
BR Malls Participações S.A.

***Interim Financial Information - ITR on June 30,
2021 and report on the review of
quarterly financial report.***



BR Malls Participações S.A.

Quarterly Information – ITR

As of June 30, 2021,

Contents

Independent auditor's report on the financial statements.....	3
Reviewed quarterly financial information- Parent Company and Consolidated	
Statements of financial position.....	5
Statements of income (parenty company).....	7
Statements of income (consolidated).....	8
Statements of comprehensive income).....	9
Statements of changes in equity (parenty company).....	10
Statement of changes in equity (consolidated).....	11
Statement of cash flows.....	12
Statement of value added.....	13
Notes to the quarterly financial information.....	14



Report on review of quarterly information

To Management and Stockholders
BR Malls Participações S.A.

Introduction

We have reviewed the parent company and consolidated interim accounting information of BR Malls Participações S.A. ("Company"), included in the Quarterly Information Form - ITR for the quarter ended June 30, 2021, comprising the balance sheet on June 30, 2021 and the respective statements of income and comprehensive income, statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

The management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the Accounting Pronouncements Committee standard CPC 21 - Interim Financial Reporting and International Accounting Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Information - ITR. We are responsible for issuing a conclusion on this interim financial information based on our review.

Scope of the review

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

Conclusion on the Interim Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material aspects, in accordance with CPC 21 and IAS 34, applicable to the preparation of the Quarterly Information – ITR, and presented in accordance with the standards issued by the CVM.

Other matters

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Statements of value added

The quarterly financial report referred to above includes the individual and consolidated Statement of Added Value (DVA) for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's management and presented as additional information under IAS 34. These statements were subject to review procedures performed together with the review of the Company's interim financial information. In order to draw our conclusion, we verified if these statements are reconciled with the interim financial information and accounting records, as applicable, and if their format and content are in compliance with the criteria provided for in the Technical Pronouncement CPC 09 – "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, according to the criteria established by said Technical Pronouncement in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, August 13, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Patricio Marques Roche
Accountant CRC 1RJ081115/O-4

BR Malls Participações S.A.

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Balance sheets
June 30, 2021, and December 31, 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current assets				
Cash and cash equivalents (Note 4.1)	4,434	3,420	17,838	28,280
Marketable securities (Note 4.1)	1,448,537	1,165,374	1,790,139	1,417,531
Accounts receivable (Note 3.4)	131,244	128,417	304,797	327,308
Taxes recoverable (Note 3.6)	8,787	10,372	25,410	27,802
Advances	9,226	11,733	27,460	24,224
Advanced expenses	5,496	5,236	11,532	9,740
Other receivables (Note 3.4)	19,406	8,792	48,932	15,851
	1,627,130	1,333,344	2,226,108	1,850,736
Non-current assets				
Accounts receivable (Note 3.4)	45,538	36,393	128,450	100,599
Guarantees and deposits (Note 5.2)	35,595	35,198	71,773	70,176
Taxes recoverable (Note 3.6)	17,846	16,710	39,806	38,815
Advances for future capital increase (Note 5.1)	74,173	19,345	300	3,742
Receivables from subsidiaries and affiliates (Note 5.1)	32,031	26,957	44,247	45,078
Other receivables (Note 3.4)	6,934	-	59,741	49,332
	212,117	134,603	344,317	307,742
Investments (Note 3.3)	6,846,403	6,903,710	347,796	355,078
Investment properties (Note 3.1)	6,282,281	6,343,597	16,262,125	16,448,547
Fixed assets	19,901	19,275	27,970	25,888
Intangible assets (Note 3.2)	202,085	176,744	207,876	177,077
	13,350,670	13,443,326	16,845,767	17,006,590
	13,562,787	13,577,929	17,190,084	17,314,332
Total assets	15,189,917	14,911,273	19,416,192	19,165,068

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of financial position on
June 30, 2021, and December 31, 2020
(In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current liabilities				
Accounts payable	59,643	56,382	56,593	48,267
Loans and financing (Note 4.2)	569,438	203,599	695,038	284,144
Taxes and contributions collectable (Note 3.6)	6,839	5,742	24,413	23,190
Salaries and social security charges	23,810	28,922	26,491	31,396
Taxes and contributions in installments (Note 3.6)	2,158	2,158	6,986	6,693
Provisions for judicial and administrative proceedings and legal fees (Note 5.2)	6,795	5,784	22,640	22,012
Accounts payable for the acquisition of shopping malls (Note 3.5)	2,178	3,786	2,178	3,786
Deferred revenue	4,636	4,975	13,716	14,139
Other accounts payable	18,461	18,984	30,366	28,069
	693,958	330,332	878,421	461,696
Non-current liabilities				
Loans and financing (Note 4.2)	2,679,938	2,690,406	3,533,112	3,603,376
Provisions for judicial and administrative proceedings and legal fees (Note 5.2)	10,931	10,877	32,667	30,510
Taxes and contributions collectable (Note 3.6)	18,876	18,638	33,658	33,216
Taxes and contributions in installments (Note 3.6)	1,769	1,769	3,325	3,621
Deferred taxes (Note 5.4)	1,061,821	1,087,241	3,353,934	3,398,631
Accounts payable for the acquisition of shopping malls (Note 3.5)	-	-	384,317	336,327
Deferred revenue	13,364	13,621	33,937	34,880
Intercompany loans (Note 5.1)	17,399	12,757	697	11,848
Other accounts payable	-	-	2,353	5,346
	3,804,098	3,835,309	7,378,000	7,457,755
Total liabilities	4,498,056	4,165,641	8,256,421	7,919,451
Equity (Note 4.3)				
Share capital	10,406,862	10,406,862	10,406,862	10,406,862
Share issue costs	(86,099)	(86,099)	(86,099)	(86,099)
Treasury shares	(301,297)	(301,297)	(301,297)	(301,297)
Capital reserve	(123,887)	(126,576)	(123,887)	(126,576)
Profit reserves	852,742	852,742	852,742	852,742
Accumulated losses	(56,460)	-	(56,460)	-
	10,691,861	10,745,632	10,691,861	10,745,632
Non-controlling interests	-	-	467,910	499,985
	10,691,861	10,745,632	11,159,771	11,245,617
Total liabilities and shareholders' equity	15,189,917	14,911,273	19,416,192	19,165,068

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of income

Three- and six-month periods ended June 30, 2021 and 2020

(In thousands of Reais, except when indicated otherwise)

	Parent Company			
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	1/01/2020 to 6/30/2020
Net revenue from leases and services (Note 2.1)	81,889	58,398	157,589	144,131
Costs of leases and services (Note 2.2)	(6,196)	(9,183)	(13,527)	(17,769)
Gross profit from leases and services	75,693	49,215	144,062	126,362
Operating revenues (expenses)				
Selling expenses (Note 2.4)	(17,161)	(27,209)	(28,505)	(34,406)
Administrative expenses (Note 2.5)	(49,521)	(24,744)	(83,272)	(51,869)
Change in fair value of investment properties (Note 3.1)	(84,618)	(382,135)	(84,618)	(382,135)
Other operating revenues (expenses)	121	(10,610)	7,364	(11,734)
Profit / (loss) before equity pickup, financial results and taxes	(75,486)	(395,483)	(44,969)	(353,782)
Equity pickup (Note 3.3)	(41,486)	(315,450)	12,827	(208,875)
Financial income (Note 2.6)				
Financial revenue	16,191	6,371	24,290	12,798
Financial expenses	(42,948)	(29,788)	(74,093)	(53,050)
Loss before taxes	(26,757)	(23,417)	(49,803)	(40,252)
Income tax and social contribution (Note 2.7)				
Current	-	-	-	-
Deferred	30,732	114,656	25,485	101,757
Loss for the period	(112,997)	(619,694)	(56,460)	(501,152)
Net profit/(loss) per share attributable to Company's shareholders during the period (in R\$ per share)				
Basic earnings/(loss) per share (Note 2.8 (a))			(0.06692)	(0.59403)
Diluted earnings/(loss) per share (Note 2.8 (b))			(0.06682)	(0.59403)

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of income -- Continued

Three- and six-month periods ended June 30, 2020 and 2019

(In thousands of Reais)

	Consolidated			
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	1/01/2020 to 6/30/2020
Net revenue from leases and services (Note 2.1)	250,829	178,729	481,517	462,491
Costs of leases and services (Note 2.2)	(22,018)	(35,196)	(48,630)	(67,348)
Gross profit from leases and services	228,811	143,533	432,887	395,143
Operating revenues (expenses)				
Selling expenses (Note 2.4)	(46,457)	(65,756)	(67,704)	(74,366)
Administrative expenses (Note 2.5)	(51,061)	(25,555)	(85,662)	(53,223)
Change in fair value of investment properties (Note 3.1)	(230,907)	(870,050)	(230,907)	(820,504)
Other operating revenues (expenses)	249	(14,250)	15,752	(24,878)
Profit / (Loss) before equity pickup, financial results and taxes	(99,365)	(832,078)	64,366	(577,828)
Equity pickup (Note 3.3)	(11,590)	(22,271)	(15,770)	(39,608)
Financial income (Note 2.6)				
Financial revenue	21,680	10,785	34,212	23,333
Financial expenses	(86,822)	(51,646)	(167,473)	(105,487)
Loss before taxes	(65,142)	(40,861)	(133,261)	(82,154)
Income tax and social contribution (Note 2.7)				
Current	(9,528)	(2,438)	(23,958)	(20,814)
Deferred	58,125	250,648	44,789	202,767
Loss for the period	48,597	248,210	20,831	181,953
Loss for the period	(127,500)	(647,000)	(63,834)	(517,637)
Attributable to				
Company's shareholders	(112,997)	(619,694)	(56,460)	(501,152)
Interest of non-controlling shareholders	(14,503)	(27,306)	(7,374)	(16,485)
Loss for the period	(127,500)	(647,000)	(63,834)	(517,637)

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of comprehensive income
Six-month period ended June 30, 2021 and 2020
(In thousands of Reais)

	Parent Company			
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	1/01/2020 to 6/30/2020
Loss for the period	(112,997)	(619,694)	(56,460)	(501,152)
Total comprehensive income for the period	(112,997)	(619,694)	(56,460)	(501,152)
Attributable to the Company's shareholders	(112,997)	(619,694)	(56,460)	(501,152)

	Consolidated			
	04/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	1/01/2020 to 6/30/2020
Loss for the period	(127,500)	(647,000)	(63,834)	(517,637)
Total comprehensive income for the period	(127,500)	(647,000)	(63,834)	(517,637)
Attributable to the Company's shareholders	(112,997)	(619,694)	(56,460)	(501,152)
Non-controlling interests	(14,503)	(27,306)	(7,374)	(16,485)
	(127,500)	(647,000)	(63,834)	(517,637)

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statements of changes in equity (Parent Company)
Six-month period ended June 30, 2021 and 2020
(In thousands of Reais)

	Share capital	Share issue costs	Treasury shares	Capital reserve	Profit reserves		Accumulated profit / (loss)	Total
					Legal reserve	Retained profit		
Balances on December 31, 2019	10,404,891	(86,099)	(303,256)	(121,314)	102,412	1,044,209	-	11,040,843
Capital increase and payment (Note 4.3)	1,971	-	-	-	-	-	-	1,971
Restricted options and shares granted (Note 5.3)	-	-	1,959	(5,429)	-	-	-	(3,470)
Net income for the period	-	-	-	-	-	-	(501,152)	(501,152)
Balances on June 30, 2020	10,406,862	(86,099)	(301,297)	(126,743)	102,412	1,044,209	(501,152)	10,538,192
Balances on December 31, 2020	10,406,862	(86,099)	(301,297)	(126,576)	102,412	750,330	-	10,745,632
Restricted shares (Note 5.3)	-	-	-	2,689	-	-	-	2,689
Loss for the period	-	-	-	-	-	-	(56,460)	(56,460)
Balances as of June 30, 2021	10,406,862	(86,099)	(301,297)	(123,887)	102,412	750,330	(56,460)	10,691,861

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of changes in equity (Consolidated)
Six-month period ended June 30, 2021 and 2020
(In thousands of Reais)

	Share capital	Share issue costs	Treasury shares	Capital reserve	Profit reserves		Accumulated profit / (loss)	Total	Non-controlling interest	Total shareholders' equity
					Legal reserve	Retained profit				
Balances on December 31, 2019	10,404,891	(86,099)	(303,256)	(121,314)	102,412	1,044,209	-	11,040,843	545,499	11,586,342
Capital increase and payment (Note 4.3)	1,971	-	-	-	-	-	-	1,971	-	1,971
Restricted options and shares granted (Note 5.3)	-	-	1,959	(5,429)	-	-	-	(3,470)	-	(3,470)
Net income for the period	-	-	-	-	-	-	(501,152)	(501,152)	(16,485)	(517,637)
Transactions of non-controlling shareholders	-	-	-	-	-	-	-	-	(8,717)	(8,717)
Balances on June 30, 2020	10,406,862	(86,099)	(301,297)	(126,743)	102,412	1,044,209	(501,152)	10,538,192	520,297	11,058,489
Balances on December 31, 2020	10,406,862	(86,099)	(301,297)	(126,576)	102,412	750,330	-	10,745,632	499,985	11,245,617
Restricted shares (Note 5.3)	-	-	-	2,689	-	-	-	2,689	-	2,689
Net loss for the period	-	-	-	-	-	-	(56,460)	(56,460)	(7,374)	(63,834)
Transactions of non-controlling shareholders	-	-	-	-	-	-	-	-	(24,701)	(24,701)
Balances as of June 30, 2021	10,406,862	(86,099)	(301,297)	(123,887)	102,412	750,330	(56,460)	10,691,861	467,910	11,159,771

