

São Paulo, May 15th, 2018: PDG Realty S.A. (PDGR3) – Under Court-supervised Reorganization - announces **today** its results for the first quarter of 2018. Founded in 2003, PDG develops projects for different segments and publics, operating in the development, construction and sale of residential and commercial units, as well as land plots.

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Conference Call

Date:
Wednesday, May 16th,
2018

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Highlights:

- ❖ The general and administrative expenses continue falling, decreasing 66% in 1Q18 in comparison with 1Q17. (page 14)
- ❖ Significant improvement in financial revenues during 1Q18, which totaled R\$29.6 million, compared to R\$1.7 million negative in 1Q17. (page 17)
- ❖ Reduction of 27% in financial expenses, from R\$173 million in 1Q17 to R\$126 million in 1Q18. (page 17)
- ❖ The 1Q18 net loss was 6% down, from R\$275.7 million in 1Q17 to R\$126.1 million in 1Q18. (page 18)

Recent Events:

- ❖ The capital increase related to the conversion of debt into equity, in the amount of R\$74.2 million, is in the final stages of implementation. The approval of the capital increase is expected to occur during the second quarter, when we shall properly communicate the market. (page 4)
- ❖ During the period of exercise of the preemptive rights, ended in 04.30.2018, 70,145 shares were subscribed, amounting to R\$165 thousand. (page 4)

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Initial Message

The first quarter of 2018 marked the initial phase of implementation of the PDG's Reorganization Plan. All of the Company's processes, controls and structures were revised and redefined in order to increase efficiency and reduce costs, as well as to meet the new needs brought about by the approval of the Plan. This first year of implementation of the Reorganization Plan is one of the most important for the Company, since it forecasts the payment of part of the amounts projected in the recovery plan, from the second semester on.

Although the Reorganization Plan covers most of PDG's liabilities, we continue negotiating with banks, in order to resume and complete unfinished projects, fulfilling our commitment to our customers and adding more value to the Company's assets.

We felt a slight improvement in the real estate market during the quarter, however this isn't enough to justify a significant change in our forecasts for this year.

Operating Results

In the first quarter of the year, gross sales totaled R\$49 million, 40% below 1Q17 and 48% below the amount registered in 4Q17. The decrease in sales was due to the sales strategy adopted by the Company after the request for court-supervised reorganization, in which we began to prioritize the sale of unencumbered units, that is, units that allow immediately cash generation, in addition to prioritizing the sale of units whose resources could be used to pay the expenses of the SPE itself. Since the beginning of second quarter of this year, we changed the sales policy, so we also have resumed sales of encumbered units. Thus, it will be possible to notice a significant improvement in the gross sales volume for the next quarter.

During 1Q18, cancellations totaled R\$52 million, 63% lower than the amount registered in 1Q17, and 271% above the amount observed in 4Q17. Throughout 2018, we will maintain the strategy to prioritize cancellations of unencumbered units and of those units with better market liquidity, which are, therefore, immediate cash-generating upon resale. As a result of the increase in the cancellations volume during 1Q18, net sales in the period came in negative at R\$3 million.

General and administrative expenses suffered a significant reduction of 66% when compared to 1Q17, in line with the objective of constant readjustment of the Company's structure and increasing the operating efficiency. Between 1Q17 and 1Q18, there was a 57% headcount reduction and we closed the quarter with 261 employees. Selling expenses increased 16% when compared to 1Q17. This increase refers to the recognition of commissions expenses related to cancellations occurring up to the end of 1Q18.

During 1Q18, 202 units were transferred, equivalent to a PSV of R\$40 million. In the period, the Company's inventory reached R\$2.1 billion, a reduction of 9% against 1Q17 and a reduction of 7% in relation to 4Q17.

Due to the lower construction pace and also the increase in the INCC index, the cost to be incurred registered an increase of 1% in relation to 4Q17 and an increase of 5% in relation to 1Q17. In historical terms, from the end of 2012, the total cost to be incurred, which was R\$ 7.1 billion, recorded a drop of 89%.

In this way, during the first quarter of 2018, PDG recorded a net loss of R\$260 million, 6% less than the deficit registered for the first quarter of 2017.

The capital increase related to the conversion of debt into equity, as foreseen in the Judicial Recovery Plan, in the amount of R\$74.2 million, is in the final stages of implementation. However, it has not yet been recorded in PDG's results. The approval of the capital increase is expected to occur during the second quarter, when the Company shall properly communicate the market. It should be noted that during the period of exercise of the preemptive rights granted to shareholders within the scope of the capital increase, a portion of the investors exercised their preemptive rights and subscribed the shares, avoiding dilution. During the period of exercise of the preemptive rights, 70,145 shares were subscribed, amounting to R\$165 thousand.

Although the economic scenario continues to pose major commercial challenges for the sector, the measures set forth in the Plan, especially the lengthening of debt combined to an increased aggressiveness in sales, should further reduce the pressure on the cash, enabling the gradual resumption of the Company's operations.

Management.

Operating and Financial Indicators

- ❖ As of the beginning of 2014, we began disclosing our results in IFRS10, as well as proportionally to PDG's interest in each project.
- ❖ The Company's main results and indicators regarding 1Q18 are the following:

Launches	1Q18	1Q17	1Q18 vs. 1Q17	1Q18 (IFRS)
Total Launches - R\$ million	0	0	n.m.	0
PDG % Launches - R\$ million	0	0	n.m.	0
# of Launched Projects	0	0	n.m.	0
# of Launched Units - PDG	0	0	n.m.	0
Sales and Inventory	1Q18	1Q17	1Q18 vs. 1Q17	1Q18 (IFRS)
Gross Sales %PDG - R\$ million	49	81	-39.5%	49
Net Sales %PDG - R\$ million	(3)	(60)	-95.8%	(3)
# of Net Sold Units %PDG	13	(209)	n.m.	13
Inventory at Market Value %PDG - R\$ million	2,064	2,262	-8.8%	2,063
Operational Result ⁽¹⁾	1Q18	1Q17	1Q18 vs. 1Q17	
Net Operational Revenues - R\$ million	65	118	-44.9%	
Gross Profits (Losses) - R\$ million	(5)	2	n.m.	
Gross Margin - %	n.a.	2	n.m.	
Adjusted Gross Margin - %	5	5	n.m.	
EBITDA Margin - %	n.a.	n.a.	n.m.	
Net Earnings (Losses) - R\$ million	(260)	(276)	-5.7%	
Net Margin - %	n.a.	n.a.	n.m.	
Backlog Results (REF) ⁽¹⁾	1Q18	1Q17	1Q18 vs. 1Q17	
Gross Revenues (REF) - R\$ million	464	485	-4.3%	
COGS - R\$ million	(369)	(386)	-4.4%	
Gross Profit - R\$ million	95	99	-4.0%	
Gross Backlog Margin - %	20.5	20.4	0.1 p.p	
Balance Sheet ⁽¹⁾	1Q18	1Q17	1Q18 vs. 1Q17	
Cash and Cash Equivalents - R\$ million	221	217	1.8%	
Net Debt - R\$ million	2,532	5,091	-50.3%	
Shareholders Equity - R\$ million	(3,493)	(3,670)	-4.8%	
Net Debt (ex. SFH) / Shareholder Equity (%)	n.a.	n.a.	n.m.	
Total Assets - R\$ million	2,827	4,448	-36.4%	

Obs: ⁽¹⁾ Financial Results in IFRS 10.
PSV PDG excludes partnerships.

