



November 18<sup>th</sup>,  
2019

3Q19 and 9M19  
Results

- ❖ **Executive Summary**

- ❖ **Court-supervised Reorganization (CSR)**

- ❖ **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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### 3Q19 and 9M19 Highlights

- ❖ **Reduction of 91% in gross loss QoQ.** During 9M19 **gross profit totaled R\$8.6 million**, with an **adjusted gross margin of 16.9%**, compared to a **gross loss of R\$104.1 million** in 9M18.
- ❖ **Reduction of R\$96.4 million or 14%** in net loss YoY.
- ❖ **G&A expenses follow a downward trend, registering a 50% fall QoQ.** The reduction reached **31% YoY**.
- ❖ **Commercial expenses were reduced by 28% QoQ.**
- ❖ In the accumulated 9M19, **R\$143 million was amortized in extraconcursal debts and interest.**
- ❖ **Amortization of debts subjected to the Recovery Plan reached R\$280 million up to 3Q19.**
- ❖ In August we **re-established the construction activities of 'Palm Beach' project**, expected to be finished in May 2020.



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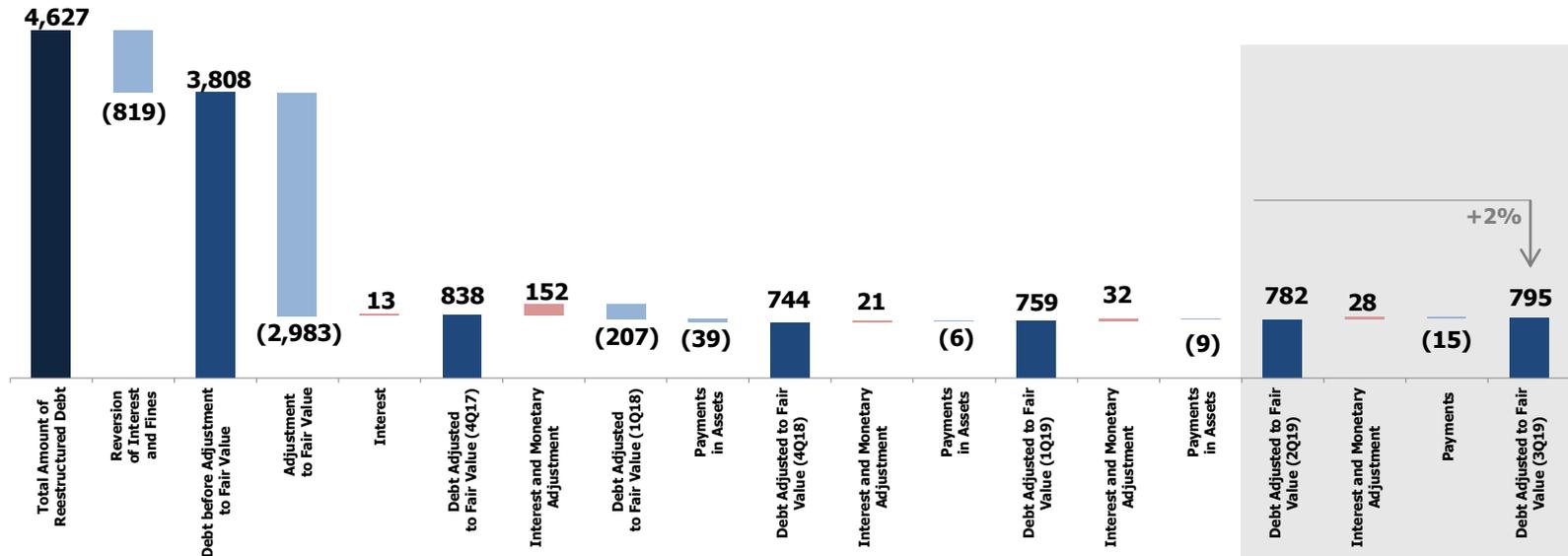
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# Court-supervised Reorganization (CSR)

## Debt Subjected to the Reorganization Plan (Concursal)



Debt Subjected to the Reorganization Plan – R\$ million



- ❖ Debts subjected to the Recovery Plan increased by R\$13 million (2%) mainly due to interest accrued and monetary correction.
- ❖ During 9M19 were amortized R\$30 million in debts subjected to the Recovery Plan.
- ❖ The Company already paid R\$280 million in debts subjected to the Recovery Plan.



