



November 06th,
2017

3Q17
Results

❖ Executive Summary

❖ Court-supervised Reorganization (CSR)

❖ Financial and Operational Results

Sales

G&A

Inventory

Net Debt Variation

Deleveraging

Ongoing Projects and Cost to be Incurred

Income Statement



Corcovado
Rio de Janeiro/RJ

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3Q17 Operational Highlights

- ❖ General and administrative expenses maintained their downward trajectory, closing the quarter 38% down year-on-year. While the 9M17 figure fell by 33% over 9M16.
- ❖ Selling expenses fell by 92% over 3Q16. The 9M17 selling expenses recorded a 84% decline over 9M16.
- ❖ Net revenue reached R\$15 million in 3Q17, a notable improvement when compared to the negative R\$84 million registered in 3Q16. Accounting for the 9M17, net revenue amounted to R\$291 million, a 66% increase over 9M16.
- ❖ In this quarter, net loss decreased 83% over 3Q16. The 9M17 net loss fell by 61% over 9M16.
- ❖ The Company reassessed its liabilities and undertook the PRT and PERT programs; Hence, reducing over R\$300 million in tax payable since the adherence of the tax programs.

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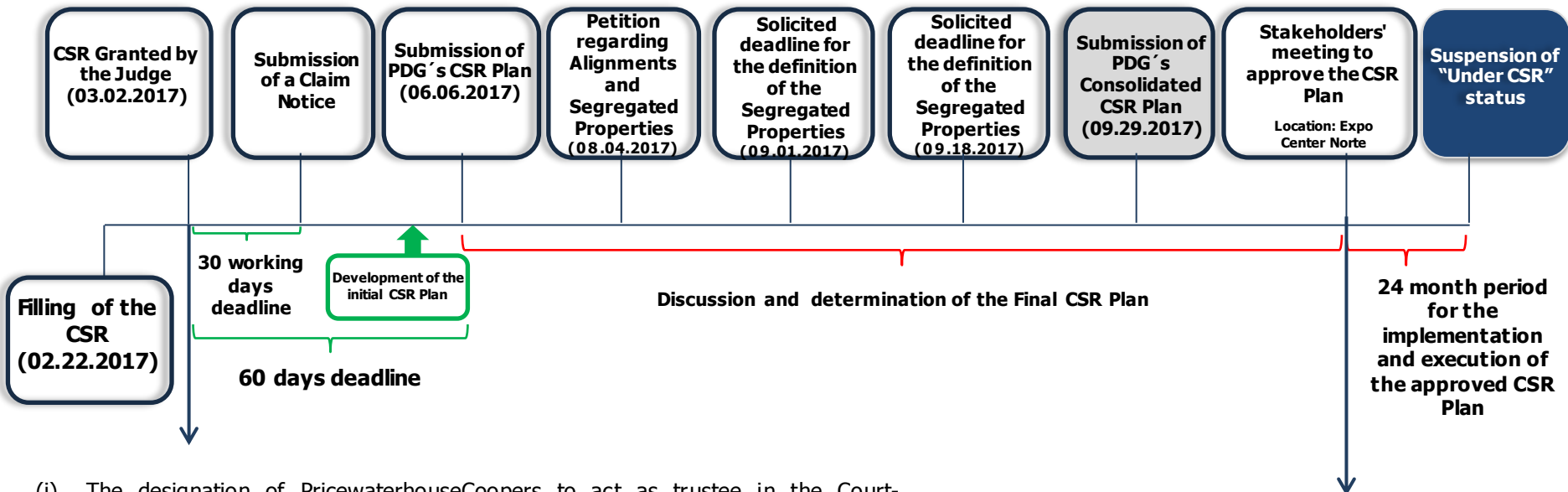


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Court-supervised Reorganization (CSR) Schedule



Court-supervised Reorganization Schedule



- (i) The designation of PricewaterhouseCoopers to act as trustee in the Court-supervised Reorganization;
- (ii) The suspension of all lawsuits and executions currently in progress against the PDG Group for a period of 180 days as of this date, pursuant to article 6 of LRF;
- (iii) Issue of a notice, pursuant to article 52 of paragraph 1 of LRF, for the submission of proofs of claim and/or claim disputes within the scope of the Court-supervised Reorganization within thirty (30) business days of its publication;
- (iv) The submission of the PDG Group's Court-supervised Reorganization Plan within 60 days of the publication of the grant decision, pursuant to article 53 of LRF.

