Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

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

Individual and consolidated financial statements

Independent Auditors' Report

Year ended December 31, 2019

NVS/WP/TP
266i/2020

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Individual and consolidated financial statements

Year ended on December 31, 2019

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Financial statements audited

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(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails. See Note 34 to the financial information.)

Independent auditors' report on the individual and consolidated financial statements

To
Shareholders, Directors and Managers of
Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring
São Paulo - SP

Opinion

We have reviewed the individual and the consolidated financial statements of Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring (“Company”), identified as the Company and the consolidated respectively, which comprise the balance sheet as of December 31, 2019 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including a summary of the main accounting policies and other significant information.

Opinion on the individual financial statements prepared in accordance with accounting practices adopted in Brazil, applicable to real estate development entities in Brazil, registered with the Securities and Exchange Commission (CVM)

In our opinion, the individual financial statements referred to above adequately present, in all material respects, the individual equity and financial position of Viver Incorporadora e Construtora S.A. - Going through legally-backed financial restructuring on December 31, 2019, the individual performance of its operations and its individual cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil, applicable to real estate development entities in Brazil, registered with the Securities and Exchange Commission (CVM).

Opinion on the consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and with international financial reporting standards (IFRS), applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM)

In our opinion, the consolidated financial statements referred to above adequately present, in all material respects, the consolidated equity and financial position of Viver Incorporadora e Construtora S.A. - Going through legally-backed financial restructuring on December 31, 2019, the consolidated performance of its operations and its consolidated cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil and with international financial reporting standards (IFRS), applicable to real estate development entities in Brazil, registered with the Securities and Exchange Commission (CVM).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with these standards, are described in the section below entitled "Auditors' responsibilities for auditing the individual and consolidated financial statements". We are independent in relation to the Company and its subsidiaries, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Significant uncertainty related to operating continuity

We refer to Explanatory Note 1 to the individual and consolidated financial statements, which state that the Company has accrued losses of BRL 2,329,532 thousands, having incurred a loss of BRL 220,512 thousands in the Company and BRL 220,334 thousands in the consolidated in 2019 (loss of BRL 197,216 thousands in the Company and BRL 198,533 thousands in the consolidated in 2018), in addition to presenting unfunded equity of BRL 134,155 thousands and negative consolidated working capital of BRL 242,777 thousands. Even though the Company's Legally-backed Financial Restructuring Plan has been approved, there are certain events or conditions, along with other subjects described in the aforementioned explanatory note, which indicate the existence of significant uncertainty which may raise significant doubts about the Company's ability to continue operating. Our opinion contains no modification related to this subject.

In addition, we refer to Explanatory Note 33.2 to the individual and consolidated financial statements, about the effects that Covid 19 may have on the Company's business, given the current information, data in this regard and potential impacts on operations, there is no way to attest at that moment which material effects may impact its financial statements, the continuity of its business and / or its most significant accounting estimates. Our opinion contains no modification related to this subject.

Emphasis

As described in Explanatory Note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil, applicable to real estate development entities in Brazil registered with the CVM, and the consolidated financial statements were prepared in accordance with accounting practices adopted. in Brazil and with the international financial reporting standards (IFRS), applicable to real estate development entities in Brazil, registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company, for the recognition of revenues in the purchase and sale agreements for a real estate unit not completed, on the aspects related to the transfer of control, follows the understanding expressed by CVM in Official Memorandum / CVM / SNC / SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15). Our opinion is not dependent upon this subject

Main audit subjects

Main audit subjects are those that, in our professional judgment, were the most significant in our current year audit. These subjects were dealt with in the context of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on these individual and consolidated financial statements and, therefore, we do not express a separate opinion on these subjects.

Legally-backed financial restructuring (Explanatory Note 1)

As described in Explanatory Note 1 to the individual and consolidated financial statements, the Company has been in the process of Legally-backed Financial Restructuring since September 28, 2016 when the Judge of the 2nd Bankruptcy and Legally-backed Financial Restructuring Court of the District of the Capital of the State of São Paulo approved the processing of the request along with other companies belonging to the corporate group.

The Company obtained the approval of the Legally-backed Financial Restructuring Plan ("PRJ") at the General Creditors' Meeting ("AGC") held on November 29, 2017, ratified by the judge on December 13, 2017 and fulfilled the maturity of other rites of the Legally-backed Financial Restructuring process in the subsequent period as provided for in Law No. 11.101/2005, detailed in the aforementioned explanatory note. On December 10, 2019, the São Paulo Court of Justice ("TJSP"), by majority vote, decided to maintain the form of payment of creditors by issuing shares of the Company.

In summary, the TJSP understood that: (i) the form of payment does not violate constitutional principles; (ii) the vast majority of creditors approved Viver's Group Legally-backed Financial Restructuring Plan at a general meeting of creditors; and, (iii) substantial compliance with Viver's Group Legally-backed Financial Restructuring Plan has already occurred.

The Company's PRJ has as its economic assumption, among others, the capitalization of tender credits, through the issuance of new shares of the Company.

We consider this subject significant for the audit due to the impacts related to the regularization of its economic and financial situation and the relevant determination as to its operational continuity.

How our audit conducted this subject:

Our audit procedures, among others, included monitoring the Legally-backed Financial Restructuring Plan approved by the judge in order to understand the impacts on the Company's financial statements; participation in periodic meetings with the Company's Management to monitor subjects and their evolution; the monitoring of the movement of values of the General Creditors Chart prepared by the Judicial Administrator with the financial statements; and, the assessment regarding the preparation and disclosure made in the individual and consolidated financial statements in relation to the applicable rules.

Based on the evidence obtained, through the main audit procedures described above, we consider the accounting records and the disclosure of information regarding the Legally-backed Financial Restructuring Plan in the Company's individual and consolidated financial statements to be adequate.

Asset recoverability (“impairment”) - properties held for sale, accounts receivable and related parties (Explanatory Notes 3.4, 3.5, 3.9, 6, 8 and 9 of the individual and consolidated financial statements)

The Company and its subsidiaries have a significant volume of properties for sale in various stages of development (land, properties under construction and completed properties), accounts receivable from sales of real estate units and balances of transactions with related parties, which are controlled directly by the Company or through subsidiaries or affiliated companies. Any change in market conditions may impact the value of land bank, the value of balances of transactions with related parties, the value of accounts receivable and investments recorded using the equity method in the financial statements and, as a consequence, we consider this subject significant to our audit.

How our audit conducted this subject:

For the properties to be sold, based on sampling, we analyzed the documentation and assumptions that support the Company's decision regarding the realizable value of these assets, including the comparison of the realizable value of similar assets for the properties to be sold completed and under construction, and for the land to be sold and / or for future real estate launches, the feasibility and / or comparative market value analyses. For accounts receivable, we assess the reasonableness of the criteria and assumptions used by the Company for its registration and for calculating its recoverability, compare it with the history of losses and evaluate the sufficiency of the recognized provisions. For the balances of transactions with related parties, through sampling, we carry out confirmation procedures with third parties and analyzed the responses obtained, as well as we assessed the supporting documents of the amounts disbursed and any guarantees. In addition, we assessed the adequacy of the disclosures made by the Company.

Based on the evidence obtained, through the main audit procedures described above, we consider that, with respect to their recoverability, the balances of properties for sale, accounts receivable and balances of transactions with related parties, recorded in the individual and Company's consolidated accounts, as well as their respective disclosures, are represented in an acceptable manner.

Contingent provisions and liabilities - tax, labor and civil (Explanatory Notes 3.1 and 20 of the individual and consolidated financial statements)

The measurement, recognition and disclosure of provisions and contingent liabilities requires professional judgment by the Company's management. The risk rating of such processes involves significant judgments that may result in significant impacts on the amounts recognized in the individual and consolidated financial statements, including their disclosures, as well as the value of investments recorded using the equity method in the company's financial statements. Due to the relevance, complexity and judgment involved in the assessment and measurement of Provisions and Contingent Liabilities, we consider this subject significant for our audit.

How our audit conducted this subject:

We evaluated the design, implementation and, based on sampling, the operational effectiveness of the main internal controls related to the identification, assessment, measurement and disclosure of Provisions and Contingent Liabilities. In addition, we requested and analyzed the confirmation letters of reply from the Company's internal and external consultants and assessed the sufficiency of the recognized provisions and the contingency values disclosed, the reasonableness of the criteria and assumptions used in the measurement methodology of the provisioned and / or disclosed amounts , also considering the evaluation of the Company's internal and external legal advisors, as well as certain historical data and information. We also assessed the adequacy of the disclosures in explanatory notes made by the Company.

Based on the evidence that was obtained, through the main audit procedures described above, we consider that the balances of Provisions and Contingent Liabilities recorded in the Company's individual and consolidated financial statements, as well as their respective disclosures, are represented in an acceptable manner.

Other Issues

Added value statements

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2019, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed along with the audit of the Company's financial statements. For the purposes of forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in NBC TG 09 - Added Value Statement. In our opinion, these added value statements have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Audit corresponding to the previous year

The audit of the amounts corresponding to the individual and consolidated balance sheet and the corresponding individual and consolidated statements of income, comprehensive income, changes in equity, cash flows and added value for the year ended December 31, 2018 was carried out conducted by other independent auditors who issued a report dated March 27, 2019, without modification.

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

The Company's management is responsible for these other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and, therefore, we do not express any form of audit conclusion on this report.

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

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

Management and governance responsibilities for individual and consolidated financial statements

The Company's management is responsible for preparing and presenting the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS), applicable to real estate entities in Brazil, registered with the CVM, and the internal controls that it has determined to be necessary to allow the preparation of financial statements free of material misstatement, regardless of whether caused by fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, the subjects related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless management intends to liquidate the Company and its subsidiaries or cease its operations, or has no realistic alternative to avoid closing operations.

Those responsible for the governance of the Company and its subsidiaries are those responsible for supervising the process of preparing the individual and consolidated financial statements.

Auditors' responsibilities for auditing the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, irrespective of whether it is caused by fraud or error, as well as to issue the audit report containing our opinion. Reasonable safety is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any possible existing material misstatements. The misstatements may be due to fraud or error and are considered material when, individually or together, they can influence, from a reasonable perspective, the economic decisions of users taken based on the said financial statements.

Auditors' responsibilities for auditing the individual and consolidated financial statements --Continued

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations;
- We obtain an understanding of the internal controls material to the audit in order for us to plan audit procedures appropriate to the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls and its subsidiaries;
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the management;
- We concluded about the adequacy of the use, by management, of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may raise significant doubts regarding the Company's operation continuity capacity and its subsidiaries. If we conclude that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include changes in our opinion, if the disclosures are inappropriate. Our findings are based on audit evidence obtained until the date of our report. However, future events or conditions may cause the Company and its subsidiaries to no longer remain in operating continuity;
- We evaluate the general presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.
- We obtained sufficient and appropriate audit evidence regarding the financial information of the group's entities or business activities to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

We communicate with those responsible for governance regarding, among other features, of the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal controls that we have identified during our work.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including the applicable independence requirements, and communicate any possible relationships or matters that could significantly affect our independence, including, where applicable, the respective safeguards.

Auditors' responsibilities for auditing the individual and consolidated financial statements --Continued

The subjects that were the subject matter of communication with those charged with governance, we determined those that were considered most significant in the audit of the individual and consolidated financial statements for the current year and, therefore, constitute the main audit matters. We describe these matters in our audit report, unless the law or regulation has prohibited public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome the benefits of communication to the public interest.

São Paulo, March 30, 2020.

Baker Tilly 4Partners Auditores Independentes S.S.
CRC 2SP-031.269/O-1

Nelson Varandas dos Santos
Accountant CRC 1SP-197.110/O-3

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Balance sheet
In thousands of Reais

Asset	Notes	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Current					
Cash and cash equivalents	5	40	56	5,461	7,810
Accounts Receivable	6	19	35	18,165	245,194
Properties to be held for sale	7	-	-	167,945	172,381
Other credits	8	1,499	518	2,389	6,221
Taxes and contributions to offset	10	115	18	1,450	3,822
Expenses with unearned sales		413	213	413	213
		2,086	840	195,823	435,641
Non-current					
Accounts Receivable	6	-	-	64,403	10,371
Properties to be held for sale	7	-	-	209,543	120,214
Checking accounts with partners in the projects	9	12,065	31,511	12,160	31,703
Related parties	20	205	135,760	10,046	18,136
Other credits	8	197	-	5,012	-
Taxes and contributions to offset	10	1,323	1,139	3,673	5,399
Expenses with unearned sales		-	-	-	1,288
		13,790	168,410	304,837	187,111
Investments	11	327,790	423,097	9,216	15,969
Fixed assets - net	12	444	3,066	488	4,374
Intangible asset	13	2,574	4,743	2,578	4,749
		344,598	599,316	317,119	212,203
Total assets		346,684	600,156	512,942	647,844

Liability	Notes	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Current					
Loans and financing	14	258	167	258	71,863
Debentures	14	195,905	196,504	195,905	196,504
Shared obligation on assignment of receivables	15	-	2,303	4,654	6,794
Suppliers	16	5,035	1,638	14,156	10,644
Labor and tax liabilities	21	1,204	1,013	27,169	24,951
Accounts payable	17	1,198	4,640	98,633	73,749
Creditors under committed property	18	-	-	-	75
Advances from clients and others	19	30	8	12,744	12,684
Related parties	20	243,766	236,573	82,141	20,798
Provisions	22	-	-	2,711	2,975
Provisions for loss in investments	11	10,127	92,003	229	230
		457,523	534,849	438,600	421,267
Non-current					
Shared obligation on assignment of receivables	15	-	-	1,106	2,368
Labor and tax liabilities	21	1,584	1,132	36,318	32,504
Accounts payable	17	-	-	3,573	2,586
Advances from clients and others	19	-	-	13,312	13,156
Provisions	22	16,050	11,496	148,506	123,284
Related parties	20	5,682	6,567	5,682	6,567
		23,316	19,195	208,497	180,465
Total liabilities		480,839	554,044	647,097	601,732
Equity (unfunded liability)					
Share capital	23	2,233,232	2,192,987	2,233,232	2,192,987
Share issuance expenses	23	(37,855)	(37,855)	(37,855)	(37,855)
Advance for Future Capital Increase	23	-	-	-	-
Accrued losses	-	(2,329,532)	(2,109,020)	(2,329,532)	(2,109,020)
		(134,155)	46,112	(134,155)	46,112
Non-controlling interest		-	-	-	-
Total equity (unfunded liability)		(134,155)	46,112	(134,155)	46,112
Total liabilities and equity (unfunded liability)		346,684	600,156	512,942	647,844

Management's explanatory notes are an integral part of the financial statements.

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Comprehensive income statement
Financial years ended December 31
In thousands of Reais

	Notes	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Net operating revenue	25	400	131	(145,261)	85,028
(-) Expenses with sales	25	-	(7)	109,699	(117,276)
(=) Gross profit (loss)		400	124	(35,562)	(32,248)
(-) Operating revenues (expenses)					
General and administrative expenses	26	(20,259)	(19,325)	(24,431)	(25,422)
Expenses with sales	27	(10)	(16)	(8,664)	(2,856)
Other operating revenues (expenses)	29	(39,184)	(15,739)	(89,212)	(33,050)
Equity accounting result	11	(136,143)	(135,961)	(6,752)	7,946
(=) Loss before net financial result		(195,196)	(170,917)	(164,621)	(85,630)
Financial expenses	28	(25,519)	(17,030)	(58,260)	(121,686)
Financial revenues	28	203	572	2,279	16,660
(=) Net financial result		(25,316)	(16,458)	(55,981)	(105,026)
(=) Loss before income tax and social contribution		(220,512)	(187,375)	(220,602)	(190,656)
(-) Income tax and social contribution - current	21	-	(9,841)	(660)	(10,269)
(-) Income tax and social contribution - deferred	21	-	-	928	2,392
(=) Loss for the year		(220,512)	(197,216)	(220,334)	(198,533)
Attributable to					
Company Shareholders				(220,512)	(197,216)
Non-controlling interest				178	(1,317)
				(220,334)	(198,533)
Loss per share					
(expressed in BRL per share)					
Basic and diluted loss per share	24	(4.794)	(0.977)		

Management's explanatory notes are an integral part of the financial statements.

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Comprehensive income statement
Financial years ended December 31
In thousands of Reais

	Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Loss in the year	(220,512)	(197,216)	(220,334)	(198,533)
Other comprehensive income statements	-	-	-	-
(=) Comprehensive income for the period	(220,512)	(197,216)	(220,334)	(198,533)
Attributable to				
Company Shareholders	(220,512)	(197,216)	(220,512)	(197,216)
Non-controlling interest	-	-	178	(1,317)
	(220,512)	(197,216)	(220,334)	(198,533)

Management's explanatory notes are an integral part of the financial statements.

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Statements of changes in equity (unfunded liability)
In thousands of Reais

	Fully paid-in capital stock	Share issuance expenses	Advance for Future Capital Increase	Accrued losses	Net equity	Non-controlling interest	Consolidated equity
Balances on Monday, January 01, 2018	1,319,626	(37,855)	564,069	(1,911,804)	(65,964)	-	(65,964)
Increase in capital due to private subscription	873,361	-	(564,069)	-	309,292	-	309,292
Distribution of profit for minority shareholders	-	-	-	-	-	1,317	1,317
Loss in the year	-	-	-	(197,216)	(197,216)	(1,317)	(198,533)
On December 31, 2018	2,192,987	(37,855)	-	(2,109,020)	46,112	-	46,112
Monday, December 31, 2018	2,192,987	(37,855)	-	(2,109,020)	46,112	-	46,112
Increase in capital due to private subscription	40,245	-	-	-	40,245	-	40,245
Distribution of profit for minority shareholders	-	-	-	-	-	(178)	(178)
Loss in the year	-	-	-	(220,512)	(220,512)	178	(220,334)
On December 31, 2019	2,233,232	(37,855)	-	(2,329,532)	(134,155)	-	(134,155)

Management’s explanatory notes are an integral part of the financial statements.

Viver Incorporadora e Construtora S.A. - Legally-backed Financial Restructuring

Cash flow statement
Years ended December 31th
In thousands of Reais

	Company		Consolidated	
	2019	2018	2019	2018
Cash flow from operating activities				
Loss before income tax and social contribution	(220,512)	(187,375)	(220,602)	(190,656)
Reconciliation of income to net cash provided by operating activities				
Depreciation and amortization	3,087	3,694	3,132	3,767
Provisions for loss of assets	19,609	2,176	37,723	4,577
Provisions for lawsuits	4,554	11,496	25,212	24,419
Provisions for work warranty	-	-	(254)	366
Cost on disposal of fixed assets	1,861	1	1,861	1
Deferred taxes	-	-	(2,185)	(1,801)
Financial charges on financing	19,976	20,327	16,347	111,955
Capitalized installment of financial charges	5,115	9,334	2,357	30,337
Equity accounting result	136,143	135,961	6,752	(7,946)
Non-controlling interest	-	-	(178)	1,317
	(30,167)	(4,386)	(129,835)	(23,664)
Changes in assets and liabilities				
(Increase)/decrease in asset accounts				
Accounts Receivable	7	2,419	56,102	72,430
Properties to be held for sale	-	-	15,362	96,454
Taxes and contributions to offset	(281)	855	259	(283)
Other credits	(1,178)	931	(1,180)	758
Related parties	135,555	(82,200)	8,090	(13,620)
Checking accounts with partners in the projects	(154)	(21,659)	(58)	(21,543)
Expenses with unearned sales	(200)	7	1,088	(19)
Increase/(decrease) in liability accounts				
Labor and tax liabilities	643	(9,713)	8,899	(7,821)
Suppliers	3,397	1,196	3,512	142
Accounts payable	(3,442)	(2,456)	25,871	3,201
Creditors under committed property	-	-	(75)	(9,786)
Related parties	(4,811)	(174,410)	35	33
Customers Advance	22	-	216	10,542
Net cash from/ (used in) operating activities	99,391	(289,416)	(11,714)	106,824
Income tax and social contribution paid	-	-	(414)	(993)
Payment of interest on loans and financing, debentures, operations with derivatives, shared obligation on assignment of receivables and obligations with investors	(2,312)	(15,126)	(2,312)	(150,198)
Net cash from operating activities	97,079	(304,542)	(14,440)	(44,367)
Cash flow from investing activities				
Net (increase)/decrease in capital in subsidiaries	(127,827)	144	-	10
Distributed profits	-	525	-	525
In fixed assets	(157)	(19)	1,065	(19)
Net cash from/ (used) in investing activities	(127,984)	650	1,065	516
Cash flow from financing activities				
Payment of loans and financing, debentures, operations with derivatives, shared obligation on assignment of receivables and obligations with investors	(15,471)	(14,405)	(35,334)	(282,158)
Related parties	6,115	12,800	6,115	12,800
Payment of related parties	-	(3,818)	-	(3,818)
Capital increase	40,245	309,292	40,245	309,292
Net cash from/ (used) in financing activities	30,889	303,869	11,026	36,116
Balance of cash and equivalents at the end of the year	40	56	5,461	7,810
Increase/(decrease) in cash and equivalents	(16)	(23)	(2,349)	(7,735)
Balance of cash and equivalents at the beginning of the period	56	79	7,810	15,545
Balance of cash and equivalents at the end of the year	40	56	5,461	7,810

Management's explanatory notes are an integral part of the financial statements.