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of cash flows Six-month period ended June 30, 2021 and 2020 (In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flow from operating activities				
Net income for the period	(56,460)	(501,152)	(63,834)	(517,637)
Adjustments				
Depreciation and amortization (Note 2.5)	20,572	15,639	20,722	15,639
Restatement of loans and financing (Note 4.2)	61,174	47,648	101,363	80,643
Restatement of payable obligations due to acquisition of shopping malls (Note 3.5)	-	-	47,990	15,955
Earnings (loss) with securities (Note 2.6)	(20,247)	(10,616)	(24,443)	(16,920)
Revenue linearization adjustment and present value adjustment	(4,568)	(44,927)	(17,532)	(127,811)
Adjustment to the restricted shares plan (Note 5.3)	3,176	(1,829)	3,176	(1,829)
Provisions and social charges on restricted shares	183	(2,779)	183	(2,779)
Provisions for judicial and administrative proceedings and legal obligations (Note 5.2)	1,064	935	3,658	2,870
Fair value / recoverable value adjustment of investment properties (Note 3.1)	84,618	382,135	230,907	820,504
Deferred income tax and social contribution (Note 2.7)	(25,485)	(101,757)	(44,789)	(202,767)
Write-off of investment properties	-	3,200	-	6,604
Equity pickup (Note 3.3)	(12,827)	208,875	15,770	39,608
Expected losses on doubtful receivables (Note 3.4)	(41,944)	27,074	(113,216)	72,118
Other operating results	(7,465)	-	(19,965)	-
Adjusted net income	1,791	22,446	139,990	184,198
Changes in working capital				
Changes in operating assets and liabilities				
Accounts receivable	33,944	2,120	124,042	4,709
Taxes recoverable	449	8,970	1,401	12,447
Advances	2,507	1,166	(3,236)	(137)
Advanced expenses	(260)	1,911	(1,792)	110
Deposits and guarantees	(397)	(583)	(1,597)	(1,301)
Suppliers	3,261	27,559	8,326	41,917
Taxes and contributions payable	1,440	3,251	18,943	10,141
Salaries and social security charges	(5,782)	(39,097)	(5,575)	(41,080)
Payment of judicial and administrative proceedings and legal obligations (Note 5.2)	-	-	(873)	(114)
Income tax and social contribution paid	(40)	(600)	(17,189)	(11,646)
Other	(10,605)	(740)	(24,221)	(5,228)
Cash flow generated by operations	26,308	26,403	238,219	194,016
Cash flow from investing activities				
Purchase of marketable securities	(262,916)	(527,758)	(348,165)	(419,039)
Acquisition of property, plant and equipment and intangible assets	(46,539)	(39,206)	(53,603)	(41,273)
Acquisition and construction of investment properties (Note 3.1)	(24,910)	(41,979)	(46,093)	(334,562)
Future capital contribution in subsidiary / shares	(67,376)	(309,500)	(9,225)	(21,996)
Transactions with related parties	(432)	(25,343)	(10,320)	5,487
Dividends received (Note 3.3)	82,682	259,238	4,179	3,762
Cash provided by / (used in) investing activities	(319,491)	(684,548)	(463,227)	(807,621)
Cash flow from financing activities				
Loans raised (Note 4.2)	400,000	1,003,450	400,000	1,003,450
Payment of interest on loans (Note 4.2)	(44,347)	(21,005)	(65,427)	(47,014)
Loans amortization (Note 4.2)	(61,456)	(326,633)	(95,306)	(354,836)
Capital increase	-	1,971	-	1,971
Dividends paid to non-controlling shareholders	-	-	(24,701)	(8,717)
Cash flow generated by (used in) financing activities	294,197	657,783	214,566	594,854
Cash flow	1,014	(362)	(10,442)	(18,751)
Cash and cash equivalents at the beginning of the period	3,420	1,015	28,280	30,026
Cash and cash equivalents at the end of the period	4,434	653	17,838	11,275
Changes in cash and cash equivalents	1,014	(362)	(10,442)	(18,751)

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Statement of value added Six-month period ended June 30, 2021 and 2020 (In thousands of Reais)

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income	185,116	165,616	523,744	756,575
Revenue from leases and services	173,615	154,603	520,995	492,150
Expected losses on doubtful receivables (constitution/reversal)	(19,165)	(19,233)	(57,488)	(45,196)
Other operating income (expenses), net	7,364	(11,733)	15,752	(24,879)
Revenues from construction of own assets	23,302	41,979	44,485	334,500
Inputs acquired from third parties	(51,433)	(81,361)	(104,219)	(418,208)
Inputs and third-party services for construction of own assets	(19,943)	(39,935)	(41,126)	(323,901)
Costs of services	(12,363)	(16,354)	(41,647)	(58,688)
Materials, energy, third-party services, and other expenses	(19,127)	(25,072)	(21,446)	(35,619)
Gross added value	133,683	84,255	419,525	338,367
Deductions	(20,572)	(15,639)	(20,722)	(15,639)
Depreciation and amortization	(20,572)	(15,639)	(20,722)	(15,639)
Net value added produced by the Company	113,111	68,616	398,803	322,728
Added value received in transfer	(47,501)	(578,212)	(212,465)	(836,779)
Equity income	12,827	(208,875)	(15,770)	(39,608)
Financial revenue	24,290	12,798	34,212	23,333
Adjustment on fair Value / recoverable amount of investment properties	(84,618)	(382,135)	(230,907)	(820,504)
Added value to be allocated	65,610	(509,596)	186,338	(514,051)
Distribution of value added	65,610	(509,596)	186,338	(514,051)
Personnel charges	57,436	29,656	64,053	45,056
Salaries and social charges	47,665	29,825	54,282	45,225
Pro-Labore	3,199	2,909	3,199	2,909
Direct compensation	28,622	15,917	29,237	20,721
Benefits	3,894	3,358	3,956	3,358
Social security contributions (INSS)	8,065	5,606	8,155	5,606
FGTS	2,459	1,440	2,490	1,440
Termination	262	50	262	50
Personnel - shopping malls	1,164	3,324	6,983	13,920
Provisions and social charges on restricted shares	183	(2,779)	183	(2,779)
Profit sharing	4,604	-	4,604	-
Sales commissions	1,808	1,660	1,808	1,660
Restricted shares	3,176	(1,829)	3,176	(1,829)
Taxes, charges and contributions	(9,458)	(91,150)	18,646	(146,957)
Federal	(9,888)	(91,522)	13,219	(157,565)
Local	430	371	5,427	10,608
Financial expenses	74,093	53,050	167,473	105,487
Profit non-controlling shareholders interest	-	-	7,374	(16,485)
Net loss in the period	(56,460)	(501,152)	(56,460)	(501,152)

The Notes are part of this quarterly financial report.

BR Malls Participações S.A.

Notes to the quarterly financial information

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

Introduction

The notes to the financial statements are divided into five main sections, as follows:

Section 1 - Information on the Group and its policies

1.1 - Information on the Company and its investments.....	15
1.2 - Summary of significant accounting polices.....	17
1.3.Critical accounting estimates and judgments.....	17
1.4 - Financial Instruments.....	18
1.5 - Financial risk management.....	20

Section 2 - Results for the period, distribution of profit and taxes

2.1 - Net revenue from leases and services.....	29
2.2 - Lease and services costs.....	29
2.3 - Segment reporting - results.....	30
2.4 - Selling expenses.....	34
2.5 - Administrative expenses.....	34
2.6 - Financial result.....	35
2.7 - Reconciliation of taxes.....	36
2.8 - Earnings per Share.....	37

Section 3 - Invested capital and working capital

3.1 - Investment Property.....	38
3.2 - Intangible.....	41
3.3 - Investments.....	43
3.4 - Accounts receivable and other receivables.....	47
3.5 - Accounts payable for the acquisition of shopping malls.....	51
3.6 - Taxes Recoverable and payable.....	52

Section 4 - Financial and positions

4.1 - Cash and cash equivalents and marketable securities.....	54
4.2 - Loans and financing.....	56
4.3 - Shareholders' Equity.....	58

Section 5 - Other disclosures

5.1 - Related parties.....	60
5.2 - Provisions for judicial and administrative proceedings, and other legal obligations.....	62
5.3 - Share-based compensation plans.....	66
5.4 - Deferred taxes.....	68
5.5 - Insurance.....	69
5.6 - Non-cash transactions.....	70

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 1: Information on the Group and its policies

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.1. Information on the Company and its investments

BR Malls Participações S.A. and its subsidiaries and jointly-controlled subsidiaries (collectively referred to as “Company”, “BR Malls”, or “Group”), which are integral components of this quarterly financial report, are primarily engaged in: (i) holding interest in and managing shopping malls; (ii) holding interest in other companies of the real estate sector as a shareholder or member; (iii) promoting and managing their own real estate enterprises of any kind, or for third parties; (iv) holding interest in and managing parking lot operations and (v) holding through investment funds innovation and technology to provide services of commercialization of goods and services for shopping malls and retail companies through digital solutions.

The Company’s operating results are subject to seasonal trends affecting the shopping mall industry. Shopping mall sales generally increase in periods such as in the weeks before Mother’s Day (May), Valentine’s Day (which in Brazil is in June), Father’s Day (which in Brazil is in August), Children’s Day (which in Brazil is in October) and Christmas (December). In addition, most of the lessees in the Company’s shopping malls pays double rent in December under their respective lease agreements.

The Company is a corporation with headquarters in the city of Rio de Janeiro and has shares traded on B3 (BRML3). In addition, the Company adheres to the corporate governance level of B3’s Novo Mercado. BR Malls is part of the portfolio of Bovespa Index (IBOVESPA) and Brazil 50 Index (IBRX 50).

The Management authorized issuing this individual and consolidated quarterly information on August 12, 2021.

a) Funding, renegotiation, and settlement of financial instruments

On March 25, 2021, the Company approved the 9th issue of Perpetual Debentures with Banco Itaú S.A., in the total amount of R\$400,000, with undefined maturity date. The remuneration rate, which is phased out over the years, starts at CDI + 2.30% p.a. in the first six months, reaching CDI + 3.10% p.a. until month 23 and, after 24 months, it will increase by 1.00% every six months, with a cap rate of CDI + 12.00% p.a. Interest will be paid in semi-annual installments and the Debentures can be settled after September 25, 2021.

On June 22, 2021, the Company prepaid the outstanding Debenture V – 3rd series debt, in the amount of R\$50,090. The issue was made in July 2016, in the amount of R\$50,000, and its original maturity was scheduled for May 15, 2021.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 1: Information on the Group and its policies

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.1. Information on the Company and its investments--continued

b) Assessment of the impacts of the COVID-19 pandemic on business and quarterly information

As mentioned in Note 1.1 of the financial statements for the fiscal year ended December 31, 2020, since the COVID-19 pandemic was declared, the Company's business has been impacted due to restrictions imposed by local authorities. During the six-month period ended June 30, 2021, the Company suffered from such restrictions once again, especially in March and April, in which working hours corresponded to 52.8% of the hours in 2019 for this last month. In the six-month period, the Company's average operations corresponded to 75.40% of its normal operation in the six-month period ended June 30, 2021 (13.50% in the six-month period ended June 30, 2020).

However, unlike the scenario observed in early 2020, the closures of malls occurred during a shorter period, meaning that in May and June, the Company's malls were already operating at 85.8% and 87.5%% of their capacity, respectively, in comparison with 2019. As in 2020, resumption began and the Company followed all health and safety protocols and guidelines issued by government authorities.

The Company continues to diligently monitor any and all additional information on the matter, and to assess the impact on the market in general and its operations, and the need to disclose any new facts or make relevant changes in the assumptions used to calculate the Company's critical estimates and judgments, aiming at keeping shareholders and the market informed of any changes that have material effects.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.2. Summary of significant accounting policies

The individual and consolidated quarterly financial report has been prepared and is presented in accordance with CPC Technical Pronouncement 21 - Interim Financial Reporting. The consolidated quarterly financial report has been prepared and is presented in accordance with CPC 21 Interim Financial Information and the International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). This information is also presented consistent with the rules issued by the Brazilian Securities and Exchange Commission; preparation of the Quarterly Information – ITR, evidence and all material information related to the interim financial information, and this information alone, is also consistent with that used by the Company's Management in its administration.

This interim financial information should be read together with the financial statements for the period ended December 31, 2020, given that its purpose is to provide an update of the significant activities, events and circumstances related to said financial statements.

The accounting policies and standards have not been changed during the three-month period six-month period ended June 30, 2021 and, therefore, remain consistent with the Company's financial statements for the fiscal period ended December 31, 2020.

1.3. Critical accounting estimates and judgments

Critical accounting estimates are those which (a) are important to demonstrate the financial condition or results and (b) require more difficult, subjective or complex judgment by management, frequently as a result of the need to make estimates which have an impact on inherently uncertain questions. As the number of variables and premises affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. The following estimates were considered to be the most complex at the time this quarterly financial report was prepared. A more detailed description of each estimate is presented in their respective Notes.

Critical accounting estimates and judgments	Note
Fair value of financial instruments	1.4
Fair value of investment properties	3.1
Recoverable value of intangible assets	3.2
Expected losses on doubtful receivables	3.4
Provisions for judicial and administrative proceedings, and other legal obligations	5.2
Deferred taxes	5.4

In preparing the quarterly financial report, the Company adopted estimates and assumptions derived from past experience and historical series and various other factors which it understands to be reasonable and relevant under certain conditions.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.4. Financial instruments

Financial instruments - net

Financial assets and liabilities are stated net in the statement of financial position if, and only if, there is a current enforceable legal right to offset the amounts recognized and if there is the intention to offset or realize the asset and settle the liability simultaneously.

Critical accounting estimates and judgment

a) Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market at close of business at the statement of financial position date, without deduction of transaction costs.

The fair value of financial instruments for which there is no active market is determined by using valuation techniques. These techniques may include the use of recent market transactions (on an arm's length basis), reference to the current fair value of another similar instrument, analysis of discounted cash flows or other valuation models.

The changes in fair value of any of these financial instruments are immediately recognized in the income statement under "Financial income (expenses), net".

b) Financial and equity instruments by category and hierarchical levels

Both interpreting market data and selecting valuation techniques require considerable judgment and reasonable estimates to calculate the most appropriate realizable value. Accordingly, the estimates presented do not necessarily reflect the current market values. The use of different market hypotheses and/or estimate methodologies may have a significant effect on estimated realizable values.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.4. Financial instruments--Continuation

There are three levels for classification of fair value referring to financial instruments, the hierarchy providing priority for unadjusted prices quoted in active market referring to the financial asset or liability. The Company's classification of hierarchical levels is as follows:

- Level 1: There are no financial instruments classified as level 1;
- Level 2: Marketable securities; and
- Level 3: Properties for investment.

The accounting policies and standards have not been changed during the six-month period ended June 30, 2021 and, therefore, remain consistent with those described in Note 1.4 of the Company's financial statements for the fiscal period ended December 31, 2020.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 1: Information on the Group and its policies

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management

The Company has a risk management policy used to monitor and manage cash, cash equivalents, marketable securities, debt and other financial instruments, providing analysis and guidance for approval by Management. In accordance with an internal policy, the Company's financial result should be driven by the generation of operating cash and not gains in the financial market.

Management considers that the results obtained by the application of internal controls for risk management were satisfactory for the proposed purposes.

Financial risk factors

a) Credit risk

The Company's operations include the management of shopping malls (ventures), lease of stores, operation of parking lots and the rendering of services related to the commercialization and administration of own and third-party enterprises.

The Company is subject to credit risk related to accounts receivable from clients (storekeepers), other accounts receivable and securities. The Company's financial policy limits its associated risk with these financial instruments.