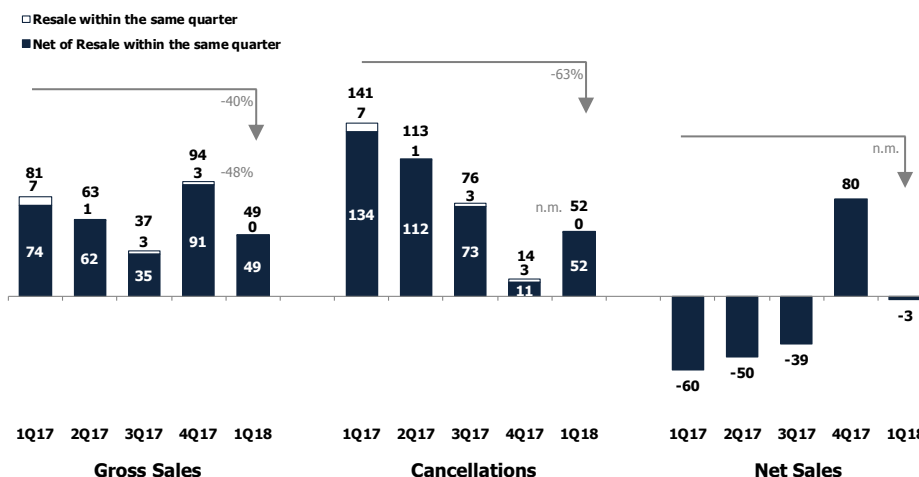
Operating Performance – Launches

- ❖ There were no launches during 1Q18 and all efforts were oriented to the Reorganization Plan's implementation.

Operating Performance – Sales

- ❖ Aiming to preserve the Company's Cash, the sales strategy was altered since the filing of the Court-supervised plan, whereby we started to prioritize the sale of unencumbered units, that is, units that allow immediately cash generation, in addition to prioritizing the sale of units whose resources could be used to pay expenses of the SPE itself. This strategy, although it favors the cash inflow, negatively impacts on sales volume, considering the reduced amount of unencumbered units when compared to the total inventory.
- ❖ Taking into account the sales strategy adopted, this quarter's gross sales (considering resale of cancellations within the same quarter) reached R\$49 million, a 40% decrease when compared to 1Q17, and 48% down on 4Q17.
- ❖ Cash sales totaled R\$17.4 million in 1Q18, accounting for 35% of the quarter gross sales.
- ❖ 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. Thus, there was a 271% increase in cancellations between 4Q17 and 1Q18.
- ❖ Due to the reduction in gross sales and the increase in cancellations during the quarter, net sales were negative R\$3 in 1Q18.
- ❖ As of the second quarter of this year, we changed the sales policy, so we also have resumed sales of encumbered units. Therefore, it will be possible to notice a significant improvement in the gross sales volume for the next quarter.

Sales Performance – PSV %PDG in R\$ million



Operating Performance – Cancellations and Resale

- ❖ Of total 1Q18 cancellations, 79% corresponded to projects with more than 60% of their units sold, underlining the fact that cancellations are continuing to occur in projects with good market liquidity, which should represent a higher resale speed.
- ❖ In addition, 77% of first quarter cancellations corresponded to projects that had already been concluded.

Cancellations in 1Q18 by Percentage of Resale and Year of Delivery

Percentage Sold	Concluded		2018 Delivery		2019 Delivery		Post 2019 Delivery		Total	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
20% or less	-	-	-	-	-	-	5	1.0	5	1.0
21% to 40%	-	-	-	-	15	5.0	2	1.9	17	6.9
41% to 60%	-	-	-	-	-	-	8	3.0	8	3.0
61% to 80%	64	14.5	-	-	1	0.3	1	0.3	66	15.1
81% to 99%	100	25.7	1	0.2	-	-	-	-	101	25.9
TOTAL	164	40.2	1	0.2	16	5.3	16	6.2	197	51.9

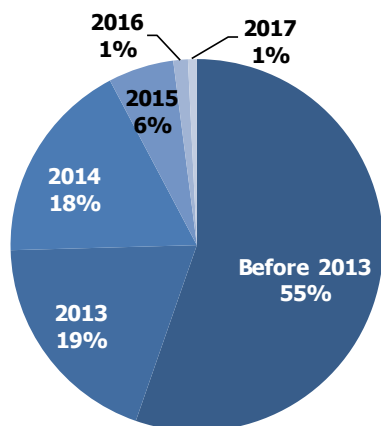
PSV in R\$ million

77% (arrow pointing to 40.2)

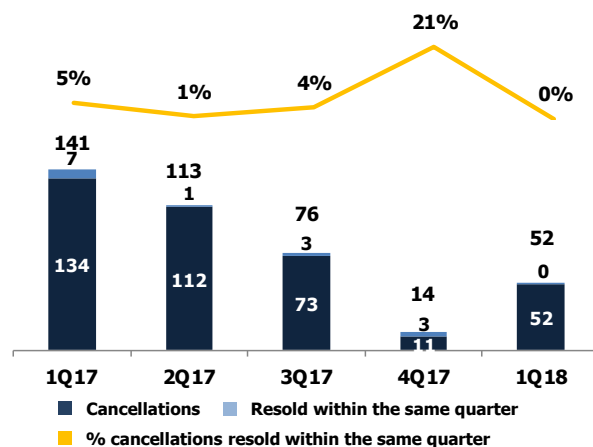
79% (arrow pointing to 51.9)

- ❖ Looking at the breakdown of cancellations by year of sale, we can see that 74% of cancellations in 1Q18 referred to units sold prior to 2014, i.e., when credit analysis criteria were less rigorous, and which, therefore, are more likely to lead to cancellation due to insufficient income.
- ❖ Considering that 83% of cancellations recorded during 1Q18 were performed only at the end of March, there was no time to resell the cancelled units in the same quarter.

