

RNI reports 1Q19 Results

São José do Rio Preto, May 9, 2019: RNI (B3: RDNI3), a real estate developer and builder, announces today its audited results for the first quarter of 2019. The following financial and operating information is presented on a consolidated basis in accordance with generally accepted accounting practices in Brazil based on Brazilian Corporation Law, International Financial Reporting Standards (IFRS) and the rules issued by the Brazilian Accounting Pronouncements Committee (CPC).

Period Highlights:

- **Gross sales** came to R\$106 million, surpassing all quarters of 2018;
- **Cancellations** decreased 40% and 21% in relation to 4Q18 and 1Q18, respectively. Average monthly cancellations stood at R\$8.7 million, the lowest level since the IPO;
- **Net Revenue** amounted to R\$79 million, up 57% from 2018, the highest amount reported since 3Q16;
- Adjusted gross margin under the current model (products under new strategy) was 25.1%, supporting **Total Adjusted Gross Margin**, which stood at 18.8%;
- **General and administrative expenses** in 1Q19 amounted to R\$9.5 million, down 10% from 4Q18 and in line with the previous year;
- Although affected by the decline in adjustment indexes and non-recurring interest expenses, the **net loss** in 1Q19 fell 16% from 1Q18, to R\$9.8 million;
- **Net Debt (Ex-Production Debt) / Net Equity ratio** reached the record level of -15.0%, improving the quality of RNI's debt, which is 88% represented by production debt;
- Expansion of 4.1 p.p. in the gross margin of **Backlog Revenue**, which came to R\$157 million in 1Q19, up 25% from 1Q18, reflecting the entry of products from the new cycle.

Conference Call to discuss the 1Q19 Results:

Portuguese (with simultaneous translation into English)

May 10, 10:00 p.m. (Brasília time) / 09:00 a.m. (New York time)

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OPERATING AND FINANCIAL HIGHLIGHTS

The complete consolidated financial statements for 1Q19, accompanied by the respective notes, can be found in the Quarterly Information (ITR) document, which is available on our Investor Relations website (ri.rni.com.br) and on the website of the Securities and Exchange Commission of Brazil – CVM (www.cvm.gov.br).

Operating and Financial Information					
Highlights	1Q19	4Q18	1Q19 vs 4Q18	1Q18	1Q19 vs 1Q18
Launches					
Project Launches - RNI PSV (R\$ '000)	-	150,863	N/A	77,446	N/A
Project Launches - Total PSV (R\$ '000) ⁽¹⁾	-	182,565	N/A	77,446	N/A
Project Launches - Total PSV - SBPE (R\$ '000)	-	68,625	N/A	77,446	N/A
Project Launches - Total PSV - MHML (R\$ '000)	-	113,940	N/A	-	N/A
RNI's share of total launches	-	83%		100%	
# Projects Launched	-	3	N/A	2	N/A
Units Launched	-	222	N/A	182	N/A
Units Launched - Subdivision	-	844	N/A	-	N/A
Average Price of Units Launched (R\$ '000/unit) - SBPE	-	309	N/A	426	N/A
Average Price of Units Launched (R\$ '000/unit) - MHML	-	135	-100%	-	N/A
Contracted Sales					
Gross Contracted Sales RNI PSV (R\$ '000)	96,571	85,092	13%	85,823	13%
Gross Contracted Sales Total PSV (R\$ '000)	106,015	91,288	16%	97,303	9%
Net Contracted Sales RNI PSV (R\$ '000)	73,631	47,999	53%	59,097	25%
Net Contracted Sales Total PSV (R\$ '000) ⁽²⁾	79,895	47,902	67%	64,172	25%
RNI's share of total Contracted Sales	92%	100%	-8.0 p.p.	92%	0.1 p.p.
Financial Indicators in R\$ '000					
Net Revenue	78,901	34,109	131%	50,101	57%
Gross Profit	10,620	6,948	53%	5,667	87%
% Gross Margin	13.5%	20.4%	-6.9 p.p.	11.3%	2.1 p.p.
Adjusted EBITDA ⁽³⁾	(2,035)	(7,584)	-73%	(8,065)	-75%
% Adjusted EBITDA Margin	-2.6%	-22.2%	19.7 p.p.	-16.1%	-0.8 p.p.
Net Income	(9,817)	(7,747)	27%	(11,750)	-16%
% Net Margin	-12.4%	-22.7%	10.3 p.p.	-23.5%	11.0 p.p.
Earnings per Share (in R\$)	(0.23)	(0.18)	27%	(0.28)	-16%
Shares Outstanding ⁽⁴⁾	42,189	42,189	0%	42,189	0%
Backlog Revenue					
Backlog Revenue (R\$ '000)	157,204	149,552	5%	126,224	25%
Backlog Results (R\$ '000)	40,605	35,348	15%	31,263	30%
% Backlog Margin	25.8%	23.6%	2.2 p.p.	24.8%	1.1 p.p.
Balance Sheet					
Net Debt (R\$ '000)	239,508	225,158	6%	207,621	15%
Net Debt ex Production Debt (R\$ '000)	(92,237)	(11,550)	699%	4,237	-2277%
Cash Position (R\$ '000)	137,237	92,401	49%	101,436	35%
Shareholders' Equity (R\$ '000)	615,709	626,303	-2%	638,791	-4%
Net Debt/Shareholders' Equity	38.9%	36.0%	2.9 p.p.	32.5%	6.4 p.p.
Net Debt ex Production Debt/Shareholders' Equity	-15.0%	-1.8%	-13.1 p.p.	0.7%	-15.6 p.p.

(1) Total PSV Launched, including RNI's share added to partners

(2) Total Contracted Sales value of all project that RNI participates, including RNI's share added to partners'. Including cancelations of Contracted Sales.

(3) Adjusted EBITDA: includes capitalized interest because it is an operating expenses.

(4) Shares Outstanding: excludes treasury shares.

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MESSAGE FROM MANAGEMENT

In the first quarter of 2019, the company focused its efforts on two fronts: on new business, seeking to accelerate the development of projects aligned with the company's strategy that are in the final stage of approval and can be launched soon; and conversely, but no less important, on efforts to sell remaining units in inventory, whether finished or not.

The strong performance of net sales reflects not only the improvement in gross sales, which surpassed all quarters of 2018, but primarily the decline in cancellations, which is an important factor that should remove pressure from the company's operational and financial results in 2019.

As of 1Q19, we will start analyzing the results of the company's two cycles separately. The products currently under the new strategy (launched 2H18 onward) will become part of the "Current Model" group. Meanwhile, the previous inventory, finished or not, will now be called "Legacy." This new breakdown will enable us to monitor how products in the new cycle are contributing to our result.

