



May 16th,
2017

**1Q17
Results**

❖ Executive Summary

❖ Court-supervised Reorganization (CSR)

❖ Financial and Operational Results

Sales

Resale of Cancellations

G&A

Inventory

Net Debt Variation

Deleveraging

Ongoing Projects and Cost to be Incurred

Income Statement and Balance Sheet



Corcovado
Rio de Janeiro/RJ

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1Q17 Highlights

- ❖ SFH debt fell by R\$120 million (12%) over 4Q16, and by R\$538 million (39%) in the last 12 months;
- ❖ In 1Q17, we concluded the sale of the projects Dom Condominium and Dom Offices, reducing cost to be incurred by R\$127 million, and SFH debt by R\$52.7 million;
- ❖ Net financial debt fell by R\$27 million in 1Q17. Over the last 12 months, it was reduced by R\$349 million;
- ❖ Company's total leverage, including net financial debt and the cost to be incurred, fell by R\$159 million between 4Q16 and 1Q17;
- ❖ General and administrative expenses maintained their downward trajectory, closing the quarter 16% down year-on-year;
- ❖ In 1Q17, selling expenses fell by 68% over 1Q16, and by 87% over 4Q16.
- ❖ During this quarter, we obtained occupancy permits for 3 projects with over 600 units in total, decreasing the Company's operational and financial risk;
- ❖ The second debenture's series was paid in 1Q17, amounting of R\$50 million.

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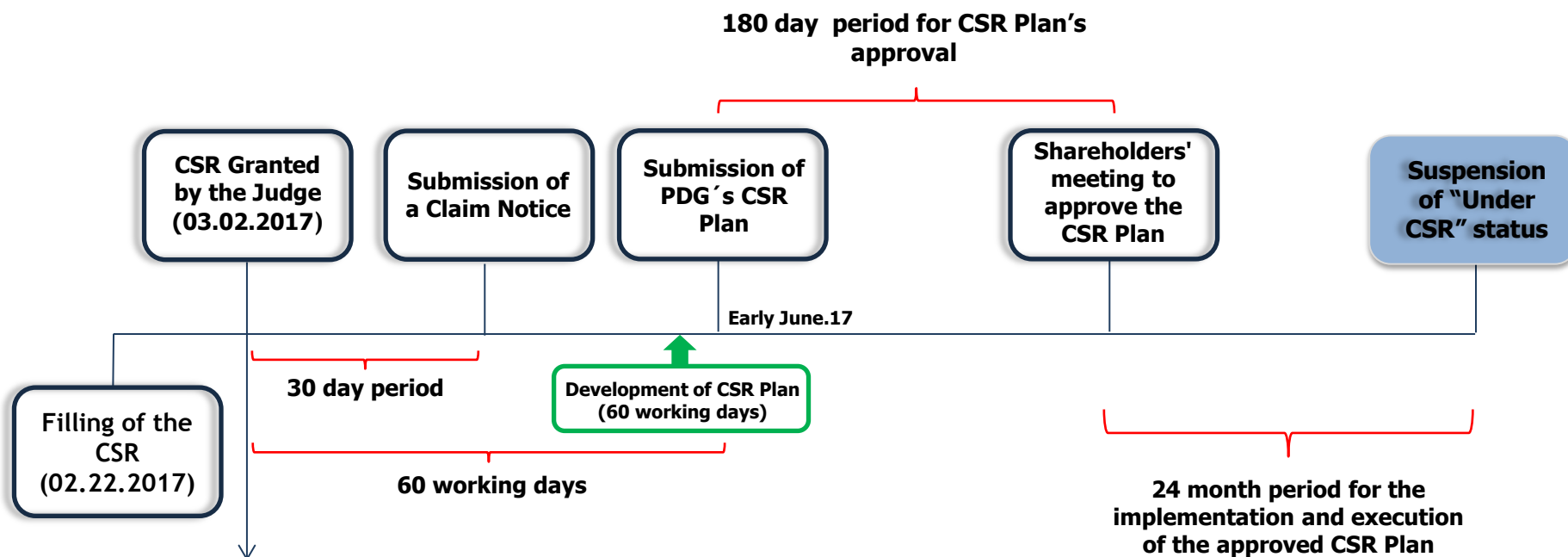


Corcovado
Rio de Janeiro/RJ

Court-supervised Reorganization (CSR) Schedule



Court-supervised Reorganization Schedule



- (i) The advising of PricewaterhouseCoopers, as a trustee, has already began;
- (ii) Workforce focusing on the submission of proofs of claim and/or claim disputes within the scope of Court-supervised Reorganization.
- (iii) Presentation of the CSR Plan by the beginning of June.17;
- (iv) 180 days for the CSR Plan's approval alongside our creditors.