- (i) The first Stakeholder's meeting is scheduled to 11.22.2017;
- (ii) The second Stakeholder's meeting is scheduled to 11.30.2017;

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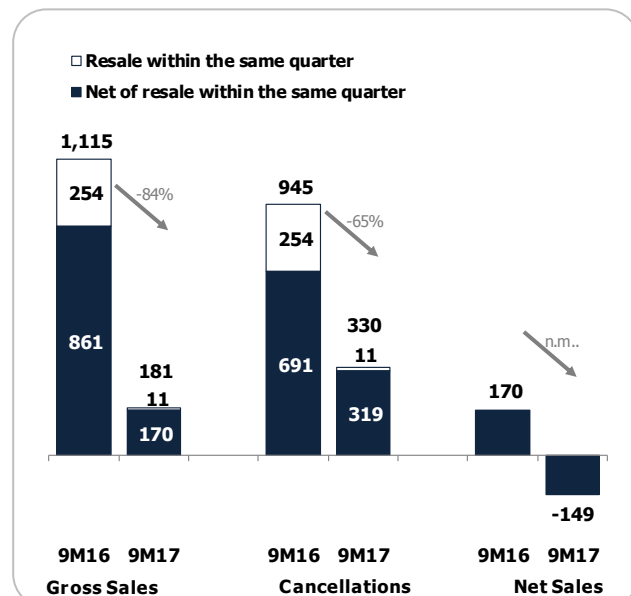
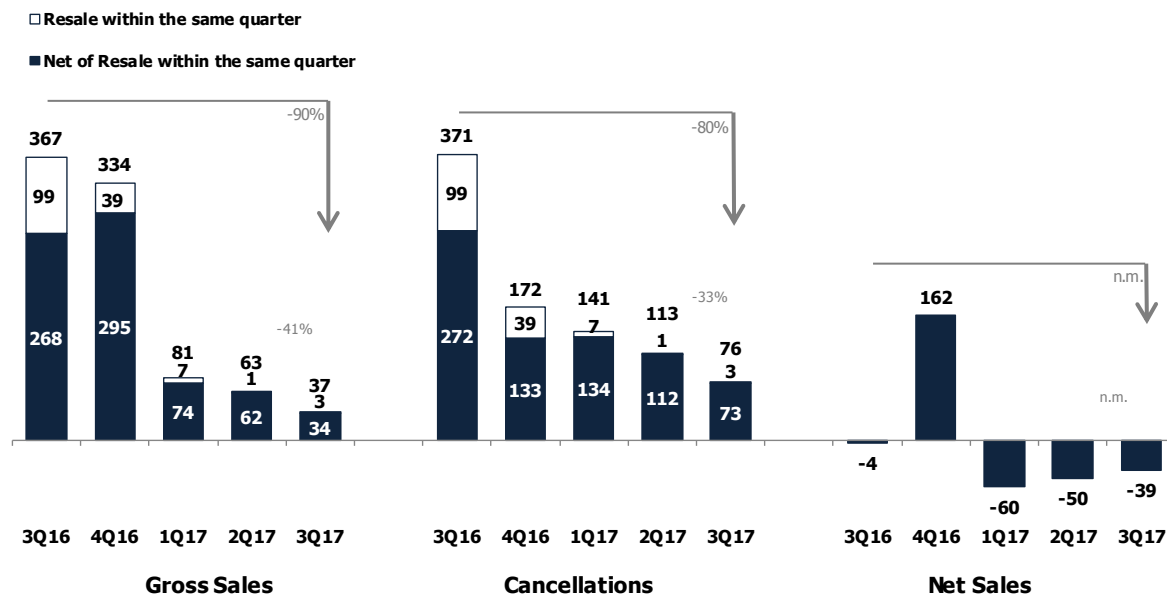


