**PDG Realty S.A. Empreendimentos e Participações**
**- Under Court-supervised Reorganization**

Quarterly Information as of
March 31, 2017

# Contents

## Message from Management

In the 2017´s first quarter, PDG filed for Court-supervised Reorganization, an important step towards the Company´s restructuring plan. The main objectives of the Court-supervised Reorganization are: (i) continue advancing – in an organized way and with predefined terms and procedures - with the coordination of all parties involved in the Restructuring Process; (ii) enable the maintenance of the operational normalcy of the Company's activities; in addition to (iii) preserve the Company's value and cash flow.

Another important step involving the Company's Court-supervised Reorganization was the approval of the Court-supervised Reorganization filing by the judge on 03/02/2017. Among the main measures set forth are:

(i) the appointment of PricewaterhouseCoopers Assessoria Empresarial Ltda. as the Judicial Administrator;

(ii) the suspension of the lawsuits and executions currently pending against PDG, for 180 days;

(iii) the issuance of a notice, pursuant to paragraph 1 of article 52 of the Brazilian Fiscal Responsibility Act (LRF), within 30 days for interested parties to present proof of claim and/or an objection to the claim within the Court-supervised Reorganization Process;

(iv) the presentation of the PDG Group court-supervised reorganization within 60 working days.

The filing and approval of the Court-supervised Reorganization request represent essential steps towards the Company's Restructuring Process. In this regard, PDG alongside with its advisors, have been focusing on the elaboration of the Restructuring Plan, fundamental to the Company´s operational and financial health and continuity. The Plan shall be presented by the beginning of June.

**Operating Performance**

Besides the elaboration of the Court-supervised Reorganization Plan, the management has been directing efforts to the reduction of SG&A, the preservation of the Company´s cash flow by the dismantle or sale of SPEs and in the continuous reduction of financial leverage.

This quarter's gross sales continued to be affected by the sector´s weak demand and sluggish economic situation. Another factor that directly affected our sales was that we had to restructure our sales processes after filing for court-supervised reorganization, which required an implementation and adaptation period, thus reducing sales. This situation will not apply in the second quarter.

Given the abovementioned factors, gross sales totaled R$81 million in 1Q17, which was 80% down on 1Q16 and 76% down on 4Q16.

Our 1Q17 cancellations amounted to R$141 million, which was 54% less than in 1Q16, and 18% below 4Q16. In the course of the year, we shall prioritize the cancel of units that show good liquidity and are free of encumbrance, thus generating immediate cash flow on resale.

Due to the low gross volume sales number posted in 1Q17, net sales in the period were negative R$60 million.

Despite tight restrictions affecting cash flow and credit for production, the Company continues its efforts to deliver projects in progress and reduce impacts for its customers as much as possible. This quarter, we delivered 3 projects totaling 661 units and approximately R$170 million in PSV. Therefore we started 2Q17 with only 21 projects underway.

In this quarter we sold the Dom Condominium and Dom Offices developments, thus reducing costs to be incurred by R$127 million and slicing R$52.7 million off the amount owed as construction financing debt (SFH).

A total of 783 units were transferred in the quarter, corresponding to R$133 million PSV.

General and administrative expenses were 16% down year-on-year, in line with our objective of resizing our operational structure. Our 1Q17 headcount was 54% less than 1Q16's and we ended the quarter with 603 employees.

Our 1Q17 selling expenses were 68% lower than 1Q16's, mainly because no new developments were rolled out and there were no sales campaigns in the quarter.

We have continued to reduce our developments' execution risk. Since end-2012, our total costs to be incurred has been reduced by 90% from its former level of R$7.1 billion. From 1Q16 through 1Q17, our costs to be incurred showed a small fall of 5% due to the lower pace of building work as a result of cash flow constraints currently affecting the company.

Our balance of production financing (credit provided by the federal housing finance program, local acronym SFH) is steadily falling as developments are delivered and transferred, partnerships are wound up and some developments are sold. In 1Q17, we were able to reduce total outstanding SFH debt balance by R$120 million (12%), and by R$538 million (39%) over the last 12 months.

Taking into account our extended leverage (net debt plus costs to be incurred), we have been able to reduce our liabilities by R$159 million from 4Q16 to 1Q17 and R$386 million over the last 12 months.

We will continue to prioritize all measures required to accelerate incoming cash flow, monetize assets, cut costs and adjust liabilities.

We intend to be disclosing our Reorganization Plan to the market shortly, as a crucial means of righting PDG's economic and financial situation. We shall negotiate a comprehensive and efficacious solution with our creditors and stakeholders in order to preserve the Company's commercial and operational activities while fulfilling our responsibilities to our customers, creditors and shareholders.

Management

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# Report on Quarterly Information Review – ITR, issued with Disclaimer of conclusion

To the
Shareholders, Counselors and Management of
**PDG Realty S.A. Empreendimentos e Participações** – under court - supervised reorganization
São Paulo - SP

## Introduction

We were engaged to review the interim individual and consolidated financial information of PDG Realty S.A. Empreendimentos e Participações – under court - supervised reorganization ("Company") contained in the Quarterly Information – ITR Form for the quarter ended March 31, 2017, which comprise the balance sheet as of March 31, 2017 and the related statements of operations, comprehensive loss, changes in equity and cash flows for the three-month period then ended, including the accompanying notes.

Management is responsible for the preparation of the individual and consolidated interim accounting information in accordance with Technical Pronouncement CPC 21 (R1) – *Demonstração Intermediária* according with the International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, which considers Guidance OCPC 04 on the application of the ICPC 02 – *Interpretação Técnica para Contrato de Construção do Setor Imobiliário*, issued by the Brazilian Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities Commission ("CVM") and Federal Accounting Council ("CFC"), as well as for the presentation of the referred information in compliance with the standards issued by CVM, applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion about those interim accounting information based on our review. As a consequence of the matter described on paragraph "Basis for disclaimer of conclusion", we have not been able to obtain appropriate and sufficient evidence to provide a basis for a conclusion.

## Scope of the review

A review of interim information consists of the making questions, mainly to the persons who are in charge of the financial and accounting matters and the performance of analytical procedures and also other review procedures. The scope of a review is significantly lower than the one of an audit conducted according with the audit standards and, consequently, we were not able to obtain safety that we were aware of other significant matters that could be identified in an audit. Therefore, we did not express an audit opinion. . As a consequence of the matter described on paragraph "Basis for disclaimer of conclusion", we have not been able to conduct or review according with the Brazilian and International interim information review standards (NBC TR 2410 – *Revisão de Informações Intermediárias* and ISRE 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, respectively).Therefore, we do not express a conclusion on the accompanying interim financial information.

**Basis for disclaimer of conclusion**

1. As described in the accompanying Notes 1.b and 1.c, on February 22, 2017, the Company and certain affiliated entities filed, at the São Paulo State Court of Justice, the request for under court supervised Reorganization. As per the terms of Law 11.101/2005, the Company and its affiliated entities must present the judicial recovery plan within the term of 60 business days, non-extendable, as from the date of the publication of the decision, disclosed on March 2, 2017, including the description of the recovery means to be employed and demonstrating its economic feasibilities and the assessments of their properties and assets. On March 27, 2017, by means of the Extraordinary General Meeting, the Company's shareholders approved of the Company's judicial recovery request as well as of the entities that belong to its economic group. Taking its current equity and financial status into consideration and that the Company and its affiliated entities are going through the judicial recovery plan preparation phase, the operational continuity will depend on the approval of the referred plan at the Creditors' General Meeting and, consequently, on its materialization.

2. It should be mentioned, that in the quarter ended March 31, 2017, the Company and its affiliated entities, incurred into loss for the period, individual and consolidated, of R$275,720 thousand and R$271,769 thousand, respectively, in addition to presenting individual and consolidated negative net current capital of R$4,153,885 thousand and R$3,961,813 mil, respectively and individual and consolidated negative net equity of R$3,647,909 thousand and R$3,669,601 thousand, respectively. This situation indicates the existence of relevant uncertainties which raises significant doubt relative to the capacity of the business normal continuity of the Company and its affiliated entities and doubt relative to the base for the preparation of the individual and consolidated interim accounting information. On March 31, 2017, the Company's individual and consolidated assets and liabilities were classified and assessed on the assumption of the business normal continuity.

3. Due to the fact that the Company depends on the success in the implementation of the judicial recovery plan, as referred to above in paragraph 1 and, this is still under preparation, we were not able to conclude if the Company's interim, individual and consolidated accounting information should be prepared based on the assumption of operational continuity or if they should be prepared on a liquidation basis. The base for preparation of the interim, individual and consolidated accounting information, the realization of assets, as well as the recording of additional provisions or sufficiency of the recorded provisions, the future launch of new ventures, the payment to Suppliers, Loans and Financing, Debentures, Debentures, Liabilities for issuance of CCB/CCI, Other liabilities, among liabilities and provisions are dependent on the conclusion and success of the judicial recovery plan and are essential factors to define the Company's operational continuity.

4. The significant uncertainties and the matters commented in paragraphs 1) to 3) above, do not enable us to conclude how and when and with which amounts, the assets will be realized and the liabilities will be paid. Future significant events which we cannot estimate its outcome, will generate significant impact to the Company's operations. Those impacts may significantly affect the form and the values with which those assets will be realized and liabilities paid. Neither are we able to conclude how the assets will be realized and the liabilities will be paid, if by means of the Company's operations or by means of the sale of a portion or the whole of the assets.