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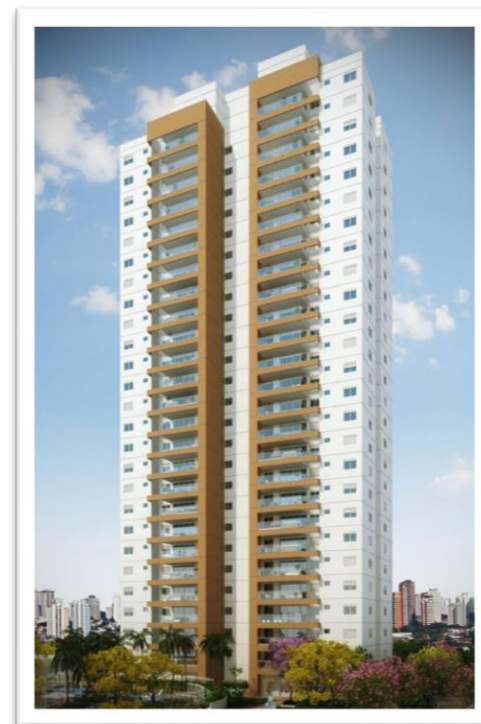
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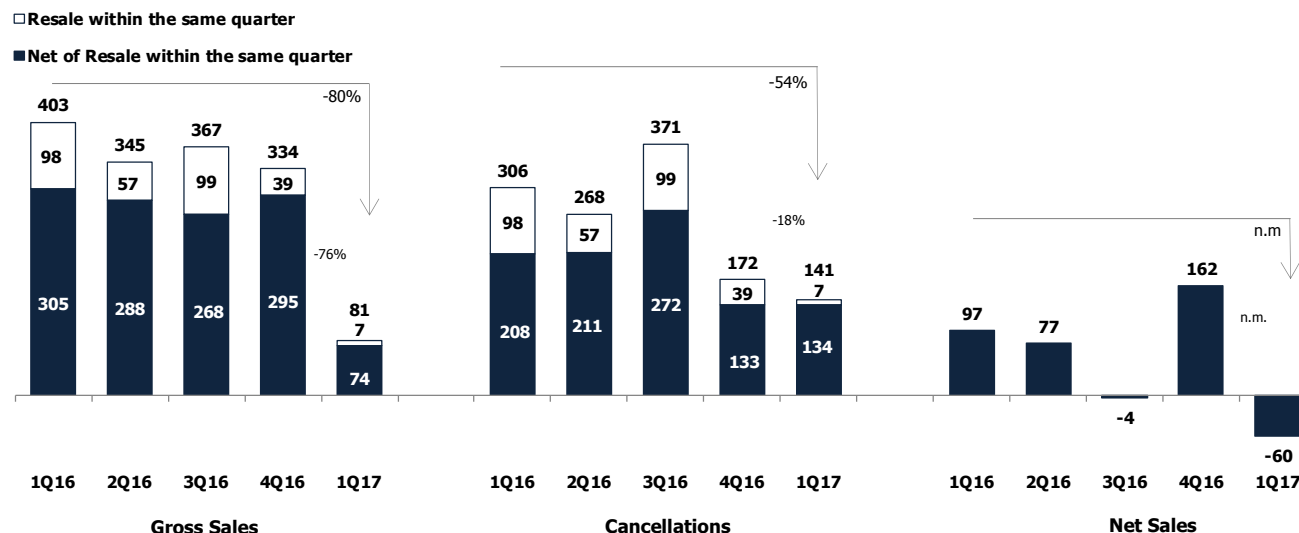
Meridian
São Paulo/SP