Cancellations by Year of Sale – %PSV – 1Q18



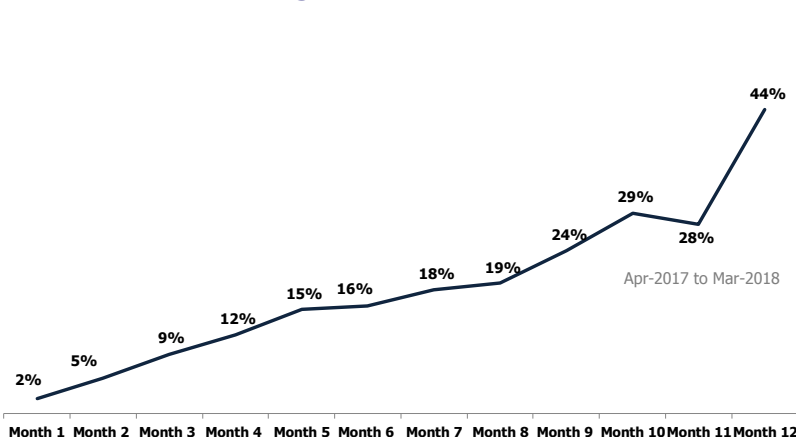
Cancellations and Resale Evolution – R\$ million



Operating Performance – Cancellations and Resale

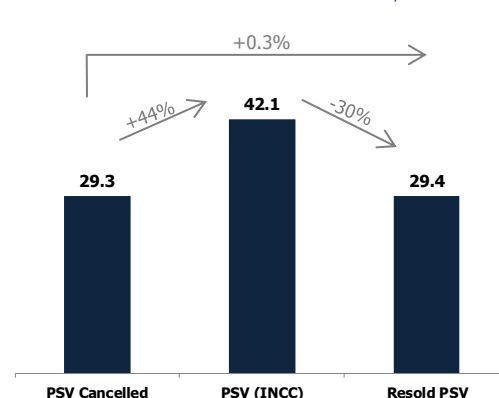
- ❖ The resale curve recorded an average of 44% when accounting for 12 months after the cancellation. This recovery in the resale of cancellations within 12 months, reflects the success in the strategy adopted to prioritize the cancellations of the most liquid units.
- ❖ The resale price increased again in comparison to the original sale price. In the last 12 months, resale PSV remained on average 0.3% above PSV of the original sale. This small gain reflects part of the sector's recovery, even though it is a timid one.

Average Resale Curve – units



Resale Price

Accrued in the last 12 months – R\$ million



Operating Performance – Sales Speed (VSO) by Region

- ❖ Looking at the quarterly sales speed (VSO) in terms of inventory units effectively available, the ratio reached 2% in 1Q18, 2p.p down on 1Q17.
- ❖ PDG's sales team was responsible for 74.8% of gross sales in 1Q18.

Sales Speed (VSO) – R\$ million

	1Q17	2Q17	3Q17	4Q17	1Q18
Initial Inventory	2,263	2,262	2,321	2,348	2,214
(-) Cancellations	0	0	0	0	0
= Effective Inventory	2,263	2,262	2,321	2,348	2,214
(+) Launches	0	0	0	0	0
(-) Net Sales	-60	-50	-39	80	-3
Gross Sales ⁽¹⁾	81	63	37	94	49
Cancellations ⁽¹⁾	141	113	76	14	52
(+) Adjustments⁽²⁾	-61	9	-12	-54	-153
Final Inventory	2,262	2,321	2,348	2,214	2,064
Quarterly Sales Speed (VSO) (Gross Sales)	4%	3%	2%	4%	2%
Quarterly Sales Speed (VSO) (Net Sales)	n.a.	n.a.	n.a.	3%	n.a.

(1) Gross sales and cancellations include resales within the same quarter.

(2) The negative adjustment of R\$153 million in 1Q18 is mainly due to the price adjustment of some specific units and to discounts on sales.

Operating Performance – Sales Speed (VSO) by Region

- ❖ This quarter, the speed sales by region remained low, a reflection of the still retracted gross sales. The Southern region continues to present the best VSO (18% in 1Q18), due to the best sales performance in relation to its reduced inventory.
- ❖ Since the demand is still weakened, the commercial product continues with low market liquidity.

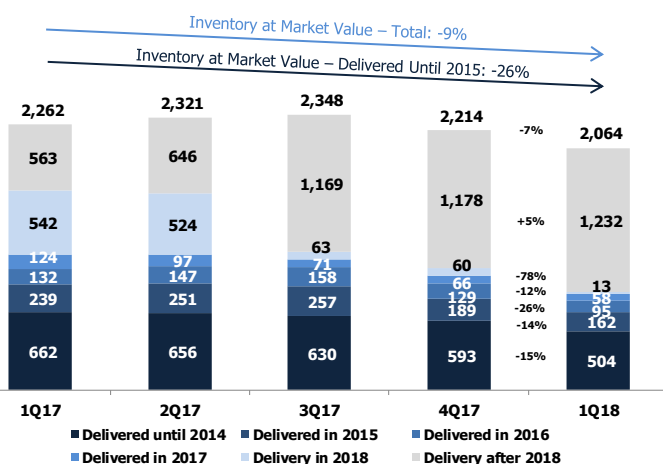
Sales Speed (VSO) by Region

Region (ex-Commercial)	VSO - Gross Sales					
	1Q17	2Q17	3Q17	4Q17	1Q18	
SÃO PAULO	6%	6%	3%	11%	3%	} VSO SP and RJ: 2%
RIO DE JANEIRO	2%	0%	0%	3%	1%	
MG/ES	5%	3%	0%	6%	3%	} VSO (ex-SP and RJ): 4%
NORTH	5%	3%	3%	4%	4%	
NORTHEAST	3%	2%	1%	2%	3%	
SOUTH	13%	15%	17%	15%	18%	
MIDWEST	9%	2%	1%	1%	5%	
TOTAL (EX-COMMERCIAL)	5%	4%	2%	6%	3%	
COMMERCIAL	0%	1%	0%	0%	1%	
TOTAL	4%	3%	2%	4%	2%	