5. Additionally, the individual and consolidated loss calculated in the quarter ended March 31, 2017, is, overvalued in R$62,949 thousand and R$69,342 thousand, respectively, due to the fact that the Company, untimely, recognized in the quarterly income ended on that date, the effects of regularization of the adjustments originated in the previous period in the following entries of the Balance Sheet: Accounts Receivable from Clients, Provision for doubtful credits (PCLD) and Sales cancellations, Suppliers, Deferred tax liabilities and Loans and Financing. The untimely recognition of those adjustments was fully recognized in the quarterly income ended March 31, 2017, regularizing the equity accounts, including Company's net equity as compared to the one previously stated on March 31, 2016. Thus, the qualification is only limited to the effects recognized in the income statement of the period of 3 months ended on March 31, 2017.

**Disclaimer of conclusion over the interim financial information**

Because of significance of the matters described in section "Basis for disclaimer of conclusion", we have not been able to obtain appropriate and sufficient audit evidence which would enable us to conclude if we were made aware of any fact that would lead us to believe that those individual interim accounting information, included in the quarterly information referred above were not prepared, in all the relevant aspects, according with the CPC 21 (R1), and the consolidated ones, according with the CPC21 (R1) and IAS 34, which considers Guidance OCPC 04 on the application of the technical Interpretation ICPC 02 to the Real Estate Venture Entities in Brazil, issued by CPC and approved by CVM and CFC, applicable to the preparation of the Quarterly Information – ITR, as well as the preparation in compliance with the standards issued by CVM. Therefore, we do not express a conclusion on the accompanying interim financial information.

**Emphasis**

As described in accompanying Note 2, interim, individual and consolidated financial information have been prepared according with the CPC 21 (R1), and the consolidated interim financial information have been prepared according with IAS 34, they additionally consider the Guidance OCPC 04 issued by the Accounting Pronouncements Committee. This guidance addresses the revenue recognition of this sector and involves matters related to the meaning and application of the risk continuous transfer concept, benefits and control in the sale of real estate units, as described in more details in the Accompanying Note 2. Our conclusion is not qualified due to this matter.

**Other matters**

**Added Value Statements**

We also reviewed the Individual and consolidated value-added statements for the three-months period ended on March 31, 2017, prepared under the Company's Management responsibility, whose presentation in the interim information is required according with the standards issued by CVM – Securities and Exchange Commission, applicable to the preparation of Quarterly Information (ITR) and considered supplementary information by the IFRS, which do not require the presentation of statement of added value. These statements were subjected to the review procedures as previously described and, based on our review, due to the relevance of the matter described on paragraph "Basis for disclaimer of conclusion", we have not been able to obtain appropriate and sufficient evidence to provide a basis for a conclusion about these statements in relation to the interim, individual and consolidated accounting information, taken jointly. Consequently, we do not express a conclusion on the Added value Statements

**Examined financial statements of previous period and interim accounting information of previous periods reviewed by another independent auditor**

The individual and consolidated balance sheet assessment, as of December 31, 2016 and the review of the interim, individual and consolidated accounting information, relative to the quarter ended March 31, 2016 presented for the purposes of comparison have been conducted under the responsibility of another independent auditor, who did not express a conclusion due to the same matter described in section "Basis for a disclaimer of conclusion" and they issued a review report with no amendments, and with emphases on the Company's operational continuity and on the same matter described in section "Emphasis", on March 29, 2017 and May 11, 2016, respectively.

São Paulo, May 12, 2017

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Marcos Alexandre S. Pupo
Accountant CRC-1SP221749/O-0

Marcos Kenji de Pimentel Ohata
Accountant CRC-1SP209240/O-7

# PDG Realty S.A Empreendimentos e Participações - Under Court-Supervised Reorganization

## Composition of capital stock

| Number of shares (thousand) | Current quarter 03/31/2017 |
|---|---|
| Common shares from paid-in capital | 49,192 |
| Preferred – Of the Paid-up Capital | - |
| Total from paid-in capital | 49,192 |
| Common shares – in treasury | - |
| Preferred shares – in treasury | - |
| Total – in treasury | - |

**Balance Sheet - Parent Company**
(in thousands of reais)

| Code of account | Account description | Current Quarter 03/31/2017 | Prior year 12/31/2016 |
|---|---|---|---|
| 1 | Total Asset | 2,215,280 | 2,278,195 |
| 1.01 | Current Asset | 99,951 | 80,943 |
| 1.01.01 | Cash and Cash Equivalents | 9,303 | 5,931 |
| 1.01.01.01 | Cash and Banks | 77 | 329 |
| 1.01.01.02 | Financial Investments | 9,226 | 5,602 |
| 1.01.03 | Accounts Receivable | 21,141 | 17,775 |
| 1.01.03.01 | Clients | 21,141 | 17,775 |
| 1.01.04 | Inventories | 35,913 | 36,543 |
| 1.01.04.01 | Property Inventories Held for Sale | 35,913 | 36,543 |
| 1.01.06 | Tax recoverable | 12,321 | 11,334 |
| 1.01.06.01 | Current Tax Recoverable | 12,321 | 11,334 |
| 1.01.08 | Other Current Assets | 21,273 | 9,360 |
| 1.01.08.03 | Other | 21,273 | 9,360 |
| 1.01.08.03.06 | Loan Agreement | 2,855 | 2,723 |
| 1.01.08.03.07 | Other Assets | 18,418 | 6,637 |
| 1.02 | Non-Current Asset | 2,115,329 | 2,197,252 |
| 1.02.01 | Long-Term Realizable Asset | 11,569 | 23,167 |
| 1.02.01.03 | Accounts Receivable | 7,918 | 6,986 |
| 1.02.01.03.01 | Clients | 7,918 | 6,986 |
| 1.02.01.04 | Inventories | 3,651 | 3,651 |
| 1.02.01.04.01 | Property Inventories Held for Sale | 3,651 | 3,651 |
| 1.02.01.09 | Other Non-Current Assets | - | 12,530 |
| 1.02.01.09.03 | Current Accounts with Partners in Ventures | - | 12,530 |
| 1.02.02 | Investments | 2,072,078 | 2,140,807 |
| 1.02.02.01 | Corporate Interest | 2,072,078 | 2,140,807 |
| 1.02.02.01.01 | Interest in Associated Entities | 6,878 | 6,835 |
| 1.02.02.01.02 | Interest in Subsidiaries | 2,000,169 | 2,068,870 |
| 1.02.02.01.04 | Other Corporate Interest | 65,031 | 65,102 |
| 1.02.03 | Fixed Asset | 1,941 | 1,818 |
| 1.02.03.01 | Fixed Asset under Operation | 1,941 | 1,818 |
| 1.02.04 | Intangible | 29,741 | 31,460 |
| 1.02.04.01 | Intangible | 29,741 | 31,460 |

**Balance Sheet - Parent Company**
(in thousands of reais)

| Code of account | Account description | Current Quarter 03/31/2017 | Prior year 12/31/2016 |
|---|---|---|---|
| 2 | Total Liability | 2,215,280 | 2,278,195 |
| 2.01 | Current Liability | 4,253,836 | 3,207,235 |
| 2.01.01 | Social and Labor Liabilities | 1,272 | 861 |
| 2.01.01.02 | Labor Liabilities | 1,272 | 861 |
| 2.01.02 | Suppliers | 24,278 | 22,952 |
| 2.01.02.01 | National Suppliers | 24,278 | 22,952 |
| 2.01.03 | Tax Liabilities | 4,994 | 1,301 |
| 2.01.03.01 | Federal Tax Liabilities | 4,994 | 1,301 |
| 2.01.03.01.02 | Deferred Tax Liabilities | 1,069 | 543 |
| 2.01.03.01.05 | Tax Installment | 3,519 | 284 |
| 2.01.03.01.06 | Other current liabilities | 406 | 474 |
| 2.01.04 | Loans and Financing | 2,120,429 | 1,591,755 |
| 2.01.04.01 | Loans and Financing | 437,568 | 45,398 |
| 2.01.04.01.01 | In National Currency | 437,568 | 45,398 |
| 2.01.04.02 | Debentures | 1,682,861 | 1,546,357 |
| 2.01.05 | Other Liabilities | 2,087,058 | 1,557,532 |
| 2.01.05.02 | Other | 2,087,058 | 1,557,532 |
| 2.01.05.02.04 | Property Acquisition Liabilities | 5,391 | 4,517 |
| 2.01.05.02.05 | Advance from Clients | 34 | 34 |
| 2.01.05.02.09 | Other Liabilities | 17,680 | 10,606 |
| 2.01.05.02.10 | CCB/CCI Issue Liability | 2,063,953 | 1,542,375 |
| 2.01.06 | Provisions | 15,805 | 32,834 |
| 2.01.06.01 | Tax, Social Security, Labor and Civil Provisions | 15,705 | 32,736 |
| 2.01.06.01.05 | Provision for Contingencies | 15,705 | 32,736 |
| 2.01.06.02 | Other provisions | 100 | 98 |
| 2.01.06.02.01 | Provisions for Guarantees | 100 | 98 |
| 2.02 | Non-Current Liability | 1,609,353 | 2,443,161 |
| 2.02.01 | Loans and Financing | - | 420,010 |
| 2.02.01.01 | Loans and Financing | - | 385,401 |
| 2.02.01.01.01 | In National Currency | - | 385,401 |
| 2.02.01.02 | Debentures | - | 34,609 |
| 2.02.02 | Other Liabilities | 1,575,230 | 1,980,217 |
| 2.02.02.02 | Other | 1,575,230 | 1,980,217 |
| 2.02.02.02.08 | Current Accounts with Partners in Ventures | 137,901 | 116,549 |
| 2.02.02.02.09 | CCB/CCI Issue Liabilities | - | 499,595 |
| 2.02.02.02.10 | Tax Installment | 3,225 | - |
| 2.02.02.02.15 | Other Liabilities | 1,434,104 | 1,364,073 |
| 2.02.04 | Provisions | 34,123 | 42,934 |
| 2.02.04.01 | Tax, Social Security, Labor and Civil Provisions | 33,597 | 42,487 |
| 2.02.04.01.09 | Provision for Contingencies | 33,597 | 42,487 |
| 2.02.04.02 | Other provisions | 526 | 447 |
| 2.02.04.02.01 | Provisions for Guarantees | 526 | 447 |
| 2.03 | Net Equity | (3,647,909) | (3,372,201) |
| 2.03.01 | Realized Share Capital | 4,917,843 | 4,917,843 |
| 2.03.02 | Capital Reserves | 1,236,718 | 1,236,706 |
| 2.03.02.01 | Goodwill in Issue of Shares | 1,206,746 | 1,206,746 |
| 2.03.02.04 | Options Granted | 29,972 | 29,960 |
| 2.03.05 | Accrued Profits/ Losses | (9,802,470) | (9,526,750) |