Concentration of credit risk in accounts receivable is minimized due to the large number of customers, as the Company does not have any individual client (tenant) or company of the same group which represents more than 5% of its consolidated revenue.

b) Price risk

Revenues depend directly on the Company's capacity to lease space available in the ventures in which the Company has invested. Adverse conditions may reduce the number of leases, as well as the possibility to increase lease prices. The following factors, among others, can affect revenue generation:

- Periods of recession and, therefore, increase in vacancy levels in the ventures and decrease in lease prices.
- Negative perception of storekeepers with respect to security, convenience, and attractiveness of areas where the shopping malls are located.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

Management constantly controls and assesses these risks to minimize the impacts on its business. The lease agreements are governed by the applicable Lease Law. Accordingly, it should be stressed that the selectivity and diversified customer portfolio, as well as monitoring of balances, are procedures that the Company undertakes in order to minimize losses resulting from default.

c) Liquidity risk

Cash flow is individually projected for each company of the Group.

The Company monitors the continuous forecasts for liquidity requirements of the Group's companies to ensure that they have sufficient cash to meet their operating needs.

The table below shows the main financial instruments - liabilities by maturity, fully represented financial liabilities (undiscounted cash flows to maturity), which considers the forecast of interest and charges to be incurred up to the settlement date of the contract.

	On June 30, 2021 (Consolidated)					Total
	2021	2022	2023	2024	More than 5 years	
Loans and financing	425,628	984,496	782,228	930,186	3,460,290	6,582,828
Accounts payable	56,593	-	-	-	-	56,593
Taxes and contributions in installments	6,865	385	808	1,269	1,774	11,101
Obligations payable for the acquisition of shopping malls	2,178	-	-	438,487	-	440,665
	491,264	984,881	783,036	1,369,942	3,462,064	7,091,187

Investment policy

The Company has an investment policy with the objective of establishing guidelines for cash management and minimizing risks.

According to this policy, the Company makes conservative investments, authorizing the investment in Bank Deposit Certificate (CDB), Term Deposit with Special Guarantee (DPGE), financial bills, repurchase agreements, government bonds, national investment funds, fixed income funds and fixed income securities. The allocation rule is based on three independent risks (counterparty risk, liquidity risk and risk of investment in funds). The company's cash management is aimed at ensuring compliance with the risks described below.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

a) Counterparty risk

According to the Company's policy, the investments are allocated to financial institutions with a recognized national rating established by the main risk rating agencies. In addition, the total funds invested may not exceed a certain concentration limit, according to an internal classification based on the risk exposure to financial institutions.

- The Company's cash is allocated in three exclusive funds (South, East and West), which have diversified investment portfolios. Such investments in a single private counterparty concentrates the maximum amount of resources. The classification matrix is as follows:

<u>Classification</u>	<u>Amount</u>
1	Maximum of 30%
2	Maximum of 20%
3	Maximum of 7.5%

- The minimum rating required for counterparties on a national scale is Aa (or A2), or BBB+ (or Baa1) on the global scale issued by the following rating agencies: Fitch, Moody's and S&P.

b) Liquidity risk

The sum of investments must comply with the limits established in the table below, except for the purpose of guaranteeing existing debts, in order to obey liquidity risks to meet the Company's obligations.

<u>Term</u>	<u>Amount</u>
Daily liquidity	Maximum of 50% of cash balance
Grace period of up to 2 years	Maximum of 35% of cash balance
Grace period above 2 years	Maximum of 15% of cash balance

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

c) Risk of fund investments

Financial investment in investment funds brings together funds from a group of investors (shareholders). In order to invest in funds, the Company must comply with all the obligations mentioned below:

- Allocation in fixed income funds; and
- Investment funds must be previously approved by the Executive Board.

As of June 30, 2021, the investment funds approved were:

- South Renda Fixa Crédito Privado – Itaú
- Special Renda Fixa Referenciado Di – Itaú
- Itaú High Grade Renda Fixa Crédito Privado – Itaú
- Bradesco Renda Fixa Crédito Privado East – Bradesco
- Bram Renda Fixa Referenciado Di Coral – Bradesco
- West Renda Fixa Crédito Privado – XP
- BNY Mellon ARX FI Renda Fixa Referenciado Di LP - XP
- Santander Cash Blue FI RF Referenciado DI – XP

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

Capital management

One of the main ratios for monitoring the capital structure is the financial leverage ratio. This index corresponds to the net debt divided by the total capital. Net debt, in its turn, corresponds to total loans and obligations payable for the acquisition of shopping malls (including current and non-current assets, as shown in the consolidated balance sheet), less the amount of cash and cash equivalents and marketable securities.

Total capital is calculated through the sum of equity, as stated in the consolidated statement of financial position, with net debt.

	Consolidated	
	06/30/2021	12/31/2020
Total loans and financing (Note 4.2)	4,228,150	3,887,520
Total accounts payable for the acquisition of shopping malls (Note 3.5)	386,495	340,113
Less: cash and cash equivalents (Note 4.1)	(17,838)	(28,280)
Less: marketable securities – current (Note 4.1)	(1,790,139)	(1,417,531)
Net debt (a)	2,806,668	2,781,822
Total shareholders' equity	11,159,771	11,245,617
Total capital (a) + (b)	13,966,439	14,027,439
Net debt-to-equity ratio - %	20.10%	19.83%

Capital management is carried out at the consolidated level only.

a) Sensitivity analysis

The Company and its subsidiaries have short-term investments, loans and financing tied to the following indexes that were extracted based on the Market Curves of B3 S.A.: RR, IPCA or CDI, and obligations payable for the acquisition of shopping malls.

In preparing the sensitivity analysis, the following assumptions were adopted:

- Definition of a probable risk behavior scenario referenced by an independent external source (Probable Scenario).
- Definition of two additional scenarios with deterioration of 25% and 50% in the risk variable considered (Possible Scenario and Remote Scenario, respectively).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

a) Sensitivity analysis - Continued

The Company makes ongoing assessments on the exposure of financial instruments to interest rates in order to identify possible market opportunities, mitigate risks and optimize financial costs. Valuations are carried out internally based on the monitoring of securities issues by companies with similar ratings and analyzes against the main financial institutions and market agents.

On June 30, 2021, the sensitivity analysis referring to the major financial assets and liabilities exposed to variations in interest rates and inflation indexes and the related impacts on the result for the period are shown for a 360-day period.

The tables below show the Management's sensitivity analysis and the cash effects of the operations on June 30, 2021, as well as the values of the indexers used in the projections (consolidated).

Loans and Financing	Probable Market (%) ⁽ⁱ⁾	Possible Market (%)	Remote Market (%)
CDI	8,20	9,80%	11,51%
IPCA	13,08%	14,67%	16,26%
TR	5,91%	6,18%	6,44%
IGP-DI	19,12%	23,90%	28,68%

(i) On June 30, 2021, the projected indexes were: : CDI 6,50%, IPCA 5,97%, TR 0% e IGP-DI 19,12%.

Transaction		Accounting balance on 06/30/2021	Probable Scenario (a)	Gain or Loss (b) - (a)	Possible Scenario 25% (b)	Gain or Loss (c) - (a)	Remote Scenario 50% (c)
Marketable securities (Note 4.1)	CDI	1,790,139	1,906,498	29,090	1,935,588	58,180	1,964,678
Loans and financing (Note 4.2)	CDI	(3,318,274)	(3,590,511)	(53,086)	(3,643,597)	(109,624)	(3,700,135)
Loans and financing (Note 4.2)	IPCA	(366,221)	(414,111)	(5,832)	(419,943)	(11,665)	(425,776)
Loans and financing (Note 4.2)	TR	(543,655)	(575,788)	(1,439)	(577,227)	(2,878)	(578,666)
Accounts Payable	IGP-DI	(384,317)	(419,790)	(6,560)	(426,350)	(13,407)	(433,197)
Total		(2,822,328)	(3,093,702)	(37,827)	(3,131,529)	(79,394)	(3,173,096)

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial Risk Management--Continued

The fair value of these loans and financing on June 30, 2021 is as follows:

June 30, 2021 (Consolidated)									
Company	Bank / Type	Financing Purpose	Accounting balance	Current	Non-current	Contracted Rate	Maturity	Market Rate (i)	Fair Value
BR Malls S.A.	Debenture VII - Single Series	Capitalization	604,839	5,615	599,224	CDI 107.5% p.a.	03/11/2025	CDI + 121.96% p.a.	581,643
BR Malls S.A.	Debenture VIII - Single Series (ii)	Capitalization	493,743	2,227	491,516	CDI + 2.30% p.a.	Perpetual	CDI + 2.30% p.a.	493,743
BR Malls S.A.	Debenture VI - Single Series	Capitalization and expansion of shopping malls	400,639	135,357	265,282	CDI + 97.5% p.a.	09/29/2023	CDI 143.5% p.a.	375,319
BR Malls S.A.	Debenture IX - Single Series (ii)	Capitalization	398,217	5,705	392,512	CDI + 2.30% p.a.	Perpetual	CDI + 2.30% p.a.	398,217
BR Malls S.A.	Debenture V - 1st Series	Capitalization and expansion of shopping malls	93,216	9,500	83,716	CDI + 1.75% p.a.	05/25/2031	CDI + 1.75% p.a.	93,216
BR Malls S.A.	CRI Itaú BBA (iii)	Capitalization	542,253	1,112	541,141	RR + 5.90% p.a.	03/19/2025	RR + 5.90% p.a.	542,253
BR Malls S.A.	CCB Bradesco	Capitalization	404,480	404,480	-	CDI + 3.10% p.a.	04/18/2022	CDI + 3.10% p.a.	404,480
BR Malls S.A.	CCB Itaú S.A.	Capitalization	310,587	4,040	306,547	CDI + 2.23% p.a.	10/31/2025	CDI + 2.23% p.a.	310,587
BR Malls S.A.	Bradesco Financing	Expansion of Shopping São Luís	1,402	1,402	-	RR + 9.90% p.a.	05/28/2022	RR + 9.90% p.a.	1,402
CIMA	CRI Bradesco	Capitalization	612,553	60,835	551,718	CDI + 113.55% p.a.	10/31/2026	CDI + 113.55% p.a.	612,553
Nattca S.A.	CRI Itaú S.A.	Capitalization	156,669	9,127	147,542	IPCA + 7.04% p.a.	03/07/2029	IPCA + 4.42% p.a.	189,412
Nattca S.A.	CRI Itaú S.A.	Capitalization	143,265	45,643	97,622	IPCA + 6.34% p.a.	03/07/2024	IPCA + 4.81% p.a.	148,926
Nattca S.A.	CRI Itaú S.A.	Capitalization	66,287	9,995	56,292	IPCA + 6.71% p.a.	03/06/2026	IPCA + 4.62% p.a.	72,732
			<u>4,228,150</u>	<u>695,038</u>	<u>3,533,112</u>				<u>4,224,483</u>

(i) Dividends traded at RR are bilateral and do not have a secondary market, thus the market rate is equal to the contracted rate;

(ii) The rate of Debenture VIII and Debenture IX may vary according to the term as described in Note 1.1;

(iii) Debt indexes may range from TR + 4.94% to TR + 9.00% according to the Selic rate change.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

The fair value of these loans and financing on December 31, 2020 is as follows:

December 31, 2020 (Consolidated)									
Company	Bank / Type	Financing Purpose	Accounting balance	Current	Non-current	Contracted Rate	Maturity	Market Rate (i)	Fair Value
BR Malls S.A.	Debenture VII - Single Series	Capitalization	602,561	3,411	599,150	CDI 107.5% p.a.	03/11/2025	CDI 131.96% p.a.	565,580
BR Malls S.A.	Debenture VIII - Single Series (ii)	Capitalization	493,192	1,486	491,706	CDI + 2.30% p.a.	Perpetual	CDI + 2.30% p.a.	493,192
BR Malls S.A.	Debenture VI - Single Series	Capitalization and expansion of shopping malls	398,887	134,118	264,769	CDI + 97.5% p.a.	09/29/2023	CDI 143.5% p.a.	377,478
BR Malls S.A.	Debenture V - 1st Series	Capitalization and expansion of shopping malls	94,250	5,683	88,567	CDI + 1.75% p.a.	05/25/2031	CDI + 1.75% p.a.	94,250
BR Malls S.A.	Debenture V - 3rd Series	Capitalization and expansion of shopping malls	49,906	49,906	-	CDI + 0.10% p.a.	05/15/2021	CDI + 0.6% p.a.	49,810
BR Malls S.A.	CRI Itaú BBA (iii)	Capitalization	540,329	1,042	539,287	RR + 4.94% p.a.	03/19/2025	RR + 4.94% p.a.	540,329
BR Malls S.A.	CCB Bradesco	Capitalization	403,050	3,305	399,745	CDI + 3.10% p.a.	04/18/2022	CDI + 3.10% p.a.	403,050
BR Malls S.A.	CCB Itaú S.A.	Capitalization	309,665	3,120	306,545	CDI + 2.23% p.a.	10/31/2025	CDI + 2.23% p.a.	309,665
BR Malls S.A.	Bradesco Financing	Expansion of Shopping São Luís	2,165	1,528	637	RR + 9.90% p.a.	05/28/2022	RR + 9.90% p.a.	2,165
CIMA	CRI Bradesco	Capitalization	611,340	23,441	587,899	CDI + 113.55% p.a.	10/31/2026	CDI + 113.55% p.a.	611,340
Nattca S.A.	CRI Itaú S.A.	Capitalization	158,937	40,523	118,414	IPCA + 6.34% p.a.	03/07/2024	IPCA + 2.2% p.a.	180,205
Nattca S.A.	CRI Itaú S.A.	Capitalization	154,810	7,810	147,000	IPCA + 7.04% p.a.	03/07/2029	IPCA + 5.45% p.a.	174,884
Nattca S.A.	CRI Itaú S.A.	Capitalization	68,428	8,771	59,657	IPCA + 6.71% p.a.	03/06/2026	IPCA + 3.49% p.a.	80,166
			<u>3,887,520</u>	<u>284,144</u>	<u>3,603,376</u>				<u>3,882,114</u>

(i) Dividends traded at RR are bilateral and do not have a secondary market, thus the market rate is equal to the contracted rate;

(ii) The rate of Debenture VIII may vary according to the term as described in Note 1.1;

(iii) Debt indexes may range from TR + 4.94% to TR + 9.00% according to the Selic rate change.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 1: Information on the Group and its policies
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

1.5. Financial risk management--Continued

Guarantees

The Company has pledged the following assets as collateral for its loans and financing:

Financial institution	Company	Financing	Type of Security
Banco Itaú	BR Malls S.A.	CRI Itaú BBA	Sale and assignment in trust of the shopping malls Campo Grande, Curitiba and 65% of Del Rey.
Banco Itaú	BR Malls S.A.	CCB Itaú	Statutory lien of 71% of Shopping Villagio Caxias.
Banco Bradesco	BR Malls S.A.	CCB Bradesco	Surplus of CRI Bradesco.
Banco Bradesco	BR Malls S.A.	Bradesco Financing	25.7% expansion of the São Luís Shopping Mall.
Market	BR Malls S.A.	Debenture V	Statutory lien of 16.06% do Shopping Villa Lobos, fiduciary assignment of 58.41% of Shopping Villa Lobos.
Market	BR Malls S.A.	Debenture VIII	Fiduciary lien of São Bernardo, 68% of Londrina and 67% of Maringá.
Market	BR Malls S.A.	Debenture IX	Statutory lien of 77.94% of Tamboré.
Market	Nattca S.A.	CRI Itaú S.A.	Fiduciary lien and assignment of shoppings Estação and Campinas.
Banco Bradesco	CIMA	CRI Bradesco	Fiduciary lien of Shopping Tijuca and the shares of Cima.

