



August 15th,
2017

2Q17
Results

❖ Executive Summary

❖ Court-supervised Reorganization (CSR)

❖ Financial and Operational Results

Sales

Resale of Cancellations

Inventory

G&A

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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2Q17 Highlights

- ❖ General and administrative expenses closed the quarter 46% down year-on-year. Accounting for the 1H17, G&A expenses fell by 31% when compared to 1H16.
- ❖ Selling expenses fell by 90% over 2Q16. The first-half selling expenses recorded a 80% decline over 1H16.
- ❖ During 2Q17, we obtained occupancy permits for 2 projects (managed by PDG), totaling 613 units and a PSV of R\$222 million. During the first semester occupancy permits for 5 projects (managed by PDG) were achieved, with an PSV of R\$390 million and 1,274 units in total, reducing the Company's operational and financial risk.
- ❖ The Company reassessed its liabilities and undertook the Tax Regularization Program (Programa de Regularização Tributária) during this quarter. Therefore, reducing over R\$ 196 million in taxes payable.
- ❖ Net loss fell by 28% over 2Q16 and by 30% when compared to 1H16.

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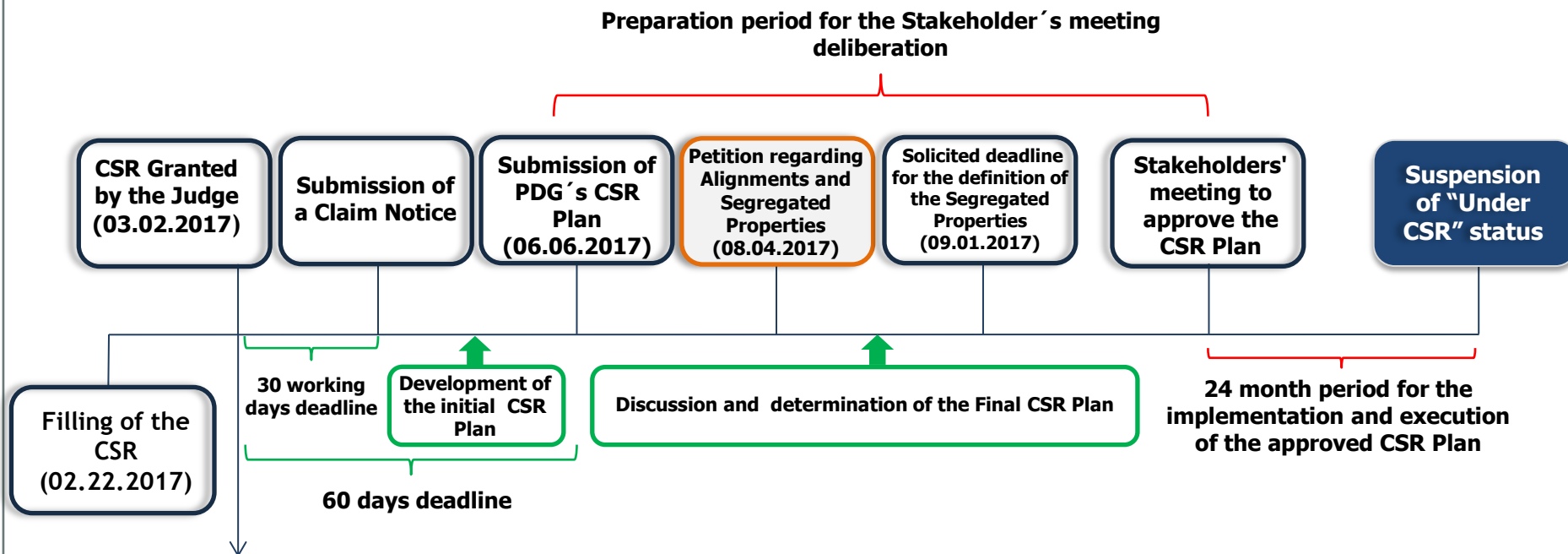


Corcovado
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Court-supervised Reorganization (CSR) Schedule