Added value statement
Years ended December 31th
In thousands of Reais

	Company		Consolidated	
	2019	2018	2019	2018
Revenues				
Sales and services	467	153	(145,646)	90,983
	467	153	(145,646)	90,983
Inputs purchased from third parties				
Cost of products, goods and services sold	-	(7)	105,865	(90,014)
Material, electric power, outsourced service and other operating services	(48,601)	(25,069)	(103,540)	(47,858)
Others	266	344	(4,238)	(191)
	(48,335)	(24,732)	(1,913)	(138,063)
Gross added value	(47,868)	(24,579)	(147,559)	(47,080)
Depreciation, amortization and depletion - net	(3,087)	(3,694)	(3,132)	(3,767)
Net added value provided by the Company	(50,955)	(28,273)	(150,691)	(50,847)
Added value received on transfer				
Equity accounting result	(136,143)	(135,961)	(6,752)	7,946
Financial revenues	203	572	2,279	16,660
	(135,940)	(135,389)	(4,473)	24,606
Total added value to be distributed	(186,895)	(163,662)	(155,164)	(26,241)
Added value distribution				
Personnel				
Wages and Charges	5,288	4,716	6,820	6,008
Commissions on sale	-	-	1,763	511
Management fees	2,404	1,612	2,469	2,637
Taxes, fees and contributions				
Federal	44	9,855	(678)	13,823
Taxes, rates and contributions	23	8	24	8
Remuneration of third-party capital				
Interests	25,519	17,030	54,426	148,948
Rents	339	333	346	357
Remuneration of owner's equity				
Loss in the year	(220,512)	(197,216)	(220,512)	(197,216)
Non-controlling interest	-	-	178	(1,317)
	(186,895)	(163,662)	(155,164)	(26,241)

Management's explanatory notes are an integral part of the financial statements.

1 General information

Viver Incorporadora e Construtora S.A. ("Company" or "Viver") – Going through legally-backed financial restructuring, is a public limited-liability company with its head offices in São Paulo, State of São Paulo, and its shares are traded at B3 S.A. under ticker VIVR3, and there is no agreement amongst shareholders to form a controlling block.

The Company's main activity is, along with its subsidiaries and jointly-owned subsidiaries, the development of real estate projects, especially residential and commercial ones, upon interest in the projects, through companies established with specific purposes, partnerships or also through consortia, as well as the provision of management services for the real estate projects.

The Company has a unfunded equity of BRL 134,155, accrued losses of BRL 2,329,532 in its operations, having recorded a loss of BRL 220,512 in 2019 (BRL 197,216 in 2018).

Legally-backed Financial Restructuring

Following the IPO in 2007, the Company adopted an expansionary strategy, following the industry trend, and later, with the market deteriorating, started facing the consequences of this growth model, both due to the market aspect and to the existing capital structure, which proved to be incompatible with the strategy adopted.

As of 2012, the Brazilian macroeconomic scenario started challenging the industry's expansion and cash generation expectations. Faced with this combination of factors, in 2012, Viver came to a crisis.

At that time, Viver had extremely high fixed expenses, an organizational structure disproportionate to its operation, corporate debts with short-term maturities of over BRL 700 million, over 30 halted projects and no expectancy of funding to complete the works.

Also in 2012, the Company chose to start restructuring its activities by changing its board of directors and conducting business based on 5 pillars: (i) cost reduction and cash preservation; (ii) deleverage/sale of assets; (iii) delivery of projects; (iv) strengthening of the capital structure; and (v) generating value.

The restructuring strategy was thus implemented. 75% of the overall and administrative costs were reduced, assets were sold for around BRL 500 million Reais, 62% of corporate debts were reduced (over BRL 400 million Reais), in addition to the renegotiation of the other liabilities, over BRL 150 million Reais in funds were raised for the completion of work, and, finally and extremely important, the delivery of virtually every project under construction.

Notwithstanding all efforts and success in implementing the guiding pillars, the macroeconomic scenario impacted enormously the business model which was being developed under the new management and which result in the current crisis faced by the Company:

a) The expected gain in prices was not confirmed, just the opposite, the real estate market became drastically worse;

b) Sales speed at levels well below what history shows;

c) Transfer volume highly impacted by the macroeconomic perspective – Banks limiting a lot the granting of credit to individuals;

d) Heavy increase in returned units through dissolutions between buyers;

e) Exponential increase in the number of shares, especially regarding dissolutions of promises of purchase and sale of real estate units, which affected and still affect the cash generation of the SPEs.

In 2016, the Company underwent a number of successfuls operational restructuring, which allowed it to improve its structure, and, consequently, the structure of the other subsidiaries. Some of the projects performed are: (i) Specific efforts to sell and monetize assets; (ii) Project for monetizing complex, "free cash" assets, with low conversion of sales into cash; (iii) Renegotiation of expenses with suppliers and lawyers; (iv) Negotiation with financial creditors, closing operations of discharge of financial debt with a discount; (v) Operational restructuring of key areas in the administrative structure, resulting in the reorganization of areas and in a reduced number of employees; (vi) Raising funds for the operations, in particular; and (vii) Equalization of lawsuits to reduce the contingent liabilities.

However, within the financial scope, the Company did not succeed in implementing the planned measures, which resulted in the worsening of its financial crisis and of that of the other subsidiaries: (i) Attempts to renegotiate debts faced resistance from its main creditors regarding the terms proposed; and (ii) Without a solution with its creditors, the Company went back to not being in good conditions for the entry of new capital. Several dealings with this purpose were finished due to there having been no agreement with the banks. With insufficient funds, the Company started renegotiating the installments of the payment of its debts with banks and suppliers, which caused a reduction in the amount of credit available for it.

The Company was currently in a cycle of deterioration of its value. In order to reverse this cycle, the Legally-backed Financial Restructuring was implemented on September 16th, 2016, which was the most appropriate measure in order to preserve value for all the stakeholders of the Viver Group, with the purpose of allowing the equalization of liabilities, the restoration of the relation of trust with the customers, suppliers and banks, the resumption of deployments and, finally, the overcoming of the economic-financial crisis.

On September 28, 2016, the Trial Court Judge of the 2nd Bankruptcy and Legally-backed Financial Restructuring Court of the Judicial District of the Capital of the State of São Paulo accepted the Company's application for its Legally-backed Financial Restructuring, along with other companies in its corporate group, determining, among other measures: (i) Exemption from submitting debt clearance certificates so that the Company may perform its activities; (ii) Suspension of actions and executions against the Company and the other companies who are part of the restructuring for 180 (one hundred and eighty) business days, pursuant to the Law; (iii) Submission of demonstrative accounts, by the Company, by the 30th every month, under penalty of removal of its controllers and managers; (iv) Submission of the restructuring plan within 60 business days; and (v) Issuance of a public notice, pursuant to Paragraph 1 of article 52 of Law No. 11.101/2005, with a period of 15 (fifteen) business days for qualifications or discrepancies from creditors by any chance not listed in the application for the Legally-backed Financial Restructuring.

The full ruling that accepted the application for the Legally-backed Financial Restructuring is available for the Company Shareholders on its website.

The Company reiterates that the purpose of the process for the Legally-backed Financial Restructuring is to keep providing quality services to customers and to even up its debt. The measure provided for in Brazilian law allows the Company's services to be maintained and preserved.

For this process, KPMG Corporate Finance Ltda. ("KPMG") was appointed as the bankruptcy trustee.

Consolidation of the Legally-backed Financial Restructuring

On November 9, 2016, the Judge issued a decision accepting the report submitted by the Bankruptcy Trustee, granting the request for substantial consolidation of Viver and another 47 subsidiaries, so that the 16 subsidiaries with incorporated assets submitted an individual restructuring plan.

On February 6, 2017, the 17 legally-backed financial restructuring plans were filed for the 64 companies which applied for it, and the full plan is available for the Company Shareholders on its website.

On June 12, 2017, the 2nd Chamber Dedicated to Corporate Law of the São Paulo Court of Appeals accepted the appeals of banks Bradesco, Santander and others, determining, in this sense, the exclusion of the SPEs with Incorporated Assets from the Legally-backed Financial Restructuring, and determined the previous investigation, which was submitted on August 7, 2017, of the SPEs with no Incorporated Assets, and, therefore, the submission of a separate plan for these SPEs with no Incorporated Assets.

On August 24, 2017, a ruling was given, excluding the companies from the legally-backed financial restructuring (i) with property subject to encumbrance (liens, etc.) constituted, (ii) with finished work, occupancy permit issued and with no land bank (iii) without good standing in terms of lawsuits, and ratifying the acceptance of the application of the legally-backed financial restructuring of the companies which were not excluded from it. Viver Group appealed against these decisions and filed an interlocutory appeal against a decision that excluded from the plaintiff side of the legally-backed financial restructuring several companies that are part of Viver Group.

16 individual plans and one consolidated plan, comprising Viver and nine subsidiaries, were submitted, totaling 26 companies in the legally-backed financial restructuring process. The new legally-backed financial restructuring plans are in line with the understanding adopted by the Illustrious Court of Appeals in the recent judgments of the appeals resulting from the legally-backed financial restructuring and did not change substantially the legally-backed financial restructuring means appointed in the legally-backed financial restructuring plans submitted on February 6, 2017.

On October 20, 2017, the 2nd Chamber Dedicated to Corporate Law accepted the suspensive effect concerning Interlocutory Appeal No. 2198456-66.2017.8.26.0000, to maintain the following companies as the plaintiffs of the legally-backed financial restructuring. Projeto Imobiliário Viver Castanheira SPE 85 Ltda., Projeto Imobiliário Sports Garden Batista Campos SPE 61 Ltda., Projeto Imobiliário Ananindeua SPE 40 Ltda., Viver Des. e Construção Imob. SPE 141 Ltda., Inpar Projeto Unique SPE 93 Ltda., Inpar Projeto 111 SPE Ltda. e Inpar Projeto Residencial Quatro Estações Ltda. The ruling took into account that these companies were excluded only due to an alleged irregularity in the representation of the lawsuit or absence of land bank, considering that the companies remedied the irregularity at the first possible moment or proved that they had real estate units in land bank.

No objection was raised concerning the Legally-backed Financial Restructuring Plans submitted by the following companies: Inpar Projeto Residencial Condomínio Wellness Resort SPE 42 Ltda. – Going through legally-backed financial restructuring; Projeto Imobiliário Canoas Happiness SPE 72 Ltda. – Going through legally-backed financial restructuring; Inpar Projeto Residencial Condomínio Ereditá SPE Ltda. – Going through legally-backed financial restructuring; Projeto Imobiliário Residencial Esporte & Vida Condomínio Gravataí SPE 53 Ltda. – Going through legally-backed financial restructuring; Inpar Projeto Residencial Grand Jardins SPE Ltda. – Going through legally-backed financial restructuring; Projeto Residencial Marine Home Resort SPE 66 Ltda. – Going through legally-backed financial restructuring; Inpar Projeto 50 SPE Ltda. – Going through legally-backed financial restructuring; Inpar Projeto Residencial Rio Claro Village SPE 67 Ltda. – Going through legally-backed financial restructuring; Inpar Projeto Residencial Von Schilgen SPE Ltda. – Going through legally-backed financial restructuring; Inpar Projeto Wave SPE Ltda. – Going through legally-backed financial restructuring.

On November 29, 2017, the plans of SPEs Projeto Imobiliário Residencial Viver Zona Sul SPE 62 Ltda. and Projeto Imobiliário Residencial Viver Bosque SJP SPE 91 Ltda., as well as the Consolidated plan, which were approved by the judge on December 07, 2017.

On September 24, 2019, the 2nd Reserved Chamber of Business Law of the São Paulo Court of Justice, issued a decision on the interlocutory appeal No. 2198456-66.2017.8.26.0000, manifesting partial approval of the appeal, partially revoking the appeal anticipatory guardianship. The São Paulo Court of Justice ruled that only the company Imobiliário Viver Castanheira SPE 85 Ltda. fulfilled all the requirements to remain in Legally-backed Financial Restructuring. With respect to the companies: Projeto Imobiliário Sports Garden Batista Campos SPE 61 Ltda., Inpar Projeto Unique SPE 93 Ltda., Inpar Projeto Residencial Quatro Estações Ltda., the São Paulo Court of Justice understood that they do not have stocks and debts, so they could not apply for Legally-backed Financial Restructuring, (ii) Viver Des. and Imob Construction. SPE 141 Ltda. does not have an undertaking started or concluded, (iii) Projeto Imobiliário Ananindeua SPE 40 Ltda., has no debts, and only appears as guarantor of extra-bank credit held by Caixa Econômica Federal and (iv) Inpar Projeto 111 SPE Ltda. it is not in a financial crisis. Viver Group appealed against these decisions and is awaiting judgment of its appeals.

The São Paulo Court of Justice ("TJSP"), on December 10, 2019, by majority vote, ruled in favor of the maintenance of the payment method of its creditors through the issuance of shares in the Holding Company. In summary, the TJSP found that: (i) the form of payment does not violate constitutional principles; (ii) the vast majority of creditors approved Viver's Group Legally-backed Financial Restructuring Plan at a general meeting of creditors; and, (iii) substantial compliance with Viver's Group Legally-backed Financial Restructuring Plan has already occurred.

The TJSP decision does not guarantee the end of the Legally-backed Financial Restructuring, but it represents an important step towards this objective.

Legally-backed Financial Restructuring Plan

The Company's Consolidated Legally-backed Financial Restructuring Plan ("Plan") has as economic assumption, among others, the capitalization of tender credits, through the issuance of new shares of the Company, which will cause the dilution of the equity interest of the shareholders who choose to not exercising its preemptive right in the subscription of new shares.

The Plan's assumption is to divide creditors into the following classes: (i) labor; (ii) creditors with real collateral; (iii) unsecured creditors; (iv) micro and small business creditors.

For labor creditors, the Plan provides for a linear payment of BRL 12,000, limited to the credit amount, to all creditors. The remaining balance will be capitalized, through the issuance of the Company's new shares.

Creditors with collateral are those who have credits secured by collateral rights (such as a pledge or a mortgage), up to the limit of the value of the respective asset. Credits with real collateral may be capitalized through the issuance of new shares of the Company. For the capitalization of credit with real collateral, its face value will be considered on the date of the Legally-backed Financial Restructuring application, without any reduction or discount, but also without the incidence of interest or monetary correction, from the date of the request.

Unsecured creditors, in turn, are divided into two subclasses: (i) acquiring creditors; and (ii) other unsecured creditors.

a) Acquiring creditors are those who (i) have a real estate unit in any of the Company's projects; (ii) still have a balance payable to the Company due to the purchase and sale of the unit; (iii) the unit is still linked to the purchase and sale operation; (iv) have filed a lawsuit against the Company.
   In such cases, creditors will be able to choose the following payment methods: (i) remain with the unit, pay the remaining balance at a discount and withdraw from the lawsuit; (ii) terminate the purchase and sale commitment, through dissolution, with the return of the amount paid to the Company and withdraw from the lawsuit; or (iii) proceed with the lawsuit and receive its credit, with a 50% discount, through capitalization, through the issuance of new shares of the Company.
b) The credits of the other unsecured creditors, as well as the credits of the micro and small business creditors, will be fully capitalized, through the issuance of new shares of the Company.

The Plan also provides basic assumptions about the issuance of new shares to be subscribed by tender creditors. The Company also informs that the option for creditors to use the Commissioner's service.

As already mentioned, the Plan was approved by creditors at the Creditors' General Meeting held on November 29, 2017, being approved by the Legally-backed Financial Restructuring Court through a decision published in the Electronic Journal of the State of São Paulo on December 14 2017.

The Plan provides that only unsecured creditors classified as purchasing creditors have options for paying for their credits. All other unsecured credits, credits of micro-enterprise and small business creditors and the remaining amount of labor credits will be capitalized through the issuance of new Company shares.

Concerning the issuance of new shares, the Company made available to the creditors the use of the so-called Commissioner, who will receive the new shares in favor of creditors who opt to use them, will sell them at their current value at the time of the reverse auction and will deliver the net funds arising from the sale to the creditor.

Increase in authorized Capital for private subscription

With the approval of the legally-backed financial restructuring plans, as mentioned above, and in compliance with the foregoing conditions, the Company has already recorded, in its financial statements for the 2017 financial year, the initial effect of the issuance of new shares to be subscribed and the amount payable to pre-bankruptcy creditors, as established in the Legally-backed Financial Restructuring Plan.

The following Preceding Conditions shall be cumulatively verified and/or waived by Simple Majority of the Credits, for the realization of the Subscription with Capitalization of Credits by the Subscribing Creditors of the Viver Group:

a) Legally-backed approval of this Plan;

b) Non-existence of an appeal filed against the Legally-backed Approval of the Plan for which a suspension effect and/or an effect of any administrative, legal or arbitral decision has been granted, preventing compliance with the provisions contained in this Plan, including decisions rendering ineffective the corporate actions, assignments or waivers of rights of the Companies under restructuring; and

c) Obtaining the corporate, legal and regulatory approvals relevant to the respective Increase in Capital.

For purposes of inspection of all interested parties, the Companies under restructuring will inform, in the records and within 10 (ten) Business Days, when the Preceding Conditions are verified and/or waived by Simple Majority of the Credits, which time marks the beginning of the period for the realization of the Subscription with Capitalization of Credits, through the tranches indicated in clause 5.12 of the Legally-backed Financial Restructuring Plan.

In case the Preceding Conditions are not verified or waived by Simple Majority of the Credits, the Companies under restructuring must request, within 30 (thirty) Calendar Days, the convening of a new Creditors' Meeting, so that an addendum to this Plan or a new Plan is submitted by the Companies under restructuring to be discussed by the Creditors. In this case, the Credits will return to their original status and the Creditors will vote in such Creditors' Meeting for the value of their respective Credits contained in the Creditors' Listing, subtracting only the payments by any chance made to Holders of Labor Claims.

The amounts expected to be paid with shares and cash disbursements were calculated based on the General Table of Creditors submitted by the bankruptcy trustee, which is published at Viver's website and at CVM. Any discrepancies in values and credit ratings are still under analysis before the Court of the Financial Restructuring, and should therefore be converted into the following tranches of the capital increase, which will produce the issuance of new shares and the decrease of Viver's liabilities.

The increase in capital is intended to comply strictly with the provisions contained in the Legally-backed Financial Restructuring Plan approved by the Company's creditors and ratified by the qualified Court, as well as to strengthen the Company's capital structure and balance sheet, aimed at developing, expanding and maintaining its business, within a more solid capital structure, with the consequent restructuring of a significant portion of the Company's group credits, and the Company Shareholders' right to first refusal is assured for the subscription of new shares.

Considering that the Company Shareholders will be entitled to first refusal pursuant to article 171, paragraph 2, of the Brazilian Stock Corporation Law, there will be no dilution of shareholders who subscribe to all the shares to which they are entitled Only shareholders who choose not to exercise their right to first refusal, either in full or in part, will have their interest diluted. The price of issuance was set, without undue dilution of the current Company Shareholders' interest, based on the share ratings at B3 prior to the presentation of the first version of the plan, in order to eliminate any possibility of the share prices being impacted by the price variation of the Company's shares after the presentation of the first version of the Legally-backed Financial Restructuring Plan.

1st Tranche of increase in capital

On May 21, 2018, the capital stock increase was approved, which capital subscription amount reached BRL 571,243 Reais, with the issuance of 288,508,781 common shares, and, as mentioned before, this increase was to comply strictly with the provisions contained in the Legally-backed Financial Restructuring Plan.

2nd Tranche of increase in capital

On November 12, 2018, the Board of Directors approved the Company's capital increase, within the authorized capital, in the amount of BRL 302,118 Reais, upon the issuance of 152,584,772 new common shares, all of them registered and with no face value.

3rd Tranche of increase in capital

On March 08, 2019, the Board of Directors' meeting approved the Company's capital increase, within the authorized capital limit, in the amount of BRL 35,196 Reais, upon the issuance of 17,775,438 new common shares, all of them registered and with no face value.

4th Tranche of increase in capital

On December 19, 2019, the Board of Directors approved the capital increase of the Company in the amount of BRL 5,049, with the issuance of 255,001 common shares, registered and without face value.

Continuity of operations

The financial statements for the 2019 financial year were prepared based on the assumption of Company's normal business continuity and on management's assessment concerning the approval of the legally-backed financial restructuring plan by the majority of its creditors and the confirmation of this plan by the Court TJSP.