The "Debentures VI and VII – Single Series" were issued without guarantees.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 2: Results for the period, distribution of profit and taxes
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.1. Net revenue from leases and services

In view of the scenario introduced by the COVID-19 pandemic, as mentioned in Note 1.1b, the Company made contractual adjustments for a number of tenants, granting a reduction in their minimum rental amounts according to an individual assessment for each tenant. Based on CPC 06 - Leases, such contractual changes affect counterparties and, as such, they must receive linear recognition for the remaining contract period. In the six-month period ended June 30, 2021, the total effect of this reduction in minimum rent was R\$21,424 and R\$70,285 (R\$ 50,516 and R\$ 146,037 on June 30,2020), of which R\$17,405 and R\$56,138 (R\$ 38,559 and R\$ 111,746 on June 30,2020)represent the linearization effect for the parent company and consolidated figures, respectively, and is recognized in the Rents account of the table below.

The following table shows the breakdown of accounting net revenue:

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Rent	158,894	141,165	382,551	371,274
Fee of assignment of rights of use	2,722	3,448	8,258	9,188
Parking lot	10,069	8,288	75,415	63,455
Services rendering	-	-	49,819	44,555
Transfer fee	1,195	997	2,466	1,779
Other	735	705	2,486	1,899
Taxes and contributions	(16,026)	(10,472)	(39,478)	(29,659)
Net revenue from leases and services	157,589	144,131	481,517	462,491

2.2. Lease and services costs

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Personnel costs	(1,164)	(1,415)	(6,983)	(8,660)
Contracted services	(2,729)	(3,124)	(7,353)	(5,882)
Condominium fees	(6,841)	(12,043)	(17,578)	(39,263)
Cost of promotion fund	(1,250)	(845)	(2,833)	(2,476)
Financial costs	(133)	(209)	(397)	(538)
Tax costs	(119)	(181)	(243)	(394)
Commercial costs	(1,285)	(2,047)	(4,048)	(5,591)
Legal and judicial expenses	(761)	(290)	(1,720)	(980)
Material for common use	(445)	(125)	(1,566)	(1,049)
Concessions for exploring shopping malls (i)	-	-	(5,774)	(5,291)
Rent of properties	(864)	(734)	(3,958)	(1,574)
Other costs	(937)	(5)	(3,012)	(1,987)
PIS and COFINS credits	3,001	3,249	6,835	6,337
	(13,527)	(17,769)	(48,630)	(67,348)

(i) These refer to Metrô Santa Cruz and Estação BH shopping malls.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 2: Results for the period, distribution of profit and taxes

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.3. Segment reporting - results

Operating segment information is presented in consistency with the internal report provided to the Executive Board to assess operational performance and make strategic decisions for the Company.

The Company's Management uses segment information to make strategic decisions. The performance of each segment is extracted from the Company's accounting records and is segregated as follows:

	June 30, 2021 (Consolidated)				
	South	Southeast	Northeast	North/Midwest	Total
Shopping mall revenue by region					
Rent	56,005	271,057	23,840	31,649	382,551
Fee of assignment of rights of use (Key Money)	649	5,210	642	1,757	8,258
Parking lot	8,994	56,315	1,511	8,595	75,415
Transfer fee	56	2,058	83	269	2,466
Services rendering (i)	-	-	-	-	49,819
Others	377	1,551	45	513	2,486
	66,081	336,191	26,121	42,783	520,995
Taxes and contributions	(5,520)	(28,180)	(2,185)	(3,593)	(39,478)
Shopping mall costs by region					
Personnel costs	(1,052)	(4,872)	(372)	(687)	(6,983)
Contracted services	(1,127)	(4,857)	(345)	(1,024)	(7,353)
Condominium fees	(2,649)	(12,708)	(480)	(1,741)	(17,578)
Cost of promotion fund	(275)	(1,873)	(371)	(314)	(2,833)
Financial costs	(37)	(310)	(24)	(26)	(397)
Tax costs	(48)	(117)	(71)	(7)	(243)
Commercial costs	-	(3,861)	(185)	(2)	(4,048)
Legal costs	(184)	(1,470)	(4)	(62)	(1,720)
Material for common use	(228)	(1,218)	(60)	(60)	(1,566)
Concessions for exploring shopping malls	-	(5,774)	-	-	(5,774)
Rent of properties	(315)	(3,643)	-	-	(3,958)
Other costs	(396)	(1,730)	(238)	(648)	(3,012)
PIS and COFINS credits(i)	-	-	-	-	6,835
	(6,311)	(42,433)	(2150)	(4,571)	(48,630)
Gross profit from leases and services	54,250	265,578	21,786	34,619	432,887

(i) Refers to revenue from administration, sale of shopping malls and PIS/COFINS credits, which are not allocated by segment.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 2: Results for the period, distribution of profit and taxes

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.3. Segment reporting - results--Continued

	June 30, 2020 (Consolidated)				Total
	South	Southeast	Northeast	North/Midwest	
Shopping mall revenue by region					
Rent	56,274	268,779	15,555	30,666	371,274
Fee of assignment of rights of use	789	5,898	761	1,740	9,188
Parking lot	8,651	47,585	758	6,461	63,455
Transfer fee	137	1,411	43	188	1,779
Services rendering (i)	-	-	-	-	44,555
Others	485	1,340	-	74	1,899
	<u>66,336</u>	<u>325,013</u>	<u>17,117</u>	<u>39,129</u>	<u>492,150</u>
Taxes and contributions	(4,396)	(21,536)	(1,134)	(2,593)	(29,659)
Shopping mall costs by region					
Personnel costs	(991)	(6,719)	(346)	(604)	(8,660)
Contracted services	(748)	(4,121)	(222)	(791)	(5,882)
Condominium fees	(5,251)	(29,651)	(494)	(3,867)	(39,263)
Cost of promotion fund	(54)	(1,419)	(295)	(708)	(2,476)
Financial costs	(37)	(461)	(17)	(23)	(538)
Tax costs	(4)	(295)	-	(95)	(394)
Commercial costs	-	(5,548)	(43)	-	(5,591)
Legal and judicial expenses	(72)	(855)	(5)	(48)	(980)
Common use material	(297)	(671)	(34)	(47)	(1,049)
Concessions for exploring shopping malls	-	(5,291)	-	-	(5,291)
PIS and COFINS credits (i)	-	-	-	-	6,337
Rent of properties	(308)	(1,266)	-	-	(1,574)
Other costs	(330)	(1,377)	(10)	(270)	(1,987)
	<u>(8,092)</u>	<u>(57,674)</u>	<u>(1,466)</u>	<u>(6,453)</u>	<u>(67,348)</u>
Gross profit from leases and services	<u>53,848</u>	<u>245,803</u>	<u>14,517</u>	<u>30,083</u>	<u>395,143</u>

(i) Refers to revenue from administration, sale of shopping malls and PIS/COFINS credits, which are not allocated by segment.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 2: Results for the period, distribution of profit and taxes

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.3. Segment reporting - results--Continued

The Company organized its shopping mall portfolio according to the Brazilian Criteria for Economic Classification, known as "Critério Brasil", organized by the Brazilian Institute of Public Opinion and Statistics (IBOPE), which divides the Brazilian populations into the following social classes: A, B, C, D and E.

	June 30, 2021 (Consolidated)				
	A	A/B	B	B/C	Total
Shopping mall revenues by class					
Rent	9,177	249,535	116,390	7,449	382,551
Fee of assignment of rights of use (Key Money)	306	6,268	1,629	55	8,258
Parking lot	3,347	48,907	22,727	434	75,415
Transfer fee	129	1,670	665	2	2,466
Services rendering (i)	-	-	-	-	49,819
Others	-	276	2,210	-	2,486
	12,959	306,656	143,621	7,940	520,995
Taxes and contributions	(1,082)	(25,695)	(12,041)	(660)	(39,478)
Shopping mall costs by class					
Personnel costs	(25)	(4,834)	(2,124)	-	(6,983)
Contracted services	(599)	(3,751)	(3,003)	-	(7,353)
Condominium fees	(431)	(9,591)	(5,982)	(1,574)	(17,578)
Cost of promotion fund	(138)	(1,482)	(1,167)	(46)	(2,833)
Financial costs	(4)	(262)	(129)	(2)	(397)
Tax costs	(47)	-	(196)	-	(243)
Commercial costs	(174)	(3,743)	-	(131)	(4,048)
Legal costs	(5)	(1,276)	(439)	-	(1,720)
Material for common use	(2)	(824)	(740)	-	(1,566)
Concessions for exploring shopping malls	-	-	(5,774)	-	(5,774)
Rent of properties	-	(2,785)	(1,173)	-	(3,958)
Other costs	(109)	(1,920)	(967)	(16)	(3,012)
PIS and COFINS credits(i)	-	-	-	-	6,835
	(1,534)	(30,468)	(21,694)	(1,769)	(48,630)
Gross profit from leases and services	10,343	250,493	109,886	5,511	432,887

(i) Refers to revenue from administration, sale of shopping malls and PIS/COFINS credits, which are not allocated by segment.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 2: Results for the period, distribution of profit and taxes
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.3. Segment reporting - results--Continued

	June 30, 2020 (Consolidated)				Total
	A	A/B	B	B/C	
Shopping mall revenues by class					
Rent	10,789	238,386	118,352	3,747	371,274
Fee of assignment of rights of use	263	6,599	2,211	115	9,188
Parking lot	2,028	38,850	22,104	473	63,455
Transfer fee	29	1,241	509	-	1,779
Services rendering (i)	-	-	-	-	44,555
Others	5	965	929	-	1,899
	<u>13,114</u>	<u>286,041</u>	<u>144,105</u>	<u>4,335</u>	<u>492,150</u>
Taxes and contributions	(869)	(18,954)	(9,549)	(287)	(29,659)
Shopping mall costs by class					
Personnel costs	(21)	(6,368)	(2,271)	-	(8,660)
Contracted services	(408)	(3,546)	(1,881)	(47)	(5,882)
Condominium fees	(1,068)	(20,126)	(16,546)	(1,523)	(39,263)
Cost of promotion fund	(95)	(1,518)	(836)	(27)	(2,476)
Financial costs	(12)	(278)	(247)	(1)	(538)
Tax costs	(71)	(259)	(64)	-	(394)
Commercial costs	(175)	(4,650)	(766)	-	(5,591)
Legal and judicial expenses	(3)	(631)	(346)	-	(980)
Common use material	(15)	(701)	(333)	-	(1,049)
Concessions for exploring shopping malls	-	-	(5,291)	-	(5,291)
PIS and COFINS credits (i)	-	-	-	-	6,337
Rent of properties	-	(1,211)	(363)	-	(1,574)
Other costs	(129)	(1,062)	(705)	(91)	(1,987)
	<u>(1,997)</u>	<u>(40,350)</u>	<u>(29,649)</u>	<u>(1,689)</u>	<u>(67,348)</u>
Gross profit from leases and services	<u>10,248</u>	<u>226,737</u>	<u>104,907</u>	<u>2,359</u>	<u>395,143</u>

(i) Refers to revenue from administration, sale of shopping malls and PIS/COFINS credits, which are not allocated by segment.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 2: Results for the period, distribution of profit and taxes

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.4. Selling expenses

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Expected losses on doubtful receivables				
Accounts receivable (i)	(13,765)	(19,272)	(40,672)	(44,835)
Condominium fees (ii)	(3,862)	(5,634)	(9,066)	(15,356)
Loss of receivables (iii)	(1,538)	(645)	(7,749)	(4,232)
Other selling expenses (iv)	(9,340)	(8,855)	(10,217)	(9,943)
	(28,505)	(34,406)	(67,704)	(74,366)

(i) Refer to the constitution amounts and reversal per client, according to operating revenue line, as explained in Note 3.4;

(ii) Amounts paid by the developer to the condominium due to the non-payment by storekeepers;

(iii) Refers to debt forgiveness of outstanding loans; and

(iv) Refers mainly to personnel costs, commissions and in the consolidated result, the cost of acquiring customers of our digital platforms.

2.5. Administrative expenses

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Personnel expenses (i)	(43,659)	(24,671)	(44,455)	(24,673)
Depreciation and amortization (ii)	(20,572)	(15,639)	(20,722)	(15,639)
Services rendered (iii)	(13,223)	(6,110)	(14,185)	(6,687)
Material for use and consumption	(80)	(77)	(120)	(94)
Reversal/(constitution) of provisions for legal actions (Note 5.2)	(136)	(290)	(49)	(561)
Other administrative expenses (iv)	(5,602)	(5,082)	(6,131)	(5,569)
	(83,272)	(51,869)	(85,662)	(53,223)

(i) Refers to salaries and related charges, restricted performance share plans and (Note 5.3) plans and profit sharing for employees and management. In the second quarter of 2020, the reduction in this line is a result of lower provisions for profit sharing, reversals of expenses related to the restricted share plans and stock options, and reduced working hours;

(ii) Refer to the depreciation of assets at the Company's administrative headquarters and amortization of intangibles, as mentioned in Note 3.2;

(iii) Refers basically to legal fees, external audit, communications and consulting fees; and

(iv) Refers basically to expenses with technical publications, licenses for software use, legal expenses and condominium fees.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 2: Results for the period, distribution of profit and taxes

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.6. Financial result

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Financial revenue				
Revenue from investments	20,247	10,616	24,443	16,920
Exchange rate changes	-	-	23	83
Other (i)	4,043	2,182	9,746	6,330
	<u>24,290</u>	<u>12,798</u>	<u>34,212</u>	<u>23,333</u>
Financial expenses				
Loan and financing charges (ii)	(74,027)	(51,041)	(160,351)	(101,501)
Exchange rate changes	-	-	(30)	(36)
Other (i)	(66)	(2,009)	(7,092)	(3,950)
	<u>(74,093)</u>	<u>(53,050)</u>	<u>(167,473)</u>	<u>(105,487)</u>
Net financial result	<u>(49,803)</u>	<u>(40,252)</u>	<u>(133,261)</u>	<u>(82,154)</u>

(i) Refers mainly to PIS/COFINS on financial income, additional receivables, monetary correction of contracts and judicial deposits;

(ii) Refers to charges on loans, financing and obligations for the acquisition of shopping malls;

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 2: Results for the period, distribution of profit and taxes
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.7. Reconciliation of taxes

The reconciliation between the expense of income tax and social contribution by the actual rate is shown below:

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Loss before income tax and social contribution	(81,945)	(602,909)	(84,665)	(699,590)
Combined statutory rate for income tax and social contribution - %	34%	34%	34%	34%
Income tax and social contribution at statutory rates	27,861	204,989	28,786	237,861
Tax effects on:				
Equity income	4,361	(71,017)	(5,362)	(13,467)
Tax credits not made up of temporary differences, tax losses and negative bases of previous periods (i)	(6,737)	(30,578)	(13,009)	(53,528)
Tax credits made up of (reversed from) temporary differences, tax losses and negative bases of previous periods	-	(1,637)	-	(1,637)
Difference of tax base for companies subject to taxable profit computed as a percentage of gross sales regime	-	-	10,416	12,724
Income tax and social contribution on profit or loss for the period	25,485	101,757	20,831	181,953
Current (ii)		-	(23,958)	(20,814)
Deferred	25,485	101,757	44,789	202,767
Total	25,485	101,757	20,831	181,953

(i) Refers to deferred assets not recorded in income tax and social contribution on temporary differences, tax losses and negative bases for the period, due to the absence of expected recoverability;

(ii) Of which 89.89% refer to companies that adopt the presumed profit regime in the period ended June 30, 2021 (100% for the period ended June 30, 2020).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 2: Results for the period, distribution of profit and taxes
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

2.8 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Company's shareholders by the weighted average number of common shares issued over the period, excluding common shares purchased by the Company and held as treasury shares (Note 4.3).