**Income Statement - Parent Company**
(in thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 3.01 | Revenues from Sale of Goods and/or Services | 209 | 494 |
| 3.02 | Cost of Goods and/or Services Sold | (4,040) | (874) |
| 3.03 | Gross Income | (3,831) | (380) |
| 3.04 | Operating Expenses/ Income | (170,375) | (241,276) |
| 3.04.01 | Expenses with Sales | (74) | (690) |
| 3.04.02 | General and Administrative Expenses | (22,377) | (14,138) |
| 3.04.04 | Other Operating Revenues | - | 802 |
| 3.04.04.02 | Other | - | 802 |
| 3.04.05 | Other Operating Expenses | (9,230) | (11,783) |
| 3.04.05.01 | Tax Expenses | (17,366) | (174) |
| 3.04.05.02 | Depreciations/Amortizations | (2,191) | (4,110) |
| 3.04.05.04 | Losses in Equity Interest | - | (3,846) |
| 3.04.05.05 | Other | 10,327 | (3,653) |
| 3.04.06 | Equity Income | (138,694) | (215,467) |
| 3.05 | Income Before Financial and Tax Income | (174,206) | (241,656) |
| 3.06 | Financial Income | (125,193) | (168,569) |
| 3.06.01 | Financial Revenues | 880 | 3,771 |
| 3.06.02 | Financial Expenses | (126,073) | (172,340) |
| 3.07 | Income Before Taxes on Profit | (299,399) | (410,225) |
| 3.08 | Income Tax and Social Contribution on Profit | 23,679 | (252) |
| 3.08.01 | Current | 23,889 | (252) |
| 3.08.02 | Deferred | (210) | - |
| 3.09 | Net Income from Continuing Operations | (275,720) | (410,477) |
| 3.11 | Profit/Loss for the Period | (275,720) | (410,477) |
| 3.99.01 | Basic earnings per Share | - | - |
| 3.99.01.01 | ON | (5.60498) | (8.34422) |
| 3.99.02 | Diluted earnings per Share | - | - |
| 3.99.02.01 | ON | (5.60498) | (8.34422) |

**Statements of Comprehensive income / (loss) for the years - Parent Company**
(in thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 4.01 | Net profit for the period | (275,720) | (410,477) |
| 4.02 | Other Comprehensive Income | - | - |
| 4.03 | Comprehensive Income for the Period | (275,720) | (410,477) |

**Statements of cash flows - Indirect method - Parent Company**
(In thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | (14,162) | 41,200 |
| 6.01.01 | Cash flow from Operations | (62,907) | (22,040) |
| 6.01.01.01 | Profit (Loss) Before Income Tax and Social Contribution | (299,399) | (410,225) |
| 6.01.01.02 | Depreciation and Amortization | 2,191 | 4,110 |
| 6.01.01.03 | Capital Gains/Losses in Affiliates | - | 3,846 |
| 6.01.01.05 | Financial Expenses Interest Payable and Monetary Variation | 120,403 | 163,298 |
| 6.01.01.07 | Expense Appropriation with Stand | - | 11 |
| 6.01.01.08 | Expenses with Stock Option | 12 | 375 |
| 6.01.01.09 | Capital Gain Goodwill Amortization | - | 207 |
| 6.01.01.11 | Equity | 138,694 | 215,467 |
| 6.01.01.13 | Provision for Guarantee and Contingencies | (25,756) | 866 |
| 6.01.01.14 | Other | 836 | - |
| 6.01.01.15 | Provision for equity in income | 960 | - |
| 6.01.01.16 | Estimated Losses on doubtful credits | (848) | 5 |
| 6.01.02 | Variations in Assets and liabilities | 56,820 | 140,755 |
| 6.01.02.01 | Assignment Operation of Credit Rights | - | 1,444 |
| 6.01.02.02 | Loan Agreement Receivable | (132) | (1,220) |
| 6.01.02.03 | Accounts Receivable | (3,450) | 36,282 |
| 6.01.02.05 | Tax Recoverable | (987) | - |
| 6.01.02.06 | Property Inventory Held for Sale | 511 | 660 |
| 6.01.02.08 | Current Account with Partners in Ventures | 33,882 | - |
| 6.01.02.11 | Advance from Clients | - | (41) |
| 6.01.02.14 | Tax and Labor Liabilities | 31,426 | 3,135 |
| 6.01.02.15 | Suppliers | 1,326 | 280 |
| 6.01.02.18 | Other Transactions | (5,756) | 100,215 |
| 6.01.03 | Other | (8,075) | (77,515) |
| 6.01.03.01 | Income tax and social contribution | (418) | (80) |
| 6.01.03.02 | Interest paid on loans | (7,657) | (77,435) |
| 6.02 | Net Cash from Investment Activities | (367) | 105,682 |
| 6.02.01 | Interest Increase (decrease) in Associated and Subsidiaries | - | 2,568 |
| 6.02.03 | Intangible | (140) | (1,970) |
| 6.02.04 | Advance for Future Capital Increase | - | 105,284 |
| 6.02.08 | Asset Acquisition | (227) | (200) |
| 6.03 | Net Cash from Financial Activities | 17,901 | (150,472) |
| 6.03.01 | Loan Raising | 48,000 | 30,000 |
| 6.03.02 | Loan Amortizations | (30,099) | (180,472) |
| 6.05 | Cash and Cash Equivalents Increase (Decrease) | 3,372 | (3,590) |
| 6.05.01 | Cash and Cash Equivalent Initial Balance | 5,931 | 17,488 |
| 6.05.02 | Cash and Cash Equivalent Balance | 9,303 | 13,898 |

**Statements of changes in shareholders' equity - Parent Company - 01/01/2017 - 03/31/2017**

(In thousands of reais)

| Account Code | Account Description | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit Reserves | Retained earnings (loss) | Other Comprehensive Income | Shareholders'equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 4,917,843 | 1,236,706 | - | (9,526,750) | - | (3,372,201) |
| 5.03 | Adjusted opening balances | 4,917,843 | 1,236,706 | - | (9,526,750) | - | (3,372,201) |
| 5.04 | Capital Transactions with Shareholders | - | 12 | - | - | - | 12 |
| 5.04.03 | Recognized Granted Options | - | 12 | - | - | - | 12 |
| 5.05 | Total Comprehensive Income | - | - | - | (275,720) | - | (275,720) |
| 5.05.01 | Net profit for the period | - | - | - | (275,720) | - | (275,720) |
| 5.07 | Closing Balances | 4,917,843 | 1,236,718 | - | (9,802,470) | - | (3,647,909) |

**Statements of changes in shareholders' equity - Parent Company - 01/01/2016 - 03/31/2016**
(In thousands of reais)

| Account Code | Account Description | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit Reserves | Retained earnings (loss) | Other Comprehensive Income | Shareholders'equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 4,917,843 | 1,235,345 | - | (4,218,933) | - | 1,934,255 |
| 5.03 | Adjusted opening balances | 4,917,843 | 1,235,345 | - | (4,218,933) | - | 1,934,255 |
| 5.04 | Capital Transactions with Shareholders | - | 375 | - | - | - | 375 |
| 5.04.03 | Recognized Granted Options | - | 375 | - | - | - | 375 |
| 5.05 | Total Comprehensive Income | - | - | - | (410,477) | - | (410,477) |
| 5.05.01 | Net profit for the period | - | - | - | (410,477) | - | (410,477) |
| 5.07 | Closing Balances | 4,917,843 | 1,235,720 | - | (4,629,410) | - | 1,524,153 |