Financial and Operational Results

Sales Performance



Sales — R\$ million

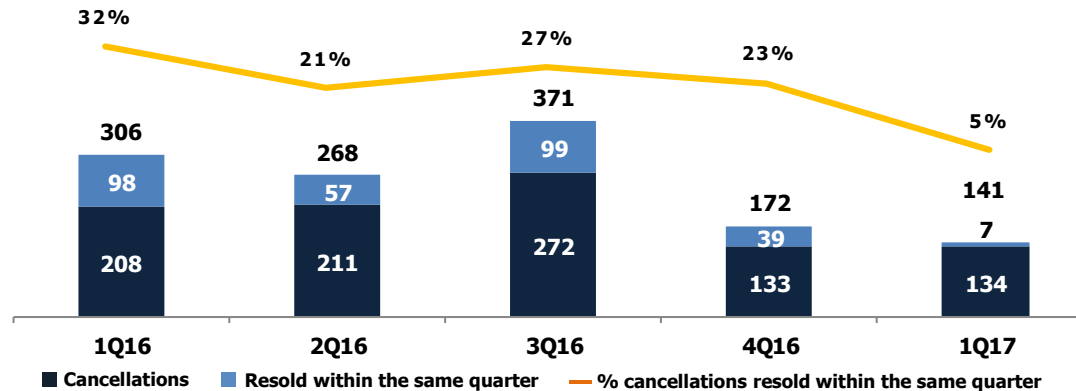


- Gross sales amounted to R\$81 million in the 1Q17, 80% down on 1Q16. The decrease in gross sales volume, can be explained by the prioritization of cash sales of completed and free of encumbrance units; strategy implemented after the filing for Court-supervised Reorganization.
- Cancellations amounted to R\$141 million in the quarter, down by 18% against 4Q16 and 54% down on 1Q16.
- Due to the low gross sales this quarter, net sales registered negative R\$60 million in 1Q17.
- Cash sales registered approximately R\$15 million in 1Q17, representing 19% of quarter's gross sales.