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to the conversion of all potentially diluted common shares.

	Parent Company	
	06/30/2021	06/30/2020
Loss attributable to the Company's shareholders	(56,460)	(501,152)
Weighted average number of common shares issued (less treasury shares)	843,728,684	843,647,378
Earnings per share - basic R\$	(0.06692)	(0.59403)

	Parent Company	
	06/30/2021	06/30/2020
Loss attributable to the Company's shareholders	(56,460)	(501,152)
Weighted average number of common shares issued (less treasury shares)	843,728,684	843,647,378
Share-based compensation plan adjustment (i)	1,223,346	-
Weighted average number of common shares for diluted earnings per share (ii)	844,952,030	843,647,378
Earnings per share - diluted R\$	(0.06682)	(0.59403)

(i) The effect refers to restricted and matching shares as per note 5.3;

(ii) Calculation of earnings/ (loss) per share does not consider the restricted share linked to performance conditions programs, since, according to CPC 41 - Earnings per share, shares issuable under this condition are only included after the date in which all conditions have been met. The total amount granted for these programs is disclosed in Note 5.3.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.1. Investment properties

Critical accounting estimates and judgment

The fair value of investment properties was measured using a proprietary method, semi-annually calculated, supported by market rates and evidence. Thus, the fair value of investment properties was based on internal assessment by professionals with experience related to the assessed properties. The Company's practice is to periodically hire independent evaluators for some shopping malls that have relevant and recognized professional qualifications to ratify and qualify the premises used in the evaluations done by Management. Investment properties under construction (greenfields and expansions) are recognized at construction cost until they start operating or when the Company is able to reliably measure the fair value of the asset.

For assets with a sales commitment signed between the parties, the Company uses the figures negotiated as a methodology to adjust the fair value of its investment properties, since it understands that, in these circumstances, this selling price represents the best estimated fair value.

Additionally, the Company applies a process to monitor events on a quarterly basis to indicate if fair value estimates must be reviewed, such as Greenfield projects launch, acquisition of additional interest or disposal of interest in shopping malls, significant variations in shopping malls performance as compared to budgets, changes in the macroeconomic scenario, among others. If such events are identified, the Company revises its estimates, reflecting possible variations in the income statements for the period.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.1. Investment properties--Continued

The changes in investment properties for the six-month period ended June 30, 2021:

	Parent Company		
	In operation	Projects under construction (ii)	Total
Balances on December 31, 2019	6,537,920	73,748	6,611,668
Acquisitions / additions	38,936	3,043	41,979
Fair value adjustment	(382,135)	-	(382,135)
Disposals/write-offs	-	(3,200)	(3,200)
Balances on June 30, 2020	6,194,721	73,591	6,268,312
Balances on December 31, 2020	6,269,224	74,373	6,343,597
Acquisitions / additions (i)	17,099	6,203	23,302
Fair value adjustment/recoverable (iii)	(84,618)	-	(84,618)
Balances as of June 30, 2021	6,201,705	80,576	6,282,281
	Consolidated		
	In operation	Projects under construction (ii)	Total
Balances on December 31, 2019	16,509,868	320,722	16,830,590
Acquisitions / additions	329,788	4,774	334,562
Adjustment for fair value (iii)	(820,504)	-	(820,504)
Divestments	(38,400)	(6,604)	(45,004)
Balances on June 30, 2020	15,980,752	318,892	16,299,644
Balances on December 31, 2020	16,228,974	219,573	16,448,547
Acquisitions / additions (i)	34,065	10,420	44,485
Fair value adjustment/recoverable (iii)	(194,808)	(36,099)	(230,907)
Balances as of June 30, 2021	16,068,231	193,894	16,262,125

- (i) Additions of properties for investment in operation refer basically to retrofit projects, improvements and mall revitalizations;
- (ii) Projects in progress refer mainly to expenses for the redevelopment in Shopping Tamboré, the rooftop of the Tijuca shopping mall and the courtyard expansion of Norte Shopping;
- (iii) Fair value and provision for impairment recognized in income for the year.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.1. Investment properties--Continued

The assumptions used to calculate the fair value using the discounted cash flow method of these properties on June 30, 2021 and December 30, 2020, dates on which the Company performed a detailed measurement of these assumptions, are described below:

Assumptions of Fair Value Measurement	06/30/2021	06/30/2020
Annual Inflation in Perpetuity	3.25%	3.25%
Average Real Growth	1.91%	1.64%
Actual Growth in Perpetuity	1.50%	1.50%
CAPEX – Maintenance/Gross Revenue	4.50%	4.50%
Number of Years Considering Cash Flow	10 years	10 years
Actual Discount Rate – Shopping Malls (Classes 1 and 2)	7.85%	7.60%
Actual Discount Rate – Shopping Malls (Classes 3 and 4)	9.73%	9.48%

The calculation used for the discount rates considered long-term interest rates related to macroeconomic factors plus a risk component for each class of assets. Discount rates are periodically reviewed and are aimed at reflecting the current reality of each group of malls. The Company increased the discount rates for all assets in the portfolio by 0.25 percentage points for the period ended June 30, 2021, mainly due to changes in the interest rate during the period, as well as the widening of the long-term interest curve.

Furthermore, due to the impacts arising from the pandemic, the Company revised the viability of its ongoing projects accounted for by the cost method and identified the need to adjust their recoverable values.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.2. Intangible Assets

Below are the changes in intangible assets on June 30, 2021 and December 31, 2020:

Parent company

	06/30/2021			12/31/2020		
	Cost	Accumulated Amortization	Net Accounting Value	Cost	Accumulated Amortization	Net Accounting Value
Right of use and softwares	298,388	(125,633)	172,755	209,250	(105,604)	103,646
Systems under development	29,330	-	29,330	73,098	-	73,098
	327,718	(125,633)	202,085	282,348	(105,604)	176,744

	12/31/2020	Additions (i)	Transf. (iii)	Amortization	06/30/2021
Right of use and softwares	103,646	18,168	70,970	(20,029)	172,755
Systems under development (ii)	73,098	27,202	(70,970)	-	29,330
	176,744	45,370	-	(20,029)	202,085

	12/31/2019	Additions	Transf. (iii)	Amortization	12/31/2020
Right of use and softwares	59,209	22,218	55,985	(33,766)	103,646
Systems under development (ii)	67,710	61,373	(55,985)	-	73,098
	126,919	83,591	-	(33,766)	176,744

(i) Acquisitions made refer basically to licenses and software development;

(ii) Systems under development refer mainly to expenses with projects to implement information technology systems that promote greater operational efficiency and internal controls to support management, and, also for investments in technological innovation projects for the Company's digital transformation strategy.

(iii) Transfer amounts refer to the conclusion of projects to implement information technology systems, mainly for the Oracle Cloud integrated system.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.2. Intangible assets--Continued

Consolidated

	06/30/2021			12/31/2020		
	Cost	Accumulated Amortization	Net Accounting Value	Cost	Accumulated Amortization	Net Accounting Value
Right of use and softwares	301,018	(128,722)	172,296	212,419	(108,635)	103,784
Systems under development	29,525	-	29,525	73,293	-	73,293
Contractual entitlements	6,055	-	6,055	-	-	-
	336,598	(128,722)	207,876	285,712	(108,635)	177,077

	12/31/2020	Additions (i)	Transf. (iii)	Amortization	06/30/2021
Right of use and softwares	103,784	17,629	70,970	(20,087)	172,296
Systems under development (ii)	73,293	27,202	(70,970)	-	29,525
Contractual entitlements (iv)	-	6,055	-	-	6,055
	177,077	50,886	-	(20,087)	207,876

	12/31/2019	Additions	Transf. (iii)	Amortization	12/31/2020
Right of use and softwares	59,390	22,232	55,985	(33,823)	103,784
Systems under development (ii)	67,905	61,373	(55,985)	-	73,293
	127,295	83,605	-	(33,823)	177,077

- (i) Acquisitions made refer basically to licenses and software development;
(ii) Systems under development refer mainly to expenses with projects to implement information technology systems that promote greater operational efficiency and internal controls to support management. And, also for investments in technological innovation projects for the Company's digital transformation strategy.
(iii) Transfer amounts refer to the conclusion of projects to implement information technology systems, mainly for the Oracle Cloud integrated system; and
(iv) The acquisition of rights over contracts relating to media operations along with the respective equipment required to place advertising materials in malls.

In the six-month period ended June 30, 2021, the Company did not identify any indication of provision for impairment losses.

The standards used by the Company and its subsidiaries in preparing this note have not been changed during the six-month period ended June 30, 2021 and, therefore, remain consistent with those described in Note 3.2 of the Company's financial statements for the fiscal period ended December 31, 2020.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.3. Investments

The Company has investments in subsidiaries, jointly owned subsidiaries and affiliates, all located in Brazil, except for the subsidiary BR Malls Finance and the indirect subsidiary L5 Corporate, located in the Cayman Islands and in the United States, respectively.

Parent company

The tables below show the changes in investments on June 30, 2021, and December 31, 2020:

	12/31/2020	Dividends	Equity pickup	Increase/decrease in capital/shares	06/30/2021
Br Malls Finance	106,139	-	(377)	-	105,762
SPE Fortuna	234,705	-	5,940	-	240,645
BR Malls CSC	19,824	(3,196)	10,197	-	26,825
Sociedade Independência S/A	268,633	(2,850)	1,127	3,446	270,356
VL 100 Empreendimentos	66,316	-	(250)	-	66,066
Proffito Holding Participações S/A	1,151,319	(21,774)	38,885	-	1,168,430
Cima Empreendimentos do Brasil S/A	2,686,607	-	(34,403)	-	2,652,204
Center Shopping S/A	367,658	(5,493)	(2,852)	-	359,313
Nattca2006 Participações S/A	409,695	(695)	(13,287)	-	395,713
Companhia Santa Cruz	502,751	(4,000)	(349)	-	498,402
Other	1,090,063	(44,674)	8,196	9,102	1,062,687
	6,903,710	(82,682)	12,827	12,548	6,846,403

	12/31/2019	Dividends	Equity pickup	Increase/decrease in capital/shares (i)	12/31/2020
Br Malls Finance	110,267	-	(4,128)	-	106,139
SPE Fortuna	237,666	-	(2,961)	-	234,705
BR Malls CSC	18,026	(12,936)	14,614	120	19,824
Sociedade Independência S/A	275,368	(7,698)	963	-	268,633
VL 100 Empreendimentos	69,417	-	(3,101)	-	66,316
Proffito Holding Participações S/A	1,120,155	(83,006)	114,170	-	1,151,319
Cima Empreendimentos do Brasil S/A	2,798,450	(321,000)	(109,754)	318,911	2,686,607
Center Shopping S/A	398,703	(5,750)	(25,295)	-	367,658
Nattca2006 Participações S/A	370,984	(2,129)	(39,821)	80,661	409,695
Companhia Santa Cruz	503,590	(12,340)	11,501	-	502,751
Other	852,928	(61,630)	(3,408)	302,173	1,090,063
	6,755,554	(506,489)	(47,220)	701,865	6,903,710

(i) In Others, the amount of R\$258,000 refers to the capital increase at CG Participações for the acquisition of interest in Shopping Villa Lobos and Shopping Piracicaba.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.3. Investments--Continued

The main balances on June 30, 2021, and the income statements for the six-month period ended June 30, 2021, for the companies in which the Parent Company has a direct interest are shown below:

06/30/2021	Asset			Liabilities			
	Current	Non-current	Total	Current	Non-current	Shareholders' Equity	Total
Br Malls Finance	162	105,594	105,756	-	-	105,756	105,756
SPE Fortuna	20,539	222,386	242,925	519	1,761	240,645	242,925
BR Malls CSC	12,757	15,253	28,010	219	966	26,825	28,010
Sociedade Independência S/A	7,212	455,012	462,224	1,689	136,578	323,957	462,224
VL 100 Empreendimentos	30,015	173,859	203,874	534	49,677	153,663	203,874
Proffito Holding Participações S/A	13,220	1,530,390	1,543,610	2,787	371,463	1,169,360	1,543,610
Cima Empreendimentos do Brasil S/A	171,594	3,617,262	3,788,856	79,309	1,057,382	2,652,165	3,788,856
Center Shopping S/A	8,617	977,753	986,370	2,977	278,860	704,533	986,370
Nattca2006 Participações S/A	26,436	1,065,946	1,092,382	67,325	630,166	394,892	1,092,383
Companhia Santa Cruz	34,585	684,511	719,096	3,600	217,094	498,402	719,096
Other	72,475	1,263,628	1,336,103	28,452	146,953	1,160,698	1,336,103
	397,612	10,111,594	10,509,206	187,411	2,890,900	7,430,896	10,509,207

06/30/2021	Net Revenue	Lease and service costs	Operational expenses (revenues)	Net financial result	Equity pickup	Other operating results	Income Tax and Social Contribution	Net income/(loss) for the period
Br Malls Finance	-	-	-	(41)	(336)	-	-	(377)
SPE Fortuna	7,282	(1,026)	118	(13)	-	(204)	(217)	5,940
BR Malls CSC	10,126	1	577	(10)	75	17	(589)	10,197
Sociedade Independência S/A	7,679	(638)	(3,151)	31	1,042	(3,387)	(225)	1,351
VL 100 Empreendimentos	3,460	(477)	(917)	362	506	(4,215)	697	(584)
Proffito Holding Participações S/A	22,249	(1,636)	(3,718)	154	29,690	(6,276)	(1,578)	38,885
Cima Empreendimentos do Brasil S/A	37,359	(1,836)	(11,689)	(9,479)	(39,031)	(18,044)	8,317	(34,403)
Center Shopping S/A	18,409	(2,937)	(2,402)	(56)	1,808	(25,735)	5,321	(5,592)
Nattca2006 Participações S/A	23,364	(3,234)	(3,158)	(30,071)	3,181	(11,870)	8,501	(13,287)
Companhia Santa Cruz	16,340	(5,125)	(3,144)	(8)	1,928	(13,236)	2,896	(349)
Other	69,621	(12,974)	(6,268)	644	(14,442)	(12,744)	(6,936)	16,901
	215,889	(29,882)	(33,752)	(38,487)	(15,579)	(95,694)	16,187	18,682