**Statements of added value - Parent Company**
(In thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 7.01 | Revenues | 703 | 1,147 |
| 7.01.01 | Sales of Goods, Products and Services | 703 | (1,164) |
| 7.01.02 | Other Revenues | - | 2,311 |
| 7.02 | Inputs Acquired from Third Parties | (12,581) | (13,544) |
| 7.02.01 | Costs Products, Goods and Services Sols | (4,040) | (874) |
| 7.02.02 | Materials, Power, Third-Party Services and Other | (18,868) | (5,973) |
| 7.02.03 | Asset Value Loss/Recovery | - | (3,846) |
| 7.02.04 | Other | 10,327 | (2,851) |
| 7.03 | Gross Added Value | (11,878) | (12,397) |
| 7.04 | Retentions | (2,191) | (4,110) |
| 7.04.01 | Depreciation, Amortization and Exhaustion | (2,191) | (4,110) |
| 7.05 | Net Added Value Produced | (14,069) | (16,507) |
| 7.06 | Added Value Received in Transfer | (137,814) | (211,696) |
| 7.06.01 | Equity Income | (138,694) | (215,467) |
| 7.06.02 | Financial Revenues | 880 | 3,771 |
| 7.07 | Total Added Value to Distribute | (151,883) | (228,203) |
| 7.08 | Distribution of Added Value | (151,883) | (228,203) |
| 7.08.01 | Personnel | 3,112 | 7,061 |
| 7.08.01.01 | Direct Remuneration | 2,951 | 6,444 |
| 7.08.01.02 | Benefits | 54 | 122 |
| 7.08.01.03 | F.G.T.S. – Government Severance Indemnity Fund for Employees | 107 | 495 |
| 7.08.02 | Taxes, Rates and Contributions | (5,350) | 2,805 |
| 7.08.02.01 | Federal | (5,350) | 2,777 |
| 7.08.02.03 | Municipal | - | 28 |
| 7.08.03 | Remuneration on third-party capital | 126,075 | 172,408 |
| 7.08.03.01 | Interest | 124,718 | 169,895 |
| 7.08.03.02 | Rent | 2 | 68 |
| 7.08.03.03 | Other | 1,355 | 2,445 |
| 7.08.04 | Remuneration on Own Capital | (275,720) | (410,477) |
| 7.08.04.03 | Retained Profit/ Loss for the Period | (275,720) | (410,477) |

**Balance Sheet - Consolidated**
(in thousands of reais)

| Code of account | Account description | Current Quarter 03/31/2017 | Prior year 12/31/2016 |
|---|---|---|---|
| 1 | Total Asset | 4,447,592 | 4,651,014 |
| 1.01 | Current Asset | 2,743,719 | 2,704,206 |
| 1.01.01 | Cash and Cash Equivalents | 173,303 | 200,973 |
| 1.01.01.01 | Cash and Banks | 40,482 | 49,482 |
| 1.01.01.02 | Financial Investments | 132,821 | 151,491 |
| 1.01.02 | Financial Investments | 43,760 | - |
| 1.01.02.01 | Financial Investments Assessed at Fair Value | 43,760 | - |
| 1.01.02.01.01 | Securities for Transaction | 43,760 | - |
| 1.01.03 | Accounts Receivable | 1,215,128 | 1,249,963 |
| 1.01.03.01 | Clients | 1,215,128 | 1,249,963 |
| 1.01.04 | Inventories | 1,217,988 | 1,166,612 |
| 1.01.04.01 | Property Inventory Held for Sale | 1,217,988 | 1,166,612 |
| 1.01.06 | Tax recoverable | 43,722 | 44,117 |
| 1.01.06.01 | Current Tax Recoverable | 43,722 | 44,117 |
| 1.01.07 | Prepaid Expenses | 10,812 | 7,763 |
| 1.01.07.01 | Unearned Expenses | 10,812 | 7,763 |
| 1.01.08 | Other Current Assets | 39,006 | 34,778 |
| 1.01.08.03 | Other | 39,006 | 34,778 |
| 1.01.08.03.06 | Loan Agreement | 25,061 | 24,564 |
| 1.01.08.03.08 | Deferred Taxes | 13,945 | 10,214 |
| 1.02 | Non-Current Asset | 1,703,873 | 1,946,808 |
| 1.02.01 | Long-Term Realizable Asset | 1,525,880 | 1,762,472 |
| 1.02.01.03 | Accounts Receivable | 501,740 | 772,702 |
| 1.02.01.03.01 | Clients | 501,740 | 772,702 |
| 1.02.01.04 | Inventories | 702,795 | 706,102 |
| 1.02.01.04.01 | Property Inventories Held for Sale | 702,795 | 706,102 |
| 1.02.01.09 | Other Non-Current Assets | 321,345 | 283,668 |
| 1.02.01.09.03 | Current Accounts with Partners in Ventures | 77,216 | 60,165 |
| 1.02.01.09.10 | Other Credits | 244,129 | 223,503 |
| 1.02.02 | Investments | 48,872 | 49,012 |
| 1.02.02.01 | Corporate Interest | 48,872 | 49,012 |
| 1.02.02.01.01 | Interest in Associates | 48,872 | 49,012 |
| 1.02.03 | Fixed Asset | 26,104 | 27,640 |
| 1.02.03.01 | Fixed Asset under Operation | 26,104 | 27,640 |
| 1.02.04 | Intangible | 103,017 | 107,684 |
| 1.02.04.01 | Intangible | 103,017 | 107,684 |

**Balance Sheet - Consolidated**
(in thousands of reais)

| Code of account | Account description | Current Quarter 03/31/2017 | Prior year 12/31/2016 |
|---|---|---|---|
| 2 | Total Liability | 4,447,592 | 4,651,014 |
| 2.01 | Current Liability | 6,705,532 | 5,807,432 |
| 2.01.01 | Social and Labor Liabilities | 44,960 | 44,798 |
| 2.01.01.02 | Labor Liabilities | 44,960 | 44,798 |
| 2.01.02 | Suppliers | 294,726 | 251,319 |
| 2.01.02.01 | National Suppliers | 294,726 | 251,319 |
| 2.01.03 | Tax Liabilities | 289,140 | 283,804 |
| 2.01.03.01 | Federal Tax Liabilities | 289,140 | 283,804 |
| 2.01.03.01.01 | Income Tax and Social Contribution Payable | 100,562 | 97,562 |
| 2.01.03.01.02 | Deferred Tax Liabilities | 39,452 | 45,483 |
| 2.01.03.01.05 | Tax Installment | 6,353 | 4,198 |
| 2.01.03.01.06 | Other current liabilities | 142,773 | 136,561 |
| 2.01.04 | Loans and Financing | 2,971,630 | 2,559,948 |
| 2.01.04.01 | Loans and Financing | 1,288,769 | 1,013,591 |
| 2.01.04.01.01 | In National Currency | 1,288,769 | 1,013,591 |
| 2.01.04.02 | Debentures | 1,682,861 | 1,546,357 |
| 2.01.05 | Other Liabilities | 2,715,598 | 2,278,978 |
| 2.01.05.02 | Other | 2,715,598 | 2,278,978 |
| 2.01.05.02.04 | Property Acquisition Liabilities | 68,852 | 85,825 |
| 2.01.05.02.05 | Advance from Clients | 145,192 | 188,928 |
| 2.01.05.02.06 | Current Account with Partners in Ventures | 5,747 | 5,798 |
| 2.01.05.02.07 | Co-liability in Assignment of Receivables | 21,927 | 24,411 |
| 2.01.05.02.09 | Other Liabilities | 154,630 | 162,472 |
| 2.01.05.02.10 | CCB/CCI Issue Liability | 2,314,405 | 1,811,544 |
| 2.01.05.02.11 | Loan Agreement | 4,845 | - |
| 2.01.06 | Provisions | 389,478 | 388,585 |
| 2.01.06.01 | Tax, Social Security, Labor and Civil Provisions | 338,256 | 336,757 |
| 2.01.06.01.05 | Provision for Contingencies | 338,256 | 336,757 |
| 2.01.06.02 | Other provisions | 51,222 | 51,828 |
| 2.01.06.02.01 | Provisions for Guarantees | 51,222 | 51,828 |
| 2.02 | Non-Current Liability | 1,411,661 | 2,258,084 |
| 2.02.01 | Loans and Financing | - | 422,180 |
| 2.02.01.01 | Loans and Financing | - | 387,571 |
| 2.02.01.01.01 | In National Currency | - | 387,571 |
| 2.02.01.02 | Debentures | - | 34,609 |

**Balance Sheet - Consolidated**
(in thousands of reais)

| Code of account | Account description | Current Quarter 03/31/2017 | Prior year 12/31/2016 |
|---|---|---|---|
| 2.02.02 | Other Liabilities | 688,992 | 1,115,481 |
| 2.02.02.02 | Other | 688,992 | 1,115,481 |
| 2.02.02.02.03 | Advance from Clients | 90,554 | 72,368 |
| 2.02.02.02.04 | Property Acquisition Liabilities | 59,557 | 34,701 |
| 2.02.02.02.05 | Deferred Tax Liabilities | 70,940 | 44,919 |
| 2.02.02.02.08 | Current Accounts with Partners in Ventures | 143,257 | 131,615 |
| 2.02.02.02.09 | CCB/CCI Issue Liabilities | - | 501,040 |
| 2.02.02.02.10 | Tax Installment | 27,368 | 24,667 |
| 2.02.02.02.14 | Guarantee Losses | 48,716 | 50,890 |
| 2.02.02.02.15 | Other Liabilities | 248,600 | 255,281 |
| 2.02.04 | Provisions | 722,669 | 720,423 |
| 2.02.04.01 | Tax, Social Security, Labor and Civil Provisions | 722,669 | 720,423 |
| 2.02.04.01.09 | Provision for Contingencies | 722,669 | 720,423 |
| 2.03 | Consolidated Net Equity | (3,669,601) | (3,414,502) |
| 2.03.01 | Realized Share Capital | 4,917,843 | 4,917,843 |
| 2.03.02 | Capital Reserves | 1,236,718 | 1,236,706 |
| 2.03.02.01 | Goodwill in Issue of Shares | 1,206,746 | 1,206,746 |
| 2.03.02.04 | Options Granted | 29,972 | 29,960 |
| 2.03.05 | Accrued Profits/ Losses | (9,802,470) | (9,526,750) |
| 2.03.09 | Non-Controlling Shareholder’s Interest | (21,692) | (42,301) |