The purpose of the Legally-backed Financial Restructuring is to ensure the continuity of Viver's operations. Based on the information available on this date, the Company has no reason to believe that reaching an agreement with most of Viver's creditors is not going to be possible. In addition, the Board of Directors has a reasonable expectation that Viver may maintain its activities and that its operations will remain in effect during the Legally-backed Financial Restructuring. The continuity of the Company's operations depends ultimately on the success of the Legally-backed Financial Restructuring process and on the materialization of other Viver's forecasts. These conditions and circumstances show the existence of a significant uncertainty which may raise doubts about Viver's ability to continue operating.

In addition to allowing the renegotiation of the pre-bankruptcy liabilities of the companies who are part of the restructuring through the manners and conditions set forth in this Plan, it also allows for the full economic upheaval of the Viver Group companies, to the extent that (i) it reverses the low-liquidity vicious cycle; and (ii) attracts new capital to the Company, upon investment by stakeholders in the assets and in the platform of the Viver Group.

With its economic upheaval, the Company is able to continue performing its corporate purpose, with the deployment of real estate projects.

The Company keeps following the main measures below, aimed at recovering its profitability:

(a) Continuous, strict control and reduction of operating costs and expenses (Note 26), considering that the annualized amount of general and administrative expenses (excluding restructuring and depreciation) was BRL 15.5 million (in 2019);

(b) Focus on the process of transfers from customers for the amortization of financing and generation of free cash for the Company, as well as negotiation with delinquent clients with lawsuits, and the period ended with BRL 161,400 of receivables;

(c) Sale of land which is not in the Company's deployment plan.

The Company announced the creation of a new business unit of the Viver Group named ServRe, created with the mission of offering the market customizable services for the management of real estate assets and solutions for all the stages of the real estate cycle.

Finally, as part of the restructuring which aims at ensuring the continuity of the Company, the Court of the Legally-backed Financial Restructuring has authorized the raising of new funds for Viver, which will enable the companies who are part of the restructuring to maintain a minimum cash structure to support their current expenses until the proceeds from the Legally-backed Financial Restructuring plan enter the Company's accounts.

The Company is bound to Arbitration with the Market Arbitration Chamber, pursuant to a binding clause contained in its bylaws.

2 Main Accounting Policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the financial years presented, unless otherwise stated.

2.1 Basis for preparation and declaration of compliance

The financial statements have been prepared considering historical cost as the basis for value and certain financial assets measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the process of applying accounting policies. Estimates are used to, among others, determine the useful lives of assets and equipment, provisions required for contingent liabilities, allowance for doubtful accounts and provision for dissolutions, provision for asset deterioration ("impairment"), budgeted costs for projects, taxes and other similar charges. Based on this fact, the actual results may differ from the results considered by these estimates.

Settlement of transactions involving these estimates may result in values that are significantly discrepant from those recorded in the financial statements due to the probabilistic treatment inherent in the estimation process. The Company reviews its estimates and assumptions periodically for a period not exceeding one year.

Those areas that require a higher level of judgment on the part of the Company's management in the process of applying accounting policies and which are more complex, as well as the areas in which assumptions and estimates are significant for the preparation of the financial statements, are disclosed in Note 2.4 .

The Company's Management declares that all material information specific to the financial statements, and only them, are being disclosed and that correspond to those used by it in its management.

(a) Individual financial statements

The company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPCs) and approved by the Brazilian Securities and Exchange Commission (CVM) and are published along with the consolidated financial statements.

In the individual financial statements, subsidiaries and jointly-owned subsidiaries are recorded by using the equity method. The same adjustments are made both in the individual financial statements and in the consolidated financial statements to arrive at the same result and equity attributable to the shareholders of the company. The financial charges incurred on certain loans and financing and on the debentures, the funds of which were used by the company in the purchase of land and in the construction of the projects of the subsidiaries and jointly-owned subsidiaries, are capitalized and presented in the individual financial statements under the line item of investments arrive at the same result and equity attributable to the shareholders of the company that are presented in the consolidated financial statements. This adjustment, corresponding to the financial charges appropriated to the unsold units of the projects under construction, in the consolidated financial statements, are presented in the line item of properties for sale and are taken to the line item of costs of units sold as the corresponding units are sold. The reflection of the realization of financial charges in the consolidated financial statements is recorded in the individual financial statements, based on the equity method.

The financial statements of the subsidiaries and jointly-owned subsidiaries, for purposes of equity accounting, are prepared for the same reporting period as the Company and, when necessary, adjustments are made so that the accounting policies are in accordance with those adopted by the Company.

The equity interest in the income of the subsidiaries and jointly-owned subsidiaries is shown in the company's income statement as equity, representing the net profit or loss of the investee attributable to the controllers.

After applying the equity method, the Company determines whether it is necessary to recognize additional impairment loss on the Company's investment in its subsidiary or jointly-owned subsidiary.

The Company determines, on each closing date, whether there is objective evidence that investments in subsidiaries and jointly-owned subsidiaries have suffered losses due to impairment. If so, the Company calculates the amount of the impairment loss as the difference between the recoverable amount of the subsidiary or jointly-owned subsidiary and the book value, recognizing the amount in the income statement of the company.

(b) Consolidated financial statements

In thousand Reais, except when otherwise indicated

The consolidated financial statements have been prepared and presented in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards - IFRS, issued by the International Accounting Standard Board - IASB, applicable to real estate entities in Brazil, registered with the CVM. The aspects related to the transfer of control in the sale of real estate units follow the understanding of the Company's management, in line with that expressed by CVM in Official Memorandum CVM/SNC/SEP/No. 02/2018 on the application of Technical Pronouncement CPC 47 (IFRS 15), and the basis for revenue recognition is described in more detail in Note 2.21.

The following accounting policies are applied in the preparation of the consolidated financial statements:

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns arising from its involvement with the entity and has the ability to interfere in these returns due to the power it exercises over the entity. The subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation is interrupted from the date when the Company ceases to have control.

The subsidiaries are consolidated from the date on which control is transferred to the Company and are interrupted from the date on which control ends.

The consolidated financial statements include the operations of the Company and the following subsidiaries and respective percentage interest on the date of the financial statements:

	Percentage of interest	
Directly subsidiary and jointly-owned subsidiaries	**2019**	**2018**
Inpar Investimentos II S A. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Legacy Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Participações e Associados Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto 105 SPE Ltda.	100.00	100.00
Inpar Projeto 108 SPE Ltda.	100.00	100.00
Inpar Projeto 109 SPE Ltda.	100.00	100.00
Inpar Projeto 111 SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto 112 SPE Ltda.	100.00	100.00
Inpar Projeto 113 SPE Ltda.	100.00	100.00
Inpar Projeto 116 SPE Ltda.	100.00	100.00
Inpar Projeto 126 SPE Ltda.	100.00	100.00
Inpar Projeto 127 SPE Ltda.	100.00	100.00
Inpar Projeto 44 SPE Ltda.	100.00	100.00
Inpar Projeto 45 SPE Ltda.	100.00	100.00
Inpar Projeto 47 SPE Ltda.	100.00	100.00
Inpar Projeto 50 SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto 71 SPE Ltda.	100.00	100.00
Inpar Projeto 76 SPE Ltda.	100.00	100.00
Inpar Projeto 79 SPE Ltda.	100.00	100.00
Inpar Projeto 84 SPE Ltda.	100.00	100.00
Inpar Projeto 86 SPE Ltda.- Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto 87 SPE Ltda.	100.00	100.00
Inpar Projeto 90 SPE Ltda.	100.00	100.00
Inpar Projeto 94 SPE Ltda.	100.00	100.00
Inpar Projeto Lagoa Dos Ingleses SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Calogero Calia SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Condomínio Eredita SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Residencial Cond. Wellness Resort SPE 42 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Residencial Grand Jardins SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00

In thousand Reais, except when otherwise indicated

	Percentage of interest	
Directly subsidiary and jointly-owned subsidiaries	**2019**	**2018**
Inpar Projeto Residencial Nova Lima SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Quatro Estações Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Residencial Rio Claro Village SPE 67 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Residencial Sports Garden Leste SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Venancio Alves SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Vinhedo SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Viver Mooca SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Viver Morumbi SPE Ltda.	100.00	100.00
Inpar Projeto Residencial Von Schilgen SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Samoa SPE 75 Ltda.	100.00	100.00
Inpar Projeto Unique SPE 93 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Inpar Projeto Wave SPE Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
JMT Propriedade Imobiliaria Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Plarcon Incorporações Imobiliárias S/A - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliário Altos Do Umarizal SPE 64 Ltda.	100.00	100.00
Projeto Imobiliario Barra Bali SPE 99 Ltda.	100.00	100.00
Projeto Imobiliario Canoas Happiness SPE 72 Ltda.- Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliario Condomínio Park Plaza SPE 52 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imob. Res. Esporte & Vida Cond. Gravataí SPE 53 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliario Residencial Linea SPE 96 Ltda.	100.00	100.00
Projeto Imobiliario Residencial Viver Bosque SJP SPE 91 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliário Residencial Viver Zona Sul SPE 62 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliario SPE 103 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliário SPE 46 Ltda.	100.00	100.00
Projeto Imobiliário SPE 65 Ltda.	100.00	100.00
Projeto Imobiliario SPE 77 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliário Sports Garden Batista Campos SPE 61 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliario Viver Ananindeua SPE 40 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Imobiliario Viver Castanheira SPE 85 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Projeto Residencial Marine Home Resort SPE 66 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Servre Real Estate Serviços de Gestão Imobiliária Ltda.	100.00	-
Viver Desenvolvimento e Construção Imobiliária Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Viver Desenvolvimento E Construcao Imobiliaria SPE 141 Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Viver Desenvolvimento Imobiliario Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Viver Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	100.00	100.00
Viver Participações Ltda.- Em Recuperação Judicial	100.00	100.00
XYZ Real Estate Incorporações Imobiliárias Ltda	100.00	-
Inpar - Agra - Projeto Residencial Santo Amaro SPE Ltda. - Going through Legally-backed Financial Restructuring	70.00	70.00
Inpar - Agra - Projeto Residencial America SPE Ltda. - Going through Legally-backed Financial Restructuring	70.00	70.00

(ii) Transactions with non-controlling interests

The Company treats transactions with non-controlling interests as transactions with asset owners. For purchases from non-controlling interests, the difference between any consideration paid and the acquired portion of the book value of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity, in the "Accrued losses" account.

When the Company ceases to have control, any interest retained in the entity is measured at fair value, with the change in book value recognized in the income. The fair value is the initial book value for the subsequent recording of the retained interest in a joint venture or a financial asset.

Minority interests are shown in equity.

(iii) Joint ventures

Investments in joint ventures are recorded by using the equity method and are initially recognized at their cost values.

Unrealized gains from joint ventures are eliminated to the extent of equity interest. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss (impairment) of the transferred asset. The accounting policies of jointly-owned subsidiaries are changed, when necessary, to ensure consistency with the Company's accounting policies.

2.2 Presentation of information by segment and nature

The main revenue of the Company and its subsidiaries and jointly-owned subsidiaries comes from the real estate incorporation activity. The main operations manager analyzes analytical information by project to decide on fund allocation and assesses its performance. The management of activities related to strategic, financial planning, purchasing, investment of funds and performance assessment in the projects is centralized, with no segregation of management in sets by type of project (high, medium and low standard residential real state and commercial real state), that could characterize management by segment, or other factors that may identify a set of components as operating segments of the entity, the information being presented to the Board of Directors in an analytical manner by project and also consolidated as a single operating segment.

As described in Note 1, the Company has as its main activity the incorporation of real estate projects, acting mainly with selected partners for the development of construction activities linked to its real estate projects, which are the subject matters of its incorporation.

2.3 Functional currency

The functional currency of the Company and its subsidiaries and jointly-owned subsidiaries is the Brazilian Real and all amounts presented in the financial statements are expressed in thousands reais (presentation currency), except when expressly stated otherwise.

There are no significant foreign currency transactions.

2.4 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

2.4.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its investees make estimates regarding the future. By definition, the resulting accounting estimates will rarely be equal to the respective actual results. The estimates and assumptions that present a significant risk, with the probability of causing a material adjustment in the book values of assets and liabilities for the next financial year, are contemplated below.

(a) Revenue recognition and estimated work margin

The Company and its subsidiaries and jointly-owned subsidiaries use the Percentage of Completion (POC) method to account for their sale agreements for units in real estate development projects under construction. The use of the POC method requires the Company to estimate the costs to be incurred until the completion of the construction and delivery of the keys to the real estate units belonging to each real estate development project to establish a ratio concerning the costs already incurred.

The total budgeted costs, consisting of costs incurred and expected to be incurred for the closure of works, are regularly reviewed as the works progress, and the adjustments based on this review are reflected in the Company's results in accordance with the accounting method used.

(b) Contingencies

The Company and its subsidiaries and jointly-owned subsidiaries are subject, in the normal course of business, to investigations, audits, lawsuits and administrative proceedings in civil, tax-related, labor, environmental, corporate and consumer law matters, among others. Depending on the subject matter of the investigations, lawsuits or administrative proceedings brought against the Company and its subsidiaries and jointly-owned subsidiaries, may adversely affect the Company and its subsidiaries and jointly-owned subsidiaries, regardless of the final outcome.
The Company and its subsidiaries and jointly-owned subsidiaries may be periodically inspected by different authorities, including tax-related, labor, social security, environmental and health surveillance authorities. There can be no assurance that these authorities will not fine the Company and its subsidiaries and jointly-owned subsidiaries, or that such violations will not be converted into administrative proceedings and, subsequently, into lawsuits, or the final outcome of any lawsuit or administrative proceeding.

The Company recognizes a provision for tax-related, civil and labor claims. The assessment of likelihood of loss includes assessing the available evidence, the hierarchy of laws, available case laws, the most recent court decisions and their relevance to the legal system, as well as the evaluation of external lawyers. The provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statutory period of limitation, findings of tax inspections or additional exposures identified on the basis of new subjects or court decisions.

2.4.2 Judgments in the adoption of an accounting policy

(a) Revenue recognition

For purposes of applying the revenue recognition accounting policy, management follows the principles described in Note 2.21 which are applicable to Real Estate Units in Brazil and are in line with standards issued by the Brazilian Accounting Pronouncements Commission (CPC) and approved by the Securities and Exchange Commission (CVM) and by the Brazilian Federal Accounting Council (CFC).

Based on these standards and management judgment, the appropriation of revenue from real estate development projects under construction is carried out using the percentage of completion of the work (POC) method.

(b) Revenue recognition - responsibility for contracting and paying the brokerage fee

The encharge related to the sales commission tends to be the responsibility of the property buyer, without the incorporation of the sales price established in the agreements executed with the buyers of the property and the corresponding revenue recognized by the Company. Company management has been monitoring, along with its legal advisors, the position of the Public Prosecutor's Office, which has been requesting from the brokerage firms that clear and accurate information are provided in the offers for the purchase of property that the responsibility for the payment of the brokerage fee is not of the property buyer, and which has already executed a Behavior Modification Agreement (TAC) with one of the brokerage firms in the market, to determine any possible impacts in its operations and consequent repercussions in the financial statements, and we already have favorable decisions made by the Public Prosecutor's Office.

In addition, they also monitor the movements occurring in the industry concerning this subject, in order to constantly reassess the impacts in their operations and consequent repercussions in the financial statements.

(c) Estimated losses - indemnifications arising from the delivery of real estate units in arrears

Law No. 4.591 from December 16, 1964, which provides for real estate developments, and the sale agreements of real estate units have a 180-day grace period in relation to the delivery period established in such agreements of the units sold under construction. However, agreements entered into up to mid-2011 do not establish any fine or other penalty on the Company and its subsidiaries and jointly-owned subsidiaries for delays exceeding such grace period. Agreements entered into as of the second half of 2011 started posting a penalty corresponding to 2% of the amounts received, corrected according to the Brazilian National Civil Construction Index (INCC) and, after completion of the construction and delivery of the units sold, they will be corrected according to the Brazilian General Market Price Index (IGP-M) plus 0.5% per month of delay after the 180-day grace period (Note 6).

The Company and its subsidiaries and jointly-owned subsidiaries have been monitoring, along with their legal advisors, the lawsuits which have been filed individually by each buyer who has received their unit purchased under construction in a period exceeding that of such grace period, requiring such compensation, as well as compensation for moral damages and material losses, and establishes specific losses for them based on individual analyses of the lawsuits (Note 22(b)).

(d) Adoption of accounting policies

As mentioned before in Note 1, management has been adopting measures to manage its debt and obtain the funds needed to complete the development of its current projects, which total cost projected to complete them amounts to BRL 90,547 (BRL 87,983 Reais on December 31, 2018) (Note 30), as well as to recover its profitability by reducing costs and expenses and to resume the pace of the works on current projects, thus maintaining the continuity of the Company's and its subsidiaries' operations, and believes that these measures will be sufficient to improve the Company's capital structure and the cash generation needed for its continuity.

Hence, management prepared the quarterly financial information using accounting policies applicable to companies with business continuity (*going-concern basis*), which do not consider any adjustments arising from uncertainties about their ability to operate on a going-concern basis.

2.5 Cash and cash equivalents

They include cash, bank deposits and other highly liquid short-term investments, redeemable within 90 days following the transaction dates and with an insignificant risk of changing their market value.

Most financial investments included in cash equivalents are rated in the category "Financial assets at fair value through the result".

2.6 Financial assets

2.6.1 Rating

The Company rates its financial assets, upon initial recognition, under the following categories: valued at fair value through the result and loans and receivables. The rating depends on the purpose for which the financial assets were acquired.

With the exception of financial assets at fair value (Note 5), other financial assets are rated as "Loans and receivables" and liabilities as "Other financial liabilities".

(a) Financial assets at fair value through the result

Financial assets at fair value through the result are held for trading. A financial asset is rated in this category if it was acquired, specially, for the purpose of the short term sale. Assets in this category are rated as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, which are not quoted in an active market. They are presented as current assets, except those with a maturity of more than 12 months after the balance sheet issue date (these are rated as non-current assets). The Company's loans and receivables comprise "Accounts receivable from customers", "Taxes and contributions to offset", "Checking accounts with partners in the projects", "Related parties" and "Other assets".

2.6.2 Recognition and measurement

Purchases and sales of financial assets are usually recognized on the trade date. Investments are initially recognized at fair value, plus transaction costs for all financial assets not rated as at fair value through profit or loss. Financial assets at fair value through the result are initially recognized at fair value, and transaction costs are charged to the income statement.

Financial assets are written off when the rights to receive cash flows have expired or have been transferred; in the latter case, provided that the Company and its subsidiaries and jointly-owned subsidiaries have significantly transferred all risks and benefits of ownership. Assets at fair value through profit and loss statement are subsequently recorded at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from variations in the fair value of financial assets valued at fair value through the result are presented in the income statement under "Financial revenues" in the period in which they occur.

2.6.3 Offset of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

The Company assesses on the date of each balance sheet whether there is objective evidence that a financial asset or group of financial assets is impaired. An asset or group of assets is impaired and

impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the assets (a "loss event") and that event (or Loss events) have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
The criteria that the Company and its subsidiaries and jointly-owned subsidiaries use to determine whether there is objective evidence of an impairment loss include the following:

(i) material financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as default or late payment of interest or principal;

(iii) the Company, for economic or legal reasons related to the borrower's financial difficulty, extends to the borrower a concession that a lender would not normally consider;

(iv) it is probable that the borrower will declare bankruptcy or other financial restructuring;

(v) the disappearance of an active market for that financial asset due to financial difficulties; or

(vi) observable data indicating that there is a measurable reduction in estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

. adverse changes in the payment status of borrowers in the portfolio;

. national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future credit losses that are not incurred) discounted at the original effective interest rate of the assets. The book value of the asset is reduced and the amount of loss is recognized in the income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate for valuing an impairment loss is the current effective interest rate determined in accordance with the agreement. As a practical expedient, management can value impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event that occurred after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of that previously recognized loss will be recognized in the income statement.

2.7 Derivative financial instruments and hedge activities

Derivatives are recognized at fair value on the date the agreement is signed and are subsequently re-valued at fair value. As the Company does not adopt hedge accounting as its accounting policy, changes in the fair value of any of these derivative instruments are immediately recognized in the income statement, in the financial revenues or expenses account.

There are no derivative financial investment transactions and hedge activities outstanding as of December 31, 2019 and 2018.

2.8 Accounts Receivable

Accounts receivable is substantially represented by the sale of real estate units under construction and completed.

Accounts receivable from customers, when originating from real estate units under construction, are constituted by applying the Percentage of Completion (POC) over the revenue from units sold, adjusted according to the conditions of the sales agreements, deducting the installments received.

If the amount of the installments received is higher than the accrued revenue recognized, the balance is rated as an advance from clients, in liabilities.

