Cury

Cury (CURY3) | Assuming Coverage: The Cash-Generating Machine of Affordable Housing

Real Estate

Analysts

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Company

CURY3 BZ Equity
Buy

Price: R$ 32.73 (15-July-2026)
Target Price 12M: R$ 48.00

Main takeaways:

- **Cash generation at the core of the thesis:** Cury reached its **29th consecutive quarter of positive operating cash generation in 2Q26**, a rare achievement in a highly capital-intensive industry.
- **High sales velocity and self-funded growth model:** A **72.0% SoS over the last twelve months through 2Q26**, coupled with low completed-inventory levels and a shorter operating cycle than peers, supports a business model capable of growing without a proportional increase in invested capital.
- **SP/RJ specialization enhances execution quality:** Approximately **72.0% of 1Q26 launches were concentrated in São Paulo and 28.0% in Rio de Janeiro**, markets where the company benefits from scale, local expertise, and strong demand visibility, supporting both sales velocity and mortgage-transfer predictability.
- **Proprietary commercial platform:** A network of more than **3,500 brokers**, on-site credit analysis, and a strong physical sales presence reduce friction throughout the sales funnel, improve buyer qualification, and support rapid mortgage transfers.
- **Standardized construction protects margins:** Engineering solutions tailored to affordable housing reduce variability in project timelines, costs, and execution, an increasingly important advantage in an environment where construction-cost inflation (INCC-M) continues to outpace consumer inflation.
- **Landbank with urban-development optionality:** Land holdings located within the **Arco Tietê and Arco Leste Urban Intervention Projects (PIUs)** (~82 km^2 of potential development area) position Cury to directly capture additional building rights associated with social housing quotas along urban densification corridors, particularly in São Paulo.
- We rate the company **Buy**, with a **target price of R$ 48.00**.

Investment Summary:

We assume coverage of Cury with a **Buy rating and a R$48.00 target price**, based on an **FCFE valuation framework**. The company combines growth, operational predictability, and exceptionally high capital turnover within a business model where the **operation itself finances real estate development**, evidenced by **29 consecutive quarters of positive cash generation and an impressive 79.5% ROE** in 1Q26. Cury stands out through its specialized focus on affordable housing, with a strong concentration in **São Paulo and Rio de Janeiro**, markets where it possesses deep expertise in demand patterns, regulatory dynamics, land sourcing, and commercial execution. **This positioning translates into faster sales velocity, lower exposure to completed inventory, and superior operating performance.**

Cury's key differentiator is its ability to **convert growth into operating cash generation. Strong sales velocity, limited completed inventory, and rapid mortgage transfers shorten the capital cycle**, accelerating capital recycling and allowing the business to fund its own expansion. Under our forecasts, a **75.5% sales-over-supply ratio (SoS) in 2026E** supports positive operating cash generation throughout our projection horizon and **ROE of 77.5% and 73.4% in 2026E and 2027E**, respectively. Key catalysts include upcoming quarterly results, which should further validate the cash generation already indicated by operational previews, as well as recurring dividend distribution announcements throughout the year.

Exhibit 1. CURY3 Income Statement Projections

R$ Millions	2023A	2024A	2025A	2026E	2027E	2028E	2029E
Net Revenue	**2,886**	**3,926**	**5,399**	**6,786**	**7,742**	**8,816**	**9,725**
(+/-) % Change Net Revenue		*36.0%*	*37.5%*	*25.7%*	*14.1%*	*13.9%*	*10.3%*
(-) COGS	(1,791)	(2,413)	(3,253)	(4,138)	(4,705)	(5,350)	(5,902)
Gross Profit	**1,095**	**1,513**	**2,147**	**2,649**	**3,037**	**3,466**	**3,823**
(-) Operating Costs	(513)	(693)	(879)	(974)	(1,127)	(1,295)	(1,429)
EBITDA	**608**	**851**	**1,303**	**1,652**	**1,861**	**2,112**	**2,326**
(-) D&A	(26)	(31)	(35)	(39)	(49)	(59)	(68)
EBIT	**582**	**820**	**1,268**	**1,613**	**1,813**	**2,053**	**2,258**
(+/-) % Change EBIT		*40.9%*	*54.7%*	*27.2%*	*12.4%*	*13.3%*	*10.0%*
(+/-) Interest, net	(14)	(31)	(48)	(20)	(16)	(21)	(11)
(-) Income Taxes	(72)	(90)	(139)	(177)	(205)	(231)	(256)
(-) Minority Interest	(14)	(49)	(106)	(159)	(157)	(180)	(199)
Net Income	**482**	**650**	**976**	**1,256**	**1,435**	**1,620**	**1,791**
(+/-) % Change Net Income		*34.9%*	*50.1%*	*28.8%*	*14.2%*	*12.9%*	*10.6%*

Source: Cury, Genial Investimentos

Company Overview:

Founded in 1963, Cury has become one of Brazil's leading residential developers, with operations highly concentrated in the metropolitan regions of **São Paulo and Rio de Janeiro**. The company operates predominantly in the affordable housing segment, with significant exposure to the **Minha Casa Minha Vida (MCMV)** program, a market characterized by structural demand and greater resilience throughout economic cycles.

Cury's regional specialization strategy, which disciplines project selection and capital allocation, has enabled the company to deliver superior operating efficiency, reflected in a **72.0% sales-over-supply (SoS) ratio over the last twelve months through 2Q26**, compared with approximately **53.0% among peers**. In 1Q26, roughly **72.0% of launches were concentrated in São Paulo and 28.0% in Rio de Janeiro**, reinforcing the company's focus on markets where it benefits from deep expertise in demand patterns, land acquisition, and regulatory dynamics. This strong sales velocity also contributes to faster capital turnover, reducing exposure to lengthy construction cycles while enhancing earnings visibility and operational predictability.

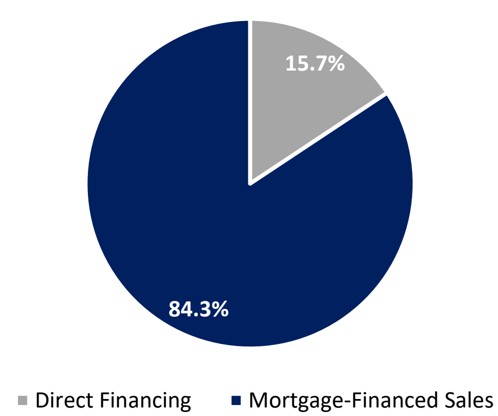
The combination of a focused exposure to the **MCMV segment**, disciplined land acquisition, and the release of additional development potential along transportation corridors under the recently approved Master Plans in São Paulo and Rio de Janeiro has supported a robust growth cycle.