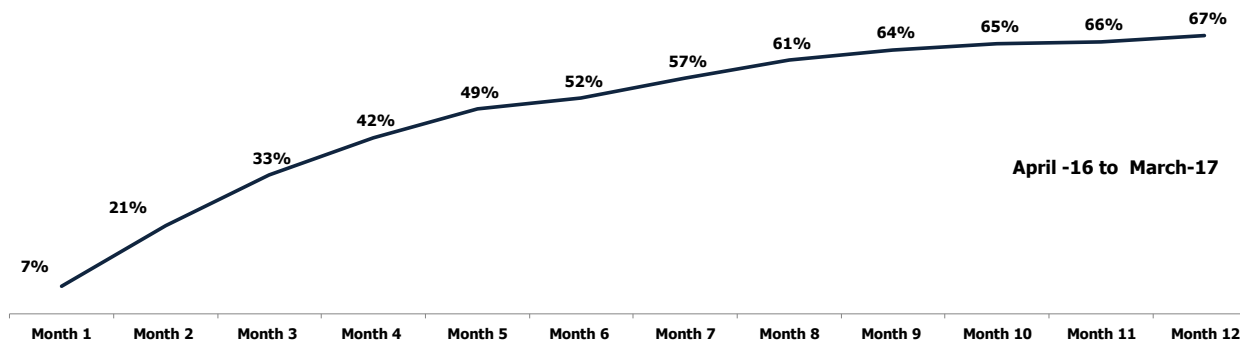
Financial and Operational Results

Resale of Cancellations

Evolution of Cancellations and Resale – R\$ million



Average Resale Curve – 12 months accumulated



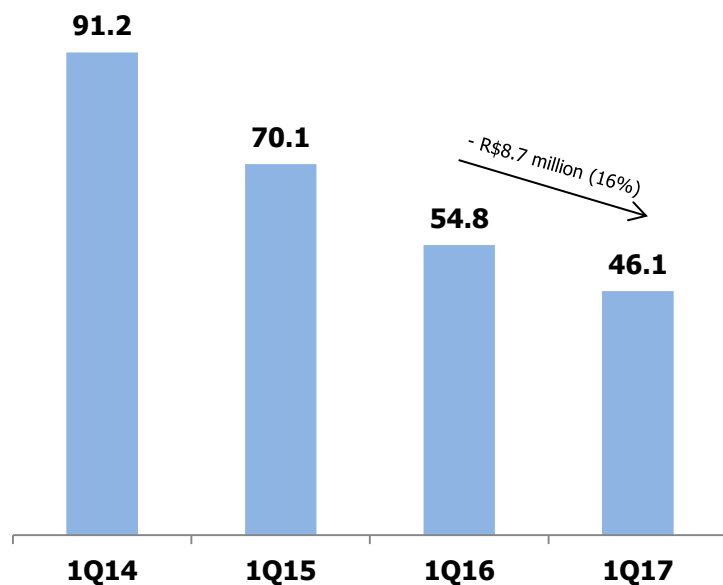
- ❖ In 1Q17, resale was equivalent to 5% of cancellations in the period, 18p.p lower than the 23% registered in 4Q16. The reduction in the resale volume in this quarter can be explained by the low gross sales in this period.
- ❖ The speed of cancellation resale reached 67% in the past 12 months.

Financial and Operational Results

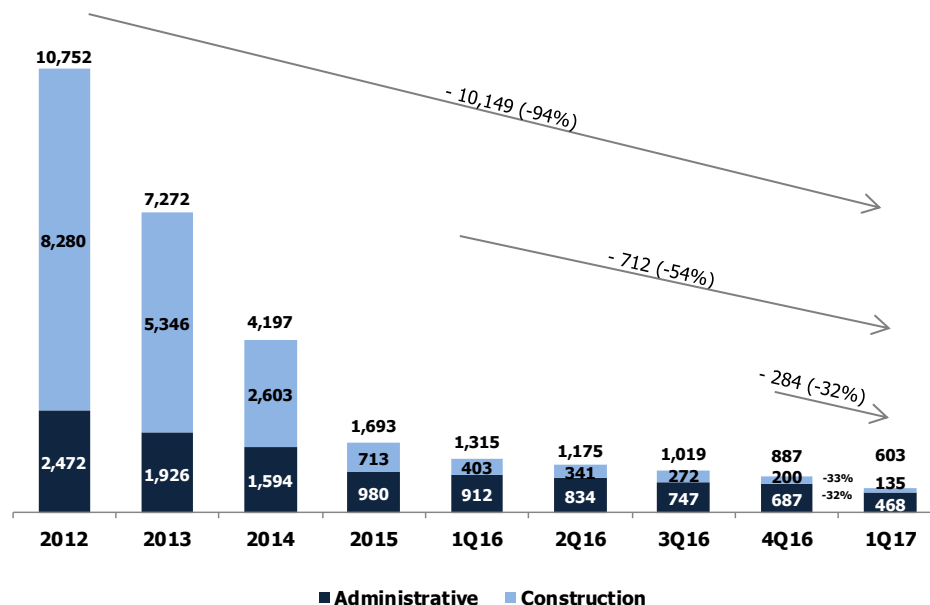
G&A Expenses



G&A Evolution – R\$ million



Headcount



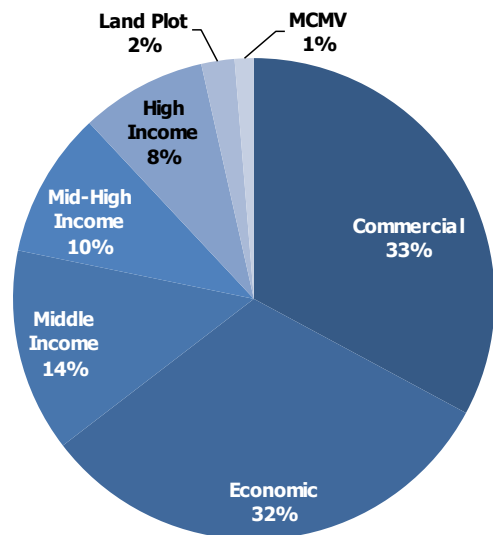
- ❖ Reduction of 16% in G&A expenses between 1Q16 and 1Q17.
- ❖ In 1Q17, we reduced our total headcount by 32% over the previous quarter. When compared to the 1Q16, headcount fell by 54%;
- ❖ SG&A expenses fell by 32% over 1Q16, and by 48% over 4Q16.
- ❖ Aiming to continue the process of deleveraging 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