When the construction is completed, the total amount of accounts receivable will be appropriated to the accounts and which bear interest and monetary variation, appropriated to the financial income when earned, in accordance with the accrual basis.
In installment sales of completed units, total accounts receivable are recorded at the time the sale takes place, regardless of the maturity for receiving the contractual amount.

Accounts receivable are rated in current assets, taking into account the amount that comprises all accounts receivable past due and due within one year and the prospect of their realization, over time, by management. The excess portion is shown in non-current assets.

Accounts receivable from customers are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method minus Estimated Losses for Allowance for Doubtful Accounts (impairment).

In relation to the accounts receivable existing on December 31th, management recorded an estimated loss of an amount sufficient to cover the expected losses on the realization of accounts receivable from old sales that do not have a fiduciary sale (Note 6). For accounts receivable related to the most recent sales, management considers that there is no objective evidence for the constitution of the estimated loss, since, according to current agreements, the ownership of the property by the customer is only effective if it is fulfilling with their contractual obligations and, in the case of delivery of sales keys financed by the Company, the agreements are signed with fiduciary sale of the corresponding properties.

Accounts receivable are also deducted from the provision for cancellations (Note 6), in accordance with the measurement and registration criteria described in Note 2.21.1.

2.9 Properties held for sale

Ready-to-sell properties are stated at construction cost that does not exceed their net realizable value. In the case of properties under construction, the parcel of land in land bank corresponds to the cost incurred for the units not yet sold.

The cost comprises land acquisition, construction contracting and other related costs, including the financial cost of capital invested (financial charges on real estate credit operations incurred during the construction period and interest on other financing lines, including debentures), which are appropriated to the total cost of the work and taken to the result in proportion to the ideal fraction of the units sold, under the line item "Cost of sales".

The net realizable value is the estimated sale price for the normal course of business, minus the estimated costs for completion and sale expenses.

Land is stated at acquisition cost and there being projects development, plus capitalized financial charges, net of loss estimates.

In the case of land physical exchanges operations, aimed at delivering apartments to be built, the value of the land acquired by the Company and its subsidiaries and jointly-owned subsidiaries is calculated based on the fair value, valued at the cash sale value of the real estate units to be delivered. The fair value of the land is recorded as a component of the land bank for properties held for sale, in return for advances from clientes in liabilities, at the time of signing the private instrument or agreement related to the referred transaction. Revenues and costs arising from physical exchanges operations are allocated to income over the period of construction of the projects using the criteria described in Note 2.21.

The real estate units eligible for sales and accounts receivable dissolutions, had their costs reversed to the result and are presented in a specific provision line for dissolution.

2.10 Expenses with unearned sales

Expenses with sales to be appropriated are mainly represented by expenses with commissions on sales realized, which are appropriated to the result, observing the same criterion adopted for the recognition of revenues from units sold (Note 2.21).

2.11 Fixed asset

The Company's head office, its branches, subsidiaries and jointly-owned subsidiaries are located in properties rented from third parties.

Fixed assets are recorded at acquisition cost, minus depreciation calculated using the straight-line method, at the rates mentioned in Note 12, which takes into account the estimated useful lives of the assets. Considering that historically the Company does not dispose of its fixed assets items, the residual value of the assets is considered to be zero. The economic useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each year.

Expenses incurred with the construction of sales booths and decorated apartments are subject to periodic analyses on the impairment of assets, having only been capitalized those whose estimated useful life on the construction date was more than one year.

An item of fixed asset is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as the difference between the net sale value and the book value of the asset) is included in the income statement, in the year in which the asset is written off.

2.12 Intangible assets

The software licenses purchased were capitalized based on the costs incurred to purchase the softwares and make them ready for use. These costs are amortized over their estimated useful life of three to five years. Costs associated with software maintenance are recognized as an expense, as incurred.

2.13 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized at the amount at which the book value of the
asset exceeds its recoverable amount. The latter is the higher of an asset's fair value minus the costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units (CGUs)). Non-financial assets that have undergone impairment are subsequently reviewed for the analysis of a possible reversal of the impairment on the reporting date.

2.14 Suppliers, creditors under committed property and miscellaneous accounts payable

Accounts payable to suppliers are obligations to pay for goods or services that were acquired from suppliers in the normal course of business. Accounts payable for the acquisition of real estate are related to the acquisition of land for the development of real estate development projects. Accounts payable to suppliers and creditors for the acquisition of real estate are rated as current liabilities if payment is due within a period of up to one year; otherwise, they are presented as non-current liabilities. Miscellaneous accounts receivables include, substantially, dissolutions payable, obligations arising from charges for condominiums and taxes on real estate units in land bank or in court and commissions payable.
They are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method. In practice, they are usually recognized at the corresponding invoice / agreement value plus the financial charges incurred and the respective write-offs for the settlement of the obligations.

Obligations in the acquisition of real estate are initially recognized at the amounts corresponding to the contractual obligations assumed and are presented plus financial charges incurred, when applicable.

2.15 Loans, financing and debentures

Loans, financing and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the settlement value is recognized during the period in which the loans, financing and debentures are outstanding, using the effective interest rate method, as a complementary portion of the cost of the project (qualifying asset under construction) or in the income statement.

Loans are rated as current liabilities, unless the Company and its subsidiaries and jointly-owned subsidiaries have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Debentures are not convertible into shares and are recognized in a similar way to loans and financing.

2.16 Provisions

Provisions are recognized when the Company and its subsidiaries and jointly-owned subsidiaries have a present, legal or non-formalized obligation, as a result of past events and it is likely that an outflow of funds will be necessary to settle the obligation and that a reliable estimation of the amount may be made.

When there are a series of similar obligations, the probability of settling them is determined, taking into account the class of obligations as a whole. A provision is recognized even if the probability of settlement related to any individual item included in the same class of obligations is small.

Provisions are measured at the present value of expenses that must be required to settle the obligation, using a pre-tax rate, which reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the obligation due to the passage of time is recognized as a financial expense.

(a) Provisions for tax, civil and labor risks

The Company is a party to several legal and administrative proceedings. Provisions are recorded for all contingencies related to judicial proceedings for which it is probable that an outflow of proceeds will be made to settle the contingency / obligation and a reasonable estimate can be made. The assessment of likelihood of loss includes assessing the available evidence, the hierarchy of laws, available case laws, the most recent court decisions and their relevance to the legal system, as well as the evaluation of external lawyers. The provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable statutory period of limitation, findings of tax inspections or additional exposures identified on the basis of new subjects or court decisions.

(b) Collaterals

Limited collaterals are provided for a period of up to five years, covering structural defects in commercial real estate projects.

The Company and its subsidiaries and jointly-owned subsidiaries hire specialized construction companies to carry out the construction of the projects to be sold, which have a 5-year warranty period. The agreements signed with the construction companies ensure that the coverage of any damage be under your responsibility, which is why certain collaterals for the performance of the services (responsibilities and costs) are normally carried out by the subcontractors. It is estimated that the amounts to be disbursed will not be significant, and the Company records the best possible estimate to face future occurrences of this nature.

(c) Delay in delivering projects

Law No. 4.591 from December 16, 1964, which provides for real estate developments, and the sale agreements of real estate units have a 180-day grace period in relation to the delivery period forecast in such agreements of the units sold under construction. However, agreements entered into up to mid-2011 do not establish any fine or other penalty on the Company and its subsidiaries and jointly-owned subsidiaries for delays exceeding such grace period.

The Company and its subsidiaries and jointly-owned subsidiaries have been monitoring, along with their legal advisors, the lawsuits which have been filed individually by each buyer who has received their unit purchased under construction in a period exceeding that of such grace period, requiring such compensations, as well as indemnification for moral damages and material losses. As previously mentioned, the construction of the projects is contracted with specialized construction companies, whose signed agreements ensure that the coverage of any claim for indemnification by customers who have received their units late is their responsibility. The Company set up a provision in an amount that corresponds to the estimate regarding collaterals not covered by the construction companies (Note 22 (a)).

(d) Onerous contracts

With the budget review carried out, we carried out an analysis of the projects, aiming at assessing whether they have a budgeted cost for the completion of the projects in an amount higher than the recoverable net value, regardless of the current stage in which the work is progressing. We did not identify any significant losses that would require the establishment of a specific provision.

2.17 Income tax and social contribution on current and deferred profit

Income tax and social contribution expenses for the year comprise current and deferred taxes, both recognized in the income statement.

The current and deferred income tax and social contribution charge is calculated based on the tax laws enacted on the balance sheet date. Management periodically evaluates the positions taken by the Company and its subsidiaries and jointly-owned subsidiaries in the income tax returns in relation to situations in which the applicable tax regulations give rise to interpretations. Establishes provisions, when appropriate, based on estimated amounts of payment to tax authorities.

In companies taxed on real profit, the income tax and social contribution are calculated at regular rates of 15% plus an additional 10% for income tax and 9% for social contribution, on the accounting profit for the year, adjusted according to criteria established by current tax legislation.

As permitted by the tax legislation, certain subsidiaries and jointly-owned subsidiaries, whose annual revenue for the previous year was less than BRL 78,000, opted for the deemed profit method. For these companies, the income tax calculation base is calculated at the rate of 8% and that of the social contribution at the rate of 12% on gross revenues (32% when the revenue comes from the provision of services and 100% of the financial revenues), on which the regular rates of the respective tax and contribution, apply.

Some of these subsidiaries and affiliates of the Company opted for the method of property subject to encumbrance (liens, etc.). Therefore, taxation is carried out in accordance with the Special Taxation Regime (RET), where operating revenues from the sale of real estate is definitively taxed at the rate of 4%, of which 1.92% is for income tax and social contribution and 2.08% for PIS and COFINS, as defined by Law 12.844/13.

Deferred income and social contribution taxes are recognized using the liability method on temporary differences arising from differences between the tax bases of assets and liabilities and their book values in the financial statements (Note 21 (a)). One of the main differences corresponds to the criterion for calculating revenues under the tax (cash basis) and corporate regime (Note 2.21.1 (b) POC).

Deferred income tax and social contribution assets are recognized only if it is probable that future taxable profit will be available and against which tax losses and temporary differences can be used.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes incurred by the same tax authority over the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Benefits to employees and officers

The benefits granted to the Company's employees and managers include, in addition to fixed remuneration (salaries and social security contributions (INSS), vacation and 13th salary), medical assistance, benefit allowance, life insurance, meal, internal training program,- transportation voucher and parking, in addition to variable remuneration such as profit sharing (bonus). These benefits are recorded in the income for the year when the Company has an obligation on an accrual basis, as they are incurred.

The Company does not maintain private pension plans for its employees, however, it makes monthly contributions based on the payroll to the official retirement and social security funds, which are charged to expenses on an accrual basis.

(a) Profit sharing for employees and managers

The variable remuneration policy is based on performance indicators. The main performance indicators taken into account are EBITDA, general and administrative expenses, the appreciation of the Company's share (Total Shareholder Return (TSR)) compared to the industry's performance and the performance evaluation of individual goals. Due to the non-compliance with the indicators, no provision was made for profit sharing for employees and managers.

(b) Stock option plan

On August 11, 2010, the Board of Directors approved the regulation of the first stock option program of the Company, which was approved on August 12, 2010 and canceled at the Extraordinary General Meeting (AGE) held on 19 February 2013. No option was granted to beneficiaries during the periods after the cancellation.

2.19 Capital stock and public offering expenses

It is represented exclusively by common shares, rated as equity.
The incremental costs attributable to the process of issuing shares at the time of public listing are shown in a reduction account of the capital stock in equity, according to Pronouncement CPC 08 - "Transaction Costs and Premiums on the Issuance of Securities" (IAS 39) .

2.20 Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements at the end of the year, based on its bylaws.

Any amount above the mandatory minimum is only provisioned on the date it is approved by the shareholders, at the General Meeting.

In the financial years ended on December 31, 2019 and 2018, the Company presented a loss, with no dividends to be distributed. Under corporate law, when generating profits, the primary purpose is to offset accrued losses.

2.21 Revenue recognition

2.21.1 Calculation and appropriation of the income of real estate development and sale of properties

(a) Completed units and land

In installment sales of completed units and land, the income is appropriated when the most significant risks and benefits inherent to the property are transferred, regardless of the maturity for receiving the contractual amount.

Predetermined interest and monetary variation are appropriated pro rata temporis to the income, under the line item "Financial revenues", observing the accrual basis, regardless of their receipt.

(B) Units under construction

For the sale of unfinished units, the transfer of control in the sale of real estate units and compliance with the performance obligation are in accordance with the understanding of the Company's management, as established by Official Memorandum/ CVM/SNC/SEP No. 02/2018 of December 2018, which disciplines the application of Technical Pronouncement NBC TG 47 (IFRS 15) to Brazilian Real Estate Development Entities.

In accordance with CPC 47, the recognition of revenue from agreements with customers now has a new normative discipline, based on the transfer of control of the promised good or service, which may be at a specific point in time (at a point in time) or over time, according to the compliance or not with the so-called “contractual performance obligations”.

Revenue is valued at the amount that reflects the consideration to which it is expected to be entitled and is based on a five-step model detailed below: 1) agreement identification; 2) identification of performance obligations; 3) determining the transaction price; 4) allocation of the transaction price to performance obligations; 5) revenue recognition.

The Company's business model is predominantly based on agreements for the purchase and sale of properties with “the outstanding balance of the real estate unit financed by a private bank, after the construction project is completed”. In this model, the real estate developer finances the borrower during the construction phase of the project, through its own funds and / or obtaining financing (SFH) from financial institutions. As a rule, construction projects for real estate units are aimed at middle and upper class people. With the signing of the agreement, the borrower undertakes to pay up to 30% of the value of the real estate unit during the construction phase directly to the developer, which bears the entire credit risk during the construction phase. After the project is physically finished, the borrower must pay the debt balance with its own funds (including the use of the FGTS balance) and / or obtain from the financial institution - IF the necessary financing to pay the debt balance with the developer, which is around 70% of the value of the real estate unit (the completed real estate unit is then pledged as a collateral through a fiduciary sale to the financial institution). The market risk of the real estate unit, from the moment of sale, falls entirely on the borrower, who can benefit from any appreciations and realize them through the onerous transfer of its agreement with third parties, with the consent of the real estate developer, or be harmed with possible devaluations (moment when some borrowers force the dissolution).

Thus, the practices adopted for determining and appropriating the income and recording the amounts in the real estate development revenue accounts, properties held for sale, customers for real estate development and advances received from clients follow the procedures described above and detailed as follows:

§ In sales of unfinished units, the income is appropriated based on the following criteria:

(i) Sales revenues are appropriated to income as construction progresses, since the transfer of control occurs continuously. Thus, the method called "POC", "percentage of execution or percentage of completion" of each project is adopted. The POC method is made using the ratio of the cost incurred to the total budgeted cost of the respective projects and the revenue is calculated by multiplying this percentage (POC) by the contracted sales. The total budgeted cost of the projects is estimated initially when they are posted and regularly reviewed; any adjustments identified in this estimate based on said reviews are reflected in the Company's results. Land and construction costs inherent to the respective real estate developers of units sold are appropriated to income when incurred.

(ii) Sales revenue determined, according to item (i), valued at fair value, including monetary restatement, net of installments already received, are recorded as accounts receivable, or as advances from clients, depending on the ratio between the revenue recorded and the amounts received.

§ In installment sales of completed units, the income is appropriated at the time the sale takes place, regardless of the maturity for receiving the contractual amount, with revenues valued at the fair value of the consideration received and receivable.

§ Monetary restatements and adjustment to present value are recognized in the income statement under the line item of real estate development revenue, in the pre-key period. Monetary restatements and predetermined interest are allocated to financial income in the post-key period, observing the accrual basis, regardless of their receipt.

§ Revenues from exchanged real estate units are recorded as the work progresses until the delivery of completed units, in accordance with the agreements.

The Company, following the guidelines contained in the Official Memorandum CVM/SNC/SEP on 02/2018, prepared a study with the objective of evaluating the need to record the timely and predictive adjustments related to dissolutions of the agreements for the purchase and sale of real estate units completed and under construction (provision for dissolutions). The analysis considered the identification of the cash flow entry uncertainty and the objective evidence of conditions that already existed at the end of the accounting period, to constitute the provision for dissolutions and, consequently, the Company constituted a provision for dissolutions for those customers who had doubts in relation to the continuity of the contractual relationship and receipts of contracted cash flows.

In dissolutions of purchase and sale commitments for real estate units, the revenue and cost recognized in the income statement are reversed, according to the criteria described in note 2.21.1. The cost reversal increases the properties for sale and the revenue reversal decreases the accounts receivable. The Company also recognizes, as a result of the dissolution, the liability for the return of advances from clients and the effects of gain or loss are immediately recognized in the income statement.

(c) Exchange operations

Land exchanges, aimed at delivering real estate to be built, are calculated based on the fair value of the real estate units to be delivered. The fair value of the land is recorded as a component of the land bank of properties held for sale, as a consideration to advances from clients in liabilities, at the moment when possible resolution clauses of the private instrument or agreement related to the referred transaction, no longer produce effects.

The land cost becomes part of the cost of the corresponding real estate development project.

Advances from clients arising from exchange operations are allocated to income based on the POC. The non-appropriated portion is rated in current or non-current liabilities, taking into account the estimated maturity for completion of the project.

2.21.2 Administration fee revenues

Administration fee revenue comes from the provision of project management services to jointly-owned subsidiaries, proportionally consolidated. These revenues are recorded in the period in which the services are provided, in accordance with the accrual basis for the years.

2.21.3 Financial income

Financial revenue is recognized according to the elapsed period, using the effective interest rate method.

2.22 Basic and diluted earning (loss) per share

Basic and diluted result per share are calculated by dividing the income for the period attributable to the Company's shareholders by the weighted average of common shares outstanding in the respective period. The Company does not have operations that influence the calculation of diluted earnings, therefore, diluted earnings per share is equal to the amount of basic earnings per share, as per Note 24.

2.23 Cash flow statements

The cash flow statements are prepared using the indirect method and are presented in accordance with CVM Resolution No. 547, of August 13, 2008, which approved Accounting Pronouncement CPC 03 (R2) (IAS 7) - "Cash Flows Statement", issued by the CPC.

2.24 Added value statements

The added value statements are prepared and are presented in accordance with CVM Resolution No. 557, of November 12, 2008, which approved the Accounting Pronouncement CPC 09 - "Added Value Statement", issued by CPC.

3 New standards, interpretations and changes to standards

3.1 Adopted as of January 1, 2019

(a) CPC 06 R2 (IFRS 16)

This pronouncement introduced a unique model of accounting for leases in the balance sheet for lessees. A lessee recognizes a right-of-use asset that represents its right to use the leased asset and a lease liability that represents its obligation to make lease payments. In the income for the year, a rental expense is no longer recognized, and an expense for depreciation of the right of use asset and interest expense of the lease liability is recognized. Exemptions are available for short term leases and low value items. Lessor's accounting remains similar to the previous standard, that is, lessors continue to rate leases as financial or operating.

Given that currently the main lease charge of the Company relates to the corporate office it occupies and is located in the city of São Paulo, and whose lease agreement has expired and has not yet been defined as to the continuity at the current address, management has concluded for not recording a future obligation due to the non-existence of a current contractual instrument and due to the uncertainty regarding the values and period of a new lease.

The Company applied the recognition exemptions for short-term leases and leases for which the underlying assets are of low value. These leases essentially include computer equipment, etc. For these leases, rental expenses are recognized on a straight-line basis, when incurred.

(b) ICPC 22 (IFRIC 23) - Uncertainty about Treatment of Taxes on Profit

This interpretation clarifies how to apply the recognition and valuation requirements of CPC 32 / IAS 12 - Taxes on Profit, when there is uncertainty about the treatment of income tax and social contribution on net income. According to the interpretation, companies must valuate and recognize their current or deferred tax assets or liabilities, applying the requirements of CPC 32 / IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, determined based on this interpretation. This interpretation has been in effect since January 1, 2019, and no relevant impacts related to its application have been identified.

3.2 To be adopted after January 1, 2020

A series of new standards will be effective for financial years beginning after January 1, 2020. The Company and its subsidiaries did not adopt these standards in the preparation of these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's individual and consolidated financial statements:

- § Changes in references to the conceptual framework in IFRS standards;
- § Definition of a business (amendment to CPC 15/IFRS 3);
- § Definition of materiality (amendments to CPC 26/IAS 1 and CPC 23/IAS 8);
- § IFRS 17 - Insurance agreements.

There are no other IFRS standards or IFRIC interpretations that have not yet come into force that could have a significant impact on the financial statements of the Company and its subsidiaries.

4 Financial risk management

The activities of the Company and its subsidiaries and jointly-owned subsidiaries expose them to several financial risks: market risk (including interest rate on mortgage loans, cash flow interest rate risk and price risk of certain assets valued at fair value), credit risk and liquidity risk.

The risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company and its subsidiaries and jointly-owned subsidiaries. The Company and its subsidiaries and jointly-owned subsidiaries do not have the practice of using derivative financial instruments to protect against risk exposures.