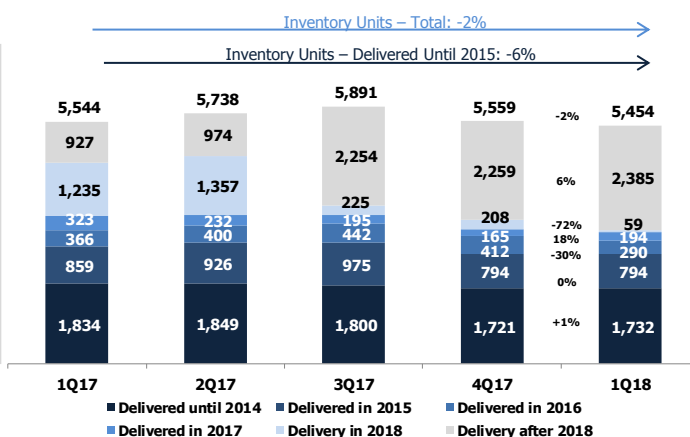
Operating Performance – Inventory

- ❖ Total inventory at market value closed 1Q18 in R\$2,064 million, 7% down than the previous quarter. When compared to 1Q17, inventory at market value fell by 9%.
- ❖ Total inventory units decreased by 2% from 5.559 in 4Q17 to 5,454 in 1Q18. In the last 12 months, total inventory units recorded a increase of 2%.
- ❖ If we consider only those units delivered until the end of 2015, inventory PSV fell by 26% between 1Q17 and 1Q18, and the number of units fell by 6%.

Inventory at Market Value – R\$ million



Inventory Units



Operating Performance – Inventory

- ❖ Inventory in the states of São Paulo and Rio de Janeiro currently corresponds to 55% of the Company's total inventory, excluding commercial units. Considering the residential units available, 57% is concentrated in projects that have more than 60% of their units sold, therefore, with a good market liquidity.

Inventory by Percentage of Sales and Region

Region	Up to 60%		From 61 to 80%		From 81 to 99%		Total		%
	Unit	PSV	Unit	PSV	Unit	PSV	Unit	PSV	
SÃO PAULO	240	177.4	489	85.9	622	161.9	1,351	425.2	33%
RIO DE JANEIRO	212	189.2	58	26.3	244	68.9	514	284.4	22%
MG/ES	-	-	-	-	45	7.4	45	7.4	1%
NORTH	115	44.9	152	94.8	499	131.2	766	270.9	21%
NORTHEAST	494	139.1	-	-	192	86.7	686	225.8	17%
SOUTH	-	-	-	-	67	20.2	67	20.2	1%
MIDWEST	-	-	360	57.2	64	8.9	424	66.1	5%
% Total (Ex- Commercial)		43%		20%		37%			100%
TOTAL (Ex-Commercial)	1,061	550.6	1,059	264.2	1,733	485.2	3,853	1,300.0	63%
COMMERCIAL	1,132	601.2	334	136.3	135	26.1	1,601	763.6	37%
TOTAL	2,193	1,151.8	1,393	400.5	1,868	511.3	5,454	2,063.6	100%
% Total		56%		19%		25%			100%

57%

Inventory by Percentage of Sales and Year of Delivery

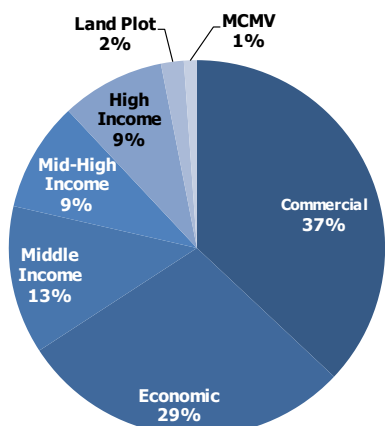
Percentage Sold	Built		2018 Delivery		2019 Delivery		Post 2019 Delivery		Total	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
20% or less	55	29.4	-	-	-	-	479	138.2	534	167.6
21% to 40%	19	38.6	-	-	163	71.6	534	345.6	716	455.7
41% to 60%	-	-	-	-	-	-	943	528.5	943	528.5
61% to 80%	1,127	252.6	-	-	153	64.2	113	83.8	1,393	400.6
81% to 99%	1,809	498.4	59	12.8	-	-	-	-	1,868	511.2
TOTAL	3,010	818.9	59	12.8	316	135.8	2,069	1,096.0	5,454	2,063.6

92%

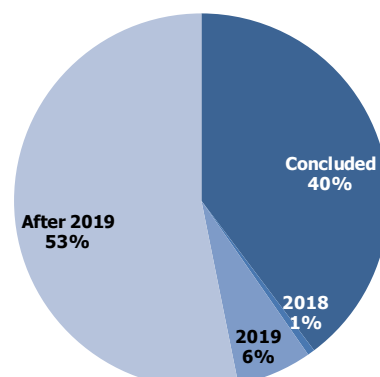
44%

- ❖ Overall, the Company's inventory presents the following characteristics: (i) 44% of the total inventory (including commercial units) is concentrated in projects that are more than 60% sold; (ii) 60% is concentrated in residential products (excluding Brazil's social housing program - Minha Casa, Minha Vida - land development and commercial units).
- ❖ Of the concluded inventory (R\$818.9 million): (i) 62% of PSV is concentrated in projects located in São Paulo and Rio de Janeiro and (ii) 92% of PSV is concentrated in projects that have between 61% and 99% of their units sold.
- ❖ Of the inventory related to the ongoing projects (R\$1,244.7 million): (i) 78% of PSV is concentrated in projects located in São Paulo and Rio de Janeiro and (ii) 13% of PSV is concentrated in projects that have between 61% and 99% of their units sold.

Inventory by Product – % PSV



Inventory by Delivery Schedule – % PSV



Operating Performance – Landbank

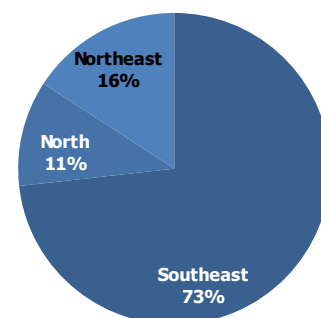
- ❖ The landbank closed 1Q18 with a potential PSV of R\$2.1 billion (PDG's share), equivalent to 6,008 units.
- ❖ As a result of the sales and cancellations during this quarter, the landbank was reduced by 2 terrains, reflecting a R\$195.3 million (9%) reduction in potential PSV when compared to 4Q17.
- ❖ The landbank that is not compatible with the Company's strategy is in the process of being canceled and sold, helping accelerate cost reductions and monetizing assets for the Company's deleveraging process.

