



May 16th,
2018

**1Q18
Results**

❖ Executive Summary

❖ Court-supervised Reorganization (CSR)

Timeline

Debt Subjected to the Reorganization Plan

❖ Financial and Operational Results

Sales Performance

G&A

Inventory

Debts not subjected to the Reorganization Plan

Income Statement



Corcovado
Rio de Janeiro/RJ



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1Q18 Highlights

- ❖ **The general and administrative expenses decreased 66%** in 1Q18 in comparison with 1Q17.
- ❖ Financial revenues showed significant improvement, totaling R\$29.6 million in 1Q18, compared to R\$1.7 million negative in 1Q17.
- ❖ **Financial expenses were reduced by 27%**, from R\$173 million in 1Q17 to R\$126 million in 1Q18.
- ❖ **The 1Q18 net loss was 6% lower**, from R\$276 million in 1Q17 to R\$260 million in 1Q18.

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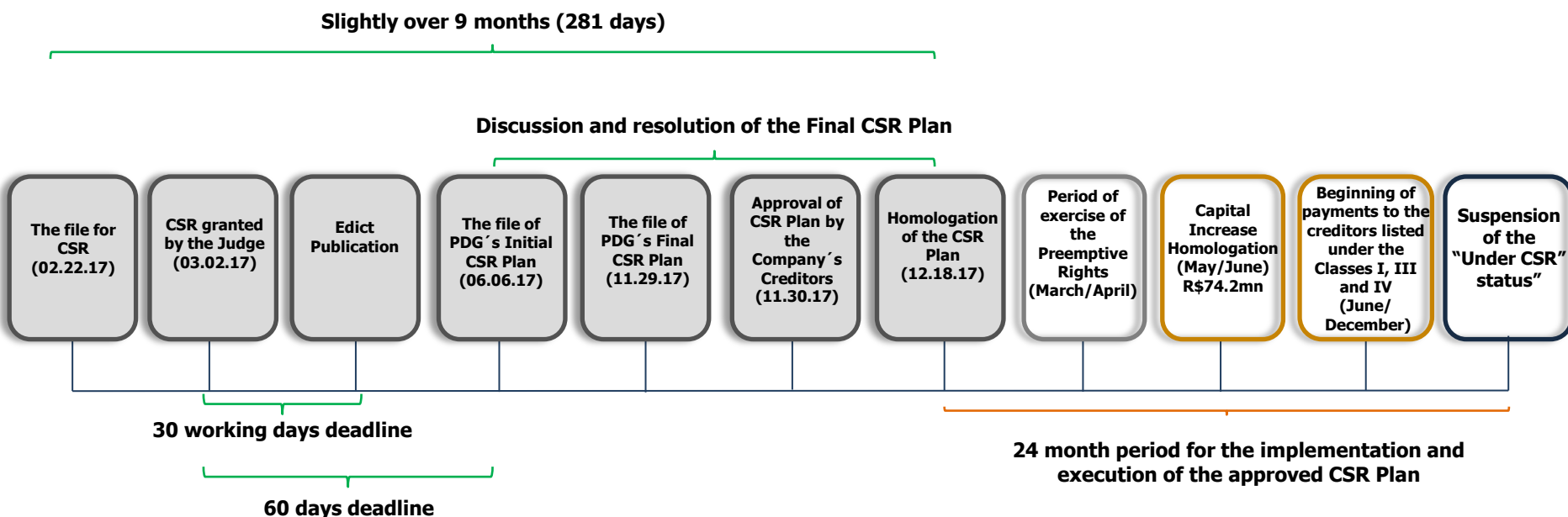
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Court-supervised Reorganization (CSR)

Schedule



Court-supervised Reorganization Schedule



❖ Next steps in the implementation of the Court-supervised Reorganization Plan:

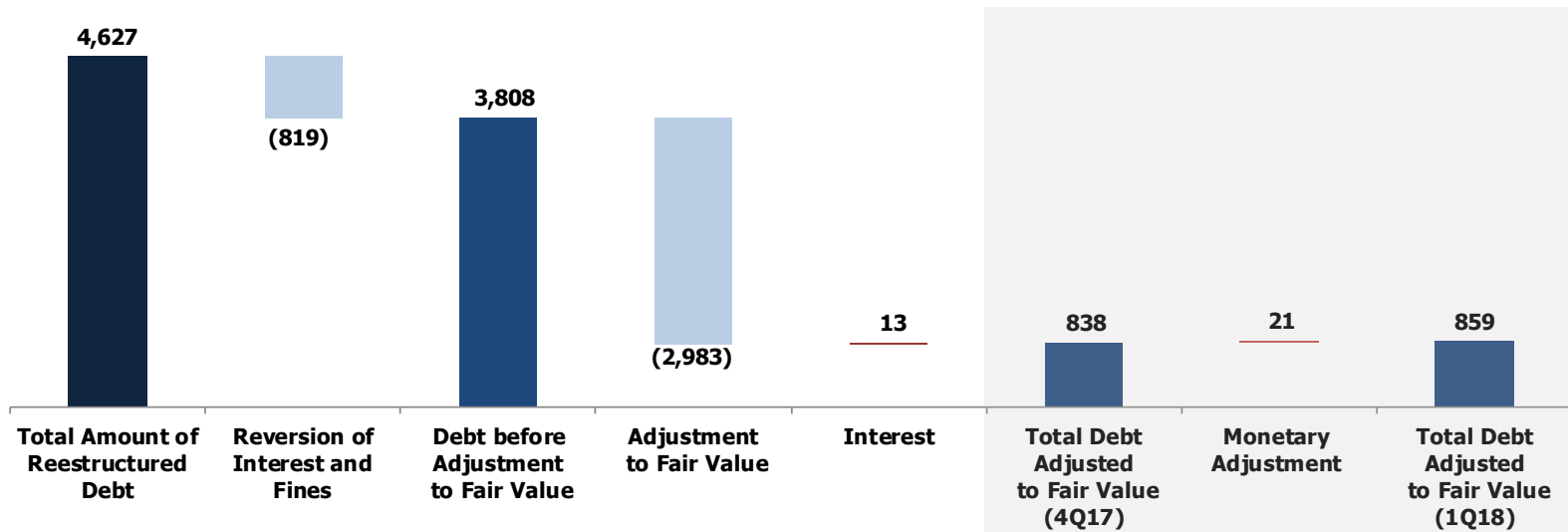
- Capital increase homologation, converting R\$74.2 million of debts into equity;
- Beginning of payments to the creditors listed under the Classes I, III and IV, amounting to approximately R\$100 million. Payments will be made in 6 installments, starting in June.

Court-supervised Reorganization (CSR)

Debt Subjected to the Reorganization Plan (Concursal)



Debt Subjected to the Reorganization Plan – R\$ million



- ❖ During 1Q18, the total debt restructured according to the Company's Court-supervised Reorganization Plan, suffered a R\$21 million rise (or 2.5%), due to the capitalization of interests in the period.
- ❖ Thus, the total debt adjusted to fair value was R\$859 million at the end of march, 2018.

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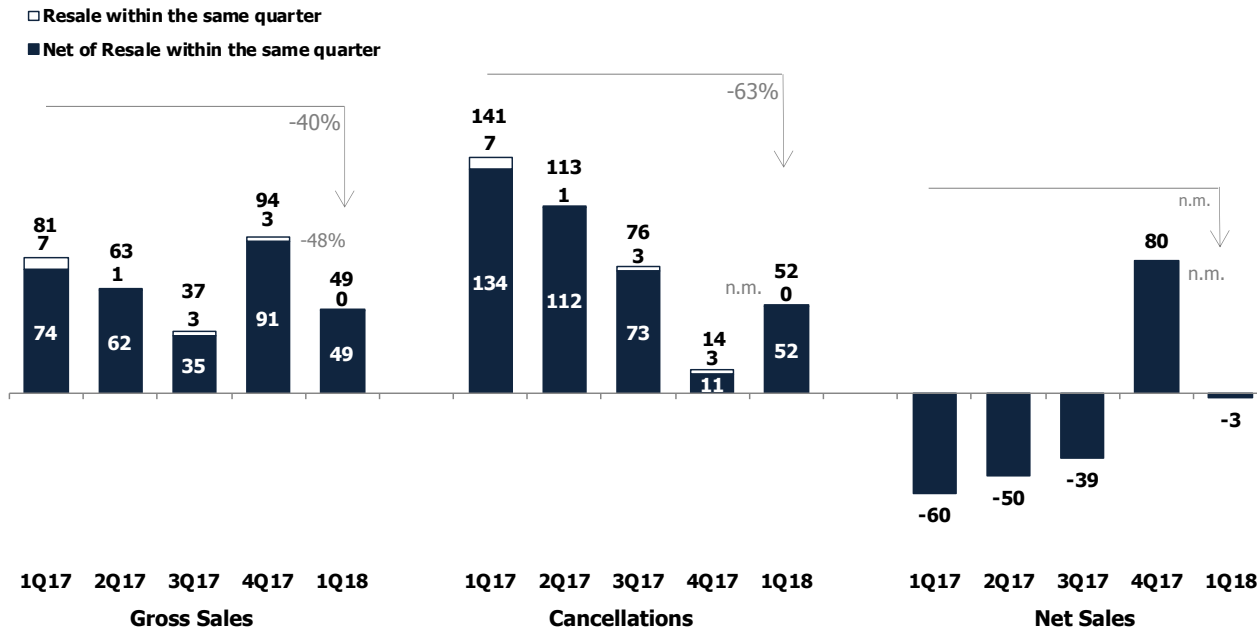