Corcovado
Rio de Janeiro/RJ

Financial and Operational Results

Sales Performance

Sales – R\$ million

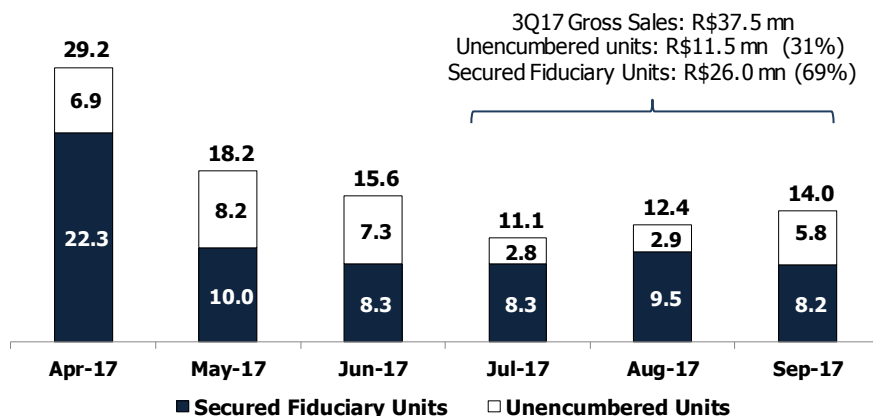


- Gross sales reached R\$37 million, a 41% decrease when compared to 2Q17 and a 90% drop when compared to the 3Q16. Accounting for the 9M17, gross sales came to R\$181 million, an 84% reduction over the same period last year.
- The reduction in gross sales was mainly due to the new sales strategy adopted by the Company, which focused on the sale of unencumbered units and units whose resources can be used to pay the SPE's expenses.
- Total cancellations came to R\$76 million in 3Q17, 33% down on 2Q17, and 80% down on 3Q16. During 9M17, cancellations amounted to R\$330 million, 65% down on 9M16. Total cancellations were not higher due to the Company's cash restriction policy, which didn't allow the conclusion of all cancellations requested in the period.
- Due to the reduction in gross sales during this quarter, net sales were negative R\$39 million in 3Q17. Accounting for the 9M17, net sales were negative R\$149 million.

