



**Viver Incorporadora e Construtora
S.A. – Going through legally-
backed financial restructuring**

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

**Company and consolidated
interim accounting information**

Together with
The independent auditor's review report
Three-month period ended
March 31, 2019

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial

Company and consolidated interim accounting information

Three-month period ended March 31, 2019

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Independent auditors' report on the individual and consolidated interim accounting information

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails. See Note 32 to the financial information.)

To

Shareholders, Directors and Managers of

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

São Paulo - SP

Introduction

We have reviewed the individual and the consolidated interim accounting information, identified as the holding and the consolidated of **Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring (“Company”)**, contained in the Quarterly Information Form (ITR) for the quarter ended on March 31st, 2019, which comprise the balance sheet as of March 31st, 2019 and the respective income statements, comprehensive income statements, statements of changes to the net worth and of the cash flows for the three-month period then ended, including a summary of the main accounting policies and other explanatory notes.

The Company's management is responsible for preparing the individual and the consolidated interim accounting information in accordance with Technical Pronouncement CPC 21(R1) – Interim Statement and Statement with the consolidated interim accounting information in accordance with Technical Pronouncement CPC 21(R1) and with international standard IAS 34 – Interim Financial Reporting, comprising the understanding expressed by CVM through Official Memorandum/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15) regarding the aspects related to the transfer of control for the recognition of income in the purchase and sale agreements of unfinished real estate units, applicable to the real estate development entities in Brazil, as well as the submission of this information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international standards for the review of interim information (NBC TR 2410 – Review of Interim Information Performed by the Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of inquiries, mainly to those in charge of financial and accounting matters, and the application of analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards, and, therefore, has not enabled us to obtain assurance that we are aware of all material matters which could be identified in an audit. Therefore, we did not express an audit opinion.

Conclusion on the individual interim accounting information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim accounting information included in the quarterly information referred to above were not prepared, in all material aspects, in accordance with Technical Pronouncement CPC 21(R1) – Interim Statement, comprising the understanding expressed by CVM through Official Memorandum/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15) regarding the aspects related to the transfer of control for the recognition of income in the purchase and sale agreements of unfinished real estate units, applicable to the real estate development entities in Brazil, as well as the submission of this accounting information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR).

Conclusion on the consolidated interim accounting information

Based on our review, we are not aware of any fact that leads us to believe that the consolidated interim accounting information included in the quarterly information referred to above were not prepared, in all material aspects, in accordance with Technical Pronouncement CPC 21(R1) – Interim Statement and with international standard IAS 34 – Interim Financial Reporting, comprising the understanding expressed by CVM through Official Memorandum/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15) regarding the aspects related to the transfer of control for the recognition of income in the purchase and sale agreements of unfinished real estate units, applicable to the real estate development entities in Brazil, as well as the submission of this accounting information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information (ITR).

Relevant uncertainty related to operational continuity

We refer to the individual and the consolidated interim accounting information contained in Explanatory Note No. 1 indicating that the Company has accrued losses of (\$ 2,123,816 thousand *Reais*) in their operations, having recorded recurring losses of (\$ 14,796 thousand *Reais*) in the period ended on March 31st, 2019 (\$ 18,658 thousand *Reais* as of March 31st, 2018). Although the Company's Legally-backed Financial Restructuring Plan has been approved, there are certain events or terms, along with other matters described in the aforementioned explanatory note, indicating the existence of a material uncertainty that may raise significant doubt as to the Company's ability to continue operating. Our conclusion is not dependent upon this subject.

Emphasis

As described in Explanatory Note No. 2, the individual and the consolidated interim accounting information were prepared in accordance with CPC 21 (R1) and IAS 34 (the consolidated information), comprising the understanding expressed by CVM through Official Memorandum/CVM/SNC/SEP No. 02/2018 on the application of NBC TG 47 (IFRS 15) regarding the aspects related to the transfer of control for the recognition of income in the purchase and sale agreements of unfinished real estate units, applicable to the real estate development entities in Brazil. Our conclusion is not dependent upon this subject.

Other issues

Value added statement

The quarterly information referred to above include the individual and the consolidated value added statement (DVA) for the three-month period ended on March 31st, 2019, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of the IAS 34. This statement has been subject to review procedures performed along with the review of the quarterly information, in order to determine whether it is reconciled with the interim accounting information and with the accounting records, as applicable, and whether its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – “Added Value Statement”. Based on our review, we are not aware of any fact that leads us to believe that the DVA was not prepared, in all material aspects, in accordance with the criteria set forth in this Technical Pronouncement and consistently with respect to the individual and the consolidated interim accounting information taken together.

Audit and review corresponding to the previous financial year and period

The amounts corresponding to the individual and the consolidated balance sheets, as of December 31st, 2018, submitted for comparison purposes, were audited by other independent auditors, who issued a report dated March 27th, 2019, with no changes.

The individual and the consolidated interim accounting information for the quarter ended March 31st, 2018, submitted for comparison purposes, which comprise the income statements, comprehensive income statements, statements of changes to the net worth and of the cash flows for the three-month period ended on that date, were previously reviewed by other independent auditors who issued a report dated May 14th, 2018, with no changes. The amounts corresponding to the individual and the consolidated value added statements (DVA) for the three-month period ended on March 31st, 2018, were subject to the same review procedures by those independent auditors and, based on their review, those independent auditors issued a report stating that they were not aware of any fact that led them to believe the DVA was not prepared, in all their material aspects, in a manner consistent with the individual and consolidated interim accounting information taken together.

São Paulo, May 13th, 2019.

Baker Tilly 4Partners Auditores Independentes S.S.

Nelson Varandas dos Santos

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Balance sheet In thousand Reais

Assets	Notes	Holding		Consolidated		Liabilities	Notes	Holding		Consolidated	
		03/31/2019	12/31/2018	03/31/2019	12/31/2018			03/31/2019	12/31/2018	03/31/2019	12/31/2018
Current						Current					
Cash and cash equivalents	5	60	56	6,181	7,810	Loans & financing	14	175	167	46,116	71,863
Accounts receivable	6	23	35	109,123	245,194	Bonds	14	197,950	196,504	197,950	196,504
Properties held for sale	7	-	-	177,944	172,381	Shared obligation on assignment of receivables	15	-	2,303	4,765	6,794
Other credits	8	108	518	872	6,221	Suppliers	16	1,698	1,638	10,352	10,644
Taxes and contributions to offset	10	102	18	3,628	3,822	Tax-related and labor obligations	21	1,105	1,013	24,069	24,951
Expenses with unearned sales		133	213	133	213	Accounts payable	17	4,527	4,640	78,445	73,749
		426	840	297,881	435,641	Creditors under committed property	18	-	-	-	75
						Advances from clients and others	19	8	8	12,808	12,684
						Related parties	20	221,088	236,573	23,209	20,798
						Provisions	22	-	-	2,872	2,975
						Provisions for loss in investments	12	94,190	92,003	230	230
								520,741	534,849	400,816	421,267
Non-Current						Non-Current					
Accounts receivable	6	-	-	132,623	10,371	Shared obligation on assignment of receivables	15	-	-	2,093	2,368
Properties held for sale	7	-	-	120,433	120,214	Tax-related and labor obligations	21	1,301	1,132	32,160	32,504
Checking accounts with partners in the projects	9	31,698	31,511	31,873	31,703	Accounts payable	17	-	-	2,623	2,586
Related parties	20	134,389	135,760	14,371	18,136	Advances from clients and others	19	-	-	13,195	13,156
Other credits	8	481	-	5,518	-	Provisions	22	10,725	11,496	110,923	123,284
Taxes and contributions to offset	10	1,139	1,139	5,399	5,399	Related parties	20	5,250	6,567	5,250	6,567
Expenses with unearned sales		-	-	1,293	1,288			17,276	19,195	166,244	180,465
		167,707	168,410	311,510	187,111	Total Liabilities		538,017	554,044	567,060	601,732
Investments	11	429,490	423,097	15,965	15,969	Net worth					
Fixed assets - net	12	2,705	3,066	4,010	4,374	Capital stock	23	2,228,183	2,192,987	2,228,183	2,192,987
Intangible assets	13	4,201	4,743	4,206	4,749	Share issuance expenses	23	(37,855)	(37,855)	(37,855)	(37,855)
		604,103	599,316	335,691	212,203	Accrued losses	-	(2,123,816)	(2,109,020)	(2,123,816)	(2,109,020)
								66,512	46,112	66,512	46,112
						Non-controlling interest		-	-	-	-
						Total net worth		66,512	46,112	66,512	46,112
Total do Assets		604,529	600,156	633,572	647,844	Total Liabilities & net worth		604,529	600,156	633,572	647,844

Management's explanatory notes are part of the accounting statements.

