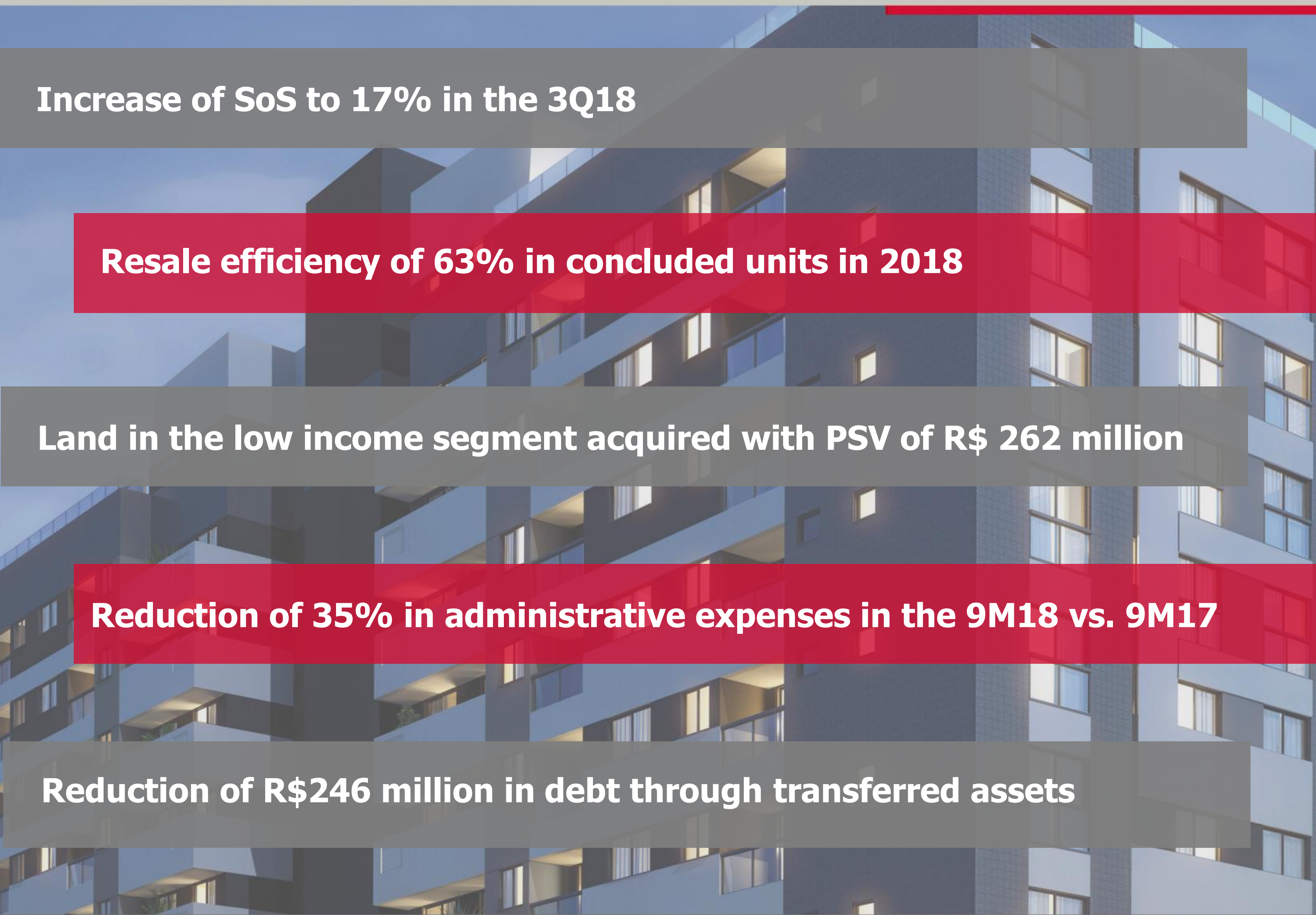
São Paulo, November 13, 2018. Rossi Residencial S.A. (B3: RSID3; Bloomberg: RSID3 BZ Equity) announces its results for the third quarter and accumulated for the year of 2018.

RSID3: R$5.19 per share

Total Shares: 17,153,337

Market Value: R$89.0 MM



Increase of SoS to 17% in the 3Q18

Resale efficiency of 63% in concluded units in 2018

Land in the low income segment acquired with PSV of R$ 262 million

Reduction of 35% in administrative expenses in the 9M18 vs. 9M17

Reduction of R$246 million in debt through transferred assets

Conference Call

November 14, 2018
In Portuguese with simultaneous translation
10:00 a.m. (Brasília) / 07:00 a.m. (US ET)
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MESSAGE FROM THE CEO

We reached the end of another quarter and our team remains focused on the Company's continuous operating and financial restructuring plan.

In the third quarter, specifically, we concluded an important stage of the corporate debt restructuring process, with the documentation and settlement of portion of these debts through properties transferred to Banco Bradesco, as already disclosed and anticipated to the market in the last quarters. Such amortization, associated with the payment of SFH debts to Banco Santander, also through transferred properties, decreased by R$245.5 million the Company's total debt, without cash disbursement.

Since the end of the third quarter of 2017, when we accelerated the debt restructuring with the financial institutions, this and other initiatives significantly decreased by 22% the consolidated gross debt.

In addition to the financial impact on our Financial Statements, such operations will also simplify the Company's operational structure, as the assets involved are concentrated in non-strategic regions and, by selling these assets, the Company will be able to focus on markets where new projects will be launched in the future.

In relation to the operational results in the quarter, the SoS was 17%, the fourth consecutive quarter of improvement. The accumulated SoS for the last 12 months was 48%.

Terminations were decreased by 58% in Rossi's share, compared to the third quarter of 2017, and by 51% in the year to date, compared to the same period of last year. In addition, we maintained the high resale level of these concluded units (63%), aligned with the indicator of the last quarters.

In this quarter, the administrative costs decreased by 51%, compared to the third quarter of 2017, and by 35% in the year to date. Such reduction is expected for additional quarters and, as mentioned before, will be the foundation to recover the cycle of launches.

In this regard, we point out the acquisition of two additional plots of land in the city of Campinas, aligned with the Company's strategy to launch projects in the economic segment and with potential PSV of R$261.8 million. The land will be mainly paid through assets exchange, not subject to significant cash disbursement by the Company.

João Paulo Franco Rossi Cuppoloni
CEO

OPERATING AND FINANCIAL INDICATORS

R$ MM	3Q18	3Q17	Var.	9M18	9M17	Var.
Operating Performance						
Launches - 100%	-	45.4	-	-	45.4	-
Gross Sales - 100%	89.1	191.2	-53.4%	304.6	692.4	-56.0%
Cancellations - 100%	65.5	175.2	-62.6%	205.5	492.3	-58.3%
Net Sales - 100%	23.6	16.0	47.5%	99.1	200.1	-50.5%
Launches - % Rossi	-	14.3	-	-	14.3	-
Gross Sales - % Rossi	75.5	147.6	-48.8%	252.4	538.3	-53.1%
Cancellations - % Rossi	56.9	135.3	-57.9%	178.7	364.4	-51.0%
Net Sales - % Rossi	18.6	12.3	51.2%	73.7	173.9	-57.6%
Financial Performance						
Net Revenue	14.0	42.9	-67.3%	129.3	249.9	-48.2%
Gross Margin[1]	18.4%	-114.3%	132.8 p.p.	-9.6%	-28.1%	18.5 p.p.
Gross Margin (ex interest)[2]	38.1%	-72.3%	110.5 p.p.	25.0%	-8.3%	33.3 p.p.
Adjusted EBITDA[3]	-87.8	-102.1	14.0%	-192.4	-253.1	24.0%
Adjusted EBITDA Margin[3]	-626.7%	-237.9%	-388.8 p.p.	-148.8%	-101.3%	-47.5 p.p.
Net Income	-158.3	-156.0	-1.5%	-400.8	-480.7	16.6%
Net Margin	n.a	-363.7%	n.a	-309.9%	-192.4%	-117.5 p.p.
Net Debt / Equity (%) - Rossi's share	n.a	959.1%	n.a	n.a	959.1%	n.a
Cash Generation (Burn) - Rossi's share	285.7	-3.0	9759.4%	308.0	28.2	-993.1%

[1] Consolidated as per CPCs19 (R2) and 36 (R3), relating to the subsidiaries.

[2] Gross Margin excluding interest allocated to cost.

[3] EBITDA and EBITDA Margin adjusted for expenses that do not represent a cash outflow and for non-recurring items. Reconciliation with EBITDA as per CVM Instruction No.527/2012 is shown in the glossary at the end of this document.

OPERATING PERFORMANCE

The operating metrics shown in this results release are calculated on the basis of proportional view. In addition to the proportional view, the results are also being presented divided into consolidated (IFRS) and non-consolidated companies, as shown in Exhibit II. Details of the amounts taking 100% of operations into account, irrespective of the method of consolidation, are given in Exhibit I.

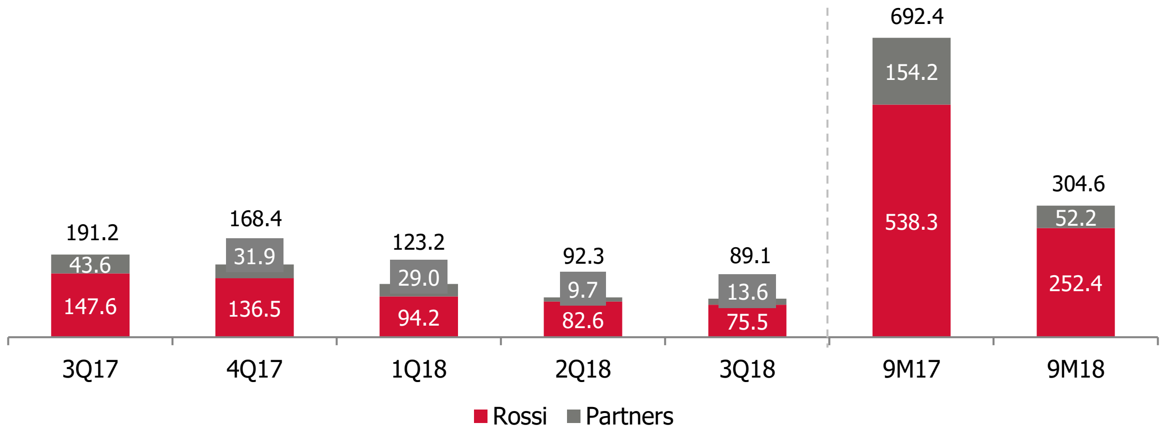
LAUNCHES

We did not launch any new projects in 2018.