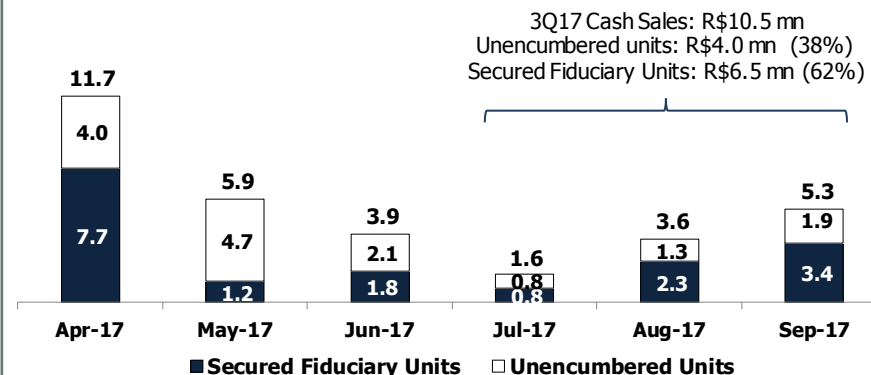
Financial and Operational Results

Sales Performance

Gross Sales (New Strategy) – R\$ million



Cash Sales (New Strategy) – R\$ million

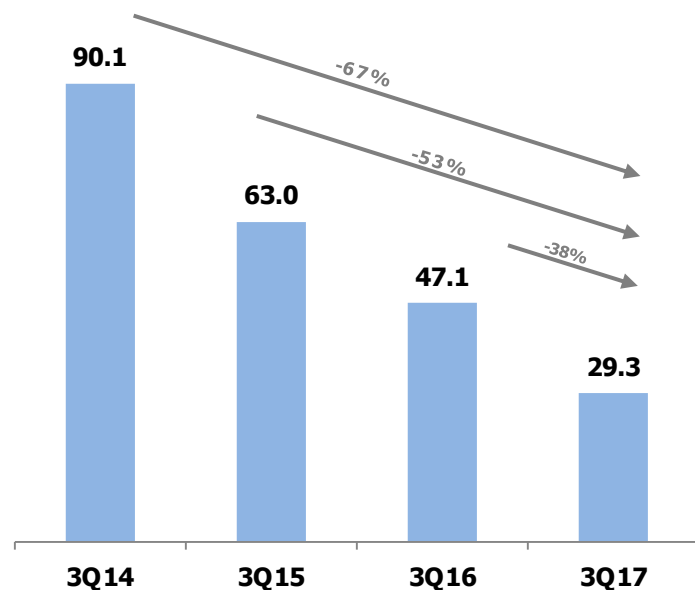


- ❖ Of the R\$37.5 million sold during 3Q17, R\$26.0 million relate to the sales of units whose resources can be used to pay the SPE's expenses, and R\$11.5 million refer to the sales of units that generated free cash for the Company.
- ❖ Of the R\$10.5 million cash sales in 3Q17, R\$6.5 million refer to units whose resources can be used to pay the SPE's own expenses, and R\$4.0 million in the free cash dynamics.

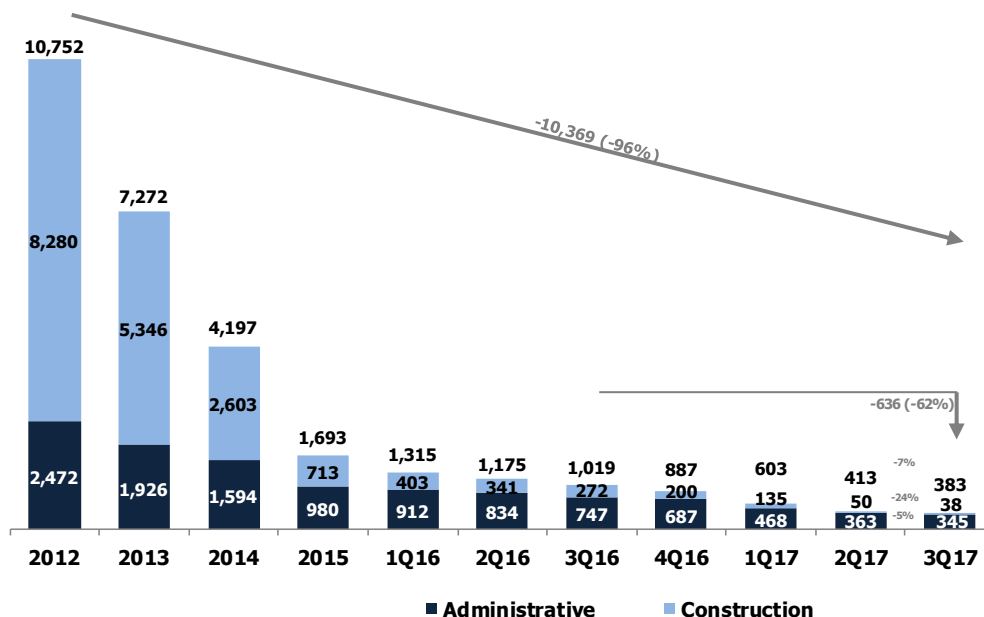
Financial and Operational Results

G&A Expenses

G&A Evolution – R\$ million



Headcount



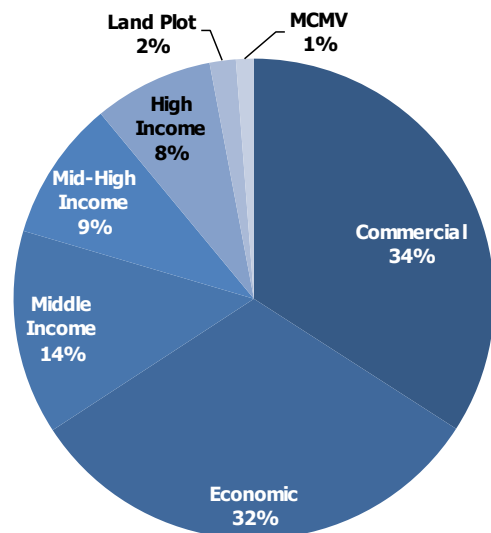
- ❖ Reduction of 38% in G&A expenses between 3Q16 and 3Q17 and 33% between 9M16 and 9M17.
- ❖ In 3Q17 we reduced our total headcount by 7% over the previous quarter. When compared to the 3Q16, headcount fell by 62%.
- ❖ Selling, General and Administrative (SG&A) expenses fell by 58% over 3Q16. Taking into consideration the 9M17, SG&A expenses fell by 51% over 9M16.
- ❖ Aiming to continue the process of deleveraging and adjusting the corporate structure to the size of its operation, we continue to focus on reducing costs and gaining productivity.