	Notes	Holding		Consolidated	
		03/31/2019	03/31/2018	03/31/2019	03/31/2018
Net operating revenue	25	126	-	(3,557)	2,308
(-) Expenses with sales	25	-	-	1,784	(5,009)
(=) Gross profit (loss)		126	-	(1,773)	(2,701)
(-) Operating income (expenses)					
General and administrative expenses	26	(4,521)	(3,801)	(5,193)	(4,719)
Expenses with sales	27	(2)	(3)	(617)	(696)
Other operating income (expenses)	29	(9,820)	(1,164)	5,287	1,536
Equity accounting results	11	4,013	(7,841)	-	-
(=) Operating loss before the financial income		(10,204)	(12,809)	(2,296)	(6,580)
Financial expenses	28	(4,631)	(6,009)	(12,972)	(18,281)
Financial income	28	39	160	521	4,225
(=) Net financial income		(4,592)	(5,849)	(12,451)	(14,056)
(=) Loss before income tax and social contribution		(14,796)	(18,658)	(14,747)	(20,636)
(-) Income tax and social contribution - current	21	-	-	(141)	1,189
(-) Income tax and social contribution - deferred	21	-	-	65	260
(=) Loss in the period		(14,796)	(18,658)	(14,823)	(19,187)
Attributable to					
Company Shareholders				(14,796)	(18,658)
Non-controlling interest				(27)	(529)
				(14,823)	(19,187)
Loss per share (expressed in \$ <i>Reais</i> per share)					
Basic loss per share		(0,032)	(4,338)		
Diluted loss per share		(0,032)	(2,463)		

Management's explanatory notes are part of the accounting statements.

Comprehensive income statement

Periods ended on March 31st

In thousand *Reais*

	Holding		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Loss in the period	(14,796)	(18,658)	(14,823)	(19,187)
Other comprehensive results	-	-	-	-
(=) Comprehensive results for the period	<u>(14,796)</u>	<u>(18,658)</u>	<u>(14,823)</u>	<u>(19,187)</u>
Attributable to				
Company Shareholders	(14,796)	(18,658)	(14,796)	(18,658)
Non-controlling interest			(27)	(529)
	<u>(14,796)</u>	<u>(18,658)</u>	<u>(14,823)</u>	<u>(19,187)</u>

Management's explanatory notes are part of the accounting statements.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Statement with changes to net worth

In thousand *Reais*

	Fully paid-in capital stock	Share issuance expenses	Advance for Future Capital Increase	Accrued losses	Net worth	Non-controlling interest	Consolidated net worth
Balance on January 01st, 2018	1,319,626	(37,855)	564,069	(1,911,804)	(65,964)	-	(65,964)
Increase in capital due to private subscription	-	-	-	-	-	-	-
Distribution of profit for minority shareholders	-	-	-	-	-	529	529
Loss during the period	-	-	-	(18,658)	(18,658)	(529)	(19,187)
On March 31st, 2018	1,319,626	(37,855)	564,069	(1,930,462)	(84,622)	-	(84,622)
On December 31st, 2018	2,192,987	(37,855)	-	(2,109,020)	46,112	-	46,112
Increase in capital due to private subscription	35,196	-	-	-	35,196	-	35,196
Distribution of profit for minority shareholders	-	-	-	-	-	27	27
Loss during the period	-	-	-	(14,796)	(14,796)	(27)	(14,823)
On March 31st, 2019	2,228,183	(37,855)	-	(2,123,816)	66,512	-	66,512

Management's explanatory notes are part of the accounting statements.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Cash flow statements

Periods ended on March 31st

In thousand *Reais*

	Holding		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
From operating activities				
Loss before income tax and social contribution	(14,796)	(18,658)	(14,747)	(20,636)
Corrections to reconcile the result to the availabilities produced by operating activities				
Depreciation and amortization	917	923	928	948
Provisions for loss of assets	26	29	(252)	(235)
Provisions for lawsuits	(771)	897	(12,363)	(1,801)
Provisions for assurance of works	-	-	(101)	(47)
Cost of fixed assets sale	1	-	-	-
Deferred taxes	-	-	(448)	(294)
Financial charges on financing	4,739	5,837	(2,871)	16,148
Capitalized installment of financial charges	(197)	449	(1,155)	(611)
Equity accounting results	(4,013)	7,841	-	-
Non-controlling interest	-	-	27	529
	<u>(14,094)</u>	<u>(2,682)</u>	<u>(30,982)</u>	<u>(5,999)</u>
Variations in assets & liabilities				
(Increase)/Reduction in Asset accounts				
Accounts receivable	10	870	14,096	9,382
Properties held for sale	-	-	(4,627)	1,509
Taxes and contributions to offset	(84)	156	194	166
Other credits	(71)	67	(169)	97
Related parties	1,371	297	3,765	(525)
Checking accounts with partners in the projects	(211)	1,633	(195)	1,668
Expenses with unearned sales	80	73	75	70
Increase/(reduction) in Liabilities accounts				
Tax-related and labor obligations	261	(35)	(649)	1,420
Suppliers	60	1,169	(292)	752
Accounts payable	(113)	(1,809)	4,733	327
Creditors under committed property	-	-	(75)	-
Related parties	(17,891)	8,461	4	8
Advances from clients	-	2,168	163	2,358
Net cash produced by / (invested in) operating activities	<u>(30,682)</u>	<u>10,368</u>	<u>(13,959)</u>	<u>11,233</u>
Income tax and social contribution paid	-	-	(205)	(316)
Payment of interest on loans and financing, bonds, operations with derivatives, shared obligation on assignment of receivables and obligations with investors	(2,196)	(4,302)	(2,196)	(4,311)
Net cash from operating activities	<u>(32,878)</u>	<u>6,066</u>	<u>(16,360)</u>	<u>6,606</u>
From investment activities				
Net (increase)/reduction in capital in subsidiaries	-	-	-	-
Profit shared	4	-	4	-
In fixed assets	(15)	-	(21)	-
In intangible assets	-	-	-	-
Net cash produced by / (invested in) investment activities	<u>(11)</u>	<u>-</u>	<u>(17)</u>	<u>-</u>
From financing activities				
Payment of loans and financing, bonds, operations with derivatives, shared obligation on assignment of receivables and obligations with investors	(2,303)	(6,698)	(20,448)	(9,027)
Related parties	-	2,800	-	2,800
Payment of related parties	-	(2,170)	-	(2,170)
Increase in capital	35,196	-	35,196	-
Net cash produced by / (invested in) financing activities	<u>32,893</u>	<u>(6,068)</u>	<u>14,748</u>	<u>(8,397)</u>
Balance with cash and equivalents at the end of the financial year	<u>60</u>	<u>77</u>	<u>6,181</u>	<u>13,754</u>
Increase/(reduction) of cash and equivalents	4	(2)	(1,629)	(1,791)
Balance with cash and cash equivalents at the beginning of the period	<u>56</u>	<u>79</u>	<u>7,810</u>	<u>15,545</u>
Balance with cash and equivalents at the end of the financial year	<u>60</u>	<u>77</u>	<u>6,181</u>	<u>13,754</u>

Management's explanatory notes are part of the accounting statements.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Added value statement Periods ended on March 31st In thousand *Reais*

	Holding		Consolidated	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Revenue				
Sales & services	147	-	(3,665)	2,419
	147	-	(3,665)	2,419
Supplies purchased from third parties				
Cost of products, goods and services sold	-	-	629	(3,172)
Materials, power, outsourced service and other operating services	(11,586)	(2,383)	2,738	(485)
Others	69	87	(41)	(61)
	(11,517)	(2,296)	3,326	(3,718)
Added value – gross	(11,370)	(2,296)	(339)	(1,299)
Depreciation, amortization and depletion - net	(917)	(923)	(928)	(948)
Net added value produced by the Company	(12,287)	(3,219)	(1,267)	(2,247)
Added value received on transfer				
Equity accounting results	4,013	(7,841)	-	-
Financial income	39	160	521	4,225
	4,052	(7,681)	521	4,225
Total added value to share	(8,235)	(10,900)	(746)	1,978
Added value distribution				
Personnel				
Wages & Charges	1,041	1,105	1,362	1,421
Commissions on sale	-	-	61	130
Management fees	782	564	782	748
Taxes, rates and contributions				
Federal	14	-	(40)	(1,338)
Municipal	7	-	7	-
Compensation of third-party capital				
Interest	4,631	6,009	11,817	20,118
Rents	86	80	88	86
Compensation of proprietary capital				
Loss during the period	(14,796)	(18,658)	(14,796)	(18,658)
Non-controlling interest	-	-	(27)	(529)
	(8,235)	(10,900)	(746)	1,978

Management's explanatory notes are part of the accounting statements.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Management's explanatory notes for the accounting statements on March 31st, 2019

In thousand *Reais*, except when otherwise indicated

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 \$ 2,123,816 *Reais* in accrued losses in its operations, with a loss of \$ 14,796 *Reais* during the quarter ended on March 31st, 2019.

Legally-backed Financial Restructuring

Following the IPO in 2007, the Company adopted an expansionary strategy, following the industry driver, 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 \$ 700 million *Reais*, 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 \$ 500 million *Reais*, 62% of corporate debts were reduced (over \$ 400 million *Reais*), in addition to the renegotiation of the other liabilities, over \$ 150 million *Reais* in funds were raised for the completion of the works, 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 since then;
- 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 purchasers;
- 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.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Management’s explanatory notes for the accounting statements on March 31st, 2019

In thousand *Reais*, except when otherwise indicated

In 2016, the Company underwent a number of successful operational restructurings, 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 is 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 to preserve value for all the stakeholders of the Viver Group, allowing the equalization of liabilities, the restoration of the relation of trust with its customers, suppliers and banks, the resumption of deployments and, finally, the overcoming of the economic-financial crisis.

On September 28th, 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 one hundred and eighty (180) 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 fifteen (15) business days for qualifications or discrepancies from creditors eventually 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 9th, 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 submit an individual restructuring plan.

