting R$314 million to the retained earnings reserve account. This allocation objects to meet the Company's resources need to future investments in land acquisition and working capital, according to the capital budget to be approved in the Ordinary General Meeting, as follows:

	2020 **R$ million**
ALLOCATION	
Working capital and land acquisition	314
RESOURCE	
Retained earnings	314

Considering these are projections and business perspectives, which involve risks, uncertainties and assumptions, the resources allocation depends on circumstances that may or may not occur.

General economic and sectoral conditions and other operating factors may affect the estimated amounts of fixed assets, working capital and land acquisition.

ANNUAL AUDIT COMMITTEE REPORT
MRV ENGENHARIA E PARTICPAÇÕES S.A.
BUSINESS YEAR 2020

About the Audit Committee:

The Audit Committee (AC) at MRV Engenharia e Participações S.A. (Company) is a permanently functioning statutory department, borne from the alterations made in the company's bylaws, articles 26, 31 and 32, approved at the Ordinary and Extraordinary General meeting held on April 16, 2020. The AC aims to strengthen the company's corporate governance and best practices, in addition to ensuring compliance with the Oversight Guidelines (Guidelines) that were approved at the Board of Directors' meeting held on April 14, 2020 and can be found on the company's IR webpage.

Composition:

The committee is made up of at least 3 (three), and a maximum of 5 (five) members, elected by the Board of Directors for a unified term of 2 years, in which reelection may be allowed, as long as (i) a majority of the members must be independent in accordance with the independence criteria established in the B3 (B3) - Brazil Stock Exchange and Over-the-counter Market and Brazilian Securities Commission (CVM) Novo Mercado Regulations, and other applicable regulations, (ii) at least 1 (one) member must be an independent Board member, according to the definition in the Novo Mercado regulations, and, (iii) at least 1 (one) member must have solid experience in corporate accounting practices in the areas of internal controls, information and financial and auditing operations, cumulatively within the terms of the applicable regulations, in which the independent counselor cited in item (i) may fill this role.

Currently, the company's AC is made up of 3 (three) members, elected at the Board meeting held on April 14, 2020, for a term of two years in which: (i) 2 (two) independent members (which meet the criteria for independence established in the B3 and CVM Novo Mercado regulations), (ii) and at least 1 (one) of whom is a specialist in Accounting and Finance, does not carry out another role in the company, as required by Article 22, Paragraph V of the Novo Mercado regulations. One of the elected members on the Audit Committee carries out the role of Coordinator.

The members of the Audit Committee are: Antônio Kandir (Coordinator), Leonardo Guimarães Corrêa, Pierre Carvalho e Magalhães.

Roles and Responsibilities

The competencies of the Audit Committee have been laid out in the oversight guidelines and are carried out according to the requirements as stated in CVM

Instruction 480 in the B3 Novo Mercado regulations, and in the recommendations in the Corporate Governance and Best Practices manual issued by the Brazilian Institute of Corporate Governance (IBGC), in the company's bylaws, which are to:

- Monitor and control the quality of financial statements, internal controls and Risk Management and Compliance - Item 22, Attachment 29-A in IN CVM 480.
- Monitor the effectiveness of auditor performance and auditor independence, reporting to the Board of Directors on the development of tasks - Item 24, Attachment 29-A in IN CVM 480.
- Weigh in on hiring and terminating the services of independent auditors - Article 22, Paragraph IV, sub item A in the B3 Novo Mercado regulations.
- Evaluate quarterly information, intermediary statements and financial statements - Article 22, Paragraph IV, sub item B in the B3 Novo Mercado regulations.
- Evaluate and monitor the company's exposure to risk, including operational, financial, strategic and reputational risks, overseeing and supervising the process of risk management - Article 22, Paragraph IV, sub item D in the B3 Novo Mercado regulations.
- Evaluate, monitor and recommend corrections or improvements to internal policies to the Board of Directors, including the Related Party Transactions policy - Article 22, Paragraph IV, sub item E in the B3 Novo Mercado regulations.
- Evaluate any company infractions of legal responsibilities and applicable standards by means of receiving and handling information, in addition to regulations and internal codes, guaranteeing the protection of the individual responsible and the sensitivity of information - Article 22, Paragraph IV, sub item F in the B3 Novo Mercado regulations.
- Report committee activities to the Board of Directors on a quarterly basis, registering the aforementioned report in Board Minutes - Article 22, 2 Subsection in the B3 Novo Mercado regulations.
- Oversee internal auditing activities and internal control departments, including the quality of activities, existing structure, work plans and the results of performance - Recommended in the IBGC Corporate Governance and Best Practices manual.

Meetings and Issues Discussed

After its creation, the Audit Committee met 5 (five) times during the 2020 business year, aiming to meet legal and guideline requirements. Participating departments in these meetings included the Comptroller department, the Internal Auditing department, independent auditors and the company's Fiscal Board.

Some of the important items discussed were:

May 27, 2020 meeting

Orders of Business	Minutes
Evaluation of quarterly information – 1Q20, to be posted on May 28, 2020.	Assess whether quarterly information was correctly carried out, adequately reflects the company's current situation and if information is in line with other information presented by the organization.
Discussion of topics related to committee's routine and activities, as well as organizing the company's annual agenda.	Organize the work program and the AC's annual agenda, ensuring proper performance and observation according to the guidelines established in the Oversight Guidelines.