Corcovado
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Financial and Operational Results

Sales Performance

Sales – R\$ million

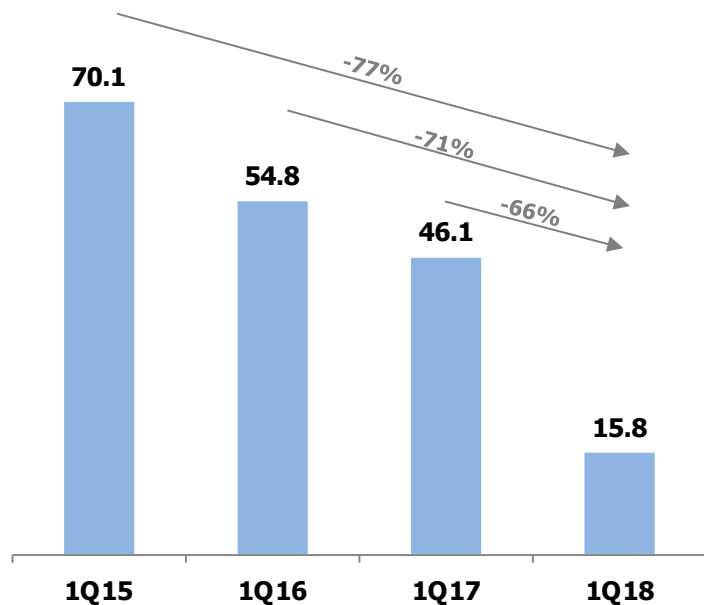


- ❖ Gross sales reached R\$49 million in 1Q18, a 48% decrease when compared to 4Q17 and a 40% drop when compared to the 1Q17.
- ❖ Total cancellations came to R\$52 million in 1Q18, 63% down on 1Q17.
- ❖ Throughout 2018, we will maintain the strategy to prioritize cancellations of unencumbered units and those with better market liquidity, which are, therefore, immediate cash-generating at the time of resale.
- ❖ In consequence of the increase in cancellations, net sales totaled negative R\$3 million in 1Q18.