On February 6th, 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.

Viver Incorporadora e Construtora S.A. – Going through legally-backed financial restructuring

Management's explanatory notes for the accounting statements on March 31st, 2019

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On June 12th, 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 7th, 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 24th, 2017, a ruling was given, excluding the companies from the legally-backed financial restructuring (i) with incorporated assets, (ii) with finished work, occupancy permit issued and with no inventory (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. The Viver Group has appealed against these rulings and awaits the judgment of its appeals.

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 6th, 2017.

On October 20th, 2017, the 2nd Chamber Dedicated to Corporate Law accepted the staying effect concerning Interlocutory Appeal No. 2198456-66.2017.8.26.0000, to maintain the following companies as the authors 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. and 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 real estate units in stock, considering that the companies remedied the irregularity at the first possible moment or proved that they had real estate units in stock.

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 Erebitá 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 29th, 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 07th, 2017.

Legally-backed Financial Restructuring Plan

The Company's Consolidated Plan for its Legally-backed Financial Restructuring ("Plan") has, as its economic premise, among others things, the capitalization of the debt in bankruptcy, through the issuance of new Company shares, which will dilute the equity interest of shareholders who choose not to exercise their right to first refusal in the subscription of the new shares.

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The Plan is based on splitting the creditors into the following classes: (i) holders of labor claims; (ii) creditors with collateral; (iii) unsecured creditors; (iv) micro-enterprise and small business creditors.

For holders of labor claims, the Plan provides for a linear payment of \$ 12,000 *Reais*, limited to the amount of the credit, to all creditors. The remaining balance will be capitalized through the issuance of new Company shares.

Concerning creditors with collateral, the Company informs that, to date, no creditors have been listed in this class. However, if creditors with collateral are eventually enlisted, their credits will also be capitalized through the issuance of new Company shares.

Unsecured creditors, in turn, are split into two sub-classes: (i) purchasing creditors; and (ii) other unsecured creditors.

- a) Purchasing creditors are those who (i) have a real estate unit of any of the Company’s projects; (ii) still owe a certain amount to the Company due to the operation of purchase and sale of the unit; (iii) the unit is still tied to the purchase and sale operation; (iv) have filed a lawsuit against the Company.

In such cases, creditors may choose the following forms of payment: (i) to remain with the unit, to pay the remaining amount at a discount and withdraw from the lawsuit; (ii) to terminate prematurely the purchase and sale commitment, through dissolution, and returning the amount paid to the Company and to withdraw from the lawsuit; or (iii) to proceed with the lawsuit and receive its credit, at a 50% discount, through capitalization, through the issuance of new Company shares.

- b) The credits of the other unsecured creditors, as well as those of the micro-enterprise and small business creditors, will be fully capitalized through the issuance of new Company shares.

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

As previously mentioned, the Plan was approved by the creditors at a General Creditors Meeting held on November 29th, 2017, and ratified by the Court responsible for the Legally-backed Financial Restructuring through a ruling published in the Online Court Gazette of the State of São Paulo on December 14th, 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 figure of the 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 terms, the Company has already recorded, in its accounting 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.

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The following Preceding Terms 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 staying effect and/or an effect of any administrative, legal or arbitration decision has been granted, preventing compliance with the provisions contained in this Plan, including decisions rendering corporate actions, assignments or waivers of rights of the Companies under restructuring ineffective; 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 ten (10) Business Days, when the Preceding Terms 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 Terms are not verified or waived by Simple Majority of the Credits, the Companies under restructuring must request, within thirty (30) Calendar Days, the calling 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 eventually 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. Eventual 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 their 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 Corporations 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.

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1st Tranche of increase in capital

On May 21st, 2018, the capital stock increase was approved, which capital subscription amount reached \$ 571,248 *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 12th, 2018, the Board of Directors approved the Company's capital increase, within the authorized capital, in the amount of \$ 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 08th, 2019, the Board of Directors' meeting approved the Company's capital increase, within the authorized capital limit, in the amount of \$ 35,195 *Reais*, upon the issuance of 17,775,438 new common shares, all of them registered and with no face value.

Continuity of operations

The accounting statements for the 2018 financial year and for the period ended on March 31st, 2019, were prepared based on the 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.

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 terms 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 terms 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.

In order to return to profitability, the Company has a land bank amounting to around \$ 1.6 billion *Reais* and 6,617 units, of which \$ 406 million *Reais* are potential deployments already approved. 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 was \$ 13.0 million *Reais* (in 2018) in a downward trend;

(b) High volume of deliveries, reducing the risk of execution and focus on the process of transfers from customers for the amortization of financing and generation of free cash for the Company, closing the period with \$ 318,191 *Reais* of receivables;

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(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 SerRe, 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 shall ensure the continuation 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 articles of incorporation.

The individual and the consolidated accounting information were approved by the Company's Board of Directors on May 13th, 2019.

2 Main accounting policies

The main accounting policies applied in the preparation of these individual and consolidated Quarterly Information (ITR) were not changed in relation to those submitted in the Standard Financial Statement (DFP) for the corporate financial year ended on December 31st, 2018.

In cases where the explanatory notes to these ITRs are not presented in their entirety due to redundancy of information in relation to what is presented in the Standard Financial Statement (DFP) for the financial year ended on December 31st, 2018, the complete information must be read in the corresponding explanatory note of the annual DFP. The numbering of the explanatory notes to this ITR is the same as of the annual DFP.

The individual accounting information (Holding) was prepared in accordance with Technical Pronouncement CPC 21 (R1) - "Interim Statement", and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM). The consolidated accounting information was prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Information, including aspects related to the transfer of control in the sale of real estate units following the understanding of Company management, in compliance with that expressed by the CVM in Official Memorandum CVM/SNC/SEP/No. 02/2018 on the application of Technical Pronouncement CPC 47 (IFRS 15), which bases for the recognition of revenues are described in more detail in Note 3.2, as well as for the presentation of this information in a manner consistent with the standards issued by the CVM applicable to the preparation of ITRs.

3 Critical accounting estimates and judgments

The accounting estimates and judgments are continuously evaluated and are based on the historical experience and in other factors, including expectations of future events, which are considered reasonable for such circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its investees make estimates for the future. By definition, the resulting accounting estimates will rarely be the same as the respective actual results. The estimates and assumptions with material risk, which are likely to cause a material adjustment in the accounting amounts of assets and liabilities for the coming periods and corporate financial years, are included below.

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(a) Revenue recognition and work margin estimate

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 and service delivery ventures. 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 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, nor that such violations will not be converted into administrative proceedings and, subsequently, into lawsuits, nor the final outcome of any eventual lawsuit or administrative proceeding.

The Company recognizes a provision for tax-related, civil and labor claims. The assessment of the likelihood of loss includes the assessment of the available evidences, the hierarchy of laws, the available case law, the latest court decisions and their relevance for the legal system, as well as the evaluation of outside lawyers. The Provisions are reviewed and adapted to take into account changes in circumstances, such as applicable limitation period, findings of tax-related inspections or additional exposures identified on the basis of new matters or court decisions.

3.2 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 to the annual financial statements ended on December 31st, 2018, following the standards issued by the Brazilian Accounting Pronouncements Commission (CPC) and approved by the CVM and by the Brazilian Federal Accounting Council (CFC).

On May 28th, 2014, the IASB published IFRS 15 - Revenue from Agreements with Customers, requiring an entity to recognize the amount of revenue reflecting the consideration it expects to receive in exchange for the control of those goods or services. On December 22nd, 2016, the CPC issued CPC 47, which is equivalent to IFRS 15. The new standard superseded most of the detailed guidelines on revenue recognition that existed previously and was applied from of January 1st, 2018.

The CVM, on December 12th, 2018, issued Official Memorandum/CVM/SNC/SEP/No. 2/2018, advising on revenue recognition in the purchase and sale agreements for unfinished real estate units in the Brazilian publicly-traded companies of the real estate development industry, to be complied with in the preparation of their financial statements. In summary, in the application of CPC 47 – IFRS 15 the central issues are: (i) the focus in the agreement; (ii) the continuous monitoring of agreements; (iii) a structure of internal controls in a quality standard considered to be at least acceptable for the

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purposes for which it is intended; (iv) the making of timely adjustments and (v) the quality of information. Thus, the CVM understands that the adoption of this accounting policy must take into account the proper analysis of the agreements by Company management, considering that the application of these controls defined the maintenance of the revenue recognition method named Percentage of Completion (POC) (over time) or, if not applicable, the adoption of the keys method (“at a point in time”).

Upon this judgment, the appropriation of the revenue from the Company's real estate development projects is made through the method of percentage of completion (POC) of the work. This percentage, as established by CVM Resolution No. 963/2003, is calculated by the ratio of costs incurred up to the time of calculation, in relation to the total estimated cost until the completion of the work.

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

The tax related to the sales commission tends to be the responsibility of the property purchaser, without the incorporation of the sales price established in the agreements executed with the purchasers 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 is provided in the offers for the purchase of property that the responsibility for the payment of the brokerage fee is not of the property purchaser, and which has already executed a Behavior Modification Agreement (TAC) with one of the brokerage firms in the market, to determine eventual impacts in its operations and consequent repercussions in the accounting 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 accounting statements.

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

Law No. 4,591 from December 16th, 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 tolerance. 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 purchaser 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 analyzes of the lawsuits (Note 22(b)).