Note that, although we analyzed the factors that actually impacted our bottom line, most of the sales revenue from projects in the new cycle will be reflected under Backlog Revenue, which in 12 months already has posted nominal growth of 25% and gross margin expansion of 4.1 p.p.

Consolidated R\$' 000 1Q19	Total	Legacy	Current Model
Net Revenue	78,901	72,299	6,602
Total Cost	(68,281)	(63,161)	(5,121)
<i>Adjusted Gross Profit*</i>	14,800	13,146	1,655
<i>Adjusted Gross Margin*</i>	18.8%	18.2%	25.1%

Despite the acceleration in growth, the company's structure (G&A) remained in line with that of 2018 and should remain stable in the coming quarters. We believe that our current structure has the capacity to absorb sustainable operational growth, leveraging positive variations in the factors that support business volume growth.

Our debt ended the first quarter at R\$377 million. After the carrying out the Real Estate Receivables Certificates (CRI) operation in February and immediately prepaying the corporate Bank Credit Certificates (CCB), production debt now accounts for 88% of RNI's total debt, with the corporate debt item only containing Working Capital (4131) loans.

As a result of our ongoing liability management, the Net Debt (Ex-Production Debt) / Net Equity ratio ended 1Q19 at negative 15.0%, down 15.6 p.p. from the prior year, with the company's debt structure now much more compatible with its production.

RNI remains focused on delivering its new operational strategy. Bear in mind that the projects in the pipeline for 2019 are in the final phase of approval and mostly qualify for the My House, My Life ("MHML") program, Bands 3 and 2.

The Management.

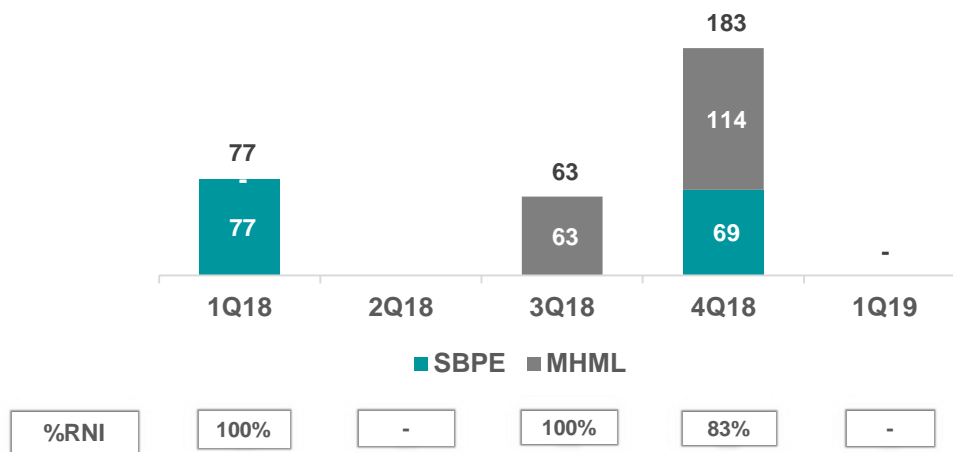
*Excludes financial expenses recorded at cost.

LAUNCHES

The projects in the pipeline for 2019 are in final phase of approval and should be launched in the next few quarters, with a higher concentration in the last two quarters of the year. No projects were launched in this quarter.

In line with the strategy initially adopted in 2017, the projects under development are mostly in the My House, My Life (“MHML”) program.

Launches - Total PSV (R\$MM)



Launches R\$000	1Q19	4Q18	Q/Q (%)	1Q18	Y/Y (%)
PSV Launched - 100%	-	182,565	n.a.	77,446	n.a.
MHML	-	113,940	n.a.	-	n.a.
SBPE	-	68,625	n.a.	77,446	n.a.
Subdivision	-	-	n.a.	-	n.a.
PSV Launches - %RNI	-	150,863	n.a.	77,446	n.a.
MHML	-	82,306	n.a.	-	n.a.
SBPE	-	68,557	n.a.	77,446	n.a.
Subdivision	-	-	n.a.	-	n.a.
Units	-	1,066	n.a.	182	n.a.
MHML	-	844	n.a.	-	n.a.
SBPE	-	222	n.a.	182	n.a.
Subdivision	-	-	n.a.	-	n.a.

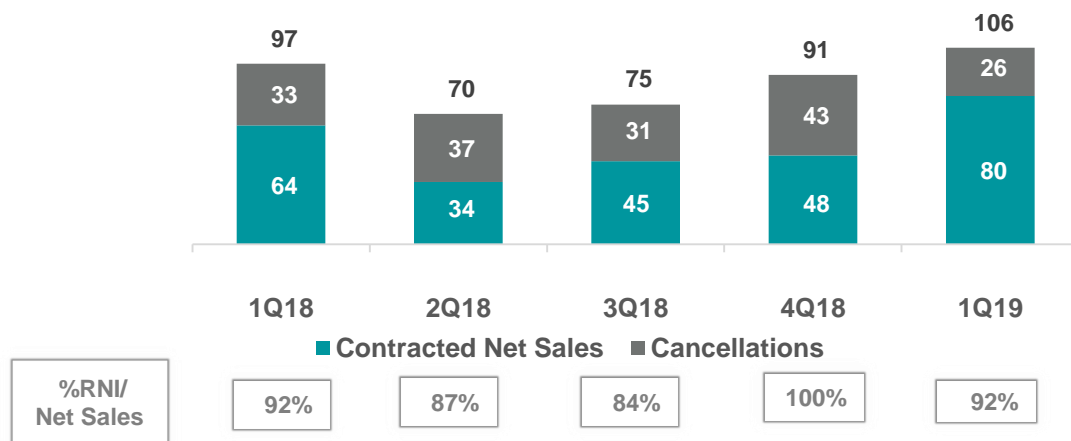
CONTRACTED SALES

Gross sales came to R\$106 million in 1Q19, which is higher than in all quarters of 2018 and represents growth of 16% from 4Q18 and 9% from 1Q18. Note that this improvement in gross revenue was registered in a quarter without any launches, i.e., in which the sales team's entire efforts were focused on units in inventory.

Cancellations amounted to R\$26 million in 1Q19, representing reductions of 40% and 21% in relation to 4Q18 and 1Q18, respectively. At the end of March, average monthly cancellations stood at R\$8.7 million, below the R\$12.0 million reported in 2018 and R\$14.2 million in 2017.

Net sales ended the quarter at R\$80 million, advancing 67% compared to 4Q18 and 25% compared to 1Q18. Note this was the best result for net sales in a quarter without any launches since 2Q15.