CONTRACTED SALES AND SALES SPEED (SoS)

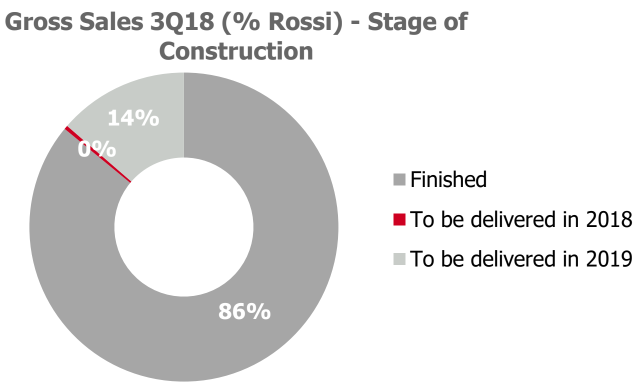
Gross Contracted Sales in the quarter amounted to R$89.1 million (R$75.5 million – Rossi's share), a 49% drop in Rossi's share when compared to the third quarter of 2017 and a 9% drop versus the previous quarter. Year to date, Gross Contracted Sales fell by 53% when compared to the same period of the previous year.

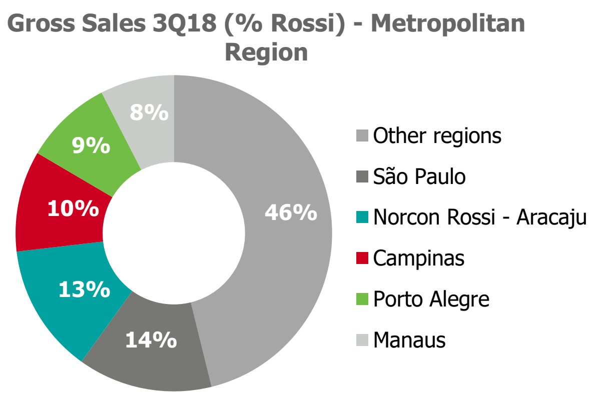
Gross Sales - R$ million

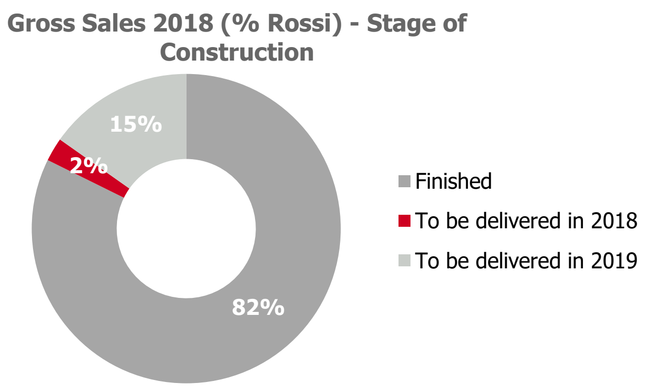


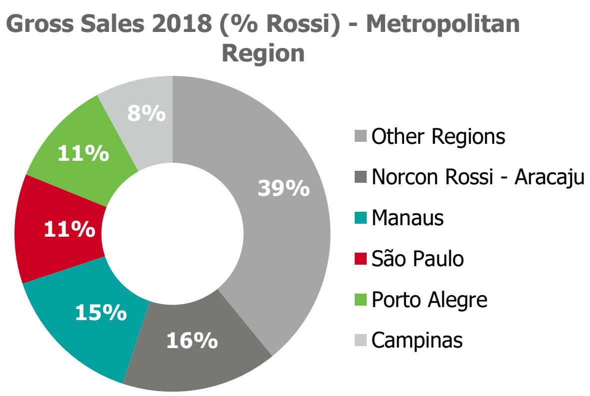
A portion of the decrease in Gross Contracted Sales is due to the natural reduction of inventories to the extent that the Company concludes the projects launched by 2014 and adopts a conservative approach for the new projects. For example, the SoS was 17%, an increase of 2p.p. compared to the previous quarter.

The following charts illustrate gross sales (% Rossi) by stage of construction and metropolitan region. In this quarter, the share of completed units on total contracted sales reached 86%. The share of sales in regions not considered to be strategic to the business amounted to 46%, in line with the strategy to reduce inventory in these locations.









The tables below detail the gross sales contracted, both based on Rossi's share in the projects and on the 100% view, segmented by metropolitan region and stage of construction in the third quarter and year to date:

Gross Sales 3Q18 (100%) | R$ MM	Finished	2018	2019	Total
Campinas	6.6	-	2.4	8.9
Manaus	5.7	-	-	5.7
Norcon Rossi - Aracaju	13.6	-	-	13.6
Porto Alegre	2.8	-	4.0	6.8
São Paulo	5.2	-	5.2	10.4
Other regions	43.5	0.3	-	43.7
Total	**77.4**	**0.3**	**11.5**	**89.1**

Gross Sales 3Q18 (Rossi's share) | R$ MM	Finished	2018	2019	Total
Campinas	6.6	-	1.2	7.8
Manaus	5.7	-	-	5.7
Norcon Rossi - Aracaju	10.0	-	-	10.0
Porto Alegre	2.8		4.0	6.8
São Paulo	5.2	-	5.2	10.4
Other regions	34.6	0.3	-	34.9
Total	**64.9**	**0.3**	**10.3**	**75.5**

Gross Sales 9M18 (100%) | R$ MM	Finished	2018	2019	Total
Campinas	16.6	-	10.2	26.7
Manaus	37.3	-	-	37.3
Norcon Rossi - Aracaju	54.5	-	-	54.5
Porto Alegre	13.1	-	14.5	27.6
São Paulo	8.9	-	19.7	28.6
Other regions	123.6	6.3	-	129.9
Total	**254.0**	**6.3**	**44.3**	**304.6**

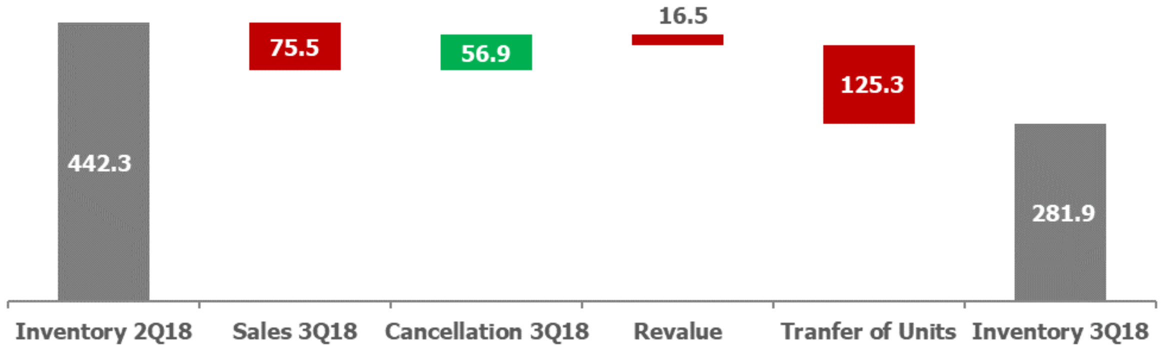
Gross Sales 9M18 (Rossi's share) | R$ MM	Finished	2018	2019	Total
Campinas	15.9	-	4.1	20.0
Manaus	37.3	-	-	37.3
Norcon Rossi - Aracaju	40.4	-	-	40.4
Porto Alegre	13.1	-	14.5	27.6
São Paulo	8.7	-	19.7	28.4
Other regions	92.5	6.2	-	98.7
Total	**207.9**	**6.2**	**38.3**	**252.4**

The following tables illustrate sales speed ("SoS") in the quarter and in the accumulated last 12 months, considering the amounts proportional to Rossi's share. In this quarter, SoS was 17%, while the accumulated SoS for the last 12 months was 48%.

Quarterly SOS | % Rossi	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	842.8	813.6	686.9	554.7	442.3
Launches	14.3	-	-	-	-
Inventory + Launches	**857.0**	**813.6**	**686.9**	**554.7**	**442.3**
Gross Sales	(147.6)	(136.5)	(94.2)	(82.6)	(75.5)
Sales speech (SOS) (%)	**17.2%**	**16.8%**	**13.7%**	**14.9%**	**17.1%**
Sales cancellation	135.3	83.4	60.7	61.1	56.9
Adjusts / Revalue	(31.1)	(73.6)	(98.6)	(90.9)	(141.8)
Inventory - EOF	**813.6**	**686.9**	**554.7**	**442.3**	**281.9**

LTM SOS | % Rossi	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	1,239.2	1,253.1	1,056.8	842.8	813.6
Launches	14.3	14.3	14.3	14.3	-
Inventory + Launches	**1,253.5**	**1,267.3**	**1,071.1**	**857.1**	**813.6**
Gross Sales	(773.7)	(674.8)	(539.3)	(460.9)	(388.8)
Sales speech (SOS) (%)	**61.7%**	**53.2%**	**50.4%**	**53.8%**	**47.8%**
Sales cancellation	532.4	447.6	384.2	340.5	262.1
Adjusts / Revalue	(198.6)	(353.3)	(361.2)	(294.3)	(405.0)
Inventory - EOF	**813.6**	**686.9**	**554.7**	**442.3**	**281.9**