Risk management is carried out by the Company's central treasury, which identifies, assesses and protects the Company against possible financial risks in cooperation with the subsidiaries and jointly-owned subsidiaries.

(a) Market risk

(i) Exchange rate risk

Considered virtually null due to the fact that the Company and its subsidiaries and jointly-owned subsidiaries do not have assets or liabilities denominated in foreign currency, as well as not having significant dependence on imported materials in their production chain. In addition, the Company and its subsidiaries and jointly-owned subsidiaries do not carry out sales indexed to foreign currency.

(ii) Interest rate risk

Accounts receivable for completed properties, as mentioned in Note 6, bear interest of 12% per year. The balances of current account partners in projects (Note 9) are subject to variation in the IGP-M, plus interest ranging from 9 to 12% per year, when applicable. The interest rates contracted on financial investments are mentioned in Note 5.

Interest rates on loans and financing, debentures, certificates of real estate receivables and creditors under committed property are mentioned in Notes 14, 15 and 18, respectively.

In addition, as mentioned in Note 20, balances with related parties are not subject to financial charges.

The Company dynamically analyzes its exposure to interest rates. Several scenarios are simulated taking into account refinancing, renewing existing positions and financing.

Based on these scenarios, the Company defines a reasonable change in the interest rate and calculates the impact on the financial income, as detailed in item (d), where the assets and liabilities subject to variable interest rates are also indicated.

(b) Credit risk

Credit risk is managed corporately. Credit risk arises from accounts receivable from customers, bank deposits and financial assets at fair value through the result.

With respect to the credit risk of accounts receivable from customers, these risks are managed by specific credit analysis standards at the time of each sale. In general, the risk is judged to be practically null, since (i) all sales are made with fiduciary sale of the goods sold; (ii) the ownership of the properties is granted only upon approval of the transfer of bank financing to the buyer of the property. In the case of units for which the Company and its subsidiaries and jointly-owned subsidiaries are directly financing the buyer, the fiduciary sale of the assets sold provides the necessary security to mitigate credit risks.

The Company and its subsidiaries and jointly-owned subsidiaries maintain a substantial portion of the available cash and cash equivalents and financial investments (Note 5) in bank deposit certificates and prime financial conglomerate papers.

In thousand Reais, except when otherwise indicated

(c) Liquidity risk

In the context described in Note 1, the Company has prioritized efforts to seek efficiency of transfers, obtaining lines for financing working capital and commitments to its works and obtaining funds from its shareholders. Liquidity risk consists of the possibility that the Company and its subsidiaries and jointly-owned subsidiaries do not have sufficient funds to meet their commitments due to different maturities for the realization and settlement of their rights and obligations.

Cash flow forecasting is carried out by the project and aggregated by the Finance department. This department monitors the continuous forecasts of the liquidity requirements of the Company and its subsidiaries and jointly-owned subsidiaries to ensure that it has sufficient cash to meet operating needs.

The table below analyzes the Company's non-derivative financial liabilities, by maturity, corresponding to the period remaining on the balance sheet until the contractual maturity date. The amounts disclosed in the table are the book balances as of December 31, 2019.

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Loans and financing	258	167	258	71,863
Debentures	195,905	196,504	195,905	196,504
Shared obligation - receivables	-	2,303	5,760	9,162
Related parties	-	-	87,742	27,320
	196,163	198,974	289,665	304,849
Cash and cash equivalents and bonds and securities	(40)	(56)	(5,461)	(7,810)
Net debt	196,123	198,918	284,204	297,039
Equity	(150,201)	46,112	(150,201)	46,112
Equity and net debt	45,922	245,030	134,003	343,151
Percentage	427.08%	81.18%	212.09%	86.56%

(d) Sensitivity analysis of changes in interest rates and other indexes of financial assets and liabilities

In order to verify the sensitivity of financial assets and liabilities linked to different indexes (CDI, IPCA, IGP-M and TR), which make up the interest rate risk factor, three different scenarios were defined. Based on projections released by financial institutions in Brazil on December 31, 2019, except for TR, for which a zero rate was deemed in the year, the following was defined:

			Percentage
Scenario	**Probable (expected)**	**Possible stress 25%**	**Remote stress 50%**
CDI Fall	4.11	3.08	2.06
CDI Rise	4.11	5.14	6.17
IGP-M	3.36	4.20	5.04
INCC	4.60	5.75	6.90
TR	0.00	0.00	0.00
IPCA	3.09	3.86	4.64

The Company seeks to avoid mismatches in terms of currencies and interest rates. The obligations are mainly linked to inflation (CDI or TR). There are no assets or liabilities denominated in foreign currency and there is no significant dependence on imported materials in the production chain. The Company seeks to maintain a balance between liabilities and assets indexes, maintaining cash invested in CDI to balance financial obligations and receivables indexed to INCC on the active side, to balance the construction cost to be incurred (Commitments assumed - Note 30).

In thousand Reais, except when otherwise indicated

	2019		2018			Values for 2019		
Consolidated Data	**Asset**	**Liability**	**Asset**	**Liability**	**Risk**	**Probable**	**Deterioration 25%**	**Deterioration 50%**
Financial investments (Note 5)	1,846		3,482					
80% to 100% of the CDI	1,846		3,482		CDI Fall	76	57	38
Accounts receivable from customers (Note 6)	82,548		255,530					
IGP-M	20,648		197,529		IGP-M Rise	694	867	1,041
INCC	61,900		58,001		INCC Rise	2,847	3,559	4,271
Checking account with partners in the projects	12,160		31,703					
IGP-M	12,160		31,703		IGP-M Rise	409	511	613
Loans and financing (Note 14)		258		71,863				
TR		-		44,817	TR Rise	-	-	-
CDI		-		26,879	CDI Rise	-	-	-
IGP-M		258		167	IGP-M Rise	(9)	(11)	(13)
Debentures (Note 14)		195,905		196,504				
TR		185,862		172,581	TR Rise	-	-	-
CDI		10,043		23,923	CDI Rise	(413)	(516)	(619)
Related parties (Note 20)		87,742		27,320				
CDI		87,742		27,320	CDI Rise	(3,606)	(4,508)	(5,409)
Creditors under committed property (Note 18)		-		75				
INCC		-		75	INCC Rise	-	-	-

In thousand Reais, except when otherwise indicated

(e) Capital management:

The objectives of the Company and its subsidiaries when managing their capital are to safeguard the capacity of their operating continuity, strengthening their credit rating with financial institutions, in order to support business and reduce this cost.

In line with other companies in the industry, the Company monitors capital based on an index that corresponds to net debt divided by total capital. Net debt, in turn, corresponds to total loans (including loans and debentures, both short and long term, as shown in the consolidated balance sheet), minus the amount of cash and cash equivalents, of the financial assets valued at the fair value through the result and restricted accounts. Total capital is calculated by adding the equity, as shown in the consolidated balance sheet, with the net debt.

These indexes, according to the consolidated financial information, can be summarized as follows:

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Loans and financing	258	167	258	71,863
Debentures	195,905	196,504	195,905	196,504
Shared obligation - receivables	-	2,303	5,760	9,162
Related parties	-	-	87,742	27,320
	196,163	198,974	289,665	304,849
Cash and cash equivalents and bonds and securities	(40)	(56)	(5,461)	(7,810)
Net debt	196,123	198,918	284,204	297,039
Equity	(134,155)	46,112	(134,155)	46,112
Equity and net debt	61,968	245,030	150,049	343,151
Percentage	316.49%	81.18%	189.41%	86.56%

(f) Estimation of fair value

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a current transaction between parties willing to negotiate, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value:

. As described in Note 14, the debentures issued by the Company are of a private nature and have their own characteristics, which make it impossible to obtain a market value. Accordingly, the Company considers that the book value of the debentures is the closest to the market value for these securities.
. The financial investments remunerated by the CDI are recorded at market value, according to the quotation published by the respective financial institutions, and the remainder refer, for the most part, to bank deposit certificates and repurchase operations, therefore, the registered value of these securities does not differ to market value.

. Cash and cash equivalents, accounts receivable from customers, accounts payable to suppliers and other short-term obligations approximate their respective book value largely due to the short-term maturity of these instruments; the same assumption is valid for financial liabilities.

The Company applies CPC 40 (R1) / IFRS 7 for financial instruments valued in the balance sheet at fair value, which requires disclosure of fair value valuations at the level of the following fair value valuation hierarchy:

. Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).

. Information, in addition to quoted prices, included in level 1 that are adopted by the market for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

. Inputs for assets or liabilities that are not based on data adopted by the market (ie, unobservable inputs) (level 3).

Level 2 of the fair value hierarchy is that used by the Company and its subsidiaries and jointly-owned subsidiaries for financial instruments valued at fair value through the result, which comprise the financial investments mentioned in Note 5. The Company and its subsidiaries and jointly-owned subsidiaries did not have financial assets valued at level 3.

The fair value of financial instruments that are not traded on active markets (for example, deposit certificates) is determined using the data provided by the financial institution where it is available and rely as little as possible on the entity's specific estimates. If all relevant information required for an instrument's fair value are adopted by the market, the instrument will be included in level 2.

Due to the request for legally-backed financial restructuring in September 2016, tender debts are not being updated by their respective indexes established in agreements, and the Plan was approved by creditors at the General Meeting of Creditors on November 29, 2017, having been ratified by the Judicial Legally-backed Financial Restructuring Court on December 14, 2017.

(g) Credit quality of financial assets

The credit quality of other financial assets can be assessed by reference to the corresponding collaterals:

In thousand Reais, except when otherwise indicated

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Units delivered				
With fiduciary sale			147,270	205,816
With no fiduciary sale	350	342	1,795	1,717
	350	342	149,065	207,533
Units under construction				
With fiduciary sale			61,900	60,455
Accounts receivable from customers	350	342	210,965	267,988
Estimated losses for allowance for doubtful accounts and dissolutions	(350)	(342)	(128,417)	(12,458)
Accounts receivable from customers	-	-	82,548	255,530

Of the total accounts receivable from completed units, approximately BRL 12,481 are overdue, mainly due to unresolved lawsuits and delays in the transfer of financing from financial institutions to committed buyers, who do not take possession of the property until the price has been settled based on the financing obtained.

Hence, the worse risk in this portfolio corresponds to the dissolution of the sale made, with the resumption of the unit for land banks available for sale (Note 7). Based on past experience and the speed of sale of each of the projects, an analysis was made of potential cases that may generate losses or dissolutions and a provision for losses and dissolutions was set up, as shown in Note 6.

5 Cash and cash equivalents

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Cash and bank account movement	37	55	3,615	4,328
Investment funds	-	-	749	3,481
Bank Deposit Certificates (CDBs)	-	-	1,094	-
Automatic application	3	1	3	1
Total cash and cash equivalents	40	56	5,461	7,810

Investments are rated as cash equivalents, as described in CPC 3 (R2) (IAS 7). Financial investments are remunerated between 80% and 100% of yield on the Interbank Deposit Certificate (CDI).

As of December 31, 2019, around BRL 2,800, rated in bank accounts-transfers and investment funds are bound to restricted operations and payment of debt.

6 Accounts Receivable

Company	Consolidated

	2019	2018	2019	2018
Amounts receivable from completed projects	350	342	149,065	207,533
Estimated losses for allowance for doubtful accounts and dissolutions	(350)	(342)	(128,417)	(10,004)
Net balance receivable from completed projects	-	-	20,648	197,529
Total from the portfolio receivable from projects under construction	-	-	140,752	136,229
Estimated losses for allowance for doubtful accounts	-	-	-	(2,454)
(+) Installments received	-	-	87,046	87,046
(=) Updated contracted sales	-	-	227,798	220,821
(-) Contracted sale to be appropriated	-	-	(87,421)	(84,441)
(+) Installment rated as advances from clients (Note 19)	-	-	8,569	8,667
(=) Revenue from appropriations	-	-	148,946	145,047
(-) Installments received	-	-	(87,046)	(87,046)
Net balance receivable from projects under construction	-	-	61,900	58,001
Accounts receivable from appropriated sales (completed and under construction)	-	-	82,548	255,530
Other accounts receivable and services	12,323	12,339	12,481	12,516
Estimated losses for allowance for doubtful accounts	(12,304)	(12,304)	(12,461)	(12,481)
Accounts receivable from other operations	19	35	20	35
Total accounts receivable	19	35	82,568	255,565
Current	(19)	(35)	(18,165)	(245,194)
Non-current	-	-	64,403	10,371

Amounts are corrected according to clauses contained in the agreements, namely:

. until the keys for the properties sold are delivered, according to the Brazilian National Civil Construction Index (INCC);
. after the keys for the properties sold are delivered, according to the Brazilian General Market Price Index (IGP-M), plus a 12% interest per year, appropriated on a pro rata temporis basis and recorded as financial income in the income statement for the financial year.

Accounts receivable from unfinished real estate were valued at the fair value of the considerations receivable, considering the Company's weighted average cost of financing charges, disregarding the effect of inflation during the period (expected IGP-M variation for the following 12 months – smoothed, announced by the Focus Report of the Brazilian Central Bank). However, if the NTN-B's compensation rate is higher, the higher rate found is used.
The interest rate charged for the accounts receivable from completed properties is considered identical to the usual market rates, which is why they are presented at their fair value. The considerations of the reversal of the fair value occur until the date the keys are delivered, and are thus reversed in consideration of the revenue from real estate development.

In thousand Reais, except when otherwise indicated

Estimated schedule of receipt of the total receivables portfolio, minus the estimated losses for allowance for doubtful accounts and the adjustment at present value, per year:

				Consolidated
		Property	2019	2018
Year - description	**Completed**	**Under construction**	**Total**	**Total**
Overdue	12,481	133,668	146,149	302,582
Falling due				
2019	-	-	-	11,608
2020	6,334	1,402	7,736	4,624
2021	1,142	1,441	2,583	4,580
2022	532	1,613	2,145	4,255
2023 onwards	159	2,628	2,787	3,655
	20,648	140,752	161,400	331,304

The Company has completed projects, from which customers are in the process of obtaining financing for the property from financial institutions at more attractive rates than those established in the sales agreements entered into with the Company (in general, these are subject to IGP-M variation, plus a 12% interest per year). Due to the slow nature of this process, a significant portion of the accounts receivable from completed properties is pending financial realization.

As mentioned in Note 4 (g), the Company has active clients with lawsuits. In 2019, the Company opened the estimated loss by group of financial accounts, instead of the net amount which affects gross profit (margin from operations). Hence, the adjustments were carried over by accounts receivable, land banks and dissolutions payable. In order to cover the risks of such portfolio not being realized and the sale being canceled,

Management incorporated estimated losses for dissolutions, from operations in which it expects risks of dissolutions, and returned unit costs to land banks of properties held for sale (Note 7). Such estimate is based on analysis of historical information and legal proceedings. The estimated losses constituted on operations which may be canceled amount to BRL 121,318 (December 31, 2018 - BRL 34,767). The estimated losses on the margin of operations which may be canceled based on the 2018 criteria amount to BRL 28,411 (December 31, 2018 - BRL 122).

The estimated losses for allowance for doubtful accounts and dissolutions in the accounts receivable may be shown as follows:

In thousand Reais, except when otherwise indicated

	Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Estimated losses	12,654	12,646	19,560	19,384
Provision for dissolutions	-	-	121,318	122
Indemnification	-	-	-	5,433
	12,654	12,646	140,878	24,939
Completed projects			128,417	10,004
Projects under construction			-	2,454
Other accounts receivable			12,461	12,481
			140,878	24,939

The table below shows the transfers of estimated losses from accounts receivable:

Description	**Company**	**Consolidated**
As of December 31, 2017	(10,630)	(19,887)
Reversal of estimated losses for the payment of damages	-	1,037
Estimated losses	(2,016)	(6,124)
As of December 31, 2018	(12,646)	(24,939)
Provision for dissolutions	-	(121,196)
Reversal of estimated losses for the payment of damages	-	5,433
Actual Loss		1,010
Estimated losses	(8)	(1,186)
As of December 31, 2019	(12,654)	(140,878)

The Company has active customers with lawsuits, but dissolutions are not necessarily required for such actions, so the Company acts along with its lawyers and its customers to resolve the cases and to be able to receive the outstanding balances. The table below shows the balance of accounts receivable that are in the legal department:

Description	**Completed**	**Under construction**	**Total**
Overdue	103,392	63,975	167,367
Falling due	3,723	3,513	7,236
As of December 31, 2019	107,115	67,488	174,603

As described in note 22 (b), the Company keeps, a provision of BRL 116,718 (BRL 96,271 as of December 31, 2018) for the probable payment of damages to customers who have filed lawsuits.

In thousand Reais, except when otherwise indicated

7 Properties held for sale

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018 (re-rated)**
Land for real estate development	2,670	2,670	200,873	214,448
Property under construction	-	-	31,819	37,862
Properties completed	-	-	85,216	84,001
Advances to suppliers	-	-	679	-
Provision for dissolutions (i)	-	-	114,265	-
	2,670	2,670	432,852	336,311
(-) Impairment of completed property (ii)			(11,872)	(6,461)
(-) Impairment of land (ii)	(2,670)	(2,670)	(43,492)	(37,255)
	(2,670)	(2,670)	(55,364)	(43,716)
	-	-	377,488	292,595
Current	-	-	(167,945)	(172,381)
Non-current	-	-	209,543	120,214

(i) As mentioned in explanatory note 6, the Company recognized estimated losses for dissolutions based on the analysis of sales agreements with lawsuits, and returned the cost of units to the land bank of properties held for sale;

(ii) As a result of the market prices practiced and the strategies adopted by the Company in relation to the repricing of land banks and land valuations by sales value.

On November 14, 2019, the property of the land called "*Vinhedo*" was granted for payment of the Second Issue of Debentures (Explanatory Note 14 (b)). The accounting cost of this land corresponds to BRL 14,453. The appraised value of the property for the payment of the debt was BRL 11,780, generating a loss recognized in the result of BRL 2,673 (explanatory note 29).

The table below shows the breakdown of costs incurred for projects under construction:

	Consolidated	
Description	**2019**	**2018**
Accrued cost incurred	141,548	139,780
Cost appropriated to units sold	(115,751)	(114,040)
Capitalized interest	64,690	70,791
Capitalized interest appropriated to units sold	(58,668)	(58,669)
At the end of the financial year / period	31,819	37,862

The transfers and the balance of the interest capitalized in land banks are shown in Note 14.

In thousand Reais, except when otherwise indicated

8 Other credits

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Advances to suppliers	507	504	733	596
Judicial deposits	197	481	5,071	5,028
Transfers on undue financing (i)	-	-	476	400
Advances to employees	60	34	183	161
Caixa Econômica Federal (Debentures - 1st issue) (ii)	1,400	-	1,400	-
Others	42	9	48	546
Estimated losses for other credits	(510)	(510)	(510)	(510)
	1,696	518	7,401	6,221
Current	(1,499)	(518)	(2,389)	(6,221)
Non-current	197	-	5,012	-

(i) Amortizations made by the banks which funded some projects following the request for the legally-backed financial restructuring, however, the Company appealed in court to have the amounts returned.

(ii) In 2019, there was a payment / retention of BRL 1,400 related to the 1st issue of Debentures, an amount which the Company appealed against with Caixa Econômica Federal. At the moment, the Company is in the process of negotiating the debt with Caixa Econômica Federal to define how the Debentures will be settled and, for this reason, this amount was rated in the line item "Other credits".

The movement in the estimated losses may be shown as follows:

Description	**Company**	**Consolidated**
As of December 31, 2017	(510)	(542)
Reversal of estimated losses		32
As of December 31, 2018 and 2019	(510)	(510)

In thousand Reais, except when otherwise indicated

9 Checking accounts with partners in the projects

Description	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Zappi Const.e Empreend. Imob. Ltda.	14,198	14,198	14,198	14,198
CTS Empreend. Imob. Ltda	-	-	17,624	17,624
Meta Holding S.A.	1,368	1,250	1,368	1,250
Others	946	946	946	946
Estimated losses for allowance for doubtful accounts	(16,512)	(16,394)	(34,136)	(34,018)
	-	-	-	-
Menin Incorporadora Ltda. (i)	1,117	1,064	1,212	1,256
L. Priori Incorporações Ltda. (ii)	30,431	30,447	30,431	30,447
Estimated losses for allowance for doubtful accounts	(19,483)	-	(19,483)	-
	12,065	31,511	12,160	31,703
Non-current	12,065	31,511	12,160	31,703

(i) The Company participates in the development of real estate development projects jointly with other partners, through corporate participation or through the formation of consortia. The management structure of these projects and the cash management are centered in Viver Incorporadora e Construtora S.A., which oversees the development of the works and budgets. Thus, the leader of the project ensures that the applications of the necessary funds are made and allocated as planned. The balances are subject to financial charges contained in the agreement, which correspond to the IGP-M variation, plus interest ranging from 9% to 12% per year and do not have predetermined maturity. The financial funds are invested directly in the real estate projects being developed with the partners. These amounts will be received through the realization of the receivables of each real estate project;

(ii) The Company estimated a loss of BRL 19,483 from the amount receivable from partner L.Priori Incorporações Ltda., based on the assets recovery of the Real Estate Development Beira Mar. The checking account value with such partner increased considerably with the payment of the SFH debt of the aforementioned real estate development with common shares of Viver in the 2nd Tranche of capital increase (Note 1).