Gross Sales - Total PSV (R\$MM)



Contracted Sales R\$000	1Q19	4Q18	Q/Q (%)	1Q18	Y/Y (%)
Gross Sales - 100%	106,015	91,288	16%	97,303	9%
MHML	19,291	13,689	41%	2,944	555%
SBPE	74,002	68,281	8%	73,831	0%
Subdivision	12,722	9,318	37%	20,528	-38%
Cancellations - 100%	26,121	43,387	-40%	33,131	-21%
MHML	1,362	463	194%	962	42%
SBPE	12,714	31,124	-59%	18,831	-32%
Subdivision	12,045	11,799	2%	13,338	-10%
Net Sales - 100%	79,895	47,902	67%	64,172	25%
MHML	17,929	13,226	36%	1,982	805%
SBPE	61,288	37,157	65%	55,000	11%
Subdivision	678	(2,481)	n.a.	7,190	-91%
Net Sales - %RNI	73,631	47,999	53%	59,097	25%

Inventory Turnover Ratio

The inventory turnover ratio ended 1Q19 at 14%, the best first-quarter result since 1Q15.

SELECTED QUARTELY SALES DATA					
(R\$MM)	1Q18	2Q18	3Q18	4Q18	1Q19
Inventory at Start of Period	452	463	435	465	573
Project Launches	77	-	63	183	-
Contracted Sales	64	34	45	48	80
Sales from Same Period Launches	15	-	14	36	-
Sales from Past Period Launches	50	34	30	12	80
Inventory Turnover Ratio ⁽¹⁾	12%	7%	9%	7%	14%
Sales from Same Period Launches/Contracted Sales	23%	0%	32%	74%	0%
Sales from Past Period Launches/Contracted Sales	77%	100%	68%	26%	100%
Sales from Same Period Launches/Project Launches	19%	N/A	23%	19%	N/A

⁽¹⁾ Inventory Turnover Ratio, calculated by: (Contracted Sales during the period)/(Market Value of Initial Inventory) + (PSV of launches in the period).

INVENTORY*

On March 31, 2019, the total potential sales value (PSV) of our inventory stood at R\$481 million, represented by 2,109 units.

Finished inventory as a ratio of total inventory stood at 23% (based on RNI's share), representing a reduction of 3 p.p. on the previous quarter. Maintaining a low level of finished inventory also is one of the Company's goals to support the resumption of a sustainable business cycle.

Given the lack of launches and the lower volume of cancellations, inventory decreased 16%, reflecting mainly the reductions in SBPE and MHML projects of 20% and 12%, respectively.

Status	Inventory Units	%	Market Value of Inventory (R\$ '000)	%	Market Value of Inventory (R\$ '000) - RNI's share	%
Until 2017	1,067	51%	297,064	62%	245,900	61%
2018 Ahead	1,042	49%	183,849	38%	157,976	39%
Total	2,109	100%	480,914	100%	403,876	100%

Status	Inventory Units	%	Market Value of Inventory (R\$ '000)	%	Market Value of Inventory (R\$ '000) - RNI's share	%
Projects Delivered	240	11%	118,001	25%	92,144	23%
Under Construction	1,869	89%	362,913	75%	311,732	77%
Total	2,109	100%	480,914	100%	403,876	100%

Product	4Q18		1Q19	
	Inventory Units	Market Value of Inventory (R\$ '000)	Inventory Units	Market Value of Inventory (R\$ '000)
MHML	1,031	149,583	916	131,897
SBPE	823	362,145	674	288,648
Subdivision	520	61,182	519	60,369
Total	2,374	572,909	2,109	480,914

Region	Inventory Units	%	Market Value of Inventory (R\$ '000)	%	Market Value of Inventory (R\$ '000) - RNI's share
BA	312	15%	44,442	9%	44,398
CE	436	21%	58,248	12%	32,425
GO	463	22%	50,358	10%	25,179
MG	4	0%	611	0%	611
MS	0	0%	0	0%	0
MT	232	11%	74,217	15%	74,143
PR	2	0%	433	0%	432
RJ	2	0%	1,403	0%	842
RS	15	1%	3,488	1%	3,485
SP	643	30%	247,714	52%	222,363
Total	2,109	100%	480,914	100%	403,876

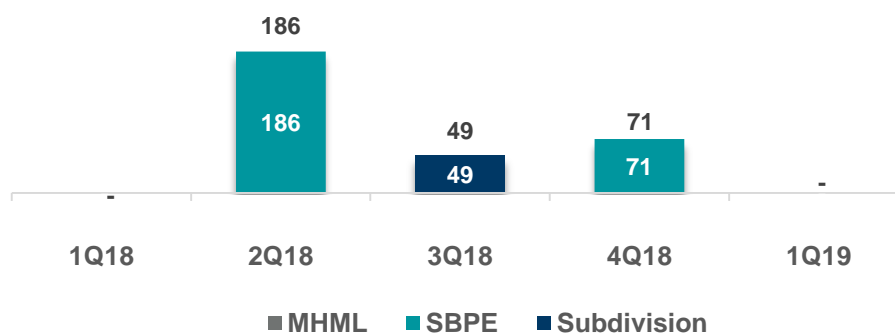
*Inventory net of commissions.

PROJECTS DELIVERED

The Company did not deliver any projects in 1Q19. Three projects should be delivered in 2019, namely:

- i) an SBPE project in Sinop, Mato Grosso; ii) a subdivision project in Uberaba, Minas Gerais; and iii) a subdivision project in Goiânia, Goiás.

Projects Delivered - Total PSV (R\$MM)

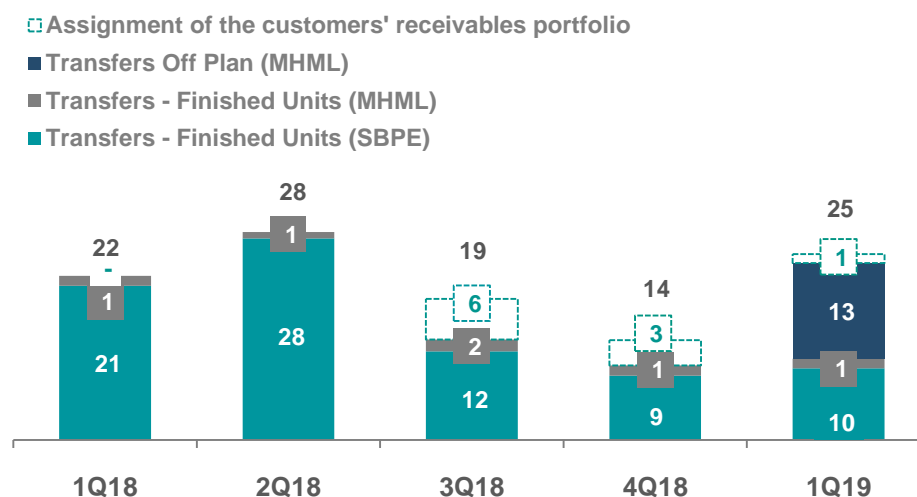


Projects Delivered R\$000	1Q19	4Q18	Q/Q (%)	1Q18	Y/Y (%)
Total PSV - 100%	-	70,755	n.a.	-	n.a.
MHML	-	-	n.a.	-	n.a.
SBPE	-	70,755	n.a.	-	n.a.
Subdivision	-	-	n.a.	-	n.a.
Units	-	108	n.a.	-	n.a.
MHML	-	-	n.a.	-	n.a.
SBPE	-	108	n.a.	-	n.a.
Subdivision	-	-	n.a.	-	n.a.

