

CR2 ANNOUNCES ITS RESULTS FOR 2Q19

Rio de Janeiro, August 14th, 2019 – CR2 Empreendimentos Imobiliários S.A. (Bovespa: CRDE3; OTC: CREIY) announces its results for the second quarter of 2019 (2Q19). The company's consolidated financial statements are prepared according to accounting practices adopted in Brazil pursuant to the Law of Corporations and regulations issued by the Brazilian Securities and Exchange Commission (CVM).

2Q19 HIGHLIGHTS

- Signing of the definitive deed of the Parque das Águas Land, concluding the sale process;
- Cash and Cash Equivalents of R\$ 25,906 thousand;
- Zero Corporate Debt.

INVESTOR RELATIONS

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OPERATING AND FINANCIAL HIGHLIGHTS

Consolidated Financials (R\$'000)	2Q19	2Q18	Δ2Q/2Q	2Q19	Δ2Q/1Q
Net Operating Revenue	83	1.468	-94,3%	28.006	-99,7%
Gross Profit	(499)	257	-294,0%	(3.039)	-84%
% Gross Profit Margin	-600,6%	17,5%	-618,1 p.p.	-10,8%	-589,8 p.p.
Gross Profit (ex-SFH Interest)	(495)	311	-259,0%	(3.010)	-84%
%Gross Profit Margin (ex-SFH Interest)	-596,3%	21,2%	-617 p.p.	-10,7%	-585,5 p.p.
EBITDA(1)	(1.508)	(2.092)	27,9%	(5.411)	72%
% EBITDA Margin	-1816%	-143%	-1674 p.p.	-19%	-1797 p.p.
Net Profit before minority interest	(1.055)	(1.595)	33,9%	(6.167)	83%
% Net Margin before minority interest	-1271,1%	-108,7%	-1162 p.p.	-22,0%	-1249 p.p.
Net Profit	(1.057)	(1.450)	27,1%	(6.063)	83%
% Net Margin	-1273%	-99%	-1175 p.p.	-22%	-1252 p.p.
Basic Earnings per Share - EPS R\$	(0,44)	(0,03)	-1225,4%	(2,55)	82,9%
Revenues to be Recognized	0	0	-	0	-
Results to be Recognized	0	0	-	0	-
Margin to be Recognized	0,0%	0,0%	0,0 p.p.	0,0%	0,0 p.p.
Cash	25.906	23.588	9,8%	27.155	-4,6%
Net Debt (ex-SFH)	0	0	-	0	-
Net Debt (ex-SFH) / Shareholders Equity	-	-	-	-	-
Net Debt	0	0	-	0	-
Net Debt / Shareholders Equity	-	-	-	-	-
Shareholders Equity	160.435	186.770	-14,1%	161.492	-0,7%

Operating (R\$'000)	2Q19	2Q18	Δ2Q/2Q	2Q19	Δ2Q/1Q
Total Contracted Sales ⁽²⁾	474	1.686	-71,9%	1.377	-65,6%
Total Contracted Sales (%CR2) ⁽²⁾	454	1.345	-66,2%	1.311	-65,4%
Sales over Supply - SoS (%CR2) ⁽³⁾	30,9%	23,8%	7 p.p.	50,4%	-19,5 p.p.
Units Sold in the Period	4	9	-55,6%	7	-42,9%

(1) EBITDA— adds back to Net Profit: minority interest, taxes and social tax, D&A, financial expense, SFH interest, sales stand amortization and ESOP.

(2) Excluding financial income. Physical exchange net for Villaggio del Mare, Barra Allegro and Via Parque, and financial exchange net for the Verano project.

(3) Sales over Supply (SoS): [contracted sales of the period / (inventory at the beginning of the period + physical exchange net entries of the period)].

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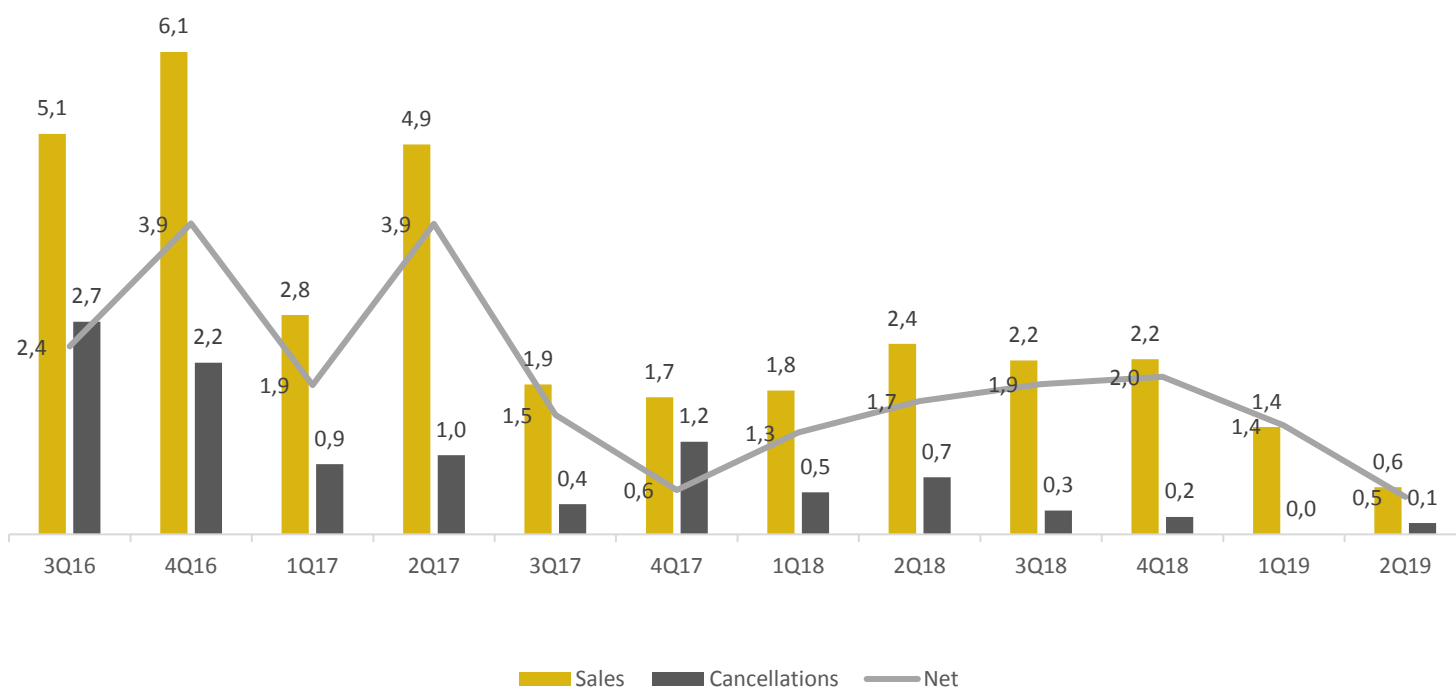
CONTRACTED SALES

Contracted sales net of cancellations totaled R\$ 500 thousand in 2Q19, a 71% reduction in comparison to 2Q18.

In view of the scenario of deterioration of the Brazilian economy, the Company adopted the strategy of monetizing its assets and reducing the G&A, focusing most of the efforts on the sale of the units in stock.

As a result of this strategy the the inventory of units reduces and therefore the contracted sales. The cancellations keeps decreasing, now represented by a residual base with a harder an slower cancellation process.

Gross Contracted Sales x Cancellations (R\$ Millions)

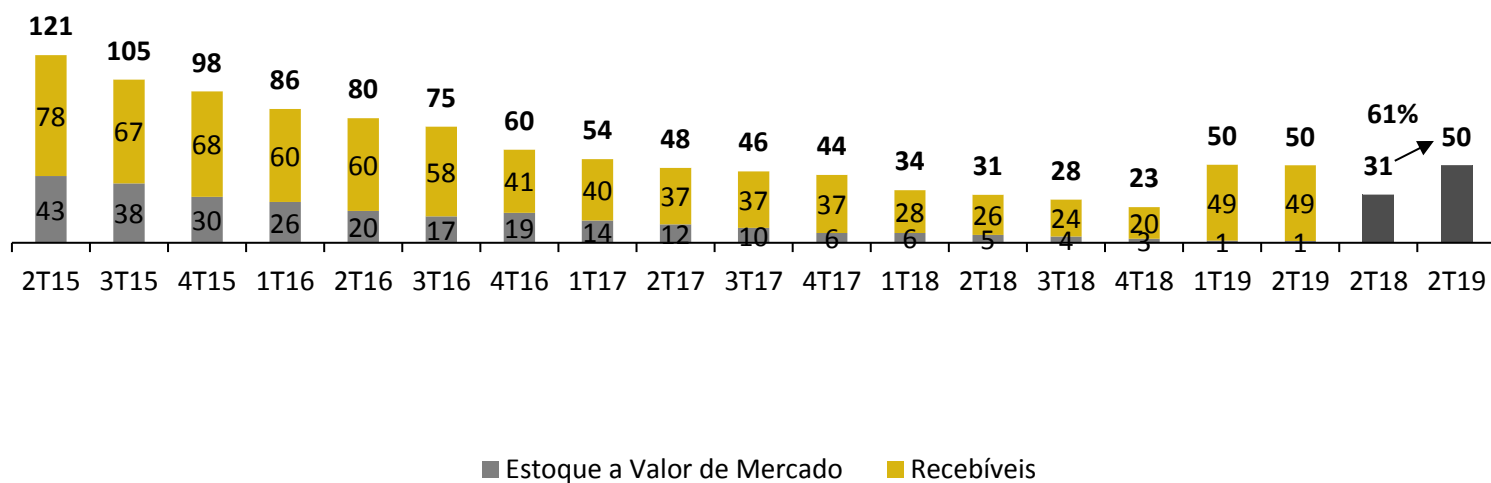


INVENTORY AT MARKET VALUE AND RECEIVABLES

We ended the 2Q19 with R\$ 1.1 million of inventory at market value, presenting a 78% reduction in comparison with 2Q18 and 24% in comparison with 1Q19 (R\$ 1.3 million).

Receivables from clients totaled R\$ 49 million in this quarter, a 88% increase over 2Q18, leveraged by the Parque das Águas land sale.

The sum of Inventory (at market value) + Receivables, when compared to 2Q18, increased 61%.

Evolução - Recebíveis + Estoque (R\$ Milhões)

The next three tables shows the breakdown of Inventory at Market Value per SPE, the statement of the main receivables and the breakdown of Receivables from Clients per SPE.

Currently the Campinho development has the most significant participation in the inventory, which represents 69% (R \$ 725 thousand) of the value of Inventories.

Inventory Market per SPE (R\$ '000)											
SPEs	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	%(2Q19)
Jardim Paradiso	2.355	2.933	2.471	696	1.166	1.046	818	580	123	114	11%
Jardim Paradiso 1-A	250	356	356	230	463	237	123	123	123	0	0%
Jardim Paradiso 1-B	2.105	2.577	2.115	465	703	809	695	456	0	114	11%
Parque das Águas	6.893	4.762	3.761	1.824	1.960	1.462	616	155	0	0	0%
Green	0	0	0	475	456	456	456	0	0	0	0%
Verano I	0	0	0	0	0	0	0	0	0	0	0%
Verano II	1.293	690	500	499	475	475	475	0	0	0	0%
Verano III	0	0	0	0	0	0	0	0	0	0	0%
Campinho	1.800	1.350	1.052	1.160	725	725	580	580	725	725	69%
SP 1	165	165	165	428	143	0	0	0	0	0	0%
Aqua Park 1	0	0	0	0	0	0	0	0	0	0	0%
Aqua Park 2	165	165	165	143	143	0	0	0	0	0	0%
Aqua Park 3	0	0	0	162	0	0	0	0	0	0	0%
Top Life Itamaraty	0	0	0	0	0	0	0	0	0	0	0%
Mirante Bonsucesso	0	0	0	124	0	0	0	0	0	0	0%
Top Life Park	0	0	0	0	0	0	0	0	0	0	0%
Residências Premium	430	430	430	850	450	450	450	450	0	0	0%
HC Felicitá	595	595	300	257	238	238	209	209	0	0	0%
Barra Allegro	575	575	575	0	428	0	0	0	0	0	0%
Splendor Valqueire I	320	320	320	219	219	219	219	551	551	219	21%
Splendor Valqueire II	0	0	0	0	0	0	0	0	0	0	0%
Splendor Valqueire III	0	0	0	0	0	0	0	0	0	0	0%
CIMOL	0	0	0	0	0	0	0	0	0	0	0%
Total:	14.426	11.819	9.574	6.406	6.258	5.070	3.822	2.525	1.399	1.058	100%

EARNINGS RELEASE 2Q19

At the end of 2Q19, Receivable from Clients totaled R\$ 48.9 million, of which R\$ 29,2 million refers to the Parque das Águas land sale and R\$ 17.4 million refers to Link financial swap, whose occupancy permit was issued in 2Q14.

Accounts Receivable from Transfer of Receivables is constituted when the credit is transferred to banks and turns into cash according to the registration of contracts in the Post-key Transfer of Receivables financial model, and according to construction works' percentage of completion in the "Crédito Associativo" financing model. This account ended 2Q19 with R\$ 766 thousand, while Direct Financing ended the quarter on zero.