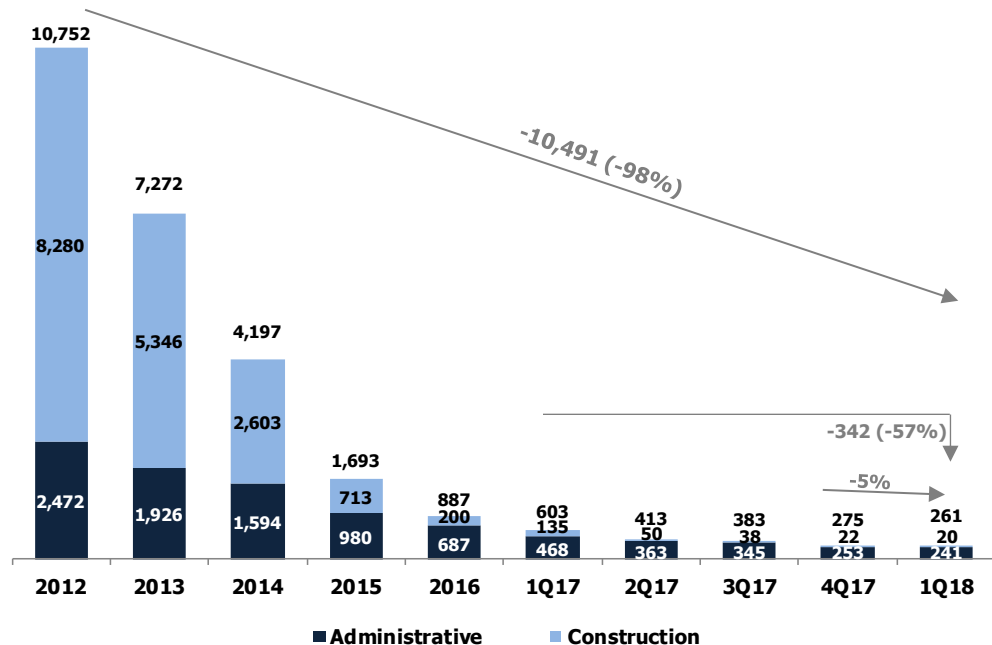
Financial and Operational Results

G&A Expenses

G&A Evolution – R\$ million



Headcount



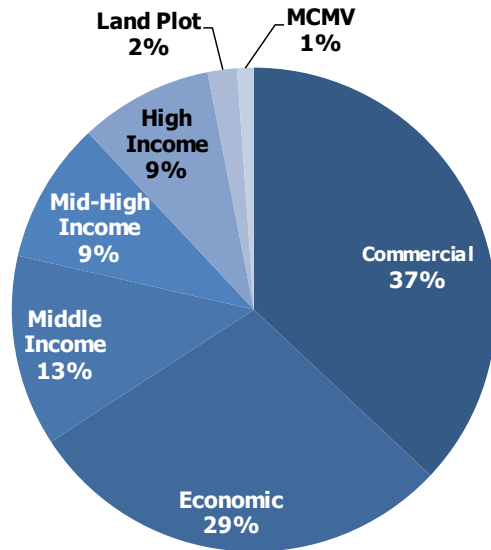
- ❖ Reduction of 66% in G&A expenses between 1Q17 and 1Q18.
- ❖ In 1Q18, we reduced our total headcount by 5% over the previous quarter. When compared to the 1Q17, headcount fell by 57%.
- ❖ Selling, General and Administrative (SG&A) expenses fell by 54% over 1Q17.

Financial and Operational Results

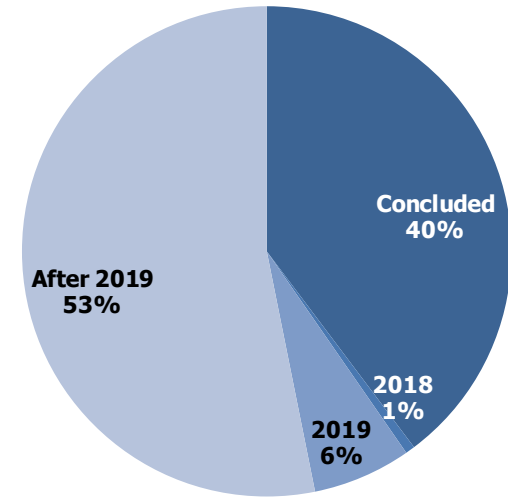
Inventory Quality



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ Total inventory at market value was **R\$2,063.6 million** by the end of 1Q18;

❖ Quality of available inventory:

- 60% in residential products (excluding MCMV, Land Plots, and Commercial);
- 40% is concluded inventory, immediate cash generator. Considering the concluded inventory, 62% are in São Paulo and Rio de Janeiro, and 92% corresponded to projects with more than 60% of units sold.

Financial and Operational Results

Financial Result



Financial Result – R\$ million

R\$ million in IFRS

Financial Results (R\$ mn)	QUARTER		
	1Q18	1Q17	(%) Var.
Investment Income	1.8	6.7	-73%
Interest and fines	27.0	(8.8)	n.m.
Other financial revenue	0.8	0.4	100%
Total financial revenues	29.6	(1.7)	n.m.
Interest	(107.2)	(158.1)	-32%
Bank Expenses	(0.1)	(0.4)	-75%
Other	(25.9)	(23.9)	8%
Gross Financial Expenses	(133.2)	(182.4)	-27%
Capitalized Interest on Inventory	7.1	9.0	-21%
Total Financial Expenses	(126.1)	(173.4)	-27%
Total Financial Result	(96.5)	(175.1)	-45%

- ❖ There was a significant improvement in financial revenues during 1Q18, which totaled R\$29.6 million, compared to R\$1.7 million negative in 1Q17. This gain refers to the increase in the monetary correction of the ready units value.
- ❖ The 27% decrease in financial expenses, from R\$ 173 million in 1Q17 to R\$126 million in 1Q18, is due to the reduction in the amount of debts and fees, restructured as foreseen in the Company's Recovery Plan.