TRANSFER TO BANKS OF CLIENT BALANCES / OFF-PLAN PROPERTIES

Transfers of client balances and off-plan properties amounted to R\$25 million in 1Q19. Note that this quarter registered the first high volume of transfers in the MHML segment, a dynamic that should continue over the coming quarters given RNI's new business cycle.

Individual Mortgages (R\$MM)



LANDBANK - DEVELOPMENT

The aggregate PSV of the landbank for residential projects (acquired or secured by purchase option) stood at R\$3.9 billion. Of this amount, R\$3.5 billion (90% of the total) was in properties effectively acquired and R\$0.4 billion (10% of the total) in properties secured by purchase options, which were distributed across 19 cities in 9 states.

Development		Total PSV (in R\$MM)			
State	Cities	Acquired	Under Option	Total	% of Total
SP	8	1,619	296	1,916	48%
MG	1	196	-	196	5%
MS	1	96	105	201	5%
MT	2	457	-	457	12%
GO	2	372	-	372	9%
BA	1	39	-	39	1%
CE	1	149	-	149	4%
PE	1	130	-	130	3%
SC	2	504	-	504	13%
Total	19	3,563	401	3,964	100%

The variation in the landbank of projects in the quarter was mainly due to: i) the return of the area in Palhoça, Santa Catarina due to cancellation; and ii) the sale of non-core area in Santo André, São Paulo.

Changes in Landbank Acquired	Landbank Reconciliation Total PSV (in R\$MM)
4Q18 Acquired Position	3,543
(+) Acquired Areas	75
(+/-) Project Revision	10
(-) Sold Areas	(64)
1Q19 Acquired Position	3,564

Changes in Landbank - Under Option	Total PSV (in R\$MM)
4Q18 Under Option Position	401
1Q19 Under Option Position	401
Total Landbank 1Q19	3,964

On March 31, 2019, 54% of PSV was represented by swap agreements and 46% by cash agreements.

LANDBANK - SUBDIVISION

The following table shows the landbank for subdivision projects. At the end of the quarter, the PSV of the subdivision landbank stood at R\$373 million, 100% of which refers to properties acquired.

Subdivision		Total PSV (in R\$MM)			
State	City	Acquired	Under Option	Total	%Total
SP	2	365	-	365	98%
GO	1	8	-	8	2%
Total	3	373	-	373	100%

The variation in the landbank for subdivision projects was due to the exclusion of an interest in an area in Batatais, São Paulo that no longer was part of the Company's business objectives.

Changes in Landbank - Acquired	Landbank Reconciliation Total PSV (in R\$ MM)
4Q18 Acquired Position	411
(-) Discontinued areas	(39)
1Q19 Acquired Position	372

On March 31, 2019, 98% of PSV was represented by swap agreements and 2% by cash agreements.

FINANCIAL PERFORMANCE

Current Model and Legacy

Consolidated R\$' 000 1Q19	Total	Legacy	Current Model
Net Revenue	78,901	72,299	6,602
Total Cost	(68,281)	(63,161)	(5,121)
<i>Adjusted Gross Profit*</i>	14,800	13,146	1,655
<i>Adjusted Gross Margin*</i>	18.8%	18.2%	25.1%

To improve the transparency of the company's current business model, we opted to break down the result into products prior the new strategy, which we refer to as *Legacy*, and projects under the same, which we refer to as the *Current Model*. Based on this analysis, the current model shows the highest profitability, not only because of the gross margin of project sales, but also because of the low volume and impact from cancellations. Although this is what actually reported in our profit and loss, a large part of sales revenue will be reported under Backlog Revenue, with these high margins and with recognition accompanying percentage of completion, supporting the company's future result.

Income Statement

Consolidated, R\$ '000	1Q19	4Q18	1Q19 vs 4Q18	1Q18
Net Operating Revenue	78,901	34,109	131%	50,100
Gross Profit	10,620	6,948	53%	5,666
Gross Margin	13.5%	20.4%	-6.9 p.p.	11.3%
<i>Adjusted Gross Profit*</i>	14,800	8,729	70%	10,284
<i>Adjusted Gross Margin*</i>	18.8%	25.6%	-6.8 p.p.	20.5%
Operating Expenses	(17,380)	(16,860)	3%	(18,908)
Selling expenses	(6,642)	(8,189)	-19%	(6,713)
General and Administrative Expenses	(9,477)	(10,518)	-10%	(9,499)
Employee Profit Sharing	-	(1,948)	N/A	-
Equity Income	71	8,620	-99%	(153)
Other Operating Revenue	(1,332)	(4,825)	-72%	(2,543)
<i>Adjusted EBITDA</i>	<i>(2,035)</i>	<i>(7,584)</i>	-73%	<i>(8,065)</i>
<i>Adjusted EBITDA Margin</i>	<i>-2.6%</i>	<i>-22.2%</i>	19.7 p.p.	<i>-16.1%</i>
Net Financial Income (Expenses)	(2,101)	2,994	N/A	3,198
Income tax and social contribution	(1,826)	(1,647)	11%	(1,677)
<i>Net Income</i>	<i>(9,817)</i>	<i>(7,747)</i>	27%	<i>(11,750)</i>
<i>Net Margin</i>	<i>-12.4%</i>	<i>-22.7%</i>	10.3 p.p.	<i>-23.5%</i>

*Excludes financial expenses recorded at cost.

Net Revenue

Net sales ended the quarter at R\$78.9 million, advancing 131% compared to 4Q18, mainly due to i) the higher sales volume and ii) the lower cancellations. In relation to 1Q18, net sales was driven not only by sales volume growth, but also by the contribution from the progress in the construction of projects.