Some projects have been delivered and/or have dates for expected delivery which are different from the dates originally expected at the time the units were sold. As a result, it is likely that a price reduction will be granted or that charges will be paid for these customers (Note 6).

(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 \$ 88,554 *Reais* (\$ 87,983 *Reais* on December 31st, 2018) (Note 30), as well as to recover its profitability by reducing costs and expenses and to resume the pace of the works

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on current projects, thus maintaining the continuity of the Company's and its subsidiaries' operations, and believes that these measures will be enough to improve the Company's capital structure and the cash generation needed for its continuity.

Hence, management prepared the quarterly accounting information using accounting policies applicable to continuing businesses, which do not consider any adjustments arising from uncertainties about its ability to operate on a going-concern basis.

4 Financial risk management

(a) Market risk

The market risk factors and the management policy concerning these risks have not changed in relation to what is described in the Standard Financial Statement submitted on December 31st, 2018.

The table below shows the financial assets and liabilities not derived from the Group, by maturity ranges, corresponding to the period remaining in the balance sheet until the maturity date contained in the agreement. The amounts shown in the table are the accounting balances as of March 31st, 2019.

Description	Consolidated			
	Less than a year	From one to two years	From two to five years	Total
Loans & financing	46,116			46,116
Bonds	197,950			197,950
Shared obligation on assignment of receivables	4,765	886	1,207	6,858
On March 31 st , 2019	<u>248,831</u>	<u>886</u>	<u>1,207</u>	<u>250,924</u>
Loans & financing	71,863			71,863
Bonds	196,504			196,504
Shared obligation on assignment of receivables	6,794	1,161	1,207	9,162
Creditors under committed property	75			75
On December 31 st , 2018	<u>275,236</u>	<u>1,161</u>	<u>1,207</u>	<u>277,604</u>

(b) Sensitivity analysis of variation in interest rates and other indexes of financial assets and liabilities

In order to verify the sensitivity of the financial assets and liabilities linked to the different indexes (CDI, IPCA, IGP-M and TR), which make up the interest rate risk factor, three different scenarios were established. Based on projections released by Brazilian financial institutions on December 31st, 2018, except for the TR, for which a zero rate was assumed in the year, it was defined that:

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Scenario	Percentages		
	Probable (expected)	Possible stress 25%	Remote stress 50%
Fall CDI	6,32	4,74	3,16
CDI	6,32	7,90	9,48
IGP-M	4,38	5,48	6,57
INCC	4,55	5,69	6,83
TR	0,00	0,00	0,00
IPCA	3,67	4,59	5,51

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

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Consolidated Data	March 31 st , 2019		December 31 st , 2019		Risk	Values for 2019		
	Assets	Liabilities	Assets	Liabilities		Probable	25% Deterioration	50% Deterioration
Financial investments (Note 5)	2,477		3,482					
96% - 105% of the CDI	2,477		3,482		Drop of CDI	157	117	78
Accounts receivable from customers (Note 6)	241,723		255,530					
IGP-M	183,327		197,529		Increase in IGP-M	8,030	10,037	12,045
INCC	58,396		58,001		Increase in INCC	2,657	3,321	3,986
Checking account with partners in the Projects (Note 9)	31,873		31,703					
IGP-M	31,873		31,703		Increase in IGP-M	1,396	1,745	2,094
Loans & financing (Note 14)		46,116		71,863				
TR		45,941		44,817	Increase in TR	-	-	-
CDI		-		26,879	Increase in CDI	-	-	-
IGP-M		175		167	Increase in IGP-M	8	10	11
Bonds (Note 14)		197,950		196,504				
TR		174,623		172,581	Increase in TR	-	-	-
CDI		23,327		23,923	Increase in CDI	1,474	1,843	2,211
Related parties (Note 20)		28,408		27,320				
CDI		28,408		27,320	Increase in CDI	1,795	2,244	2,693
Creditors under committed property (Note 18)		0		75				
INCC		-		75	Increase in INCC	-	-	-

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(c) Capital management

The Company's and its subsidiaries' purposes in managing their capital are to safeguard their operational continuity, by strengthening their credit rating before the financial institutions in order to support the business and reduce that cost.

Consistent with other companies in the industry, the Company monitors the index-based capital which corresponds to net debt split by the full capital. Net debt, in turn, corresponds to total loans (including loans and bonds, both short- and long-term, as shown in the consolidated balance sheet), net of cash and cash equivalents, of the financial assets valued at fair value through the result and the accounts bound. The full capital is determined through the sum of the net worth, as shown in the consolidated balance sheet, with the net debt.

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

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Loans & financing	175	167	46,116	71,863
Bonds	197,950	196,504	197,950	196,504
Receivables from shared obligation	-	2,303	6,858	9,162
Related parties	-	-	28,408	27,320
	198,125	198,974	279,332	304,849
Cash and cash equivalents and bonds and securities	(60)	(56)	(6,181)	(7,810)
Net debt	198,065	198,918	273,151	297,039
Net worth	66,512	46,112	66,512	46,112
Net worth and net Debt	264,577	245,030	339,663	343,151
Percentage	74,86	81,18	80,42	86,56

(d) Fair value estimate

No changes were made to the criteria or technique for measuring the fair values concerning the balances submitted on December 31st, 2018. In addition, due to the nature of the values measured at fair value have not been changed, neither has the reference used (prices quoted or not).

(e) Credit quality from financial assets

The credit quality of the other financial assets can be evaluated upon reference to the corresponding securities:

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Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Units delivered				
With chattel mortgage			191,451	205,816
With no chattel mortgage	344	342	1,725	1,717
	344	342	193,176	207,533
Units under construction				
With chattel mortgage			60,728	60,455
Accounts receivable from customers	344	342	253,904	267,988
Estimated losses for doubtful debtors	(344)	(342)	(12,181)	(12,458)
Accounts receivable from customers	-	-	241,723	255,530

Of the total accounts receivable from completed units, \$ 167,190 *Reais* are overdue (Note 6), mainly due to delayed transfer of financing from financial institutions to committed purchasers, who do not own the properties until the price based on the financing obtained by them is fully paid and due to unresolved lawsuits.

Hence, the worse risk of this portfolio corresponds to the dissolution of the sale made, with the return of the unit to the inventory available for sale (Note 7). Based on past experience and on the speed each of the projects is sold, an analysis of the probable losses on the margin was made based on the occurrence of dissolutions, and an estimated loss was calculated corresponding to the profit margin in the operations, part of the estimated losses due to doubtful credits, as shown in Note 6.

5 Cash and cash equivalents

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Cash and bank accounts-transfers	55	55	3,704	4,328
Investment fund			2,472	3,481
Automatic application	5	1	5	1
Total from cash and cash equivalents	60	56	6,181	7,810

On March 31st, 2019, nearly \$ 3,700 *Reais*, rated as bank accounts-transfer and investment funds, are bound to limited operations and to the payment of debts.

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6 Accounts receivable

	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Amounts receivable from completed projects	344	342	193,176	207,533
Estimated losses due to doubtful debtors	(344)	(342)	(9,849)	(10,004)
Net balance receivable from completed projects	-	-	183,327	197,529
Total from the portfolio receivable from projects under construction			137,196	136,229
Estimated losses due to doubtful debtors			(2,332)	(2,454)
(+) Installments received			87,046	87,046
(=) Updated contracted sales			221,910	220,821
(-) Contracted sale to be appropriated			(85,122)	(84,441)
(+) Installment rated as advances from clients (Note 19)			8,654	8,667
(=) Revenue from appropriations			145,442	145,047
(-) Installments received			(87,046)	(87,046)
Net balance receivable from projects under construction			58,396	58,001
Accounts receivable from appropriated sales (completed and under construction)	-	-	241,723	255,530
Other accounts receivable and services	12,327	12,339	12,504	12,516
Estimated losses due to doubtful debtors	(12,304)	(12,304)	(12,481)	(12,481)
Accounts receivable from other operations	23	35	23	35
Total from accounts receivable	23	35	241,746	255,565
(-) Current	(23)	(35)	(109,123)	(245,194)
Non-Current	-	-	132,623	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.

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Accounts receivable from unfinished real estate were measured 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.

Estimated schedule of receipt of the total receivables portfolio, minus the estimated losses due to doubtful debtors and the correction at present value, per year:

Year - description	Property		Consolidated	
	Completed	Construction	March 31 st , 2019	December 31 st , 2019
			Total	Total
Due (*)	167,190	127,087	294,277	302,582
To be due on				
2019	5,953	994	6,947	11,608
2020	3,332	1,253	4,585	4,624
2021	3,122	1,403	4,525	4,580
2022 henceforth	3,730	4,127	7,857	7,910
	<u>183,327</u>	<u>134,864</u>	<u>318,191</u>	<u>331,304</u>

(*) Overdue installments from customers who have filed lawsuits are rated as long-term.

As mentioned in Note 1, the delivery of projects was delayed, which directly reflected the expected receipt of the receivables portfolio. Due to the revision of the deadlines for the completion of the works, the expected realization of a portion of the accounts receivable from customers was moved, after estimated losses having been calculated for the payment of damages to customers in the amount of \$ 5,126 *Reais* (December 31st, 2019 - \$ 5,433 *Reais*).