12/31/2020	Asset			Liabilities			
	Current	Non-current	Total	Current	Non-current	Shareholders' Equity	Total
Br Malls Finance	551	105,588	106,139	-	-	(106,139)	(106,139)
SPE Fortuna	14,747	222,207	236,954	(1,832)	(417)	(234,705)	(236,954)
BR Malls CSC	20,149	1,628	21,777	(1,953)	-	(19,824)	(21,777)
Sociedade Independência S/A	8,629	453,688	462,317	(4,717)	(135,653)	(321,947)	(462,317)
VL 100 Empreendimentos	29,531	175,739	205,270	(1,200)	(49,089)	(154,981)	(205,270)
Proffito Holding Participações S/A	34,647	1,486,035	1,520,682	(12,462)	(356,901)	(1,151,319)	(1,520,682)
Cima Empreendimentos do Brasil S/A	479,480	3,347,334	3,826,814	(50,163)	(1,090,044)	(2,686,607)	(3,826,814)
Center Shopping S/A	24,214	988,108	1,012,322	(10,467)	(280,957)	(720,898)	(1,012,322)
Nattca2006 Participações S/A	26,181	1,051,220	1,077,401	(61,004)	(606,702)	(409,695)	(1,077,401)
Companhia Santa Cruz	43,282	682,780	726,062	(12,885)	(210,426)	(502,751)	(726,062)
Other	119,424	1,555,698	1,675,122	(33,257)	(232,330)	(1,409,535)	(1,675,122)
	800,835	10,070,025	10,870,860	(189,940)	(2,962,519)	(7,718,401)	(10,870,860)

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.3. Investments--Continued

12/31/2020	Net Revenue	Lease and service costs	Operational expenses	Net financial result	Equity pickup	Other operating results	Income Tax and Social Contribution	Net income (Loss) for the Period
Br Malls Finance	-	-	-	6	(4,134)	-	-	(4,128)
SPE Fortuna	10,726	(2,124)	(1,529)	177	-	(11,636)	1,425	(2,961)
BR Malls CSC	16,958	-	(886)	140	156	-	(1,754)	14,614
Sociedade Independência S/A	15,125	(1,176)	(2,105)	(18)	2,258	(15,155)	2,225	1,154
VL 100 Empreendimentos	7,638	(1,207)	(1,141)	722	973	(19,129)	4,898	(7,246)
Proffito Holding Participações S/A	47,116	(5,285)	(4,793)	951	46,422	59,961	(30,202)	114,170
Cima Empreendimentos do Brasil S/A	75,059	(6,891)	(12,793)	(20,126)	(97,927)	(51,114)	4,038	(109,754)
Center Shopping S/A	38,705	(7,439)	(7,566)	98	4,985	(107,643)	29,262	(49,598)
Nattca2006 Participações S/A	43,417	(10,307)	(4,920)	(44,531)	5,402	(50,185)	21,303	(39,821)
Companhia Santa Cruz	37,803	(10,210)	(3,324)	155	3,120	(17,240)	1,197	11,501
Other	129,780	(29,210)	(11,068)	686	(54,798)	(27,061)	(1,504)	6,825
	422,327	(73,849)	(50,125)	(61,740)	(93,543)	(239,202)	30,888	(65,244)

Consolidated

The tables below show the changes in investments on June 30, 2021, and December 31, 2020:

	12/31/2020	Dividends	Equity pickup	Increase in capital/shares	06/30/2021
GS Shopping	207,744	(2,300)	1,619	-	207,063
Christalturn	78,858	-	(549)	-	78,309
Espirito Santo Mall	47,762	-	(1,902)	-	45,860
Delivery Center (i)	9,629	-	(16,902)	12,667	5,394
Other	11,085	(1,879)	1,964	-	11,170
	355,078	(4,179)	(15,770)	12,667	347,796

	12/31/2019	Dividends	Equity pickup	Increase in capital/shares (i)	12/31/2020
GS Shopping	209,186	(5,674)	4,232	-	207,744
Christalturn	84,320	-	(5,462)	-	78,858
Espirito Santo Mall	48,642	-	(880)	-	47,762
Delivery Center (i)	22,348	-	(58,394)	45,675	9,629
Other	11,048	(3,343)	3,380	-	11,085
	375,544	(9,017)	(57,124)	45,675	355,078

(i) On January 20, 2020, an option for the sale of shares of the indirect subsidiary Delivery Center Holding S.A was signed, granting the option of the founding shareholders to sell part of their shares to the Company. The base price includes a guaranteed minimum value and a cap, linked to operational performance during the years 2020 and 2021. On December 31, 2020 and the June 30, 2021, the amount of R\$5,346 related to this option was recognized under other amounts payable.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.3. Investments--Continued

The main balances at June 30, 2021, and the statements of income for the six-month period ended June 30, 2021, in the Company's investments in associates and joint ventures are shown below:

06/30/2021	Asset			Liabilities			
	Current	Non-current	Total	Current	Non-current	Shareholders' Equity	Total
GS Shopping	7,121	575,571	582,692	1,253	167,313	414,126	582,692
Christaltur	4,379	219,954	224,333	1,139	66,544	156,650	224,333
Espírito Santo Mall	27,190	160,317	187,507	5,421	90,364	91,721	187,506
Delivery Center	9,697	119,152	128,849	18,891	109,839	119	128,849
Other	3,737	44,604	48,341	2,079	1	46,262	48,342
	52,124	1,119,598	1,171,722	28,783	434,061	708,878	1,171,722

06/30/2021	Net Revenue	Lease and service costs	Operational expenses	Net financial result	Equity pickup	Other operating results	Income Tax and Social Contribution	Non-controlling interests	Net income/(loss) for the period
GS Shopping	14,360	(1,533)	(928)	47	1,173	(11,999)	2,117	-	3,237
Christaltur	4,768	(583)	(1,439)	38	697	(5,807)	1,228	-	(1,098)
Espírito Santo Mall	17,233	(16,145)	(2,180)	251	-	(2,963)	-	-	(3,804)
Delivery Center	61	(745)	(4,309)	(226)	(17,458)	(52)	-	-	(22,729)
Other	11,325	(3,926)	(1)	2	-	1	(1,311)	-	6,090
	47,747	(22,932)	(8,857)	112	(15,588)	(20,820)	2,034	-	(18,304)

12/31/2020	Assets			Liabilities			
	Current	Non-current	Total	Current	Non-current	Equity	Total
GS Shopping	12,319	574,850	587,169	(2,065)	(169,576)	(415,528)	(587,169)
Christaltur	5,011	221,753	226,764	(1,461)	(67,555)	(157,748)	(226,764)
Espírito Santo Mall	38,381	155,143	193,524	(94,083)	(3,920)	(95,521)	(193,524)
Delivery Center	4,687	81,299	85,986	(2,012)	(73,763)	(10,211)	(85,986)
Other	4,499	471	4,970	(2,416)	-	(2,554)	(4,970)
	64,897	1,033,516	1,098,413	(102,037)	(314,814)	(681,562)	(1,098,413)

12/31/2020	Net revenue	Lease and service costs	Operating expenses	Net financial result	Equity pickup	Other operating results	Income tax and social contribution	Non-controlling interests	Net Income / (Loss) for the Period
GS Shopping	29,432	(3,262)	(2,168)	96	-	(17,697)	2,153	(88)	8,466
Christaltur	10,529	(1,664)	(1,911)	34	1,341	(26,748)	7,494	-	(10,925)
Espírito Santo Mall	29,570	(17,760)	(5,846)	(83)	(25)	(4,093)	(3,525)	-	(1,762)
Delivery Center	214	(2,161)	(4,149)	(44)	(27,395)	-	-	-	(33,535)
Other	20,668	(7,864)	(1)	5	-	-	(2,402)	-	10,406
	90,413	(32,711)	(14,075)	8	(26,079)	(48,538)	3,720	(88)	(27,350)

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables

As required by CPC 48, expected losses on financial assets should be considered in the credit risk assessment. Therefore, based on historical information of losses in receivables and based on the assessment of data that may affect future default from tenants, the Company revised the percentages for all ranges of the matrix. Below are some examples:

	06/30/2021	12/31/2020
Falling due	1%	1.8%
Overdue from 1 to 30 days	4.1%	4.1%
Overdue from 31 to 60 days	24.4%	24.8%
Overdue from 61 to 90 days	39.5%	42.5%
Overdue from 91 to 120 days	50%	56.5%
Overdue from 121 to 150 days	62.9%	70.7%
Overdue from 151 to 180 days	88.2%	98.5%
Past due over 180 days	100%	100%

It should be noted that the percentages above are applied per tenant and per mall, based on the oldest expired title. Therefore, based on this oldest account receivable, the provision range per client in that enterprise is verified and the percentage is applied to all of balances and accounts receivable, including titles coming due.

Due to the COVID-19 pandemic, the Company continues to diligently monitor all additional information on this matter. Any material changes in the default scenario may result in different levels of expected losses.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables--Continued

Changes in expected losses for doubtful accounts are as follows:

	Parent Company	Consolidated
Balances on December 31, 2019	(79,140)	(207,561)
Constitution (i)	(57,874)	(156,955)
Write-offs	6,698	19,854
Reversals (i)	30,373	86,736
Divestments	-	7,795
Balances on December 31, 2020	(99,943)	(250,131)
Balances on December 31, 2020	(99,943)	(250,131)
Constitution (i)	(41,944)	(113,216)
Write-offs	2,019	4,912
Reversals (i)	28,239	72,312
Balances as of June 30, 2021	(111,629)	(286,123)

(i) The results of constitution and reversion per client are considered. Additionally, the net effect of securities updated for the six-month period ended June 30, 2021 totaled R\$60 as debtor (R\$82 as debtor on December 31, 2020) and R\$232 as creditor (R\$3,023 as debtor on December 31, 2020) for the Company and at the Consolidated level, respectively. These amounts are recognized in the other financial results line, as explained in Note 2.6.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables--Continued

Other account receivables

Balances mainly refer to:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current assets				
Condominium fees (i)	13,865	3,633	26,525	6,817
Loans to storekeepers (ii)	1,345	1,301	2,935	2,985
Campo Grande - tower (iii)	2,163	1,341	2,163	1,341
Recoverable expenses	1,933	1,926	2,742	2,226
Remittance receivable from shopping malls sold	-	591	-	591
Sale of Shopping Via Brasil (iv)	-	-	5,092	1,891
Arbitration Shopping Tijuca (v)	-	-	9,375	-
Loans and advances to condominiums (vi)	100	-	100	-
	<u>19,406</u>	<u>8,792</u>	<u>48,932</u>	<u>15,851</u>
Non-current assets				
Campo Grande – tower	5,841	-	5,841	-
São Bernardo - land (vii)	-	-	9,404	8,000
Sale of Shopping Via Brasil	-	-	34,499	37,203
Loans and advances to condominiums (vi)	502	-	5,271	-
Other	591	-	4,726	4,129
	<u>6,934</u>	<u>-</u>	<u>59,741</u>	<u>49,332</u>
Total other amounts receivable	<u>26,340</u>	<u>8,792</u>	<u>108,673</u>	<u>65,183</u>

- (i) Represents condominium fees in the net amount provisioned for the write-off of losses, in the amount of R\$34,069 (R\$30,084 on December 31, 2020) in the Parent Company and R\$100,305 (R\$91,657 on December 31, 2020) in the Consolidated statements;
- (ii) Refers to loan agreements signed with specific tenants. The index used for restatements is determined in the contract;
- (iii) Sale of a land located in Campo Grande-MS to build two commercial towers next to the mall. The amount corresponds to 13.30% of the sale price for the private area sold and will be received in full by November 30, 2024. The balance is restated by the INCC (national construction cost index);
- (iv) Sale of Shopping Via Brasil in the amount of R\$38,400, which will be paid in 48 installments after a 18-month grace period. The amount will be adjusted by the SELIC rate;
- (v) Refers to the reimbursement of an arbitration process with the former owner, arising from the interruption of part of Shopping Tijuca's construction works. In the six-month period ended June 30, 2021, an amount equivalent to three installments was received.
- (vi) Refers to the granting of loans and advances to certain condominiums in the Company's shopping centers, which are mostly remunerated according to the variation in the CDI rate, with total settlement expected in 36 installments starting in July 2022.
- (vii) Partial sale of a land lot in São Bernardo-SP for the construction of a commercial tower. The amount corresponds to the minimum guaranteed amount to be paid for the sale, subject to the registration of the incorporation memorial of the tower that will be built on site. The balance is updated by the IPC consumer price index.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.4. Accounts receivable and other receivables--Continued

Leases (rent)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

The table below shows the nominal values of the minimum payments of non-cancellable leases in which the Company is the lessor:

	Consolidated	
	06/30/2021	12/31/2020
Up to 1 year	676,968	669,703
From 2 to 5 years	1,088,190	1,128,879
More than 5 years	179,420	169,996
	1,944,578	1,968,578

3.5. Accounts Payable for the Acquisition of Shopping Malls

June 30, 2021						
Company	Financing purpose	Current	Non-current	Total	Rate	Maturity
BR Malls Participações S.A.	Debenture of Maia Borba S.A ("3rd issue") Shopping Araguaia	2,178	-	2,178	-	December 27, 2035
EDRJ113 Participações Ltda.	Acquisition of 50% of Espírito Santo Shopping Mall (Holder of 100% of Vila Velha Shopping Mall)	-	384,317	384,317	IGPDI	August 26, 2024
		2,178	384,317	386,495		

December 31, 2020						
Company	Financing Purpose	Current	Non-current	Total	Contracted Rate	Maturity
BR Malls Participações S.A.	Debenture of Maia Borba S.A ("3rd issue") Shopping Araguaia	3,786	-	3,786	-	December 27, 2035
EDRJ113 Participações Ltda.	Acquisition of 50% of Espírito Santo Shopping Mall (Holder of 100% of Vila Velha Shopping Mall)	-	336,327	336,327	IGPDI	August 26, 2024
		3,786	336,327	340,113		

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.6. Taxes recoverable and payable

Taxes recoverable and payable

The table below shows the balance of taxes to be recovered and collected.

According to CPC 32, income taxes are presented on a net basis by company.