Adjusted Gross Margin

Adjusted gross margin was 18.8% in 1Q19, down 6.8 p.p. from 4Q18, reflecting the greater flexibility in pricing the inventory of finished units and its share of total sales volume (43%). Products under construction with higher margins were not fully recognized in the quarterly result, with their gains reflected later in the Backlog Margin section.

Selling, General and Administrative Expenses

Consolidated, R\$ '000	1Q19	4Q18	1Q19 vs 4Q18	1Q18	1Q19 vs 1Q18
Operating Expenses	(17,380)	(16,860)	3%	(18,908)	-8%
Selling expenses	(6,642)	(8,189)	-19%	(6,713)	-1%
Comission	(3,530)	(2,464)	43%	(2,801)	26%
Other selling expenses	(3,112)	(5,725)	-46%	(3,912)	-20%
General and Administrative Expenses	(9,477)	(10,518)	-10%	(9,499)	0%
Employee Profit Sharing	-	(1,948)	N/A	-	N/A
Equity Income	71	8,620	-99%	(153)	N/A
Other Operating Revenue	(1,332)	(4,825)	-72%	(2,543)	-48%

Selling expenses in 1Q19 amounted to R\$6.6 million, down 19% from 4Q18. Savings on advertisement and marketing resulting from the lack of launches in the quarter more than offset the growth of 43% reported in the item commissions. In relation to 1Q18, selling expenses in the quarter remained stable.

General and administrative expenses in the quarter were R\$9.5 million, also remaining stable sequentially. The savings that led to the 10% reduction reflects the efforts to optimize the legal area, as well as seasonal effects. In relation to 1Q18, G&A expenses were in line.

Other Operating Income/Expenses

Equity income amounted to R\$0.1 million in the quarter, mainly affected by the drop in net sales volume of Goiânia and Ribeirão Preto projects, which impacted negatively its results.

Other operating revenues/expenses ended 1Q19 at R\$1.3 million, down significantly in relation to 4Q18 and 1Q18, both periods that registered non-recurring expenses.

Adjusted EBITDA

Consolidated Adjusted EBITDA, R\$ '000	1Q19	4Q18	1Q19 vs 4Q18	1Q18	1Q19 vs 1Q18
Net Income Consolidated (RNI + Minority Interest)	(10,687)	(8,565)	25%	(11,720)	-9%
(+) Income tax and social contribution	1,826	1,647	11%	1,677	9%
(+) Net Financial Income	2,101	(2,994)	N/A	(3,198)	N/A
(+) Depreciation & Amortization	545	547	0%	558	-2%
EBITDA	(6,215)	(9,365)	-34%	(12,683)	-51%
EBITDA Margin	-7.9%	-27.5%	19.6 p.p.	-25.3%	17.4 p.p.
(+) Financial Expenses on Cost	4,181	1,781	135%	4,618	-9%
Adjusted EBITDA*	(2,035)	(7,584)	-73%	(8,065)	-75%
Adjusted EBITDA Margin	-2.6%	-22.2%	19.7 p.p.	-16.1%	13.5 p.p.

* EBITDA: net income for the period, plus income tax, financial expenses net of financial income, and depreciation, amortization and depletion. Adjusted EBITDA refers to the adjustment of expenses with capitalized interest, given the operational nature of this expense.

Adjusted EBITDA was negative R\$2.0 million in 1Q19, compared to R\$7.6 million in 4Q18 and R\$8.1 million in 1Q18.

Net Financial Income (Expense)

Net Interest (Expenses) Revenue, R\$ '000	1Q19	4Q18	1Q19 vs 4Q18	1Q18	1Q19 vs 1Q18
Monetary Variation, Net	1,394	5,682	-75%	4,411	-68%
Financial Revenue	4,465	5,038	-11%	5,999	-26%
Financial Expenses	(7,960)	(7,726)	3%	(7,212)	10%
Total	(2,101)	2,994	N/A	3,198	N/A

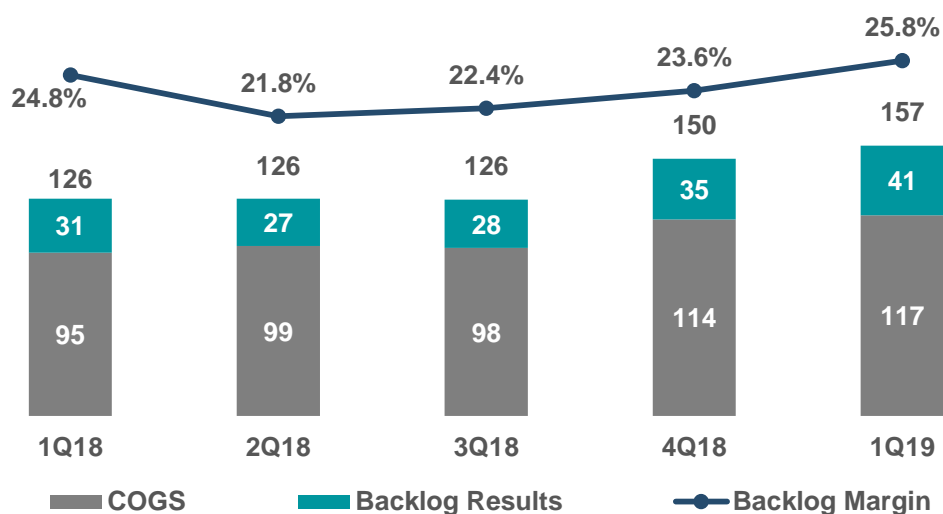
In 1Q19, the net financial result was an expense of R\$2.1 million, compared to income of R\$3.0 million in 4Q18. The reduction is basically explained by i) the reduction in adjustment indexes (including negative indexes) in 1Q19, which affected the adjustment of our portfolio and related charges to ii) the CRI 31 funding operation in February, and iii) the early recognition of the settlement of CRI 27.

Net Income (Loss)

Despite the operational improvement, i) the negative effect from the non-recurring net financial expense and ii) the weak performance of equity income affected the result, leading to a net loss of R\$9.8 million in 1Q19, down 16% in relation to 1Q18.

Unearned Revenue (Backlog)

Backlog Results (R\$ MM) and Backlog Margin (%)



Backlog margin stood at 26% at the end of 1Q19. The 2.2 p.p. expansion from 4Q18 reflects the entry of projects from the new cycle, especially those launched in late 2018, which have higher margins, some of which have yet to begin construction.

Note that the amounts recorded in Backlog Margin have not yet been subjected to PIS/COFINS taxes and do not include the financial expenses related to COGS.