Financial and Operational Results

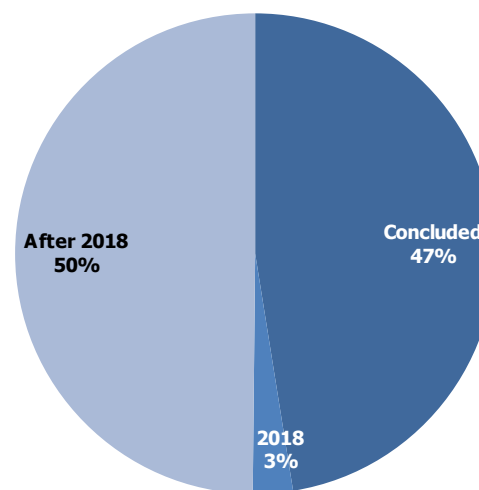
Inventory Quality



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ Total inventory at market value was R\$2,348 million by the end of 3Q17;

❖ Quality of available inventory:

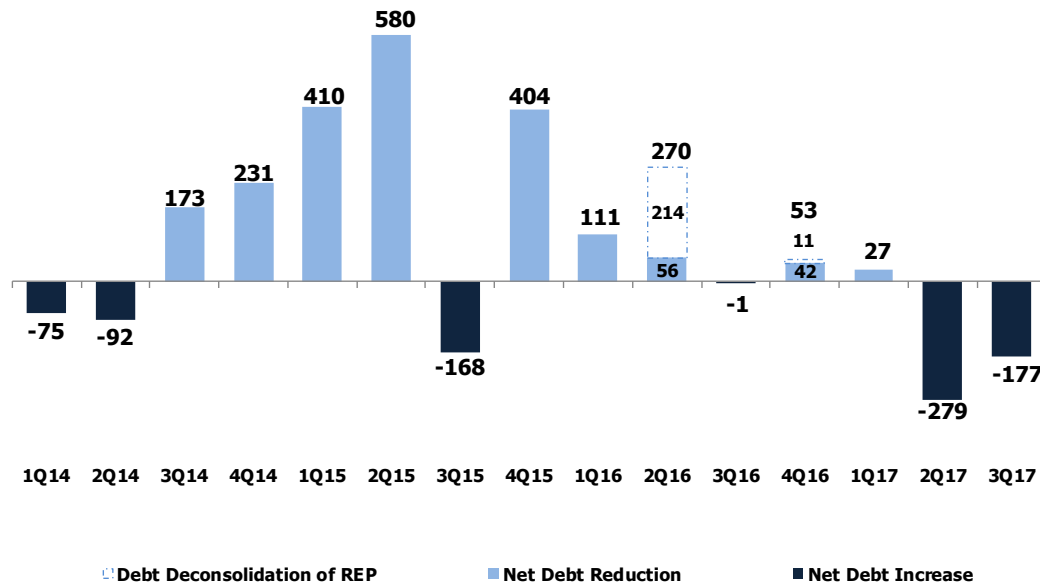
- 63% in residential products (excluding MCMV, Land Plots, and Commercial);
- 47% is concluded inventory, immediate cash generator;
- Considering the concluded inventory, 62% are in São Paulo and Rio de Janeiro, and 90% corresponded to projects with more than 60% of units sold.