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. On March 31st, 2019, the amount of \$ 123,244 *Reais* was re-rated as non-current assets because it is bound to the measures in progress with constituted contingencies

To cover the risk of these transfers not materializing, leading to the dissolution of the sale and to the real estate unit returning to the inventory of properties held for sale, management constituted estimated losses for dissolutions, based on what is established by the accounting policies adopted, covering the profit margin recognized in operations in which management believes there are risks of being dissolute.

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This estimate is based on historical information and individual projections per project. The estimated losses on the margin of operations which may be dissolute amount to \$ 159 *Reais* (December 31st, 2019 - \$ 122 *Reais*), representing the profit margin on sale operations totaling \$ 33,535 *Reais* (December 31st, 2019 - \$ 34,767 *Reais*). The estimated losses for dissolutions increased by \$ 37 *Reais*, considering that the amount for dissolutions of corrected sales agreements reached \$ 18,892 *Reais* during the quarter.

The estimated losses due to doubtful debtors in the accounts receivable may be shown as follows:

	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Losses	12,648	12,646	19,377	19,384
Dissolutions (margin)			159	122
Damages			5,126	5,433
	<u>12,648</u>	<u>12,646</u>	<u>24,662</u>	<u>24,939</u>
Completed projects			9,849	10,004
Projects under construction			2,332	2,454
Other accounts receivable			12,481	12,481
			<u>24,662</u>	<u>24,939</u>

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

<u>Description</u>	<u>Holding</u>	<u>Consolidated</u>
On December 31 st , 2017	(10,630)	(19,887)
Reversal of estimated losses of margins for dissolutions		122
Reversal of estimated losses for the payment of damages		91
Estimated losses / Reversal of estimated losses	<u>(3)</u>	<u>48</u>
On March 31 st , 2018	(10,633)	(19,626)
Estimated losses of margins for dissolutions		(87)
Reversal of estimated losses for the payment of damages		946
Estimated losses	<u>(2,013)</u>	<u>(6,172)</u>
On December 31 st , 2018	(12,646)	(24,939)
Estimated losses of margins for dissolutions		(37)
Reversal of estimated losses for the payment of damages		307
Estimated losses / Reversal of estimated losses	<u>(2)</u>	<u>7</u>
On March 31 st , 2019	<u>(12,648)</u>	<u>(24,662)</u>

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The Company has active customers with lawsuits, however, dissolutions are not necessarily required for such lawsuits, therefore, the Company works with its lawyers and its customers to resolve the lawsuits, so that they are able to receive the outstanding amounts. The table below shows the amounts of accounts receivable which are in the legal department:

Description	Completed	Construction	Total
Due	122,054	59,486	181,540
To be due	5,080	4,386	9,466
On March 31 st , 2019	127,134	63,872	191,006

As described in note 22 (b), the Company keeps, on March 31st, 2019, a provision of \$ 84,215 *Reais* (December 31st, 2019 – \$ 96,271 *Reais*) for the probable payment of damages to customers who have filed lawsuits.

7 Properties held for sale

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Land for incorporation	2,670	2,670	240,592	239,988
Property under construction			37,866	37,862
Property completed			109,248	104,080
	2,670	2,670	387,706	381,930
(-) Impairment completed property (i)			(26,540)	(26,540)
(-) Impairment land (i)	(2,670)	(2,670)	(62,789)	(62,795)
	(2,670)	(2,670)	(89,329)	(89,335)
	-	-	298,377	292,595
Current	-	-	(177,944)	(172,381)
Non-Current	-	-	120,433	120,214

(i) Due to strategies adopted by the Company with respect to inventory re-pricing and land evaluations by sale value.

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

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
Accrued cost incurred	139,852	139,780
Cost appropriated to units sold	(114,108)	(114,040)
Capitalized interest	70,791	70,791
Capitalized interest appropriated to units sold	(58,669)	(58,669)
At the end of the financial year / period	<u>37,866</u>	<u>37,862</u>

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

8 Other credits

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Advances to suppliers	506	504	598	596
In-court deposit	481	481	5,518	5,028
Transfers on undue financing (*)			476	400
Advances to employees	71	34	206	161
Others	41	9	102	546
Estimated losses for other credits	(510)	(510)	(510)	(510)
	589	518	6,390	6,221
Current	<u>(108)</u>	<u>(518)</u>	<u>(872)</u>	<u>(6,221)</u>
Non-Current	<u>481</u>	<u>-</u>	<u>5,518</u>	<u>-</u>

(*) 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, and further amortized after the approval of the legally-backed financial restructuring plan.

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9 Checking account with partners in the projects

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Zappi Construções e Empreend. Imobiliários Ltda.	14,198	14,198	14,198	14,198
CTS Empreend. Imob. Ltda.	-	-	17,624	17,624
Meta Holding S.A.	1,274	1,250	1,275	1,250
Others	946	946	946	946
Estimated losses for doubtful debtors	(16,418)	(16,394)	(34,043)	(34,018)
	-	-	-	-
Menin Incorporadora Ltda. (i)	1,190	1,064	1,365	1,256
L. Priori Incorporações Ltda. (i)	30,508	30,447	30,508	30,447
	31,698	31,511	31,873	31,703
Non-Current	31,698	31,511	31,873	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 resources 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 average period for the development and completion of the projects in which the funds are invested is 36 months, always based on the projects and on the physical-financial schedules of each work. The financial resources 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.

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

Description	Holding	Consolidated
On December 31 st , 2017	(16,234)	(33,858)
Complement / Reversal of estimated losses	(26)	(26)
On March 31 st , 2018	(16,260)	(33,884)
Complement / Reversal of estimated losses	(134)	(134)
On December 31 st , 2018	(16,394)	(34,018)
Complement of estimated losses	(24)	(25)
On March 31 st , 2019	(16,418)	(34,043)

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:

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
PIS	204	190	1,213	1,241
COFINS	927	860	5,583	5,709
CSLL	42	41	74	77
IRPJ	44	44	490	574
IRRF w/o financial investments	3		147	140
Others	21	22	1,520	1,480
	1,241	1,157	9,027	9,221
Current	(102)	(18)	(3,628)	(3,822)
Non-Current	1,139	1,139	5,399	5,399

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

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Investments in subsidiaries and jointly-owned subsidiaries	420,050	413,854	15,965	15,969
Provision for unsecured liabilities (b)	(94,190)	(92,003)	(230)	(230)
Investments (a)	325,860	321,851	15,735	15,739
Re-rating as liabilities	94,190	92,003	230	230
Appropriated financial charges (*)	9,440	9,243		
	<u>429,490</u>	<u>423,097</u>	<u>15,965</u>	<u>15,969</u>

(*) The Holding company raises interest-bearing financial resources, 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 Holding and related to the real estate units in inventories with the subsidiaries and jointly-owned subsidiaries are presented under this entry. In the consolidated balance sheet, they were re-rated for entry "Properties held for sale", which transfers are shown in Note 14.

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(a) Transfer of investments

Subsidiary	Balance on December 31 st , 2017	Equity Accounting	Balance on March 31 st , 2018	Balance on December 31 st , 2018	Profit shared	Equity Accounting	March 31 st , 2019
Viver Desenvolvimento Imobiliário Ltda. - Going through legally-backed financial restructuring	(9,047)	(143)	(9,190)	(75,633)		(2,223)	(77,856)
Viver Empreendimentos Ltda. - Going through legally-backed financial restructuring	465,290	(5,788)	459,502	387,694		6,511	394,205
Viver Participações Ltda. - Going through legally-backed financial restructuring	(110)		(110)	(169)		-	(169)
Inpar Participações e Associados Ltda. - Going through legally-backed financial restructuring	(1,931)	(1,503)	(3,434)	(2,454)		58	(2,396)
Inpar Investimentos II S.A. - Going through legally-backed financial restructuring	(8,221)		(8,221)	(8,221)		(12)	(8,233)
Viver Desenvolvimento e Construção Imobiliário Ltda. - Going through legally-backed financial restructuring	(5,316)	(22)	(5,338)	(5,367)		(10)	(5,377)
Inpar Projeto 126 SPE Ltda. - Going through legally-backed financial restructuring	3,026	(726)	2,300	2,948		-	2,948
Inpar Projeto 39 SPE Ltda - Going through legally-backed financial restructuring	134		134	-		-	-
Inpar Projeto 50 SPE Ltda - Going through legally-backed financial restructuring	6,328	341	6,669	7,314		(311)	7,003
Subsidiaries	450,153	(7,841)	442,312	306,112	-	4,013	310,125
Jointly-owned subsidiaries controlled by Viver Empreendimentos Ltda. - Going through legally-backed financial restructuring	4,292		4,292	12,225			12,225
Inpar Projeto 33 SPE Ltda.	43		43	50	(4)		46
Inpar Projeto 107 SPE Ltda.	78		78	77			77
Inpar Projeto 110 SPE Ltda.	2,959		2,959	2,947			2,947
Tibério - Inpar Projeto 133 SPE Ltda.	49		49	51			51
Tibério - Inpar Proj. Res. Guarulhos SPE Ltda.	288		288	284			284
Tibério - Inpar Proj. Res. ER-Barueri SPE Ltda.	(158)		(158)	(159)			(159)
Tibério - Inpar Projeto Residencial Ernesto Igel SPE Ltda.	777		777	264			264
Joinly-owned subsidiaries	8,328	-	8,328	15,739	(4)	-	15,735
Total	458,481	(7,841)	450,640	321,851	(4)	4,013	325,860