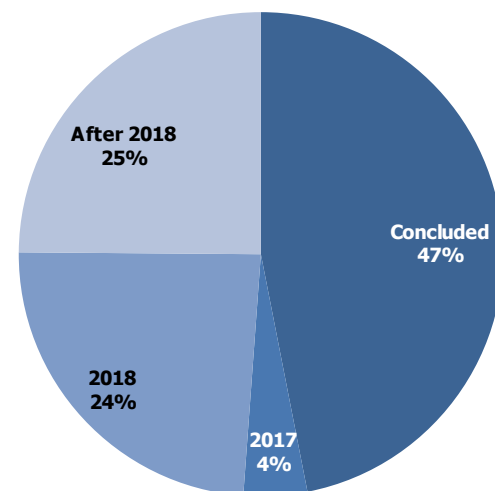
Inventory Quality



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ Total inventory at market value was R\$2,262 billion by the end of 1Q17;

❖ Quality of available inventory:

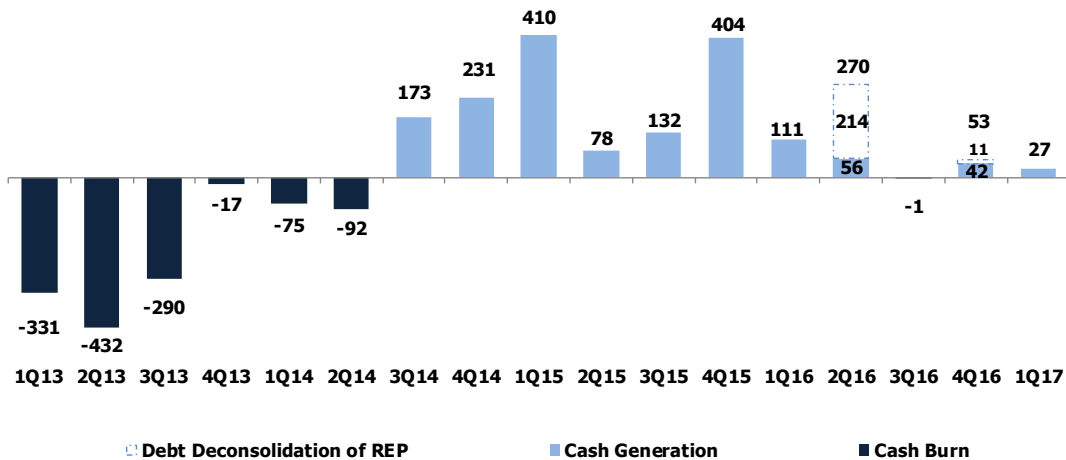
- 64% in residential products (excluding MCMV, Land Plots, and Commercial);
- 47% is concluded inventory, immediate cash generator;
- Considering the concluded inventory, 64% are in São Paulo and Rio de Janeiro, and 86% corresponded to projects with more than 60% of units sold.