Landbank – Units and PSV

Product	Units (%PDG)	%	PSV PDG (R\$ mm)	%	PSV (R\$ mm)	%	Average Price (R\$)
High Income	270	5%	333.7	16%	333.7	14%	1,235,822
Mid-High Income	84	2%	58.8	3%	58.8	2%	700,514
Middle Income	865	14%	438.2	21%	716.2	30%	506,892
Economic	2,664	44%	572.3	27%	572.3	24%	214,873
Residential	3,882	65%	1,403.0	67%	1,681.1	71%	361,420
Commercial	-	0%	-	0%	-	0%	-
Land Plot	2,126	35%	697.7	33%	697.7	29%	328,155
Total	6,008		2,100.7		2,378.7		349,649

Landbank by Region

PSV %PDG



Operating Performance – Occupancy Permits

- ❖ Taking into account the ongoing projects, occupancy permits were not obtained during this quarter.
- ❖ The Company forecasts to obtain occupancy permit for one project during 2Q18.

Operating Performance – Historical Data

- ❖ At the end of 1Q18, the Company had 19 projects in progress, equivalent to 5,058 units (PDG's share), 256 of which (5%) related to the Minha Casa Minha Vida program and 4,802 (95%) related to residential (excluding MCMV), commercial and land development units.

	# Projects	# Total Units	# PDG Units
Launches⁽¹⁾	714	160,526	155,046
Finished⁽²⁾	695	155,416	149,988
Ongoing⁽³⁾	19	5,110	5,058

(1) Historical launches until 2018, March - net of cancellations

(2) Projects with Occupancy Permit or Sold until 2018, March

(3) Ongoing projects until 2018, March

Finished Projects	# Projects	# Total Units	# PDG Units
Residential, Commercial and Land Plots (ex- MCMV)	424	95,730	94,375
MCMV	271	59,686	55,613
Total	695	155,416	149,988

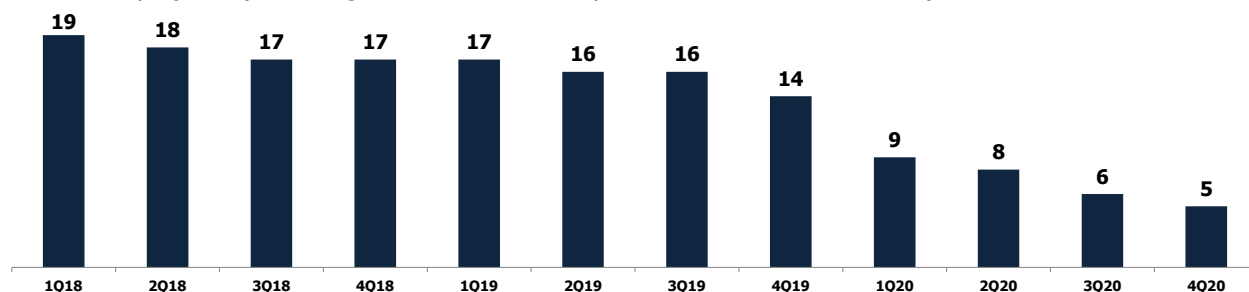
Ongoing Projects	# Projects	# Total Units	# PDG Units
Residential, Commercial and Land Plots (ex- MCMV)	18	4,854	4,802
MCMV	1	256	256
Total	19	5,110	5,058

Obs.: Only projects under PDG management.

Operating Performance – Occupancy Permit Schedule

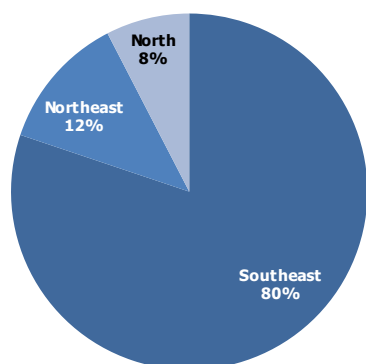
Projects in Progress – Occupancy Permit Schedule

- Considering that occupancy permits were not obtained during the 1Q18, we closed the quarter with 19 ongoing projects. In regards to the ongoing projects, 80% are located in the Southeast and 39% are residential projects (excluding MCMV, land development and commercial units).

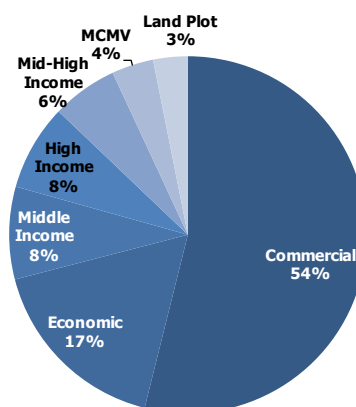


Obs.: projects under construction in the end of each quarter. Projects under PDG's management only.

Breakdown by Region – % PSV



Breakdown by Product – % PSV



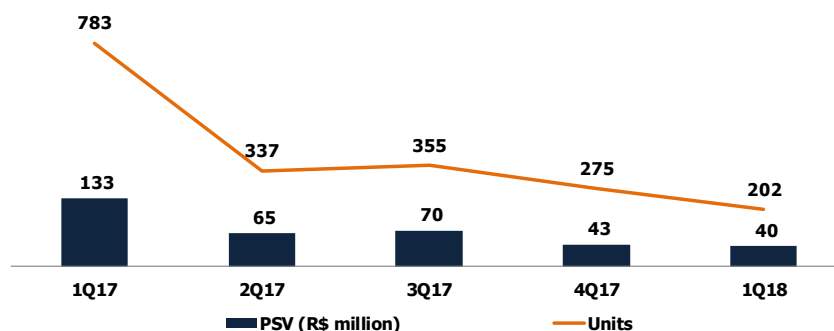
Operating Performance – Title Individualizations

- In 1Q18, the Company did not individualized units.

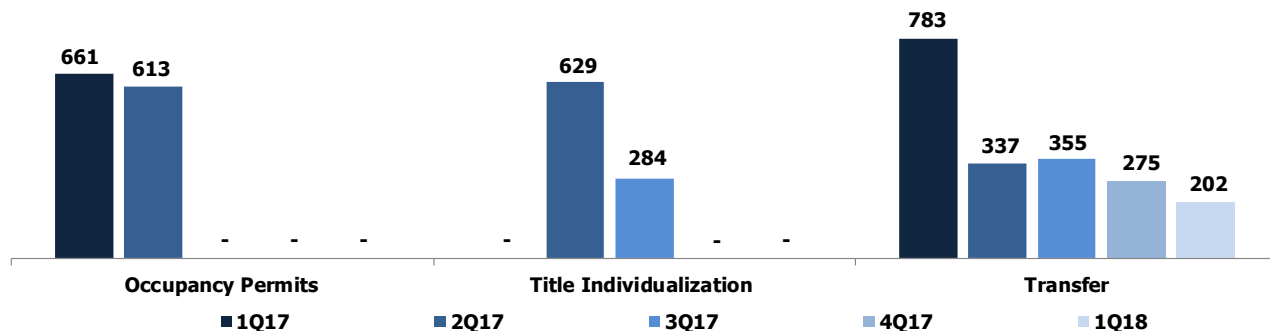
Operating Performance – Mortgage Transfers

- In 1Q18, 202 units were transferred, equivalent to a PSV of R\$40 million. The deceleration in the volume of transfer units was mainly due to the fewer deliveries in the period, caused by the reduction in the construction pace.