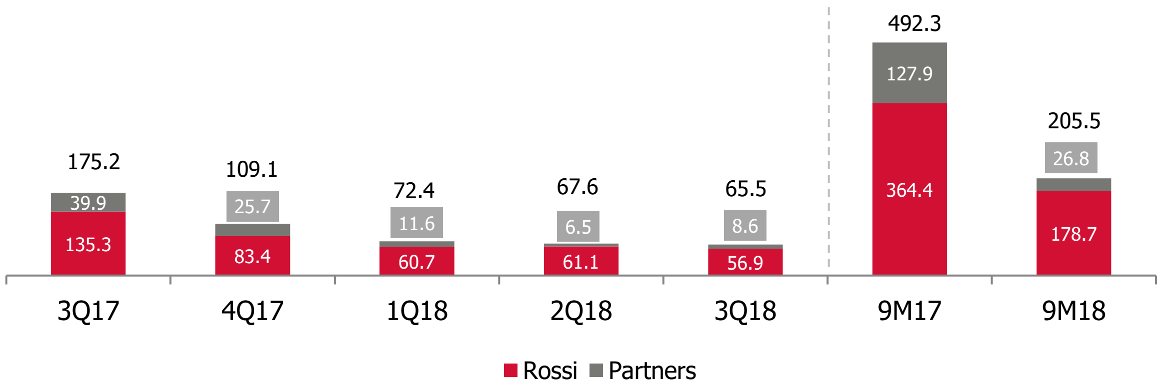
The amount indicated as Adjustments/Revaluations above refers in the quarter to the: (1) transfer of units to Banco Santander and Banco Bradesco (R$125.3 million) for debt payment; and (2) price revaluation of the units in inventory at market values (R$16.5 million), as detailed below:



SALES CANCELLATION

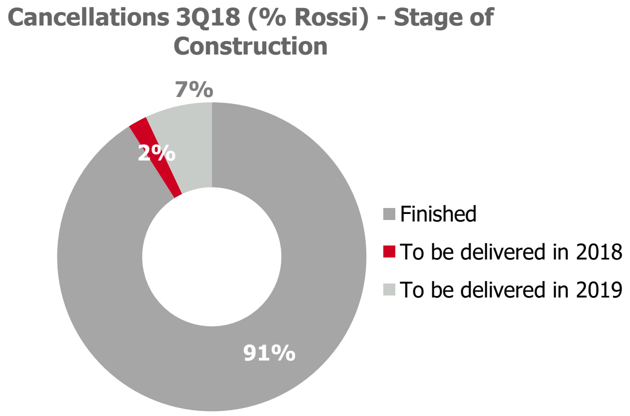
In the third quarter of 2018, cancellations totaled R$65.5 million (R$56.9 million – Rossi's share), a 58% drop in Rossi's share when compared to the same period of the previous year. In the accumulated for the year, cancellations fell by 51% compared to the accumulated for the year in 2017.

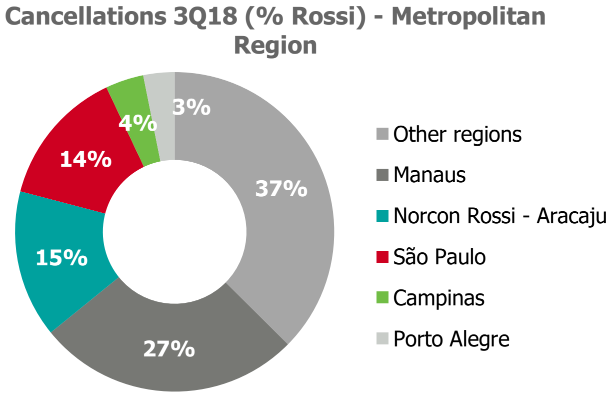
Cancellations - R$ million



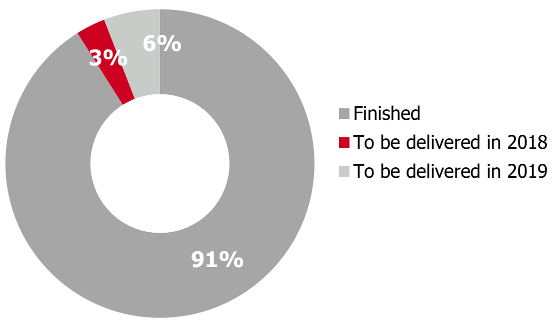
Out of the total sales cancellations in 2018, 63% of units were already resold, contributing to the maintenance of high resale indicators of recent quarters.

The following charts illustrate cancellations (% Rossi) by stage of construction and metropolitan region.

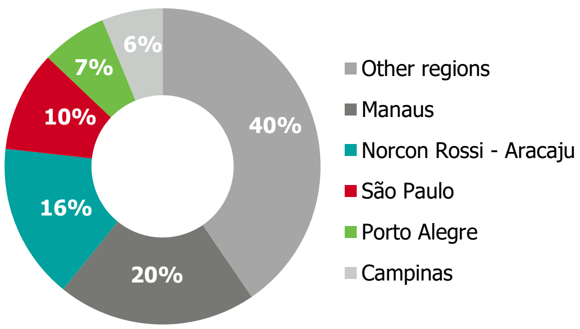




Cancellations 2018 (% Rossi) - Stage of Construction



Cancellations 2018 (% Rossi) - Region



The tables below give details of cancellations by stage of construction and metropolitan region, both for Rossi and for the 100% consolidation in the third quarter of 2018 and in the accumulated for the year:

Sales Cancellation 3Q18 (100 %) | R$ MM	Finished	2018	2019	Total
Campinas	1.9	-	0.6	2.5
Manaus	15.2	-	-	15.2
Norcon Rossi - Aracaju	11.2	-	-	11.2
Porto Alegre	1.8	-	-	1.8
São Paulo	4.5	-	3.8	8.3
Other regions	25.6	1.0	-	26.5
Total	**60.2**	**1.0**	**4.4**	**65.5**

Sales Cancellation 3Q18 (Rossi's share) | R$ MM	Finished	2018	2019	Total
Campinas	1.9	-	0.3	2.2
Manaus	15.2	-	-	15.2
Norcon Rossi - Aracaju	8.5	-	-	8.5
Porto Alegre	1.8	-	-	1.8
São Paulo	4.1	-	3.8	7.9
Other regions	20.4	1.0	-	21.3
Total	**51.8**	**1.0**	**4.1**	**56.9**

Sales Cancellation 9M18 (100%) | R$ MM	Finished	2018	2019	Total
Campinas	10.9	-	0.7	11.7
Manaus	36.4	-	-	36.4
Norcon Rossi - Aracaju	37.1	-	-	37.1
Porto Alegre	11.0	-	1.0	12.0
São Paulo	9.6	-	9.1	18.7
Other regions	83.9	5.7	-	89.6
Total	**188.9**	**5.7**	**10.9**	**205.5**

Sales Cancellation 9M18 (Rossi's share) | R$ MM	Finished	2018	2019	Total
Campinas	10.7	-	0.4	11.1
Manaus	36.4	-	-	36.4
Norcon Rossi - Aracaju	28.5	-	-	28.5
Porto Alegre	11.0	-	1.0	12.0
São Paulo	9.2	-	9.1	18.4
Other regions	66.8	5.5	-	72.3
Total	**162.7**	**5.5**	**10.5**	**178.7**

INVENTORY AT MARKET VALUE

Rossi's share of inventory at market value reached R$281.9 million in the quarter.

The inventory reduction in the quarter (R$125.3 million) is partially explained by the transfer of units to Banco Santander and Banco Bradesco in the context of the Company's debt restructuring and payment. Such operation reduced the debts without cash disbursement by Rossi.

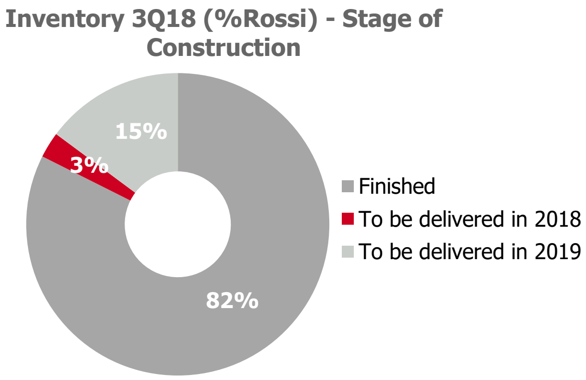
The following tables provide details by product line, year of launch and expected year of conclusion.

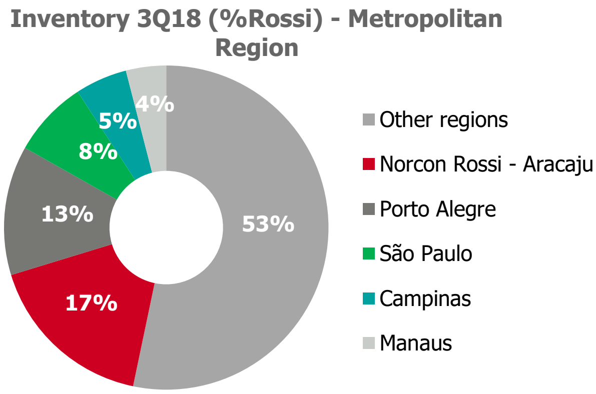
Exhibit V to this report shows the breakdown, by city, for 100% of the inventory.

Inventory % Rossi	Year of launch (R$ MM)						
Product Line	2010 and Before	2011	2012	2013	2014	2017	Total
Commercial	3.6	0.5	39.8	-	-	-	43.8
Conventional	3.9	60.8	25.8	59.4	60.1	4.6	214.7
Low Income	16.4	0.9	0.3	5.9	-	-	23.3
Total	**23.9**	**62.2**	**65.9**	**65.3**	**60.1**	**4.6**	**281.9**

Inventory % Rossi	Expected year of conclusion (R$ MM)			
Product Line	Finished	2018	2019	Total
Commercial	43.8	-	-	43.8
Conventional	165.1	7.8	41.8	214.7
Low Income	23.3	-	-	23.3
Total	**232.3**	**7.8**	**41.8**	**281.9**

The following charts show Rossi's inventory by stage of construction and metropolitan region. In the third quarter, completed units represented 82% of total inventory. Inventory in non-strategic regions accounted for 53% of total inventory.