The movement in the estimated losses may be shown as follows:

Description	Company	Consolidated
On December 31, 2017	(16,234)	(33,858)
Complement of estimated losses	(160)	(160)
As of December 31, 2018	(16,394)	(34,018)
Complement of estimated losses	(19,601)	(19,601)
As of December 31, 2019	(35,995)	(53,619)

In thousand Reais, except when otherwise indicated

10 Taxes and contributions to offset

The Company and its subsidiaries and jointly-owned subsidiaries have recoverable taxes (federal taxes) in the amounts described below, which will be offset against future and/or restitution and compensation taxes with debits in installments, as provided for in the tax-related legislation:

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
PIS	239	190	1,297	1,241
COFINS	1,085	860	5,968	5,709
CSLL	44	41	232	77
IRPJ	45	44	652	574
IRRF without financial investments	-	-	129	140
Others	25	22	684	1,480
Estimated losses on taxes to be offset (i)	-	-	(3,839)	-
	1,438	1,157	5,123	9,221
Current	(115)	(18)	(1,450)	(3,822)
Non-current	1,323	1,139	3,673	5,399

(i) The Company estimated a loss of BRL 3,839 on the use of PIS and COFINS tax credits (Law No. 10833/03) on the costs of real estate units sold, as there is no estimate of use within the prescriptive period.

11 Investments, provision for unsecured liabilities and assets intended to be sold

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Investments in subsidiaries and jointly-owned subsidiaries	323,662	413,854	9,216	15,969
Provision for unfunded liability (b)	(10,127)	(92,003)	(229)	(230)
Investments (a)	313,535	321,851	8,987	15,739
Re-rating for the liability	10,127	92,003	229	230
Appropriated financial charges (*)	4,128	9,243		
	327,790	423,097	9,216	15,969

‘

(*) The Company raises interest-bearing financial funds, which are invested in the subsidiaries and jointly-owned subsidiaries to fund their real estate projects. The financial charges of these funds raised by the Company and related to the real estate units in land banks with the subsidiaries and jointly-owned subsidiaries are presented under this line item. In the consolidated balance sheet, they were re-rated for line item "Properties held for sale", which transfers are shown in Note 14.

In thousand Reais, except when otherwise indicated

(a) Movement of Investments

Subsidiary	Balance on December 31, 2017	Increase in capital (reduction)	Distributed profits	Equity equivalence	Balance on December 31, 2018	Advance for Future Capital Increase	Equity equivalence	Balance on December 31, 2019
Viver Desenvolvimento Imobiliario Ltda. - Going through Legally-backed Financial Restructuring	(9,047)	-	-	(66,586)	(75,633)	111,914	(40,694)	(4,413)
Viver Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	465,290	-	-	(77,596)	387,694	-	(79,026)	308,668
Viver Participações Ltda.- Em Recuperação Judicial	(110)	-	-	(59)	(169)	170	-	1
Inpar Participações e Associados Ltda. - Going through Legally-backed Financial Restructuring	(1,931)	-	-	(523)	(2,454)	1,366	(372)	(1,460)
Inpar Investimentos II S A. - Going through Legally-backed Financial Restructuring	(8,221)	-	-	-	(8,221)	8,269	(47)	1
Viver Desenvolvimento e Construção Imobiliária Ltda. - Going through Legally-backed Financial Restructuring	(5,316)	-	-	(51)	(5,367)	5,451	(39)	45
Inpar Projeto 126 SPE Ltda.	3,026	-	-	(78)	2,948	657	(7,701)	(4,096)
Inpar Projeto 39 SPE Ltda	134	(134)	-	-	-	-	-	-
Inpar Projeto 50 SPE Ltda. - Going through Legally-backed Financial Restructuring	6,328	-	-	986	7,314	-	(1,512)	5,802
Subsidiaries	450,153	(134)	-	(143,907)	306,112	127,827	(129,391)	304,548
Jointly-owned subsidiaries controlled by Viver Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	4,292	-	-	7,933	12,225	-	(6,680)	5,545
Inpar Projeto 33 SPE Ltda.	43	-	-	7	50	-	3	53
Inpar Projeto 107 SPE Ltda.	78	-	-	(1)	77	-	-	77
Inpar Projeto 110 SPE Ltda.	2,959	-	-	(12)	2,947	-	-	2,947
Tibério - Inpar Projeto 133 SPE Ltda.	49	(10)	-	12	51	-	2	53
Tibério - Inpar Proj. Res. Guarulhos SPE Ltda.	288	-	(81)	77	284	-	(85)	199
Tibério - Inpar Proj. Res. ER-Barueri SPE Ltda.	(158)	-		(1)	(159)	-	1	(158)
Tibério - Inpar Projeto Residencial Ernesto Igel SPE Ltda.	777	-	(444)	(69)	264	-	7	271
Jointly-owned subsidiaries	8,328	(10)	(525)	7,946	15,739	-	(6,752)	8,987
Total	**458,481**	**(144)**	**(525)**	**(135,961)**	**321,851**	**127,827**	**(136,143)**	**313,535**

In thousand Reais, except when otherwise indicated

(b) Provisions for loss in investments

The Company undertakes the obligations related to its subsidiaries and jointly-owned subsidiaries and, due to this, provisions for losses for the following investments were made and recorded as current liabilities:

	Company			Consolidated		
Companies	**2018**	**Increase/ decrease**	**2019**	**2018**	**Increase/ decrease**	**2019**
Viver Desenvolvimento Imobiliário Ltda. - Going through Legally-backed Financial Restructuring	75,633	71,220	4,413	-	-	-
Inpar Investimentos II S.A. - Going through Legally-backed Financial Restructuring	8,221	8,221	-	-	-	-
Viver Desenvolvimento e Construção Imobiliário Ltda. - Going through Legally-backed Financial Restructuring	5,367	5,367	-	-	-	-
Inpar Participações e Associados Ltda. - Going through Legally-backed Financial Restructuring	2,454	994	1,460	-	-	-
Inpar Projeto 126 SPE Ltda. - Going through Legally-backed Financial Restructuring	-	(4,096)	4,096	-	-	-
Viver Participações Ltda. - Going through Legally-backed Financial Restructuring	169	169	-	-	-	-
Tibério - Inpar Projeto Residencial ER-Barueri SPE Ltda.	159	1	158	159	1	158
PMCS Participacões S.A .	-	-	-	71		71
Provision for unfunded liability	92,003	81,876	10,127	230	1	229

In thousand Reais, except when otherwise indicated

(c) Information of subsidiaries and jointly-owned subsidiaries - indirect

	Summarized financial information of affiliated companies and subsidiaries					Investments		Equity Equivalence	
Subsidiary	**Asset**	**Liability**	**Equity**	**Gross Revenue**	**Income for the financial year**	**2019**	**2018**	**2019**	**2018**
Inpar Legacy Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	4,656	5,580	(924)	636	124	(924)	(1,048)	124	(347)
Inpar Projeto Residencial Grand Jardins SPE Ltda. - Going through Legally-backed Financial Restructuring	14,225	-	14,225	-	(1)	14,225	14,226	(1)	564
Inpar Projeto Residencial Vinhedo SPE Ltda.	11,412	14	11,398	-	(2,695)	11,398	14,094	(2,695)	-
Inpar Projeto Residencial Viver Mooca SPE Ltda.	1,471	266	1,205	(99)	(8)	1,205	1,212	(8)	79
Inpar Projeto Residencial Sports Garden Leste SPE Ltda.	18,892	412	18,480	(14)	(27)	18,480	18,508	(27)	130
Inpar Projeto Residencial Von Schilgen SPE Ltda. - Going through Legally-backed Financial Restructuring	16,502	5,131	11,371	(4,710)	(1,514)	11,371	12,886	(1,514)	(9,319)
Inpar Projeto Residencial Condominio Eredita SPE Ltda. - Going through Legally-backed Financial Restructuring	22,333	5,459	16,874	(850)	(941)	16,874	17,814	(941)	(2,812)
Inpar Projeto Residencial Quatro Estacoes Ltda. - Going through Legally-backed Financial Restructuring	10,649	234	10,415	626	83	10,415	10,331	83	(61)
Inpar Projeto Lagoa Dos Ingleses SPE Ltda.	67,465	30,482	36,983	(42,591)	(28,410)	36,983	(68,654)	(28,410)	(36,241)
Inpar Projeto Residencial Venancio Alves SPE Ltda.	17,127	239	16,888	(21)	(117)	16,888	17,005	(117)	45
Inpar Projeto Residencial Viver Morumbi SPE Ltda.	1,057	185	872	27	(22)	872	895	(22)	49
Inpar Projeto Residencial Nova Lima SPE Ltda.	92,585	97,594	(5,009)	3,570	(12,159)	(5,009)	(788)	(12,159)	(5,424)
Inpar Projeto Residencial Calogero Calia SPE Ltda.	3,182	323	2,859	54	(44)	2,859	2,903	(44)	23
Projeto Imobiliario Viver Ananindeua SPE 40 Ltda. - Going through Legally-backed Financial Restructuring	33,708	3,856	29,852	(3,359)	(1,554)	29,852	31,405	(1,554)	(974)
Projeto Imobiliario Condominio Park Plaza SPE 52 Ltda. - Going through Legally-backed Financial Restructuring	3,233	2,884	349	(292)	(482)	349	831	(482)	(657)
Projeto Imob. Res. Esporte & Vida Cond. Gravataí SPE 53 Ltda. - Going through Legally-backed Financial Restructuring	4,178	124	4,054	(149)	(61)	4,054	4,115	(61)	(112)
Inpar Projeto 39 SPE Ltda.	-	-	-	-	-	-	-	-	-
Inpar Projeto 45 SPE Ltda.	47,255	18,383	28,872	(11,905)	(6,742)	28,872	11,682	(6,742)	97
Projeto Imobiliário SPE 46 Ltda.	49,218	15,336	33,882	(22,366)	(1,716)	33,882	35,597	(1,716)	(2,270)
Inpar Projeto Residencial Cond. Wellness Resort SPE 42 Ltda. - Going through Legally-backed Financial Restructuring	4,475	5,937	(1,462)	(2,824)	(3,294)	(1,462)	1,832	(3,294)	725
Inpar Projeto 44 SPE Ltda.	14,218	15,921	(1,703)	(9,491)	(9,371)	(1,703)	(34,645)	(9,371)	(15,733)
Plarcon Incorporações Imobiliárias S/A - Going through Legally-backed Financial Restructuring	19,850	105	19,745	-	(39)	19,745	19,784	(39)	27

In thousand Reais, except when otherwise indicated

	Summarized financial information of affiliated companies and subsidiaries					Investments		Equity Equivalence	
Subsidiary	**Asset**	**Liability**	**Equity**	**Gross Revenue**	**Income for the financial year**	**2019**	**2018**	**2019**	**2018**
Projeto Imobiliário Residencial Viver Zona Sul SPE 62 Ltda. - Going through Legally-backed Financial Restructuring	8,116	2,551	5,565	(797)	(1,250)	5,565	6,814	(1,250)	942
Projeto Residencial Marine Home Resort SPE 66 Ltda. - Going through Legally-backed Financial Restructuring	15,648	7,397	8,251	343	(1,851)	8,251	10,101	(1,851)	(254)
Inpar Projeto Residencial Rio Claro Village SPE 67 Ltda. - Going through Legally-backed Financial Restructuring	2,435	344	2,091	(147)	(312)	2,091	2,403	(312)	21
Projeto Imobiliário Sports Garden Batista Campos SPE 61 Ltda. - Going through Legally-backed Financial Restructuring	19,937	7,579	12,358	(1,561)	(3,477)	12,358	15,834	(3,477)	(601)
Projeto Imobiliário Altos Do Umarizal SPE 64 Ltda.	5,028	5,529	(501)	261	(1,720)	(501)	(21,315)	(1,720)	(484)
Projeto Imobiliário SPE 65 Ltda.	8,601	5,675	2,926	-	(124)	2,926	1,107	(124)	(66)
JMT Propriedade Imobiliaria Ltda. - Going through Legally-backed Financial Restructuring	14,429	9,996	4,433	-	(4,523)	4,433	6,489	(4,523)	(1)
Projeto Imobiliario Canoas Happiness SPE 72 Ltda.- Going through Legally-backed Financial Restructuring	839	1,894	(1,055)	64	(826)	(1,055)	(13,142)	(826)	982
Inpar Projeto 47 SPE Ltda.	26,844	890	25,954	-	(139)	25,954	26,093	(139)	614
Inpar Projeto 86 SPE Ltda.- Going through Legally-backed Financial Restructuring	56,889	10,130	46,759	(3,675)	(4,855)	46,759	51,614	(4,855)	(1,572)
Projeto Imobiliario Viver Castanheira SPE 85 Ltda. - Going through Legally-backed Financial Restructuring	7,509	2,452	5,057	161	(248)	5,057	5,306	(248)	(676)
Inpar Projeto 84 SPE Ltda.	1,867	11	1,856	-	(10)	1,856	1,866	(10)	17
Inpar Projeto 90 SPE Ltda.	6,189	95	6,094	(10)	(73)	6,094	6,168	(73)	195
Inpar Projeto 71 SPE Ltda.	13,568	11,544	2,024	(3,219)	2,044	2,024	(50,703)	2,044	(29,534)
Inpar Projeto Wave SPE Ltda. - Going through Legally-backed Financial Restructuring	331	3,618	(3,287)	(1)	(2,373)	(3,287)	(11,966)	(2,373)	(536)
Inpar Projeto 79 SPE Ltda.	9,890	247	9,643	-	(11)	9,643	9,653	(11)	18
Inpar Projeto Samoa SPE 75 Ltda.	1,723	508	1,215	(541)	(222)	1,215	1,438	(222)	(58)
Inpar Projeto 76 SPE Ltda.	24,729	4	24,725	-	(1)	24,725	24,726	(1)	(1)
Projeto Imobiliario SPE 77 Ltda. - Going through Legally-backed Financial Restructuring	20,293	5,136	15,157	(2,546)	(3,136)	15,157	18,292	(3,136)	(1,346)
Inpar Projeto 87 SPE Ltda.	8,210	2,891	5,319	62	(655)	5,319	5,974	(655)	(64)
Lagoa dos Ingleses Properties S.A.	-	-	-	-	-	-	-	-	-
Projeto Imobiliario Residencial Viver Bosque SJP SPE 91 Ltda. - Going through Legally-backed Financial Restructuring	6,189	3,162	3,027	(182)	(1,379)	3,027	4,405	(1,379)	(1,259)

In thousand Reais, except when otherwise indicated

	Summarized financial information of affiliated companies and subsidiaries					Investments		Equity Equivalence	
Subsidiary	**Asset**	**Liability**	**Equity**	**Gross Revenue**	**Income for the financial year**	**2019**	**2018**	**2019**	**2018**
Inpar Projeto Unique SPE 93 Ltda. - Going through Legally-backed Financial Restructuring	3,369	702	2,667	-	3,223	2,667	(556)	3,223	(2,059)
Inpar Projeto 94 SPE Ltda.	49,793	16,865	32,928	(1,917)	(12,206)	32,928	45,133	(12,206)	(1,123)
Projeto Imobiliario Residencial Linea SPE 96 Ltda.	37,235	27,251	9,984	(26,410)	(8,239)	9,984	(48,357)	(8,239)	(25,714)
Projeto Imobiliario Barra Bali SPE 99 Ltda.	2,243	3,921	(1,678)	(1,383)	(802)	(1,678)	(15,562)	(802)	(3,827)
Inpar Projeto 111 SPE Ltda. - Going through Legally-backed Financial Restructuring	16,278	1,895	14,383	496	44	14,383	14,339	44	834
Projeto Imobiliario SPE 103 Ltda. - Going through Legally-backed Financial Restructuring	31,055	7,874	23,181	(8,202)	(6,979)	23,181	30,160	(6,979)	(2,522)
Inpar Projeto 105 SPE Ltda.	16,175	1,225	14,950	(308)	(369)	14,950	15,319	(369)	208
Inpar Projeto 108 SPE Ltda.	11,714	138	11,576	(145)	50	11,576	11,526	50	(6)
Inpar Projeto 109 SPE Ltda.	2,574	198	2,376	82	(107)	2,376	(230)	(107)	-
Inpar Projeto 112 SPE Ltda.	6,104	134	5,970	(77)	(182)	5,970	6,152	(182)	(1,404)
Inpar Projeto 113 SPE Ltda.	23	-	23	-	(16)	23	(53)	(16)	17
Inpar Projeto 116 SPE Ltda.	3,352	71	3,281	-	(629)	3,281	3,537	(629)	(2)
Inpar Projeto 127 SPE Ltda.	6,642	7,567	(925)	(146)	1,698	(925)	(3,381)	1,698	(750)
Viver Desenvolvimento E Construcao Imobiliaria SPE 141 Ltda. - Going through Legally-backed Financial Restructuring	-	-	-	-	-	-	(961)	-	1
Servre Real Estate Serviços de Gestão Imobiliária Ltda	5	108	(103)	18	(1,560)	(103)	-	(1,560)	-
XYZ Real Estate Incorporações Imobiliárias Ltda	-	-	-	-	(1)	-	-	(1)	-

	Summarized financial information of affiliated companies and subsidiaries					Investments		Equity Equivalence	
Jointly-owned subsidiary	**Asset**	**Liability**	**Equity**	**Gross Revenue**	**Income for the financial year**	**2019**	**2018**	**2019**	**2018**
Inpar - Abyara - Projeto Residencial Santo Amaro SPE Ltda.	47,724	4,273	43,451	18	(303)	43,451	43,753	(303)	(1,699)
Inpar - Abyara - Projeto Residencial América SPE Ltda.	27,458	8,897	18,561	239	896	18,561	17,665	896	(2,691)

In thousand Reais, except when otherwise indicated

12 Fixed asset

	Company					Consolidated					
Description	**Machinery and equipment**	**Furniture and utensils**	**Improvements in properties of third parties**	**Other assets**	**Total fixed asset**	**Machinery and equipment**	**Furniture and utensils**	**Sales booth and decorated apartments**	**Improvements in properties of third parties**	**Other assets**	**Total fixed asset**
Cost											
As of December 31, 2017	15,648	360	2,322	256	18,586	15,757	443	8,039	2,801	256	27,296
Additions	19	-	-	-	19	19	-	-	-	-	19
Write-off	(38)	-	-	-	(38)	(38)	-	-	-	-	(38)
As of December 31, 2018	15,629	360	2,322	256	18,567	15,738	443	8,039	2,801	256	27,277
Additions	157	4	-	-	161	165	4	-	-	-	169
Write-off	(13,014)	(12)	-	-	(13,026)	(13,019)	(12)	(8,039)	-	-	(21,070)
As of December 31, 2019	2,772	352	2,322	256	5,702	2,884	435	-	2,801	256	6,376
Depreciation											
As of December 31, 2017	(11,801)	(319)	(1,710)	(183)	(14,013)	(11,909)	(390)	(6,808)	(2,084)	(183)	(21,374)
Depreciation in the financial year	(1,277)	(27)	(197)	(24)	(1,525)	(1,278)	(32)	-	(232)	(24)	(1,566)
Write-off	37	-	-	-	37	37	-	-	-	-	37
As of December 31, 2018	(13,041)	(346)	(1,907)	(207)	(15,501)	(13,150)	(422)	(6,808)	(2,316)	(207)	(22,903)
Depreciation in the financial year	(691)	(6)	(197)	(24)	(918)	(693)	(12)	-	(232)	(24)	(961)
Write-off	11,149	12	-	-	11,161	11,156	12	6,808	-	-	17,976
As of December 31, 2019	(2,583)	(340)	(2,104)	(231)	(5,258)	(2,687)	(422)	-	(2,548)	(231)	(5,888)
Total net balance on December 31, 2019	189	12	218	25	444	197	13	-	253	25	488
Total net balance on December 31, 2018	2,588	14	415	49	3,066	2,588	21	1,231	485	49	4,374
Annual fee of the weighted average - %	10	10	20			10	10	33	20		

The Company and its subsidiaries assessed that there were no circumstances in the year that led to the need to change the economic useful lives of these assets and, therefore, concluded that there are no relevant adjustments or changes to be recognized.