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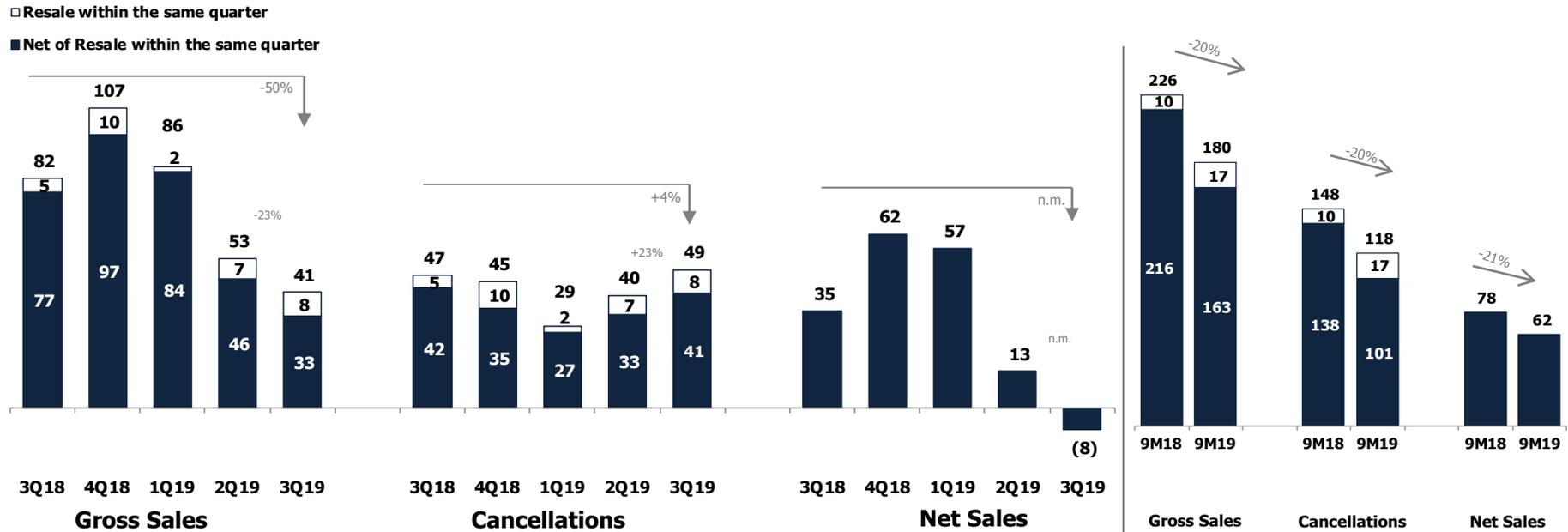


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# Financial and Operational Results

## Sales Performance

### Gross Sales, Cancellations and Net Sales – R\$ million



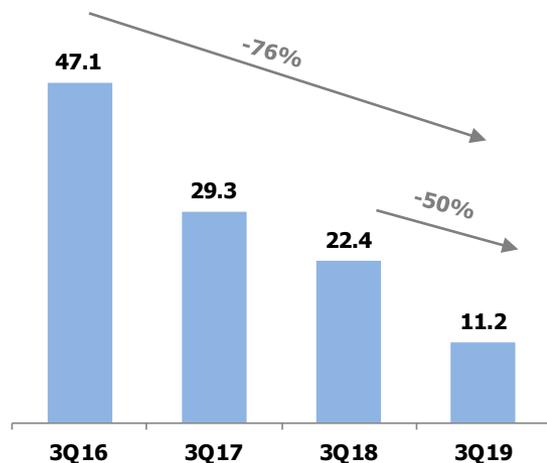
- ❖ In 3Q19, gross sales reached R\$41 million, 50% lower than 3Q18. During 9M19 gross sales totaled R\$180 million, 20% lower than 9M18.
- ❖ Cancellations reached R\$49 million in 3Q19, 4% higher than 3Q18. In 9M19 cancellations reached R\$118 million, a 20% decrease YoY.
- ❖ In the 3Q19 net sales were R\$8 million negative. In 9M19 net sales totaled R\$62 million, 21% lower than 9M18.

# Financial and Operational Results

## Selling, General & Administrative Expenses



G&A Evolution – R\$ million



SG&A Evolution

R\$ milhões em IFRS

COMMERCIAL, GENERAL AND ADMINISTRATIVE EXPENSES	QUARTER			YTD		
	3Q19	3Q18	(%) Var.	9M19	9M18	(%) Var.
<b>Total Commercial Expenses</b>	<b>10.0</b>	<b>13.9</b>	<b>-28%</b>	<b>28.0</b>	<b>26.5</b>	<b>6%</b>
Salaries and Benefits	10.0	13.3	-25%	28.9	34.8	-17%
Third Party Services	0.4	6.8	-94%	8.2	18.1	-55%
Other Admin. Expenses	0.8	2.3	-65%	3.4	6.0	-43%
<b>Total G&amp;A</b>	<b>11.2</b>	<b>22.4</b>	<b>-50%</b>	<b>40.5</b>	<b>58.9</b>	<b>-31%</b>
<b>Total SG&amp;A</b>	<b>21.2</b>	<b>36.3</b>	<b>-42%</b>	<b>68.5</b>	<b>85.4</b>	<b>-20%</b>