Financial and Operational Results

Net Debt Variation

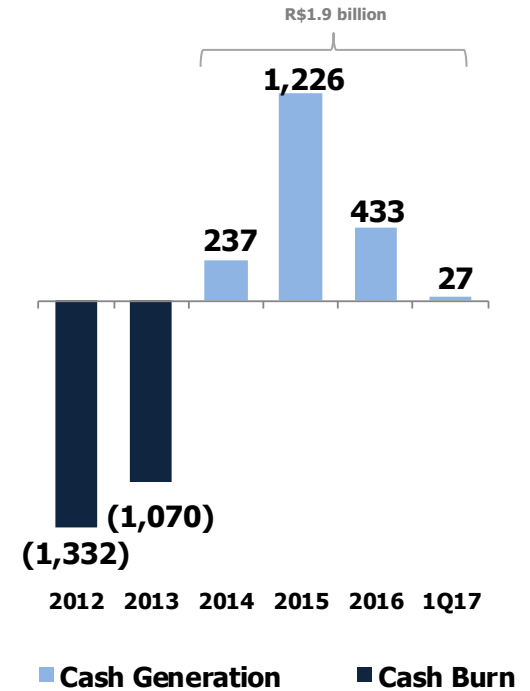


Quarterly Net Debt Variation – R\$ million



Note: Excludes 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



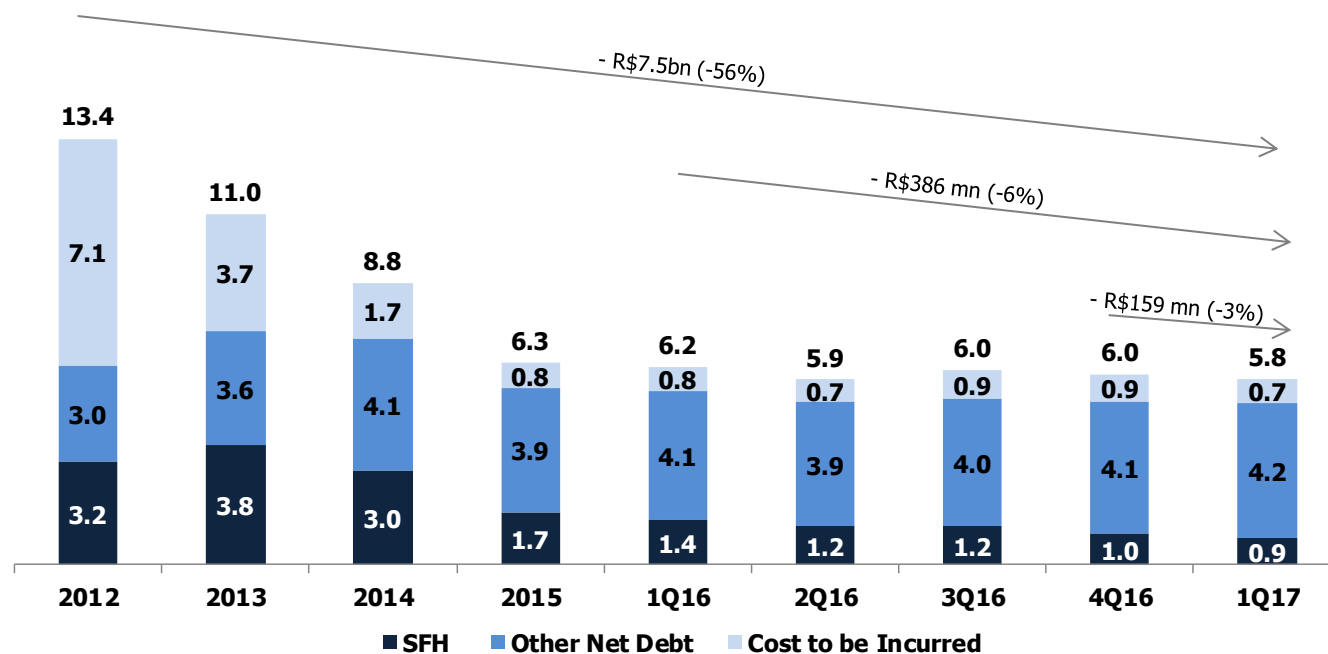
Note: Includes the capital increase of R\$500 million and the conversion of redeemable preferred shares of R\$300 million into promissory notes

- Considering the dismantling of the debt related to the projects sold this quarter, net debt was reduced by R\$27 million in 1Q17.
- Total reduction since 2014 amounts to R\$1.9 billion.