June 23, 2020 meeting:

Orders of Business	Minutes
Presentation of external auditor's work plan (KPMG)	Monitor the effectiveness of independent auditors and their independence.
	Oversee the companies risk exposure and supervise risk management process.
Presentation of the Internal Auditing, Risk Management and Compliance work plan	Oversee internal auditing activities, including the quality of Risk Management and Compliance processes, the existing structure, work plan and results of past activities.
	Evaluate any company infractions of legal responsibilities and applicable standards by means of receiving and handling information, in addition to regulations and internal codes, guaranteeing the protection of the individual responsible and the sensitivity of information.

August 10, 2020 meeting:

Orders of Business	Minutes
Evaluation of quarterly information – 2Q20, to be posted on August 12, 2020.	Assess whether quarterly information was correctly carried out, adequately reflects the company's current situation and if information is in line with other information presented by the organization.

November 9, 2020 meeting:

Orders of Business	Minutes
Evaluation of quarterly information – 3Q20, to be posted on November 11, 2020.	Assess whether quarterly information was correctly carried out, adequately reflects the company's current situation and if information is in line with other information presented by the organization.

December 14, 2020 meeting:

Orders of Business	Minutes
Presentation of external auditor's work plan (KPMG)	Monitor the effectiveness of independent auditors and their independence.
	Oversee the companies risk exposure and supervise risk management process.
Presentation of the Internal Auditing, Risk Management and Compliance work plan	Oversee internal auditing activities, including the quality of Risk Management and Compliance processes, the existing structure, work plan and results of past activities.
	Evaluate any company infractions of legal responsibilities and applicable standards by means of receiving and handling information, in addition to regulations and internal codes, guaranteeing the protection of the individual responsible and the sensitivity of information.

March 2, 2021 meeting:

Orders of Business	Minutes
Evaluate financial statements and the Board's annual report on business activities closed on December 31, 2020, to be posted on March 4, 2021	Evaluate if financial statements, including the destination of Net Income, Capital Budget, as well as the Board's Annual Report have been properly assembled, and if information adequately reflects the company's current situation and is in line with other information presented by the organization.
Approval of annual report	Issue the Annual Report the Audit Committee's activities, results and conclusions for business closed on December 31, 2020 to be disclosed on the market.
Approval of work plan and annual agenda	Organize the AC annual work plan and agenda, ensuring solid performance and compliance

	with the issues established in the Oversight Guidelines.
Self-evaluation process	Carry out self-evaluation based on activities carried out in 2020, aiming to ensure enhancement in performance.

An important item of note, in the hopes of ensuring the best practices in managing the company's financial information and internal controls, the AC bears the full support and participation of the Comptroller Department at every step of the process.

The Internal Auditing and independent auditors participated in meetings in the June 26, 2020, December 14, 2020 and March 2, 2021 meetings in order to lend support in the oversight and analysis of the company's risk management.

The Fiscal Board and the AC met together on June 23, 2020, December 14, 2020 and March 2, 2021 to analyze, (i) the work plan and Internal Auditing and Independent Auditor reports, and, (ii) financial statements from business activities 2020.

The activities of all meetings were registered in Meeting Minutes and signed by the respective members, and duly filed in the company's headquarter archives.

Risk Management Evaluation and Monitoring Risk Exposure

The company's Internal and External Auditing departments presented the Audit Committee with a work plan for business activities 2020 at the June 23, 2020 meeting, at which they were approved.

This report, which included the results and activities carried out under the perspective of the work plan, was registered at the AC meeting held on December 14, 2020.

Board of Directors Report

The Audit Committee reports to the Board of Directors and is an autonomous, operational committee, with a separate budget, that acts as a support entity and provides consulting to the Board of Directors on issues such as the handling and quality of financial statements and internal controls, aiming to ensure the reliability and integrity of information. The role of its members is non-transferable and shall be carried out exclusively by the elected committee members.

The AC has compiled a report of activities, including all of the activities that were carried out, in addition to committee discussions, at the Board Meeting held on August 11, 2020.

Self-Evaluation

The Audit Committee self-evaluation process on activities carried out in 2020 took place at the March 2, 2021 meeting, at which time a decision was made to fill out and sign the survey, for posterior mailing to the Company's Committee in order to compile data. Results obtained from the evaluation process will be analyzed at the next opportunity and will be passed on to the Board of Directors.

Planning for Business Activities 2021

According to the work plan analyzed and approved by the Audit Committee, a total of 9 (nine) ordinary meetings will be held in 2021, and will aim to meet the legal requirements and guidelines in this report included in item 'Duties and Responsibilities', with no restriction on future Extraordinary meetings, should they be deemed necessary by the committee.

Conclusions and Recommendations

The company's Audit Committee members carried out their duties and responsibilities of analyzing financial statements for business activities closed on December 31, 2020 (Annual Financial Statements 2020), overseen by independent auditors, ad referendum to the company's Board of Directors.

Based on the information provided by the company's administration and independent auditors, the committee has concluded that the information and documents presented as regards financial statements, including the proposal for Net Income, Capital Budget well as the Board of Directors' Annual Report for business activities closed on December 31, 2020, adequately reflect, in all relative aspects, the company's equity and financial position, d referendum to the company's Board of Directors.

Belo Horizonte/MG, March 2, 2021.

Antonio Kandir
Committee Member

Leonardo Guimarães Corrêa
Committee Member

Pierre Carvalho Magalhães
Committee Member

[SIGNATURE PAGE - AUDIT COMMITTEE ANNUAL REPORT – BUSINESS ACTIVITIES 2020 – MRV ENGENHARIA E PARTICIPAÇÕES S.A.]