Between 2022 and 2025, Cury delivered a revenue CAGR of approximately 33.7%, demonstrating its ability to scale while preserving operational consistency. Importantly, this growth was achieved without geographic diversification or expansion into segments outside the company's core expertise. In our view, this disciplined approach has been a key factor behind the company's ability to sustain elevated returns throughout the cycle.

Management – CURY3:

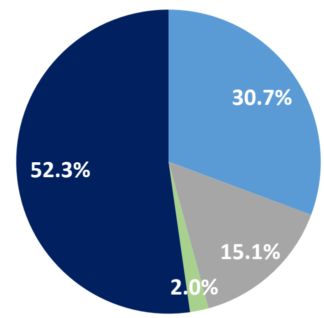
- **Co-Chief Executive Officer**: Leonardo Mesquita da Cruz has been with Cury since 2010, previously serving as Commercial Vice President and Commercial Director after his tenure at Tenda. He holds a Law degree from Universidade Candido Mendes;
- **Co-CEO, Engineering**: Paulo Sérgio Beyruti Curi joined Cury in 1993 as an engineer, rising to Engineering Director and Executive Vice President of Engineering. He holds a Civil Engineering degree from Universidade Presbiteriana Mackenzie;
- **Chairman of the Board**: Fabio Elias Cury has led the company since the early 1990s and remains a key figure behind its long-term strategic direction;
- **Director of Mortgage Credit, Institutional and Investor Relations**: Ronaldo Cury De Capua joined Cury in 2007, advancing from New Business Manager to Director. He holds a degree in Business Administration from FMU;
- **Chief Operating Officer**: Sabrina Gonçalves Ribeiro brings over two decades of real estate experience, with a track record in turnaround initiatives, operational improvements and governance. As COO, she supports the execution of Cury's growth strategy;
- **Chief Financial Officer**: João Carlos Mazzuco joined in 2019 after senior positions at Banco Fator, ING Bank and EMS Pharmaceutical. He holds a Naval Engineering degree from USP and a master's from the London School of Economics.

Exhibit 2. Gross Sales 2Q26: Mortgage-financed sales dominate



Source: Cury, Genial Investimentos

Exhibit 3. CURY3 Shareholding Structure



Source: Cury, Genial Investimentos

A Rare Trait in Residential Development: Consistent Operating Cash Generation

What differentiates Cury is not only its industry-leading sales velocity, but also its ability to **translate growth into sustained operating cash generation**. The company delivered its **29th consecutive quarter of positive operating cash flow in 2Q26**, an uncommon accomplishment in a sector known for long project cycles and substantial capital requirements. In our view, this track record is the result of disciplined execution across construction, mortgage transfers, commercial operations, and working capital management rather than a byproduct of favorable market conditions.

This operating model allows Cury to **self-finance growth, support substantial dividend distributions, and maintain balance sheet flexibility** throughout the cycle.

Consequently, we regard operating cash generation as the primary indicator of the company's ability to sustain elevated returns and preserve its competitive advantage over peers.

Exhibit 4. Units sold by target segment: Focus on brackets above MCMV's Bracket 2

Floors	Concept	Target Segment	Average Price 1Q26 (R$)	Target Monthly Income Range	Funding Source	% of PSV Sold in 1Q26
5	Standard / Entry	MCMV Bracket 2	223,898	R$3,500 - R$4,400	MCMV (2)	0.0%
25	Mid-Standard	MCMV Bracket 2 & 3	246,236	R$4,000 - R$7,000	MCMV (2 to 3)	1.8%
25	Modern	MCMV Bracket 3	296,638	R$5,000 - R$10,000	MCMV (3/4)	41.2%
25	Premium	MCMV Bracket 3 & 4 + SBPE	354,055	R$6,000 - R$13,000	MCMV (3/4) + SBPE	57.0%

Source: Cury, Genial Investimentos

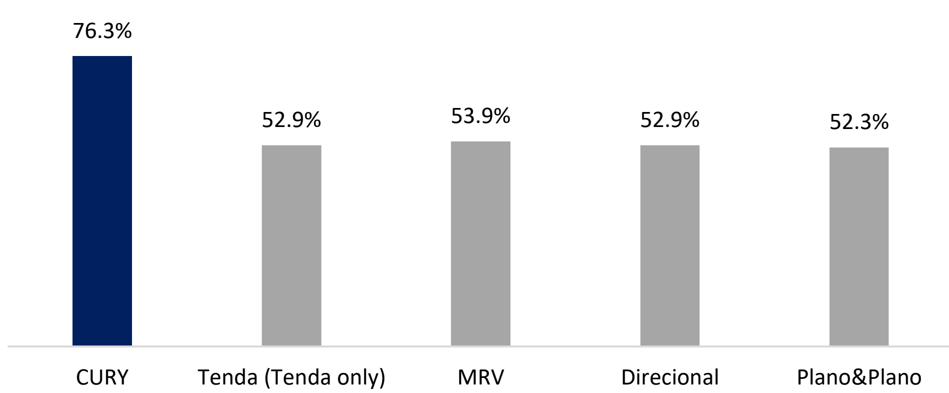
The Formula Behind Success: Geographic Focus and Commercial Excellence

We view Cury as a company capable of **delivering growth with a lower incremental capital requirement**, and this advantage starts with its specialization. The company's concentration in **São Paulo and Rio de Janeiro** represents a meaningful operational edge. By operating in markets where it has accumulated extensive experience, scale, and deep knowledge of local demand dynamics, Cury is able to execute land acquisition, product design, and commercial strategies with greater precision. In our view, **this specialization is one of the key drivers behind its superior sales velocity, predictable mortgage transfers, and efficient capital allocation, positioning Cury as the benchmark for operational efficiency within Brazil's affordable housing sector**.

This advantage is further reinforced by the company's commercial platform. A network of more than **3,500 brokers**, physical presence at the point of sale, on-site credit screening, and proprietary sales tools help reduce friction throughout the customer acquisition process and improve conversion rates. We expect these strengths to support a **75.5% sales-over-supply (SoS) ratio in 2026E**, compared with approximately 53.0% for peers, alongside average annual **net revenue growth of 17.9%** and a **net margin of 18.5% between 2026E and 2028E**.

The differentiation becomes even more evident when combined with the company's limited exposure to completed inventory, which reduces capital consumption, lowers discounting risk, and helps preserve margins throughout the cycle. Our estimates point to average **ROE of 75.5% across 2026E and 2027E**. As such, the core of the investment thesis is not simply **growth, but rather growth with superior cash conversion, greater capital efficiency, and sustainably higher returns on equity**.