Court-supervised Reorganization (CSR)

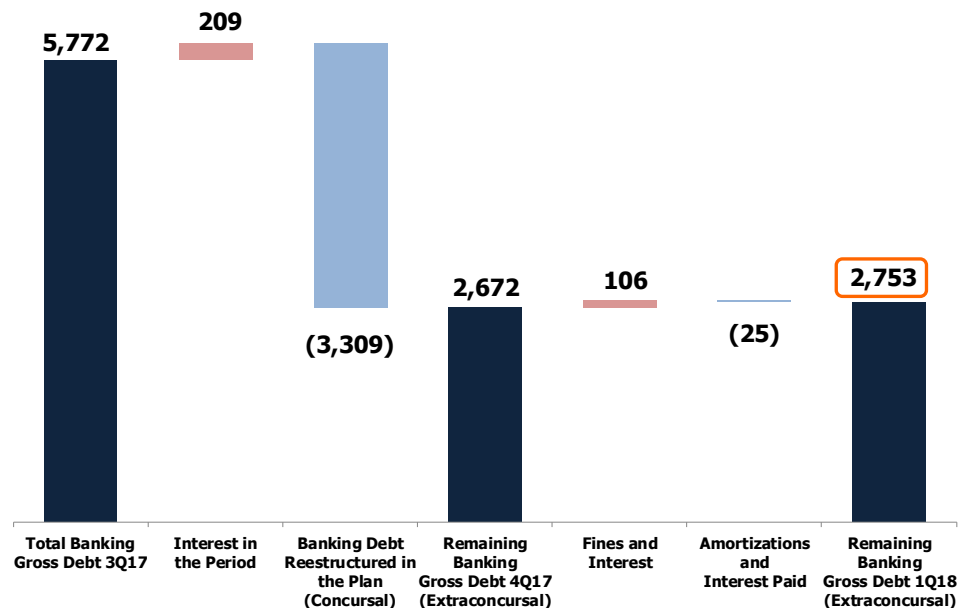
Debts not subjected to the Reorganization Plan



Debts not subjected to the Reorganization Plan – R\$ million

Indebtedness	R\$ million in IFRS		
	1Q18	4Q17	(%) Var.
Cash	221	213	4%
SFH	763	732	4%
Debentures	180	171	5%
CCB/CRI	152	147	3%
Construction Financing	1,095	1,050	4%
Working Capital, SFI and Promissory Notes	358	352	2%
Finep/Finame	5	5	0%
Debentures	296	283	5%
CCB/CRI	988	968	2%
Obligation for the issuance of CCB and CCI	11	14	-21%
Corporate Debt	1,658	1,622	2%
Gross Debt	2,753	2,672	3%
Net Debt	2,532	2,459	3%
Net Debt (ex. Construction Financing)	1,437	1,409	2%
Shareholders Equity (1)	(3,493)	(3,228)	8%
Net Debt (ex. SFH)/ Equity	n.a.	n.a.	n.m.

(1) Includes non-controlling equity



- ❖ The Company's bank debt increased by 3% (R\$81 million) between 4Q17 and 1Q18, due to the interests incurred in the period amounting to R\$106 million.
- ❖ In the first quarter, R\$25 million were amortized.
- ❖ During 1Q18, net debt increased R\$73 million.
- ❖ The debt that wasn't restructured (R\$2.8 billion) is being negotiated with each creditor individually.

Income Statement

Quarterly

Income Statements (R\$ '000) - IFRS	QUARTER		
	1Q18	1Q17	(%) Var.
Operating Gross Revenue			
Real Estate Sales	70,582	127,414	-45%
Other Operating Revenues	2,185	2,312	-5%
(-) Revenues Deduction	(7,269)	(11,710)	-38%
Operating Net Revenue	65,498	118,016	-45%
Cost of Sold Units	(62,042)	(111,961)	-45%
Interest Expenses	(8,244)	(3,995)	n.m.
Cost of sold properties	(70,286)	(115,956)	-39%
Gross Income (loss)	(4,788)	2,060	n.m.
Gross margin	n.a.	1.7%	n.m.
Adjusted gross margin ⁽¹⁾	5.3%	5.1%	0.2 pp
Operating Revenues (expenses):			
Equity Income	(3,538)	20	n.m.
General and Administrative	(15,799)	(46,078)	-66%
Commercial	(9,238)	(7,918)	17%
Taxes	(179)	(8,497)	-98%
Depreciation & Amortization	(41,858)	(6,646)	n.m.
Other	(90,804)	(31,005)	n.m.
Financial Result	(96,506)	(175,137)	-45%
Total operating revenues (expenses)	(257,922)	(275,261)	-6%
Income before taxes	(262,710)	(273,201)	-4%
Income Taxes and Social Contribution	(3,922)	1,432	n.m.
Income before minority stake	(266,632)	(271,769)	-2%
Minority interest	6,320	(3,951)	n.m.
Net Income (loss)	(260,312)	(275,720)	-6%
Net margin	n.a.	n.a.	n.m.

(1) Adjusted by interest expenses in cost of sold units and recognition of goodwill



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