**Income Statement - Consolidated**
(in thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 3.01 | Revenues from Sale of Goods and/or Services | 118,016 | 139,786 |
| 3.02 | Cost of Goods and/or Services Sold | (115,956) | (155,784) |
| 3.03 | Gross Income | 2,060 | (15,998) |
| 3.04 | Operating Expenses/ Income | (100,124) | (188,816) |
| 3.04.01 | Expenses with Sales | (7,918) | (24,471) |
| 3.04.02 | General and Administrative Expenses | (46,078) | (54,784) |
| 3.04.04 | Other Operating Revenues | - | 13,126 |
| 3.04.04.02 | Other | - | 13,126 |
| 3.04.05 | Other Operating Expenses | (46,148) | (122,873) |
| 3.04.05.01 | Tax Expenses | (8,497) | (1,830) |
| 3.04.05.03 | Depreciations/Amortizations | (6,646) | (21,910) |
| 3.04.05.04 | Losses in Equity Interest | (5,428) | (14,814) |
| 3.04.05.05 | Other | (25,577) | (84,319) |
| 3.04.06 | Equity Income | 20 | 186 |
| 3.05 | Income Before Financial and Tax Income | (98,064) | (204,814) |
| 3.06 | Financial Income | (175,137) | (190,476) |
| 3.06.01 | Financial Revenues | (1,695) | 41,382 |
| 3.06.02 | Financial Expenses | (173,442) | (231,858) |
| 3.07 | Income Before Taxes on Profit | (273,201) | (395,290) |
| 3.08 | Income Tax and Social Contribution on Profit | 1,432 | (15,250) |
| 3.08.01 | Current | 18,261 | (22,599) |
| 3.08.02 | Deferred | (16,829) | 7,349 |
| 3.09 | Net Income from Continuing Operations | (271,769) | (410,540) |
| 3.11 | Consolidated profit/Loss for the Period | (271,769) | (410,540) |
| 3.11.01 | Attributed to Parent Company’s Shareholders | (275,720) | (410,477) |
| 3.11.02 | Attributed to Non-Controlling Shareholders | 3,951 | (63) |
| 3.99 | Profit per Share - (Reais / Share) | - | - |
| 3.99.01.01 | ON | (5.60498) | (8.34439) |
| 3.99.02.01 | ON | (5.60498) | (8.34439) |

**Statements of Comprehensive income / (loss) for the years - Consolidated**
(in thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 4.01 | Consolidated Net Profit for the Period | (271,769) | (410,540) |
| 4.03 | Consolidated Comprehensive Income for the Period | (271,769) | (410,540) |
| 4.03.01 | Attributed to Parent Company's Shareholders | (275,720) | (410,477) |
| 4.03.02 | Attributed to Non-Controlling Shareholders | 3,951 | (63) |

**Statements of cash flows - Indirect method - Consolidated**
(In thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | 130,487 | 204,690 |
| 6.01.01 | Cash flow from Operations | (113,858) | (81,137) |
| 6.01.01.01 | Profit (Loss) Before Income Tax and Social Contribution | (273,201) | (395,290) |
| 6.01.01.02 | Depreciation and Amortization | 6,646 | 21,910 |
| 6.01.01.03 | Gains/Losses in Affiliates | (5,428) | 14,814 |
| 6.01.01.05 | Financial Expenses, Interest Payable and Monetary Variation | 147,776 | 215,716 |
| 6.01.01.07 | Expense Appropriation with Stand | 707 | 2,046 |
| 6.01.01.08 | Expenses with Stock Option | 12 | 375 |
| 6.01.01.10 | Impairment write-off on goodwill, interest and property inventory | 5,608 | - |
| 6.01.01.11 | Equity | (20) | (186) |
| 6.01.01.12 | Adjustment at Present Value | (1,155) | 9,886 |
| 6.01.01.13 | Provision for Guarantee and Contingencies | 3,794 | 42,474 |
| 6.01.01.14 | Other | (24,307) | - |
| 6.01.01.15 | Provision for equity in income | - | 5,005 |
| 6.01.01.16 | Estimated Losses on doubtful credits | 25,710 | 2,113 |
| 6.01.02 | Variations in Assets and liabilities | 272,833 | 411,155 |
| 6.01.02.02 | Loan Agreement Receivable | 4,348 | 2,112 |
| 6.01.02.03 | Accounts Receivable | 224,462 | 413,026 |
| 6.01.02.05 | Tax Recoverable | 534 | 449 |
| 6.01.02.06 | Property Inventory Held for Sale | (9,387) | 79,855 |
| 6.01.02.08 | Unearned Expenses | (4,228) | 101 |
| 6.01.02.09 | Current Account with Partners in Ventures | (5,460) | (17,282) |
| 6.01.02.13 | Advance from Clients | 9,488 | (3,892) |
| 6.01.02.14 | Property Acquisition Liabilities | 7,883 | (25,768) |
| 6.01.02.16 | Tax and Labor Liabilities | 42,555 | (681) |
| 6.01.02.17 | Suppliers | 43,407 | 2,496 |
| 6.01.02.20 | Other Transactions | (40,769) | (39,261) |
| 6.01.03 | Other | (28,488) | (125,328) |
| 6.01.03.01 | Income tax and social contribution | (10,196) | (27,335) |
| 6.01.03.02 | Interest paid | (18,292) | (97,993) |
| 6.02 | Net Cash from Investment Activities | (39,057) | 20,395 |
| 6.02.01 | Interest Increase (decrease) in Associated and Subsidiaries | 5,000 | 4,742 |
| 6.02.03 | Intangible | (140) | (1,970) |
| 6.02.06 | Financial Investments | (43,760) | - |
| 6.02.07 | Property for Investments | - | 17,649 |
| 6.02.08 | Asset Acquisitions | (157) | (285) |
| 6.02.09 | Sale of fixed assets | - | 259 |
| 6.03 | Net Cash from Financial Activities | (119,100) | (456,639) |
| 6.03.01 | Loan Raising | 55,535 | 38,994 |
| 6.03.02 | Loan Amortizations | (174,635) | (495,633) |
| 6.05 | Cash and Cash Equivalents Increase (Decrease) | (27,670) | (231,554) |
| 6.05.01 | Cash and Cash Equivalent Initial Balance | 200,973 | 604,093 |
| 6.05.02 | Cash and Cash Equivalent Balance | 173,303 | 372,539 |

**Statements of changes in shareholders' equity - Consolidated - 01/01/2017 - 03/31/2017**
(In thousands of reais)

| Account Code | Account Description | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit Reserves | Retained earnings (loss) | Other Comprehensive Income | Shareholders' equity | Interest of non-controlling shareholdres | Consolidated shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 4,917,843 | 1,236,706 | - | (9,526,750) | - | (3,372,201) | (42,301) | (3,414,502) |
| 5.03 | Adjusted opening balances | 4,917,843 | 1,236,706 | - | (9,526,750) | - | (3,372,201) | (42,301) | (3,414,502) |
| 5.04 | Capital Transactions with Shareholders | - | 12 | - | - | - | 12 | 16,658 | 16,670 |
| 5.04.03 | Recognized Granted Options | - | 12 | - | - | - | 12 | - | 12 |
| 5.04.08 | Net transaction from non-controlling shareholders | - | - | - | - | - | - | 16,658 | 16,658 |
| 5.05 | Total Comprehensive Income | - | - | - | (275,720) | - | (275,720) | 3,951 | (271,769) |
| 5.05.01 | Net profit for the period | - | - | - | (275,720) | - | (275,720) | 3,951 | (271,769) |
| 5.07 | Closing Balances | 4,917,843 | 1,236,718 | - | (9,802,470) | - | (3,647,909) | (21,692) | (3,669,601) |

**Statements of changes in shareholders' equity - Consolidated - 01/01/2016 - 03/31/2016**
(In thousands of reais)

| Account Code | Account Description | Paid-up capital | Capital reserves, Options granted and Treasury shares | Profit Reserves | Retained earnings (loss) | Other Comprehensive Income | Shareholders' equity | Interest of non-controlling shareholdres | Consolidated shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 4,917,843 | 1,235,345 | - | (4,218,933) | - | 1,934,255 | 450,310 | 2,384,565 |
| 5.03 | Adjusted opening balances | 4,917,843 | 1,235,345 | - | (4,218,933) | - | 1,934,255 | 450,310 | 2,384,565 |
| 5.04 | Capital Transactions with Shareholders | - | 375 | - | - | - | 375 | (35,482) | (35,107) |
| 5.04.03 | Recognized Granted Options | - | 375 | - | - | - | 375 | - | 375 |
| 5.04.08 | Net transaction from non-controlling shareholders | - | - | - | - | - | - | (35,482) | (35,482) |
| 5.05 | Total Comprehensive Income | - | - | - | (410,477) | - | (410,477) | (63) | (410,540) |
| 5.05.01 | Net profit for the period | - | - | - | (410,477) | - | (410,477) | (63) | (410,540) |
| 5.07 | Closing Balances | 4,917,843 | 1,235,720 | - | (4,629,410) | - | 1,524,153 | 414,765 | 1,938,918 |