BALANCE SHEET: Main items

Trade Accounts Receivable

The balance of Trade Accounts Receivable at March 31, 2019 amounted to R\$557 million, of which R\$415 million is recorded on the balance sheet with the associated revenue already recognized. Of this total, R\$150 million is recorded in current assets and R\$266 million in non-current assets, as shown in the following table.

Credits with clients (R\$ '000)	1Q19	%	4Q18	%	1Q19 vs 4Q18	1Q18	%	1Q19 vs 1Q18
Current Assets								
Amounts Realized	149,686	27%	129,574	25%	16%	249,729	46%	-40%
Amounts Non Realized	29,789	5%	36,337	7%	-18%	29,487	5%	1%
Total Current Assets	179,475	32%	165,911	33%	8%	279,216	52%	-36%
Non Current Assets								
Amounts Realized	265,575	48%	249,025	49%	7%	192,054	35%	38%
Amounts Non Realized	112,141	20%	95,334	19%	18%	69,816	13%	61%
Total Non Current Assets	377,716	68%	344,359	67%	10%	261,870	48%	44%
TOTAL	557,190	100%	510,270	100%	9%	541,086	100%	3%

Credits not yet recorded on the balance sheet and for which the associated revenue has not yet been recognized in the profit or loss using the percentage of completion (PoC) method amounted to R\$142

million on March 31, 2019. The difference between the R\$157 million recognized under Backlog and this R\$142 million refers to advances from clients, which came to R\$15 million at the end of 1Q19.

The performed receivables portfolio amounted to R\$305 million at the end of 1Q19.

The following table provides a breakdown and the status of performed receivables classified by phase and order of monetization:

PERFORMED Receivables Account details (R\$ million)	1Q19	4Q18	%
Clients transferred (filed at notary) awaiting credit	17,348	13,195	5.7%
Clients in Analysis/Transfer to Banks	20,359	18,930	6.7%
Clients from recently concluded units with certificates of occupancy, pending documentation	1,564	1,581	0.5%
Clients in legal discussion with secured fiduciary sale	12,014	13,893	3.9%
Clients with potential cancellation (further conversion into inventory)	11,613	12,342	3.8%
Others	11,570	13,583	3.8%
Performed Receivables Account (Not Financed by the Company)	74,468	73,524	24.4%
Clients Financed by Company	219,860	218,409	72.1%
Clients Financed by Company (Pro-Soluto)	10,796	12,296	3.5%
Total of Performed Clients Receivables Account	305,125	304,231	100.0%

* The portfolio degree liquidity is indicated per color. The strongest color means greater liquidity, while the lighter color suggests lower liquidity

The following table shows the changes in the performed receivables portfolio:

Changes in Performed Receivables	1Q19
(beginning of period)	304,231
(+) Performed during the period	-
(-) Received in the period	8,194
(-) Transfer / Rescission of Performer clients written in the period	7,468
(+) Monetary variation - adjustment index in the period	4,400
(+) Sales of inventory in the period	33,826
(-) Cancelled sales during the period	19,489
(+) Others	2,177
Balance	305,129

Cash and Debt

An analysis follows of the Company's debt position in relation to its Cash Balance and Shareholders' Equity.

RNI ended 1Q19 with a cash position of R\$137 million. Cash burn in the quarter was R\$14 million.

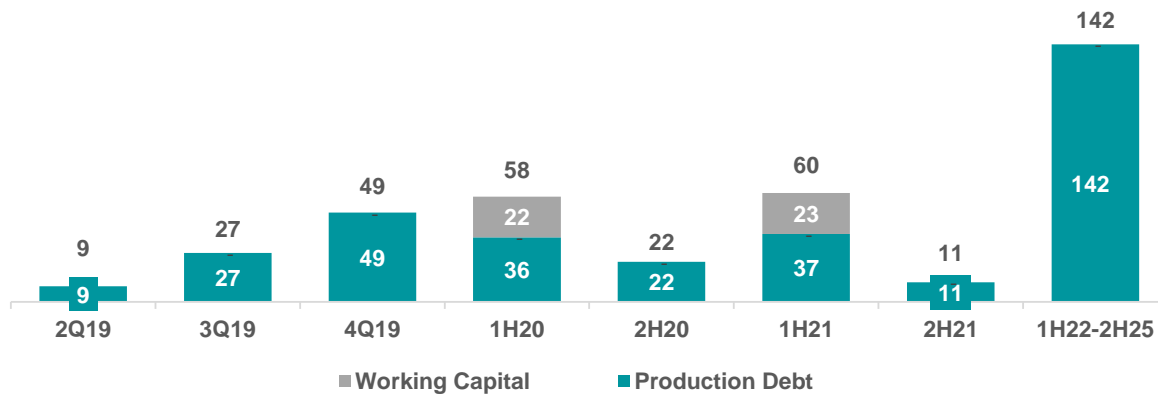
	1Q18	2Q18	3Q18	4Q18	1Q19
Net Cash (1)	101	119	96	92	137
Debts (2)	309	325	300	318	377
Construction Funding	203	226	218	237	332
Construction Loans	109	59	54	63	69
CCBI/CRI	94	166	164	174	263
Bank debt	106	99	83	81	45
CCBI/CRI	54	53	37	36	0
Debentures	52	0	0	0	0
Working Capital	0	46	46	45	45
Net Debt (2-1)	208	206	204	225	240
Shareholders' Equity	639	631	635	626	616
Net Debt/Shareholders' Equity	32.5%	32.7%	32.2%	36.0%	38.9%
Net Debt (ex-SFH/SFI)/Shareholders' Equity	0.7%	-3.1%	-2.1%	-1.8%	-15.0%

On February 15, 2019, we concluded a funding operation involving Real Estate Credit Notes (CCBI) in the amount of R\$110 million, with final maturity on February 18, 2029 and remuneration of CDI + up to 2.0%. Upon receipt of the proceeds, we prepaid the CRI 27 due in 2021.

With all these liability management and restructuring efforts, production debt now accounts for 88% of the total debt of RNI, which also now has a healthy cash position and longer debt profile.

On March 31, 2019, the Net Debt/Equity ratio stood at 38.9%, while the Net Debt (Ex-Production Debt) / Net Equity ratio stood at -15.0%, one of the lowest in the industry.