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
IRPJ and CSLL paid in advance (i)	-	672	2,744	819
IRPJ and CSLL to offset (negative balance) (ii)	11,970	10,660	37,503	40,177
Withholding income tax (IRRF) (iii)	9,794	10,881	10,496	11,421
Indirect tax recoverable (PIS and COFINS)	4,869	4,869	10,111	9,938
Other (iv)	-	-	4,362	4,262
Total taxes and contributions recoverable	26,633	27,082	65,216	66,617
Income tax and social contribution payable	-	-	(9,920)	(10,765)
PIS and COFINS (v)	(22,962)	(20,588)	(42,243)	(38,779)
Withholding taxes	(2,753)	(3,792)	(5,908)	(6,862)
Total taxes and contributions payable	(25,715)	(24,380)	(58,071)	(56,406)
Total net assets	918	2,702	7,145	10,211
Current assets	8,787	10,372	25,410	27,802
Non-current assets	17,846	16,710	39,806	38,815
Current liabilities	(6,839)	(5,742)	(24,413)	(23,190)
Non-current liabilities	(18,876)	(18,638)	(33,658)	(33,216)

- (i) Refers to the advance of Income Tax and Social Contribution actually paid during the period by the companies of actual profit;
- (ii) IRPJ and CSLL negative balance that has been used through E-Request for Federal Tax Recovery, Refund or Offset (PERD/COMP) to offset other federal taxes. This balance mainly stems from the withholding of income tax on interest on equity and income tax on securities, paid in prior years;
- (iii) Refers basically to withholding income tax on financial investments in the current period. These amounts, according to current legislation, may be deducted from income tax in the current year or offset against other federal taxes in the following calendar year, as a negative balance;
- (iv) In this line, we highlight the tax credits arising from withholding ISS tax on the revenues of BR Malls Administração e Comercialização Ltda, BR Malls Administração e Comercialização 02 Ltda. and BR Malls Administração e Comercialização 03 Ltda., which were subject of requests for debt repetition in the judicial sphere; and
- (v) Corresponds to the provision for income tax for the year and amounts questioned in court, of which R\$33,639 have been deposited, being R\$14,763 for the subsidiary Cima Empreendimentos do Brasil S/A and R\$18,876 for the Parent Company. These amounts are the result of legal proceedings that question COFINS tax on leases and the non-cumulative nature of PIS/COFINS instituted by Laws 10.637/02 and 10.833/03.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued
Section 3: Invested capital and working capital
June 30, 2021

(In thousands of Reais, except when indicated otherwise)

3.6. Taxes recoverable and payable--Continued

Taxes payable in installments

	Consolidated	
	06/30/2021	12/31/2020
PERT (i)	5,576	5,576
IPTU	1,410	1,117
Current	6,986	6,693
IPTU	2,123	2,521
Other	1,202	1,100
Non-current	3,325	3,621
Total	10,311	10,314

(i) In August 2017, fourteen companies belonging to the Group, joined the Special Tax Regularization Program (PERT), established by Provisional Measure 783 of May 31, 2017, through the portion of cash payment method, in the amount of R\$454 of the debt included in the program. The Company requested to clear the remaining balance of R\$5,576 against Tax Losses and Negative Base of Company BR Malls Participações through a taxpayer request submitted in 2018, which is being consolidated.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.1. Cash and cash equivalents and marketable securities

Cash and cash equivalents

The Company has the following amounts classified as Cash and Cash Equivalents, with maturities of less than 90 days, as detailed below:

	Consolidated	
	06/30/2021	12/31/2020
Cash and banks	17,624	28,025
Fixed term deposit abroad	214	255
	17,838	28,280

Securities

Parent company

Investment	Rate	Counterparty	Type	06/30/2021	12/31/2020
	99.11% CDI	Banco Itaú BBA	Fund	549,021	352,365
	104.07% CDI	Banco Bradesco	Fund	497,452	511,849
	104.00% CDI	Banco ABC Brasil	CDB	-	5,690
	19.81% CDI	Banco Santander	CDB	2,366	-
	104.75% CDI	XP Investimento (*)	Fund	399,698	295,470
				1,448,537	1,165,374

(*) Fund with 29% in LFT and 71% in treasury.

Consolidated

Investment	Rate	Counterparty	Type	06/30/2021	12/31/2020
Fixed Income	99.11% CDI	Banco Itaú BBA (i)	Fund	669,262	435,711
	104.07% CDI	Banco Bradesco (ii)	Fund	611,055	624,190
	100.10% CDI	Banco Bradesco	CDB	5,496	3,412
	104.00% CDI	Banco ABC Brasil	CDB	-	5,690
	19.81% CDI	Banco Santander	CDB	2,521	137
	98.16% CDI	Banco Itaú Unibanco (*)	Repo Transaction	96,186	51,147
	95.85% CDI	Caixa Econômica Federal	CDB	933	1,749
	104.75% CDI	XP Investimento (**)	Fund	399,698	295,470
	109.00% CDI	BTG Pactual	Fund	4,950	-
	103.00% CDI	Other	Fund	38	25
				1,790,139	1,417,531

(*) Comprised of 100% in CDB repo transactions invested daily, with daily liquidity; and

(**) Fund with 29% in LFT and 71% in treasury.

- (i) The investment administrated by Banco Itaú refers to an exclusive investment fund pegged to the Interbank Deposit Certificate (CDI) investing in government bonds and bank deposit certificates of Brazilian first-tier financial institutions and treasury bills of top-tier banks.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.1. Cash and cash equivalents and marketable securities--Continued

The breakdown of the fund's portfolio is shown below:

Investment - Consolidated	06/30/2021	12/31/2020
Repurchase agreements – private bonds	-	17,827
Floating-rate government bonds (i)	524,479	297,153
Financial bills	144,731	120,680
Shares in treasury	52	51
	669,262	435,711

(i) This amount refers to financial bills (government bond pegged to SELIC rate (LFT)).

- (ii) The investment administrated by Banco Bradesco (Bradesco Asset Management) basically refers to an exclusive fixed income fund FI RF (*Fundo de Investimento de Renda Fixa*), which invests in federal government bonds and certificates of bank deposit of Brazilian first-tier financial institutions and treasury bills of top-tier banks.

The statement of the fund's portfolio is shown below:

Investment - Consolidated	06/30/2021	12/31/2020
Floating government bonds	441,718	470,267
Financial bills	127,885	143,884
Coral Fund (i)	10,193	10,037
CDB	28,143	-
DPGE	3,106	-
Shares in treasury	10	2
	611,055	624,190

(i) As of June 30, 2021, 61.67% refers to government bonds and 38.33% to private securities (LF/CDB).

In the six-month period ended June 30, 2021, the average remuneration rate of the securities was 101.93% of the CDI (89.41% of the average CDI in the period ended December 31, 2020).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.2. Loans and financings

Changes in short and long-term loans and financing balances are as follows:

	Parent Company			Consolidated		
	Banking market	Capital markets	Total	Banking market	Capital markets	Total
Loans and financing in the country						
Opening balance on January 1, 2020	539,461	1,154,366	1,693,827	1,149,292	1,570,326	2,719,618
Additions	1,003,450	500,000	1,503,450	1,003,450	500,000	1,503,450
Interest Incurred in the period	58,682	28,597	87,279	79,898	73,339	153,237
Payments	(346,384)	(44,167)	(390,551)	(366,091)	(122,694)	(488,785)
Closing balance on December 31, 2020	1,255,209	1,638,796	2,894,005	1,866,549	2,020,971	3,887,520
Additions (i)	-	400,000	400,000	-	400,000	400,000
Interest incurred in the period	35,039	26,135	61,174	44,971	56,392	101,363
Payments	(31,526)	(74,277)	(105,803)	(40,245)	(120,488)	(160,733)
Final balance on June 30, 2021	1,258,722	1,990,654	3,249,376	1,871,275	2,356,875	4,228,150

(i) Refers to the Debentures IX, according to Note 1.1.

During the three-month period ended June 30, 2021, approximately R\$5,238 of transaction costs (R\$11,260 on December 31, 2020) were incurred, ending the aforementioned period with R\$63,302 in transaction costs to be amortized (R\$60,463 on December 31, 2020).

The following tables show the position between current and non-current loans and financing as of June 30, 2021, and December 31, 2020:

	June 30, 2021					
	Parent Company			Consolidated		
	Banking market	Capital markets	Total	Banking market	Capital markets	Total
Current	411,034	158,404	569,438	471,869	223,169	695,038
Non-current	847,688	1,832,250	2,679,938	1,399,406	2,133,706	3,533,112
	1,258,722	1,990,654	3,249,376	1,871,275	2,356,875	4,228,150
	December 31, 2020					
	Parent Company			Consolidated		
	Banking market	Capital markets	Total	Banking market	Capital markets	Total
Current	8,995	194,604	203,599	32,436	251,708	284,144
Non-current	1,246,214	1,444,192	2,690,406	1,834,113	1,769,263	3,603,376
	1,255,209	1,638,796	2,894,005	1,866,549	2,020,971	3,887,520

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.2. Loans and financing—Continued

June 30, 2021 (Consolidated)								
Maturity	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years onwards	Total	Fair Value
CDI	627,759	234,822	357,789	846,612	267,123	984,169	3,318,274	3,269,758
IPCA	64,765	76,875	75,216	34,449	35,470	79,446	366,221	411,070
RR	2,514	-	268,670	272,471	-	-	543,655	543,655
	<u>695,038</u>	<u>311,697</u>	<u>701,675</u>	<u>1,153,532</u>	<u>302,593</u>	<u>1,063,615</u>	<u>4,228,150</u>	<u>4,224,483</u>

December 31, 2020 (Consolidated)								
Maturity	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and beyond	Total	Fair Value
CDI	224,470	626,868	347,693	236,896	856,870	670,054	2,962,851	2,904,365
IPCA	57,104	68,197	79,807	48,524	35,415	93,128	382,175	435,255
TR	2,570	637	80,932	365,426	92,929	-	542,494	542,494
	<u>284,144</u>	<u>695,702</u>	<u>508,432</u>	<u>650,846</u>	<u>985,214</u>	<u>763,182</u>	<u>3,887,520</u>	<u>3,882,114</u>

The Company has financial covenants pegged to debt-to-equity and leverage ratios, based on EBITDA, adjusted EBITDA, net financial expenses, and net debt.

The financial covenants are:

- (i) Adjusted EBITDA (operating profit or loss, added to depreciations and amortizations and financial result) and excluding the result of the variation of the fair value on Properties for investment divided by the net financial expenses for four quarters added shall be equal to or greater than to 1.75x. On June 30, 2021, the financial interest coverage ratio was 2.31x, therefore, it was in compliance with the contractual provisions.
- (ii) Net Debt (Loans and financing, except perpetual bonds (which do not have a determined maturity), minus cash and cash equivalents) divided by Adjusted EBITDA (operating profit or loss, plus depreciations and amortizations and financial result) and excluding the result of Properties for investment, in which the adjusted EBITDA of the quarter is annualized (multiplied by 4) and must equal to or be less than 3.8 times. On June 30, 2021, the financial leverage ratio was 2.74x, therefore, it was in compliance with the contractual provisions.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.2. Loans and financing—Continued

Below are the financial instruments that have financial covenants:

Contents	Company	Bank / type	Accounting balance	% of net debt
≤ 3.8 and ≥ 1.75	BR Malls S.A.	Debenture V - 1st Series	93,216	2.20%
	Nattca S.A.	CRI Itaú S.A.	366,221	8.66%
			<u>459,437</u>	<u>10.87%</u>
≤ 4.0 and ≥ 1.5	BR Malls S.A.	Debenture VI - Single Series	400,639	9.48%
	BR Malls S.A.	Debenture VII - Single Series	604,839	14.31%
			<u>1,005,478</u>	<u>23.78%</u>
		Loans with financial covenants	<u>1,464,915</u>	<u>34.65%</u>
		Total Debt	<u>4,228,150</u>	

4.3. Shareholders' Equity

Share Capital

On June 30, 2021, the Company's subscribed capital was R\$10,406,862 (R\$10,406,862 on December 31, 2020) divided into 873,141,333 common registered shares with no par value (873,141,333 on December 31, 2020). As mentioned in article 6 of its Bylaws, the Company has authorized capital of 1,123,200.000 shares.

Share issuance costs

Costs incurred in raising funds through issue of shares totaled R\$86,099 on June 30, 2021 (R\$86,099 on December 31, 2020), and are recorded as an equity reducing account, net of tax effects.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 4: Financial position

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

4.3. Shareholders' Equity--Continued

Treasury shares

Below is the position of shares held in treasury by the Company:

	Share class (thousands)		Acquisition price (R\$)			Market value	
	06/30/2021	12/31/2020	Average	Minimum	Maximum	06/30/2021	12/31/2020
Common	<u>29,412,649</u>	<u>29,412,649</u>	<u>10.2378</u>	<u>9.0253</u>	<u>11.6622</u>	<u>298,244</u>	<u>291,185</u>
Total	<u>29,412,649</u>	<u>29,412,649</u>				<u>298,244</u>	<u>291,185</u>

Capital reserve

Below is the breakdown of profit reserves:

	06/30/2021	12/31/2020
Recognized options granted (i)	<u>239,914</u>	<u>237,225</u>
Capital transactions with non-controlling shareholders (ii)	<u>(363,801)</u>	<u>(363,801)</u>
	<u>(123,887)</u>	<u>(126,576)</u>

(i) Registration of stock options and restricted shares (Note 5.3)

(ii) Refers to the effect of the sale option transaction with non-controlling shareholders in the shareholders' equity.

Accumulated losses in the period

Loss for the six-month period ended June 30, 2021, was R\$56,460.

Profit reserve

The breakdown of this reserve is as follows:

	06/30/2021	12/31/2020
Legal reserves	<u>102,412</u>	<u>102,412</u>
Retained profit (i)	<u>750,330</u>	<u>750,330</u>
Profit reserve	<u>852,742</u>	<u>852,742</u>

(i) Retention is carried out under the terms of Article 196 of the Brazilian Corporate Law, based on the capital budget disclosed by the Company's management and approved by the General Shareholders' Meeting.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.1. Related parties

Related-party transactions refer to the transfer of the Company's amounts involving the Parent Company and companies in the group to cover expenses, if any, from such transactions. Related-party balances are not monetarily restated, do not include interest and have no defined maturity date.

On June 30, 2021, the Company had a debt balance with its related parties in the amount of R\$14,632 (R\$14,200 on December 31, 2020).

Advances for future capital increase

Parent company

On June 30, 2020, advances for future capital increase totaled R\$74,173 (R\$19,345 on December 31, 2020) with its subsidiaries.

As in recent years, such advances are considered to be of a permanent character and are not remunerated or subject to monetary restatement. The Company intends to pay the advances within 365 days from their effective realization.