In thousand Reais, except when otherwise indicated

13 Intangible assets

	Company	Consolidated
Description	***Softwares***	***Softwares***
Cost		
Balance as of December 31, 2018 and December 31, 2019	20,461	20,686
Amortization		
Balance on December 31, 2017	-13,549	-13,736
Amortization in the financial year	-2,169	-2,201
Balance on December 31, 2018	-15,718	-15,937
Amortization in the financial year	-2,169	-2,171
Balance on December 31, 2019	-17,887	-18,108
Total net balance on December 31, 2019	2,574	2,578
Total net balance on December 31, 2018	4,743	4,749
Annual fee of the weighted average - %	10	10

14 Loans and financing, Debentures and Certificates of Real Estate Receivables

Composition of loans and financing, debentures and Certificates of Real Estate Receivables net of transaction costs:

In thousand Reais, except when otherwise indicated

			Company		Consolidated	
Type	**Indexer**	**Annual commissions and interest rate**	**2019**	**2018**	**2019**	**2018**
Loans and financing						
SFH	TR	8.30% to 11.60%	-	-	-	44,817
Projects - CCB	CDI	Up to 6.5%	-	-	-	26,879
Projects - CCB/CCI	IGP-M	Up to 12%	258	167	258	167
			258	167	258	71,863
Debentures						
Issuance January 18, 2011 (a)	TR	8.77%	185,862	172,581	185,862	172,581
Issuance June 24, 2011 (a)	DI	5.75%	10,043	23,923	10,043	23,923
			195,905	196,504	195,905	196,504
Total debts			196,163	196,671	196,163	268,367
Current			(196,163)	(196,671)	(196,163)	(268,367)
Loans and financing			(258)	(167)	(258)	(71,863)
Debentures			(195,905)	(196,504)	(195,905)	(196,504)

As collateral for the loans and financing made by the Company, fiduciary sale of purchase rights over property, fiduciary sale of equity interest rights over the capital stock of subsidiaries and jointly-owned subsidiaries, fiduciary sale of property, collateral of purchase rights over property and conditional assignment of quotas were granted.

Extra-bankruptcy debts continue to be negotiated by the Company with its creditors and its settlement is being realized through the monetization of the assets pledged as collateral or, if there is a residual balance due in any execution, the creditor with debt in the jurisdiction until the beginning of the legally-backed financial restructuring, may claim its qualification in the approved plan and receive its balance according to the rules applied to the unsecured creditors.

On October 19, 2018 Banco Santander (Brasil) S/A assigned to the Financial Settlement Fund - Non-Standardized Credit Rights Investment Fund, under the management of Jive Asset Gestão de Recursos Ltda. the rights related to the credits it held with the Housing Finance System (SFH) of Inpar Projeto Residencial Nova Lima SPE Ltda.

the adjusted amount of the debt as of December 31, 2019 is BRL 49,304, which was re-rated to Related Parties (explanatory note 20)

(a) Issuance on January 18, 2011 (first issue)

The Company obtained an approval for its first public issuance program for the distribution of simple debentures, non-convertible into shares, in a single series, with collateral and floating charge in the amount of BRL 300,000 in the amount of 300 debentures with a unit rated value of BRL 1,000 each.

The funds obtained through the issuance were used solely to fund real estate projects which met the eligibility criteria.

Collaterals comprise the conditional assignment of credit rights, fiduciary sale of quotas of legal entities controlled directly or indirectly by the Company, fiduciary assignment of funds in bank accounts and fiduciary sale of properties owned by the Company and its subsidiaries and jointly-owned subsidiaries.

In view of the request for legally-backed financial restructuring of the Company and taking into account the terms contained in the Deed of 1st Issue of Debentures, the debt matured in advance.

In 2019, interest in the amount BRL 1,600 was paid.

(b) Issuance on June 24, 2011 (second issue)

The Company obtained an approval for its second public issuance program for the distribution of simple debentures, non-convertible into shares, in a single series, with collateral in the amount of BRL 100,000 in the amount of 10,000 debentures with a unit rated value of BRL 10,000 each.

The net proceeds obtained by the Company were used to refinance the financial debts of the Company and subsidiaries and jointly-owned subsidiaries.

Collaterals comprise fiduciary sale of property owned by the Company and by subsidiaries and jointly-owned subsidiaries, fiduciary sale of quotas of legal entities controlled directly or indirectly by the Company and fiduciary assignment of credit rights.

In view of the request for legally-backed financial restructuring of the Company and taking into account the terms contained in the Deed of 2nd Issue of Debentures, the debt matured in advance.

In 2019, BRL 13,168 of principal and BRL 711 of interest were paid.

In thousand Reais, except when otherwise indicated

As mentioned in explanatory note 7, on November 14, 2019, the property of the land called "Vinhedo" was granted, subject to a fiduciary collateral, to amortize the debt in the amount of BRL 11,780.

Capitalized financial charges

Financial charges arising from loans, financing and debentures, which funds are attributable to the construction of the projects, are capitalized at the cost of each project, according to the use of the funds by subsidiaries and jointly-owned subsidiaries, and appropriated on the income statement according to the ratio of units sold, as shown below. All other financial charges are allocated on the income statement of the financial year, when incurred.

	Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Incurred financial charges	19,975	9,477	25,087	100,020
Capitalized financial charges (*)	-	-	-	(2,448)
Financial charges appropriated at the income of the financial year (Note 28)	19,975	9,477	25,087	97,572

	Company		Consolidated	
Financial charges included in the line item "Properties held for sale"	**2019**	**2018**	**2019**	**2018**
Initial balance	9,243	18,577	41,688	72,025
Capitalized financial charges (*)	-	-	-	2,448
Charges (appropriated) / reversed to income (Notes 25 and 28)	985	(3,810)	3,834	(27,261)
Write-off of capitalized financial charges (Notes 7 and 28)	(6,100)	(5,524)	(6,191)	(5,524)
Final balance (Notes 7 and 11)	4,128	9,243	39,331	41,688

(*) Capitalized financial charges arise from loans obtained through the Brazilian Housing Finance System (SFH) and other funding lines such as the issue of debentures, used to purchase land for real estate development, as well as for the funding for the construction of projects. As a result of the measures being taken by Company management referred to in Note 1, the lots no longer have a defined date for the deployment of the corresponding projects, and, as a result, as of May 2012, interests are no longer capitalized, and are directly appropriated on the financial statement.

15 Shared obligation on assignment of receivables

The transactions for assigning receivables through the issuance of Real Estate Credit Notes (CCIs), which the Company retained the risks and responsibilities on the assigned credits, with the obligation to repurchase defaulted real estate credits (shared obligation), are rated in liabilities and balances are composed according to collaterals and interest rates:

In thousand Reais, except when otherwise indicated

		Company		Consolidated	
Collateral	**Discount rate - %**	**2019**	**2018**	**2019**	**2018**
Fidejussion	12.00%	-	-	4,035	4,397
Fiduciary sale	13.00%	-	2,303	-	2,303
Fidejussion Guarantee/ Fiduciary sale	11.25%	-	-	1,186	1,740
Fidejussion	10.95%			539	722
		-	2,303	5,760	9,162
Current		-	(2,303)	(4,654)	(6,794)
Non-current		-	-	1,106	2,368

Non-current balances can be presented as per year of maturity:

	Consolidated	
Year of maturity	**2019**	**2018**
2020	-	1,161
2021	740	808
2022	294	327
As of 2023	72	72
	1,106	2,368

16 Suppliers

Certain balances of operations realized with suppliers that were overdue were negotiated. The table below shows the balance of suppliers, considering the renegotiation of maturities

	Company		Consolidated	
Maturities	**2019**	**2018**	**2019**	**2018**
Overdue	938	928	8,936	9,088
Due up to 30 days	848	302	1,790	595
Due from 31 to 60 days	187	338	339	871
Due from 61 to 90 days	-	23	-	23
Due from 91 to 120 days	-	24	-	31
Due from 121 to 180 days	-	23	-	23
Due after 180 days (i)	3,062		3,091	13
	4,097	710	5,220	1,556
	5,035	1,638	14,156	10,644

(i) In the installments falling due from suppliers, the Company's restructuring payments in the amount of BRL 3,061 are expected.

In thousand Reais, except when otherwise indicated

17 Accounts payable

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Commissions payable (i)	-	-	3,812	3,898
Dissolutions payable (ii)	-	-	67,329	37,224
Construction costs payable	-	-	542	2,912
Behavior modification agreement (iii)	-	-	4,155	4,155
Condo fee of completed units payable (iv)	-	-	24,904	23,348
Restructuring expenses	-	3,744	-	3,744
Other accounts payable	1,198	896	1,464	1,054
	1,198	4,640	102,206	76,335
Current	(1,198)	(4,640)	(98,633)	(73,749)
Non-current	-	-	3,573	2,586

(i) Related to the sales of real estate units, by prospection of land or partners for the development of real estate projects and by bank fees.

(ii) As described in Note 6, the Company recognized estimated losses on possible dissolutions of units which have lawsuits. The impact of such dissolutions amounts to BRL 21,358. The provision refers to the estimated amount payable arising from the reversal of sales of real estate units;

(iii) Estimated amount to be spent with Behavior Modification Agreements (TACs) with the town halls of Nova Lima and Porto Alegre;

(iv) The debts of completed real estate units with lawsuits that are considered as possible dissolutions are also foreseen in the amount of condominium payable, with the return thereof to the land banks of properties held for sale. The Company estimated an amount of BRL 10,708 of debt with condominiums payable referring to units that may be canceled.

The long-term amount refers to commissions, which are broken down as follows, by year of maturity:

	Consolidated	
Description	**2019**	**2018**
2020	-	22
2021	811	24
2022	17	21
As of 2023	2,745	2,519
	3,573	2,586

18 Creditors under committed property

Liabilities refer to the acquisition of lots. In March 2019, BRL 75 was paid referring to the Total Life development land project.

In thousand Reais, except when otherwise indicated

19 Advances from customers and others

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Advances from customers - real estate developments	30	8	4,175	4,017
Receipt from customers exceeding the appropriated revenue (Note 6) (i)	-	-	8,569	8,667
Physical exchanges (ii)	-	-	13,312	13,156
	30	8	26,056	25,840
Current	(30)	(8)	(12,744)	(12,684)
Non-current	-	-	13,312	13,156

(i) Receipts from customers with amounts higher than the balances of receivables arising from the sale of properties are recorded as advances from customers in current liabilities

(ii) In certain land purchase operations, the Company made physical exchanges with units to be built. These physical exchanges were recorded at fair value as a land bank for real estate development, in consideration of advances from clients, considering the lump sum value of the real estate units delivered in accord and satisfaction, considering that these exchange operations are appropriated on the income statement considering the same assumptions used to recognize the sales of real estate units.

20 Related parties

(a) Loan operations in checking accounts

	Company		Consolidated	
Description (asset)	**2019**	**2018**	**2019**	**2018**
Jive Asset Gestão de Recursos Ltda	-	-	5,233	12,317
Agre API Empreendimentos Imobiliários S.A.	-	-	4,608	5,485
Tiberio Inpar Proj. Res. Er-Barueri Spe Ltda.	153	153	153	153
Inpar Projeto 110 SPE Ltda.	52	52	52	52
Inpar Projeto 122 SPE Ltda.	-	69	-	69
Projeto Imob. Res. Viver Teresópolis SPE 63 Ltda	-	31	-	31
Inpar Projeto 128 SPE Ltda	-	-	-	29
Inpar Incorporação Imobiliária e Associados Ltda. - Going through Legally-backed Financial Restructuring	-	877	-	-
Inpar Investimentos II S A. - Going through Legally-backed Financial Restructuring	-	8,268	-	-
Inpar Projeto 126 Spe Ltda.	-	655	-	-
Viver Desenv. e Construção Imobiliária Ltda. - Going through Legally-backed Financial Restructuring	-	5,446	-	-
Viver Desenvolvimento Imobiliario Ltda. - Going through Legally-backed Financial Restructuring	-	120,040	-	-
Viver Participações Ltda.- Em Recuperação Judicial	-	169	-	-
	205	135,760	10,046	18,136

In thousand Reais, except when otherwise indicated

	Company		Consolidated	
Description (Liability)	**2019**	**2018**	**2019**	**2018**
Viver Empreendimentos Ltda. - Going through Legally-backed Financial Restructuring	203,298	209,466	-	-
Jive Asset Gestão de Recursos Ltda (*)	38,438	-	87,742	-
Inpar Projeto 50 SPE Ltda. - Going through Legally-backed Financial Restructuring	7,631	6,309	-	-
Inpar Projeto 33 SPE Ltda.	36	18	36	18
Tiberio - Inpar Projeto 133 SPE Ltda	35	17	35	17
Tiberio - Inpar Projeto 107 SPE Ltda	10	10	10	10
Paladin Prime Residential Investors (*)	-	27,320	-	27,320
	249,448	243,140	87,823	27,365
Current	(243,766)	(236,573)	(82,141)	(20,798)
Non-current	5,682	6,567	5,682	6,567

(*) On February 07, 2017, the financing agreement in mode debtor-in-possession-financing was entered into with Paladin Prime Residential Investors (Brazil) LLC in the amount of up to BRL 20,000. The purpose of the DIP financing disbursement is to strengthen the working capital structure. In 2017, the money made available totaled BRL 14,200. In 2018, the funds of the DIP financing amounted to BRL 12,800 and the amortizations totaled BRL 3,818. On July 16, 2019, the financing agreement in mode debtor-in-possession-financing was entered into with Paladin Prime Residential Investors (Brazil) LLC in the amount of up to BRL 6.114. The fund was released on July 18, 2019. At a meeting of the Board of Directors held on July 16, 2019, the extension of the payment period for the DIP Financing contracted in 2017 was approved, as well as its assignment, along with the DIP Financing signed in 2018 and 2019 for the Financial Settlement Fund - Non-Standardized Credit Rights Investment Fund, managed by Jive Asset Gestão de Recursos Ltda.

The updated amount of DIP Financing as of December 31, 2019 is BRL 38,438.

As described in note 14, the amount of BRL 49,304 referring to the loans assigned from Banco Santander (Brasil) S/A to the Financial Settlement Fund - Fund for Investment in Non-Standardized Credit Rights in Real Estate Financing, managed by Jive Asset Gestão de Recursos Ltda. were re-rated in 2019 to Related Parties.

The balances of accounts held with subsidiaries and jointly-owned subsidiaries represent loan operations in the form of checking account loans, with no financial charges being levied upon and do not have a pre-defined maturity.

Balances receivable by the Company correspond to funds transferred to subsidiaries and jointly-owned subsidiaries, with the purpose of developing real estate development projects in those companies. Balances in the liabilities correspond to the receipt of funds from subsidiaries and jointly-owned subsidiaries, arising from receipts from customers for the sale of the projects.

(b) Commercial transactions with subsidiaries and jointly-owned subsidiaries

The commercial operations made with subsidiaries and jointly-owned subsidiaries are for the real estate development and construction of projects. These operations could produce a different result in the Company, if they had been made with unrelated parties, not producing an effect on the consolidated income statement.

In thousand Reais, except when otherwise indicated

Among the current business with subsidiaries and jointly-owned subsidiaries, the following stand out: (i) the execution of construction agreements for projects; (ii) development or joint development agreements for projects; (iii) agreements for granting reciprocal guarantees, where all investments in subsidiaries are decided by management, which activities are controlled by the Company.

(c) Compensation of managers, directors and the Audit Committee

The compensation paid to managers and directors as of December 31, 2019, was BRL 2,588 (December 31, 2018 - BRL 2,768) and is appropriated as General and administrative expenses, as shown below:

Description	Board of Directors	Statutory Management	Fiscal Counsel	Total
Number of members (*)	5.00	2.00	3.00	10.00
Wage/compensation	227	2,064	178	2,469
Direct and indirect benefits	4	111	4	119
Tuesday, December 31, 2019	231	2,175	182	2,588

Description	Board of Directors	Statutory Management	Audit Committee	Total
Number of members (*)	5.00	2.00	3.00	10.00
Wage/compensation	-	2,507	127	2,634
Direct and indirect benefits	-	130	4	134
As of December 31, 2018	-	2,637	131	2,768

(*) The number of members was calculated by weighing the period in which they worked at the Company.

The Annual General Meeting (AGO) held on April 29, 2019, established the annual global compensation of the Company's managers for the 2019 financial year up to BRL 4,000.

In thousand Reais, except when otherwise indicated

21 Labor and tax liabilities

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Charges from the labor regulations	600	654	652	904
	600	654	652	904
Payment in installments - Law No. 11.941/09	-	-	1,109	1,313
Tax-related payment in installments	2,147	1,462	7,643	4,724
Payment in installments - Law No. 12.996/14	-	-	215	228
Payment in installments PERT - MP 783/17	-	-	24,337	25,392
Current taxes (i)	41	29	1,698	5,319
IPTU (municipal property tax) (ii)	-	-	18,735	8,992
Deferred IRPJ and CSLL	-	-	4,003	4,864
Deferred PIS and COFINS	-	-	5,095	5,719
	2,188	1,491	62,835	56,551
	2,788	2,145	63,487	57,455
Current	(1,204)	(1,013)	(27,169)	(24,951)
Non-current	1,584	1,132	36,318	32,504

(i) Current taxes include overdue installments, plus interest and a fine, in the amount of BRL 159 (December 31, 2018: BRL 371), for which management plans to enter a process of payment in installments.

(ii) The Company has IPTU tax debts from lands in the amount of BRL 14,931 and from units completed in land bank in the amount of BRL 3,804.

Long-term amounts are broken down as follows, by year of maturity:

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
2020	-	330	-	8,622
2021	563	330	12,693	3,672
2022	563	330	4,489	3,334
As of 2023	458	142	19,136	16,876
	1,584	1,132	36,318	32,504

In PERT, it was possible to migrate previous payments in installments, as well as the possibility of paying in installments all other overdue debts until April 30, 2017. The consolidation of the debts with the Brazilian Federal Internal Revenue Services (RFB) and with the Brazilian National Treasury Attorney's Office (PGFN) occurred during 2018, the year of adherence to the PERT. The payment in installments will be amortized according to the table below:

In thousand Reais, except when otherwise indicated

		Consolidated
Description	**2019**	**2018**
2019	-	2,444
2020	2,649	2,387
2021	2,486	2,357
2022	2,453	2,325
As of 2023	16,749	15,879
	24,337	25,392

The Company is still discussing with the PGFN regarding the use of the compensation for Tax-related Losses and Negative Social Contribution Calculation Basis by the Company, as PGFN Ordinance No. 1.207/2017 provides only for the compensation of their own credits, and due to this, MS (Writ of Mandamus) No. 5002232-78.2018.4.03.6100 was brought upon, in process before the 12th Federal Justice Court of São Paulo.

(a) Deferred income tax and social contribution and deferred PIS and COFINS

Deferred income tax, social contribution, PIS and COFINS are recorded to reflect future tax effects resulting from temporary differences between the tax base, determined by receipt (cash basis) - Normative Instruction SRF no 84/79, and the real estate profit accounting basis, calculated based on the criteria in Note 2.21.

		Consolidated
Description	**2019**	**2018**
At the beginning of the financial year	4,864	7,174
Adjustments	67	82
Expenses (revenue) in the income statement	(928)	(2,392)
Deferred income tax and social contribution	4,003	4,864
Deferred PIS and COFINS	5,095	5,719
Deferred taxes	9,098	10,583

As a result of the tax credits and obligations as mentioned above, the corresponding tax effects (deferred income and social contribution taxes) were recorded, as follows:

(i) Credits to offset - real profit

Tax losses and negative social contribution tax bases to be offset against future taxable income do not have prescriptive periods, their offsets being limited to 30% of taxable income calculated in each future base period.

The Company and its subsidiaries and jointly-owned subsidiaries have a stock of tax losses to be offset and obligations to be taxed as follows:

In thousand Reais, except when otherwise indicated

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Credits to offset - real profit (i)				
Tax losses to be offset with future taxable profits	1,129,550	1,076,166	1,369,811	1,289,877
Negative social contribution calculation basis to offset with taxable future profits	1,279,583	1,226,198	1,529,888	1,449,954

However, considering the current context of the Company's operations, which substantially constitutes interest in other companies, under the terms of CPC 32 - "Taxes on Profit", no tax credit was created on: (i) the total accrued balance of tax losses and negative social contribution tax bases; and (ii) on the balance of temporarily non-deductible expenses in determining taxable profit. The deferred income tax on such credits was recorded at the limit of the liability related to the portions to be taxed on the difference between the profit on real estate activities taxed on a cash basis and the amount recorded on an accrual basis, thus eliminating its effects on the equity accounts.

(ii) Obligations to be taxed - taxable income, deemed income and RET

They are represented by income tax and social contribution on the difference between the revenue from real estate development appropriated on an accrual basis and that submitted to taxation, in accordance with the cash regime.