Exhibit 5. Sales-over-Supply (SoS) 2025: Cury well above comparable peers



Source: Cury, Genial Investimentos

Exhibit 6. Launches, LTM through 1Q26 (PSV, R$ thousand): Concentration in São Paulo

Region	# Projects	PSV	%
SP	23	5,883,334	72.2%
North Zone	1	202,835	2.5%
South Zone	7	1,840,123	22.6%
East Zone	2	654,354	8.0%
West Zone	12	2,795,872	34.3%
Guarulhos	1	390,150	4.8%
RJ	10	2,264,601	27.8%
North Zone	1	145,165	1.8%
West Zone	-	-	-
Port	7	1,749,536	21.5%
Niterói	2	369,900	4.5%
Total	**33**	**8,147,935**	**100.0%**

Source: Cury, Genial Investimentos

Engineering as a Competitive Advantage and Margin Protection Mechanism:

While often overlooked, **engineering is an important pillar of the investment thesis**, as project standardization and the repeated use of proven construction solutions help reduce variability in execution timelines, costs, and project delivery. This is particularly relevant for a business model built around operating cash generation, where construction efficiency directly impacts capital turnover and profitability. Cury is set to launch a pilot project utilizing **aluminum formwork systems in São Paulo**, introducing an alternative construction method alongside its existing structural masonry model. Management has deliberately adopted a gradual implementation strategy, which we believe mitigates execution risk and allows the company to capture operational learnings before a broader rollout.

In our view, the significance of this initiative lies less in its immediate financial impact and more in what it signals strategically.

More broadly, we see engineering not merely as a construction capability, but as a **margin protection mechanism**. Our forecasts assume **gross margins of 39.0% and 39.2% in 2026E and 2027E**, respectively, with a modest contraction in 2026 reflecting higher labor costs, the primary component behind the recent rise in INCC-M, followed by a gradual recovery as operational efficiencies and pricing dynamics continue to support profitability over the medium term.

Exhibit 7. Inventory, Launches and Units Under Construction: Weighted Towards São Paulo

State	Launches (R$ mn)	Inventory (R$ mn)	Units Under Construction (# units)
SP	5,883.3	1,496.5	45,450.0
%Total	72.0%	53.0%	72.0%
RJ	2,264.6	1,308.7	17,327.0
%Total	28.0%	47.0%	28.0%
Total	**8,147.9**	**2,805.2**	**62,777.0**

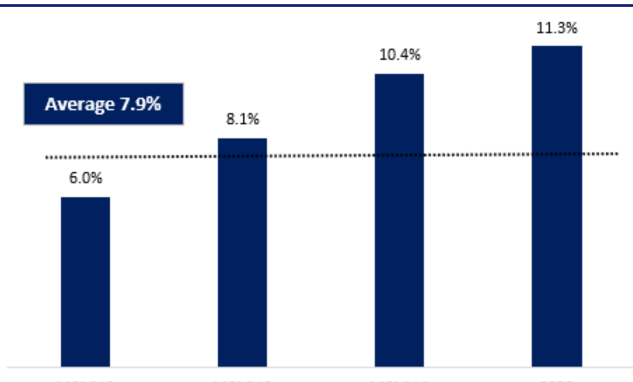
Source: Cury, Genial Investimentos

Landbank, Master Plans and Urban Development Optionality:

We believe Cury's landbank should be assessed not by its absolute size, but by its **disciplined coverage**. As of 2Q26, the company held approximately **R$26.1 billion in potential PSV (~84.0 thousand units)**, the largest landbank in its history. Its quality lies in location, precisely where recent urban planning changes act as an amplifier. In São Paulo, the 2023 Master Plan revision (Law 17,975/2023) allows social housing projects in ZEIS zones located within transit corridor influence areas to build up to 6x the lot size, versus 4x previously. **This means more buildable area per plot, a larger pool of eligible parcels, and higher PSV per real invested in land.**

Additional upside may come from the Arco Tietê and Arco Leste Urban Intervention Projects (PIUs), covering a combined ~82.0 km² along São Paulo's main transit corridors. Still under public consultation, these plans link additional density to affordable housing delivery through social housing quotas, which represent a regulatory burden for diversified developers but Cury's core product. In Rio de Janeiro (~28.0% of launches), the new Master Plan (Complementary Law 270/2024) moves in a similar direction, creating a second source of urban optionality at an earlier stage of implementation.

Exhibit 8. CURY3 Weighted Average Interest Rate in 1Q26: MCMV provides more favorable rates



Source: Cury, Genial Investimentos

Exhibit 9. Comps Table - Consensus

	Market Data			Financial Data				Valuation			
	Price	Market Cap	TEV	26E Revenue	26E EBITDA	26E EBIT	26E Earnings	26E EV/Sales	26E EV/EBITDA	26E EV/EBIT	26E P/E
Company Name	*(R$/share)*	*(R$M)*	*(R$M)*	*(R$M)*	*(R$M)*	*(R$M)*	*(R$M)*	*x*	*x*	*x*	*x*
Cury	32.73	10,088	9,681	6,828	1,639	1,603	1,254	1.4x	5.9x	6.0x	8.0x
Direcional	12.64	6,573	7,316	5,445	1,432	1,335	978	1.3x	5.1x	5.5x	6.7x
MRV	4.87	2,741	10,672	11,624	1,893	1,585	433	0.9x	5.6x	6.7x	6.3x
Plano&Plano	8.29	1,702	1,791	3,917	615	569	423	0.5x	2.9x	3.1x	4.0x
Tenda	33.06	4,054	4,379	5,214	921	821	634	0.8x	4.8x	5.3x	6.4x
Average								**1.0x**	**4.9x**	**5.3x**	**6.3x**
Median								**0.9x**	**5.1x**	**5.5x**	**6.4x**

Source: Bloomberg, Genial Investimentos

Key Strengths and Opportunities:

- **Less capital-intensive business model**: Strong sales velocity, limited completed inventory, and a shorter operating cycle enable faster capital recycling, supporting growth with a lower need for incremental funding;
- **SP/RJ specialization reduces execution risk**: Concentration in deep and well-understood markets enhances demand visibility, location selection, pricing strategy, and product positioning;
- **Robust commercial platform**: An extensive broker network, physical presence at the point of sale, and on-site credit screening reduce friction throughout the sales process, improving conversion rates and increasing the predictability of mortgage transfers and cash generation;
- **Construction efficiency supports margins**: Standardized projects and the repeated use of proven engineering solutions reduce variability in execution timelines, costs, and project delivery, reinforcing earnings stability and return sustainability;
- **Landbank with urban-development optionality**: Land parcels located in areas benefiting from increased density potential, Urban Intervention Projects (PIUs), and Urban Consortium Operations (OUCs) may unlock additional PSV.