Transfers by Quarter – PSV and units



Mortgage Transfer Cycle – units



Financial Performance

Gross Margin

- ❖ During 1Q18, gross margin remained pressed, mainly due to the cash sale discounts granted, in order to accelerate the Company's cash inflow.

	R\$ million in IFRS		
Gross Margin	1Q18	1Q17	(%) Var.
Net Revenues	65	118	-45%
Cost	(70)	(116)	-39%
Gross Profit (Loss)	(5)	2	n.m.
(+) Capitalized Interest	8	4	n.m.
Adjusted Profit	3	6	-50%
Gross Margin	n.a.	1.7%	n.m.
Adjusted Gross Margin	5.3%	5.1%	0.2 pp

Backlog Result (REF)

- ❖ By the end of the quarter, the backlog margin was 20.5%, a 0.1 p.p increase when compared to the 1Q17.
- ❖ The backlog recognition schedule is estimated at 27.0% in 2018, 38.7% in 2019 and 34.3% from 2020 on.

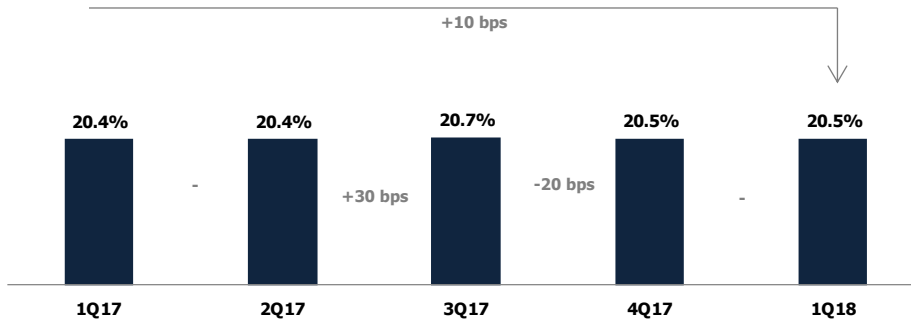
	R\$ million in IFRS		
Backlog Results (REF)	1Q18	4Q17	1Q17
Gross Revenues	472	497	494
(-) Taxes *	(8)	(9)	(9)
Net Revenues - REF	464	488	485
(-) COGS	(369)	(388)	(386)
Gross Profit - REF	95	100	99
Gross Backlog Margin	20.5%	20.5%	20.4%
Capitalized Interest	11	10	62
Agre Goodwill	-	-	2
Adjusted Gross margin **	18.1%	18.4%	7.2%

* PIS and Cofins Estimate

** Backlog margin differs from reported margin in that it does not include capitalized interest effect, future guarantees and goodwill amortization.

Backlog result recognition schedule	2018	2019	2020
	27.0%	38.7%	34.3%

Backlog Margin Trends (REF)



Backlog Result – Pre and Post 2012

- ❖ Projects launched after 2012, with an average gross margin of 19.5%, already represent 76% of total gross backlog profit.

R\$ million in IFRS

Backlog Results (REF) (Pre and Post 2012 Projects)	Pre 2012	After 2012	1Q18
Net Revenues - REF	94	370	464
(-) COGS	(71)	(298)	(369)
Gross Profit - REF	23	72	95
Gross Backlog Margin	24.5%	19.5%	20.5%
Capitalized Interest	4	7	11
Agre Goodwill	-	-	-
Adjusted Gross margin	20.2%	17.6%	18.1%

Selling, General and Administrative Expenses (SG&A)

- ❖ PDG is still focused in reducing costs and adjusting its structure to the size of its operations. In this regard, G&A expenses closed the quarter 66% lower than on 1Q17.
- ❖ Selling expenses increased 16% when compared to 1Q17. This increase refers to the recognition of commissions expenses related to cancellations occurring up to the end of 1Q18.
- ❖ In 1Q18, SG&A expenses closed the quarter 54% lower than 1Q17.

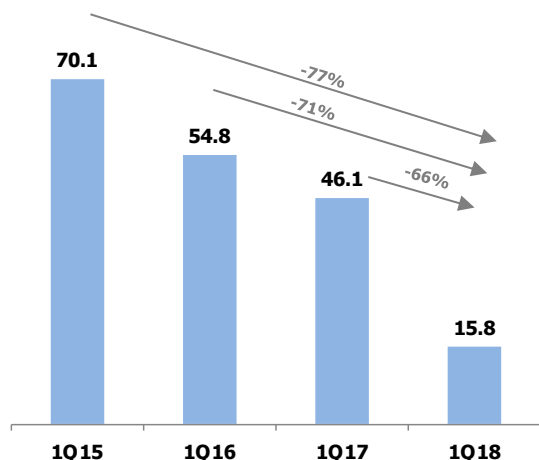
R\$ million in IFRS

Commercial Expenses	QUARTER		
	1Q18	1Q17	(%) Var.
Total Commercial Expenses	9.2	7.9	16%
G&A Expenses	1Q18	1Q17	(%) Var.
Salaries and Benefits	8.5	20.0	-58%
Profit Sharing	0.0	0.0	n.m.
Third Party Services	5.6	22.0	-75%
Other Admin. Expenses	1.7	4.1	-59%
Total G&A	15.8	46.1	-66%
Total SG&A	25.0	54.0	-54%

Financial Performance

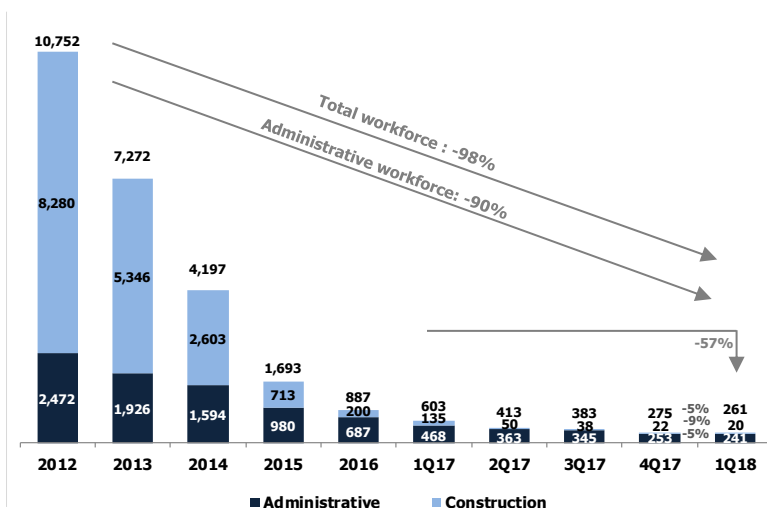
General and Administrative Expenses (G&A)

- G&A expenses maintained their downward trajectory, recording a 66% reduction in 1Q18 over 1Q17. When compared to 1Q16 and 1Q15, G&A expenses fell by 71% and 77%, respectively.