Financial and Operational Results

Net Debt Variation

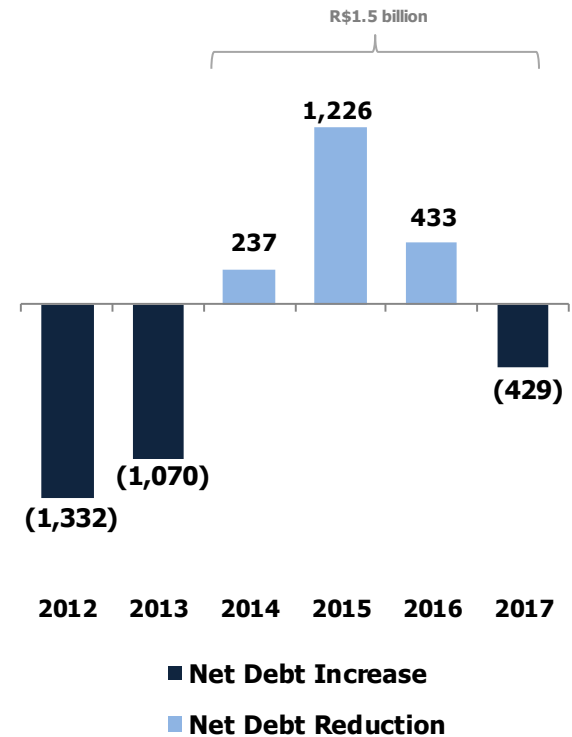


Quarterly Net Debt Variation – R\$ million



Note: Includes the capital increase of R\$500 million and the conversion of redeemable preferred shares of R\$300 million into promissory notes