Key Risks:

- **Sales Velocity Normalization**: Cury's 72.0% SoS over the last twelve months remains well above historical industry averages. A reversion toward normalized levels could slow sales absorption and raise working capital needs to sustain projected growth;
- **Cost Inflation and Labor Pressure**: Structural masonry is more labor-intensive than aluminum formwork. Given Cury's predominant exposure to this method, the company remains more vulnerable to rising labor costs, which we view as the primary driver of INCC inflation over the coming years;
- **Consumer Credit Risk**: Higher interest rates increase borrower delinquency and credit rejection rates during the home purchase process. This is partially mitigated by the MCMV associative model, under which Caixa pre-approves buyers before launch;
- **FGTS Funding Constraints**: FGTS finances approximately 43.0% of new mortgage originations in Brazil. Discussions on the fund's long-term sustainability and potential policy changes could affect housing sector funding regardless of interest rate conditions;

- **Frequent Changes to MCMV Rules**: The program has historically undergone periodic adjustments in both directions. While the 2026 expansion of income brackets and financing limits supported demand, regulatory uncertainty can complicate project planning given the industry's multi-year development cycle;
- **Competition for Land, Brokers and Customers in SP/RJ**: Cury competes with MRV, Tenda, Direcional and Plano&Plano for eligible land parcels and broker networks. Increased competition may raise land costs relative to PSV and pressure sales velocity;
- **Geographic Concentration**: Deep exposure to SP and RJ provides an operational advantage but increases sensitivity to local shocks, such as zoning changes and municipal administration shifts, more than geographically diversified peers.

Valuation:

Exhibit 10. FCFE projection

R$ Millions	2026E	2027E	2028E	2029E
Net Income	**1,256**	**1,435**	**1,620**	**1,791**
(+) D&A	39	49	59	68
(-) CAPEX	(49)	(62)	(70)	(78)
(+/-) Changes in WK	(571)	(352)	(314)	(261)
(+/-) Net Borrow ing	302	209	250	214
FCFE	**978**	**1,279**	**1,545**	**1,735**

Source: Genial Investimentos

Exhibit 11. Sensitivity Analysis

		Terminal Growth Rate								
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%
Cost of Equity	12.6%	56	57	59	60	62	64	66	68	71
	13.1%	53	54	56	57	58	60	62	64	66
	13.6%	51	52	53	54	55	57	58	60	62
	14.1%	49	49	50	51	53	54	55	57	58
	14.6%	47	47	48	49	50	51	52	54	55
	15.1%	45	45	46	47	48	49	50	51	52
	15.6%	43	44	44	45	46	47	47	48	50
	16.1%	41	42	42	43	44	45	45	46	47
	16.6%	40	40	41	41	42	43	43	44	45
	17.1%	38	39	39	40	40	41	42	42	43
	17.6%	37	38	38	38	39	39	40	41	41

Source: Genial Investimentos

Exhibit 12. Model and Valuation Summary

Cury	
Model and Valuation Summary	
	15-Jul-26
CURY3 Share Price (R$)	32.73
Target price	48.19
Upside	**+47.2%**
Ke Build Up	
Risk-Free Rate	4.4%
Country Risk	2.4%
Market Premium	5.0%
Beta	1.16
Inflation Dif US/BZ	2.5%
Cost of Equity	**15.1%**
Perpetuity Growth	4.0%
Company Summary	
Current Price	R$ 32.73
# of shares	308
Current Mkt Cap	10,082
Target Mkt Cap	14,844
# of shares	308
Target Price	**R$ 48.00**
Upside	46.7%

Source: Genial Investimentos

Sector Analysis

Brazilian Homebuilders: Different Funding Structures, Different Economics

The economics of Brazil's homebuilding sector vary significantly depending on how the end buyer is financed. All homebuilders recognize revenue on a percentage of completion (POC) basis; what differs across segments is the **timing of cash generation relative to that accounting revenue**. In the **MCMV segment**, which operates under an associative lending model, **Caixa Econômica Federal disburses funds to the homebuilder as construction progresses**, **with the mortgage already formalized in the homebuyer's name.**

In the **traditional model**, by contrast, **POC revenue accrues during construction while most of the cash arrives only after delivery**, at the mortgage transfer stage (repasse). This mismatch is at the **heart of the sector's J Curve**, and the **associative model largely eliminates it**, allowing homebuilders to recover capital earlier, reducing capital intensity and dependence on corporate debt.

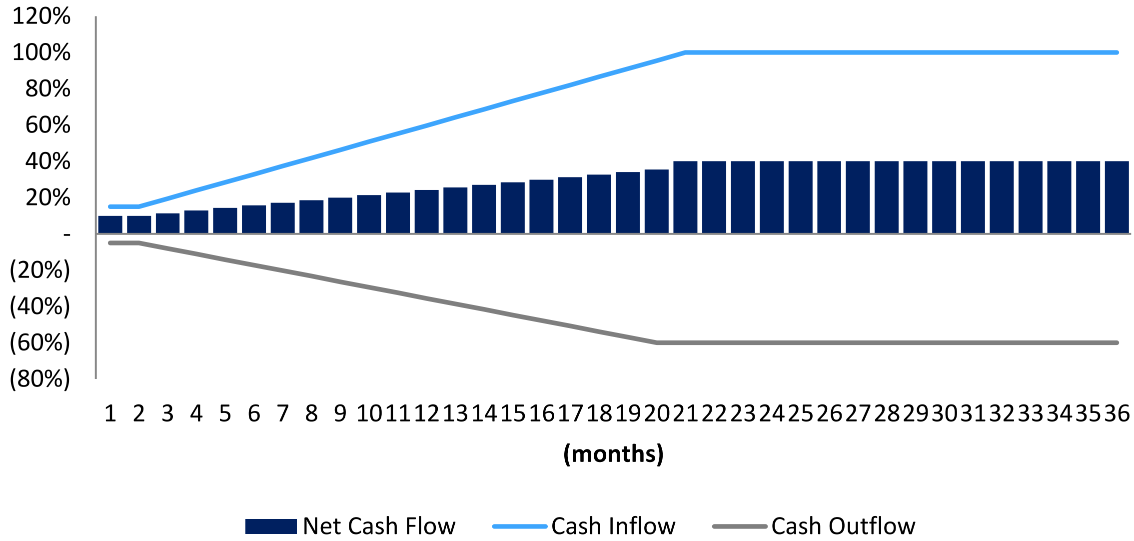
The **MCMV segment therefore combines higher earnings quality, with revenue backed by near concurrent cash, lower cash flow volatility, and stronger capital efficiency**, making it one of the most resilient segments in Brazilian homebuilding and **underpinning its countercyclical profile**.