Financial and Operational Results

Deleveraging

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



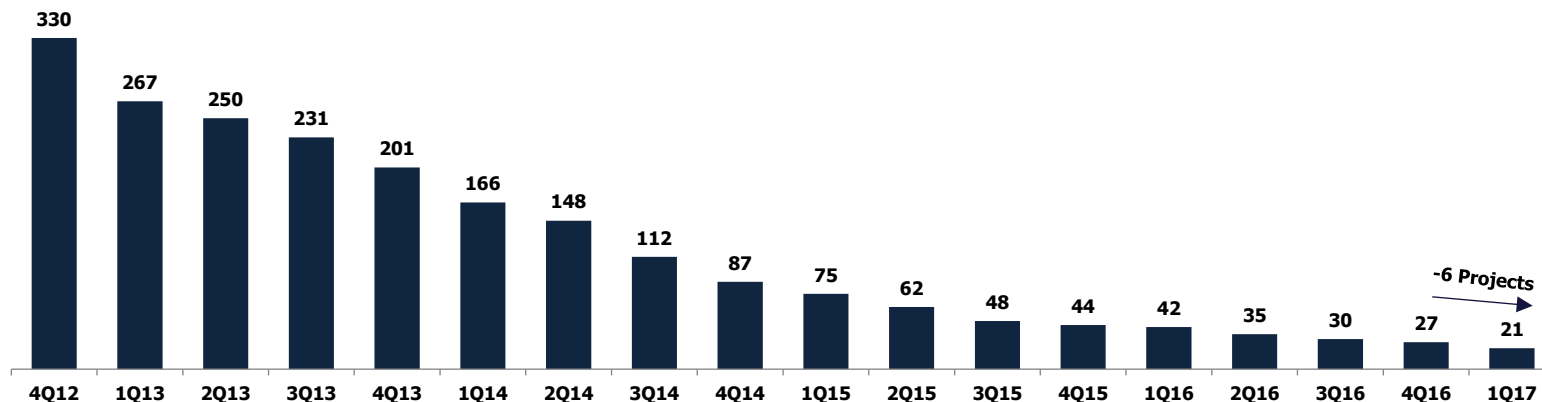
Obs.: For comparison purposes, other net debt of 2012, 2013, 2014 have been adjusted with the inclusion of the Redeemable Preferred Shares.

- Extended leverage (Net Debt + Costs to be Incurred) decreased by R\$159 million in 1Q17, and by R\$386 million in the last 12 months;
- The reduction in leverage since 2012 has already exceeded R\$7.5 billion.