(R\$ '000)	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Receivables from Real Estate Sales	79.191	68.037	67.725	60.543	59.847	58.047	40.930	39.643	36.809	37.473	28.202	26.420	26.420	23.973	20.446	49.518	49.575
Revenues to be Recognized	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advances from Clients	(1.019)	(1.031)	(140)	(116)	(120)	(128)	(125)	(125)	(142)	(60)	(397)	(486)	(486)	(37)	(4)	(459)	(648)
TOTAL Receivables from Clients	78.172	67.006	67.585	60.427	59.727	57.919	40.805	39.518	36.666	37.413	27.805	25.934	25.934	23.936	20.442	49.059	48.927
Receivable from Transfer of Receivables	21.080	17.063	6.269	14.368	13.240	9.950	6.642	5.436	5.413	847	2.030	1.260	1.260	983	675	362	766
Direct Finacing	3.024	3.030	2.965	2.723	2.236	1.599	965	733	705	465	126	29	29	8	0	0	0
TOTAL Receivables	102.276	87.099	76.818	77.518	75.203	69.468	48.412	45.687	42.785	38.725	29.961	27.223	27.223	24.927	21.118	49.421	49.693

SPEs	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	Indexation
SPE 23 (Link)	41.273	42.344	42.817	28.049	27.403	27.513	27.642	27.981	20.529	20.473	20.482	17.781	17.481	17.397	IGP-M +12% a.a.*
Jardim Paradiso	4.084	3.008	2.744	2.045	1.485	609	604	699	303	8	8	0	0	0	IGP-M +12% a.a.
Parque das Águas	6.193	6.164	4.783	4.149	3.809	2.898	2.857	2.400	2.286	2.158	1.465	1.470	29.986	30.595	IGP-M +12% a.a.
Green	4.277	4.139	3.887	3.107	3.119	2.536	2.494	1.919	1.250	1.213	902	0	0	0	IGP-M +12% a.a.
Campinho	983	726	436	436	436	701	707	689	519	549	254	350	222	0	IGP-M
SP 1	1.612	1.307	1.307	1.453	1.426	750	749	2.474	1.640	793	126	227	249	220	IGP-M
Acqua Park 1	87	306	292	113	108	91	90	88	87	44	44	80	0	0	IGP-M
Acqua Park 2	142	142	142	351	351	0	0	0	0	0	0	0	0	0	IGP-M
Acqua Park 3	555	276	126	126	304	126	126	1	1	1	1	0	0	0	IGP-M
Top Life Itamaraty	461	211	370	211	146	146	0	146	0	0	0	0	0	0	IGP-M
Mirante Bonsucesso	205	210	216	491	355	227	227	3	148	150	1	0	0	0	IGP-M
Top Life Park	161	161	161	161	161	161	161	161	161	81	81	148	0	0	IGP-M
Manauá	0	0	0	0	0	0	0	2.074	1.296	519	0	0	0	0	INCC-DI
Residências Premium	432	439	446	449	719	536	455	0	0	0	0	0	384	0	IGP-M +12% a.a.
HC Felicità	667	693	436	205	207	208	209	210	211	0	0	0	142	133	IGP-M +12% a.a.
Barra Allegro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	IGP-M +12% a.a.
Splendor Valqueire I	411	414	569	419	420	421	420	421	549	349	349	216	219	216	IGP-M +12% a.a.
Splendore Valqueire II	0	0	0	0	0	0	0	0	0	0	0	0	0	0	IGP-M +12% a.a.
Splendore Valqueire III	0	0	0	0	0	0	0	0	0	0	0	0	0	0	IGP-M +12% a.a.
CIMOL	494	494	494	494	494	494	494	621	518	391	351	399	378	367	IGP-M +12% a.a.
Total:	60.427	59.727	57.919	40.805	39.518	36.666	36.631	37.413	27.805	25.934	23.936	20.442	49.059	48.927	-

* From July/14. INCC prior to this date.

LAND BANK

The land Cidade Paradiso and Parque das Águas represent 89% of the book value in the Company's land bank.

The land Parque das Águas was negotiated by the amount R\$ 31.0 million, as informed on the last reports disclosed by the Company and its definitive deed has been signed, ending the sale process.

Project	City (State)	Segment	Book Value (R\$'000)	Book/m ² (R\$'000)	%CR2
Cidade Paradiso	Nova Iguaçu (RJ)	Economy	76.552	29	100%
Diamond	Campo Grande (RJ)	Medium/Commercial	7.206	1.803	80%
Sta. Cecília - Madureira	Nova Iguaçu (RJ)	Economy	5.442	9	100%
Total			89.200	27	

ANALYSIS OF THE INCOME STATEMENT

In 2Q19, Net Revenue totaled R\$ 83 thousand, compared to R\$ 1,468 thousand in 2Q18.

Gross losses ex-SFH interest totaled R\$ 495 thousand, compared to R\$ 311 thousand of gross Profit in 2Q18.

(R\$ '000)	2Q19	2Q18	Δ2Q/1Q	2Q19	Δ2Q/1Q
Net Revenue	83	1.468	-94%	28.006	-100%
Gross Profit	(499)	257	-294%	(3.039)	-84%
Gross Margin	-600,6%	17,5%	-618,1 p.p.	-10,8%	-589,8 p.p.
SFH Interest Impact	4,3 p.p.	3,7 p.p.	64,4 p.p.	0,1 p.p.	424,3 p.p.
Gross Profit (ex-SFH Interest)	(495)	311	-259%	(3.010)	-84%
Gross Margin (ex-SFH Interest)	-596,3%	21,2%	-617,5 p.p.	-10,7%	-585,5 p.p.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

G&A was R\$ 2.184 million in this quarter, presenting a reduction of 20% when compared to 2Q18 (R\$ 2.742 million).

In comparison with the 1Q19 the G&A increased 3%, mainly because of the 120% increase in the legal expences. This is an item that presents variations at each quarter, due to the costs and timeframes of each legal cause, and the increase in the second quarter has been recurring over the years, as can be observed.

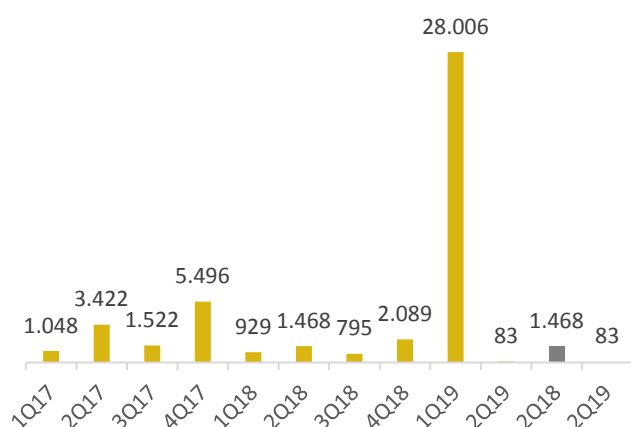
(R\$ '000)	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2Q19/2Q18
G&A	3.394	3.129	3.042	2.996	2.897	2.578	2.130	2.742	3.021	2.419	2.128	2.184	-20%
Personnel Expenses	1.307	963	1.019	695	1.241	1.012	1.090	728	1.317	786	1.163	758	4%
Rent (HQ)	27	30	30	30	30	28	26	23	58	43	6	7	-70%
Condominium (SPEs)	310	427	314	164	289	92	115	135	425	25	19	-10	-108%
Unit Sold	8	85	14	9	111	3	6	1	2	-1	0	-3	-449%
Inventory	302	342	300	156	179	89	109	134	423	26	19	-7	-105%
Legal Expenses	1.116	1.108	1.061	1.468	1.011	1.076	511	1.490	716	1.105	486	1.068	-28%
Others	634	601	618	639	325	370	388	366	505	460	454	361	-1%

GROSS PROFIT AND NET PROFIT

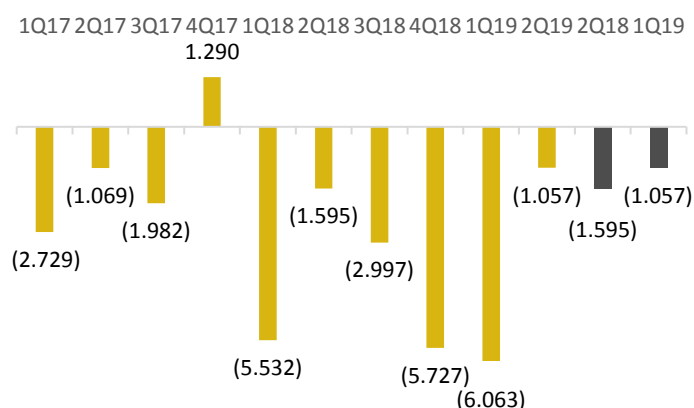
In the 2Q19 the Company's Net Losses totaled R\$ 1,057 thousand compared to R\$ 1,595 thousand losses in 2Q18.

The Net Revenue was R\$ 83 thousand in the 2Q19, compared to R\$ 1,468 thousand in 2Q18.

Net Revenue (R\$ '000)



Net Profit (R\$ '000)



STATEMENT OF CASH FLOW

The net cash in the 2Q19 was negative in R\$ 1,249 thousand compared to negative R\$ 220 in the 2Q18.

Statement of Cash Flow (R\$ '000)	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Losses Before Corporate Income Tax and Social Tax on Net Income	(2.034)	2.309	(7.416)	(1.427)	(2.674)	(10.081)	(5.061)	(1.095)
Reconciliation of net income to net cash provided by operating activities	81	(1.167)	5.438	(364)	(639)	13.161	437	(960)
Assets' Variation	2.173	4.525	1.044	2.100	4.164	7.660	3.063	597
Receivables from real estate development and sales	77	(697)	1.824	2.109	3.014	(1.205)	(28.182)	727
Receivables from third parties	3.053	1.810	(1.059)	916	328	2.800	374	(389)
Real estate for sale	658	2.728	277	754	910	1.202	30.610	84
Others	(1.615)	684	2	(1.679)	(88)	4.863	261	175
Liabilities' Variation	(150)	(1.148)	762	(26)	(280)	89	515	1.138
Net Cash Provided by Operating Activities	70	4.519	(172)	283	571	10.829	(1.046)	(320)
Corporate Income Tax and Social Tax on Net Income paid	0	(398)	(216)	(89)	0	(430)	(135)	(121)
Net Cash from investing activities	1	0	0	0	4	1.604	396	(792)
Debt	0	0	0	0	0	0	0	0
Debentures (net)	0	0	0	0	0	0	0	0
Loans and financing (net)	0	0	0	0	0	0	0	0
Real Estate Receivables Certificate - CRI (Link)	(15)	(277)	(8)	(12)	(5)	(8)	(3)	(15)
Real estate credit assignments	(188)	(285)	(8)	(12)	(5)	(8)	(3)	(15)
Secured amounts as collateral on the CRI	173	8	0	0	0	0	0	0
Financing Activities with Shareholders	(2)	(645)	0	(402)	(400)	(7.719)	(91)	(1)
Noncontrolling interest	(3)	(322)	0	(2)	(399)	(8.004)	114	(1)
Others	1	(323)	0	(400)	(1)	285	(205)	0
Net Increase /(decrease) in Cash and Cash Equivalents	54	3.199	(396)	(220)	170	4.276	(879)	(1.249)

APPENDIX I – INCOME STATEMENT

Income Statement (R\$ '000)	2Q19	2Q18	Δ2Q/2Q	2Q19	Δ2Q/1Q
Net Operating Revenue	83	1.468	-94%	28.006	-100%
Cost of real estate development and sale (Ex-SFH Interest)	(582)	(1.157)	-50%	(31.045)	-98%
SFH Interest	(4)	(54)	-93%	(28)	-87%
Gross Profit	(499)	257	-294%	(3.039)	-84%
Gross Margin	-600,6%	17,5%	-618 p.p.	-10,8%	-589,8 p.p.
Gross Margin(ex-SFH Interest)	-596,3%	21,2%	-617 p.p.	-10,7%	-585,5 p.p.
Operating Revenue (Expenses)					
General and Administrative Expenses					
G&A (Ex-Stock Option Plan)	(2.184)	(2.742)	-20%	(2.128)	3%
Expenses with Stock Option Plan	0	0	-	0	-
Selling Expenses					
Selling Expenses (ex-Stands Amortization)	(22)	(58)	-62%	(37)	-41%
Stands Amortization	0	0	-	0	-
Depreciation and Amortization	(3)	(33)	-91%	(6)	-50%
Tax Expenses	(31)	(39)	-21%	(19)	63%
Other Operating Income (Expenses)	1.222	437	-180%	910	-
Operating Revenue (Loss) before Financing Results	(1.517)	(2.179)	-30%	(4.319)	-
Net Interest Income (Expense):					
Interest on Equity	-	-	0%	-	0
Financial Result	422	752	-44%	384	10%
Operating Revenue (Loss) after Financing Results	(1.095)	(1.427)	-23%	(3.935)	-
Real State Asset Sales Income (Loss)	0	-	-	-	-
Employees Profit Sharing	0	0	-	(83)	-
Income and social contribution taxes	38	(168)	-123%	(1.105)	-103%
Net Income (Loss) before Minority Interest	(1.055)	(1.595)	-34%	(5.123)	-
Net Margin Before Minority Interest	-1271,1%	-98,7%	-1172 p.p.	-18,3%	-1252,8 p.p.
Minority Interest	(2)	146	-99%	(10)	-
Reversal on interest equity	-	-	-	-	-
Net Income (Loss) in the Period	(1.057)	(1.449)	-27%	(5.133)	-
Net Margin After Minority Interest	-1273,5%	-108,7%	-1165 p.p.	-18,3%	-1255,2 p.p.
Weighted Average Shares Outstanding					
Basic Earnings per Share - EPS	(0,44)	(0,03)	1225%	(2,12)	-79%

Net Profit	2Q19	2Q18	Δ2Q/2Q	2Q19	Δ2Q/1Q
Net Profit	(1.057)	(1.449)	-27%	(5.133)	-79%
Minority Interest	2	(146)	-101%	10	-
Income tax and Social Contribution	(38)	168	-123%	1.105	-103%
Depreciation and Amortization	3	33	-91%	6	-50,0%
Financial Result	(422)	(752)	-44%	(384)	9,7%
SFH Interest	4	54	-93%	27	-86,8%
Stands Amortization	0	0	#DIV/0!	0	-
Expenses with Stock Option Plan	0	0	-	0	-
EBITDA	(1.508)	(2.092)	-28%	(4.369)	-
% EBITDA Margin	-1816,8%	-142,5%	-1674 p.p.	-358,3%	-1459 p.p.

APPENDIX II – BALANCE SHEET

Assests (R\$ '000)	4Q18	3Q18
Cash and Cash Equivalents	25.906	27.155
Financial Investments	0	0
Swap	0	0
Receivables from Real Estate Sales	9.671	2.457
Receivables from Third Parties	1.779	1.273
Properties for sale	8.182	8.267
Recoverable Taxes	1.804	1.806
Advances	1	0
Loan Operation with Related Parties	335	335
Receivables from Related Parties	0	0
Other Assets	3.459	3.492
Total Current Assets	51.137	44.785
Non-current Assets		
Receivables from Real Estate Sales	39.904	47.061
Receivables from Third Parties	1.746	1.848
Properties for sale	82.225	82.224
Loan Operation with Related Parties	0	0
Receivables from Related Parties	0	0
Tax Credits	0	0
Other Non-Current Assets	5.034	5.175
Investments	2.993	2.993
Net Property and Equipment	32	35
Difered	0	0
Intangible assets	0	0
Total Non-current Assets	131.934	139.336
Total Assets	183.071	184.121

Liabilities and Shareholder's Equity (R\$ '000)	4Q18	3Q18
Debentures	0	0
Bank Loans	0	0
Swap	0	0
Construction Financig - SFH	0	0
Advances from Customers	648	459
Real Estate Financing	0	0
Cash	0	0
Financial Swap	0	0
Deferred Income and Social Contribution Taxes	611	187
Provision for Taxes	1.139	1.174
Provision for Matters	688	688
Accounts Payable	4.346	4.184
Credit Assignments sold with guarantee	42	42
Dividend Payable	0	0
Capital Decrease	25	25
Other Liabilities	0	0
Total Current Liabilities	7.499	6.759
Non-Current Liabilities		
Debentures	0	0
Bank Loans	0	0
Accounts Payable - third parties	1.044	0
Construction Financing - SFH	0	0
Deferred Income and Social Contribution Taxes	2.520	3.249
Provision for Matters	6.868	6.868
Credit Assignments sold with guarantee	55	69
Advances for Future Capital Increase	3	3
Obligation to Build	4.647	4.636
Total Non-Current Liabilities	15.137	15.869
Shareholders' Equity		
Capital Stock	166.991	184.244
Capital Reserves	0	0
Retained Earnings/Losses (accumulated deficit)	(7.118)	(23.316)
Other Compreheensive Results	27	27
Shareholders' Equity - Holding Company	159.900	160.955
Minority Interest	535	538
Total Shareholders' Equity	0	0
Total Liabilities and Shareholder's Equity	183.071	184.121

GLOSSARY

Cash Consumption – Measured by the change in net debt, less capital increases and dividends paid.