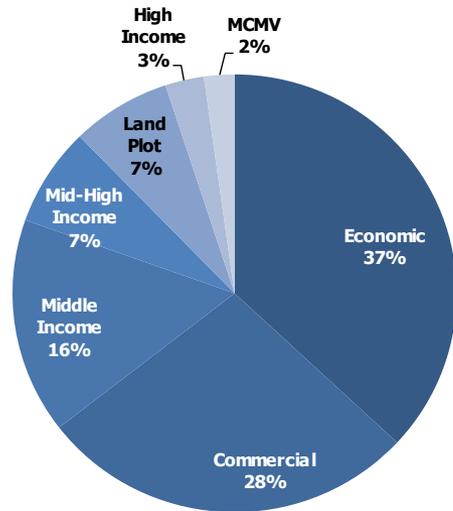
- ❖ G&A expenses decreased by 50% QoQ and 31% YoY.
- ❖ Commercial expenses were reduced by 28% QoQ. In the 9M19 commercial expenses increased by 6%.
- ❖ In this way, the general and administrative expenses added to commercial expenses (SG&A) recorded 42% drop QoQ, and a 19% drop YoY.

# Financial and Operational Results

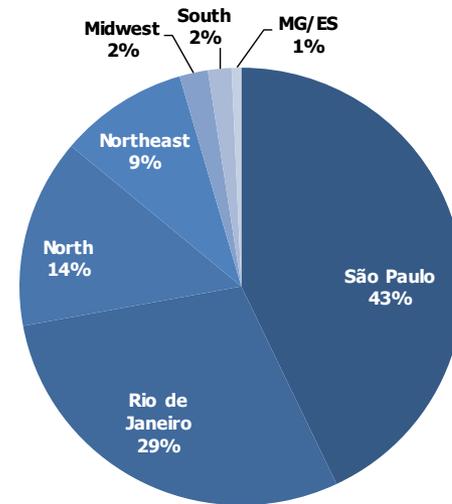
## Inventory



Finished Inventory by Product – % of PSV



Finished Inventory by Region – % of PSV



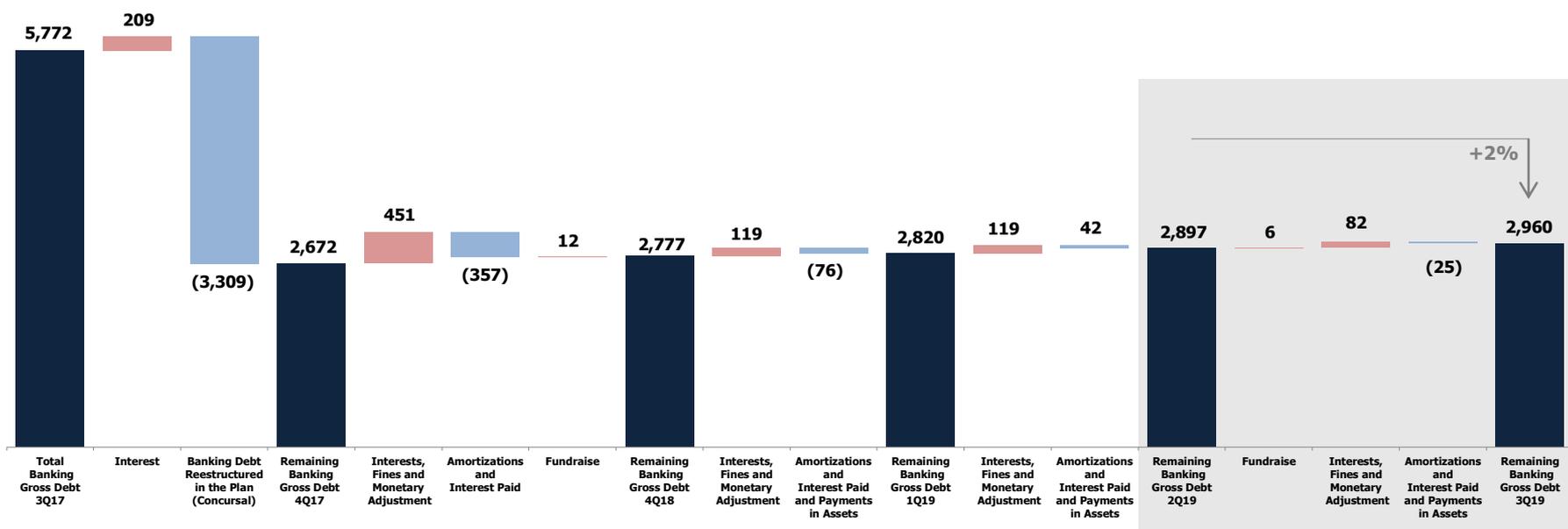
- ❖ The Company's total inventory at market value at the end of 3Q19 was R\$1.827 million, of which R\$511.1 million (28%) refer to concluded units.
- ❖ Concluded inventory features:
  - 72% are located in São Paulo and Rio de Janeiro
  - 73% of the inventory (including commercial product) is concentrated in projects with sales range above 60% sold.
  - 63% of the inventory is concentrated in residential products (excluding MCMV, Land Plot and Commercial).