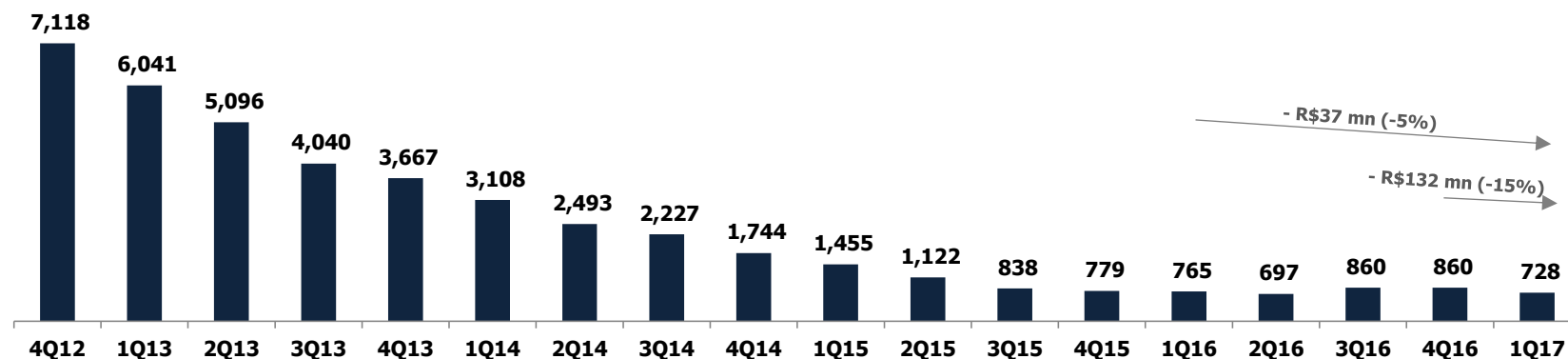
Financial and Operational Results

Ongoing Projects and Cost to be Incurred

Ongoing Projects



Cost to be Incurred – R\$ million



- ❖ We finished 1Q17 with 21 ongoing projects;
- ❖ Cost to be incurred closed 1Q17 at R\$728 million, reflecting a decrease of 15% over the previous quarter;
- ❖ 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			
	1Q17	1Q16	(%) Var.
Operating Gross Revenue			
Real Estate Sales	127,414	139,799	-9%
Other Operating Revenues	2,312	29,902	-92%
(-) Revenues Deduction	(11,710)	(29,915)	-61%
Operating Net Revenue	118,016	139,786	-16%
Cost of Sold Units	(111,961)	(134,398)	-17%
Interest Expenses	(3,995)	(21,386)	-81%
Cost of sold properties	(115,956)	(155,784)	-26%
Gross Income (loss)	2,060	(15,998)	n.a.
Gross margin	1.7%	n.a.	n.a.
Adjusted gross margin ⁽¹⁾	5.1%	3.9%	1.2 p.p
Operating Revenues (expenses):			
Equity Income	20	186	-89%
General and Administrative	(46,078)	(54,784)	-16%
Commercial	(7,918)	(24,471)	-68%
Taxes	(8,497)	(1,830)	n.a.
Depreciation & Amortization	(6,646)	(21,910)	-70%
Other	(31,005)	(86,007)	-64%
Financial Result	(175,137)	(190,476)	-8%
Total operating revenues (expenses)	(275,261)	(379,292)	-27%
Income before taxes	(273,201)	(395,290)	-31%
Income Taxes and Social Contribution	1,432	(15,250)	n.a.
Income before minority stake	(271,769)	(410,540)	-34%
Minority interest	(3,951)	63	n.a.
Net Income (loss)	(275,720)	(410,477)	-33%
Net margin	n.a.	n.a.	n.a.

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

Balance Sheet

Assets

ASSET (R\$ '000)	1Q17	4Q16	(%) Var.
Current Assets			
Cash, cash equivalents and short-term investments	217,063	200,973	8%
Accounts receivable	1,215,128	1,249,963	-3%
Properties held for sale	1,217,988	1,166,612	4%
Prepaid expenses	10,812	7,763	39%
Accounts with related parties	25,061	24,564	2%
Taxes to recover	43,722	44,117	-1%
Deferred income and social contribution taxes	13,945	10,214	37%
Others	-	-	0%
Total Current Assets	2,743,719	2,704,206	1%
Noncurrent Assets			
Long-Term			
Accounts receivable	501,740	772,702	-35%
Properties held for sale	702,795	706,102	0%
Deferred Taxes	-	-	0%
Accounts with related parties	77,216	60,165	28%
Others	244,129	223,503	9%
Total Long-Term Assets	1,525,880	1,762,472	-13%
Permanent Assets			
Investments	48,872	49,012	0%
Investment Properties	-	-	0%
Property and Equipment	26,104	27,640	-6%
Intangible	103,017	107,684	-4%
Total Permanent Assets	177,993	184,336	-3%
Total Noncurrent Assets	1,703,873	1,946,808	-12%
Total Assets	4,447,592	4,651,014	-4%

Balance Sheet

Liabilities

LIABILITIES AND SHAREHOLDERS' EQUITY (R\$ '000)			
	1Q17	4Q16	(%) Var.
Current			
Loans and financings	1,288,769	1,013,591	27%
Debentures	1,682,861	1,546,357	9%
Obligation for the issuance of CCB & CCI	2,314,405	1,811,544	28%
Co-obligation for the issuance of CRI	21,927	24,411	-10%
Suppliers	294,726	251,319	17%
Property acquisition obligations	68,852	85,825	-20%
Advances from clients	145,192	188,928	-23%
Taxes and contributions payable	194,086	185,557	5%
Deferred taxes	39,452	45,483	-13%
Income and social contribution taxes	100,562	97,562	3%
Accounts with related parties	10,592	5,798	83%
Other Provisions	389,478	388,585	0%
Other Obligations	154,630	162,472	-5%
Total Current	6,705,532	5,807,432	15%
Long-Term			
Loans and financings	-	387,571	-100%
Debentures	-	34,609	-100%
Obligation for the issuance of CCB & CCI	-	501,040	-100%
Property acquisition obligations	59,557	34,701	72%
Advances from clients	90,554	72,368	25%
Taxes and contributions payable	27,368	24,667	11%
Deferred taxes	70,940	44,919	58%
Other Provision	771,385	771,313	0%
Other	391,857	386,896	1%
Total Long-Term	1,411,661	2,258,084	-37%
Shareholders' equity			
Subscribed capital	4,917,843	4,917,843	0%
Capital reserve	1,236,718	1,236,706	0%
Accumulated losses	(9,802,470)	(9,526,750)	3%
Minority interest	(21,692)	(42,301)	-49%
Total Shareholders' equity	(3,669,601)	(3,414,502)	7%
Total liabilities and shareholders' equity	4,447,592	4,651,014	-4%



May 16th,
2017

**1Q17
Results**