Annual Net Debt Variation – R\$million

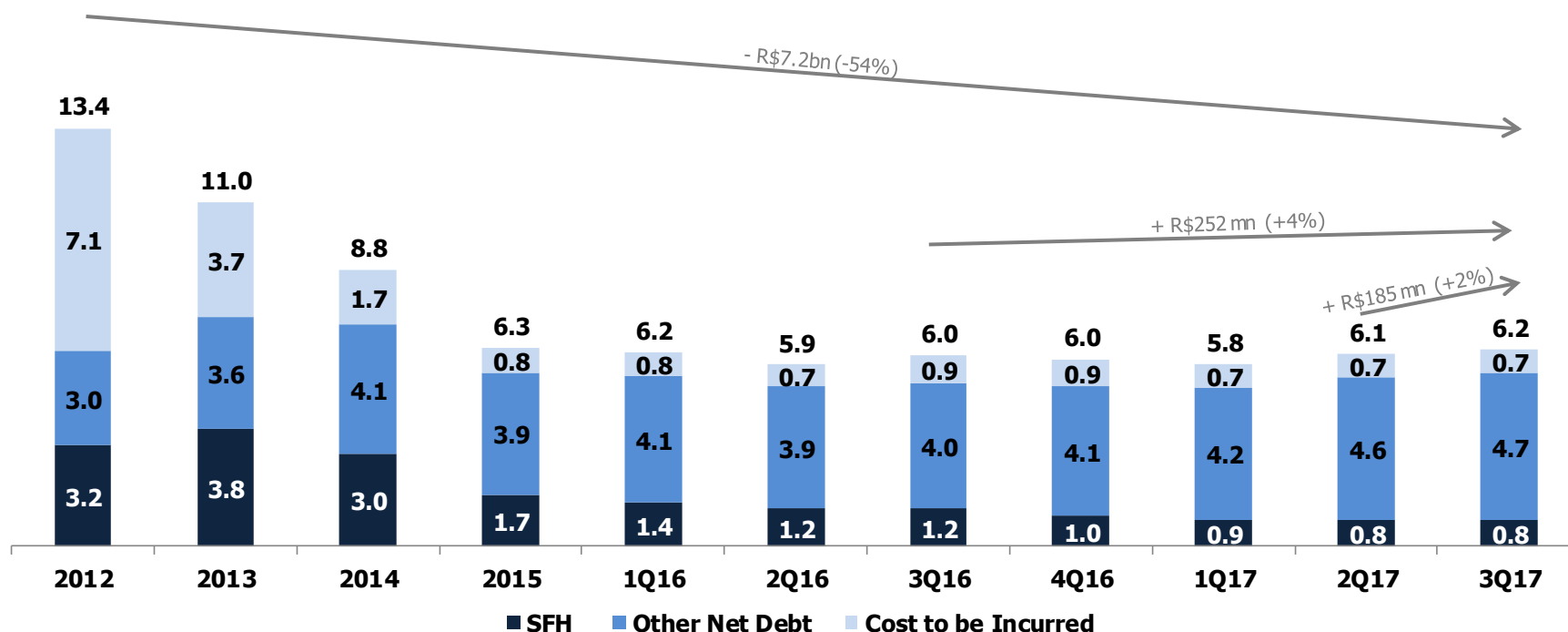


- Net Debt increased by R\$177 million in the 3Q17, such increase is explained mainly by the deceleration of debt amortization and the accrual of interest.
- In 9M17, net debt increased by R\$429 million.
- Total reduction since 2014 amounts to R\$1.5 billion.

Financial and Operational Results

Deleveraging

Net Debt + Cost to be Incurred – R\$ billion



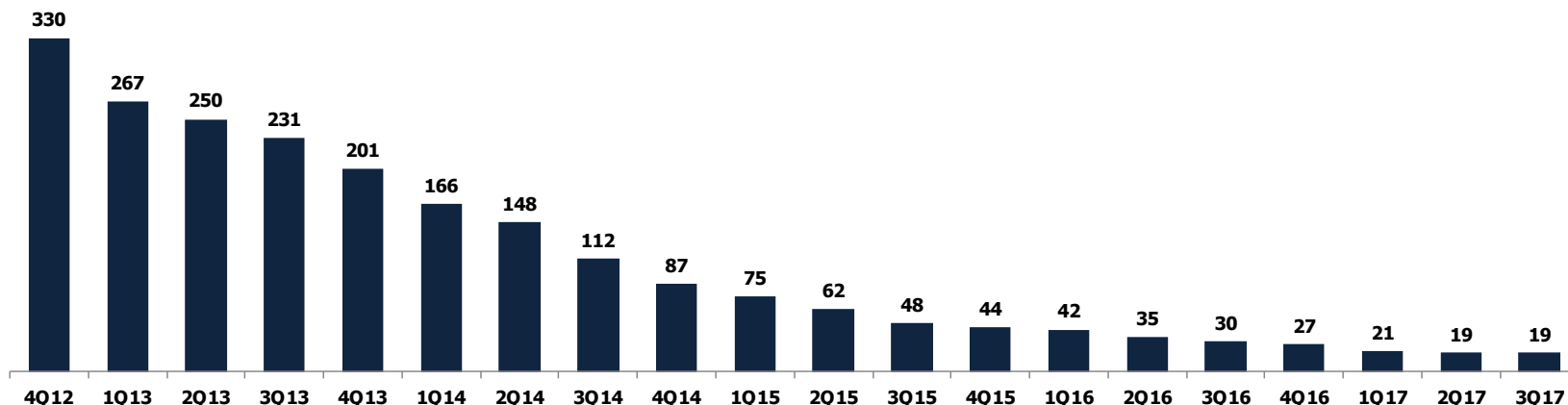
Obs.: For comparison purposes, other net debt of 2012, 2013, 2014 have been adjusted with the inclusion of the Redeemable Preferred Shares.

- Since 2012, extended leverage (Net Debt + Cost to be Incurred) was reduced by R\$7.2 billion (54%).
- Despite the notable leverage reduction in the past years, extended leverage increased by R\$185 million (2%) in 3Q17, mainly due to the accrual of interest and the reduction in debt amortization pace.