Headcount

- We continued to make the necessary adjustments to adapt our structure to the size of our operations. In 1Q18, we reduced our total workforce by 5% over the previous quarter. When compared to the 1Q17, total workforce fell by 57%.



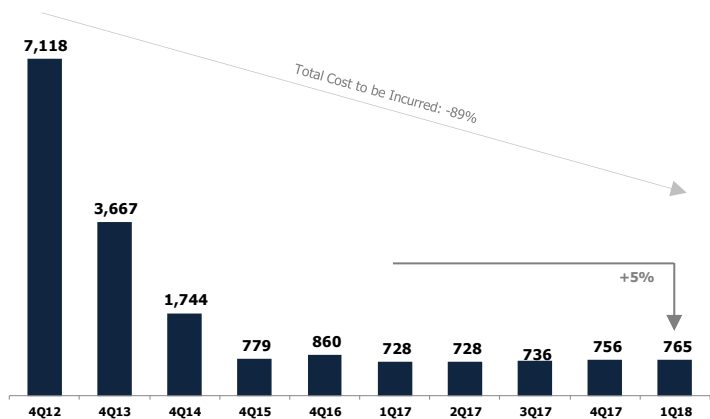
On and Off Balance Sheet Receivables and Cost to be Incurred

- We closed 1Q18 with total net receivables of R\$1.1 billion, 4% down on the previous quarter. The reduction in net receivables are explained mainly by the payments received during the quarter.
- In 1Q18, the cost to be incurred increased by R\$9 million when compared to the 4Q17, reflecting the deceleration of the construction pace and also the increase in the INCC index. Year-on-year, the cost to be incurred increased by 5%.

Accounts Receivable

	R\$ million in IFRS		
On and Off Balance Receivables (R\$ mm)	1Q18	4Q17	(%) Var.
Receivables (on balance)	818	850	-4%
Gross Backlog Revenues - REF	472	497	-5%
Advances from Clients - sales installments	(64)	(73)	-12%
Advances from Clients - physical barter from launches	(99)	(99)	0%
Total Receivables (a)	1,127	1,175	-4%
Cost to be Incurred - Sold Units	(369)	(388)	-5%
Cost to be Incurred - Inventory Units	(396)	(368)	8%
Total Costs to be Incurred (b)	(765)	(756)	1%
Total Net Receivables (a+b)	362	419	-14%
Short Term	665	688	-3%
Long Term	153	162	-6%
Total Receivables (on balance)	818	850	-4%

Costs to be Incurred – R\$ million



Bank Debt (Extraconcursal)

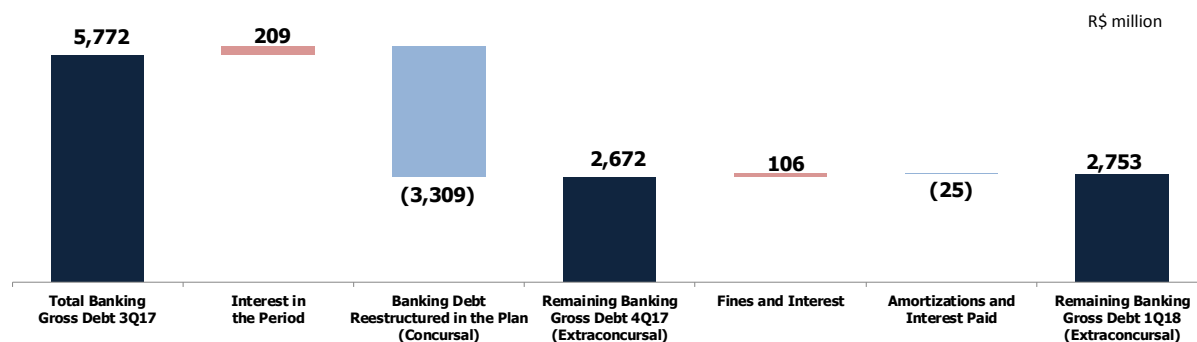
- ❖ The Company's bank debt grew 3% (R\$81 million) between 4Q17 over 1Q18. This increase was due to the interests incurred in the period amounting to R\$106 million.
- ❖ In the first quarter, R\$25 million were amortized.
- ❖ During 1Q18, net debt increased R\$73 million.

R\$ million in IFRS

Indebtedness	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 New Debt Structure (Extraconcursal)