CPC – Accounting Pronouncements Committee - Created by CFC Resolution No. 1.055/05, the objective of the CPC is to "study, prepare and issue Technical Standards regarding Accounting procedures and the dissemination of such information, to allow the issuance of regulations by the Brazilian regulator aimed at centralizing and standardizing accounting production processes, always taking into account the convergence of Brazilian Accounting practices with international standards."

EBITDA – Earnings before interest, income tax and social contributions on net income, depreciation and amortization, financial charges incurring on the cost of real estate sold.

EBITDA is not a measure of financial performance in accordance with accounting practices adopted in Brazil, and should not be considered in isolation or as an alternative to net income as a measure of operating performance or an alternative to operating cash flows or as a measure of liquidity.

Adjusted EBITDA – Determined from the net income before interest, income tax and social contributions on net income, depreciation and amortization, financial charges in the cost of real estate sold, expenses for the issue of shares, expenses for option plans and other non-operating expenses. Adjusted EBITDA is not a measure of financial performance in accordance with accounting practices adopted in Brazil, should not be considered in isolation or as an alternative to net income as a measure of operating performance or an alternative to operating cash flows or as a measure of liquidity.

IGP-M – General Price Index – Market, published by the Getúlio Vargas Foundation.

INCC – National Cost of Construction Index, measured by the Getúlio Vargas Foundation.

Land Bank – The total amount of land held by the Company for future development, acquired in cash or through financial exchange transactions.

Income to Allocate Margin – Equivalent to "Income to Allocate" divided by the "Revenues to be Recognized," to be recognized in future periods

PoC Method – Revenue, costs and expenses arising from real estate development activities are recognized in line with the cost incurred accounting method (Percentage of Completion method, or PoC), which measures the actual cost of the undertaking against the total budgeted cost for each phase of the project.

Financial Exchange – A land purchase method by means of which the site owner receives an exchange in a determined percentage of the units or the revenue from the future development to be built on the site. Acquiring land through such swaps, we seek to reduce the need for cash funding and consequently increase the returns.

Sales to be Recognized - Unearned revenues correspond to sales contracts for which revenue is recognized in future periods, depending on the progress of the work and not at the time of the contract signing. Thus, the balance of Sales to be Allocated represents revenue to be recognized in future periods deriving from past sales.

SFH Funds – SFH funds originate in the Workers' Time of Service Guarantee Fund (FGTS) of savings deposits. Commercial banks are required to invest 65.0% of these deposits in real estate for the acquisition of property by an individual or by real estate developers at lower rates than the private sales market.

Results of Sales to be Recognized – Due to the recognition of revenues and costs resulting from the pace of construction (PoC method) and not at the time of the signing of the contracts, we recognize revenue and expenses of incorporation of the signed contracts in future periods. Thus, the balance of Income to Allocate represents revenues less costs to be recognized in future periods from past sales

Contracted Sales – Refers to each contract resulting from the sale of a property unit during a given period, including those being launched. Contracted sales are recognized as revenue in line with the pace of the completion of the projects (PoC method). BR GAAP does not contain a definition of “Contracted Sales.”

PSV – Potencial Sales Value

Launched PSV – The Potencial Sales Value corresponding to the total amount that may be obtained by the Company from the sale of all the units of a real estate project launch at a certain price.

CR2 PSV – The Potencial Sales Value obtained or to be obtained by CR2 through the sale of all units of a given real estate project, at the pre-determined price at launch, proportional to its share in the venture.

SoS – Sales over supply.

LEGAL NOTICES

The company has an arbitration agreement with the Market Arbitrage Committee, according to the Commitment Clause in its Bylaws.

Pursuant to Securities Exchange Commission Instructions 381 and 386, we report that no payment was made for services rendered by Grant Thornton Auditores Independentes, other than the fees for auditing of the financial statements.

This presentation contains certain statements that are neither reported financial results or other historical information. They are forward-looking statements. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond CR2's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators, the Company's ability to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, inflation and consumer confidence, on a global, regional or national basis.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. CR2 does not undertake any obligation to publicly release any revisions to these forward looking statements to reflect events or circumstances after the date of this presentation.

PUBLIC ACCOUNTANTS RELATIONSHIP

Pursuant to Securities Exchange Commission Instructions 381/03, CR2 Empreendimentos Imobiliários informs the hiring of Grant Thornton Auditores Independentes only for the due diligence of its financial statements which do not include any advisory or other types of services that would compromise the validation of the hired service with possible conflict of interests or the auditors' impartiality commitments.

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

Independent Auditor's Report on Review of the Interim Financial Information

To the
Shareholders, Directors and Management of
CR2 Empreendimentos Imobiliários S.A.
Rio de Janeiro – RJ

Introduction

We have reviewed the individual and consolidated interim financial information of CR2 Empreendimentos Imobiliários S.A. ("Company"), identified as parent company and consolidated, respectively, contained in the Quarterly Information (ITR) for the quarter ended June 30, 2019, which comprise the statement of financial position as at June 30, 2019, and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the semester period then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

The Company's management is responsible for the preparation of the individual interim financial information in accordance with CPC 21(R1) – Interim Financial Reporting, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), and of consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 – Interim Financial Reporting, applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), as well as the presentation of this information in a manner consistent with the standards issued by the CVM applicable to the preparation of the Quarterly Information.

Emphasis of matter

As described in Notes 2.1 and 2.5, the individual interim financial information contained in the Quarterly Information Form (ITR) was prepared in accordance with CPC 21(R1) Technical Pronouncement – Interim Financial Reporting, applicable to real estate development companies in Brazil registered with the CVM, and the consolidated interim financial information contained in the Quarterly Information Form (ITR) was prepared in accordance with CPC 21(R1) and IAS 34 – Interim Financial Reporting, applicable to real estate development entities in Brazil registered with the CVM. Thus, the determination of the accounting policy adopted by the entity for the recognition of revenue in contracts for the purchase and sale of unfinished estate units on the aspects related to the transfer of control follows the understanding provided for by the CVM in CVM/SNC/SEP Circular Letter 02/2018 on the use of NBC TG 47 (IFRS 15). Our conclusion is not qualified in this respect.

Other matters

Interim statements of value added

The individual and consolidated interim financial information related to statements of added value (DVA) for the six-month period ended June 30, 2019, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Rio de Janeiro, August 13, 2019

Ana Cristina Linhares Areosa
CT CRC RJ 081.409 / O-3

Grant Thornton Auditores Independentes
CRC 2SP-025.583 / O-1 "S" RJ

CR2 Empreendimentos Imobiliários S.A.

Statements of financial position as at June 30, 2019 and December 31, 2018

(In thousands of Brazilian Reais, unless otherwise stated)

ASSETS

		Parent company		Consolidated	
	Notes	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current assets					
Cash and cash equivalents	3	11.565	9.730	25.906	28.034
Trade accounts receivable	4	-	-	9.671	7.632
Accounts receivable from third parties	7	-	-	1.779	1.483
Dividends receivable - related parties		5	23	-	-
Loans receivable - related parties	8.a	325	325	335	335
Accounts receivable - related parties	8.c	-	547	-	-
Capital reduction - related parties	8.d	13.104	13.254	-	-
Properties for sale	6	-	-	8.182	38.929
Advances		-	-	1	1
Recoverable taxes	23.4	1.787	1.845	1.804	1.865
Other assets	9	57	57	3.459	3.993
Total Current Assets		26.843	25.781	51.137	82.272
Noncurrent Assets					
Trade accounts receivable	4	-	-	39.904	12.814
Accounts receivable from third parties	7	-	-	1.746	1.951
Properties for sale	6	76.552	76.552	82.225	82.172
Advances for future capital increase	8.b	955	618	-	-
Other assets	9	-	-	5.034	5.037
		77.507	77.170	128.909	101.974
Investments	10.1	58.469	66.471	-	-
Investment property	10 e 10.2	-	-	2.993	2.993
Fixed assets	11	32	41	32	41
Intangible		-	1	-	1
		58.501	66.513	3.025	3.035
Total noncurrent assets		136.008	143.683	131.934	105.009
Total assets		162.851	169.464	183.071	187.281

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

CR2 Empreendimentos Imobiliários S.A.

Statements of financial position as at June 30, 2019 and December 31, 2018

(In thousands of Brazilian Reais, unless otherwise stated)

LIABILITIES AND EQUITY

		Parent company		Consolidated	
	Notes	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current Liabilities					
Assignment of real estate receivables	12	-	-	42	41
Dividends payable		-	-	-	205
Tax provision	23.2	88	108	1.139	1.229
Provisions for contingencies	15	-	-	688	688
Deferred taxes	23.3	-	-	611	443
Accounts payable - third parties	14.a	223	187	4.346	4.786
Accounts payable - related parties	14.b	850	1.033	-	-
Capital reduction	8.d	-	-	25	25
Customer Advances		-	-	648	4
Total Current Liabilities		1.161	1.328	7.499	7.421
Noncurrent Liabilities					
Assignment of real estate receivables	12	-	-	55	73
Provisions for contingencies	15	-	-	6.868	6.868
Deferred taxes	23.3	-	-	2.520	743
Accounts payable - third parties	14.a	-	-	1.044	-
Advances for future capital increase	8.b	-	-	3	3
Accounts payable for lands acquisition	13	-	-	4.647	4.627
Other liabilities	10.1	1.790	1.118	-	-
Total Noncurrent Liabilities		1.790	1.118	15.137	12.314
Shareholder's Equity					
Capital stock	17.a	166.991	184.244	166.991	184.244
Other comprehensive income		27	27	27	27
Accumulated losses	17.b	(7.118)	(17.253)	(7.118)	(17.253)
Shareholders' equity attributed to the parent		159.900	167.018	159.900	167.018
Minority interest		-	-	535	528
		159.900	167.018	160.435	167.546
Total liabilities and Shareholder's equity		162.851	169.464	183.071	187.281

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

CR2 Empreendimentos Imobiliários S.A.

Income statements for the periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

	Notes	Parent Company			
		From 04/01/2019 to 06/30/2019	From 01/01/2019 to 06/30/2019	From 04/01/2018 to 06/30/2018	From 01/01/2018 to 06/30/2018
Operating expenses and revenues					
Equity in earnings (losses) of controlled companies	10.1	(369)	(4.797)	(666)	(4.800)
General and Administrative Expense					
Personnel expenses		(377)	(833)	(229)	(719)
Gratifications to Administrators		-	(328)	-	(234)
Statutory compensation to Officers and Board of Directors		(380)	(760)	(309)	(675)
Other administrative expenses	19	(222)	(597)	(330)	(603)
Tax Expenses		(10)	(17)	(13)	(24)
Financial Revenues	20	195	356	122	273
Financial Expenses	20	-	-	-	-
Selling expenses		-	-	-	(83)
Depreciation and amortization		(3)	(9)	(25)	(61)
Others		112	112	1	1
Other operating revenues (expenses)	22	(1)	(162)	-	-
Income (loss) for the period - dissolved companies		-	-	-	-
		<u>(1.055)</u>	<u>(7.035)</u>	<u>(1.449)</u>	<u>(6.925)</u>
Management and employee profit sharing		-	(83)	-	(56)
Income (loss) before taxes on income		<u>(1.055)</u>	<u>(7.118)</u>	<u>(1.449)</u>	<u>(6.981)</u>
Imposto de renda e contribuição social - correntes	22.1.a	-	-	-	-
Imposto de renda e contribuição social - diferidos	22.1.a	-	-	-	-
Net loss for the period		<u>(1.055)</u>	<u>(7.118)</u>	<u>(1.449)</u>	<u>(6.981)</u>
Net income / (loss) for the period attributable to					
Controlling Shareholders		(1.055)	(7.118)	(1.449)	(6.981)
Non-controlling Shareholders		-	-	-	-
		<u>(1.055)</u>	<u>(7.118)</u>	<u>(1.449)</u>	<u>(6.981)</u>
Basic loss per share (in reais)	25	(0,02)	(2,94)	(0,03)	(0,14)
Diluted loss per share (in reais)	25	(0,02)	(2,94)	(0,03)	(0,14)

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

CR2 Empreendimentos Imobiliários S.A.

Income statements for the periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

	Notes	Consolidated			
		From 04/01/2019 to 06/30/2019	From 01/01/2019 to 06/30/2019	From 04/01/2018 to 06/30/2018	From 01/01/2018 to 06/30/2018
Net revenue from real estate development and sales	18	83	28.089	1.468	2.397
Cost of real estate development and sales	18	(582)	(31.627)	(1.211)	(2.246)
Gross profit		(499)	(3.538)	257	151
Operating expenses and revenues					
Equity in earnings (losses) of controlled companies	10.1	-	-	(3)	5
General and Administrative Expense		-	-	-	-
Personnel expenses		(377)	(833)	(361)	(851)
Gratifications to Administrators		-	(328)	-	(234)
Statutory compensation to Officers and Board of Directors	24	(380)	(760)	(367)	(733)
Other administrative expenses	19	(1.427)	(2.391)	(2.014)	(3.054)
Tax Expenses		(31)	(50)	(39)	(76)
Financial Revenues	20	426	852	912	1.710
Financial Expenses	20	(6)	(47)	(160)	(253)
Selling expenses		(21)	(58)	(58)	(218)
Depreciation and amortization		(2)	(8)	(32)	(68)
Others		112	112	1	1
(Recognition)/reversal of operating provisions		799	1.750	329	(5.308)
Other operating revenues (expenses)	22	311	(774)	108	141
		(596)	(2.535)	(1.684)	(8.938)
Management and employee profit sharing		-	(83)	-	(56)
Income (loss) before taxes on income		(1.095)	(6.156)	(1.427)	(8.843)
Income tax and social contribution - current	23.1.b	(102)	(177)	(226)	(378)
Income tax and social contribution - deferred	23.1.b	140	(891)	58	282
Net loss for the period		(1.057)	(7.224)	(1.595)	(8.939)
Net income / (loss) for the period attributable to					
Controlling Shareholders		(1.055)	(7.118)	(1.449)	(6.981)
Non-controlling Shareholders		(2)	(106)	(146)	(1.958)
		(1.057)	(7.224)	(1.595)	(8.939)

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

CR2 Empreendimentos Imobiliários S.A.