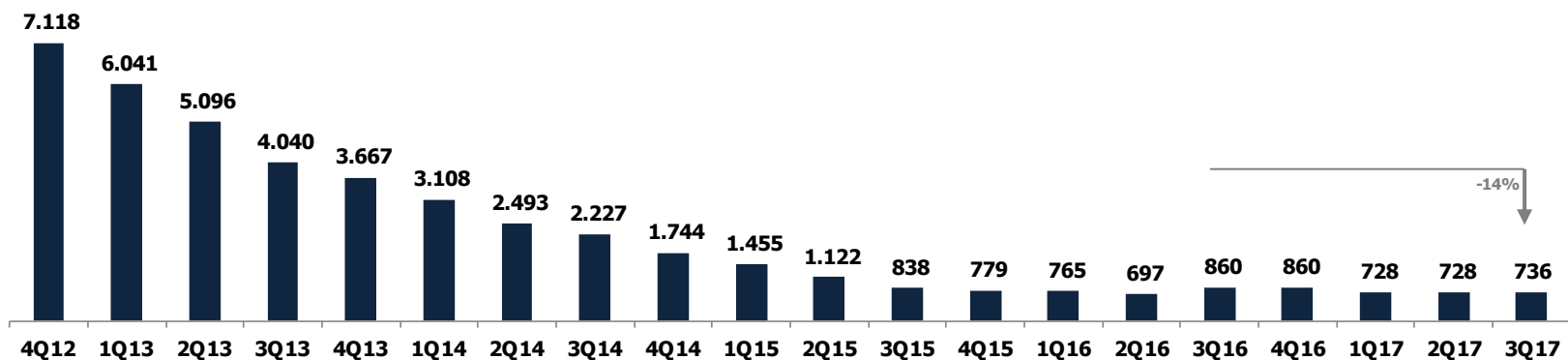
Financial and Operational Results

Ongoing Projects and Cost to be Incurred

Ongoing Projects



Cost to be Incurred – R\$ million



- ❖ We finished 3Q17 with 19 ongoing projects.
- ❖ Cost to be incurred closed 3Q17 at R\$736 million, an 1% increase over 2Q17.
- ❖ Since the end of 2012, the total cost to be incurred has fallen by 90%, substantially reducing the Company's operational risk.

Income Statement

Income Statements (R\$ '000) - IFRS	QUARTER			YTD		
	3Q17	3Q16	(%) Var.	9M17	9M16	(%) Var.
Operating Gross Revenue						
Real Estate Sales	(14,772)	(55,565)	-73%	284,286	205,963	38%
Other Operating Revenues	23,007	(1,322)	n.m.	11,031	51,372	-79%
(-) Revenues Deduction	6,990	(27,367)	n.m.	(3,879)	(81,970)	-95%
Operating Net Revenue	15,225	(84,254)	n.m.	291,438	175,365	66%
Cost of Sold Units	(26,977)	(314,404)	-91%	(226,900)	(601,372)	-62%
Interest Expenses	(3,499)	(11,606)	-70%	(20,369)	(57,329)	-64%
Cost of sold properties	(30,476)	(326,010)	-91%	(247,269)	(658,701)	-62%
Gross Income (loss)	(15,251)	(410,264)	-96%	44,169	(483,336)	n.m.
Gross margin	n.a.	n.a.	n.m.	15.2%	n.a.	n.m.
Adjusted gross margin ⁽¹⁾	n.a.	n.a.	n.m.	22.1%	n.a.	n.m.
Operating Revenues (expenses):						
Equity Income	107	(2,965)	n.m.	(793)	(186)	n.m.
General and Administrative	(29,337)	(47,134)	-38%	(105,214)	(157,238)	-33%
Commercial	(2,242)	(27,546)	-92%	(13,219)	(83,338)	-84%
Taxes	(3,245)	(1,446)	n.m.	(15,900)	(7,524)	n.m.
Depreciation & Amortization	(5,597)	(29,693)	-81%	(24,223)	(57,713)	-58%
Other	(85,539)	(1,037,929)	-92%	(484,995)	(1,514,973)	-68%
Financial Result	(190,283)	(171,913)	11%	(710,248)	(549,035)	29%
Total operating revenues (expenses)	(316,136)	(1,318,626)	-76%	(1,354,592)	(2,370,007)	-43%
Income before taxes	(331,387)	(1,728,890)	-81%	(1,310,423)	(2,853,343)	-54%
Income Taxes and Social Contribution	33,213	(5,778)	n.m.	212,561	(36,959)	n.m.
Income before minority stake	(298,174)	(1,734,668)	-83%	(1,097,862)	(2,890,302)	-62%
Minority interest	(988)	17,122	n.m.	(9,432)	22,276	n.m.
Net Income (loss)	(299,162)	(1,717,546)	-83%	(1,107,294)	(2,868,026)	-61%
Net margin	n.a.	n.a.	n.m.	n.a.	n.a.	n.m.

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



November 03th,
2017

3Q17
Results