**Statements of added value - Consolidated**
(In thousands of reais)

| Code of Account | Account Description | Accumulated of the Current Year 01/01/2017 - 03/31/2017 | Accumulated of the Prior Year 01/01/2017 - 03/31/2016 |
|---|---|---|---|
| 7.01 | Revenues | 123,093 | 148,529 |
| 7.01.01 | Sales of Goods, Products and Services | 120,781 | 118,476 |
| 7.01.02 | Other Revenues | 2,312 | 30,053 |
| 7.01.03 | Revenues relative to Construction of Own Assets | - | - |
| 7.01.04 | Doubtful Credits Provisions/Reversal | - | - |
| 7.02 | Inputs Acquired from Third Parties | (179,411) | (276,865) |
| 7.02.01 | Costs Products, Goods and Services Sols | (115,956) | (155,784) |
| 7.02.02 | Materials, Power, Third-Party Services and Other | (32,450) | (35,074) |
| 7.02.03 | Asset Value Loss/Recovery | (5,428) | (14,814) |
| 7.02.04 | Other | (25,577) | (71,193) |
| 7.03 | Gross Added Value | (56,318) | (128,336) |
| 7.04 | Retentions | (6,646) | (21,910) |
| 7.04.01 | Depreciation, Amortization and Exhaustion | (6,646) | (21,910) |
| 7.04.02 | Other | - | - |
| 7.05 | Net Added Value Produced | (62,964) | (150,246) |
| 7.06 | Added Value Received in Transfer | (1,675) | 41,568 |
| 7.06.01 | Equity Income | 20 | 186 |
| 7.06.02 | Financial Revenues | (1,695) | 41,382 |
| 7.06.03 | Other | - | - |
| 7.07 | Total Added Value to Distribute | (64,639) | (108,678) |
| 7.08 | Distribution of Added Value | (64,639) | (108,678) |
| 7.08.01 | Personnel | 16,882 | 29,800 |
| 7.08.01.01 | Direct Remuneration | 12,762 | 25,381 |
| 7.08.01.02 | Benefits | 1,481 | 2,468 |
| 7.08.01.03 | F.G.T.S. – Government Severance Indemnity Fund for Employees | 2,639 | 1,951 |
| 7.08.01.04 | Other | - | - |
| 7.08.02 | Taxes, Rates and Contributions | 15,254 | 36,810 |
| 7.08.02.01 | Federal | 15,285 | 29,323 |
| 7.08.02.02 | State | - | - |
| 7.08.02.03 | Municipal | (31) | 7,487 |
| 7.08.03 | Remuneration on third-party capital | 174,994 | 235,252 |
| 7.08.03.01 | Interest | 149,099 | 219,928 |
| 7.08.03.02 | Rent | 1,552 | 3,394 |
| 7.08.03.03 | Other | 24,343 | 11,930 |
| 7.08.04 | Remuneration on Own Capital | (271,769) | (410,540) |
| 7.08.04.01 | Interest on Own Capital | - | - |
| 7.08.04.02 | Dividends | - | - |
| 7.08.04.03 | Retained Profit/ Loss for the Period | (275,720) | (410,477) |
| 7.08.04.04 | Non-Controller Interest on Retained Profits | 3,951 | (63) |
| 7.08.05 | Other | - | - |

# Accompanying Notes to the Quarterly Information
***(In thousands of reais)***

## 1 Operation Context

### *a. General Information*

PDG Realty S.A. Empreendimentos e Participações – Under Court-supervised Reorganization ("Entity or PDG"), its affiliates and its ventures, jointly have as corporate object: (a) interest in other entities that perform in the real estate sector, in the capacity as a shareholder, quota holder, consortium entity, or by means of other investment modalities, such as the subscription or acquisition of debentures, subscription bonus or other securities; (b) acquisition of real estate units for income purposes; and (c) acquisition of real estate units for development of real estate ventures.

Incorporated as a Joint Stock Corporation domiciled in Brazil, the Entity's shares, under the "PDGR3" code, are transacted in B3 – Brasil, Bolsa, Balcão (current naming of BM&FBOVESPA). The Entity's headquarters is located at Avenida Dr. Cardoso de Melo, n° 1.955, 10º andar, bairro Vila Olímpia, São Paulo – SP.

Information related to the operating context has not had changes in relation to those disclosed in the Accompanying Note nr. 1 of the financial statements as at December 31, 2016, published on March 30, 2016, in the "São Paulo State Official Gazette" and "Valor Econômico" newspapers and made available on the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and pdg.com.br/ri (hereinafter referred to as "financial statements as of December 31, 2016").

### *b. Court-supervised Reorganization*

The Entity started in August, 2015, jointly with its legal and financial assistants, a debt restructuring process with the purpose of strengthening the cash flow and optimize the capital structure of the entities that belong to the Group (PDG), in order to preserve its capacity to fulfill the undertaken liabilities before creditors and clients ("Restructuring Process").

In general terms, the Restructuring Process estimated agreements for the extension of interest payments and amortization of principal, the granting of new financing intended to cover the Group's (PDG) general and administrative expenses and the commitment from the financial institutions to resume the release of already contracted lines of credit and/or analyze the possibility to contract new lines of credit to the benefit of the real estate ventures developed by the entities of the Group (PDG).

However, the agreements did not achieve the originally expected effect and the Group (PDG) continued to face difficulties in the management and continuity of its real estate ventures, such as the increasing number of dissolution of units sold, the sales decrease throughout Brazil, the interruption of construction works under process, the accumulation of condominium, IPTU debts as well as debts with suppliers of products and services, and also the big volume of legal suits filed by clients, former clients and services provider's employees.

Despite the efforts and the achieved progress, the Board of Directors pondered that it would not be possible, in the extra judicial scope, to have a sustainable solution for the financial crisis which the Group (PDG) has been going through and it concluded the filing of the Group's (PDG) Court-supervised Reorganization would be the most suitable measure in order to (i) continue to go ahead, in an organized manner and, with pre-defined terms and procedures, with the coordination of all those engaged in the

Restructuring Process; (ii) enable the maintenance of the operating normality of the Entity's activities and its affiliates'; as well as (iii) to preserve the value and protect the Entity's and its affiliates' cash.

As a consequence of this situation, on February 22, 2017 the Entity filed a request for Court-supervised Reorganization, of the 512 entities that are part of the Group (PDG), in the Commonwealth of the Capital of São Paulo, with groundings on Law nr. 11.101/2005. On March 02, 2017 the request for Court-supervised Reorganization was accepted by the Court Judge of the 1st Court de Bankruptcy and Judicial Recoveries of the Commonwealth of the Capital of São Paulo, in the case file nr. 1016422-34.2017.8.26.0100.

The granting judicial decision, among other measures, set the following:

(i) Appointment of PricewaterhouseCoopers Assessoria Empresarial Ltda. to act as the receiver in the Court-supervised Reorganization Proceeding;

(ii) Suspension of all suits and executions that are currently ongoing against the Group (PDG), for the term of 180 (one hundred and eighty) days to count from this date, as per the terms of $6^{th}$ article of the LRF;

(iii) Disclosure of a public notice, as per the terms of article 52, 1st § of LRF, with a term of 30 (thirty) business days, to count from the date of its publication, in order to present credit releases and/or divergences in the scope of the Court-supervised Reorganization Proceeding;

(iv) Presentation of the Group's (PDG) Court-supervised Reorganization plan within the term of 60 (sixty) days to count from the publication of the granting judicial decision, as per the terms of article 53 of LRF.

On March 27, 2017, at the Extraordinary General Meeting, the Entity's shareholders approved, with no qualification, the request for the Entity's Court-supervised Reorganization as well the Court-supervised Reorganization of the entities that belong to its economic Group (PDG), authorizing the Entity's administrators to take all measures and practice all acts that are necessary for the purposes of continuing and ensuring the effectiveness of the Entity's Court-supervised Reorganization.

### c. *Operational Continuity*

The Entity's continuity of operations is dependent, ultimately, upon the success of the Court-supervised Reorganization proceeding, by means of the recovery plans to be presented and the materialization of the Entity's forecasts. Those conditions and circumstances indicate the existence of uncertainties, which may generate doubts about the Entity's continuity capacity.

As per the Entity's Management's assessment, the plans will enable, during the period of negotiation before the creditors and the judiciary, the closing of agreements with most of the Group's (PDG) creditors.

Additionally, the Board of Directors believes that the Entity, by means of the renegotiation of the pre-bankruptcy liabilities of entities in receivership, according with the terms of the forms and conditions provisioned in these plans, will also provide conditions for the economic and operational recovery of the Group's (PDG) entities, enabling (i) reversing of the vicious cycle of low liquidity; e (ii) attraction of funds to the Company, by means of new partnerships for the development of projects.

# 2 Presentation of the Quarterly Information and significant accounting policies

## a. Quarterly Information and accounting policies

Individual and consolidated Quarterly Information have been prepared taking into consideration the assumption of operating continuity of the Entity and its affiliates and associates ((PDG) Group). Consequently, quarterly information have been prepared by using the accounting policies applicable to entities with operating continuity ("on a going-concern basis"), which do not consider any adjustment originated out of uncertainties on its capacity to operate on an on-going basis.

Individual and consolidated quarterly information have been prepared according with the technical pronunciation CPC21 (R1) – Interim statement and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, which considers the Guidance OCPC 04 on the enforcement of Technical Interpretation ICPC 02 to the Real Estate Development Entities in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the CVM and by the Federal Accounting Council (CFC), and in compliance with the standards issued by CVM, applicable to the preparation of Quarterly Information – ITR, identified as "Holding and Consolidated".

The Entity acknowledges that the significant accounting judgments, estimates and premises, as well as the significant accounting standards, adopted in the presentation and preparation of the Quarterly Information, are the same as those disclosed in the Accompanying Note nr. 2 of the Financial Statement as of December, 2016 and did not undergo changes and remain valid. Therefore, the Quarterly Information do not include all notes and disclosures required by the standards for the individual and consolidated annual financial statements and, consequently the respective information must be read jointly with the referred individual and consolidated annual financial statements. Based on the judgment and premises adopted by the Management, about the relevance and changes that must be disclosed in the accompanying notes, these Quarterly Information include selected accompanying notes and do not consider all the accompanying notes presented in the annual financial statements, as provisioned by the Circular Letter 03/2011, issued by CVM.