Court-supervised Reorganization Schedule



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

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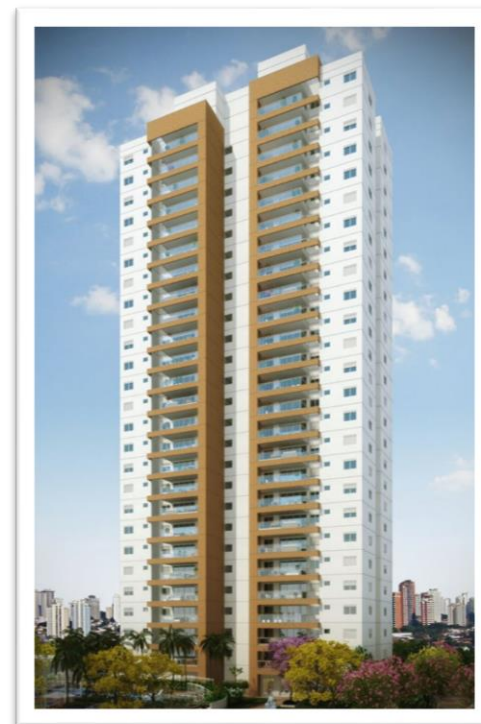
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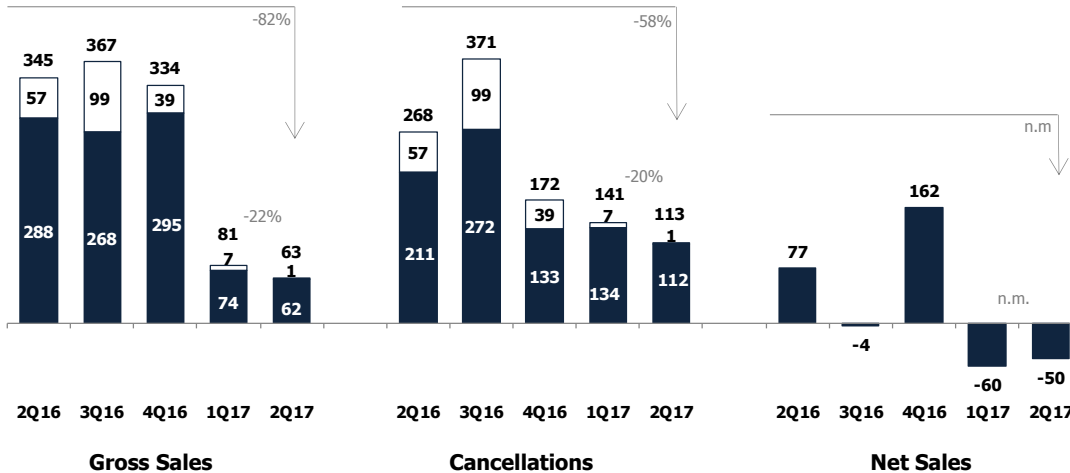
Meridian
São Paulo/SP