Statement of Comprehensive income statements for the periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company			
	From 04/01/2019 to 06/30/2019	From 01/01/2019 to 06/30/2019	From 04/01/2018 to 06/30/2018	From 01/01/2018 to 06/30/2018
Net income / (loss) for the period	(1.055)	(7.118)	(1.449)	(6.981)
Other comprehensive income (loss)				
Acquisition of non-controlling interests	-	-	-	-
Consolidated comprehensive income (loss) for the period	(1.055)	(7.118)	(1.449)	(6.981)
Attributed to members of the parent company	(1.055)	(7.118)	(1.449)	(6.981)
Attributed to non-controlling shareholders	-	-	-	-

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

CR2 Empreendimentos Imobiliários S.A.

Statement of Comprehensive income statements for the periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

	Consolidated			
	From 04/01/2019 to 06/30/2019	From 01/01/2019 to 06/30/2019	From 04/01/2018 to 06/30/2018	From 01/01/2018 to 06/30/2018
Net income / (loss) for the period	(1.057)	(7.224)	(1.595)	(8.939)
Other comprehensive income (loss)				
Acquisition of non-controlling interests	-	-	-	-
Consolidated comprehensive income (loss) for the period	(1.057)	(7.224)	(1.595)	(8.939)
Attributed to members of the parent company	(1.055)	(7.118)	(1.449)	(6.981)
Attributed to non-controlling shareholders	(2)	(106)	(146)	(1.958)

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

CR2 Empreendimentos Imobiliários S.A.

Statements of changes in equity for the periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

Notes	Capital stock	Capital reserve		Retained earnings/ (accumulated losses)	Equity	Non-controlling interest	Total equity
		Options granted	Other comprehensive income (loss)				
Balance as at December 31, 2017	188.734	-	27	(4.490)	184.271	13.518	197.789
Initial Adoption CPC 48 / IFRS 9 - Expected Losses	-	-	-	(1.548)	(1.548)	(449)	(1.997)
Balance as at January 1, 2018	188.734	-	27	(6.038)	182.723	13.069	195.792
Capital reduction for loss absorption	(4.490)	-	-	4.490	-	-	-
Loss of period	-	-	-	(6.981)	(6.981)	(1.958)	(8.939)
Non-controlling interest	-	-	-	-	-	(83)	(83)
Balance as at June 30, 2018	184.244	-	27	(8.529)	175.742	11.028	186.770
Balance as at December 31, 2018	184.244	-	27	(17.253)	167.018	528	167.546
Capital reduction for loss absorption	(17.253)	-	-	17.253	-	-	-
Loss of period	-	-	-	(7.118)	(7.118)	(106)	(7.224)
Non-controlling interest	-	-	-	-	-	113	113
Balance as at June 30, 2019	166.991	-	27	(7.118)	159.900	535	160.435

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

CR2 Empreendimentos Imobiliários S.A.

Cash Flow Statements for the Periods Ended
June 30, 2019 and 2018

(In thousands of Brazilian Reals, unless otherwise stated)

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
From operational activities				
Loss before income tax and social contribution	(7.118)	(6.981)	(6.156)	(8.843)
Adjustments to reconcile income to cash provided by operating activities				
Depreciation and amortization (including stands)	9	152	9	152
Equity in earnings (losses) of controlled companies	4.797	4.800	-	(5)
Deferred Taxes	-	-	1.054	(382)
Other (income) / operating expenses	162	-	163	-
Interest incurred on loans	-	-	-	-
Assignment of Credit Rights	-	-	1	1
(Reversal) / recording of operating provisions	-	-	(1.750)	5.308
(Gains) / Losses on disposal of investments	(110)	-	-	-
(Reversal) / provision for contingencies	-	-	-	-
Discounts given	-	-	-	-
Decrease / (increase) in assets				
Accounts receivable	-	-	(27.455)	3.933
Accounts receivable from third parties	-	-	(15)	(143)
Properties for sale	-	(60)	30.694	1.031
Advances	-	-	-	33
Taxes and contributions to be offset	(104)	(110)	(101)	13
Other assets	-	(1.240)	537	(1.723)
Accounts receivable - related parties	547	27	-	-
(Decrease) / increase in liabilities				
Accounts Payable - Third Parties	36	134	1.000	460
Accounts payable - related parties	(575)	-	-	-
Obligations for property acquisition	-	-	20	23
Tax provisions	(20)	4	(11)	(234)
Customer Advances	-	-	644	426
Other	-	-	-	61
Net cash (used in) / from operations	(2.376)	(3.274)	(1.366)	111
Income tax and social contribution paid	-	-	(256)	(305)
Net cash (used in) / from operating activities	(2.376)	(3.274)	(1.622)	(194)
From investing activities				
Dividends receivable	4.794	120	-	-
Advance / (Payment) for future capital increase in subsidiaries	(337)	(557)	-	-
(Acquisition) / write-off of fixed and intangible assets	-	-	-	-
(Acquisition) / write-off of investments in subsidiaries and affiliates	(396)	-	(396)	-
Capital Reduction	-	480	-	-
Period Results - Extinct Companies	-	-	-	-
Coming from / (applied to) investing activities	4.061	43	(396)	-
From financing activities				
Real estate credit assignment	-	-	(18)	(20)
Guaranteed Values	-	-	-	-
Applied in financing activities	-	-	(18)	(20)
From Shareholder financing activities				
Interest on capital and dividends payable	-	-	(205)	(80)
Capital Reduction	150	-	-	(320)
Advances for future capital increase	-	-	-	1
Loans receivable - related parties	-	(1)	-	(1)
Increase (Decrease) in non-controlling interest	-	-	113	(2)
Coming from / (applied to) shareholder financing activities	150	(1)	(92)	(402)
Increase / (decrease) of cash and cash equivalents	1.835	(3.232)	(2.128)	(616)
cash and cash equivalents				
At the beginning of the period	9.730	10.213	28.034	24.204
At end of period	11.565	6.981	25.906	23.588
Increase / (decrease) of cash and cash equivalents	1.835	(3.232)	(2.128)	(616)

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

CR2 Empreendimentos Imobiliários S.A.

Statements of value added for periods ended
June 30, 2019 and 2018

(In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
1. Revenue	112	1	31.456	(2.797)
Revenue from properties sold	-	-	29.226	2.211
Receita de serviços	-	-	-	-
Other revenue	112	1	480	300
Allowance for doubtful accounts - (recognition)/ reversal	-	-	1.750	(5.308)
2. Inputs acquired from third parties	(746)	(642)	(35.293)	(6.038)
Cost of properties sold	-	-	(31.627)	(2.246)
Materials, third party services and others	(658)	(479)	(3.521)	(3.362)
Perdas por desvalorização de ativos - impairment (constituição)/ reversão	-	-	-	-
Others	(88)	(163)	(145)	(430)
3. Gross Added Value	(634)	(641)	(3.837)	(8.835)
4. Withholdings	(9)	(61)	(9)	(68)
Depreciation and Amortization	(9)	(61)	(9)	(68)
5. Net value added generated to the entity (3 - 4)	(643)	(702)	(3.846)	(8.903)
6. Added value received on transfer	(4.441)	(4.527)	852	1.715
Equity income	(4.797)	(4.800)	-	5
Financial income	356	273	852	1.710
7. Total value added to distribute (5 + 6)	(5.084)	(5.229)	(2.994)	(7.188)
8. Distribution of value added	(5.084)	(5.229)	(2.994)	(7.188)
8.1. Personnel	1.691	1.409	1.691	1.574
Direct remuneration	1.520	1.288	1.520	1.416
Benefits	145	110	145	127
FGTS	26	11	26	31
Outros	-	-	-	-
8.2. Taxes, fees and contributions	330	299	2.567	287
Federal	330	294	2.548	239
State	-	-	1	1
Municipal	-	5	18	47
8.3. Return on debt capital	13	44	(28)	(110)
Interes	-	-	5	17
Rents	13	44	(33)	(127)
Outros	-	-	-	-
8.4. Return on equity capital	(7.118)	(6.981)	(7.224)	(8.939)
(Losses) withheld in the period	(7.118)	(6.981)	(7.118)	(6.981)
Non-controlling interest in retained earnings	-	-	(106)	(1.958)

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

Notes to financial statements, individual and consolidated, for the quarterly ended on June 30, 2019 and 2018

(In thousands of Brazilian reais, unless otherwise indicated)

1. Operations

CR2 Empreendimentos Imobiliários S.A. (hereinafter referred to as Company), with head offices at Av. Pastor Martin Luther King Jr., n.º 126, Block 9, Room 308 – Tower 1, Del Castilho, Rio de Janeiro, was established on January 10, 2006, and began its operations on January 23, 2006. It is registered at the Stock Exchange of São Paulo – BM&FBOVESPA under ticker symbol CRDE3.

The Company and its subsidiaries are engaged in the acquisition of property of all types for sale, investment and development of real estate projects – with the construction and sale of units performed by third parties – and may hold equity interest in other companies, projects and consortia as a shareholder, partner, shareholder or consortium member.

The Company continues accelerating the process of monetization of assets and rationalization of administrative expenses. Accordingly, the Company intends to provide increased liquidity, keeping the continuous focus on cash generation, using of settlement of inventory and plots of land and resolution of sales with low convertibility in cash.

The functional currency of the Company and its subsidiaries is the Brazilian Real. All values reported in these financial statements are expressed in thousands of reais, except when otherwise indicated.

2. Accounting policies

2.1. Statement of compliance

The individual and consolidated interim financial information were prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statements and with international standard IAS 34 - Interim Financial Reporting from IASB, and consider the guidance included in Circular Letter/CVM/SNC/SEP 01/2018 related to the adoption of Guidance OCPC 04, issued by the Committee of Accounting Pronouncements (CPC) and approved by the Brazilian Exchange and Securities Commission (CVM) and Federal Association of Accountants (CFC) on the recognition of revenues over time.

2.2. Basis of preparation

On the interim financial information, the accounting policies are being presented in compliance with the accounting practices adopted for the individual and consolidated financial statements for the year ended December 31, 2018.

The financial statements were prepared following with IFRS, applicable to entities of real estate industry in Brazil, as approved by CPC, CVM and CFC, and with all pronouncements issued by the CPC. These standards include the Guideline "OCPC 04-Application of Technical Interpretation ICPC 02 to Brazilian Real Estate Incorporation Entities" concerning to the recognition of revenues and their costs and expenses arising from operations of Real estate incorporation during the work progress (method of execution percentage-POC).

2.3. Consolidation and equity segregation bases

a) Bases of consolidation

The interim financial information includes the operations of the Company and the following subsidiaries, whose ownership structure at the balance sheet date is summarized as follows:

Subsidiary	% - Ownership interest and type of consolidation			
	06/30/2019		12/31/2018	
	%	Type	%	Type
Cimol Empreendimentos Imobiliários Ltda.	99,99%	Full	99,99%	Full
CR2 Américas Empreendimentos S.A. (a)	-	Full	99,99%	Full
CR2 Cabuçu Empreendimentos Ltda.	99,99%	Full	99,99%	Full
CR2 Campinho Empreendimentos Ltda.	100,00%	Full	100,00%	Full
CR2 Chafi Chaia Empreendimentos Ltda.	80,00%	Full	80,00%	Full
CR2 Empreendimentos SPE-12 Ltda.	90,00%	Full	90,00%	Full
CR2 Empreendimentos SPE-23 Ltda.	99,99%	Full	99,99%	Full
CR2 Empreendimentos SPE-9 Ltda.	99,99%	Full	99,99%	Full
CR2 HC Empreendimentos Ltda.	99,99%	Full	99,99%	Full
CR2 Jardim Paradiso Empreend. Ltda.	99,99%	Full	99,99%	Full
CR2 Mogango Empreendimentos Ltda.	99,99%	Full	99,99%	Full
CR2 São Paulo 1 Empreendimentos Ltda.	99,99%	Full	99,99%	Full
CR2 Valqueire Empreendimentos Ltda.	99,99%	Full	99,99%	Full
CR2 Empreendimentos SPE-5 S.A. (a)	-	Full	99,99%	Full
CR2 Empreendimentos SPE-32 Ltda.	99,99%	Full	99,99%	Full
CR2 Cesário de Melo Empreendimentos Ltda.	80,00%	Full	80,00%	Full

(a) On December 21, 2018, Cimol Empreendimentos Imobiliários Ltda incorporated CR2 Américas Empreendimentos S.A., CR2 Empreendimentos SPE-5 S.A. and CR2 Investimentos S.A. (related company) as per protocol and justification of incorporation.

The consolidation was prepared according to IAS 27/CPC 36 (R3) "Consolidated financial statements" and includes the financial statements of the subsidiaries in which the Company is the holder of partner rights that permanently guarantee the Company with prevalence in the decisions of such associated companies and the power to elect the majority of managers and associated companies in which the investor has significant influence.

The following items were eliminated from the consolidated financial statements: (i) intercompany assets and liabilities of the consolidated companies; (ii) interest held in capital, reserves and retained earnings of the consolidated companies; (iii) balances of revenues and expenses, as well as, when applicable, unrealized income arising from business transactions between the consolidated companies and (iv) the recording in equity of interests held by non-controlling shareholders.

b) Equity segregation

The Company's projects of property development with third parties are structured using of interest in Specific Purpose Entities (SPEs). The subsidiaries significantly share the managerial and operating structures and corporate, managerial and operating costs of the Company. The SPEs solely operate in the property and are linked to specific projects.

The Company presents below a table demonstrating the percentage of assets related to the Company's projects that are inserted in equity segregation structures of the group as on June 30, 2019:

Total assets entered on the equity segregation structure	88,106
Total consolidated assets	183,071
% – Participation	48.13%

The Company has 02 SPEs that have opted for the “Special Taxation Regime” (RET). Such SPEs constituted the Earmarked Property Statement as follows:

SPE	Project	Assets – Project	Assets – Consolidated	% on assets – Consolidated
CR2 Jardim Paradiso Empreendimentos Ltda. (SPE 33)	Jardim Paradiso (Lots 10 ao 19)	43,785	183,071	23.92%
CR2 Empreend. SPE-23 Ltda.	Link Office Mall & Stay	18,865	183,071	10.30%
Total		62,650	-	34.22%

2.4. Significant accounting practices

a) Cash and cash equivalents

Cash and cash equivalents are held to meet the short-term cash commitments, and not for investment or other purposes, and the company considers equivalent, a financial application of immediate convertibility in a known amount of cash and being subject to an insignificant risk of change in value.

b) Receivables from real estate development and sales

These are stated at present and realizable value, recognized according to the criterion described in note 2.4.m. Management considers that receivables from development and sales of property, guaranteed by the property financed by the Company, do not cause potential losses because they are substantially represented by completed properties, whose keys have not yet been delivered to standby purchasers, awaiting the transfer of these units for property financing.