As a result of the Court-supervised Reorganization claim, the Entity reclassified to the current liability the loans and financing, bank credit notes (CCBs) and Debentures payable, that have advance maturity clauses in case of the Entity's Court-supervised Reorganization. As soon as the recovery plans and the payment flows of these debts are approved, the Entity will reassess the accounting segregation.

The functional currency of the presentation of the individual and consolidated Quarterly Information is the Real (R$). All amounts presented in the Quarterly Information are expressed in thousands of reais, except when referred to otherwise.

The issuance of the Entity's Quarterly Information has been approved by the Board of Directors and it was authorized for filing on May 12, 2017.

### b. New standards and interpretations not yet adopted

The entity decided not to adopt, in advance, any other standard, interpretation or amendment that have been issued, but which are not yet effective. The type and effectiveness of each one of the new standards and amendments are described below:

| Pronouncement | Description | Effective on |
|---|---|---|
| CPC 48 – Financial Instruments | Correlation to the international accounting standards – IFRS 9- Financial Instruments: classification, measurements, loss due to decrease to the recoverable value and hedge accounting | Annual year-ends started as from January 1st, 2018 |
| CPC4- Revenues from Contracts with Clients | Correlation to the international accounting standards – IFRS 15- on recognition of income in contract transactions with clients | Annual year-ends started as from January 1st, 2018 |
| IFRS16- Leasing | It refers to the definition and guidance on the lease agreement provisioned in IAS17 | Annual year-ends started as from January 1st, 2019 |

For the IFRS 16 the Entity's management is waiting for the edition of the corresponding normative ruling in Brazil for the analysis of the possible impacts in its financial statements.

## 3 Consolidation of Affiliates

The affiliates are fully consolidated as from the acquisition date, this date being when the Entity obtains the holding, and continue to be consolidated until the date when holding ceases to exist.

Quarterly Information of the affiliates is usually prepared for the same period of disclosure as the one of the holding, by using consistent accounting policies.

Income for the period and each component of other comprehensive incomes, directly recognized in net equity, are attributed to the owner shareholders of the Holding and to the non-controlling shareholders' interest.

### *a. Non-controlling shareholders' interest*

For each business combination, the Group (PDG) measures any non-controlling shareholders' interest on the acquisition date, by using the fair value proportional interest of the identifiable net assets of the acquired entity, which are generally by the fair value.

Changes in the Group's (PDG) interest in one subsidiary which do not result in loss of holding are accounted as transactions with shareholders in their capacity as shareholders. Adjustments to non-controlling shareholders' equity are based on a proportional value of the subsidiary's net assets.

No adjustment was made in Goodwill for future profitability (*goodwill*) and, consequently, no profit or loss is recognized in the income for the period.

### *b. Loss of share control*

By the time of loss of share control, the Group (PDG) derecognizes the subsidiary's assets and liabilities, any non-controlling shareholders' interest and other components recorded in the net equity relative to this subsidiary. Any profit or loss incurred from the loss of share control is recognized in income for the period. If the Group (PDG) holds any interest in the old subsidiary, then this interest is measured by its fair value on the date when there is loss of share control. Subsequently, this interest is accounted by means of the use of equity in associated entities or by the cost or fair value in one asset available for sale, depending on the level of influence held.

### c. *Transactions eliminated in consolidation*

IntraGroup (PDG) Balances and transactions, and any unrealized revenues or expenses derived from IntraGroup (PDG) transactions, are eliminated in the preparation of the Consolidated Quarterly Information. Unrealized gains incurred from transactions with investee entities recorded by equity are eliminated against the investment in the proportion of the Group'S (PDG) interest in the investee. Unrealized losses are eliminated the same way as the unrealized gains are eliminated, but only to the extent in which there is evidence of loss by decrease to the recoverable value.

## 4 Cash, cash equivalents and financial investment

The Entity has financial investment policies that set that the investments must be concentrated in low risk securities, investment in first class financial institutions and are remunerated, in average, at 92.1% of the CDI as of March 31, 2017 (December 31, 2016: 91.5% of the CDI).

### a. Cash and cash equivalents

They substantially refer to bank balances and financial investments of immediate liquidity, whose maturity is shorter than 90 days with no penalty at redemption, relative to bank deposit certificates and fixed income funds.

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **31/03/2017** | **12/31/2016** |
| **Cash and Banks** | **77** | **329** | **40,482** | **49,482** |
| **Financial Investments** | | | | |
| Shortest-term Financial Investments | 62 | 62 | 5,243 | 5,847 |
| Fixed income investment funds | - | - | 939 | 9,992 |
| Bank deposit certificates (CDB) | 3,805 | 205 | 36,736 | 62,823 |
| Purchase and sale commitments | 5,359 | 5,335 | 89,903 | 72,829 |
| **Subtotal** | **9,226** | **5,602** | **132,821** | **151,491** |
| **Total cash and cash equivalents** | **9,303** | **5,931** | **173,303** | **200,973** |

### b. Financial Investments

On March 31, 2017 the Entity presents R$ 43,760, in consolidated current asset, relative to investments bound to restricted transactions to the debt payment. Investments are realized in Fixed Income Investment Funds (R$ 9,387) and CDB (R$ 34,373).

# 5 Accounts Receivable from clients

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **31/03/2017** | **12/31/2016** |
| Property Incorporation and Sale | 37,300 | 33,850 | 2,484,993 | 2,810,887 |
| (-) Provision for doubtful credits | (8,241) | (9,089) | (756,949) | (775,891) |
| (-) Adjustment to present value | - | - | (11,176) | (12,331) |
| **Total** | **29,059** | **24,761** | **1,716,868** | **2,022,665** |
| Current Installment | 21,141 | 17,775 | 1,215,128 | 1,249,963 |
| Non-Current Installment | 7,918 | 6,986 | 501,740 | 772,702 |
| **Total** | **29,059** | **24,761** | **1,716,868** | **2,022,665** |

Accounts receivable from property sale are, substantially, updated by the variation of the National Civil Construction Index (INCC) up to the delivery of the keys and, further, by the General Market Price Index (IGP-M) added by interest of 12% per year.

Long-term accounts receivable balances present the following composition per maturity year:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Year of Maturity** | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/312016** |
| 2018 | 852 | 752 | 126,798 | 218,827 |
| 2019 | 742 | 655 | 144,166 | 177,054 |
| 2020 | 5,438 | 4,797 | 92,097 | 212,885 |
| 2021 | 513 | 453 | 56,414 | 70,255 |
| 2022 onwards | 373 | 329 | 82,265 | 93,681 |
| **Total** | **7,918** | **6,986** | **501,740** | **772,702** |

On March 31, 2017 and December 31, 2016, the Entity had the consolidated balance of accounts receivable, of the current installment, distributed as follows:

| | 03/31/2017 | | | 12/31/2016 | | |
|---|---|---|---|---|---|---|
| | **Under Transfer process** | **Direct Portfolio** | **Total** | **Under Transfer process** | **Direct Portfolio** | **Total** |
| **to be due** | 419,094 | 101,666 | 520,760 | 472,499 | 162,747 | 635,246 |
| **due** | **616,514** | **77,854** | **694,368** | **421,648** | **193,069** | **614,717** |
| 0 to 30 days | 39,944 | 5,839 | 45,783 | 86,676 | 21,091 | 107,767 |
| 31 to 60 days | 61,060 | 4,999 | 66,059 | 64,522 | 11,341 | 75,863 |
| 61 to 90 days | 36,255 | 4,393 | 40,648 | 41,957 | 11,912 | 53,869 |
| 91 to 120 days | 73,548 | 7,161 | 80,709 | 9,842 | 11,249 | 21,091 |
| 121 to 360 days | 122,695 | 18,863 | 141,558 | 102,432 | 67,903 | 170,335 |
| Over 360 days | 283,012 | 36,599 | 319,611 | 116,219 | 69,573 | 185,792 |
| **Total** | **1,035,608** | **179,520** | **1,215,128** | **894,147** | **355,816** | **1,249,963** |

## Transfer process

When the Entity delivers its ventures, almost all clients go through the bank financing process (also known as transfer), said process being required for the delivery of the keys and the undertaking possession of the real estate unit. Clients that are not eventfully approved for bank financing will be analyzed individually and may be disqualified, and as a consequence, not receiving the keys and not undertaking possession of the real estate unit.

Clients with no financing conditions will not receive the units and the Entity will return, as per the contract, a portion of the balance received and will place the units for sale again.

## Balances of accounts receivable of concluded and under construction units

Consolidated balances of the accounts receivable from concluded units, as of March, 31, 2017, sum R$ 1,475,302 (December 31, 2016: R$ 1,802,076), and for ventures under construction, on March 31, 2017, add to R$ 241,566 (December 31, 2016: R$ 220,589).

## Adjustment to the Present Value (AVP)

Adjustment to the Present Value of accounts receivable for the unconcluded units, proportionally appropriated by the criterion described in the Accompanying Note nr. 2.10 of the financial statements as of December 31, 2016, is calculated by using a discount rate of 9.50% in Quarterly Information of March 31, 2017 (December 31, 2016: 8.08%), calculated by the average rate of loan raising of the Entity and its affiliates, deducted from inflation (IPC-A). This rate is compared with the NTN-B and the higher is used. The annual rate used is NTN-B. Discount rate is reviewed periodically by the Entity's Management.

## Provision for doubtful credits (PCLD) and dissolved units

The Entity establishes provision for loss on the total balance receivable from clients who have installments due for over one year and who have made a low payment percentage on its sale contract of the real estate unit.