The debt maturity schedule is shown below:

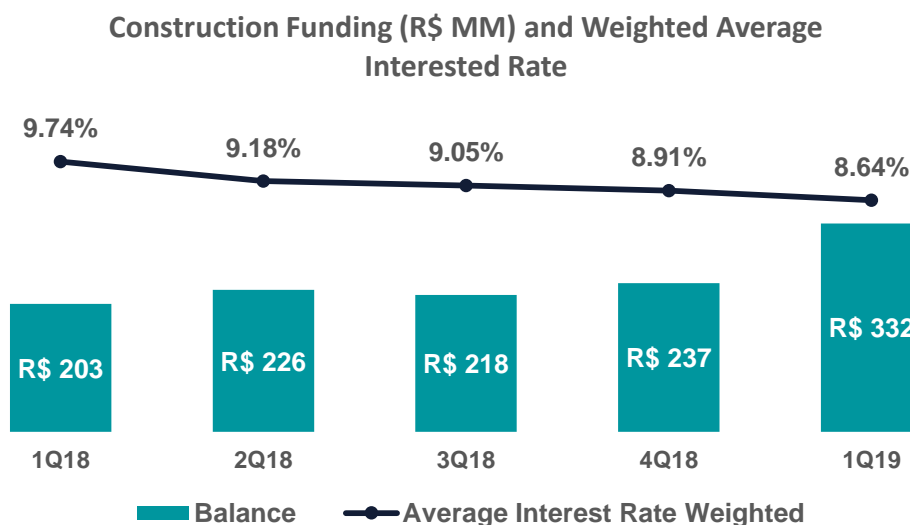


Our debt is divided into the following types of credit facilities:

Loans and Financing	Rate	2Q18
Construction Loans	TR + 8.0% to 10.5% p.a.	69,019
CCB/CRI	TR + 11.5% p.a. ; TR + 14.9% p.a ; CDI + 2.0% p.a. and 115.0% of CDI	262,726
Construction Loan		331,745
CCB/CRI*	CDI + 2,3% p.a. and CDI + 2,2% p.a.	-
Debentures	CDI + 1,6% p.a.	45,000
Bank debt		45,000
Total		376,744

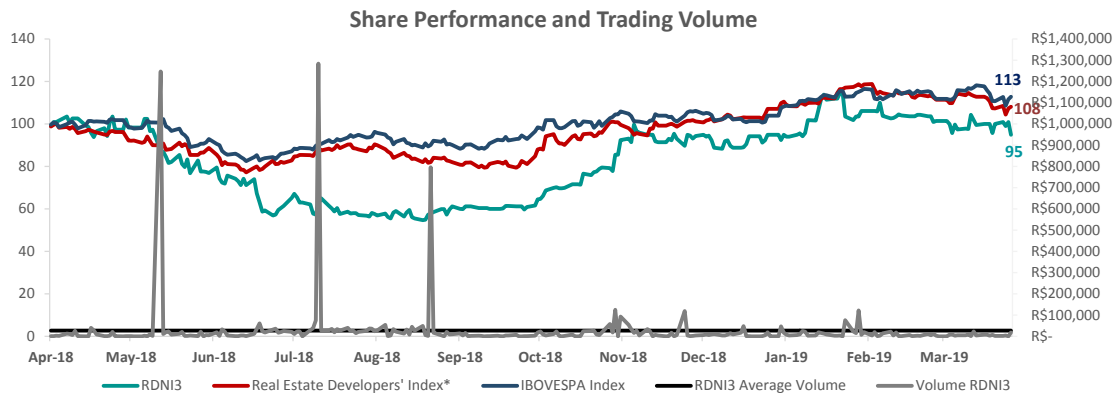
*Funds raised through CCB/CRI are used to finance real estate projects.

The following chart shows the evolution of construction debt and the average interest rate weighted by the share of the outstanding balance of each project in the total.



RDNI3 Stock Performance

The following chart shows the performance of RDNI3 stock in the last 12 months in terms of price and trading volume. The stock's closing quote on March 31, 2019 was R\$5.50.



*Index composed of the stocks CYRE3, DIRR3, EVEN3, EZTC3, GFSA3, HBOR3, JHSF3, MRVE3, PDGR3, RDNI3, RSID3, TCSA3, TRIS3 and VIVR3 weighted by market capitalization.

Base = 100 on December 28, 2018

Source: Reuters

DISCLAIMER

The statements contained herein regarding the business prospects, projections of financial and operating results and growth prospects that affect the operations of RNI, as well as any other forward-looking statements regarding the Company's business are merely estimates and as such are subject to risks and uncertainties and therefore are not guarantees of future results. These forward-looking statements depend substantially on market conditions, government regulations, competitive pressures, performance of the industry and the Brazilian economy and other factors, and therefore are subject to change without prior notice.

Consolidated Balance Sheet

BALANCE SHEET (R\$ '000)	1Q19	4Q18	1Q19 vs. 4Q18	1Q18	1Q19 vs. 1Q18
ASSETS					
CURRENT ASSETS	494,321	477,055	4%	569,017	-13%
Cash and Equivalents	135,297	90,604	49%	98,932	37%
Trade accounts receivable	149,686	129,574	16%	249,729	-40%
Accounts Receivable from sale of lots	2,134	2,149	-1%	2,524	-15%
Real estate for sale	172,208	220,759	-22%	170,971	1%
Credits with third parties	16,868	16,779	1%	18,428	-8%
Expenses to be transferred to SPEs ¹	2,476	2,176	14%	2,083	19%
Sales expenses to be recognized	5,242	5,185	1%	4,702	11%
Prepaid expenses	1,429	1,401	2%	2,366	-40%
Clients co-obligation	-	-	N/A	377	N/A
Dividends Receivable	77	77	0%	142	-46%
Other receivables	8,904	8,351	7%	18,763	-53%
NON-CURRENT ASSETS	760,135	714,582	6%	586,393	30%
Financial Investments	1,940	1,797	8%	2,504	-23%
Trade accounts receivable	265,575	249,025	7%	192,054	38%
Related parties	754	1,226	-38%	375	101%
Deposits in court	5,837	5,550	5%	7,163	-19%
Dividends Receivable	7,122	7,153	0%	8,250	-14%
Real estate for sale	211,541	181,661	16%	145,756	45%
Land to be received	123,991	124,718	-1%	96,750	28%
Investments in subsidiaries and joint subsidiaries	113,276	112,605	1%	109,919	3%
Property, plant and equipment	17,546	18,114	-3%	19,729	-11%
Intangible assets	3,731	3,707	1%	3,893	-4%
TOTAL ASSETS	1,254,456	1,191,637	5%	1,155,410	9%
LIABILITIES & Shareholders' Equity					
CURRENT LIABILITIES	218,356	225,921	-3%	378,583	-42%
Trade accounts payable	18,238	15,642	17%	16,463	11%
Construction Loans	103,249	98,366	5%	157,149	-34%
Borrowing	-	-	N/A	-	N/A
Bank Credit Bill ("CCB")	-	109	N/A	14,715	N/A
Debentures	-	-	N/A	51,678	N/A
Social and labor obligations	3,878	5,693	-32%	4,014	-3%
Tax obligations	2,242	2,157	4%	2,804	-20%
Current accounts with partners in projects	136	308	-56%	516	-74%
Accounts payable for property acquisitions	39,475	51,171	-23%	67,722	-42%
Deferred Taxes	6,844	8,470	-19%	7,496	-9%
Provision for customer warranty	7,856	8,710	-10%	11,516	-32%
Advances from clients	15,275	17,881	-15%	26,921	-43%
Related parties	1,261	1,020	24%	982	28%
Provision for losses in subsidiaries	1,659	1,722	-4%	1,578	5%
Accounts payable for acquisition of equity interest	-	-	N/A	-	N/A
Other accounts payable	18,243	14,672	24%	14,652	25%
Clients co-obligation	-	-	N/A	377	N/A
NON-CURRENT LIABILITIES	420,391	339,413	24%	138,036	205%
Deferred Taxes	21,092	16,888	25%	17,278	22%
Construction Loans	228,496	138,342	65%	46,235	394%
Borrowing	45,000	45,016	0%	-	N/A
Bank Credit Bill ("CCB")	-	35,726	N/A	39,280	N/A
Provision for contingencies	11,845	11,730	1%	16,005	-26%
Accounts payable for property acquisitions	113,958	91,711	24%	19,238	492%
SHAREHOLDERS' EQUITY	615,709	626,303	-2%	638,791	-4%
Share capital	512,438	512,438	0%	512,438	0%
Legal reserve	27,140	27,140	0%	27,140	0%
Retained earnings	91,741	91,741	0%	117,831	-22%
Treasury stock	(16,020)	(16,020)	0%	(16,020)	0%
Accrued income	(9,817)	-	N/A	(11,750)	-16%
Non-controlling interest	10,227	11,004	-7%	9,152	12%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,254,456	1,191,637	5%	1,155,410	9%