Financial revenues deriving from charges are classified as revenue from property sold during the year of construction of the property units and after the delivery of the keys (certificate of occupancy), since the articles of incorporation provides for financing obtained by the property purchasers, as established by Orientation OCPC 01.

c) Adjustment to present value of assets and liabilities

Monetary assets and liabilities are adjusted to present value upon the initial recognition of the transaction, considering contractual cash flows, explicit and, in certain cases, implicit interest rates of the respective assets and liabilities and the rates charged in the market for similar transactions. Subsequently, such effects are reallocated to the lines for revenue from sales of property, financial income and expenses, in the statement of operations, by using the effective interest rate method about to contractual cash flows.

d) Properties for sale

Property for sale is stated at land acquisition cost, plus construction costs, interest on loans and other costs directly related to projects under construction and completed projects, whose units have not been sold yet. Cost of land held for property development includes the acquisition price and costs incurred to develop the land, which does not exceed fair value.

Land acquired in exchange for units to be built was accounted for based on the fair value of the property units to be delivered; having as a balancing item the customer advances liabilities.

Upon the sale of the units, costs are written off from this account against the account "Operating costs – cost of property development and sale".

e) Investments

Investments in subsidiaries are valued according to the equity method of accounting. Based on such a method, the cost of investments in controlled companies is added or deducted according to increases or decreases occurred in equity of such investees, in the proportion of the interest held by the Company in the controlled company.

Equity interest held in controlled companies is stated in the statement of operations of the controlling company as equity income, representing the net income attributable to shareholders of the controlled or associated companies.

When there is a shareholders' or members' agreement, the Company calculates the equity of their investments considering the percentage defined in the agreement and not according to the percentage of its interest held.

Other investments are valued at historical cost, less provision for losses, when applicable.

f) Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is calculated under the straight-line method and recognized in the income (loss) for the year, as described in note 11, and takes into account the estimated useful life of the assets.

Expenses on sales stands and model apartments are recorded in fixed assets and depreciated over their useful lives when such useful lives exceed 12 months.

g) Intangible

These mainly consist of costs with software use rights, which are amortized under the straight-line method over the effective periods of the license for use, from the time benefits begin to be generated.

h) Assessment of the recoverable value of assets (impairment test)

Management annually reviews the net book value of assets to evaluate events or changes in economic, operating or technological circumstances that may indicate impairment or loss of their recoverable amount.

i) Other (current and noncurrent) assets and liabilities

An asset is recognized in balance sheet when it is likely that its future economic benefits will be generated in favor of the Company and its cost or value may be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and funds are likely to be necessary to settle the obligation. The related charges, monetary fluctuations or exchange rate gains (losses) are added when applicable. The provisions are recorded based on the best estimates of the risks involved.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following 12 months. Otherwise, they are stated as noncurrent.

j) Revenue recognition

For purposes of applying the revenue recognition accounting policy, the management follows Orientation OCPC 04 on the application of Technical Interpretation ICPC 02 to Brazilian Real Estate Development Entities, issued by the Brazilian Accounting

Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Association of Accountants (CFC).

Real estate units under construction are regulated by the Real Estate Development law (Law 4.591/64) and, as required by this law, meet the examples referred to in Item 22 of

OCPC 04, judging that the most significant risks and rewards of ownership of real estate units sold (item 35.c of CPC 47) are continuously transferred to the purchasers during the construction of the real estate development. This determination requires significant judgment by the management.

Based on this judgment, revenue from real estate development is recognized by using the percentage of completion method (POC). This percentage, as established by CVM Resolution 963/2003, is determined based on the proportion of costs incurred through calculation date to the total estimated costs up to the completion of construction.

If OCPC 04 had not been issued and the conclusion regarding the application of ICPC 02 had been that the most significant risks and rewards of real estate units ownership were not continuously transferred to the buyers during the construction of the real estate venture, the greatest possible impacts on the financial statements would be a decrease in equity and impacts on net income for the year in a transitory manner, since the recognition of revenue and of the related costs and taxes would be made upon surrender of the keys.

Returned units

Concerning to returned units, after having exhausted all the possibilities of receiving the overdue installments not paid by prospective buyer, the Company's Management takes the applicable administrative and legal measures, which result in the termination of sale and purchase contract, and repossession of the units.

The returned units are reintegrated to the Company's inventory at cost value as an offsetting entry to accounts receivable and statement of income for the year.

When the prospective buyer is not able to obtain bank financing and, consequently, does not meet the conditions for the Company to directly finance it, such unit is also returned and accounted for as informed.

k) Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows:

- **Contingent assets:** these are recognized only when there are secured guarantees or favorable legal decisions that are already final and unappealable. Contingent assets whose favorable outcome is probable are only disclosed in a note;
- **Contingent liabilities:** a provision is recorded for contingent liabilities when the chances of loss are assessed as probable and the amounts involved can be measured with sufficient certainty. Contingent liabilities whose unfavorable outcome is considered possible are only disclosed in a note and contingent liabilities whose unfavorable outcome is considered remote are neither provided for nor disclosed;
- **Legal obligations:** these are recorded as liabilities regardless of the likelihood of a favorable outcome for claims in which the Company has questioned the unconstitutionality of taxes.

l) Taxation

At the parent Company, taxed according to the taxable income system, the Corporate income tax and social contribution tax are calculated at the regular rates of 15%, plus a

surtax of 10% for income tax, and 9% for the social contribution tax, adjusted according to criteria established by prevailing tax legislation.

As permitted by the tax legislation, certain subsidiaries, whose prior fiscal year annual revenues were lower than R\$ 78,000 thousand, elected to be taxed under the presumed profit tax system. For such companies, the taxable income basis is calculated at the rate of 8% and the social contribution at the rate of 12% on gross revenues (32% when the revenue derives from the provision of services and 100% from financial income), on which the regular income and social contribution tax rates are applied.

Additionally, some subsidiaries elected to submit their projects to the earmarked assets regime, as permitted by Law No. 12.024 dated August 27, 2009 that amended Law No. 10.931 dated August 2, 2004, which established the Special Taxation System (RET). This option is irreversible and irrevocable. For the projects that have joined the RET system, the charges relating to Corporate Income Tax (IRPJ), Social Contribution Tax (CSLL), Social Security Financing (COFINS) and Social Integration Program (PIS), are calculated at the rate of 6% on gross revenue.

As of December 28, 2012, the President sanctioned Provisional Measure No. 601, with force of law, which reduces the rates of social contributions (PIS, COFINS, CSLL and IRPJ), for companies that have earmarked property from property development. This provisional measure entered into force on the date of its publication, with effects as from January 1, 2013 and expired on September 3, 2013. On July 19, 2013, the President sanctioned Law No. 12.844, which reduces the social contribution rates (PIS, COFINS, CSLL and IRPJ), for companies that have earmarked property from property development.

This Law came into force on the date of its publication, with effects as from September 4, 2013. As a result, Law No. 10.931/2004 became effective with the following changes: for each development submitted to the Special Taxation System (RET), the property developer will be subject to monthly payments equivalent to one percent (1%) of the monthly revenues received from property development for residential property of commercial value of up to one hundred thousand Brazilian Reais (R\$ 100 thousand), and monthly payments equivalent to four percent (4%) of the monthly revenues received from property development, for residential property of market value in excess of one hundred thousand Brazilian Reais (R\$ 100 thousand).

Deferred tax assets and liabilities are recognized for temporary differences and income and social contribution tax losses, to the extent their realization is probable. Specifically to the property activity, deferred taxes are recognized on the difference between revenues recognized for tax purposes, calculated on a cash basis, and the revenues recognized on the basis of the accounting practices adopted in Brazil, calculated on an accrual basis. Technical Pronouncement CPC 26 (R1) – Presentation of the financial statements establishes in item 56 that deferred tax assets and liabilities must be accounted for in non-current assets and liabilities.

The Company adopts the procedure of presenting deferred taxes segregated between current and non-current, given the characteristic of connection of the taxation with amounts receivable, which are segregated in current and non-current and that best represents the expected outflow of funds to pay for the Company's deferred taxes.

m) Recognition of property development and sales activities

For credit sales of completed units, the result is recognized at the time the sale is closed, regardless of the term for receiving the amount established by contract. pre-fixed-rate interest is recognized in income (loss) on an accrual basis, regardless of when it is received.

Inflation adjustments and interest on outstanding accounts receivable of units under construction and completed are classified as revenue from property development and sales.

n) Statements of cash flows

The statements of cash flows have been prepared using the indirect method and are presented following CVM Resolution No. 547 of August 13, 2008, which approved CPC Accounting Pronouncement 03 (R2) (IAS 07) – “Statement of Cash Flows”, issued by CPC.

o) Statements of value added (DVA)

The purpose of a statement of value added is to evidence the wealth created by the Company and its distribution during a certain year and is presented by the Company, as required by the Brazilian Corporation Law, as a part of its individual financial statements and as supplementary information to the consolidated financial statements because it is not a compulsory statement or a statement provided under the IFRS.

The statement of value added was prepared based on the information obtained from the accounting records that serve as a basis for preparing the financial statements and by following the provisions contained in CPC 09 “Statement of value added”. The first part of the statement of value-added shows the wealth created by the Company, which is represented by revenues (gross revenues from sales, including taxes levied on such revenues, other revenues and the effects of the allowance for doubtful accounts), and inputs acquired from third parties (cost of sales and of acquisition of material, energy and outsourced services, including taxes incorporated at the time of acquisition, the effects of the losses and recovery of asset values, as well as depreciation and amortization) and the value added received from third parties (equity income, financial income and other revenues). The second part of the statement of value added presents the distribution of the wealth among personnel, taxes, fees, return on debt capital and return on equity capital.

Employee and management profit sharing

The Company and its subsidiaries have employee benefit plans in the form of profit sharing and bonus plans and, when applicable, are recognized in the statement of income under "General and administrative expenses".

Besides, the Company's by-laws and its subsidiaries establish the distribution of profits to managers.

The payment of bonuses is based on the annual results target, duly approved by the Company's Board of Directors.

p) Profit/ (loss) per share

Basic and diluted earnings (losses) per share are calculated by dividing the net income attributed to the Company's shareholders by the weighted average number of outstanding common shares for the year. For the calculation of diluted earnings (losses), the stock options plan was also considered.

q) Dividends and interest on equity capital

When applicable, the proposal for distributing dividends and interest on equity capital performed by the Company's Management, which is within the portion equivalent to the minimum compulsory dividend, is recorded as a liability in "dividends and interest on equity capital payable" because it is considered a legal obligation provided for by the Company's bylaws. However, when applicable, the portion of dividends and interest on equity capital exceeding the minimum compulsory dividend, declared by Management after the accounting year to which the financial statements refer, but before the date of the authorization to issue such financial statements, is recorded in "dividends and interest on equity capital" in equity and its effects are disclosed in the notes.

For corporate and accounting purposes, interest on equity capital is stated as allocation of income directly in equity. For tax purposes, they are treated as financial expense, reducing the calculation basis of income tax and social contribution.

r) Segment reporting

The Company's principal activity of revenue comes from the development and sale of property, performed by the Special Purpose Entities (SPEs), in which the projects are developed. Such activities are carried out in a single business unit and constitute an operating segment, which is assessed by their managers for decision-making.

2.5. Changes in accounting policies

From 2019:

The following standards, amendments to IFRS standards and interpretations issued by the IASB have not yet come into effect on December 31, 2018:

- CPC 06 (R2) / IFRS 16 - Leases (applicable as of January 1, 2019) - The standard removes the distinction between operating and financial leases and requires the recognition of an asset (the right to use the leased item) and a financial liability related to the payment of rent.
- ICPC 22 / IFRIC 23 - Uncertainty over the treatment of taxes on profit - This interpretation explains how to recognize and measure assets and liabilities on current and deferred profits, in the case where there is uncertainty about the treatment of a tax where the tax positions still were not accepted by the tax authorities.
- Improvements in the cycle from 2015 to 2017 - IFRS 3 (CPC 15 - Business Combination - R1), IFRS 11 (CPC 19 - Joint arrangements - R2), IAS 12 (CPC 32 - Income taxes) and IAS 23 (CPC 20 - Borrowing costs - R1).

The Company has assessed the impact of these standards and, however, expects no material impact on the Company's financial statements.

On 2018:

CPC 48/IFRS 9 establishes requirements for recognizing and measuring financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items. This Standard replaces CPC 38/IAS 39 Financial Instruments: Recognition and Measurement.

a) Classification and measurement of financial assets

As per CPC 48 / IFRS 9, on initial recognition, a financial asset is classified as measured: at amortized cost; fair value through other comprehensive income (loss) ("VJORA") – debt instruments; VJORA – equity instruments; or fair value through income (loss) ("VJR"). The classification of financial assets as per CPC 48 / IFRS 9 is generally based on the business model in which a financial asset is managed on its characteristics of contractual cash flows. Embedded derivatives in which the main contract is a financial asset included in the scope of the standard are never separated. Instead, the hybrid financial instrument is evaluated for classification.

A financial asset is measured at amortized cost if it complies with both the following conditions and is not designated as measured at VJR:

- It is kept inside a business model in which the goal is to maintain financial assets to receive contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows relative to the payments of principal and interests on the principal unpaid amount.

An instrument of debt is measured at VJORA if it complies with both the following conditions and is not designated as measured at VJR;

- It is kept inside a business model in which the goal is reached both by the contractual cash flows and the sale of financial assets; and
- Its contractual terms generate, on specific dates, cash flows that are only payments of principal and interests on the principal unpaid amount.

At initial recognition of an investment in an equity instrument which is not held for trade, the Company may irrevocably choose to present subsequent changes to the fair value of the investment in other comprehensive income ("ORA"). This choice is made investment by investment.

All financial assets not classified as measured at amortized cost or at VJORA, as described above, will be classified as VJR. This includes all derivative financial assets. Upon initial recognition, the Company may irrevocably designate a financial asset, which otherwise meets the conditions to be measured at amortized cost or as VJORA, as VJR, if this eliminates or significantly reduces an accounting mismatch that otherwise would arise (fair value option at the CPC 48/ IFRS 9)

Financial assets measured at VJR – These assets are subsequently measured at fair value. Net income (loss), including interest or revenue from dividends, is recognized in income (loss).

Financial assets at amortized cost – These assets are subsequently measured to amortized cost, using the effective interest rate method. The amortized cost is reduced by impairment losses. The revenue from interest rates, and from exchange rate gains and losses is recognized in income (loss). Any earnings or losses in recognition are recognized in income (loss). Debt instruments at VJORA – These assets are subsequently measured at fair value. Interest gains calculated using the effective interest method, exchange rate gains and losses and impairment losses are recognized in income (loss)

The Company assessed the classification and measurement of financial assets according to its model of management of financial assets; it concluded that the classification of most of its financial investments is measured at fair value through income (loss).

b) Allowance for doubtful accounts

The Company assessed estimated losses on trade accounts receivable, considering, at initial recognition, the expectancy of losses in the next 12 months upon the deterioration or improvement in the quality of the customers' credit.