The taxation of the difference between the profit earned on a cash basis and that determined on an accrual basis is in line with the expectation of realization of accounts receivable, as shown below:

	Consolidated	
Description	**2019**	**2018**
In one year	440	4,732
Over one year	3,563	132
	4,003	4,864

(iii) Deferred PIS and COFINS

The taxation of the difference between the profit earned on a cash basis and that determined on an accrual basis is in line with the expectation of realization of accounts receivable, as shown below:

	Consolidated	
Description	**2019**	**2018**
In one year	762	5,563
Over one year	4,333	156
	5,095	5,719

In thousand Reais, except when otherwise indicated

(b) Reconciliation between the income tax and the social contribution consolidated charge by the nominal and the actual tax rates

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Loss before income tax and social contribution	(220,512)	(187,375)	(220,602)	(190,656)
Corrections to reflect the actual tax rate				
Income from equity interests	136,143	135,961	6,752	(7,946)
Calculation basis	(84,369)	(51,414)	(213,850)	(198,602)
Nominal tax rate - %	34	34	34	34
Nominal charge (credit)	(28,685)	(17,481)	(72,709)	(67,525)
Unconsolidated credit	28,685	17,481	28,685	17,481
Effect of subsidiaries and jointly-owned subsidiaries taxed by deemed profit and RET	-	-	44,292	42,167
Income tax and social contribution	-	(9,841)	268	(7,877)
Current	-	(9,841)	(660)	(10,269)
Deferred	-	-	928	2,392
Income tax and social contribution	-	(9,841)	268	(7,877)

22 Provisions

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Provision for completion bond of construction work (a)	-	-	3,328	3,582
Provision for lawsuits (b)	16,050	11,496	147,889	122,677
	16,050	11,496	151,217	126,259
Current	-	-	(2,711)	(2,975)
Non-current	16,050	11,496	148,506	123,284

(a) Provision for completion bond of construction work

The money transfers for the provision may be as follows:

In thousand Reais, except when otherwise indicated

	Consolidated	
	2019	**2018**
At the beginning of the financial year	3,582	3,216
Complement (reversal) of provision	(254)	366
At the end of the financial year / period	3,328	3,582

The provision for completion bond of construction work is made up to cover any disbursements to cover expenses during the warranty period of the projects, which are not the responsibility or which are not by chance covered by the companies contracted to build the project.

(b) Provisions for lawsuits

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
From labor regulations	5,006	3,219	11,580	8,218
Tax-related	-	-	5,959	2,610
Civil	644	3	13,632	15,578
Civil - indemnifications, fines and other losses with customers	10,400	8,274	116,718	96,271
Non-current	16,050	11,496	147,889	122,677

The money transfers for the provision is shown in the table below:

	Company		Consolidated	
	2019	**2018**	**2019**	**2018**
At the beginning of the financial year	11,496	9,740	122,677	124,413
Complement (chargeback) of provision (Note 29)	4,554	1,756	25,212	(1,736)
At the end of the financial year / period	16,050	11,496	147,889	122,677

Among the provisions from labor regulations, as of December 31, 2019, the Company and its subsidiaries are party to 192 labor lawsuits, including probable, possible and remote estimates, 88.0% of which relate to cases in which the request in relation to the Company is a condemnation of joint and several liability, for which a provision for probable losses was made, the balance of which, as of December 31, 2019, is BRL 11,580 (December 31, 2018 - BRL 8,218).

Among the civil provisions, a material portion corresponds to lawsuits filed by customers claiming, among other things, (i) fines for the delayed delivery of real estate units; (ii) premature termination of agreements; (iii) interest charges on the agreements executed and (iv) suits with partners.

In thousand Reais, except when otherwise indicated

Along with their legal advisors, the Company, its subsidiaries and jointly-owned subsidiaries have been monitoring the lawsuits which have been filed individually by each buyer who has received their unit purchased under construction after the 180 days provided for in the Real Estate Development Law, requiring such compensation and indemnification due to moral and material damages, and determines specific provisions for them, based on individual analyses of the lawsuits.

The Company also monitors the movements occurring in the industry concerning this subject, in order to constantly reassess the impacts in its operations and consequent repercussions in the financial statements. All accounting provisions necessary to reflect the effects of these lawsuits were made in the accounting.

No provision was made for lawsuits in progress which management and its legal advisors consider as possible losses. The amounts of these lawsuits are shown below:

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
From labor regulations	526	2,663	1,993	6,023
Tax-related	1,851	-	2,565	1,907
Civil	12,094	25,402	36,454	36,175
Civil - indemnifications, fines and other losses with customers	10,914	5,737	102,166	123,098
	25,385	33,802	143,178	167,203

23 Net equity

23.1 Capital stock

Description	Number of shares
Balance as of December 31, 2017	4,301,368
Capital stock increase in compliance with the Legally-backed Financial Restructuring Plan	441,093,553
Balance as at Monday, December 31, 2018	445,394,921
Capital stock increase in compliance with the Legally-backed Financial Restructuring Plan	17,775,438
Balance of shares before reverse split of April 12, 2019	463,170,359
Reverse share split - 10 to 1	46,317,035
Capital stock increase in compliance with the Legally-backed Financial Restructuring Plan	255,001
Balance as at Tuesday, December 31, 2019	46,572,036

In 2017, BRL 93 of convertible debentures were converted into shares, increasing the Company's capital to BRL 1,319,626, divided into 4,301,368 registered common shares, with no face value.

On May 21, 2018, the members of the Board of Directors approved the partial increase in the Company's capital stock, within the authorized capital, which, partially subscribed, resulted in an increase in the amount of BRL 571,243 atthe issuance price of $ 1.98 Real (One Real and ninety-eight cents) each, totaling an issuance of 288,508,781 registered, common shares with no face value.

On November 12, 2018, the Board of Directors approved the partial increase in the capital stock at the Board of Directors' Meeting on August o1, 2018, within the authorized capital, which, partially subscribed, resulted in an increase in the amount of BRL 302,108 at the issuance price of BRL 1.98 (One Real and ninety-eight cents) each, totaling an issuance of 152,584,772 registered, common shares with no face value.

Continuing in compliance with the Company's Legally-backed Financial Restructuring Plan, on March 08, 2019, the Board of Directors decided to approve the Capital Increase approved on December 13, 2018, which, partially subscribed, totaled an increase in the amount of BRL 35,196, with the consequent issuance of 17,775,438 common shares, all registered, book-entry shares and with no face value, at the issuance price of BRL 1.98 (One Real and ninety-eight cents) per share.

This way, the Company's capital stock increased to BRL 2,228,183, represented by 463,170,359 registered, common shares with no face value.

On April 12, 2019, the Extraordinary General Meeting approved the reverse split of 463,170,359 (four hundred and sixty-three million, one hundred and seventy thousand, three hundred and fifty-nine) common, registered, book-entry shares, without par value, issued by the Company to the extent of 10 (ten) shares to form 1 (one) share ("Reverse split"). The reverse stock split occurred in compliance with the Official Letter of July 12, 2018, Official Letter 1.446/2018-SAE ("Official Letter"), sent by the B3 Superintendency for Company Monitoring and Offering of Securities and Variable Income, stating that, in the period from 05.29.2018 to 07.11.2018, the shares issued by Viver remained quoted below BRL 1.00 (one real) per unit, which constitutes the breach of items 5.1.2 (vi) and 5.2 of the Manual Issuer and 5.2 (f) of the B3 Regulation for Listing of Issuers and Admission to Trading of B3 Securities.

The main objectives of the reverse stock split operation issued by the Company are to: (i) reduce the volatility of the shares and (ii) give a better level to the share price in order to prevent minimal fluctuations, in cents, from representing high percentages in line with B3 issuer registration guidelines and rules.

With the reverse stock split, the share capital of BRL 2,228,183 is now represented by 46,317,035 registered common shares with no par value.

On December 19, 2019, in compliance with the Legally-backed Financial Restructuring Plan, the Company's Board of Directors ractified the partial increase in the Company's capital stock, approved on October 09, 2019 within the authorized capital, which, partially subscribed, resulted in an increase in the amount of BRL 5,049 at the issuance price of BRL 19.80 (nineteen reais and eighty cents), totaling an issuance of 255,001 registered, common shares with no face value.

Hence, the Company's share capital is now BRL 2,233,232, represented by 46,572,036 registered, common shares with no face value (BRL 2,192,987 on December 31, 2018).

The capital increases are aimed at strictly complying with the provisions of the Legally-backed Financial Restructuring Plan approved by the Company's creditors and ratified by the competent court.

23.2 Share subscription expenses

The amount of capital subscription expenses, considering the bank commissions and the financial, legal and market advisory services in the subscription of shares realized in previous financial years, totaling BRL 37,855.

In thousand Reais, except when otherwise indicated

23.3 Dividend policy

According to the Company's bylaws, 5% out of the net income for the financial year will be allocated for legal reserve, limited to 20% of the fully paid-in capital stock and minimum dividends of 25% on the net income.

24 Loss per share

The basic calculation of loss per share is made by dividing the loss for the year, attributed to the holders of common shares of the company by the weighted average number of common shares available during the period.

Loss per share is calculated by dividing the loss for the year attributed to holders of common shares of the company by the weighted average number of common shares available during the year plus the weighted average number of common shares that would be issued upon conversion of all potential common shares diluted into common shares.

The following tables present the data of income and shares used to calculate the weighted average number of outstanding common shares:

			Financial year 2019
Date	**Quantity of shares**	**Number of days/%**	**Weighted Average of shares**
As of December 31, 2018	44,539,492	365/100	44,539,492
8/3/19	1,777,543	298/100	1,451,254
As of December 19, 2019	255,001	12/100	8,384
As of December 31, 2019	46,572,036		45,999,130

The basic and diluted loss per share on December 31, 2019 is BRL 4.79 (December 31, 2018 - basic and diluted loss of BRL 0.98).

	2019	**2018**
Loss attributable to Company shareholders	(220,512)	(197,216)
Weighted average number of outstanding common shares	45,999,130	201,842,795
Basic and diluted loss per share - BRL	(4.7938)	(0.9771)

In thousand Reais, except when otherwise indicated

25 Gross profit (loss)

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Revenue from real estate	-	-	(7,626)	89,759
Provision for dissolutions			(142,554)	34
Estimated losses			4,341	1,037
Revenue from services	467	153	193	153
Gross operating revenue	467	153	(145,646)	90,983
Taxes levied	(67)	(22)	385	(5,955)
Net operating revenue	400	131	(145,261)	85,028
Costs with land, real estate development, construction and services	-	(7)	(2,990)	(91,826)
Cost of units to cancel (i)	-	-	114,265	-
Impairment of land banks	-	-	(5,410)	1,811
Financial charges (Note 14)	-	-	3,834	(27,261)
Costs with properties	-	(7)	109,699	(117,276)
Gross profit (loss)	400	124	(35,562)	(32,248)

(i) As mentioned in Explanatory Note 6, the Company opened the estimated losses with clients which are in legal disputes, reversing accounts receivable balances and returning unit costs to the land bank of properties for sale (Explanatory Note 7).

Since 2014 there have been no new real estate deployments. In addition, the Company has been working to expedite the money transfer processes for the financing of the completed units, which indirectly cause dissolutions to increase, with the reversal of the margin then appropriate in these sales. The reconciliation of the gross profit with the projects under construction is shown in Note 30.

26 General and Administrative Expenses

	Company		Consolidated	
Description	**2019**	**2018**	**2019**	**2018**
Wages and Charges	(7,692)	(6,328)	(9,289)	(8,645)
Advisory and consulting	(2,805)	(1,429)	(4,775)	(3,089)
Corporate expenditures	(532)	(658)	(1,085)	(906)
Rents	(339)	(333)	(346)	(357)
	(11,368)	(8,748)	(15,495)	(12,997)
Restructuring expenses	(5,804)	(6,883)	(5,804)	(8,658)
Depreciation and amortization	(3,087)	(3,694)	(3,132)	(3,767)
	(8,891)	(10,577)	(8,936)	(12,425)
	(20,259)	(19,325)	(24,431)	(25,422)

In thousand Reais, except when otherwise indicated

27 Expenses with sales

Description	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Advertising	-	-	(1,232)	(926)
Commissions	-	-	(1,763)	(511)
Maintenance with land bank and completed units Completed	-	-	(3,933)	-
Expenses with completion bond of construction works	(1)	-	(1,564)	(1,090)
Estimated losses	(9)	(16)	(40)	91
Other expenses	-	-	(132)	(420)
	(10)	(16)	(8,664)	(2,856)

28 Net financial result

	Company 2019	Company 2018	Consolidated 2019	Consolidated 2018
Financial revenues				
Interest and monetary correction	203	572	1,590	15,882
Income from investments	-	-	216	115
Other financial revenues	-	-	473	663
	203	572	2,279	16,660
Financial expenses				
Charges on agreements (Note 14)	(19,975)	(9,477)	(25,087)	(97,572)
Write-off of capitalized corporate charges (Note 14)	(6,100)	(5,524)	(6,191)	(5,524)
Appropriated corporate charges (Note 14)	985	(3,810)	-	-
Fines	(170)	(152)	(739)	(331)
Interests	(128)	1,956	(2,079)	5,200
Customer Deductions/ Monetary Restatements	(1)	-	(23,804)	(21,158)
Other financial expenses	(130)	(23)	(360)	(2,301)
	(25,519)	(17,030)	(58,260)	(121,686)
(=) Net financial result	(25,316)	(16,458)	(55,981)	(105,026)

In thousand Reais, except when otherwise indicated

29 Other operating revenues and (expenses)

	Company		Consolidated	
Other operating revenues and (expenses)	**2019**	**2018**	**2019**	**2018**
Revenue from sale of ownership interest	-	3,818	-	3,818
Cost of sale of ownership interest	-	(136)	-	(136)
Disposal (write-off) of fixed assets	(1,801)	-	(1,801)	-
Provision for lawsuits (Note 22)	(4,554)	(11,496)	(25,212)	(24,419)
Estimated losses (i) and (ii)	(19,600)	(2,160)	(23,440)	(7,551)
IPTU and condo fees of completed units in land bank (iii)	-	-	(18,026)	1,687
Agreements with creditors - Legally-backed Financial Restructuring	(13,128)	-	(9,872)	-
Impairment of land (iv)	-	-	(6,243)	-
Execution of the Debentures fiduciary guarantee (note 14) (v)	-	-	(2,673)	-
Other operating revenues and (expenses)	(101)	(5,765)	(1,945)	(6,449)
	(39,184)	(15,739)	(89,212)	(33,050)

(i) As described in Note 9, an estimated loss, in the amount of BRL 19,483, was recorded with partnerL.Priori Incorporacoes Ltda.;

(ii) The Company estimated a loss of BRL 3,839 in tax credits (Note 10);

(iii) The Company estimated an amount of BRL 10,708 of debt with condominiums payable referring to units that may be canceled (Note 17).

(iv) A loss in the amount of BRL 6,243 was estimated for the project called "Viver Fama - Fase 2", should the Company decide in the future to resume construction. The recoverable amount of the asset was defined based on the potential sale value of the real estate units of the project comparing it to the cost already incurred plus the cost of construction to be incurred for the project.

(v) As mentioned in note 7, ownership of the land called "Vinhedo" was granted to pay the debt of the Second Issue of Debentures, with a loss of BRL 2,673.

In thousand Reais, except when otherwise indicated

30 Commitments undertaken in real estate development operations in progress

In order to complete the projects under construction, the Company expects the following costs to be incurred:

	Consolidated	
Description	**2019**	**2018**
Units sold under construction	71,381	69,341
Units in land bank under construction	19,166	18,642
Budgeted cost to be incurred (*)	90,547	87,983
Land bank of properties under construction (Note 7)	30,411	37,862
Total cost to be appropriated in the future	120,958	125,845

(*) Construction commitments do not include financial charges and provision for collateral, which are appropriated at the cost of the properties, proportionally to the real estate units sold, when incurred.

The margin to be appropriated related to the units sold, taking into account the estimate of the cost to be incurred with the commitments undertaken, may be shown as follows:

	Consolidated	
Description	**2019**	**2018**
Contracted sale to be appropriated (Note 6)	87,421	84,441
Cost to be incurred on units sold (*)	(71,381)	(69,341)
	16,040	15,100
Gross margin percentage to be appropriated (*)	18.3%	17.9%
Estimate of taxes (PIS and COFINS) (**)	(3,191)	(3,082)
Expenses with unearned sales	-	(1,288)
	12,849	10,730
Margin percentage to be appropriated (*)	14.7%	12.7%

(*) Construction commitments do not include financial charges and provision for collateral, which are appropriated at the cost of the properties, proportionally to the real estate units sold, when incurred.

(**) Estimated value of 0.65% as PIS and 3.00% as Cofins.

The variation of the contracted sales to be appropriated compared to December 31, 2018, is represented by new sales, net of dissolutions, occurring in the period, minus the revenue appropriated due to the evolution of projects under construction.

The contracted sale to be appropriated is not adjusted at present value, since it is only materialized for the appropriated sales.

In thousand Reais, except when otherwise indicated

The table below shows the appropriated results of the units sold of projects under construction:

	Consolidated	
Description	**2019**	**2018**
Appropriate revenue from projects under construction (Note 6)	148,946	145,047
(-) Canceled sales	(19,188)	(19,188)
(-) Estimated losses	-	(2,454)
(-) Contributions to PIS and COFINS	(4,138)	(4,083)
Appropriated cost of projects under construction (Note 7)	(85,746)	(114,040)
Total	39,874	5,282
Income appropriated in previous financial years	(37,975)	(2,999)
Income appropriated in the financial year	1,899	2,283
Provision for construction warranty	(10)	(13)
Financial charges appropriated at the income of the financial year (Note 14)	-	(1,643)
Gross income from projects under construction	1,889	627
Gross income from completed projects and other	(37,451)	(32,875)
	(35,562)	(32,248)

The difference from the expected and the realized margin is substantially represented by the allocation of the financial charges (Note 25).

31 Insurances

The Company maintains insurance coverage in an amount considered sufficient by management to cover possible risks on its assets and / or liabilities, as shown below:

(a) Administrative headquarters and branches - fire, lightning, explosion, theft, robbery civil liability and others - BRL 3,000

(b) Directors and officers liability insurance (D&O) - BRL 35,000

The risk assumptions adopted and their respective coverage, given their nature and peculiarity, are not part of the scope of the audit of the financial statements, therefore, they were not reviewed by our independent auditors.

32 Approval of financial statements

The individual and consolidated financial statements of December 31, 2019 were analyzed and their disclosure was authorized by Management on March 30, 2020.

33 Subsequent events

33.1 Alto Belvedere Project

On January 17, 2020, the Board of Directors approved the transaction formalized in the Private Instrument of Legally-backed Financial Restructuring and other Covenants, signed on December 27, 2019 between the Company, the Association of Buyers of the Autonomous Units of the Alto Belvedere Project ("Association"), the Commission of Representatives of the Buyers of the Future Autonomous Units of the "Alto Belvedere" Project ("Commission"), Inpar Projeto Residencial Nova Lima SPE Ltda ("SPE"), controlled by Viver, PHV Engenharia Ltda., Vila da Serra Empreendimentos Imobiliários Ltda. Geoconsult Engenharia e Projetos Ltda. – EPP, Top Empreendimentos Ltda. and Inpar Projeto Lagoa dos Ingleses SPE Ltda.

The purpose of the Instrument is to establish the main terms and conditions for the acquisition of SPE by the Association, in order to enable the completion of the project located in Nova Lima - MG called "Altos do Belvedere".

The Instrument is in line with the decision taken by the Buyers of the Autonomous Units of the Alto Belvedere Project ("Buyers") on December 21, 2019 to continue the work on the Real Estate Project, however, its execution is subject to certain precedent conditions, amongst them:

(i) obtaining the applicable authorizations for the Company's Legally-backed Financial Restructuring judgment;

(ii) the approval of the Transaction by the members of the Association and by the Buyers;

(iii) audit to confirm the material conditions provided for in the Transaction within 45 days.

If effected, the Transaction will allow the release of the mortgage on two properties owned by Inpar Projeto Lagoa dos Ingleses SPE Ltda. constituted in favor of Vila da Serra Empreendimentos as a form of collateral for the exchange of the land on which the Real Estate Project is being built, for the amount of BRL 6,021 plus future units of apartments of the Real Estate Project.

33.2 Covid 19

On March 10, 2020, the Brazilian Securities and Exchange Commission ("CVM") issued the Official Memorandum CVM/SNC/SEP/n. 02/2020, on the possible effects that Covid 19 ("Coronavirus) will bring to the Company's business and the respective effects on its financial statements, especially as subsequent events for the companies that ended the year on December 31, 2019. In this sense, the Company clarifies that, in accordance with the provisions of CPC 24 - Subsequent Events and, given the current information and data regarding the Coronavirus and potential impacts on its operations, there is no way to attest at this moment that relevant effects may impact the financial statements, business continuity and / or the most significant accounting estimates. However, the Company continues to diligently monitor any and all information on the subject, and will assess, according to its evolution, the need to disclose a material fact and / or change the projections and estimates related to the risks reported in its reference form, in order to inform its shareholders and the market about changes in valuation that may have material effects.

34. Explanation added to the translation for the English version

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