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(b) Provision for losses

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:

Companies	Holding			Consolidated		
	Balance on December 31 st , 2018	Increase/decrease	March 31 st , 2019	Balance on December 31 st , 2018	Increase/decrease	March 31 st , 2019
Viver Desenvolvimento Imobiliário Ltda. - Going through legally-backed financial restructuring	75,633	(2,223)	77,856			
Inpar Investimentos II S.A. - Going through legally-backed financial restructuring	8,221	(12)	8,233			
Viver Desenvolvimento e Construção Imobiliário Ltda. - Going through legally-backed financial restructuring	5,367	(10)	5,377			
Viver Vendas Ltda.	2,454	58	2,396			
Tibério - Inpar Projeto Residencial ER-Barueri SPE Ltda.	159		159	159		159
Viver Participações Ltda. - Going through legally-backed financial restructuring	169		169			
PMCS Participações S.A .				71		71
Provision for unsecured liabilities	92,003	(2,187)	94,190	230	-	230

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12 Fixed assets

Description	Holding		Consolidated	
	March 31st, 2019	March 31st, 2018	March 31st, 2019	March 31st, 2018
At the beginning of the year	3,066	4,573	4,374	5,922
Additions	14		21	
Depreciation	(375)	(381)	(385)	(391)
At the end of the period	<u>2,705</u>	<u>4,192</u>	<u>4,010</u>	<u>5,531</u>

13 Intangible assets

Description	Holding		Consolidated	
	March 31st, 2019	March 31st, 2018	March 31st, 2019	March 31st, 2018
At the beginning of the year	4,743	6,912	4,749	6,950
Amortizations	(542)	(542)	(543)	(557)
At the end of the period	<u>4,201</u>	<u>6,370</u>	<u>4,206</u>	<u>6,393</u>

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14 Loans & financing, bonds and Certificates of Real Estate Receivables

Breakdown of loans & financing, bonds and Certificates of Real Estate Receivables, net of transaction costs:

Modality	Indexer	Annual commissions and interest rate	Holding		Consolidated	
			March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Loans & financing						
SFH	TR	8.30% - 11.60%			45,941	44,817
Projects – CCB	CDI	Up to 6.5%			-	26,879
Projects - CCB/CCI	IGP-M	Up to 12%	175	167	175	167
			175	167	46,116	71,863
Bonds						
Issuance January 18 th , 2011 (a)	TR	8.77%	174,623	172,581	174,623	172,581
Issuance June 24 th , 2011 (b)	DI	5.75%	23,327	23,923	23,327	23,923
			197,950	196,504	197,950	196,504
Total debts			198,125	196,671	244,066	268,367
Current			(198,125)	(196,671)	(244,066)	(268,367)
Loans & financing			(175)	(167)	(46,116)	(71,863)
Bonds			(197,950)	(196,504)	(197,950)	(196,504)

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

(a) Issuance on January 18th, 2011 (first issuance)

The Company obtained an approval for its first public issuance program for the distribution of simple bonds, non-convertible into shares, in a single series, secured bonds and senior bonds in the amount of \$ 300,000 *Reais* in the amount of 300 bonds with a unit rated value of \$ 1,000 *Reais* each.

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

Collaterals comprise the conditional assignment of credit rights and bank accounts.

In 2019, interests in the amount \$ 1,600 *Reais* were paid.

(b) Issuance on June 24th, 2011 (second issuance)

The Company obtained an approval for its second public issuance program for the distribution of simple bonds, non-convertible into shares, in a single series, secured bonds in the amount of \$ 100,000 *Reais* in the amount of 10,000 bonds with a unit rated value of \$ 10,000 *Reais* 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 chattel mortgage of property owned by the Company and by subsidiaries and jointly-owned subsidiaries.

In 2019, interests in the amount \$ 596 *Reais* were paid.

Capitalized financial charges

Financial charges arising from loans, financing and bonds, 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.

	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Financial charges incurred	4,738	9,477	5,863	100,020
Capitalized financial charges (*)	-	-	-	(2,448)
Financial charges appropriated at the financial statement (Note 28)	<u>4,738</u>	<u>9,477</u>	<u>5,863</u>	<u>97,572</u>
	<u>Holding</u>		<u>Consolidated</u>	
<u>Financial charges included as “Properties held for sale”</u>	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Initial balance	9,243	18,577	41,688	72,025

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Capitalized financial charges (*)				2,448
Charges appropriated on the income statement (Notes 25 & 28)	197	(3,810)	1,155	(27,261)
Write-off of financial charges capitalized by impairment of the corresponding assets (Notes 7 & 29)		(5,524)		(5,524)
Final balance (Notes 7 & 11)	<u>9,440</u>	<u>9,243</u>	<u>42,843</u>	<u>41,688</u>

(*) Capitalized financial charges arise from loans obtained through the Brazilian Housing Finance System (SFH) and other funding lines such as the issuance of bonds, 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, certain areas no longer have a defined date for the deployment of the corresponding project, and, as a result, as of May 2012, interest is no longer capitalized in some areas considered as non-strategic to the Company, and are directly appropriated on the financial statement. The capitalized interest may be presented as follows, by origin of the corresponding funds raised:

<u>Capitalizes financial charges</u>	<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Brazilian housing finance system	-	2,448
Total balance (**)	-	2,448

(**) Only the financial charges from projects under construction are being capitalized.

15 Shared obligation on assignment of receivables

The operations of assignment of receivables through the issuance of Real Estate Credit Notes (CCIs) that the Company retained the risks and responsibilities over the assigned credits, with an obligation to repurchase the real estate credits in default (shared obligation), are rated as liabilities and the balances are made up according to the collaterals and the interest rate:

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	Discount rate - %	Holding		Consolidated	
		March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Collateral					
Fidejussory	12,00%			4,397	4,397
Chattel mortgage	13,00%		2,303		2,303
Fidejussory Guarantee/Chattel mortgage	11,25%			1,739	1,740
Fidejussory	10,95%			722	722
		-	2,303	6,858	9,162
Current		-	(2,303)	(4,765)	(6,794)
Non-Current		-	-	2,093	2,368

Non-Current balances may be as shown below per year of maturity:

Year of maturity	Consolidated	
	March 31 st , 2019	December 31 st , 2019
2020	886	1,161
2021	808	808
From 2022	399	399
	2,093	2,368

16 Suppliers

Certain balances of operations made with suppliers which were past due were negotiated. The table below shows the balance of suppliers, considering the renegotiation of debts to be due:

Debts	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Past due	785	928	8,400	9,088
To be due within 30 days	381	302	850	595
To be due from 31 to 60 days	214	338	308	871
To be due from 61 to 90 days	38	23	38	23
To be due from 91 to 120 days		24		31
To be due from 121 to 180 days	38	23	38	23
To be due after 180 days	242		718	13
	913	710	1,952	1,556
	1,698	1,638	10,352	10,644

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17 Accounts payable

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Commissions payable (i)			3,858	3,898
Dissolutions payable			40,513	37,224
Construction costs payable			1,892	2,912
Behavior modification agreement (ii)			4,155	4,155
Condo fee of completed units payable			25,983	23,348
Restructuring expenses	3,727	3,744	3,727	3,744
Other accounts payable	800	896	940	1,054
	4,527	4,640	81,068	76,335
Current	(4,527)	(4,640)	(78,445)	(73,749)
Non-Current	-	-	2,623	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) Estimated amount to be spent with Behavior Modification Agreements (TACs) with the town halls of Nova Lima and Porto Alegre.

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

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
2020	17	22
2021	24	24
From 2022	2,582	2,540
	2,623	2,586

18 Creditors under committed property

The liabilities refer to the purchase of land. In March 2019, \$ 75 *Reais* were paid for the land of the Total Life project.

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19 Advances from clients and others

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Advances from customers incorporations	8	8	4,154	4,017
Receipt from customers exceeding the appropriated revenue (Note 6) (i)			8,654	8,667
Physical exchanges (ii)			13,195	13,156
Current	8 (8)	8 (8)	26,003 (12,808)	25,840 (12,684)
Non-Current	-	-	13,195	13,156

- (i) Receipts from customers with amounts exceeding those of the receivables arising from the balances of the credits receivable arising from the sale of property are recorded as advances from clients in the 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 inventory for incorporation, 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) Loans & financing in checking accounts

Description (Assets)	Consolidated	
	March 31 st , 2019	December 31 st , 2019
Jive Asset Gestão de Recursos Ltda	9,224	12,317
Agre API Empreendimentos Imobiliários S.A.	4,813	5,485
Tiberio Inpar Proj. Res. Er-Barueri Spe Ltda.	153	153
Inpar Projeto 122 SPE Ltda.	69	69
Inpar Projeto 110 SPE Ltda.	52	52
Projeto Imob. Res. Viver Teresópolis SPE 63 Ltda	31	31
Inpar Projeto 128 SPE Ltda	29	29
	14,371	18,136

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<u>Description (Liabilities)</u>	<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Paladin Prime Residential Investors (*)	28,408	27,320
Inpar Projeto 33 SPE Ltda.	18	18
Tiberio - Inpar Projeto 133 SPE Ltda	23	17
Tiberio - Inpar Projeto 107 SPE Ltda	10	10
Viver Desenvolvimento Imobiliário Ltda. - Going through legally-backed financial restructuring		
	<u>28,459</u>	<u>27,365</u>
Current	<u>(23,209)</u>	<u>(20,798)</u>
Non-Current	<u>5,250</u>	<u>6,567</u>

(*) On February 07th, 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 \$ 20,000 *Reais*. The purpose of the DIP financing disbursement is to strengthen the working capital structure. In 2017, the money made available totaled \$ 14,200 *Reais*. In 2018, the funds of the DIP financing amounted to \$ 5,800 *Reais* and the amortizations totaled \$ 3,818 *Reais*.