CPC 48/ IFRS 9 replaces the model of "incurred loss" of CPC 38 / IAS 39 for a model of expected loss. The new model of impairment loss applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at VJORA, but does not apply to investments in equity instruments (shares) or financial assets measured at VJR as per CPC 48 / IFRS 9, credit losses are recognized earlier according to CPC 38 / IAS 39.

According to CPC 48/IFRS 9, the provisions for expected losses are measured at one of the following bases:

- Credit losses expected for 12 months (general model): These are credit losses that result in possible events of default in 12 months after balance sheet date and, subsequently, in case of a credit risk deterioration, for the whole life of the instrument;
- Credit losses expected through the whole life (simplified model): These are expected credit losses that result from all possible default throughout the expected life of a financial instrument.

When determining if a credit risk of a financial asset significantly increased since initial recognition and by estimating expected credit losses, the Company considers reasonable and supporting information that is relevant and available without excessive effort or cost. This includes quantitative and qualitative analysis and information, based on the historical experience of the Company, on the credit analysis and considering information on projections.

Measurement of expected credit losses – Expected credit losses are estimates weighted by the probability of credit losses based on historic losses and projections of related premises. Credit losses are measured at present value based on all the insufficient cash (that is, the difference between cash flows payable to the Company according to the contract and the cash flows that the Company expects to receive).

Expected credit losses are discounted by the effective interest rate of the financial asset. Financial assets with problems of credit recovery – In each presentation date, the Company assesses if the financial assets accounted for at amortized cost and the titles of debt measured at VJORA indicate impairment loss. A financial asset has "indication of impairment loss" when one or more events occur, with an adverse impact in estimated future cash flows of the financial asset.

Impairment losses related to trade accounts receivable and other receivables, including contractual assets, are presented separately on the statement of operations.

Impact of the new model of impairment losses – For assets in the scope of the model of losses of CPC 48 / IFRS 9, impairment losses must increase and become more volatile.

CPC 47 / IFRS 15 – Revenue from Contracts with Customers

On May 28, 2014, IASB disclosed IFRS 15 - Revenue from Contracts with Customers, which requires the company to recognize the revenue amount reflecting the consideration they expect to receive in exchange for the control of such goods and services. On December 22, 2016, the Committee of Accounting Pronouncements (CPC) issued the new standard will replace most of the detailed

guidance on revenue recognition that currently exists under IFRS when adopted. The new standard is applicable from or after January 01, 2018, with early application allowed by IFRS. The new standard may be adopted retrospectively, using a cumulative effect approach. The Company is assessing the effects that the CPC 47/IFRS 15 will have on the financial statements and its disclosures.

The Brazilian Securities Commission (CVM), in January 10, 2018 issued CIRCULAR CRAFT/CVM/SNC/SEP/nº 1/2018, stating that the OCPC 04 (R1), reflecting the provisions contained in the CPC 47, was in a public hearing during the year 2017, in your process of issue suspended by a decision of the CPC as a result of consulting the Committee formulated interpretation of IASB-IFRS IC on the revenue recognition, in order to analyses and conclude about the possible changes in OCPC 04. On 13 March 2018, the IFRS IC has completed your analysis on the revenue recognition and, in your understanding of real estate development, Brazilian authorities should recognize revenue on a single moment (key), and no more along with the building.

The CVM has finished parsing the IFRIC IC on 03 July 2018 and pointed out that the application of the revenue recognition along the construction can be adopted by entities real estate development since these have appropriate internal controls which allow performing the individualized assessment by contract to determine whether the changes introduced by the CPC 47 were reached in your fullness.

3. Cash and cash equivalents

Include cash balances, bank deposits and short-term investments:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents	14	37	143	614
Financial Investments i	11,551	9,693	25,763	27,420
Total	11,565	9,730	25,906	28,034

- (i) Remunerated at the average rate from 70% to 99% of the Interbank Deposit Certificate (CDI) for the period ended June 30, 2019 and for the year ended December 31, 2018.

4. Trade accounts receivable

These comprise receivables from completed units, which are as follows

	Consolidated	
	06/30/2019	12/31/2018
Completed Unit and land (a)	76,965	44,808
Adjust to present value (a)	(4,732)	(30)
Provision for credit risk (b)	(22,658)	(24,332)
Total	49,575	20,446
Rolling	9,671	7,632
Non-Circulating	39,904	12,814

(a) Properties for sale - Parque das Águas - CR2 SPE 9

In the quarter ended March 31, 2019, Accounts receivable for real estate development and sale were impacted by the sale of the "Parque das Águas" land, with 89,500.48 m² located in Alcântara, São Gonçalo / RJ, for R\$ 31 million, to be paid in installments over the next 5 years, in accordance with conditions approved by the Company's Board of Directors on 05/05/2017. This transaction recorded R\$ 31,000 related to the sale price, R\$ 2,998 of monetary restatement of the price by the INCC (between October 2016 and March 2019) and -R\$ 5,115 of AVP (adjustment to present value) at the rate of 6.5% on accounts receivable from the sale of said land.

To calculate the rate used to calculate the present value, the company used a conservative metric, reaching an average discount rate of 6.5%. The amounts related to the adjustment to present value calculated will be reversed during the installment payment flow, generating revenue increases during this period.

In the period ended June 30, 2019, AVP reversal revenues were appropriated in the amount of R\$ 414 in the adjustment to present value item, leaving an unearned balance of R\$ 4,732.

(b) Provision for credit risk - Link Office Project

The Company reviewed the amounts receivable from the sale of properties, represented by the plot of land negotiated in December 2010 with the company Hesa 98 – Empreendimentos Imobiliários Ltda., which was obligated to transfer to CR2 Empreend. SPE 23 40% of all the amounts received from the sale of the units from Empreendimento Link Office Mall. With the new economic reality of the country and the decrease of prices in some ranges of value in the

civil construction sector, the Company registered provision for losses from accounts receivable expected from the sale of these units in the amount of -R\$ 15,152 on December 31, 2017.

At the adoption of IFRS 09 as from January 1, 2018, the credits arising from promissory notes of all the companies in the group were revalued following the new accounting standards and an increase was made in the provision for credit risk of R\$ 9,180, totaling R\$ 24,332 on December 31, 2018. In the period ended June 30, 2019, there was a reversal in the provision for credit risk in the amount of R\$ 1,676 and an addition of R\$ 3, totaling R\$ 22,658, as shown below:

	Consolidated	
	06/30/2019	12/31/2018
Balances at the beginning of the period:	(24,332)	(15,152)
Additions	(3)	(10,519)
Reversions	1,677	1,339
Balances at the end of the period:	(22,658)	(24,332)

The balance receivable is adjusted by the National Civil Construction Index (INCC) during the construction period and, after its conclusion by the IGPM, plus interest of 12% per year, according to property sale and purchase agreements entered between the parties. The calculation of the present value adjustment of accounts receivable uses a discount rate ranging from 4% to 7.5% per year as on June 30, 2019. These rates correspond to the actual rates, pegged to the IPC-A (Expanded Consumer Price Index), and have a term equivalent to the corresponding receivables, as shown in the table below:

Balance of trade receivables by maturity

Descrição	Consolidated	
	06/30/2019	12/31/2018
Overdue		
Overdue up to 30 days	294	131
Overdue from 31 to 120 days	653	292
Overdue for more than 120 days	5,856	6,789
Total	6,803	7,212
To overdue		
2019	8,752	10,111
2020	28,340	20,906
2021	13,508	5,368
From 2022	19,562	1,211
Total	70,162	37,596
Total overdue and falling due	76,965	44,808

5. Property sale transactions to incur

As on June 30, 2019, and December 31, 2018, there are no amounts of revenues and costs of unities sold to be recognized in the financial statements of the Company and its subsidiaries due to the completion of all construction works.

6. Properties for sale

The inventory composition is presented below:

Subsidiary		06/30/2019		12/31/2018	Project
CR2 Valqueire Empreendimentos Ltda.	(a)	89	(a)	235	Splendore Valqueire I
CR2 Jardim Paradiso Empreendimentos Ltda.	(a)	-	(a)	59	Jardim Paradiso I e II A (lotes 1 a 9 e 20)
CR2 Jardim Paradiso Empreendimentos Ltda.	(a)	101	(a)	392	Jardim Paradiso II B e III (lotes 10 a 19)
CR2 Jardim Paradiso Empreendimentos Ltda.	(a)	33	(a)	31	Jardim Paradiso 27
CR2 Empreendimentos SPE-12 Ltda.	(a)	-	(a)	312	Residências Premium
CR2 HC Empreendimentos Ltda.	(a)	6	(a)	122	Felicittá
CR2 Campinho Empreendimentos Ltda.	(a)	492	(a)	484	Villaggio do Campo
CR2 Empreendimentos SPE-9 Ltda.	(a)	16	(a)	17	Parque das Águas I - B
CR2 Empreendimentos SPE-9 Ltda.	(a)	239	(a)	274	Parque das Águas I - A
CR2 Jardim Paradiso Empreendimentos Ltda.	(b)	231	(b)	221	Jardim Paradiso 21, 22, 26, 28 e 29
CR2 Mogango Empreendimentos Ltda.	(b)	2,074	(b)	2,055	Santa Cecília - Madureira
CR2 Chafi Chaia Empreendimentos Ltda.	(b)	2,186	(b)	2,187	Diamonds Residencial
CR2 Cabuçu Empreendimentos Ltda.	(b)	3,368	(b)	3,344	Santa Cecília - Madureira
CR2 Cesário de Melo Empreendimentos Ltda.	(b)	5,020	(b)	5,021	Diamonds Offices
CR2 Empreendimentos SPE-9 Ltda.	(c)	-	(b)	29,795	Parque das Águas 2, III, IV e V
CR2 Empreendimentos Imobiliários S.A.	(b)	76,552	(b)	76,552	Cidade Paradiso
Total		90,407		121,101	

- (a) Completed units;
- (b) Land inventory;
- (c) Sold on February 14, 2019. Further details are described in note 4.a.

The properties in inventory can be summarized as follows:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Completed units	-	-	976	1,926
Land inventory	76,552	76,552	89,431	119,175
Total	76,552	76,552	90,407	121,101
Current	-	-	8,182	38,929
Non-current	76,552	76,552	82,225	82,172

The Company annually tests the recoverable value of the assets, following CPC 01, on the amounts of land and available units. As of June 30, 2019, it was not necessary to establish a provision on the respective balances.

7. Third-party receivables

	Consolidado	
	06/30/2019	12/31/2018
Amounts receivable on transfers of property financing (a)	766	675
Loans to purchasers (b)	2,406	2,482
(–) Estimated losses – loans to purchasers (b)	(2,406)	(2,482)
Debt acknowledgment (recovery of construction costs of CR2 São Paulo 1 Empreend. Ltda.) (c)	2,759	2,759
Total	3,525	3,434
Current	1,779	1,483
Non-Current	1,746	1,951

- (a) These represent receivables from banks referring to the transfer (assignment of receivables) of units for property financing. These values consist of:

Description	06/30/2019	12/31/2018
CR2 Campinho Empreendimentos Ltda.	126	147
CR2 Empreendimentos SPE – 9 Ltda.	-	95
CR2 Jardim Paradiso Empreend. Ltda. (SPE – 33)	-	433
CR2 Empreendimentos SPE-12 Ltda.	380	-
CR2 Valqueire Empreendimentos Ltda.	260	-
Total	766	675

- (a) They represent the amount receivable from customers to supplement the amount financed of acquired units. The individual amount is lower than 10% of the amount financed. Purchasers who fall into this condition have their records previously approved by the Company and the financial institution responsible for financing.

In the period ended June 30, 2019, the Company's management revalued the balance of its accounts receivable for the initial application of CPC 48 and, based on an internal risk assessment indicator defined in accordance with the new standard, constituted a loss for credit risk in an amount considered sufficient to cover possible losses on the realization of these credits, as follows:

	Consolidated
Balances on December 31, 2018	(2,482)
Additions	(11)
Reversions and casualties	87
Balances on June 30, 2019	(2,406)

- (b) Debt acknowledgment (recovery of construction costs of CR2 São Paulo 1 Empreend. Ltda.) an out-of-court agreement was entered into in which the debt payment in monthly and consecutive installments was agreed, restated by the General Market Price Index (IGPM) variations by the end of each year. It is also established that in case of strict compliance with all installment payments in their respective maturities, a discount in the last installment of the flow of payment will be granted. In the case of default of any installment payment, the debt will be considered fully overdue and liabilities.

8. Related-party transactions

a) Intercompany loans receivable

The receivables mainly comprise lending operations in the form of agreements signed by the Company, its subsidiaries and business partners, restated by inflation. Assets balances with related parties are as follows:

	Rates and monetary adjustments	Parent company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Partners					
Dilson Del Cima de A. Menezes	CDI	325	325	325	325
RCFA Engenharia Ltda	CDI+6,17 p.y.	-	-	5,681	5,681
(-) Expected losses over RCFA		-	-	(5,671)	(5,671)
Total – current		325	325	335	335

The loan agreements mature as follows:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
On 2020	325	325	335	335
Total	325	325	335	335

b) Advances for future capital increase

Advances for future increase in the capital are not subject to inflation adjustments or interest and are capitalized, on average, within 12 months after contribution. They breakdown as follows:

Assets – parent company

Description	06/30/2019	12/31/2018
CR2 Mogango Empreendimentos Ltda.	19	-
CR2 Cesário de Melo Empreendimentos Ltda.	18	18
CR2 Campinho Empreendimentos Ltda.	900	600
CR2 Cabuçu Empreendimentos Ltda.	18	-
Total	955	618

Liabilities – Consolidated

Description	06/30/2019	12/31/2018
CR2 Cesário de Melo Empreendimentos Ltda.	3	3
Total	3	3

These refer to advances for future capital increase made by the partners in the SPEs, which are not eliminated in consolidation.

c) Amounts receivable

Assets balances with related parties are as follows:

Related parties	Parent company	
	06/30/2019	12/31/2018
CR2 Empreendimentos SPE 23 Ltda.	-	547
Total - current	-	547

Maturity	Parent company	
	06/30/2019	12/31/2018
On 2019	-	547

d) Capital reduction

The amounts of capital reduction are as follows:

Assets – Parent company

Description	06/30/2019	12/31/2018
CR2 Empreendimentos SPE-9 Ltda.	6,950	7,100
CR2 Empreendimentos SPE 23 Ltda.	4,500	4,500
CR2 Campinho Empreendimentos Ltda.	800	800
Cimol Empreendimentos Imobiliários Ltda.	629	629
CR2 Empreendimentos SPE- 12 Ltda.	225	225
Total	13,104	13,254

Liabilities – Consolidated

Description	06/30/2019	12/31/2018
CR2 Empreendimentos SPE- 12 Ltda.	25	25
Total	25	25

9. Other assets

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Arbitration decision – CR2 HC (Felicittá) (a)– note 15.1	-	-	2,393	2,200
Court deposits – earmarked assets - Jardim Paradiso (b)	-	-	3,911	3,887
Credits by pledges and paid guarantees (c)	-	-	342	342
Advances to suppliers	-	-	60	54
Court deposits (d)	32	23	1,527	1,780
Other assets	25	34	260	767
Total	57	57	8,493	9,030
Circulante	57	57	3,459	3,993
Não circulante	-	-	5,034	5,037

(a) Arbitration proceeding with a favorable outcome to CR2 HC, as described in note 15.1.