The J-Curve Dynamic:

The homebuilding **industry typically exhibits a J-curve** dynamic in cash generation: **construction costs are incurred well before the bulk of cash inflows** arrive, even though revenue accrues throughout the build under the POC method. The depth and duration of this cash flow trough is what truly separates the MCMV segment from the broader residential market.

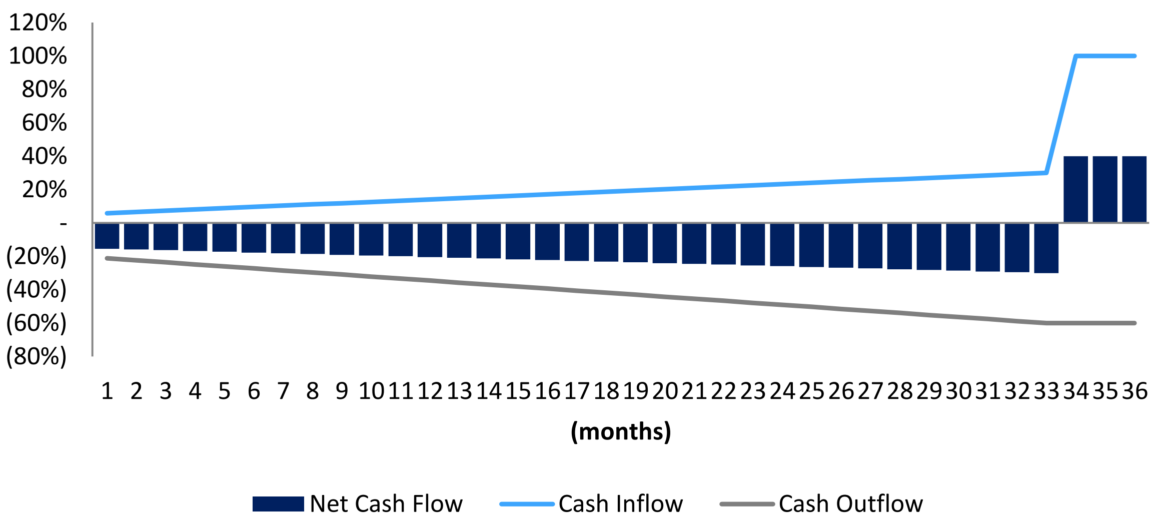
Outside MCMV, particularly in the middle and high income segments, **homebuilders typically fund construction through development loans provided by banks** (plano empresário, or corporate construction financing). Under this structure, the developer incurs debt and pays interest throughout the construction period. During this phase, the primary sources of cash inflows are customer down payments and installments paid during construction, which typically represent between 20.0% and 35.0% of the property's value. **Most of the purchase price is received only upon project completion**, when the buyer secures an individual mortgage or settles the balance with personal funds, and the proceeds are generally used to repay the developer's construction loan. As a result, **net cash flow tends to remain negative for most of the development cycle, turning positive only near completion, the classic deep and prolonged J-curve trough**.

Exhibit 13. "The J Curve": illustrative cash flow profile of a MCMV development (% of total, cumulative) – Cury Illustration



Source: Cury, Genial Investimentos

Exhibit 14. The J Curve: illustrative cash flow profile of a traditional development (% of total, cumulative) - Cury Illustration

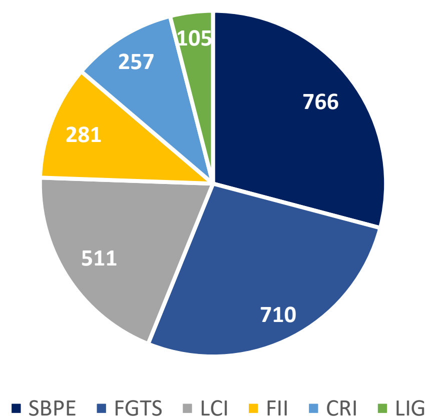


Source: Cury, Genial Investimentos

Under the **MCMV associative lending model, this trough is largely eliminated**. **The lending bank, predominantly Caixa, disburses funds to the developer based on measured construction progress, allowing cash inflows to build consistently from the outset of the project and closely match construction expenditures over time**. The result is a net cash flow profile that remains near breakeven throughout most of the construction cycle, with a substantial portion of the home value received before completion. In other words, **the model creates an efficient cash flow matching mechanism, rather than requiring developers to bridge a significant cash deficit during construction.**

This structural difference underpins the segment's lower working capital requirements, reduced funding needs, and greater financial predictability, which we discuss in greater detail in the following section on the mortgage transfer process.

Exhibit 15. Real estate funding stock in 2025 (R$ billion): Savings and FGTS represent over 50% of the mix



Source: Caixa, Genial

Mortgage Transfer Process:

Mortgage transfer (repasse) marks the conversion of contracted sales into cash receipts and the transfer of credit risk from the homebuilder to the financial institution. This stage is a key **driver of earnings visibility and working capital efficiency, particularly within the MCMV segment**. After the transfer, a buyer **default becomes the lender's problem rather than the developer's**, which directly **mitigates cancellation (distrato) risk**.

At the same time, **mortgage transfers introduce a different type of risk**. Because **the amount to be received is fixed when the transfer is executed and is not subsequently adjusted, construction delays effectively reduce a project's IRR**: the developer receives the same nominal amount over a longer period, without compensation for inflation or the opportunity cost of capital.

The process involves three parties: **the financial institution, which holds the property as collateral through a fiduciary lien; the homebuilder, which transfers the receivable and is released from credit risk; and the buyer, who assumes the mortgage obligation**. The timing of the transfer, and therefore of the **risk handoff, is what distinguishes the financing structures below**:

- **Associative Lending (typical of MCMV): Caixa Econômica Federal approves and finances the homebuyer at the time of sale, before project completion, in partnership with the developer**. The transfer effectively occurs at origination: with the mortgage already formalized in the buyer's name, the bank **releases funds to the developer based on measured construction progress**, while the buyer pays only a small down payment and construction-period installments. This early risk handoff and the close match between cash inflows and construction expenditures are the primary reasons why the **MCMV segment exhibits a smoother J-curve and minimal distrato risk;**
- **Traditional Mortgage Financing:** The developer funds construction through its **own capital or third-party financing**, collecting only **down payments and installments during the build**. The **transfer occurs at project completion**, often years after the initial sale, when the buyer secures an individual mortgage and the developer receives the bulk of the sale proceeds at once. **Until then, the receivable and the associated cancellation risk remain on the developer's side**;
- **Direct Financing:** The developer finances the buyer directly, without a financial institution, retaining credit exposure until the receivable is fully amortized, with **repayment schedules that can extend for many years**. Direct financing is more common outside the MCMV segment, particularly when buyers do not qualify for SFH financing or prefer to avoid the bank approval process.