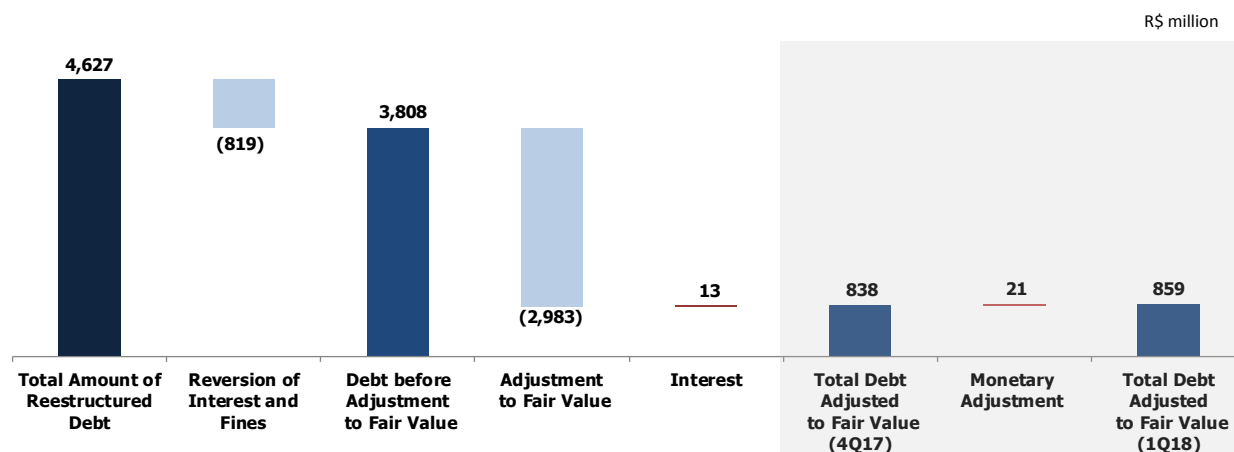


Net Debt Variation

Net Debt Variation (R\$ mn)	2013	2014	2015	2016	1Q17	2Q17	3Q17	4Q17	1Q18
Cash and Cash Equivalents	1,353	1,092	604	201	217	244	225	213	221
Cash Variation	(468)	(261)	(488)	(403)	16	27	(19)	(12)	8
Gross Debt	8,367	7,869	6,155	5,319	5,308	5,614	5,772	2,672	2,753
Construction Financing	5,215	4,517	2,719	1,643	1,591	1,627	1,647	1,050	1,095
Corporate Debt	3,152	3,352	3,436	3,676	3,717	3,987	4,125	1,622	1,658
Gross Debt Variation	602	(498)	(1,714)	(836)	(11)	306	158	(3,100)	81
Net Debt Variation	(1,070)	237	1,226	433	27	(279)	(177)	3,088	(73)
Adjustments	(86)	-	(202)	(225)	(53)	-	-	(3,309)	-
Mark to market of PDGR D&I (warrant)	(86)	-	(2)	-	-	-	-	-	-
Sale of Equity Stake in REP	-	-	-	(214)	-	-	-	-	-
Capital Increase	-	-	(500)	-	-	-	-	-	-
Dismantling of partnership (Paddock)	-	-	-	(11)	-	-	-	-	-
Dismantling of partnership (VBI)	-	-	-	-	(53)	-	-	-	-
Debts subjected to the Reorganization Plan	-	-	-	-	-	-	-	(3,309)	-
Redemption of APRs and Promissory Notes issuance	-	-	300	-	-	-	-	-	-
Net Debt Variation (+adjustments)	(1,156)	237	1,024	208	(26)	(279)	(177)	(221)	(73)

Debt Subjected to the Reorganization Plan (Concursal)

- ❖ The total debts restructured according to the Company's Court-supervised Reorganization Plan, suffered an R\$21 million rise (or 2.5%) during 1Q18, from R\$838 million in 4Q17 to R\$859 million in 1Q18. This increase was due to the capitalization of interests in the period.
- ❖ The R\$74.2 million reduction of debt related to debt conversion in equity has not yet been recorded in PDG's results, therefore it's not mentioned in the graph below. The impact of this conversion will be recorded after the Capital Increase approval.



Obs.: The methodology used to calculate the Fair Value and therefore the Total Debt Adjusted to Fair Value is explained in Note 13 of the Financial Statements.

Financial Result

- ❖ 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.

Financial Results (R\$ mn)	R\$ million in IFRS		
	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%

Quarters ended on March 31st, 2018 and 2017

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

EBITDA	QUARTER		
	1Q18	1Q17	(%) Var.
Income (loss) before taxes	(262,710)	(273,201)	-4%
(-/+) Financial Result	96,506	175,137	-45%
(+) Depreciation and Amortization	41,858	6,646	n.m.
(+) Stock Option Plan	-	13	-100%
(+) Interest Expenses - Cost of Sold Units	8,244	3,995	n.m.
(-/+) Equity Income result	3,538	(20)	n.m.
EBITDA	(112,564)	(87,430)	29%
EBITDA Margin	n.a.	n.a.	n.m.

Consolidated Balance Sheet - ASSETS



On March 31st 2018, and December 31st 2017

ASSET (R\$ '000)	1Q18	4Q17	(%) Var.
Current Assets			
Cash, cash equivalents and short-term investments	220,940	212,695	4%
Accounts receivable	665,033	688,172	-3%
Properties held for sale	1,156,773	1,203,161	-4%
Prepaid expenses	-	7,270	-100%
Accounts with related parties	27,529	27,004	2%
Taxes to recover	23,972	26,471	-9%
Deferred income and social contribution taxes	6,192	13,557	-54%
Total Current Assets	2,100,439	2,178,330	-4%
Noncurrent Assets			
Long-Term			
Accounts receivable	153,090	162,167	-6%
Properties held for sale	333,468	380,523	-12%
Deferred Taxes	14,291	10,716	33%
Taxes to recover	95,002	67,891	40%
Accounts with related parties	75,113	71,017	6%
Total Long-Term Assets	670,964	692,314	-3%
Permanent Assets			
Investments	47,032	47,460	-1%
Property and Equipment	683	13,801	-95%
Intangible	8,016	36,964	-78%
Total Permanent Assets	55,731	98,225	-43%
Total Noncurrent Assets	726,695	790,539	-8%
Total Assets	2,827,134	2,968,869	-5%

Consolidated Balance Sheet - LIABILITIES



On March 31st 2018, and December 31st 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (R\$ '000)			
	1Q18	4Q17	(%) Var.
Current			
Loans and financings	1,125,448	1,088,805	3%
Debentures	476,099	454,117	5%
Obligation for the issuance of CCB & CCI	1,140,247	1,115,071	2%
Co-obligation for the issuance of CRI	11,115	14,331	-22%
Suppliers	115,438	115,592	0%
Payable obligations subject to the Reorganization Plan	181,086	178,835	1%
Property acquisition obligations	11,168	12,738	-12%
Advances from clients	139,790	149,713	-7%
Taxes and contributions payable	41,076	54,864	-25%
Deferred taxes	24,486	20,958	17%
Income and social contribution taxes	8,600	8,616	0%
Accounts with related parties	14,049	13,748	2%
Other Provisions	108,144	98,276	10%
Other Obligations	127,371	134,162	-5%
Total Current	3,524,117	3,459,826	2%
Long-Term			
Payable obligations subject to the Reorganization Plan	678,248	658,944	3%
Property acquisition obligations	31,488	42,546	-26%
Advances from clients	31,260	35,309	-11%
Taxes and contributions payable	892	1,618	-45%
Deferred taxes	1,053,469	1,052,318	0%
Other Provision	586,852	564,851	4%
Other	413,478	381,817	8%
Total Long-Term	2,795,687	2,737,403	2%
Shareholders' equity			
Subscribed capital	4,917,843	4,917,843	0%
Capital reserve	1,236,742	1,236,743	0%
Accumulated losses	(9,613,841)	(9,353,530)	3%
Minority interest	(33,414)	(29,416)	14%
Total Shareholders' equity	(3,492,670)	(3,228,360)	8%
Total liabilities and shareholders' equity	2,827,134	2,968,869	-5%