- (b) Injunction brought as a result of an Act by the Brazilian Federal Revenue Service, which limited the levy of the 1% rate of the Special Tax Regime (RET), as established in article 4, paragraph 6, Law No. 10.931/04, for residential ventures whose properties, as a whole, do not exceed the value of R\$ 100 thousand, and are sold in the house financing program “Minha Casa, Minha Vida”, not allowing the levy of the mentioned rate to units meeting those requirements, but belonging to ventures where there are also properties whose value is higher than the one mentioned, acquired outside the mentioned financing program- whose taxation would then be carried out at the rate of 4%. Aiming to suspend the payment of the taxes – already granted in a preliminary injunction – the Company is monthly making court deposits in amounts enough to cover the difference between the rates (1% and 4%).
- (c) Pledges and guarantees referring to units of SPE 9 and Valqueire 1, whose financing were passed on to financial institutions with joint obligation and were paid, generating a credit to be reimbursed or the return of the unit, depending on the agreement with the acquirer.
- (d) Deposits made to guarantee the lawsuits, highlighted in Note 15.

10. Investments

The investments are as follows:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Investments in subsidiaries and affiliates	58,469	66,471	-	-
Investment properties	-	-	2,993	2,993
Total	58,469	66,471	2,993	2,993

10.1. Investments in subsidiaries

The details of investments in subsidiaries are shown below:

a) Changes in investments

Period	Initial Balance	Initial adoption Effect CPC 48	Capital Increase	Capital Reduction	Acquisitions (Sales)	Other	Dividends	Equivalence Result	Final Balance
From 01/01/2018 to 12/31/2018	70.051	(1.548)	3.128	(600)	4.353	803	(143)	(9.573)	66.471
From 01/01/2019 to 06/30/2019	66.471	-	-	-	-	1.569	(4.774)	(4.797)	58.469

b) Investments data

Summarized financial information on the subsidiaries as at June 30, 2019:

	Asset	Liabilities	Equity	Gross profit (loss)	Income (loss) for the period
CR2 Cabucu Empreendimentos Ltda. (*)	3,369	18	3,351	-	-
CR2 Campinho Empreendimentos Ltda.	1,048	2,820	(1,773)	532	(773)
CR2 Cesário de Melo Empreendimentos Ltda.	5,060	3,371	1,351	(19)	(15)
Cimol Empreendimentos Imobiliários Ltda.	3,038	743	2,295	(2)	(1,053)
CR2 HC Empreendimentos Ltda.	3,273	342	2,931	100	68
CR2 Mogango Empreendimentos Ltda. (*)	2,078	19	2,059	-	-
CR2 São Paulo 1 Empreendimentos Ltda.	8,701	3,934	4,768	(26)	(617)
CR2 Empreendimentos SPE - 12 Ltda.	903	922	(19)	127	101
CR2 Chafi Chaia Empreendimentos Ltda. (*)	2,291	1,296	796	(4)	(2)
CR2 Empreendimentos SPE- 23 Ltda.	18,865	9,312	9,553	(2,073)	(101)
CR2 Empreendimentos SPE - 32 Ltda.	51	-	51	-	1
CR2 Jardim Paradiso Empreendimentos Ltda.	9,559	2,176	7,382	5	(56)
CR2 Empreendimentos SPE - 9 Ltda.	34,633	11,188	23,445	(1,281)	(2,472)
CR2 Valqueire Empreendimentos Ltda.	734	247	487	167	122

(*) The amounts of the companies below are presented in Brazilian Reais, due to the insufficient amount of the operations to be stated in thousands of Brazilian Reais:

	Gross profit	Net income for the period
CR2 Cabucu Empreendimentos Ltda.	-	(38.18)
CR2 Mogango Empreendimentos Ltda.	-	79.96

	Equity in earnings (losses) of the controlled companies for the years ended		Investment balance at	
	06/30/2019	06/30/2018	06/30/2019	12/30/2018
CR2 Cabucu Empreendimentos Ltda.	-	(1)	3,351	3,351
CR2 Campinho Empreendimentos Ltda. (*)	(773)	(688)	-	-
CR2 Cesário de Melo Empreendimentos Ltda.	(15)	(17)	1,351	1,366
Cimol Empreendimentos Imobiliários Ltda.	(1,053)	(71)	2,295	2,450
Green 3000 Empreendimentos Imobiliários Ltda.	-	(206)	-	-
CR2 HC Empreendimentos Ltda. (SPE 11)	68	604	2,931	7,637
CR2 Mogango Empreendimentos Ltda.	-	(1)	2,059	2,059
CR2 São Paulo 1 Empreendimentos Ltda.	(617)	(288)	4,768	5,385
CR2 Empreendimentos SPE 12 Ltda. (*)	101	122	-	-
CR2 Chafi Chaia Empreendimentos Ltda. (SPE 18)	(2)	(2)	796	798
CR2 Empreendimentos SPE 23 Ltda.	(101)	(3,518)	9,553	9,655
CR2 Empreendimentos SPE-32 Ltda.	1	1	51	50
CR2 Jardim Paradiso Empreendimentos Ltda. (SPE 33)	(56)	(466)	7,382	7,438
CR2 Empreendimentos SPE 9 Ltda.	(2,472)	(271)	23,445	25,917
CR2 Valqueire Empreendimentos Ltda. (SPE 7)	122	(6)	487	365
CR2 Americas Empreendimentos S/A (SPE 14)	-	(2)	-	-
CR2 Empreendimentos SPE-5 S/A	-	4	-	-
Outros	-	6	-	-
Total	(4,797)	(4,800)	58,469	66,471

(*) The investment balance of CR2 Campinho (R\$ 1,773 of negative net equity) and SPE 12 (R\$ 19 of negative net equity) is shown in Non-current Liabilities under "Other Liabilities".

10.2. Investment property (consolidated)

These refer to non-residential properties owned by Jardim Paradiso Empreendimentos Ltda. (SPE-33), which were leased to third parties for periods of 60 months. Before that lease, these

properties were in inventory, valued at cost, and were transferred to investment properties from the beginning of the lease term accounted for at fair value.

11. Fixed assets

The tables below show details of the Company's fixed assets:

	% – Depreciation Rates and amortization	Parent company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Improvements and security system	10%	11	11	11	11
Furniture and equipment in use	10%	454	454	454	454
Data processing system and communication system	20%	605	605	605	605
Subtotal		1,070	1,070	1,070	1,070
Accumulated depreciation and amortization	-	(1,038)	(1,029)	(1,038)	(1,029)
Total		32	41	32	41

Changes in net fixed assets for the period ended June 30, 2019.

	Balance at 12/31/2018	Depreciation and amortization	Balance at 06/30/2019
Parent Company			
Improvements and security system	2	(1)	1
Furniture and equipment in use	37	(6)	31
Data processing system and communication system	2	(2)	-
Total	41	(9)	32
Consolidated			
Improvements and security system	2	(1)	1
Furniture and equipment in use	37	(6)	31
Data processing system and communication system	2	(2)	-
Total	41	(9)	31

Changes in net fixed assets for the year ended December 31, 2018

	Balance at 12/31/2017	Low	Depreciation and amortization	Balance at 12/31/2018
Parent Company				
Improvements and security system	53	-	(51)	2
Furniture and equipment in use	53	(3)	(13)	37
Data processing system and communication system	25	(1)	(22)	2
Sales stand and apartment model	83	-	(83)	-
Total	214	(4)	(169)	41
Consolidated				
Improvements and security system	53	-	(51)	2
Furniture and equipment in use	53	(3)	(13)	37
Data processing system and communication system	25	(1)	(22)	2
Sales stand and apartment model	83	-	(83)	-
Total	214	(4)	(169)	41

The Company and its subsidiaries reviewed the useful lives of these assets and concluded that there were no adjustments to be recognized as on June 30, 2019.

12. Assignment of receivables

	Consolidated	
	06/30/2019	12/31/2018
Assignment balance	103	121
(-) Discount to recognize	(6)	(7)
Total	97	114
Current	42	41
Non-current	55	73

The assignments mature as follows:

	Consolidado	
	06/30/2019	12/31/2018
On 2019	25	41
On 2020	25	26
On 2021	24	24
After 2021	23	23
Total	97	114

The balance of CR2 Empreendimentos related to SPE-23 Ltda. (SPE-23) is represented by operations of selling mortgage loans held by securitization company Cibrasec - Companhia Brasileira de Securitização on June 21, 2013, with co-obligation from the transferor (SPE-23). For this reason, the assigned property credits were not written off from accounts receivable of SPE-23, and the value of the sale was recorded as liabilities, stating the corresponding financial guarantee. The total amount of the transaction was R\$ 62,442 (updated up to June 30, 2013) and with a discount of R\$ 3,522 applied, corresponding to the discount rate of IGP-M + 6.63% p.a. upon the sale of these receivables. The discount will be recognized pro-rata under "credit assignment expenses", as customers pay the installments of assigned credits, consequently ceasing the guarantee of these installments. The expense recorded in that section in the period ended June 30, 2019, was R\$1,036.07 (one thousand, thirty-six reais and seven cents) and R\$1,745.24 (one thousand, seventy four-five reais and twenty-four cents) on December 31, 2018.

13. Obligations for property acquisition

	Consolidated	
	06/30/2019	12/31/2018
CR2 Chafi Chaia Empr. Ltda. (SPE-18) (a)	1,296	1,293
CR2 Cesário de Melo Empreendimentos Ltda. (a)	3,351	3,334
Total	4,647	4,627
Non-current	4,647	4,627

(a) These values refer to the acquisition by way of physical barter of the plot of land located in Campo Grande (RJ) for the development of the projects "Diamond Office" (CR2 Cesario de Melo Empreendimentos Ltda.) and "Diamond Residence" (CR2 Chafi Chaia Empr Ltda - SPE-18). The Company is working to undo the exchange at no additional cost.

In the exchange of land for developing projects, involving the delivery of apartments to be built, the value of the land acquired by the Company was recorded at fair value as a component of inventory of property land for sale, with an offsetting entry to customers' advances (obligation to build) in Liabilities, when signing the private instrument or contract related to that transaction.

As on June 30, 2019, and December 31, 2018, revenue from the land of projects to develop can be estimated as follows:

	Consolidated	
	06/30/2019	06/30/2018
Contract revenue and costs		
Contractual gross revenues	7,137	7,137
Recognized gross revenue - accumulated	(1,717)	(1,763)
Contractual gross revenue to be recognized (unregistered) (a)	5,420	5,374
Total estimated cost - accumulated	3,643	3,542
Total incurred cost - accumulated	(823)	(822)
Deferred costs (unregistered) (b)	2,820	2,720
Estimated gross profit to be recognized (unregistered) (a - b)	2,600	2,654

14. Accounts payable

a) Accounts payable – third parties

Accounts payable - third parties are composed as follows:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Decoration fee (*)	-	-	2,782	2,817
Contract rescission	-	-	1,083	621
Administrative expenses	203	168	272	196
Provision for guarantee (vide nota 16)	-	-	1,044	1,044
Other payables - suppliers of materials and services	20	19	209	108
Total	223	187	5,390	4,786
Current	223	187	4,346	4,786
Non-current	-	-	1,044	-

(*) Refers mostly to the pay rate in the development of the Business Link Office Mall & Stay with balance on June 30, 2019, R\$ 2,782 (R\$2,817 on December 31, 2018). The settlement rate of decoration is linked to receipt of the balance of accounts receivable of that project.

b) Accounts payable - related parties

Amounts payable to related companies that refer to the assignment of debt and real estate confession credits by these companies RCFA Engenharia Ltda. in favor of CR2 Empreendimentos Imobiliários S / A in a negotiation involving the purchase and sale of shares of Green 3000 Emp. Real Estate Ltda. and CR2 Empreendimentos SPE-9 Ltda.

	Parente company	
	06/30/2019	12/31/2018
CR2 São Paulo 1 Empreendimentos Ltda.	-	78
Cimol Empreendimentos Imobiliários Ltda.	-	43
CR2 Campinho Empreendimentos Ltda.	-	62
CR2 Empreendimentos SPE-9 Ltda.	850	850
Total current	850	1,033

15. Contingent liabilities (Consolidated)

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before courts and government agencies arising from the normal course of operations, involving labor, tax and civil issues primarily resulting from delays in the construction works. The Management, based on the information from its legal counselors, analysis of outstanding legal claims, and on its prior experience referring to the claimed amounts, recognized a provision for the suits considered probable loss.

The contingencies classified as probable loss are presented as follows:

	Consolidated	
	06/30/2019	12/31/2018
Civil contingencies	7,402	7,402
Labor contingencies	154	154
Total	7,556	7,556

Disbursements are planned as follows:

	Consolidated	
	06/30/2019	12/31/2018
2019	688	688
2020	1,608	1,608
After 2020	5,260	5,260
Total	7,556	7,556
Current	688	688
Non-current	6,868	6,868

With the consolidation of Brazilian case law regarding the lawsuits given the delay in the construction work, we have reviewed, on a conservative basis, the expectation of loss in our lawsuits, as well as the amount involved, reflecting the amount that, according to the expectation of our lawyers, will be effectively disbursed by the Company.

The contingencies classified as possible loss are presented as follows:

	Consolidated	
	06/30/2019	12/31/2018
Civil contingencies	4,000	4,000
Labor contingencies	259	259
Other	34	34
Total	4,293	4,293

15.1. Arbitration proceedings

The HC CR2 Empreendimentos Ltda. ("society"), participated in an arbitration concerning the Felicitá project, in which it was discussed whether the increase in costs and postponement of the deadline of the work should be attributed to the construction company, as set in a construction contract entered into, or the development, which, according to the construction company, would have held several contributions out of the deadline or insufficient value. After the completion of the expertise performed, was rendered judgment in favour of the society, by means of which the construction company's left doomed to payment of all values that exceed the maximum set cost, as well as the payment of amount equivalent to 2% of the overall sales value ("VGV") - and, yet, to compensation paid by Developer values in the context of lawsuits arising from the delay in the works.