The following tables give details by metropolitan region, year of launch and year of estimated delivery:

Inventory % Rossi	Year of launch (R$ MM)						
Metro Region	**2010 and Before**	**2011**	**2012**	**2013**	**2014**	**2017**	**Total**
Campinas	1.7	-	0.3	8.0	-	4.6	14.6
Manaus	2.9	4.7	3.7	-	-	-	11.3
Norcon Rossi - Aracaju	-	1.3	11.7	15.8	19.1	-	47.9
Porto Alegre	-	-	2.6	10.6	23.2	-	36.4
São Paulo	2.8	1.3	3.4	-	14.0	-	21.5
Other Regions	16.5	54.9	44.2	30.8	3.8	-	150.2
Total	**23.9**	**62.2**	**65.9**	**65.3**	**60.1**	**4.6**	**281.9**

Inventory % Rossi	Expected year of conclusion (R$ MM)			
Metro Region	**Finished**	**2018**	**2019**	**Total**
Campinas	10.0	-	4.6	14.6
Manaus	11.3	-	-	11.3
Norcon Rossi - Aracaju	47.9	-	-	47.9
Porto Alegre	13.2	-	23.2	36.4
São Paulo	7.5	-	14.0	21.5
Other Regions	142.4	7.8	-	150.2
Total	**232.3**	**7.8**	**41.8**	**281.9**

DELIVERIES

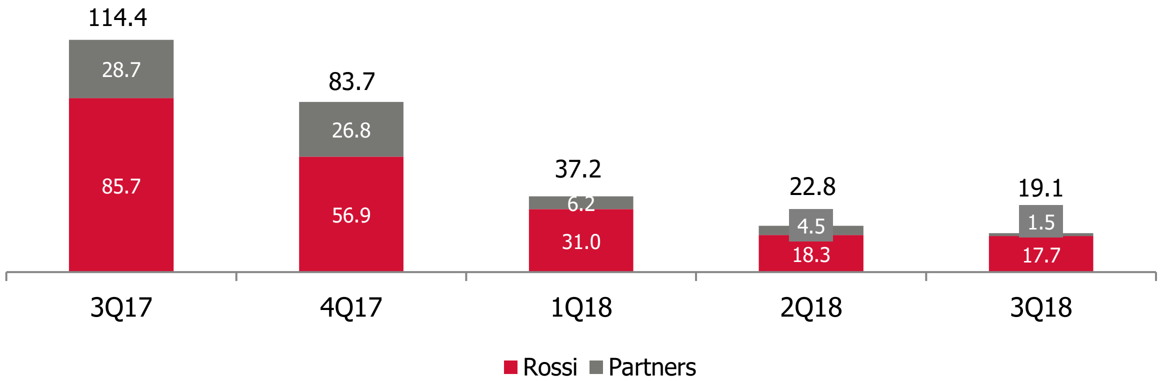
Year to date, two projects were delivered, located in the cities of Aracaju and Rio de Janeiro, representing a total PSV of R$167.5 million, out of which R$139.2 million in Rossi's share.

	9M18		
Segment	Units	PSV 100% (R$ MM)	PSV Rossi (R$ MM)
Conventional	100	167.5	139.2

COSTS TO BE INCURRED

The following chart shows how costs to be incurred (100%) have evolved historically. In the 3Q18, costs to be incurred totaled R$19.1 million (R$17.7 million – Rossi's share), a 79% drop in Rossi's share when compared to the same period in 2017, due to the natural progress of constructions delivered and to be delivered in 2019.

Costs to Be Incurred - R$ million



LAND BANK

Rossi's land bank is broken down according to the Company's strategy and the corresponding operating profile. In line with the Company's strategy to invest in new areas for launching projects dedicated to the low income segment (MCMV), in the third quarter, the Company acquired two plots of land, both in the city of Campinas, which PSV amounted to approximately R$261.8 million (100% Rossi). The table below breaks down the land bank by estimated launch of projects, including land under decommissioning process, which is not a part of the Company's strategy for future launches:

R$ MM	PSV 100%	PSV %Rossi
Potential launch until 2019	1,509.5	1,392.0
Launches after 2019	3,519.0	2,740.1
Decommissioning	652.1	627.5
Consolidated Land Bank	**5,680.5**	**4,759.6**

In the 3Q18, the land bank for construction and incorporation of residential real estate with launch potential by 2019 amounted to R$1.5 billion (R$1.4 billion – Rossi's share). Land for residential developments in the long-term totals R$3.5 billion (R$2.7 billion – Rossi's share), including the estimated PSV for land acquired in the quarter, as referred to above.

The amount of decommissioning was reduced by 74%, amounting to R$0.7 billion (R$0.6 billion – Rossi's share), as anticipated in the previous quarter, due to the land used to settle part of the Company's recently negotiated corporate debt.

The table below shows the land bank intended for residential development, with potential launch by 2019, broken down by metropolitan region and type of product:

Metro Region / Product	Until 200 K	R$ 200 to R$ 350 K	R$ 350 to R$ 500 K	R$ 500 to R$ 650 K	> R$ 750 K	Total
Campinas	399.1	-	47.5	115.1	209.3	**771.0**
Norcon Rossi	-	105.1	-	-	58.1	163.2
São Paulo	-	-	-	457.9	-	**457.9**
Total	**399.1**	**105.1**	**47.5**	**573.0**	**267.4**	**1,392.0**

Allotments

The following table shows the land bank for allotments reduced by 8% due to the land sold.

Location	PSV 100% (R$ MM)	PSV % Rossi (R$ MM)	# of Lots
São Paulo country side	2,922.2	1,348.6	6,542
Rio Grande do Sul	456.6	125.9	1,080
Total	**3,378.8**	**1,474.5**	**7,622**

FINANCIAL PERFORMANCE

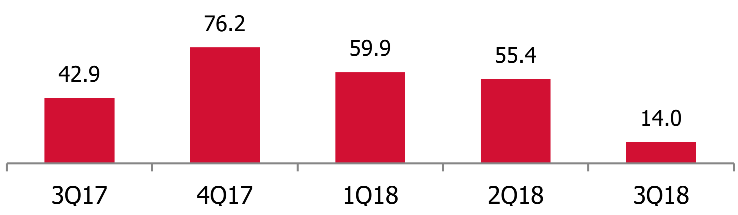
The financial information given in this results release has been prepared in accordance with the accounting practices generally accepted in Brazil, including CPCs 19 (R2) and 36 (R3), which deal with the consolidation of certain corporate interests. Since the 1Q13, Rossi has consolidated all the interests in its subsidiaries and affiliates in accordance with these pronouncements.

NET REVENUE

Net revenue from the sale of properties and services, recognized by percentage of completion ("Poc"), totaled R$14.0 million in the 3Q18, down by 67% when compared to the same period of the previous year. This reduction is mainly due to: (i) the lower sales in the quarter and (ii) the conclusion of projects that were delivered over the last 12 months and contributed to the Revenue to be recognized over the last quarters.

R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Sale of property and services	14.0	42.9	-67.3%	129.3	249.9	-48.2%
Net Operating Revenue	**14.0**	**42.9**	**-67.3%**	**129.3**	**249.9**	**-48.2%**

Net Revenue - R$ million



COST OF PROPERTIES AND SERVICES SOLD

The cost of properties and services reached R$11.4 million in the third quarter, down by 88% when compared to the same period of the previous year. Year to date, cost of properties and services reduced by 56% compared to the accumulated for the previous year.

R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Construction + Land	8.7	73.9	88.3%	97.0	270.5	64.1%
Financial charges	2.8	18.0	84.7%	44.7	49.6	9.9%
Costs of Property and Services	**11.4**	**91.9**	**87.6%**	**141.7**	**320.1**	**55.7%**

GROSS PROFIT AND MARGIN

Gross profit for the quarter totaled R$2.6 million, with gross margin of 18%. Gross profit adjusted by financial charges allocated to costs reached R$5.3 million in the 3Q18, with adjusted gross margin of 38%. Year to date, adjusted gross profit totaled R$32.4 million, with adjusted gross margin of 25%, an increase of 33p.p. compared to the accumulated for the year in 2017.

R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Gross Income	2.6	-49.0	-105.3%	-12.4	-70.2	82.4%
Gross Margin (%)	18.4%	-114.3%	132.8 p.p.	-9.6%	-28.1%	18.5 p.p.
Adjusted Gross Income[1]	5.3	-31.0	-117.2%	32.4	-20.6	-256.9%
Adjusted Gross Margin (%)	38.1%	-72.3%	110.5 p.p.	25.0%	-8.3%	33.3 p.p.

(¹) Adjusted gross profit: excluding financial charges

OPERATING EXPENSES

Despite the end of the Joint Venture Capital Rossi, operation that was not consolidated until 4Q17, another relevant part continues to be incorporated into the Financial Statements, under the equity method of accounting, such as the Norcon Rossi Joint Venture, which operates in the city of Aracaju.

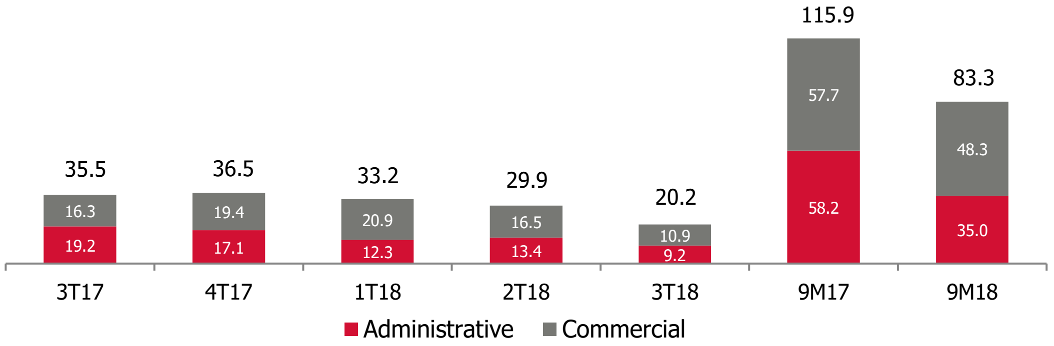
To ensure greater comparability between quarterly information, and considering that most part of the Operating Expenses is centralized in the head office, distorting the analysis under the IFRS, the following table shows the figures compared to the Net Revenue for 100% of the operations.