Financial and Operational Results

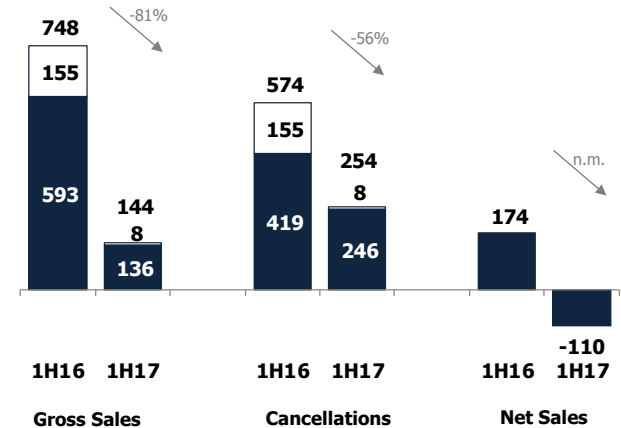
Sales Performance

Sales – R\$ million

□ Resale within the same quarter
■ Net of Resale within the same quarter



□ Resale within the same quarter
■ Net of resale within the same quarter



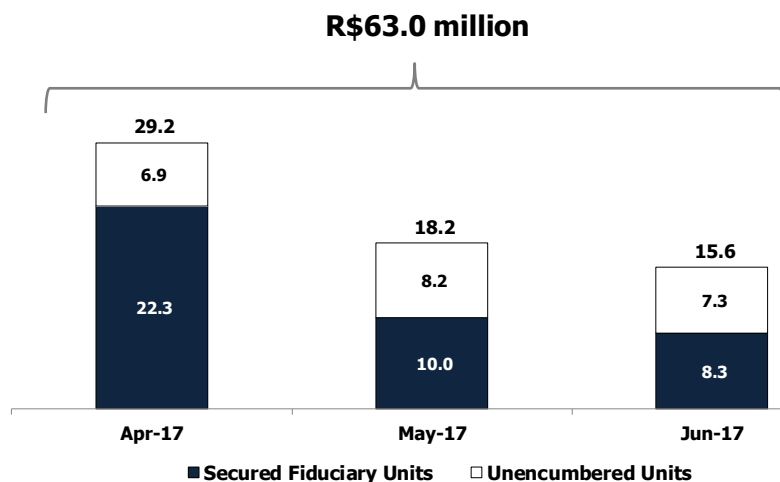
- Gross sales reached R\$63 million this quarter, a 22% decrease when compared to 1Q17 and a 82% drop when compared to the 2Q16. In the first half, gross sales came to R\$144 million, a 81% reduction over the same period last year
- The reduction in gross sales was mainly due to the new sales strategy adopted by the Company, which focused on the sale of unencumbered units and units whose resources can be used to pay the SPE's expenses.
- Total cancellations came to R\$113 million in 2Q17, 20% down on 1Q17, and 58% down on 2Q16. During 1H17, cancellations amounted R\$254 million, 56% down on 1H16. Total cancellations were not higher due to the Company's cash restriction policy, which didn't allow the conclusion of all cancellations requested in the period.
- Net sales came to negative R\$50 million in 2Q17 and negative R\$110 million in 1H17.

Financial and Operational Results

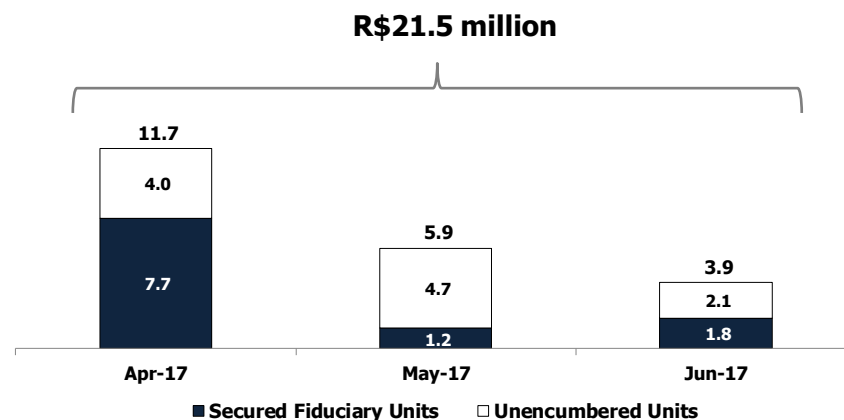
Sales Performance



Gross Sales (New Strategy) – R\$ million



Cash Sales (New Strategy) – R\$ million

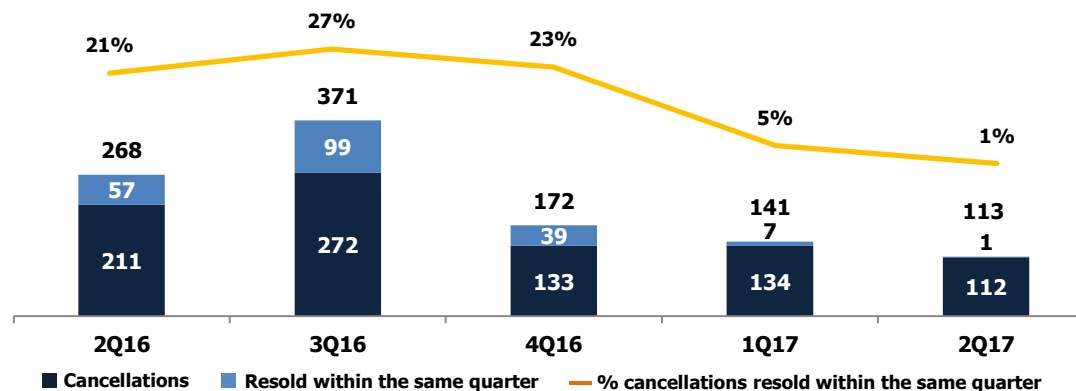


- Of the R\$63 million sold during 2Q17, R\$40.6 million relate to the sale of units whose resources can be used to pay the SPE's expenses (Secured Fiduciary Units), and R\$22.4 million refer to the sale of units that generated free cash for the Company (Unencumbered Units).
- Of the R\$21.5 million cash sales in 2Q17, R\$10.7 million refer to units whose resources can be used to pay the SPE's own expenses, and R\$10.8 million in the free cash dynamics.