Before the completion of the winding-up skill, it was registered under the heading "Other current assets", a credit of R\$ 6,078, corresponding to the liquid portion and some of the sentence. Upon completion of the skill, the credit was increased, reaching the value of R\$ 11,504, which is the subject of judicial execution by society.

In December 2018, the parties entered into an agreement, aiming at closing both the execution and the annulment action filed by the construction company, by which it remained adjusted that the Company will receive the total amount of R\$ 8,600 until September 10, of which R\$ 6,400 have already been paid (part in kind and part through the receipt of shares / quotas of subsidiaries CR2 Américas and CR2 Empreend. SPE-5 belonging to third parties), leaving an outstanding balance of R\$ 2,200 on December 31 of 2018. The recorded balance of this debt up to the date of the agreement was R\$ 14,069, generating a financial expense in the amount of (R\$ 5,469).

16. Provision for guarantees

Limited warranties for a period of up to five years are offered to cover structural defects in real estate projects sold. These post-construction guarantees are usually conducted by contractors responsible for the construction of the projects, thus reducing the Company's cash flow exposure. It is estimated that the amounts to be disbursed will not be significant, considering the history of losses of the Company. The amounts to be disbursed in these cases are estimated at R\$ 1,044, see note 14.

17. Equity

a) Capital stock

The authorized capital stock, subscribed and paid-in as of June 30, 2019, is R\$ 166,991, represented by 2,422,153 (48,443,062 as of December 31, 2018) registered common shares with voting rights and no par value.

At the extraordinary general meeting held on 25 June 2018, the stockholders approved the amendment to the chapeau of Article 5 of the company's bylaws, passing the company's registered Capital to be R\$184,244, without reducing the number of shares, taking into view to the adoption of a reduction of the Share capital of the company in the Ordinary and Extraordinary General Assembly held on 24 April 2018 for the compensation of accumulated losses.

The shares were grouped in the proportion of 20/1 according to the resolution approved at the Extraordinary Shareholders' Meeting without change in the company's capital stock.

The ordinary and extraordinary general shareholders' meeting held on April 29, 2019, was approved by the attending shareholders to reduce the Company's capital stock, in the amount of R\$ 17,253, without changing the number of shares issued, to absorb the accumulated loss in 2018 and the balance of previous years. The amendment to the caput of article 5 of the Company's Bylaws, reflecting this approved capital reduction, took place at the extraordinary general meeting held on June 26, 2019, where the Company's capital was changed to R\$ 166,991.

b) Accumulated losses

The Company has accumulated losses up to June 30, 2019 in the amount of R\$ 7,118 (R\$ 17,253 in the year ended December 31, 2018).

18. Net revenue and cost from development and sale of properties (Consolidated)

Revenues and costs from property sale and development are as follows:

	Consolidado	
	30/06/2019	06/30/2018
Receitas por incorporação e venda de unidades		
– controladas no lucro presumido (a)	30,946	2,384
Receitas por incorporação e venda de unidades		
– controladas que aderiram ao RET	(1,720)	(173)
Gross operating revenue	29,226	2,211
Taxes on sales	(1,137)	186
Net revenue	28,089	2,397
Cost (b)	(31,627)	(2,246)
Negative gross profit (c)	(3,538)	151

- (a) Contracted sales net of cancellations;
- (b) The accrued cost of units sold is absorbed by the cost of returned units.
- (c) The gross loss for the period ended June 30, 2019, was due to the recognition of the AVP on the sale of the Parque das Águas land in February 2019, causing a negative impact of R\$ 4,705 in the revenues from incorporation and sale of properties in subsidiaries in presumed profit.

19. Other administrative expenses

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Legal indemnities	-	-	1,193	1,483
HOA fees of finished units	-	15	8	250
Legal advisory	11	150	327	510
Legal and notary fees	31	2	111	84
External Audit	123	83	125	92
Data Processing	110	89	110	98
Maintenance and conservation	-	-	11	27
Surveillance and security services	-	-	34	54
Publications	53	49	64	61
Communications and Telemarketing	7	17	7	20
Safe	39	-	39	-
Water, Energy and Gas	8	20	10	56
Custody of Titles, and Securities	34	31	34	31
Customer Transfer	-	-	5	7
Rents	13	44	13	49

Tariffs and commissions	1	-	11	19
Transport	2	-	21	35
Other	165	103	268	178
Total	597	603	2,391	3,054

20. Financial income

	Parent company		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Financial Revenues from:	356	273	852	1,710
Financial Investments	348	271	786	697
Debt Confession	-	-	9	52
Remuneration of transfer to financial institutions	-	-	8	75
Interest and adjustment of arbitration decision CR2 HC (Note 15.1)	-	-	-	818
Other financial revenues	8	2	49	68
Financial Expenses arising from:	-	-	(47)	(253)
Assignment of Credit Rights	-	-	(1)	(1)
Debt confession	-	-	(13)	(236)
Adjustment in the returned installment payments due to cancellation of contracts	-	-	-	(16)
Other Financial expenses (a)	-	-	(33)	-
Total	356	273	805	1,457

(a) Discounts granted

21. Other provisions (consolidated)

	Consolidated	
	06/30/2019	06/30/2018
Provision for allowance doubt – account receivables	1,674	(4,992)
Provision for allowance doubt – Debt confession	76	(316)
Total	1,750	(5,308)

22. Other operating revenues (expenses)

	Controladora		Consolidado	
	30/06/2019	06/30/2018	30/06/2019	06/30/2018
Income from rents (a)	-	-	46	176
Recovery of real estate costs (b)	-	-	286	237
Other operating revenues	-	-	100	62
Expected losses	(162)	-	(162)	-
Provision for guarantees	-	-	(1.044)	-
Accounts receivable with unlikely recovery	-	-	-	(324)
Other operating expenses	-	-	-	(10)
Total	(162)	-	(774)	141

(a) Income from rents of business units of CR2 Jardim Paraíso.

(b) Recovery of real estate costs due to the termination of units.

23. Taxation

23.1. Reconciliation of income and social contribution taxes

The reconciliation of income and social contribution tax amounts, calculated at June 30, 2019, and 2018, is as follows:

a) Income and social contribution taxes – parent company

The Company calculates income and social contribution taxes based on taxable income.

The reconciliation of income and social contribution tax expenses at the rate established by legislation with the rate recorded in income (loss) is as follows:

Descrição	30/06/2019	06/30/2018
Income (loss) before taxes on income	(7,118)	(6,981)
Legal add-backs /deductions		
Equity method	4.797	4.800
Others	328	234
Income before tax loss carryforwards	(1,993)	(1,947)
Combined rate of income and social contribution taxes	34%	34%
Income and social contribution taxes calculated in the year	678	662
Tax credit not accounted for in the year	(678)	(662)
(=) Income and Social Contribution tax expenses	-	-

b) Income Tax and social contribution – consolidated

	06/30/2019			06/30/2018		
	Gross Revenue	Income Tax – 8%	Social Contribution – 12%	Gross Revenue	Income Tax – 8%	Social Contribution – 12%
Revenue from property development and sales and restatement of property accounts receivable – deemed income regime	30,946	2,476	3,713	1,689	135	203
Other revenues	-	581	581	-	1,415	1,415
Calculation basis	-	3,057	4,294	-	1,550	1,618
Tax rates	-	15%	9%	-	15%	9%
Surtax rate after deduction of annual R\$ 240, where applicable	-	10%	-	-	10%	-
Income and Social Contribution tax expenses from subsidiaries – deemed income	-	(752)	(386)	-	(376)	(146)
Permanent differences	-	(85)	(17)	-	279	121
Income and Social Contribution tax expenses from subsidiaries – deemed income - effective	-	(667)	(369)	-	(97)	(25)
Income and Social Contribution tax expenses from subsidiaries – RET (Special Taxation Regime)	-	(20)	(12)	-	17	9
(=) Income and social contribution tax credit/ (expense)	-	(687)	(381)	-	(80)	(16)

23.2. Tax provision

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Income tax and social contribution	-	-	969	952
Federal tax	2	14	64	158
Payroll tax	81	89	25	89
Retained tax	5	5	81	30
Total current	88	108	1,139	1,229

23.3. Deferred taxes

For property activity, deferred taxes on the difference between income calculated on cash basis and revenue calculated on accrual basis were recognized.

As on June 30, 2019, and December 31, 2018, these credits are recorded in the Company's Liabilities and composed as follows:

	Consolidated	
	06/30/2019	12/31/2018
IRPJ	926	349
CSLL	510	196
PIS	1,393	115
COFINS	302	526
Total	3,131	1,186
Current	611	443
Non-current	2,520	743

23.4. Recoverable taxes to offset

The recoverable taxes and contributions are as follows:

	Parent company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
From withholdings taxes	1,784	1,844	1,799	1,844
From securities	-	-	-	-
Other recoverabl taxes	3	1	5	21
Total current	1,787	1,845	1,804	1,865

Due to the company being present losses, the Administration has been requesting the refund of the balance withheld following the prescriptive periods of the current legislation.

24. Management and employees' compensation

The Company offers the following compensation to management and employees:

a) Management compensation (consolidated)

As recorded in the Minutes of the Extraordinary and Ordinary General Meeting of April 24, 2018, the limit for the annual compensation of the Company's managers is up to R\$ 5,000. The definition of the amount and the criteria for distribution of the overall amount among management will occur as determined by the Board of Directors, which approved at the mentioned meeting, the distribution of the fixed annual remuneration established by the said AGO, being up to R\$ 218 for the Board of Directors and up to R\$ 1,800 for the Statutory Directors from May 2019 until April 2020.

At June 30, 2019, the Consolidated Group paid to management fees at the amount of R\$ 760 (R\$ 733 as at June 30, 2018), which is composed of:

	06/30/2019	06/30/2018
Board of Directors		
Compensation base	109	109
Statutory Directors		
Compensation base	651	624
Total	760	733

25. Profit/ (loss) per share

Following the CPC 41 (IAS 33) - approved by CVM Resolution No. 636 "Earnings per share", the Company presents the following information on profit / (loss) per share for the interim financial information ended at June 30, 2019, and 2018.

The calculation of basic earnings (loss) per share is made by dividing net loss allocated to holders of common shares of the Company by the weighted average number of common shares available during the year.

Diluted earnings (loss) per share is calculated by dividing net income attributable to holders of common shares of the Company by the weighted average number of outstanding common shares available during the year, plus the weighted average number of common shares that would be issued upon the conversion of all potential common shares diluted into common shares.

The following tables present the result data and shares used to calculate basic and diluted earnings per share.

	Loss	Weighted average number of shares	Loss per share – basic and diluted (in Reais)
06/30/2019	(7,118)	2,422,153	(2.94)
06/30/2018	(6,981)	48,443,062	(0.14)

26. Financial Instruments

The Company assesses its financial instruments as follows:

- **Exposure to interest rate risks**

The Company and its subsidiaries are exposed to interest rates fluctuating substantially to the variations of the CDI, which remunerates their investments in Fixed Income Securities, and the interest on loans receivable, substantially CDI.

- **Credit risk concentration**

The financial instruments that potentially subject the Company to credit risk concentration mainly consist of balances in banks, financial investments and accounts receivable. The balance of accounts receivable is distributed among several customers with the pledge of the corresponding property.

- **Fair value of financial instruments**

The carrying amounts of financial instruments, mainly represented by financial investments and financing are presented in the balance sheet of June 30, 2019 and 2018 at amounts that approximate fair value, considering similar operations.

- **Sensitivity analysis**

As required by CVM Instruction 475, of December 17, 2008, the Company and its subsidiaries must provide a sensitivity analysis for each type of market risk considered relevant by Management, originated by financial instruments, to which the entity is exposed at the end of each year.

The Company is exposed to changes in floating rates that affect both interest income as interest expense. The median of market expectations, according to data from the Central Bank of Brazil (Focus Report), at the base date of July 26, 2019, indicated the CDI estimated rate for 2019 at 6.50%. Same rate for the year ended 12.31.2018

Management also conducted sensitivity tests for adverse scenarios, deterioration of rates by 25% or 50% compared to the probable scenario, for each scenario, and was calculated financial income or financial expenses without considering the incidence of taxes. Thus, we would have the following sensitivity analysis table:

Operations in 06/30/2019	Risk Factor	Probable Scenario	Scenario I – 25% deterioration	Scenario II – 50% deterioration
Assets				
	Indexador	CDI		
Financial investments - R\$ 25,763 (Nota nº 3)		1,417	1,063	708
Mutual receivable - R\$ 335 - (Nota nº 8.a)		18	14	9

27. Risk management

Risk control system

Risk control covers individual risk analysis of each project and risks analysis of our investment portfolio. In the model, we calculate potential losses in a stress scenario for each individual project and for the portfolio, as well as the maximum cash exposure required by the portfolio.

Implementation of risk control system

To be able to efficiently manage the risk control system, the Company has operational control of all projects in its portfolio, which enables, for example, to accelerate the sales of units to reduce the risk exposure to certain projects. This acceleration is usually achieved by reducing the selling price, changing the used media outlets, establishing incentives to brokers through awards, etc.

Operational risks

The operational risk management aims to monitor: **(I)** the construction contract in relation to the maximum guaranteed cost of the work; **(ii)** construction works, hiring specialized firms to monitor the services provided by the contracted construction companies (quality and physical and financial schedules of the work); **(iii)** financial and accounting audits carried out by leading independent auditing firms; **(iv)** documentation and legal risks, and **(v)** the credit risk of unit purchasers by active management of receivables of enterprises.

Interest rate risk

The Company is exposed to changes in floating rates, which affect both interest income resulting from financial investments as the interest expense arising from loans.

28. Insurance (unaudited)

The Company maintains insurance policies from Brazilian top-tier insurance companies, covering not only the risks for all its property during construction but also risks arising from events related to the properties located next to their works. The insurance policies cover existing potential risks since the beginning of the construction work, such as property damage, engineering risks, fire, falls, collapse, lightning, gas explosion, and possible construction errors. These insurance policies present specifications, limits, and deductibles common to the place where the property is located. The Company does not maintain any insurance policy for its property after the conclusion of the work. Management believes that the insurance coverage is adequate, although it cannot guarantee that the value of the coverage will be enough to material loss protection.

Given the nature of the risk assumptions adopted, they are not part of the scope of an audit and, therefore, were not audited by the independent auditors.

29. Guarantees

On June 30, 2019, and December 31, 2018, there were no sureties and guarantees provided by the Company to its subsidiaries.

30. Date of approval of the interim financial information

The Company's Management authorized to issue the individual and consolidated interim financial information of the Company on August 13, 2019, regarding the documents for the period ended June 30, 2019 and with no other subsequent events incurred after the closing date of the period that may significantly change the financial statements, the disclosure of the mentioned documents is approved.

31. Explanation added to the translation for the English version

The accompanying financial statements were translated into English from the original Portuguese version. Certain accounting practices applied by the Company that conforms to those accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

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