	100%					
R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Administrative (a)	9.2	19.2	-51.9%	35.0	58.2	-39.9%
Commercial (b)	10.9	16.3	-33.0%	48.3	57.7	-16.3%
Administrative / Net Revenue	30.0%	40.0%	-10.0 p.p.	19.2%	15.0%	4.2 p.p.
Commercial / Net Revenue	35.5%	34.0%	1.5 p.p.	26.5%	14.9%	11.6 p.p.
(a) + (b)	**20.2**	**35.5**	**-43.2%**	**83.3**	**115.9**	**-28.2%**
(a) + (b) / Net Revenue	**65.5%**	**74.0%**	**-8.6 p.p.**	**45.7%**	**29.9%**	**15.8 p.p.**

In line with the strategy of cost reduction, there was a 52% reduction in administrative expenses (100%) in the 3Q18 compared to the same period of 2017 and when compared to the year of 2017, such expenses reduced by 40%. As for commercial expenses, they reduced 33% compared to 3Q17 and for the year, they reduced by 16% when compared to the 9M17.

The chart below shows changes in SG&A expenses for **100**% of the operation:

SG&A (100%) - R$ milhões



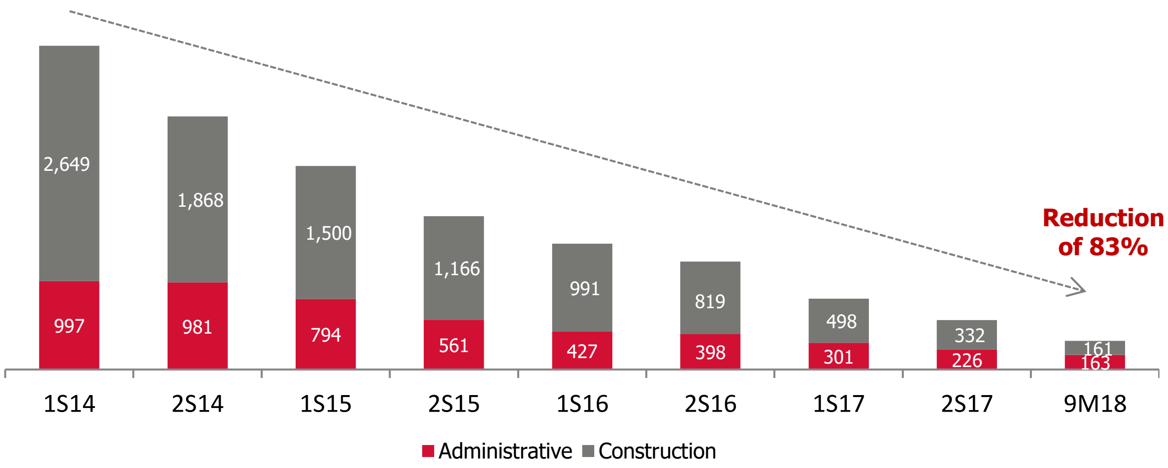
In accordance with IFRS, administrative expenses totaled R$7.9 million in the third quarter of 2018, down by 51% when compared to the 3Q17 and down by 36% compared to the 2Q18. Year to date, administrative expenses fell by 35% compared to the same period of the previous year. As for commercial expenses, the Company recorded an increase of 23% year-to-date, due to the change in consolidation criteria for the Capital Rossi Joint Venture projects that were fully transferred to Rossi (R$4.0 million).

	IFRS					
R$ MM	**3Q18**	**3Q17**	**Var. (%)**	**9M18**	**9M17**	**Var. (%)**
Administrative (a)	7.9	16.1	-51.1%	31.4	48.4	-35.1%
Commercial (b)	8.4	6.7	25.1%	36.3	29.4	23.4%
Administrative / Net Revenue	56.2%	37.6%	18.6 p.p.	24.3%	19.4%	4.9 p.p.
Commercial / Net Revenue	60.1%	15.7%	44.4 p.p.	28.1%	11.8%	16.3 p.p.
(a) + (b)	**16.3**	**22.8**	**-28.7%**	**67.7**	**77.8**	**-13.0%**
(a) + (b) / Net Revenue	**116.3%**	**53.3%**	**63.0 p.p.**	**52.4%**	**31.1%**	**21.2 p.p.**

It is important to highlight the efforts made by Rossi to improve its structure, especially since the second half of 2014 when the administrative staff headcount was reduced by 83%.

The chart below shows the changes in administrative staff and construction site employees:

Changes in administrative staff and construction site employees



OTHER NET OPERATING REVENUES/EXPENSES

Other net operating expenses totaled R$75.3 million in the 3Q18, mainly due to the losses registered in the properties transferred to Banco Bradesco and Banco Santander, in the amount of R$22.7 million. Year to date, other operating expenses totaled R$134.3 million, an increase of 31% compared to the accumulated for the previous year.

EQUITY IN THE EARNINGS OF SUBSIDIARIES

The following table provides details of the results, divided between consolidated (IFRS) and unconsolidated companies. The gross margin from the non-consolidated projects consists basically of projects from joint venture Norcon Rossi, leader in the Aracaju market, and the allotment project launched in 2017, which has higher margins than conventional real estate development projects.

	9M18		
R$ MM	IFRS	Non Consolidated	100%
Net Revenue	**129.3**	**52.9**	**182.2**
Costs of property and services	**(141.7)**	**(52.3)**	**(194.0)**
Construction + Land	(97.0)	(40.1)	(137.1)
Financial Charges	(44.7)	(12.2)	(56.9)
Gross Income	**(12.4)**	**0.6**	**(11.8)**
Gross Margin (%)	-9.6%	1.1%	-6.5%
Gross Income ex interest	**32.4**	**12.7**	**45.1**
Gross Margin ex interest (%)	25.0%	24.1%	24.8%

EBITDA

Adjusted EBITDA was negative by R$87.8 million in the quarter and by R$192.4 million in the 2018 year to date. The main impacts in EBITDA are illustrated in the gross profit and operating expenses accounts referred to above.

R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Net Income (Loss)	-158.3	-156.0	-1.5%	-400.8	-480.7	16.6%
(+/-) Net Financial Expenses (Revenues)	56.7	47.9	-18.4%	131.5	182.3	27.9%
(+) Provision for Income Tax and Social Contribution	2.0	-8.3	-124.8%	2.3	-5.9	-139.1%
(+) Depreciation and Amortization	2.4	3.2	26.1%	8.7	13.4	35.3%
(+/-) Minority	6.6	-7.1	-193.7%	21.2	-12.6	-268.0%
EBITDA[1]	**-90.6**	**-120.3**	**24.7%**	**-237.2**	**-303.5**	**21.8%**
(+) Capitalized Interest	2.8	18.0	84.7%	44.7	49.6	9.9%
(+/-) Stock Option	0.0	0.2	-96.6%	0.1	0.7	-83.9%
Adjusted EBITDA[2]	**-87.8**	**-102.1**	**14.0%**	**-192.4**	**-253.1**	**24.0%**
Adjusted EBITDA Margin (%)	-626.7%	-237.9%	-388.8 p.p.	-148.8%	-101.3%	-47.5 p.p.

[1] EBITDA as per CVM Instruction 527/2012.

[2] EBITDA Adjusted for expenses that do not represent cash disbursements and non-recurring items. For further information, see the glossary at the end of this document.

NET FINANCIAL RESULT

Net financial result came in negative by R$56.7 million in the 3Q18 compared to a negative R$47.9 million in the same period of 2017, an increase of 18% from losses on advanced receivables, in the amount of R$21.8 million. Year to date, there was a positive variation of 28%, due to (i) the decline in the CDI rate and consequent impact on interest rates applicable to corporate debt contracts, in addition to (ii) a positive impact from the end of the partnership and settlement of the liability that existed with RB Capital.

R$ MM	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Financial Revenues	1.7	3.9	-56.9%	9.3	16.4	-43.4%
Financial Expenses	-58.4	-51.8	-12.7%	-140.8	-198.7	29.2%
Financial Result	**-56.7**	**-47.9**	**-18.4%**	**-131.5**	**-182.3**	**27.9%**

NET INCOME (LOSS)

Rossi recorded a net loss of R$158 million in the 3Q18, as detailed above. Year to date, net loss totaled R$400.8 million, a reduction of 17% in the accumulated loss compared to 2017.

BACKLOG RESULT

The following table presents backlog results, excluding financial costs, taxes, provisions for guarantees and discounts granted:

R$ MM	3Q18	2Q18	Var. (%)
Gross Revenue	20.7	21.5	-3.9%
Costs (w/ financial charges)	-14.8	-14.9	-1.0%
Backlog Result	**5.9**	**6.6**	**-10.3%**
Backlog Margin (%)	28.5%	30.6%	**-2.1 p.p.**

The following table presents the schedule of revenues and costs to be recognized from units sold, segmented by consolidated and non-consolidated projects:

R$ MM	3Q18
Consolidated	20.7
Non Consolidated	0.9
Backlog Revenue	**21.5**
Consolidated	(14.8)
Non Consolidated	(0.5)
Backlog Costs	**(15.3)**
Consolidated	28.5%
Non Consolidated	41.2%
Backlog Margin	**29.0%**

The gross margin to be appropriated from the non-consolidated projects (41%) consists basically of the allotment project launched in 2017, which has higher margins than conventional real estate development projects.

ACCOUNTS RECEIVABLE

The balance of accounts receivable from clients, according to IFRS, plus the balance from real estate developments to be recognized pursuant to the PoC method (recognition of revenues and respective costs and expenses arising from real estate development transactions during the progress of the works) totaled R$0.9 billion, down by 11% compared to the previous quarter.