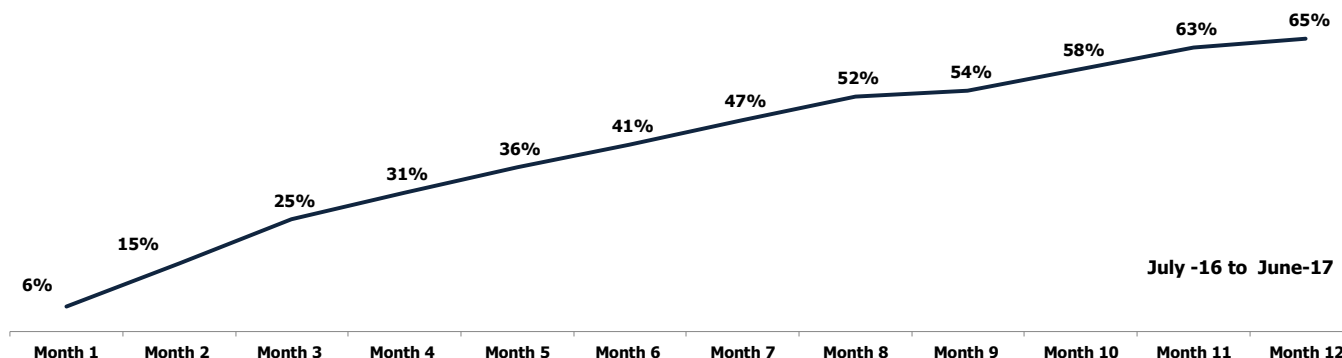
Financial and Operational Results

Resale of Cancellations

Evolution of Cancellations and Resale – R\$ million



Average Resale Curve – 12 months accumulated



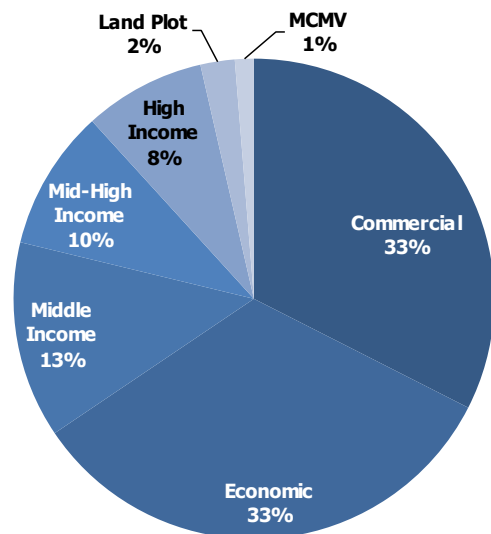
- ❖ In 2Q17 we resold approximately 1% of the cancelled units in the same quarter, 4 p.p. less than the 5% posted in the previous quarter. The reduction of units resold this quarter was mainly due to the new strategy adopted by the Company.
- ❖ The speed of cancellation resale reached 65% in the past 12 months.

Financial and Operational Results

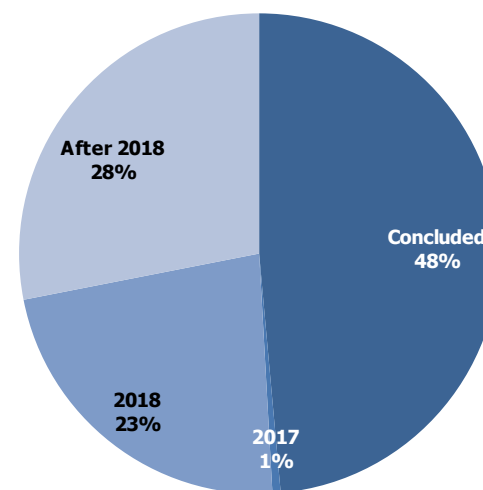
Inventory Quality



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ Total inventory at market value was R\$2,321 billion by the end of 2Q17;

❖ Quality of available inventory:

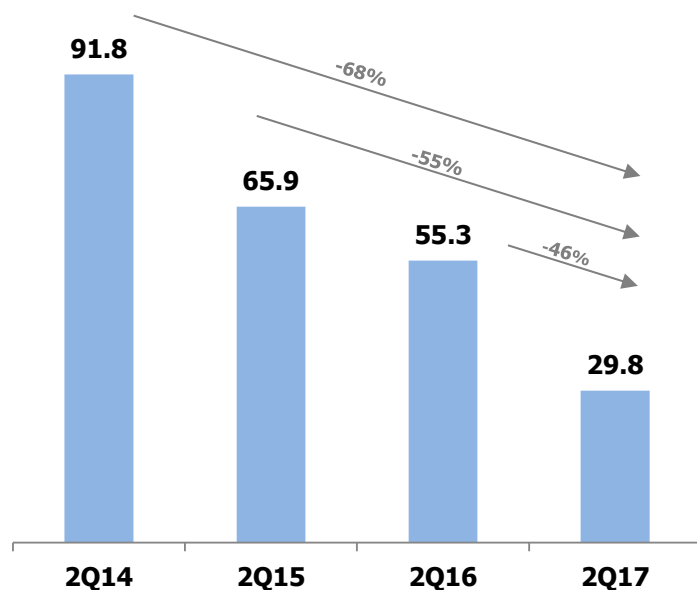
- 64% in residential products (excluding MCMV, Land Plots, and Commercial);
- 48% is concluded inventory, immediate cash generator;
- Considering the concluded inventory, 62% are in São Paulo and Rio de Janeiro, and 90% corresponded to projects with more than 60% of units sold.

Financial and Operational Results

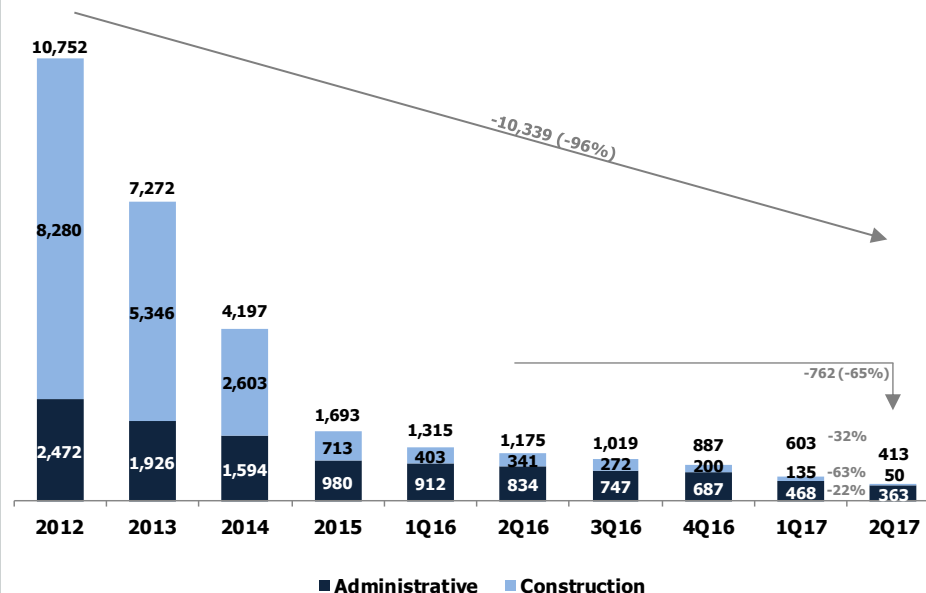
G&A Expenses



G&A Evolution – R\$ million



Headcount



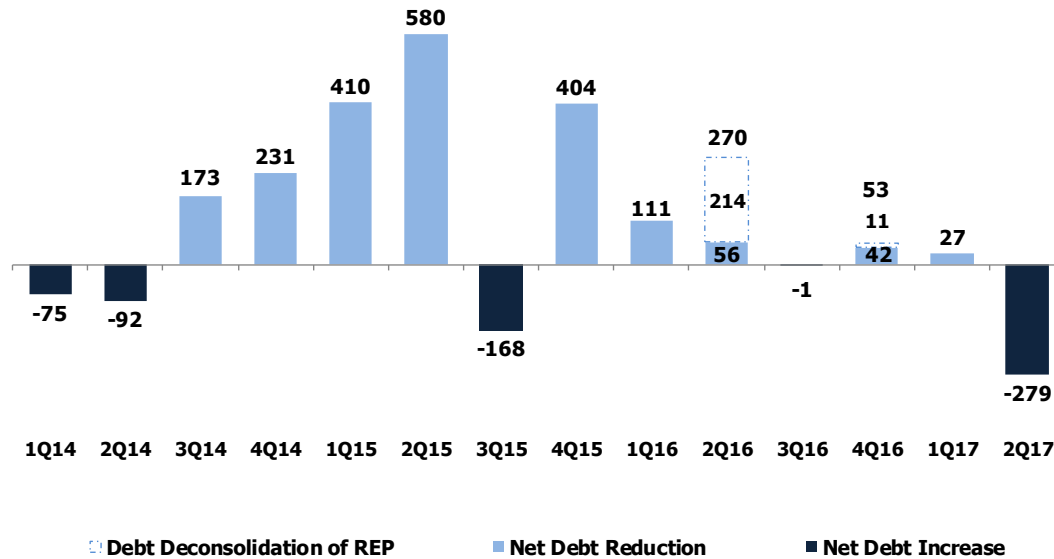
- ❖ Reduction of 46% in G&A expenses between 2Q16 and 2Q17 and 31% between 1H16 and 1H17.
- ❖ In 2Q17 we reduced our total headcount by 32% over the previous quarter. When compared to the 2Q16, headcount fell by 65%.
- ❖ Selling, General and Administrative (SG&A) expenses fell by 62% over 2Q16. The first semester SG&A expenses fell by 48% over 1H16.
- ❖ 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