Exhibit 16. 2026–2029 Multi-Year Budget: Consistent funding expected ahead (R$ thousand)

BREAKDOWN	2026	2027	2028	2029
1. Housing	**144,500,000**	**144,500,000**	**139,500,000**	**139,500,000**
1.1. Affordable Housing	**125,500,000**	**125,500,000**	**125,500,000**	**125,500,000**
1.1.1. Housing Production Financing	87,000,000	87,000,000	87,000,000	87,000,000
1.1.2. Individual Housing Loans	36,000,000	36,000,000	36,000,000	36,000,000
1.1.3. Associative Housing Loans (crédito associativo)	100,000	100,000	100,000	100,000
1.1.4. Pró-Moradia	2,400,000	2,400,000	2,400,000	2,400,000
1.2. Pró-Cotista	4,000,000	4,000,000	4,000,000	4,000,000
1.3. Middle-Income Segment	15,000,000	15,000,000	10,000,000	10,000,000
2. Basic Sanitation	**8,000,000**	**8,000,000**	**8,000,000**	**8,000,000**
2.1. Sanitation for All	**8,000,000**	**8,000,000**	**8,000,000**	**8,000,000**
2.2. Sanitation Market-Based Operations	-	-	-	-
3. Urban Infrastructure	**8,000,000**	**8,000,000**	**8,000,000**	**8,000,000**
3.1. Pró-Transporte	6,400,000	6,400,000	6,400,000	6,400,000
3.2. Pró-Cidades	1,600,000	1,600,000	1,600,000	1,600,000
3.3. Infrastructure Market-Based Operations	-	-	-	-
Total	**160,500,000**	**160,500,000**	**155,500,000**	**155,500,000**
Deductions (Pre-Salt Royalties)	**12,500,000**	**12,500,000**	**12,500,000**	**12,500,000**
Likely Additional Resources	**50,000,000**	**-**	**-**	**-**
Total Including Likely Additional Resources	**223,000,000**	**173,000,000**	**168,000,000**	**168,000,000**

Source: FGTS/Conselho Curador, ADEMI/BRAIN, Cury, Genial Investimentos

Because purchase agreements under the associative model are executed only after financing approval, **the bank effectively pre-screens every buyer at the point of sale**. This filter, rather than any post-sale collection effort, is one of the main reasons why well-executed MCMV homebuilders report structurally lower cancellation rates.

Mortgage transfer rates and transfer velocity therefore serve as important indicators of sales quality and credit discipline. Developers with faster, more efficient transfer processes carry receivables for less time, shortening the window in which cancellations can occur and reducing working capital requirements and funding costs, with greater cash flow visibility as a result. Within the MCMV segment, this dynamic is even more relevant, **as buyer eligibility for financing is a prerequisite for the sale to be effectively monetized**.

This mechanism is particularly **important for companies whose investment thesis is built on rapid capital turnover, high sales velocity, limited completed inventory, and fast cash recycling**. The more efficient the mortgage transfer process, the lower the funding requirement and the greater the company's ability to grow while preserving capital efficiency and cash generation.

Minha Casa Minha Vida: Structure and Scale

The **Minha Casa Minha Vida (MCMV)** program, created in 2009, is the cornerstone of Brazil's federal housing policy, offering **subsidized mortgage rates and home-price ceilings tailored to different income brackets**. The program is organized into **four income tiers**, each with its own financing conditions and subsidy framework.

Under the **Lula 3 administration**, MCMV had already contracted **more than 2 million housing units through 2025**, with a target of reaching **3 million units by the end of 2026**. Beginning in 2026, the government further expanded the program by increasing both **income eligibility thresholds and maximum eligible home prices**, broadening its addressable market. MCMV already represented **49.0% of Brazilian homebuilding sales in 1Q26** (54,510 units across 221 cities monitored by CBIC). Penetration varies significantly across regions, reaching **52.0% of total housing supply in the North** compared to **17.0% in the South**, reflecting the greater relevance of affordable housing in lower-income regions. In absolute terms, however, the **Southeast remains the largest market, accounting for more than half of nationwide sales (**the region where **Cury, Tenda, and Direcional concentrate their operations)**. In São Paulo, for example, **MCMV already accounts for approximately 65% of the residential market**.

The **FGTS serves as the program's funding backbone**. In addition to financing the majority of mortgage originations under the program, it also supports the subsidies directed to lower-income households. The fund currently represents approximately **27.0% of total mortgage funding in Brazil**, with a budget of roughly **R$223.0 billion**, of which ~R$50 billion refers to likely additional, non-recurring resources. Without this source of funding, the program would lose both scale and its ability to offer credit conditions below prevailing market rates.

From an operational standpoint, MCMV is distinguished by a financing structure centered around **Caixa Econômica Federal**, which disburses funds to homebuilders according to **construction progress**, while the mortgage is already contracted in the homebuyer's name. This alignment between **revenue recognition, cash generation, and construction execution** significantly reduces working capital requirements and the leverage needed to finance projects.

As a result, **MCMV-focused homebuilders tend to exhibit greater operational and financial predictability, lower cancellation (distrato) risk, and faster sales velocity**. These characteristics make the segment more resilient to macroeconomic volatility and reinforce its role as a relatively countercyclical component of Brazil's residential real estate market.

Players' Positioning within MCMV:

It is worth noting that "MCMV exposure" is not a homogeneous category and the bracket mix within the program varies significantly across the main players and helps explain differences in cost sensitivity and pricing power:

- **Tenda** is the largest homebuilder in Bracket 1 (Faixa 1), the most sensitive to subsidies and credit availability. Notably, Tenda also operates in the other brackets and has been growing in Brackets 2 and 3;
- **Cury** concentrates its exposure in Brackets 2–4, with greater pricing power relative to Tenda;
- **Direcional** operates with a mix across all brackets through its two brands (Direcional and Riva).