R$ MM	3Q18	2Q18	Var. (%)
Short Term	**774.4**	**861.9**	**-10.2%**
Units under construction	40.5	40.4	0.3%
Finished units	698.0	783.8	-11.0%
Receivables from land sale	35.9	37.7	-4.9%
Long Term	**99.9**	**123.8**	**-19.3%**
Units under construction	4.7	5.3	-11.0%
Finished units	95.2	118.5	-19.7%
Total	**874.2**	**985.7**	**-11.3%**
Real Estate developments to be recognized under the POC method			
Short Term	16.0	18.2	-12.0%
Long Term	2.1	2.6	-21.0%
Total	**18.1**	**20.8**	**-13.1%**
Total Accounts Receivable	**892.3**	**1,006.5**	**-11.3%**

MARKETABLE PROPERTIES

The following table details the marketable properties recognized in the balance sheet at their historical cost. The reduction of 23% in total properties inventory and of 19% in land for future developments resulted from the disposal of these assets for payment of the Company's debts.

R$ MM	3Q18	2Q18	Var. (%)
Finished properties	326.8	407.4	**-19.8%**
Properties under construction	94.6	140.6	**-32.7%**
Land sites for future developments	423.7	521.4	**-18.7%**
Advances to suppliers	1.6	2.3	**-32.3%**
Capitalized Interest	34.8	36.6	**-4.9%**
Total	**881.5**	**1,108.3**	**-20.5%**

DEBT

Under the IFRS analysis, Rossi closed the 3Q18 with a cash balance of R$38.8 million and total debt of R$1.6 billion. Cash generation reached R$269.9 million, also according to IFRS.

The debt reduction and cash generation are explained by the transfer of portion of the Company's assets to Banco Santander and Banco Bradesco in the context of the debt restructuring and payment to these creditors. This operation decreased by R$245.5 million the total debt.

Rossi's real estate credit transactions include loans for construction (SFH housing financing system) and CCBs[1] contracted for the construction and development of pre-determined housing developments.

R$ MM	3Q18	2Q18	Var. (%)
Short Term	**480.3**	**744.1**	**-35.5%**
Construction Loans	**432.7**	**573.2**	**-24.5%**
SFH	391.9	526.2	-25.5%
CCB [1]	40.8	47.0	-13.3%
Working Capital	24.1	160.0	-84.9%
Receivables Securitization	23.5	10.9	116.1%
Long Term	**1,127.2**	**1,148.0**	**-1.8%**
Construction Loans	**731.7**	**883.5**	**-17.2%**
SFH	145.5	168.1	-13.4%
CCB [1]	586.3	715.4	-18.1%
Working Capital	395.5	251.9	57.0%
Receivables Securitization	0.0	12.6	-100.0%
Total Debt	**1,607.5**	**1,892.1**	**-15.0%**
Cash and Cash Equivalents	38.8	53.4	-27.4%
Net Debt	**1,568.8**	**1,838.7**	**-14.7%**
Net Debt / Equity	**n.a**	**1411.1%**	**n.a**
Cash Burn	**269.9**	**8.6**	**3050.3%**

CCB[1] - Bank Credit Notes

With the purpose of maintaining transparency of the data disclosed so that all economic agents can understand the current situation of Rossi's operations, the following tables present the Company's debt using two approaches that are complementary to IFRS: (i) 100% of companies, regardless of IFRS consolidation criteria; and (ii) Rossi's proportional share in the developments. We understand that some actions taken by us, particularly those regarding centralization of surplus cash from the SPEs in Rossi Residencial, have had an impact on the IFRS and proportional figures, which may hinder understanding of the operating cash generation itself. Operating cash generation will continue to be presented pursuant to these three approaches, as long as this is required for full understanding of the Company's cash generation.

100%

R$ MM	3Q17	4Q17	1Q18	2Q18	3Q18
Total Debt	**2,552.0**	**2,212.6**	**2,059.4**	**2,040.4**	**1,728.1**
Cash and Equivalents	66.0	64.5	70.4	66.9	50.4
Net Debt	**2,486.0**	**2,148.1**	**1,989.1**	**1,973.5**	**1,677.7**
Net Debt / Equity	**1034.0%**	**580.7%**	**880.1%**	**1514.5%**	**n.a**
Cash Burn in the quarter	**15.1**	**337.9**	**159.0**	**15.6**	**295.7**
Cash Burn LTM	**-**	**-**	**-**	**-**	**808.2**

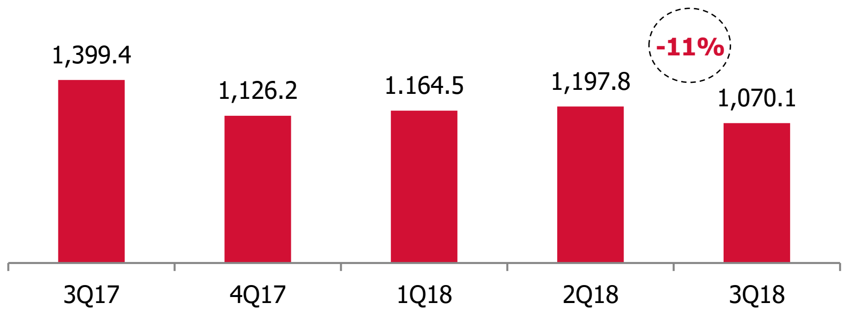
Proportional

R$ MM	3Q17	4Q17	1Q18	2Q18	3Q18
Total Debt	**2,311.4**	**1,985.8**	**1,984.5**	**1,971.7**	**1,670.3**
Cash and Equivalents	53.2	50.8	61.9	59.0	43.3
Net Debt	**2,258.1**	**1,935.0**	**1,922.6**	**1,912.7**	**1,627.0**
Net Debt / Equity	**959.1%**	**513.8%**	**822.3%**	**1425.8%**	**n.a**
Cash Burn in the quarter	**(3.0)**	**323.1**	**12.5**	**9.9**	**285.7**
Cash Burn LTM	**-**	**-**	**-**	**-**	**631.1**

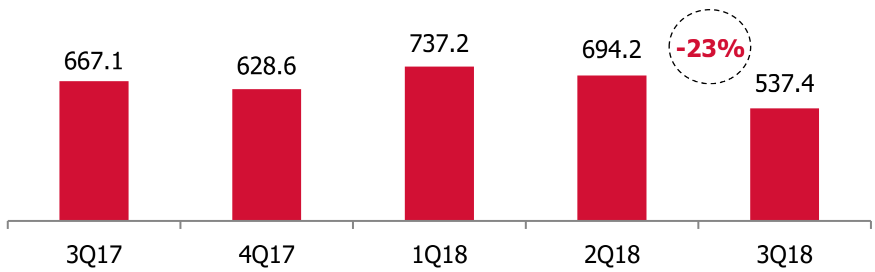
IFRS

R$ MM	3Q17	4Q17	1Q18	2Q18	3Q18
Total Debt	**2,066.5**	**1,754.8**	**1,901.6**	**1,892.1**	**1,607.5**
Cash and Equivalents	56.8	46.7	54.4	53.4	38.8
Net Debt	**2,009.7**	**1,708.2**	**1,847.3**	**1,838.7**	**1,568.8**
Net Debt / Equity	**835.9%**	**461.7%**	**817.4%**	**1411.1%**	**n.a**
Cash Burn in the quarter	**(3.7)**	**301.5**	**(139.1)**	**8.6**	**269.9**
Cash Burn LTM	**-**	**-**	**-**	**-**	**440.9**

Evolution of Corporate Debt IFRS - R$ million

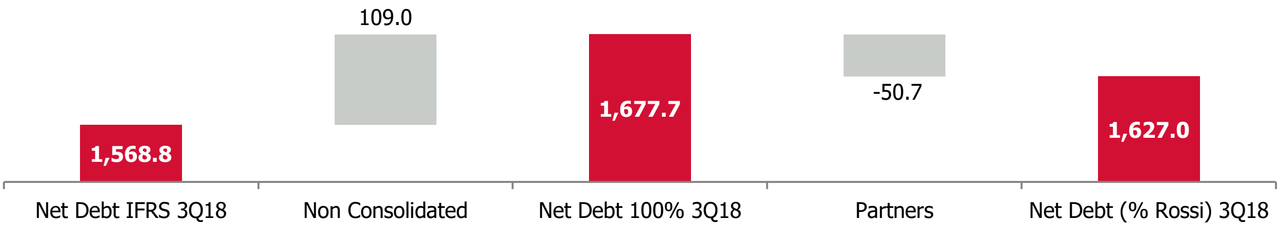


Evolution of SFH debt IFRS - R$ million



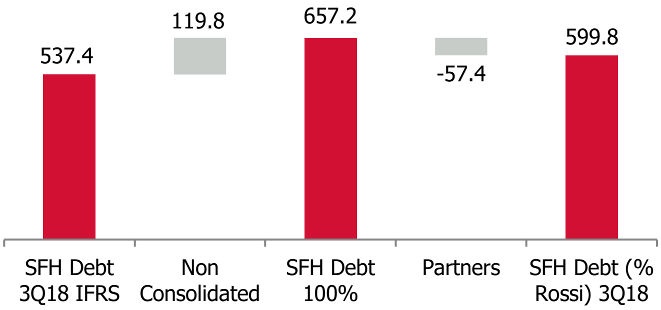
Net debt reconciliation is shown below pursuant to the three approaches:

Net Debt Reconciliation - R$ million

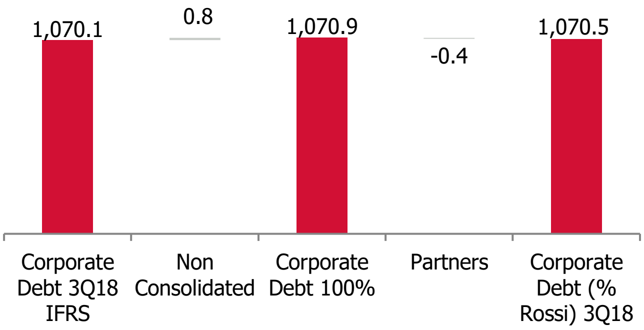


The following charts show reconciliation of gross debt and cash and cash equivalents using the three approaches:

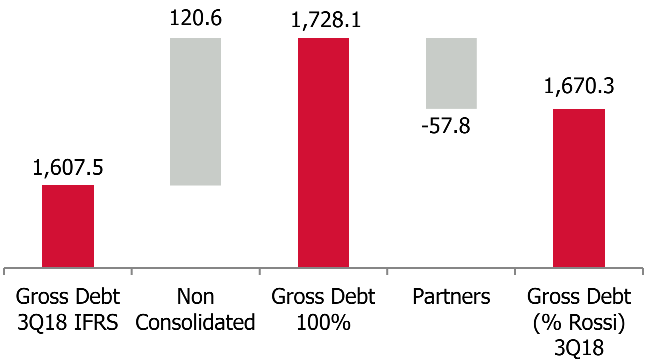
SFH Debt Reconciliation - R$ MM



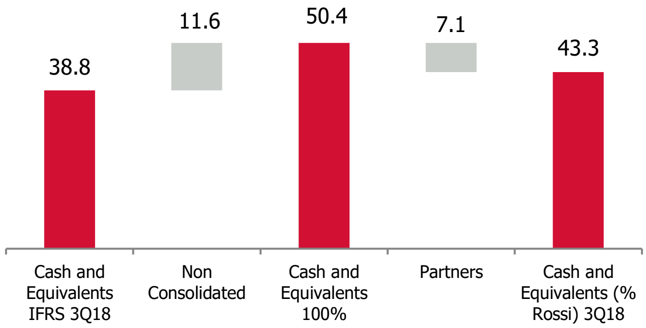
Corporate Debt Reconciliation - R$ MM



Total Debt Reconciliation - R$ MM



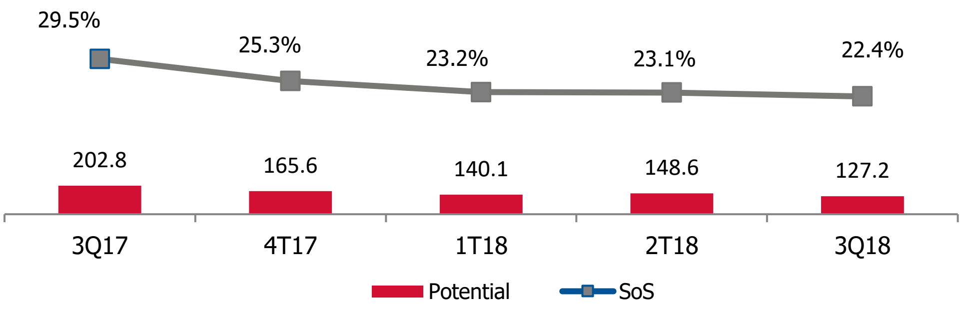
Cash and Cash Equivalents Reconciliation - R$ MM



TRANSFERS

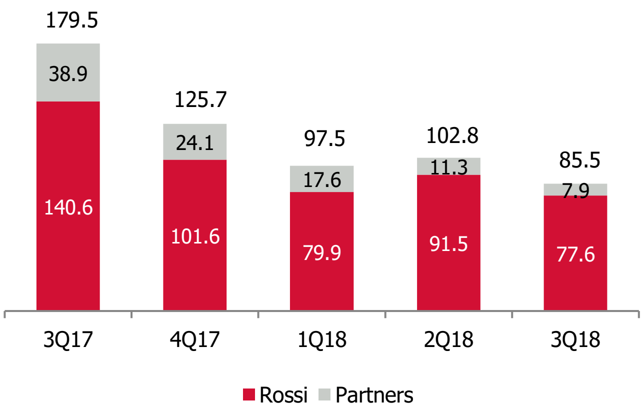
The chart below shows the quarterly index that measures transfer efficiency. The red bars indicate potential transfer amounts, that is, the sum of the outstanding balance of the finished units, legally registered and possible transfers to financial institutions. Sales Speed (SoS) is measured by the ratio of volume of transfers and settlements in the period to potential value. SoS reached 22% in the 3Q18, aligned with the indicator of previous quarters.

Sales Speed (SoS)

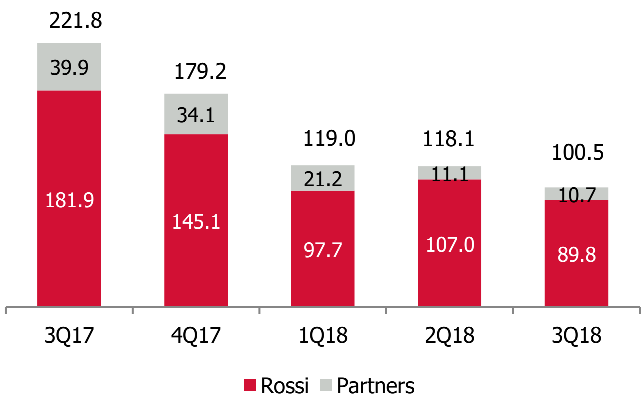


Cash inflows, which considers the volume of transfers and payments received from clients, reached R$100.5 million in the quarter (R$89.8 million – Rossi's share), a decrease of 16% in Rossi's share when compared to the previous quarter. The charts below show the evolution of transfers and settlements, as well as cash inflow in recent quarters:

Transfers (transfer + settlement) - R$ million



Cash Inflows - R$ million



The sale of our stakes in certain projects in Manaus, which were transferred to Construtora Capital in reference to the end of the Capital Rossi Joint Venture, negatively impacted transfers, settlements and cash inflows in 2018.

RELATIONSHIP WITH INDEPENDENT AUDITORS

In compliance with CVM Instruction No. 381/03, we announce that Grant Thornton Auditores Independentes was engaged to provide the following services in 2018: audit of the financial statements pursuant to the accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS); and review of the interim financial information according to Brazilian and international standards on the review of interim financial information (NBC TR 2410 – Revision of intermediate information performed by the Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company did not engage the independent auditor for activities other than those connected with the audit of the financial statements.

The engagement of the independent auditor is based on principles that assure the independence of the auditor, which consist in that: (a) the auditor should not audit its own work; (b) the auditor should not have management duties; and (c) the auditor should not provide services that may be prohibited under the regulations in effect. Additionally, Management has obtained a declaration from the independent auditor stating that the specific services provided do not affect their professional independence.

The information contained in the performance report that is not clearly identified as a copy of the information contained in the financial statements did not undergo any audit or review.

EXHIBT I | 100% INDICES - R$ MILLION

Quarter SOS |100%	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	1,118.0	1,108.7	937.0	615.1	481.3
Launches	45.4	-	-	-	-
Inventory + Launches	**1,163.4**	**1,108.7**	**937.0**	**615.1**	**481.3**
Gross Sales	(191.2)	(168.4)	(123.2)	(92.3)	(89.1)
Sales speech (SOS) (%)	**16.4%**	**15.2%**	**13.1%**	**15.0%**	**18.5%**
Sales cancellation	175.2	109.1	72.4	67.6	65.5
Adjusts / Revalue	(38.7)	(112.3)	(271.1)	(109.1)	(140.5)
Inventory - EOF	**1,108.7**	**937.0**	**615.1**	**481.3**	**317.2**

LTM SOS | 100%	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	1,814.8	1,595.5	1,444.0	1,118.0	1,108.7
Launches	45.4	45.4	45.4	45.4	-
Inventory + Launches	**1,860.2**	**1,640.9**	**1,489.4**	**1,163.4**	**1,108.7**
Gross Sales	(981.3)	(860.6)	(692.2)	(575.1)	(473.0)
Sales speech (SOS) (%)	**52.8%**	**52.4%**	**46.5%**	**49.4%**	**42.7%**
Sales cancellation	706.5	601.4	492.9	424.3	314.6
Adjusts / Revalue	(476.8)	(444.7)	(675.0)	(531.3)	(633.0)
Inventory - EOF	**1,108.7**	**937.0**	**615.1**	**481.3**	**317.2**

EXHIBIT II |IFRS INDICES - R$ MILLION

Quarter SOS - IFRS Consolidated	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	524.7	520.7	394.9	470.4	377.6
Launches	45.4	-	-	-	-
Inventory + Launches	**570.1**	**520.7**	**394.9**	**470.4**	**377.6**
Gross Sales	(101.4)	(98.9)	(93.9)	(76.9)	(67.8)
Sales speech (SOS) (%)	**17.8%**	**19.0%**	**23.8%**	**16.4%**	**18.0%**
Sales cancellation	95.4	61.1	61.4	56.4	53.3
Adjusts / Revalue	(43.4)	(87.9)	108.0	(72.3)	(134.0)
Inventory - EOF	**520.7**	**394.9**	**470.4**	**377.6**	**229.0**

Quarter SOS - Equity Result	3Q17	4Q17	1Q18	2Q18	3Q18
Inventory - BOF	593.3	588.0	542.1	144.8	103.8
Launches	-	-	-	-	-
Inventory + Launches	**593.3**	**588.0**	**542.1**	**144.8**	**103.8**
Gross Sales	(89.7)	(69.5)	(29.2)	(15.4)	(21.3)
Sales speech (SOS) (%)	**15.1%**	**11.8%**	**5.4%**	**10.6%**	**20.5%**
Sales cancellation	79.8	48.0	11.0	11.2	12.2
Adjusts / Revalue	4.6	(24.4)	(379.1)	(36.8)	(6.5)
Inventory - EOF	**588.0**	**542.1**	**144.8**	**103.8**	**88.2**