Net Debt Variation

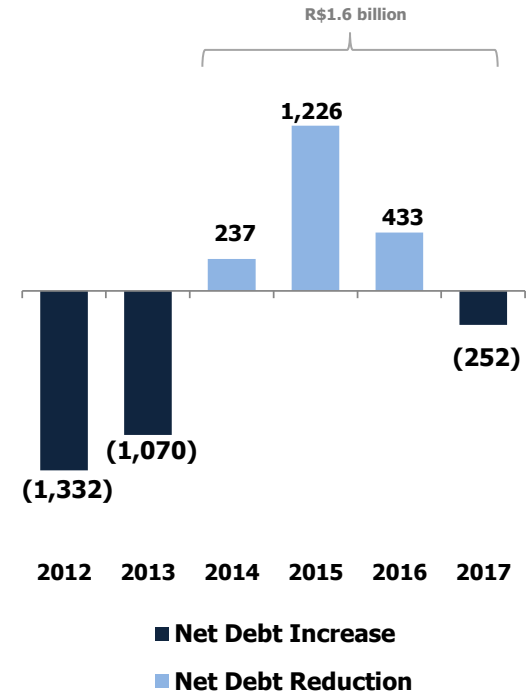


Quarterly Net Debt Variation – R\$ million



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

Annual Net Debt Variation – R\$million

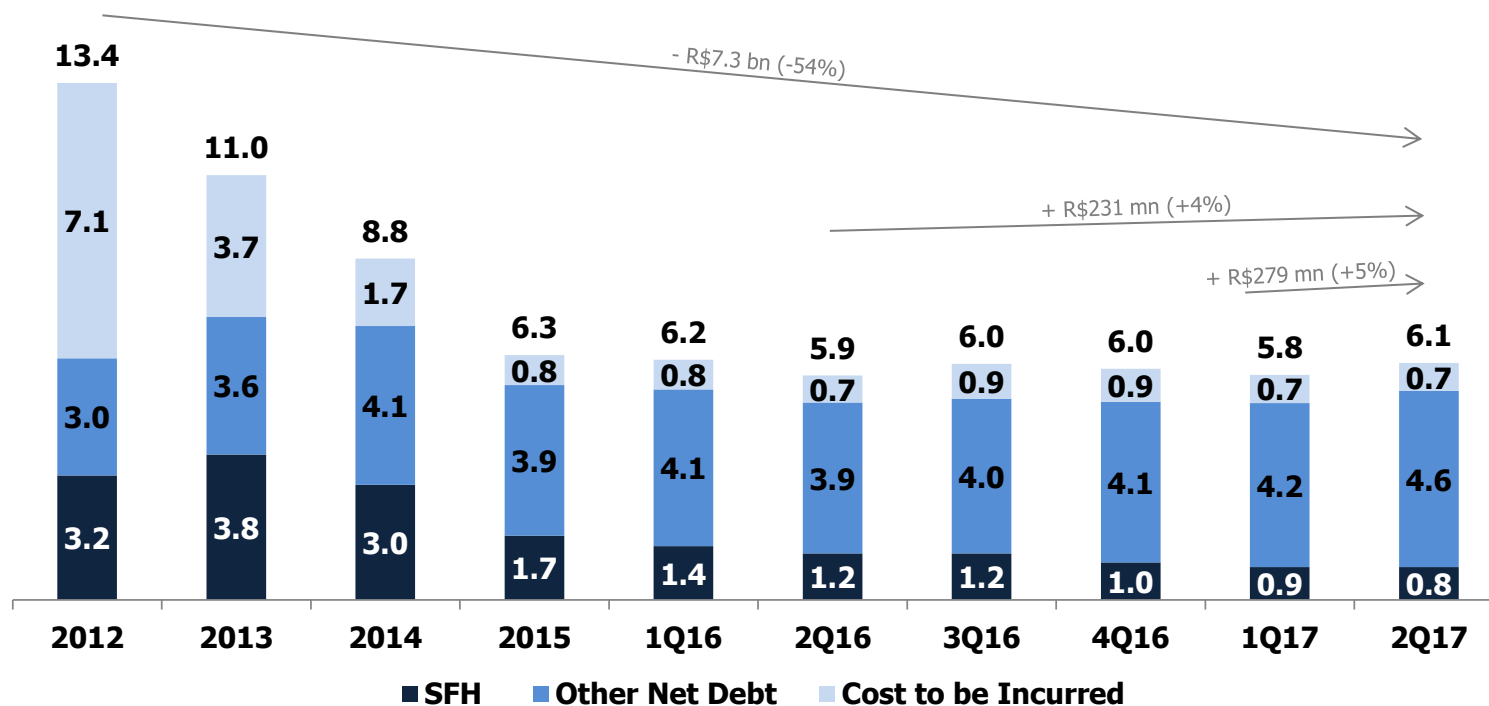


- Net Debt increased by R\$279 million in the 2Q17, such increase is explained mainly by the deceleration of debt amortization, accrual of interest and the fines resultant of the filing for Court-supervised reorganization.
- In 1H17 net debt increased by R\$252 million.
- Total reduction since 2014 amounts to R\$1.6 billion.