Exhibit 17. New MCMV regulation: Higher income and home-price limits expand program eligibility

Bracket	Income Before (R$)	Mar/26 (R$)	Change	Interest Rate (%)	Price Cap Before (R$)	New Price Cap (R$)	Change
Bracket 1	2,850.00	3,200.00	12.28%	4.0–4.5%	275,000.00		
Bracket 2	4,700.00	5,000.00	6.38%	4.75–6.5%	275,000.00		
Bracket 3	8,600.00	9,600.00	11.63%	7.66%	350,000.00	400,000.00	14.29%
Bracket 4	12,000.00	13,000.00	8.33%	10%	500,000.00	600,000.00	20.00%

Source: Brazilian Federal Government, Genial Investimentos

Labor Costs: From Cyclical Headwind to Structural Challenge

Labor scarcity and rising wage costs have evolved from cyclical pressures into a **structural challenge for the Brazilian homebuilding industry**. The labor component of the **INCC-M (National Construction Cost Index)** increased by **40.8% between 2022 and 2025**, significantly outpacing both headline inflation (**21.0% cumulative IPCA**) and construction material costs (**17.6%**) over the same period.

This divergence highlights the growing importance of labor as the primary source of cost pressure across the sector.

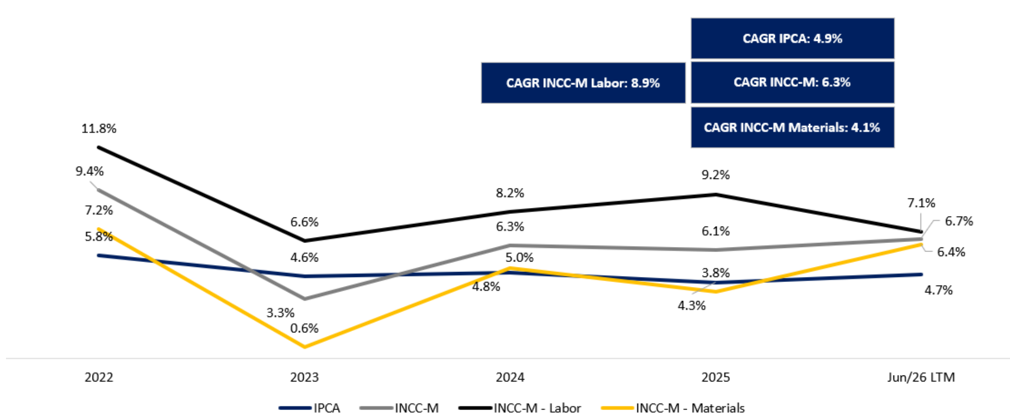
This dynamic is being reinforced by demographic trends. The average age of construction workers now exceeds **41 years**, reflecting the industry's increasing difficulty in attracting younger workers at a time when more flexible occupations compete for the same labor pool. The result is a persistent supply constraint that manifests itself through **wage inflation, lower operating predictability, and a higher risk of construction delays**.

Against this already challenging backdrop, the debate surrounding the potential elimination of Brazil's **6x1 work schedule** (six working days followed by one day off) introduces an additional source of uncertainty. According to estimates from **CBIC**, such a change could increase labor costs by **up to 15.0%**, either through additional hiring requirements or greater reliance on overtime payments, which are subject to a minimum **50.0% wage premium**. The impact could be particularly significant in a sector where labor represents a substantial share of total construction costs.

The effect is likely to be **asymmetric across residential segments**. **Affordable housing homebuilders**, particularly those focused on the **MCMV segment**, appear more exposed given their relatively tighter margins and more limited pricing flexibility. By contrast, developers operating in the middle- and high-income segments are generally better positioned to absorb part of the cost pressure through price increases, potentially mitigating the impact on profitability and sales velocity.

In our view, rising labor costs reinforce the notion that **construction efficiency and industrialized building methods are no longer simply competitive advantages but increasingly critical tools for preserving margins and sustaining returns**. As labor inflation becomes a structural feature of the operating environment, homebuilders with greater process standardization, productivity enhancements, and construction flexibility should be better positioned to protect profitability throughout the cycle.

Exhibit 18. Inflation indicators, 2022–2026: Labor costs rose substantially more



Source: Brazilian Federal Government, FGV

New Master Plans: Why They Matter, with a Focus on Rio and São Paulo

The recent revisions to the São Paulo Master Plan (Law 17,975/2023) and the Rio de Janeiro Master Plan (Complementary Law 270/2024) have improved the economics of affordable housing development in both markets. By linking **additional development rights along transportation corridors to the delivery of social-interest and affordable housing units (HIS/HMP)**, the new frameworks have expanded the inventory of developable land, **reduced land costs on a per-unit basis, and improved project profitability, particularly within MCMV Brackets 2 and 3**.

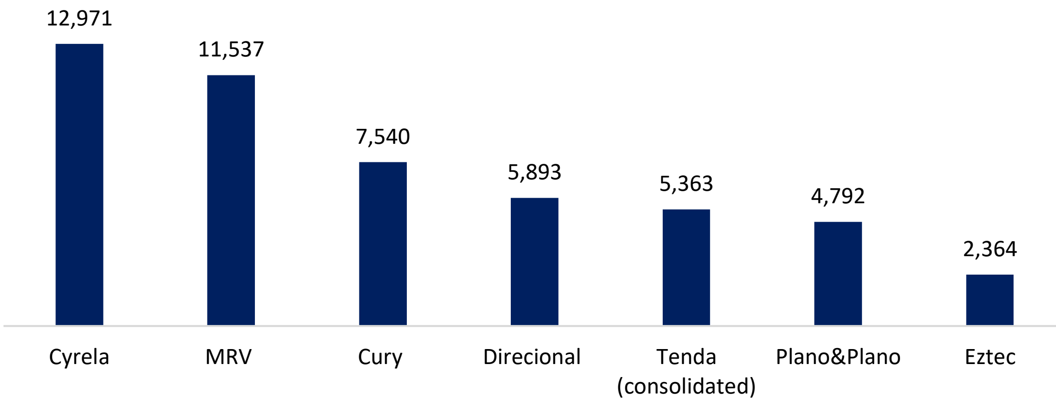
In São Paulo, the impact has already become visible. According to Secovi-SP, **MCMV launches reached a record 65.9 thousand units in 2024, up 63.0% YoY**, largely driven by density bonuses associated with social housing quotas along urban mobility corridors. These regulatory changes have effectively increased the number of units that can be developed on eligible land parcels, enhancing project economics and supporting a new cycle of affordable housing supply.