On November 01st, 2018, a new provision of funds amounting to \$ 7.0 million *Reais* occurred as a result of a DIP Financing Agreement entered into on October 31st, 2018, between the Company and Paladin Prime Residential Investors (Brazil) LLC.

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 Holding 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 development of project incorporation and construction activities. These operations could produce a different result in the Holding, if they had been made with unrelated parties, not producing an effect on the consolidated income statement.

Among the current business with subsidiaries and jointly-owned subsidiaries, the following stand out: (i) the execution of construction agreements for projects; (ii) incorporation 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, directors and to the Audit Committee on March 31st, 2019, was \$ 862 *Reais* (March 31st, 2018 - \$ 779 *Reais*) and is appropriated as General and administrative expenses, as shown below:

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Description	Board of Directors	Statutory Management	Audit Committee	Total
Number of members (*)	5,00	2,00	3,00	10,00
Wage/compensation for corporate officers	46	753	32	831
Direct and indirect benefits	1	29	1	31
On March 31 st , 2019	47	782	33	862

Description	Board of Directors	Statutory Management	Audit Committee	Total
Number of members (*)	5,00	2,00	3,00	10,00
Wage/compensation for corporate officers		717	32	749
Direct and indirect benefits		29	1	30
On March 31 st , 2018	-	746	33	779

(*) 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 29th, 2019, established the annual global compensation of the Company's managers for the 2019 financial year within \$ 4,000 *Reais*.

21 Tax-related and labor obligations

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
Charges from the labor regulations	662	654	894	904
	662	654	894	904
Payment in installments - Law No. 11,941/09			1,268	1,313
Tax-related payment in installments	1,698	1,462	4,807	4,724
Payment in installments - Law No. 12,996/14			226	228
Payment in installments PERT - MP 783/17			24,941	25,392
Current taxes (i)	46	29	3,556	5,319
IPTU (municipal property tax) payable (ii)			9,976	8,992
Deferred IRPJ & CSLL			4,824	4,864
Deferred PIS & COFINS			5,737	5,719
	2,406	2,145	56,229	57,455
Current	(1,105)	(1,013)	(24,069)	(24,951)
Non-Current	1,301	1,132	32,160	32,504

- (i) Current taxes include overdue installments, plus interest and a fine, in the amount of \$ 2,135 *Reais* (December 31st, 2019: \$ 371 *Reais*), for which management plans to enter a process of payment in installments.

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- (ii) The Company has IPTU tax debts from lands in the amount of \$ 6,192 *Reais* and from units completed in inventory in the amount of \$ 3,784 *Reais*.

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

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
2020	7,718	8,622
2021	3,799	3,672
2022	3,450	3,334
From 2023	17,193	16,876
	<u>32,160</u>	<u>32,504</u>

In PERT, it was possible to migrate previous payments in installments, as well as the possibility of paying in installments all other overdue debts within April 30th, 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:

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
2019	1,658	2,444
2020	2,432	2,387
2021	2,390	2,357
2022	2,358	2,325
From 2023	16,103	15,879
	<u>24,941</u>	<u>25,392</u>

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 Holding, as PGFN Ordinance No. 1,207/2017 provides only for the compensation of their own credits, and due to this, MS 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 & social contribution and deferred PIS & COFINS

Description	Consolidated	
	March 31 st , 2019	March 31 st , 2018
At the beginning of the financial year	4,864	7,174
Corrections	25	
Expenses (revenue) in the income statement	(65)	(260)
Deferred income tax & social contribution	4,824	6,914
Deferred PIS & COFINS	5,737	7,894
Deferred taxes	<u>10,561</u>	<u>14,808</u>

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

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<u>Description</u>	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Loss before income tax & social contribution	(14,796)	(18,658)	(14,747)	(20,636)
Corrections to reflect the actual tax rate				
Income from equity interests	(4,013)	7,841	-	-
Calculation basis	(18,809)	(10,817)	(14,747)	(20,636)
Nominal tax rate - %	34	34	34	34
Nominal charge (credit)	(6,395)	(3,678)	(5,014)	(7,016)
Unconsolidated credit	6,395	3,678	6,395	3,678
Effect of subsidiaries and jointly-owned subsidiaries taxed by presumed income and RET			(1,457)	4,787
Income tax & social contribution	-	-	(76)	1,449
Current	-	-	(141)	1,189
Deferred	-	-	65	260
Income tax & social contribution	-	-	(76)	1,449

22 Provisions

<u>Description</u>	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>	<u>March 31st, 2019</u>	<u>December 31st, 2019</u>
Provision for assurance of works (a)			3,481	3,582
Provision for lawsuits (b)	10,725	11,496	110,314	122,677
	10,725	11,496	113,795	126,259
Current	-	-	(2,872)	(2,975)
Non-Current	10,725	11,496	110,923	123,284

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(a) Provision for assurance of works

The money transfers for the provision may be as follows:

	Consolidated	
	March 31st, 2019	December 31st, 2019
At the beginning of the financial year	3,582	3,216
Complement (reversal) of provision	(101)	366
At the end of the financial year / period	<u>3,481</u>	<u>3,582</u>

The provision for assurances is made up to cover eventual disbursements to cover expenses during the warranty period of the projects, which are not the responsibility or which are not eventually covered by the companies contracted to build the project.

(b) Provision for lawsuits

Description	Holding		Consolidated	
	March 31st, 2019	December 31st, 2019	March 31st, 2019	December 31st, 2019
From labor regulations	2,940	3,219	7,510	8,218
Tax-related			2,581	2,610
Civil	3	3	16,008	15,578
Civil - damages, fines and other losses with customers	7,782	8,274	84,215	96,271
Non-Current	<u>10,725</u>	<u>11,496</u>	<u>110,314</u>	<u>122,677</u>

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

	Holding		Consolidated	
	March 31st, 2019	December 31st, 2019	March 31st, 2019	December 31st, 2019
At the beginning of the financial year	11,496	9,740	122,677	124,413
Complement (return) of provision (Note 29)	(771)	1,756	(12,363)	(1,736)
At the end of the financial year / period	<u>10,725</u>	<u>11,496</u>	<u>110,314</u>	<u>122,677</u>

Among the provisions from labor regulations, as of March 31st, 2019, the Company and its subsidiaries are party to 226 labor lawsuits, including probable, possible and remote estimates, 88.9% of which relate to cases in which the Company is liable for subsidiary and joint liability, for which a provision for probable losses was made, the balance of which, as of March 31st, 2019, is \$ 7,510 *Reais* (December 31st, 2019 - \$ 8,218 *Reais*).

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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. 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 purchaser 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 analyzes of the lawsuits.

The Company also monitors the correlated movements occurring in the industry in order to constantly reassess the impacts on its operations and consequent repercussions on the accounting 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:

Description	Holding		Consolidated	
	March 31 st , 2019	December 31 st , 2019	March 31 st , 2019	December 31 st , 2019
From labor regulations	1,203	2,663	4,585	6,023
Tax-related			1,985	1,907
Civil	24,698	25,402	35,261	36,175
Civil - damages, fines and other losses with customers	5,739	5,737	106,433	123,098
	<u>31,640</u>	<u>33,802</u>	<u>148,264</u>	<u>167,203</u>

Due to the Company's legally-backed financial restructuring plan described in note 1, the civil claims were reduced.

23 Net worth

23.1 Capital stock

Description	Number of shares
Balance on December 31 st , 2017, and on March 31 st , 2018	4,301,368
Capital stock increase in compliance with the Legally-backed Financial Restructuring Plan	441,093,553
Balance on December 31 st , 2018	445,394,921
Capital stock increase in compliance with the Legally-backed Financial Restructuring Plan	17,775,438
Balance on March 31 st , 2019	<u>463,170,359</u>

In 2017, \$ 93 *Reais* from convertible bonds were converted into shares, with the Company's capital stock going to \$ 1,319,544 *Reais*, split into 4,301,368 registered, common shares with no face value.

On May 21st, 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 \$ 571,247 *Reais* at the issuance price of \$ 1.98 *Real* (One *Real* and ninety-eight cents of *Real*) each, totaling an issuance of 288,508,781 registered, common shares with no face value.

On November 12th, 2018, the Board of Directors approved the partial increase in the capital stock at the Board of Directors' Meeting on August 01st, 2018, within the authorized capital, which, partially subscribed, resulted in an increase in the amount of \$ 302,118 *Reais* at the issuance price of \$ 1.98 *Real*

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(One *Real* and ninety-eight cents of *Real*) 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 08th, 2019, the Board of decided to approve the Capital Increase approved on December 13th, 2018, which, partially subscribed, totaled an increase in the amount of \$ 35,195 *Reais*, with the consequent issuance of 17,775,438 common shares, all registered, without certificates and with no face value, at the issuance price of \$ 1.98 *Real* (One *Real* and ninety-eight cents of *Real*) per share.