Revenue/costs from administration and commercialization services of shopping malls

BR Malls Administração, BR Malls Administração e Comercialização 03 Ltda. and BR Malls Administração e Comercialização 02 Ltda. provide services of management, planning, administration, marketing, implementation and operation of shopping malls and commercial ventures of any nature, owned or of third parties, and coordinates the purchase and lease of real properties for commercial use.

In the six-month period ended June 30, 2021, the revenue from own shopping malls, totaling R\$9,806 (R\$7,496 on June 30, 2020), was eliminated in the consolidated statements.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.1. Related parties--Continued

Key management personnel compensation

The compensation of key management personnel, including social charges, for directors and officers is as follows:

	<u>06/30/2021</u>	<u>06/30/2020</u>
Short-term benefits	(6,300)	(8,138)
Termination benefits	(37)	-
Profit sharing	(1,547)	-
	<u>(7,884)</u>	<u>(8,138)</u>

Key management personnel, except board members, and elected employees have stock option plans and restricted shares. The net effect in result was negative by R\$3,358, including provisions for social charges (on June 30, 2020 the net effect was positive by R\$4,608).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations

The Company and its investees are exposed to tax, labor and civil lawsuits. The chances of losing a legal proceeding are classified as "probable", "possible" or "remote" depending on the risk of loss for the Company and its investees. Provisions are made for all legal proceedings that, according to the assessment of the Company's Management, which is based on opinions from external and internal legal advisors, are considered as a probable loss, that is, the probability of outflow of funds to settle a legal proceeding. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. The provisions are reviewed and adjusted to consider the changes in circumstances, such as the applicable limitation period, conclusions of tax inspections or additional exposure identified based on new matters or court decisions.

The lawsuits considered as a probable loss for the Company are shown below:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Tax (i)	5,285	5,080	5,591	5,582
Labor and social security (ii)	3,688	3,098	7,093	5,757
Civil (iii)	8,753	8,483	42,623	41,183
Total	17,726	16,661	55,307	52,522
Current	6,795	5,784	22,640	22,012
Non-current	10,931	10,877	32,667	30,510

(i) Refers mainly to the writ of mandamus - ITBI of Villagio Caxias, in the amount of R\$1,889 and IPTU taxes of Fashion Mall, in the amount of R\$2,967;

(ii) Legal proceedings related to the discussion of labor and social security charges arising from the rendering of services; and

(iii) At the parent company, refers to the fine imposed by CADE (Administrative Council for Economic Defense) in the amount of R\$6,595 (R\$6,512 on December 31, 2020). In the consolidated figures, in addition to the previous effect, refers mainly to CIMA, largely explained by civil lawsuits relating to the purchase and sale commitments in Shopping Tijuca's real estate registry, in the total amount of R\$19,118 (R\$18,814 on December 31, 2020).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations--

--Continued

Changes in provisions by nature are as follows:

	Parent Company			
	Tax	Labor and social security	Civil	Total
Balances on December 31, 2019	59	2,675	7,407	10,141
Restatement	16	251	796	1,063
Payments	-	-	(130)	(130)
Constitution (i)	5,005	842	1,211	7,058
Reversal	-	(670)	(801)	(1,471)
Balances on December 31, 2020	5,080	3,098	8,483	16,661
Update	204	624	328	1,156
Incorporation	-	15	345	360
Reversal	-	(49)	(403)	(452)
Balances as of June 30, 2021	5,284	3,688	8,753	17,725

	Consolidated			
	Tax	Labor and social security	Civil	Total
Balances on December 31, 2019	548	4,779	38,754	44,081
Restatement	31	534	3,700	4,265
Payments	-	(113)	(1,704)	(1,817)
Constitution (i)	5,005	1,863	4,280	11,148
Reversal	(2)	(1,306)	(3,847)	(5,155)
Balances on December 31, 2020	5,582	5,757	41,183	52,522
Update	218	1,194	2,271	3,683
Payment	-	-	(873)	(873)
Incorporation	-	214	1,286	1,500
Reversal	(209)	(72)	(1,244)	(1,525)
Balances as of June 30, 2021	5,591	7,093	42,623	55,307

(i) Tax constitutions refer mainly to the writ of mandamus - ITBI of Villagio Caxias, in the amount of R\$1,899 and IPTU taxes of Fashion Mall, in the amount of R\$2,967;

Judicial deposits are stated according to the nature of their respective claims:

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Tax (i)	32,438	31,991	55,280	54,208
Labor and social security	852	853	2,102	2,089
Civil	2,305	2,354	14,379	13,867
In guarantee	-	-	12	12
	35,595	35,198	71,773	70,176

(i) Refers mainly to deposits connected to lawsuits arising from inquiries on the incidence of PIS/COFINS on lease and its non-cumulative nature imposed by Laws 10,637/02 and 10,833/03, as per Note 3.6, in the amount of R\$33,639 (R\$33,215 on December 31, 2020).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations--

Continued

The main contingencies classified as possible loss, according to the Company's legal advisors totaled R\$283,985 on June 30, 2021 (R\$271,558 on December 31, 2020), are as follows:

Tax

- a) Tax enforcement due to notices drawn against Ecisa Participações Ltda. Claiming IRPJ and CSLL related to second, third and fourth quarters of calendar years 2007 and 2008, due to the use of tax benefit, referring to deductibility of goodwill upon downstream merger of Lycia and Dylpar. The estimated amount is R\$34,419 (R\$34,171 on December 31, 2020);
- b) Tax notices issued against Proffito Holding Participações S.A. claiming IRPJ and CSLL for calendar year 2010, plus late payment interests, fine of 75% and single fine, due to (i) supposedly use of tax goodwill unduly realized and (ii) exclusions from income and social contribution tax bases. The estimated amount is R\$29,472 (R\$29,224 on December 31, 2020);
- c) Tax collection claim under procedural steps in the state of Rio de Janeiro regarding the collection of Municipal Real Property Tax (IPTU) and other Municipal debts. The estimated amount is R\$5,343 (R\$4,898 on December 31, 2020).
- d) Claim of 50% fine, provided for by item 'b', article 12, of Law 4357/64, calculated on profits distributed by Ecisa Engenharia Ltda. to BR Malls Participações S.A., in March and November 2011. In such period, the company had unsecured debts to Federal Government. The estimated amount is R\$7,136 (R\$7,085 on December 31, 2020); and
- e) Tax notices issued claiming PIS/COFINS calculated on revenues obtained by Condomínio do Amazonas Shopping from the years of 1999 to 2002. The estimated amount of the lawsuit is R\$32,464, considering only the 27.96% interest of BR Malls in Condomínio do Amazonas Shopping at the time (R\$32,307 on December 31, 2020) and the said case refers to the previous generating event of acquisition of shareholding in the project by BR Malls Participações S.A., so in case of loss it should be attributed to the old owner, in accordance with the sale agreement signed.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.2. Provisions for judicial and administrative proceedings, and other legal obligations -

Continued

Labor

- a) Tax notice drawn for social security contributions levied on amounts paid by BR Malls Participações S.A. to its employees, in February, March and June 2011, as profit sharing for 2010, in supposed disagreement with Law 10,101/00. The estimated amount is R\$6,187 (R\$6,161 on December 31, 2020).

Civil

- a) On February 20, 2012, Incorporadora Shopping Center Capim Dourado was summoned in a public interest suit filed by the Tocantins State Attorney's Office, in order to confirm supposed damage to public treasury due to the price paid for the plot of land where Capim Dourado shopping mall was built, which was lower than the market value. The estimated amount is R\$43,087 (R\$42,087 on December 31, 2020).

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.3. Share-based Compensation

Share-based compensation plans

The Company has share-based compensation plans for selected managers and employees. The expense is recognized proportionally over the period, from the date it was granted until the date the rights to shares are effectively transferred, and provision for social charges is updated monthly according to the closing price of the Company's shares.

As established in CPC 10, because of the specific characteristics of each plan, the fair value of the performance shares plan was calculated on the grant date, considering the value of BR Malls' shares on that date. The Company adopted the pricing model using the Monte Carlo simulation as it provides the best estimate to calculate the probability of reaching the performance factor. Additionally, for the matching shares and restricted shares plans, the fair value was calculated on the grant date based on the price of BR Malls' shares on that date discounted from expected future dividends.

a) Performance and matching shares

The performance shares and matching shares plans will be effective jointly and will be managed in an integrated manner by the Board of Directors, that is, only participants of the performance shares plan will be eligible for the matching shares plan. The amount granted to each participant will be the original amount foreseen for the performance shares established within the scope of the program. For grants made in 2020, the percentage to be allocated to the performance shares plan was 70% and 30% will be allocated optionally to the matching shares plan.

Detailed information on the programs granted for performance shares are provided below:

Programs	1st Program (ii)	2nd Program (ii)	3rd Program (ii)	4th Program (iii)	5th Program (iii)
Shares granted	1,524,620	1,552,457	1,276,466	1,726,086	400,000
Option grant date	07/10/2017	06/25/2018	07/11/2019	12/18/2020	12/18/2020
Strike price in R\$ (i)	12.09	9.35	14.93	10.39	10.39
Fair value on grant date (i)	18,433	14,515	19,058	17,934	4,218
Share price volatility on June 30, 2021	42.51%	42.51%	42.51%	42.51%	42.51%
Probability of reaching the performance factor on June 30, 2021	18.00%	38.35%	37.23%	62.65%	62.60%

(i) Original amounts calculated at the time of the grant, not updated with bonuses, splits or payment of dividends.

(ii) The base number of shares in each program will become available over a period of up to 5 (five) years, divided into 4 (four) lots, of which the first lot may only be exercised after 24 months. Each lot comprises of 25% (twenty-five percent) of the participant's base number of shares, however, the number of shares effectively granted to the participant on each vesting date will correspond to the base number of shares released to the participant multiplied by a performance factor established by the Company.

(iii) The three-year grace period and lock-up, consisting of 1 (one) lot, in addition to all other applicable rules, clauses and conditions must be respected.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.3. Share-based compensation plans —Continued

b) Restricted shares

The restricted shares plan will be granted only in exceptional cases to attract new talents with critical and specific skills desired by the Company for its success and the execution of its digital and omnichannel strategy. The shares issued by the Company will be granted free of charge and will only be attributed and transferred to the participants at the end of the four-year period from the date the respective grant agreement is signed.

Changes in the share-based compensation plans

	Number of shares			In R\$ thousand
	Not exercised by 12/31/2020	Performance not achieved	Not exercised by 06/30/2021	Reversion/Provision in results during the period (i)
Performance shares	4,975,633	(965,229)	4,004,476	(1,453)
1 st Program	677,748	(338,874)	338,874	337
2 nd Program	1,018,520	(339,507)	679,013	306
3 rd Program	1,147,351	(286,848)	860,503	94
4 th Program	1,726,086	-	1,726,086	(1,740)
5 th Program	400,000	-	400,000	(450)
Matching shares	552,322	-	552,322	(866)
Restricted shares	671,024	-	671,024	(857)
	6,193,051	(965,229)	5,227,822	(3,176)

- (i) From the total effect of recognizing this as personnel expenses in the income statement, currently liabilities was impacted by R\$105 as it includes monetary settlement and shareholders' equity was impacted by R\$3,071, as it includes settlement in shares. Additionally, due to the change in the form of liquidation for the granted shares, a reclassification of R\$382 was made from shareholders' equity to current liabilities.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.4. Deferred taxes

Breakdown

The balances are as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Income tax losses (i)	337,918	337,918	389,566	386,011
Social contribution tax losses (i)	121,650	121,650	140,243	138,964
Temporary differences				
Provisions for judicial and administrative proceedings, and other legal obligations	8,416	5,275	20,222	17,142
Expected losses on doubtful receivables and condominium fees	45,179	42,711	78,277	72,948
Other temporary differences	2,699	901	3,530	1,295
Total deferred credits	515,862	508,455	631,838	616,360
Investment property	(1,551,852)	(1,571,145)	(3,932,610)	(3,961,732)
Linearization (straight-line)	(17,056)	(15,250)	(36,423)	(32,256)
Financial instruments	(8,775)	(9,301)	(16,739)	(21,003)
Total deferred debts	(1,577,683)	(1,595,696)	(3,985,772)	(4,014,991)
Total, net	(1,061,821)	(1,087,241)	(3,353,934)	(3,398,631)
Non-current liabilities	(1,061,821)	(1,087,241)	(3,353,934)	(3,398,631)

(i) The deferred income and social contribution taxes related to the abovementioned income and social contribution tax losses refer to subsidiaries Alvear, Nattca, Cima, SPE Fortuna, Cuiaba and the controlling shareholder BR Malls Participações S.A.

In addition to the deferred tax asset on tax losses and negative basis recorded, on June 30, 2021, R\$161,125 (R\$140,123 on December 31, 2020) corresponded to credits on tax losses and negative basis not recorded due to lack of future prospects on taxable profits.

Since the taxable base of income tax and social contribution considers the net income adjusted by the tax law rules, there is no immediate relation between Company's net income and the taxable income. Therefore, the expectation of using tax credits should not be an indicator of the Company's future results.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.4. Deferred Taxes--Continued

Estimated realization period

Deferred tax credits net of non-realization of deferred tax assets are expected to be realized as follows:

<u>Fiscal year</u>	<u>Consolidated 06/30/2021</u>
2021	849
2022	6,205
2023	9,041
2024	12,432
From 2025 to 2030	<u>603,311</u>
	<u>631,838</u>

The expected recovery listed above considers the projection of taxable profits for the next ten years and a 30% reduction in the deferred tax base in case of disposal of investment properties at fair value.

5.5. Insurance

The Company has a risk management program in order to limit exposure, which seeks market coverage compatible with its size and operations. This coverage was contracted at the amounts shown below and considered sufficient by management to cover claims, if any, considering the nature of its activities, risks involved in its operations and orientation of its insurance advisors.

On June 30, 2021, the Company had the following main insurance policies taken out from third parties:

<u>Insurance Lines</u>	<u>Insured Amounts</u>
Operational risks (i)	894,734
D&O	125,000
Loss of profits	115,209
Civil liability	42,000

(i) Fire, collapse, explosion, electric damage, loss of profit and other.

BR Malls Participações S.A.

Notes to the quarterly financial information--Continued

Section 5: Other liabilities

June 30, 2021

(In thousands of Reais, except when indicated otherwise)

5.6. Non-cash transactions

Investment and financing transactions that did not involve the use of cash or cash equivalents were excluded from the statement of cash flows.

	<u>Parent Company</u> <u>06/30/2021</u>	<u>Consolidated</u> <u>06/30/2021</u>
Cash Flow (i)		
Operational	7,465	19,965
Investments	(7,465)	(19,965)
Financings	-	-
	<u>-</u>	<u>-</u>

- (i) Refers to the non-cash effect recognized in the result for the period, the increase in revenue from the total sale of the land lot in Campo Grande-MS, and the agreement signed with the former owner of Shopping Tijuca (Note 3.4 - Other Amounts Receivable).