In Rio, more flexible height limits and the expansion of ZEIS (special zones of social interest) pave the way for a similar dynamic, although at an earlier stage of maturation than in São Paulo. The most emblematic case is the area surrounding Porto Maravilha: the **Praça Onze Maravilha plan, signed into law in July 2026 (Complementary Law 301/2026)**, extends the downtown requalification effort and maps potential for **more than 37.0 thousand additional housing units over 25 years** across the Estácio, Cidade Nova, and Catumbi districts, with the city projecting roughly 100 thousand new residents in the area.

Who captures what:

- **Cury is the largest direct beneficiary of this movement**, with a landbank concentrated in the Arco Tietê and Arco Leste urban intervention projects (PIUs; **~82.0 km² of potential area**) and direct exposure to density bonuses tied to social housing quotas in São Paulo;
- Tenda, with operations spread across nine metropolitan regions, captures the effect in a **more geographically diluted way**, but benefits from the overall expansion of the stock of land plots eligible for Bracket 1 across multiple markets;
- Direcional follows a pattern similar to Tenda's, with launched PSV of **R$5.9 billion in 2025 (+29.1% YoY)**, spread nationwide and without concentration in any single regulatory reform. It captures the unlocking in a more diluted way than Cury in these specific cities, **but is also less exposed should future changes move in the opposite direction**;
- Riva (Grupo Direcional's mid-income brand) has a different exposure profile: operating outside the most sensitive MCMV brackets, it captures the HIS/HMP effect less directly, **depending more on income and demand dynamics than on density bonuses**.

Exhibit 19. Total launches, 2025 (PSV, R$ mn)



Source: Tenda, MRV, Cyrela, Cury, Direcional, Plano & Plano, Eztec

Why Land Swaps (Permuta) Matter:

Acquiring land through swap agreements (permuta) is common practice in the sector: **the homebuilder obtains the plot without a relevant upfront cash outlay**, delivering in exchange a share of the project's PSV, either in **finished units (physical swap)** or as a **financial participation in sales (financial swap)**.

Swaps favor homebuilders by **reducing cash consumption in a capital-intensive business**, freeing up resources for construction and sales. The trade-off is an implicit economic cost: **swaps reduce the net PSV captured by the company**, making **operational efficiency and cost control essential for margin preservation**.

Construction Methods:

Although there is a wide variety of construction methods, few are economically relevant from an investor's standpoint. In practice, **homebuilders differentiate themselves less by the technical system itself and more by the consistency with which they can replicate construction solutions over time**.

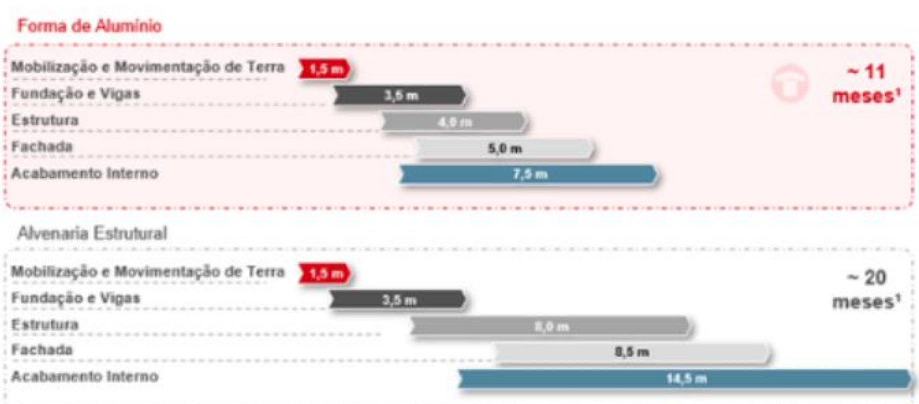
Standardized, industrialized methods, common in affordable housing, tend to shorten construction timelines and, above all, limit the use of labor (whose cost has been rising structurally above inflation, as discussed in the previous section). More complex methods, typical of higher-income segments, expand margin potential but **increase execution risk and lengthen the capital return cycle**.

How each player resolves this trade-off:

- **Tenda is the most advanced case of industrialization**: emphasis on aluminum formwork in its core operation, **cutting the construction cycle from ~20.0 to ~11.0 months** versus conventional structural masonry. Another key highlight is the group's **Alea brand, a bet on wood frame construction to further reduce labor dependence**;
- Direcional reports **delivering 40 apartments in 45 days**, underscoring its ability to **replicate at scale**, with aluminum formwork playing a relevant role;
- **Cury takes a different path: it bets on standardization and design repetition**, without the same degree of prefabrication/industrialization as its two peers. That said, **Cury will begin testing aluminum formwork gradually**, assessing its viability within its business model.

The two approaches (aggressive industrialization vs. replicable standardization) pursue the same goal, **margin protection through lower execution variability**, by different routes. **This difference should become an increasingly relevant thesis differentiator if labor cost pressure intensifies and persists.** It is also worth noting that **aluminum formwork requires less specialized labor and generates far less waste than masonry**, easing precisely the cost pressures described in the previous section and adding an ESG angle to the industrialization case.

Exhibit 20. Construction timeline: aluminum formwork vs. structural masonry at Tenda



Source: Tenda

What About Interest Rates?

The sector carries an intrinsic **cash flow mismatch dynamic (the J-Curve effect)**, in which capital intensity at the start of construction requires robust, low-cost funding. As a result, **project viability is strongly correlated with the future path of interest rates**. Statistically, the stock performance of the largest homebuilders showed a **correlation of -0.44 with changes in the fixed-rate yield curve** (ETTJ; January 2016 to April 2025). The result illustrates a negative and relevant impact, but one that has **historically been smaller for MCMV-exposed companies, which operate shielded by regulated, low-cost credit lines**.

Exhibit 21. Interest rate movements vs. major homebuilders

Source: B3/Anbima, Bloomberg, Economatica, Genial Investimentos

Sales Showrooms:

Sales showrooms remain central to selling real estate, as they **make tangible a product that, in many cases, does not yet physically exist**. Model apartments, scale models, and in-person service **reduce information asymmetry and increase buyer confidence in a high-value, long-term decision**, an effect that is especially relevant in segments such as MCMV and mid-income, where the physical experience reinforces perceptions of value, security, and credibility, **directly influencing sales speed and launch success**.

Cury and Direcional illustrate **opposite models for the same objective**: **Cury relies on an outsourced network of over 3,500 brokers, with credit analysis performed directly at the showroom**. **Direcional has verticalized the operation, with an in-house sales force responsible for 60.0% of sales.** Direcional also stands out for offering a **broader range of products, as it serves more income brackets**, making it easier to match walk-in customers with a suitable product.

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under Review	Under review	**5%**

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