Financial and Operational Results

Deleveraging

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



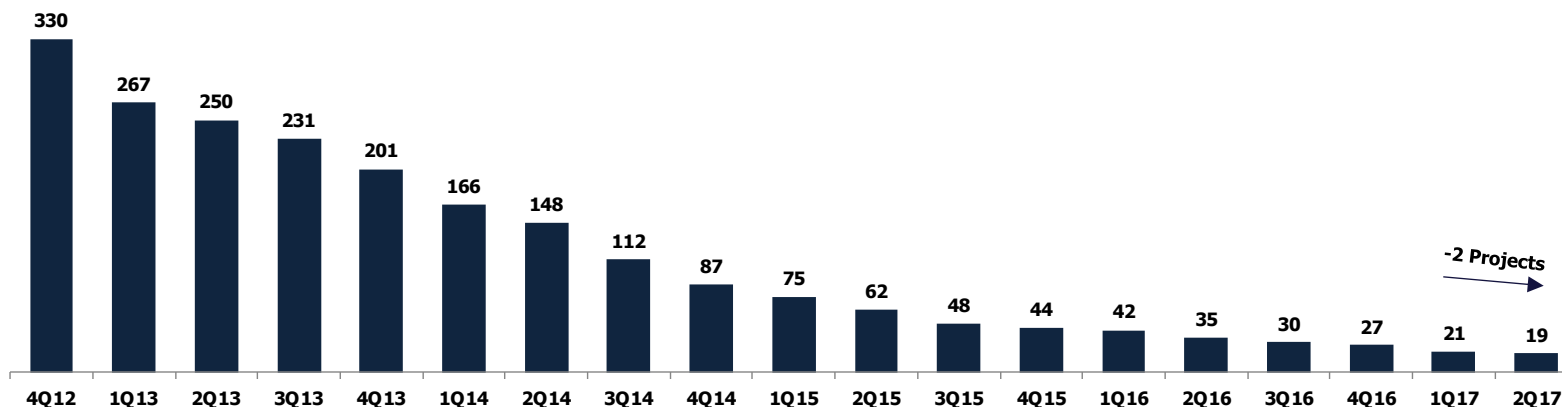
Obs.: For comparison purposes, other net debt of 2012, 2013, 2014 have been adjusted with the inclusion of the Redeemable Preferred Shares.

- ✦ Since 2012, extended leverage (Net Debt + Cost to be Incurred) was reduced by R\$7.3 billion (54%).
- ✦ Despite the notable leverage reduction in the past years, extended leverage increased by R\$279 million (5%) in 2Q17, mainly due to the accrual of interest and fines registered this period.