Consolidated Statement of Income

INCOME STATEMENT	1Q19	4Q18	1Q19 vs. 4Q18	1Q18	1Q19 vs. 1Q18
(R\$ '000)					
NET OPERATING REVENUE	78,901	34,109	131%	50,101	57%
COST OF PROJECTS SOLD	(68,281)	(27,161)	151%	(44,434)	54%
GROSS PROFIT	10,620	6,948	53%	5,667	87%
OPERATING INCOME (EXPENSES)	(17,380)	(16,860)	3%	(18,908)	-8%
Selling expenses	(6,642)	(8,189)	-19%	(6,713)	-1%
General and administrative expenses	(9,477)	(10,518)	-10%	(9,499)	0%
Employees' profit sharing	-	(1,948)	-100%	-	n.a.
Other Operating Income	(1,332)	(4,825)	-72%	(2,543)	-48%
Equity Income	71	8,620	-99%	(153)	n.a.
OPERATING INCOME (LOSS) BEFORE INTEREST INCOME (EXPENSE)	(6,760)	(9,912)	-32%	(13,241)	-49%
NET INTEREST (EXPENSES) REVENUE	(2,101)	2,994	n.a.	3,198	n.a.
Monetary variations, net	1,394	5,681	-75%	4,411	-68%
Interest income	4,465	5,038	-11%	5,999	-26%
Interest expenses	(7,960)	(7,725)	3%	(7,212)	10%
EARNINGS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(8,861)	(6,918)	28%	(10,043)	-12%
INCOME TAX AND SOCIAL CONTRIBUTION	(1,826)	(1,647)	11%	(1,677)	9%
Current	(1,308)	(1,471)	-11%	(2,116)	-38%
Deferred charges	(518)	(176)	194%	439	n.a.
NET INCOME BEFORE NON-CONTROLLING INTERESTS	(10,687)	(8,565)	25%	(11,720)	-9%
Minority interests	870	818	6%	(30)	n.a.
NET INCOME	(9,817)	(7,747)	27%	(11,750)	-16%
Earnings per share (in R\$)	(0.23)	(0.18)	27%	(0.28)	-16%

Consolidated Cash Flow

CASH FLOW Consolidate (R\$ '000)	1Q19	1Q18
CASH FLOW PROVIDED BY OPERATIONS ACTIVITIES		
NET INCOME	(10,687)	(11,720)
Adjustments to reconcile net income (loss) in the period to net cash provided by (used in) operating activities		
Deferred Taxes	2,060	(1,095)
Deferred Income Taxes and Social Contribution	518	-
Depreciation/Amortization	968	1,035
Expenses with stock option plan	-	14
Equity income	(85)	(195)
Provision for doubtful accounts	(215)	2,195
Result from divestiture	513	151
Provisions for losses in subsidiaries	14	348
Derecognition of property, plant and equipment	-	82
Provision for contingencies	115	113
Interest and monetary variations on loans	6,544	7,230
Provision for warranties	403	768
Increase (decrease) in operating assets		
Credits with clients	(36,447)	20,222
Land to be received	742	(9,017)
Real estate for sale	18,671	(22,732)
Credit with third parties	(58)	5,371
Expenses to be transferred to SPCs	(300)	442
Selling expenses to be recognized	(57)	(143)
Prepaid expenses	(28)	(72)
Other credits	(349)	(1,151)
Related parties	472	(139)
Legal provisions	(287)	(386)
Increase (decrease) in operating liabilities		
Suppliers	2,596	3,643
Taxes and social charges payable	(534)	1,613
Income tax and social contribution	10,551	23,548
Provision for warranties	(1,257)	(1,046)
Land acquisitions payable	(2,606)	1,845
Advance from customers	(172)	(14)
Debt with related parties	241	11
Accounts payable for equity acquisition	-	-
Other accounts payable	3,571	(157)
Clients co-obligation	-	-
NET CASH GENERATED BY OPERATING ACTIVITIES	(5,103)	20,764
Payment interest-free financing	(8,644)	(6,988)
Income Tax and Social Contribution Payment	(1,196)	(3,228)
NET CASH USED IN OPERATING ACTIVITIES	(14,943)	10,548
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(424)	(5,200)
Increase of investments	(1,176)	9,546
Financial investments	(143)	4,369
NET CASH USED IN INVESTING ACTIVITIES	(1,743)	8,715
CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
Amortization of borrowings	(67,198)	(54,951)
New borrowings	128,484	36,084
NON-CONTROLLING SHAREHOLDERS		
Dividends payable - Non-controlling shareholders	(220)	-
Capital increase by non-controlling shareholders	485	903
Capital decrease by non-controlling shareholders	(172)	(437)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	61,379	(18,401)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,693	862
Cash balance		
At the beginning of the period	90,604	98,072
At the end of the period	135,297	98,932
	44,693	860