# Court-supervised Reorganization (CSR)

## Debts not subjected to the Reorganization Plan



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



- ❖ The Company's extra-concursal gross debt increased by R\$63 million (2%) from 2Q19 to 3Q19
- ❖ Considering the R\$7 million decrease in Cash and Cash Equivalents, net debt increased by R\$70 million (3%) between 2Q19 and 3Q19

# Income Statement

## Quarterly

INCOME STATEMENTS (R\$ '000) - IFRS	QUARTER			YTD		
	3Q19	3Q18	(%) Var.	9M19	9M18	(%) Var.
<b>Operating Gross Revenue</b>						
Real Estate Sales	25,533	99,314	-74%	223,367	334,232	-33%
Other Operating Revenues	18,999	2,613	n.m.	40,860	11,802	n.m.
(-) Revenues Deduction	(8,726)	(16,414)	-47%	(28,220)	(25,136)	12%
<b>Operating Net Revenue</b>	<b>35,806</b>	<b>85,513</b>	<b>-58%</b>	<b>236,007</b>	<b>320,898</b>	<b>-26%</b>
Cost of Sold Units	(34,408)	(127,004)	-73%	(196,177)	(395,951)	-50%
Interest Expenses	(6,311)	(12,397)	-49%	(31,172)	(29,079)	7%
<b>Cost of sold properties</b>	<b>(40,719)</b>	<b>(139,401)</b>	<b>-71%</b>	<b>(227,349)</b>	<b>(425,030)</b>	<b>-47%</b>
<b>Gross Income (loss)</b>	<b>(4,913)</b>	<b>(53,888)</b>	<b>-91%</b>	<b>8,658</b>	<b>(104,132)</b>	<b>-108%</b>
<i>Gross margin</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.m.</i>	<i>3.7%</i>	<i>n.a.</i>	<i>n.m.</i>
<i>Adjusted gross margin</i> <sup>(1)</sup>	<i>3.9%</i>	<i>n.a.</i>	<i>n.m.</i>	<i>16.9%</i>	<i>n.a.</i>	<i>n.m.</i>
<b>Operating Revenues (expenses):</b>						
Equity Income	(399)	2,602	n.m.	1,312	(1,314)	n.m.
General and Administrative	(11,130)	(22,385)	-50%	(40,529)	(58,849)	-31%
Commercial	(9,974)	(13,886)	-28%	(28,015)	(26,453)	6%
Taxes	(706)	(2,587)	-73%	(5,226)	(3,995)	31%
Depreciation & Amortization	(884)	(397)	n.m.	(2,892)	(57,142)	-95%
Other	18,001	50,010	-64%	(192,195)	(177,158)	8%
Financial Result	(106,940)	(80,466)	33%	(339,441)	(311,116)	9%
<b>Total operating revenues (expenses)</b>	<b>(112,032)</b>	<b>(67,109)</b>	<b>67%</b>	<b>(606,986)</b>	<b>(636,027)</b>	<b>-5%</b>
<b>Income before taxes</b>	<b>(116,945)</b>	<b>(120,997)</b>	<b>-3%</b>	<b>(598,328)</b>	<b>(740,159)</b>	<b>-19%</b>
Income Taxes and Social Contribution	(7,341)	5,682	n.m.	(19,444)	15,770	n.m.
<b>Income before minority stake</b>	<b>(124,286)</b>	<b>(115,315)</b>	<b>8%</b>	<b>(617,772)</b>	<b>(724,389)</b>	<b>-15%</b>
Minority interest	909	6,446	-86%	5,163	15,404	-66%
<b>Net Income (loss)</b>	<b>(123,377)</b>	<b>(108,869)</b>	<b>13%</b>	<b>(612,609)</b>	<b>(708,985)</b>	<b>-14%</b>
<i>Net margin</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.m.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.m.</i>

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



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