This way, the Company's capital stock increased to \$ 2,228,183 *Reais*, represented by 463,170,359 registered, common shares with no face value (\$ 2,192,987 *Reais* as of December 31st, 2018).

The capital increases are intended to comply strictly with the provisions contained in the Legally-backed Financial Restructuring Plan approved by the Company's creditors and by the qualified 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 made in prior financial years, totaling \$ 37,855 *Reais*.

23.3 Dividend policy

According to the Company's articles of incorporation, 5% out of the net income for the financial year will be allocated for legal reservation, 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 and diluted loss per share as of March 31st, 2019, is \$ 0.03 *Real* (March 31st, 2018 - basic and diluted loss of \$ 4.34 and \$ 2.46 *Reais*, respectively).

(a) Basic loss per share

	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Loss attributable to Company shareholders	(14,796)	(18,658)
Weighted average number of outstanding common shares	<u>459,907,470</u>	<u>4,301,368</u>
Basic loss per share - \$ <i>Reais</i>	<u>0.0322</u>	<u>4.3377</u>

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(b) Diluted loss per share

	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Loss for the financial year	(14,796)	(18,658)
Weighted average number of outstanding shares	459,907,470	4,301,368
Presumed conversion of convertible bonds *	-	3,272,959
Number of shares for diluted loss purposes	<u>459,907,470</u>	<u>7,574,327</u>
Basic loss per share - \$ Reais	<u>0.0322</u>	<u>2.4633</u>

(*) In May 2018, the convertible bonds were converted into shares as provided for in the Legally-backed Financial Restructuring Plan.

25 Gross profit (loss)

<u>Description</u>	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Revenue from real estate	-	-	(3,812)	2,419
Revenue from services	<u>147</u>	<u>-</u>	<u>147</u>	<u>-</u>
Gross operating revenue	<u>147</u>	<u>-</u>	<u>(3,665)</u>	<u>2,419</u>
Taxes levied against	<u>(21)</u>	<u>-</u>	<u>108</u>	<u>(111)</u>
Net operating revenue	<u>126</u>	<u>-</u>	<u>(3,557)</u>	<u>2,308</u>
Costs with land, incorporation, construction and services	-	-	629	(3,172)
Financial charges	<u>-</u>	<u>-</u>	<u>1,155</u>	<u>(1,837)</u>
Costs with properties	<u>-</u>	<u>-</u>	<u>1,784</u>	<u>(5,009)</u>
Gross profit (loss)	<u>126</u>	<u>-</u>	<u>(1,773)</u>	<u>(2,701)</u>

Since 2014 there have been no new 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 then appropriated margin on these sales. The reconciliation of the gross profit with the projects under construction is shown in Note 30.

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26 General and administrative expenses

<u>Description</u>	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Salaries and charges	(1,823)	(1,669)	(2,144)	(2,169)
Advisory & consulting	(824)	(69)	(1,096)	(319)
Corporate expenditures	(152)	(165)	(218)	(216)
Rents	(86)	(80)	(88)	(86)
	<u>(2,885)</u>	<u>(1,983)</u>	<u>(3,546)</u>	<u>(2,790)</u>
Restructuring expenses	(719)	(895)	(719)	(981)
Depreciation & amortization	(917)	(923)	(928)	(948)
	<u>(1,636)</u>	<u>(1,818)</u>	<u>(1,647)</u>	<u>(1,929)</u>
	<u>(4,521)</u>	<u>(3,801)</u>	<u>(5,193)</u>	<u>(4,719)</u>

The Company has been working to reduce its administrative expenses since the 2012 financial year (Note 1).

27 Expenses with sales

<u>Description</u>	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Advertising			(158)	(296)
Commissions			(61)	(130)
Expenses with assurance of works			(314)	(210)
Estimated losses	(2)	(3)	7	48
Other expenses			(91)	(108)
	<u>(2)</u>	<u>(3)</u>	<u>(617)</u>	<u>(696)</u>

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28 Financial statement

	<u>Holding</u>		<u>Consolidate d</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Financial income				
Interest and monetary correction	39	160	465	3,737
Income from investments			51	14
Other financial income			5	474
	<u>39</u>	<u>160</u>	<u>521</u>	<u>4,225</u>
Financial expenses				
Charges on agreements	(4,738)	(5,510)	(5,863)	(13,737)
Appropriated corporate charges (Note 14)	197	(449)		
Fine	(51)	(45)	(403)	(116)
Interest	(36)		(476)	(1,685)
Deductions granted	(1)		(927)	(1,653)
Other financial expenses	(2)	(5)	(5,303)	(1,090)
	<u>(4,631)</u>	<u>(6,009)</u>	<u>(12,972)</u>	<u>(18,281)</u>

Some projects related to certain lands were shut-down and, as a result, as of May 2012, interest was no longer capitalized, and started being appropriated directly on the financial statements, reflecting in the decrease of the capitalized corporate charges and in the increase of the financial expenses.

29 Other income and operating expenses

	<u>Holding</u>		<u>Consolidated</u>	
	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>	<u>March 31st, 2019</u>	<u>March 31st, 2018</u>
Other income and operating expenses				
Provision for lawsuits (Note 22)	771	(897)	12,363	1,801
Estimated losses	(24)	(26)	(25)	(26)
IPTU and condo fees of completed units in stock			(991)	
Agreements with creditors - Legally-backed Financial Restructuring	(10,566)		(5,698)	
Other income and operating (expenses)	(1)	(241)	(362)	(239)
	<u>(9,820)</u>	<u>(1,164)</u>	<u>5,287</u>	<u>1,536</u>

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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:

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
Units sold under construction	69,784	69,341
Units in stock under construction	18,770	18,642
Budgeted cost to be incurred (*)	88,554	87,983
Inventory of properties under construction (Note 7)	37,866	37,862
Total cost to be appropriated in the future	126,420	125,845

(*) Construction commitments do not include financial charges and provision for assurance, 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:

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
Contracted sale to be appropriated (Note 6)	85,122	84,441
Cost to be incurred on units sold (*)	(69,784)	(69,341)
	15,338	15,100
Gross margin percentage to be appropriated (*)	18.0%	17.9%
Estimate of taxes (PIS & COFINS) (**)	(3,107)	(3,082)
Expenses with unearned sales	(1,293)	(1,288)
	10,938	10,730
Margin percentage to be appropriated (*)	12.8%	12.7%

(*) Construction commitments do not include financial charges and provision for assurance, 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% as Cofins.

The variation of the contracted sales to be appropriated compared to December 31st, 2019, is represented by new sales, net of dissolutions, occurring in the period, less 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.

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

Description	Consolidated	
	March 31 st , 2019	December 31 st , 2019
Appropriate revenue from projects under construction (Note 6)	145,442	145,047
(-) Canceled sales	(19,188)	(19,188)
(-) Estimated losses	(2,332)	(2,454)
(-) Contributions to PIS & COFINS	(4,093)	(4,083)
Appropriated cost of projects under construction (Note 7)	(114,108)	(114,040)
Total	5,721	5,282
Income appropriated in previous financial years	(5,551)	(2,999)
Income appropriated in the financial year	170	2,283
Provision for assurance of works	(3)	(13)
Financial charges appropriated at the income of the financial year (Note 14)	-	(1,643)
Gross income from projects under construction	167	627
Gross income from completed projects and other projects	(1,940)	(32,875)
	(1,773)	(32,248)

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

31 Subsequent events

(a) Reverse stock split

On April 12th, 2019, the Special General Meeting approved the reverse stock split of four hundred sixty-three million, one hundred and seventy thousand, three hundred and fifty-nine (463,170,359) registered, common shares without certificates, with no face value, issued by the Company at a ratio of ten (10) shares to form one (1) share (“Reverse Split”). The reverse stock split occurred in compliance with the Official Memorandum from July 12th, 2018, No. 1,446/2018-SAE (“Official Memorandum”), submitted by the Superintendence of Monitoring of Companies and Offers of Securities and Variable Income of B3, informing that, from 5/29/2018 to 7/11/2018, the shares issued by Viver remained quoted below \$ 1.00 (one *Real*) per unit, evidencing the non-compliance with items 5.1.2 (vi) and 5.2 of the Issuer Manual and 5.2 (f) of the Regulations for the Listing of Issuers and Entry to the Trading of Securities of B3.

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The main purposes of the reverse stock split of the shares issued by the Company are to: (i) reduce the volatility of the shares and (ii) provide a better level for the quotation of the shares issued by the Company in order to prevent undermost fluctuations, in cents, from representing high percentages in line with the guidelines and rules of registration of issuers of B3.

With the reverse stock split, the capital stock of \$ 2,228,183 *Reais* became represented by 46,317,035 registered, common shares with no face value.

(b) Approval for the execution of an off-court auction

On April 11th, 2019, a meeting of the Board of Directors approved the execution of an off-court auction to sell twenty-one (21) real estate units in stock of the Company. Considering the costs related to the maintenance in stock of units which are ready (such as maintenance expenses, condo fees and taxes), as well as the Company's cash needs, a public off-court auction 2 was approved, with no reservations, with the purpose of selling twenty one (21) real estate units of projects "Mirante do Sol" in Nova Lima (MG) and "The Spot" in Ribeirão Preto (SP), considering a minimum initial bid of two million and four hundred *Reais* (\$ 2,400) for the units altogether.

32. 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.