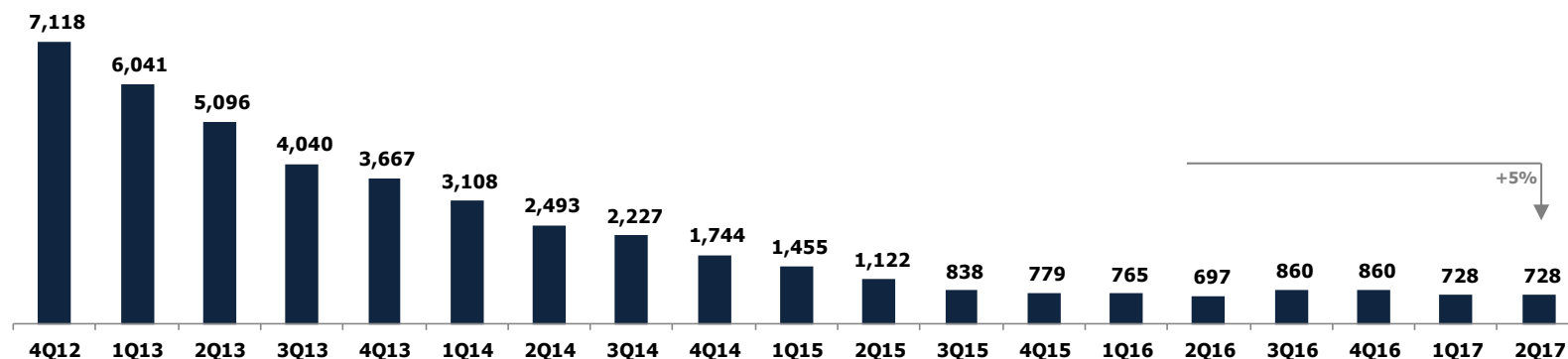
Financial and Operational Results

Ongoing Projects and Cost to be Incurred

Ongoing Projects



Cost to be Incurred – R\$ million



- ❖ We finished 2Q17 with 19 ongoing projects.
- ❖ Cost to be incurred closed 2Q17 at R\$728 million, maintaining the same figure as 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	QUARTER			YTD		
	2Q17	2Q16	(%) Var.	6M17	6M16	(%) Var.
Operating Gross Revenue						
Real Estate Sales	151,110	121,729	24%	278,524	261,528	6%
Other Operating Revenues	(2,288)	22,792	n.m.	24	52,694	-100%
(-) Revenues Deduction	9,375	(24,688)	n.m.	(2,335)	(54,603)	-96%
Operating Net Revenue	158,197	119,833	32%	276,213	259,619	6%
Cost of Sold Units	(87,954)	(152,570)	-42%	(199,915)	(286,968)	-30%
Interest Expenses	(12,883)	(24,337)	-47%	(16,878)	(45,723)	-63%
Cost of sold properties	(100,837)	(176,907)	-43%	(216,793)	(332,691)	-35%
Gross Income (loss)	57,360	(57,074)	n.m.	59,420	(73,072)	n.m.
Gross margin	36.3%	n.a.	n.m.	21.5%	n.a.	n.m.
Adjusted gross margin ⁽¹⁾	44.4%	n.a.	n.m.	27.6%	n.a.	n.m.
Operating Revenues (expenses):						
Equity Income	(920)	2,593	n.m.	(900)	2,779	n.m.
General and Administrative	(29,799)	(55,320)	-46%	(75,877)	(110,104)	-31%
Commercial	(3,059)	(31,321)	-90%	(10,977)	(55,792)	-80%
Taxes	(4,158)	(4,248)	-2%	(12,655)	(6,078)	n.m.
Depreciation & Amortization	(11,980)	(6,110)	96%	(18,626)	(28,020)	-34%
Other	(368,451)	(391,037)	-6%	(399,456)	(477,044)	-16%
Financial Result	(344,828)	(186,646)	85%	(519,965)	(377,122)	38%
Total operating revenues (expenses)	(763,195)	(672,089)	14%	(1,038,456)	(1,051,381)	-1%
Income before taxes	(705,835)	(729,163)	-3%	(979,036)	(1,124,453)	-13%
Income Taxes and Social Contribution	177,916	(15,931)	n.m.	179,348	(31,181)	n.m.
Income before minority stake	(527,919)	(745,094)	-29%	(799,688)	(1,155,634)	-31%
Minority interest	(4,493)	5,091	n.m.	(8,444)	5,154	n.m.
Net Income (loss)	(532,412)	(740,003)	-28%	(808,132)	(1,150,480)	-30%
Net margin	n.a.	n.a.	n.m.	n.a.	n.a.	n.m.

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



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