EXHIBIT III | INCOME STATEMENT

Income Statement (R$ '000)	3Q18	3Q17	Var. (%) 3Q18 vs. 3Q17	9M18	9M17	Var. (%) 9M18 vs. 9M17
Gross Operating Revenue						
Property sales and services	15,337	35,171	-56%	133,186	248,951	-47%
Sales taxes	-1,329	7,722	-117%	-3,863	901	-529%
Net Operating Revenue	**14,008**	**42,892**	**-67%**	**129,323**	**249,852**	**-48%**
Cost of Property and Services	**-11,426**	**-91,931**	**88%**	**-141,694**	**-320,081**	**56%**
Construction and Land	-8,669	-73,923	88%	-96,971	-270,467	64%
Financial Charges	-2,757	-18,008	85%	-44,723	-49,613	10%
Gross Income	**2,582**	**-49,039**	**-105%**	**-12,371**	**-70,229**	**82%**
Gross Margin	**18.4%**	**-114.3%**	**132.8 p.p.**	**-9.6%**	**-28.1%**	**18.5 p.p.**
Gross Margin (ex interest)	**38.1%**	**-72.3%**	**110.5 p.p.**	**25.0%**	**-8.3%**	**33.3 p.p.**
Operating Expenses	**-95,490**	**-74,413**	**-28%**	**-233,517**	**-246,603**	**5%**
Administrative	-7,872	-16,111	51%	-31,427	-48,413	35%
Selling	-8,419	-6,730	-25%	-36,290	-29,423	-23%
Depreciation and Amortization	-2,355	-3,188	26%	-8,652	-13,374	35%
Equity Result	-1,626	-21,057	92%	-22,890	-52,882	57%
Other Operating Revenue (Expenses)	-75,218	-27,327	-175%	-134,258	-102,511	-31%
Earnings before Financial Result	**-92,908**	**-123,452**	**25%**	**-245,888**	**-316,832**	**22%**
Financial Result	**-56,703**	**-47,880**	**-18%**	**-131,465**	**-182,282**	**28%**
Financial Revenue	1,702	3,949	-57%	9,306	16,433	-43%
Financial Expenses	-58,405	-51,829	-13%	-140,771	-198,715	29%
Operating Income (Loss)	**-149,611**	**-171,332**	**13%**	**-377,353**	**-499,114**	**24%**
Operating Margin	**n.a**	**-399.4%**	**n.a**	**-291.8%**	**-199.8%**	**-92.0 p.p.**
Provision for Taxes and Contributions	-4,499	2,819	-260%	-7,702	-3,475	-122%
Deferred Income Tax and S. Contribution	2,455	5,431	-55%	5,410	9,344	-42%
Minorities	-6,642	7,087	-194%	-21,156	12,591	-268%
Net Income (Loss)	**-158,297**	**-155,995**	**-1%**	**-400,801**	**-480,654**	**17%**
Net Margin	**n.a**	**-363.7%**	**n.a**	**-309.9%**	**-192.4%**	**-117.5 p.p.**

EXHIBIT IV | BALANCE SHEET

Assets (R$ '000)	3Q18	2Q18	Var. (%)
Current			
Cash and equivalents	32,786	46,377	-29.3%
Tradeble note	5,976	6,988	-14.5%
Accounts receivable from clients	774,381	861,929	-10.2%
Tradeble properties	457,779	586,896	-22.0%
Other assets	100,012	94,306	6.1%
Total Current Assets	**1,370,934**	**1,596,496**	**-14.1%**
Non Current			
Accounts receivable from clients	99,857	123,750	-19.3%
Tradeble properties	423,689	521,364	-18.7%
Judicial deposits	96,497	97,512	-1.0%
Related parties	231,143	221,852	4.2%
Advances to business partners	216,599	292,161	-25.9%
Investments	508,541	530,088	-4.1%
Fixed	13,735	16,008	-14.2%
Intangible	10,905	11,518	-5.3%
Total Non Current Assets	**1,600,966**	**1,814,253**	**-11.8%**
Total Assets	**2,971,900**	**3,410,749**	**-12.9%**

EXHIBIT IV | BALANCE SHEET (cont.)

Liabilities and Shareholders Equity (R$ '000)	3Q18	2Q18	Var. (%)
Current			
Construction Loans - real estate credit	480,278	744,066	-35.5%
Suppliers	91,774	72,972	25.8%
Accounts payable to land site acquisition	113,438	120,214	-5.6%
Salaries and payroll charges	4,966	5,726	-13.3%
Taxes and contributions payable	40,656	30,258	34.4%
Profit sharing payable	420	420	0.0%
Advances from clients	165,353	163,994	0.8%
Related parties	417,326	434,272	-3.9%
Deferred taxes and contributions	37,498	40,549	-7.5%
Other accounts payable	188,599	198,939	-5.2%
Total Current	**1,540,308**	**1,811,410**	**-15.0%**
Non Current			
Construction Loans - real estate credit	1,127,239	1,148,007	-1.8%
Accounts payable to land site acquisition	4,400	4,433	-0.7%
Taxes and contributions payable	30,310	31,008	-2.3%
Provision for risks	112,749	96,496	16.8%
Provision for guarantees	14,252	14,838	-3.9%
Deferred taxes and contributions	38,560	40,087	-3.8%
Provision for investment losses	82,739	80,214	3.1%
Other accounts payable	55,196	53,949	2.3%
Total Non Current	**1,465,445**	**1,469,032**	**-0.2%**
Shareholders' Equity			
Capital stock	2,611,390	2,611,390	0.0%
Treasury stock	-70,540	-73,361	-3.8%
Capital reserve	70,048	70,100	-0.1%
Accrued earnings	-2,635,095	-2,473,924	6.5%
Total Shareholders' Equity	**-24,197**	**134,205**	**-118.0%**
Minority Interest	(9,656)	(3,898)	147.7%
Total Liabilities and Shareholders' Equity	**2,971,900**	**3,410,749**	**-12.9%**

EXHIBIT V – Inventory (100%)

PSV (R$ million)	Finished	2018	2019	Total
Aracaju	65.7	-	-	65.7
Porto Alegre	13.2	-	23.2	36.4
Brasília	33.8	-	-	33.8
Curitiba	29.7	-	-	29.7
Ribeirão Preto	27.4	-	-	27.4
Duque de Caxias	27.0	-	-	27.0
Barueri	-	-	14.0	14.0
Rio de Janeiro	5.1	7.8	-	12.9
Manaus	11.3	-	-	11.3
Campinas	1.3	-	9.2	10.5
Ananindeua	10.2	-	-	10.2
Londrina	8.8	-	-	8.8
Paulínia	7.8	-	-	7.8
Recife	6.1	-	-	6.1
Santos	3.4	-	-	3.4
São Paulo	3.0	-	-	3.0
Other regions	2.6	-	-	2.6
Belo Horizonte	2.1	-	-	2.1
Xangri-Lá	2.0	-	-	2.0
Parnamirim	0.7	-	-	0.7
Nova Iguaçu	0.5	-	-	0.5
Hortolândia	0.4	-	-	0.4
Fortaleza	0.3	-	-	0.3
Itaboraí	0.2	-	-	0.2
Sumaré	0.2	-	-	0.2
Salvador	0.1	-	-	0.1
Total	**263.0**	**7.8**	**46.4**	**317.2**

GLOSSARY

Cash Burn - Measured by the variation of net debt, adjusted by capital increases, dividends paid and non-recurring expenses.

CPC – Accounting Pronouncements Committee – Created by CFC Resolution No. 1055/05, its purpose is "to analyze, prepare and issue Technical Pronouncements on Accounting procedures, and disclose such information to enable the issue of standards by the Brazilian regulatory entity, aiming at centralizing and standardizing their production, taking into account the convergence of Brazilian Accounting with the international standards".

EBITDA – Net income for the year adjusted to income and social contribution taxes on income; depreciation and amortization expenses; and financial charges allocated to the cost of property sold. The method used to calculate Rossi's EBITDA is in line with the definition adopted by CIV, as provided for in CVM Instruction No. 527, of October 4, 2012.

Adjusted EBITDA – Ascertained based on net income adjusted to income and social contribution taxes on income; depreciation and amortization expenses; financial charges allocated to the cost of property sold; interest capitalized in CIV; share issue expenses; stock options plan expenses; and other non-operational expenses. Adjusted EBITDA is not a measure of financial performance according to the Accounting Practices Adopted in Brazil; thus, it should not be considered in isolation, or as an alternative to net income, as a measure of operating performance, an alternative to operational cash flows, or a liquidity index. There is not a standard definition for "Adjusted EBITDA", and Rossi's definition of Adjusted EBITDA may not be comparable with those used by other companies.

INCC – National Construction Cost Index, measured by Fundação Getúlio Vargas.

Land Bank – Land bank for future developments purchased in cash or through exchange.

Backlog Margin – Equivalent to "Backlog Results" divided by "Backlog Revenues" to be recognized in future periods.

PoC Method – Revenues, costs and expenses related to real estate developments are recognized according to the percentage of completion ("PoC") method, by measuring the evolution of construction works to the actual costs incurred against total expenses budgeted for each phase of the project, according to technical standard OCPC 04 – Application of ICPC 02 Technical Interpretation to Brazilian Real Estate Developers.

Exchange – Land purchase system through which landowners receive a certain number of units or a percentage of revenues from the development to be built in exchange for the land. The exchange method reduces the need for financial resources and, as a result, increases the returns.

Backlog revenues – Backlog revenues correspond to sales contracted whose revenues will be recognized in future periods, according to the evolution of works, rather than upon the signature of agreements. Accordingly, the balance of Backlog Revenues corresponds to revenues that will be recognized in future periods regarding past sales.

Minha Casa Minha Vida (MCMV) – Housing program launched in 2009 and comprising units worth up to R$170,000/unit.

SFH Funds – These originate from the Fundo de Garantia por Tempo de Serviço (unemployment severance fund, FGTS) of savings accounts. Commercial banks must invest 65% of these deposits in the real estate sector for the acquisition of property by individuals or for developers at rates that are lower than those used in the common market.

CFC Resolution No. 963/03 and PoC Method (Percentage of Completion) – Revenues, as well as costs and expenses connected to development activities are recognized to income throughout the period of construction of the project, to the extent of the costs incurred, according to CFC Resolution No. 963/03.

Backlog Results – Due to the recognition of revenues and costs according to progress of the works (PoC method), rather than upon the signature of the agreements, we recognize development revenues and expenses from contracts signed in future periods. Accordingly, the balance of Backlog Results corresponds to revenues less costs to be recognized in future periods regarding past sales.

Contracted Sale – Each contract resulting from the sale of units throughout a given period of time, including the units being launched and the units in our inventory. Contracted sales are recognized in revenues according to the works in progress (PoC method).

PSV – Potential Sales Value.

Launched PSV – Potential Sales Value regarding the total amount to be potentially obtained by the company from the sale of all units launched from a given real estate development at a certain price.

Rossi PSV – Potential Sales Value obtained, or to be obtained, by Rossi from the sale of all units of a given real estate development, at a price estimated at the launch, proportionally to our participation in the project.

SoS – Sales Speed.