On March 31, 2017, provision for dissolutions and PCLD, consolidated, totals the amount of R$ 756,949 (December 31, 2016: R$ 775,891), representing 44.09% on the total of accounts receivable from development and resale of properties. The delayed balances are mainly relative to *pro-soluto* cases, long-term default of transfer accounts receivable at the off-plan. Movement of the period is thus described:

| | **Consolidated** |
|---|---|
| **Balance on 12/31/2016:** | **(775,891)** |
| Write-off due to incurred dissolutions | 44,652 |
| New provisions | (25,710) |
| **Balance on 03/31/2017:** | **(756,949)** |

New provisions are recorded in the Entity's income in the entry "Other operating revenues (expenses), net"; the write-offs of dissolution are recorded in the entry "Real Estate Sales (R$ 128,735) and Costs of units sold (R$ 84,083)".

The Entity, during the year-end March 31, 2017, recorded a net volume of 617 dissolved units (March 31, 2016: 881 units); out of this total, 94.82% occurred due to income declassification (March 31, 2016: 49.83%), 1.78% due to exchange (March 31, 2016: 16.23%) and 3.40% due to several reasons (March 31, 2016: 33.94%).

The Entity's and its affiliates' accounting treatment in dissolution of units is the one of the revenue reversal and of previously accrued costs, recorded by the venture work under process by the time of contract termination.

### Ventures enrolled in the Special Tax Regime (RET)

Balances of accounts receivable related to the ventures, total on March 31, 2017, R$ 1,509,341(December 31, 2016: R$ 1,516,999), which represent 88% of the total of the Entity's balance of accounts receivable on March 31, 2017 (December 31, 2016: 75%).

## 6 Real Estate Inventories to trade

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Real Estate under Construction | - | - | 391,422 | 396,991 |
| Concluded Real Estate Units | 35,784 | 35,957 | 751,435 | 696,607 |
| Pieces of land for future ventures | 3,651 | 3,651 | 702,795 | 706,102 |
| Advance to suppliers | - | - | 13,403 | 14,500 |
| Capitalized Interest | 129 | 586 | 61,728 | 56,754 |
| Added value on launched real estate | - | - | - | 1,760 |
| **Total** | **39,564** | **40,194** | **1,920,783** | **1,872,714** |
| Current installment | 35,913 | 36,543 | 1,217,988 | 1,166,612 |
| Non current installment | 3,651 | 3,651 | 702,795 | 706,102 |
| **Total** | **39,564** | **40,194** | **1,920,783** | **1,872,714** |

The venture piece of land book value is transferred to the entry "Real State under construction", in the entry "Real Estate Inventories to trade", when the units are offered for sale, that is, at the time when the venture is launched.

Goodwill balance (Added value on real estate) corresponding to the valuation of land and capitalized charges, at the Holding, are recorded in "Investments" and in "Inventories of real estate to trade" in consolidated.

**Land for future real estate developments**
The Entity reclassified a portion of its inventories for the no-current installment according with the launch schedule of the subsequent years to the entry "Land for future developments".

The Entity records expenses with real state in the city of Salvador, classified in the entry "Land for future developments", which will be allocated, mainly, to ventures considered in the project, called by the Entity, as "Mintaka". The Entity has an agreement with the owner of the land that enable the Company to have preference or purchase option in the land, for a period of ten years, to start in December, 2017.

By the time of the purchase option period there will be accounting of the land acquisition in Inventory of land and its counterpart in the account of Real Estate Accounts Payable – Financial Exchange.

Impairment tests, as described in Accompanying Note nr. 2.9 of financial statements as at December 31,2016, have been made with the real estate acquisition premise, real estate project development or recovery of incurred costs, in case purchase of preferred or optioned land is withdrawn.

**Allocations of financial charges**
Financial expenses from loans, financing and debentures, whose funds have been used in the construction process of the real estate ventures, are capitalized in the entry "Inventories of real estate to trade" and appropriated to the income in the entry "Costs of real estate sold", in consolidated, according with the sales percentage of each venture. Balances of the financial charges applicable to the Holding are presented in the entry "Investments", as per Accompanying Notes nr. 7. The movement, on March 31, 217, may be shown as follows:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| **Opening Balance** | **586** | **2,521** | **56,754** | **72,203** |
| **(+) Capitalized financial charges relative to:** | | | | |
| Loans and financing | 581 | 329 | 8,969 | 48,538 |
| Debentures | - | - | - | 23,206 |
| **Total capitalized financial charges in the period** | **581** | **329** | **8,969** | **71,744** |
| (-) Charges appropriate to income in real estate cost | (1,038) | (2,264) | (3,995) | (87,193) |
| **Total** | **129** | **586** | **61,728** | **56,754** |

# 7 Investments

## *a. Information on the affiliates on March 31, 2017 and December 31, 2016*

The affiliates have as their specific purpose the performance of real estate ventures, related to the trading of residential and commercial real estate units.

Interest in affiliates, assessed by the equity method, are determined according with the respective balance sheets of the respective investees.

The Entity has shareholders' agreements relative to the affiliates that hold interest lower than 100%. With regard to the Management's deliberations of those affiliates, the Entity has its seat at the Board of Directors and/or in their Board, actively participating in all the strategic business decisions.

The Affiliates' Quarterly Information, used for purposes of determining the equity result and for the consolidation, have the same accounting standards adopted by the Entity, described in the Accompanying Note nr. 2 of the financial statements, as of December 31, 2016, whenever applicable. The summary of the significant financial Information of the affiliates is described in Accompanying Note nr. 7b.

The movement of investments in the Entity is demonstrated below:

| | Holding | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Entity name** | **% Direct Interes** | **% Indirect Interest** | **Balance on 12/31/2016** | **Increases/ Paying-in** | **Decreases/W rite-offs** | **Other[1]** | **Equity result** | **Balance on 03/31/2017** |
| **Investment in affiliates** | | | | | | | | |
| CHL Desenvolvimento Imobiliário S/A | 99.99% | 0.01% | 575,215 | - | (5) | - | (492) | 574,718 |
| Goldfarb Incorporações E Construções S.A | 99.99% | 0.01% | 314,849 | - | (1,413) | - | (36,483) | 276,953 |
| PDG Desenvolvimento Imobiliário Ltda | 99.99% | 0.01% | 266,385 | - | - | - | (579) | 265,806 |
| PDG São Paulo Incorporações S.A | 99.99% | 0.01% | 233,804 | - | (73) | - | 211 | 233,942 |
| Gold Investimentos S.A. | 49.32% | 50.68% | 67,772 | 1,425 | - | - | (2,157) | 67,040 |
| API SPE 20 - Planej. e Desenvolv. Imobiliário S/A | 99.99% | 0.01% | 50,259 | - | - | - | 2,998 | 53,257 |
| ZMF 5 Incorporações S.A | 99.99% | 0.01% | 55,628 | - | - | - | (2,007) | 53,621 |
| PDG Araxá Income AS | 99.00% | 0.01% | 29,050 | - | - | - | 972 | 30,022 |
| PDG SPE 38 Empreendimentos Imobiliários Ltda Ltda | 99.99% | 0.01% | 30,338 | - | - | - | (225) | 30,113 |
| PDG SP 7 Incorporações SPE Ltda | 99.99% | 0.01% | 26,101 | - | - | - | (1,567) | 24,534 |
| PDG SP 9 Incorporações SPE Ltda | 99.99% | 0.01% | 25,865 | - | - | - | (1) | 25,864 |
| PDG Companhia Securitizadora | 99.99% | 0.01% | 24,362 | - | (1,539) | - | (1,833) | 20,990 |
| PDG SP 2 Incorporações SPE Ltda | 99.99% | 0.01% | 20,565 | - | - | - | 753 | 21,318 |
| PDG SP 6 Incorporações SPE Ltda | 99.99% | 0.01% | 21,187 | - | - | - | 263 | 21,450 |
| JLO Brooklin Empreendimento Imobiliário Spe Ltda. | 100.00% | 0.00% | 21,009 | - | - | - | (23) | 20,986 |
| PDG SP 15 Incorporações SPE Ltda | 99.99% | 0.01% | 20,965 | - | - | - | (189) | 20,776 |
| PDG-LN7 Incorporação e Empreendimentos S.A. | 85.29% | 14.71% | 20,602 | - | - | - | 757 | 21,359 |
| CHL LXVIII Incorporações ltda. | 100.00% | 0.00% | 20,034 | - | - | - | 19 | 20,053 |
| Performance Br Empreendimentos Imobiliários S.A. | 68.00% | 0.00% | 19,094 | - | - | - | (2,594) | 16,500 |
| LBC Empreendimento Imobiliário Spe | 100.00% | 0.00% | 16,262 | - | - | - | 69 | 16,331 |
| Gold Mali Empreendimentos Imobiliários Ltda. | 50.00% | 50.00% | 16,169 | - | - | - | (166) | 16,003 |
| LN 29 Incorporações Empreendimento Ltda | 64.00% | 16.00% | 14,273 | - | - | - | 64 | 14,337 |
| Colore Empreendimento Imobiliario Spe SA | 80.00% | 0.00% | 10,674 | - | - | - | (4) | 10,670 |
| Vital Palácio Miraflores Incorporadora Ltda. | 78.15% | 21.85% | 9,880 | - | - | - | - | 9,880 |
| Club Felicitá Empreendimento Imobiliários S.A. | 96.69% | 3.31% | 6,445 | - | - | - | (468) | 5,977 |
| PDG Masb Empreendimento Imobiliário Spe Ltda. | 50.00% | 0.00% | 9,006 | - | - | - | (179) | 8,827 |
| GDP 1 Incorporações SP E Ltda. | 99.99% | 0.01% | 7,288 | - | - | - | (326) | 6,962 |
| PDG SPE 15 Empreendimentos Imobiliários Spe Ltda | 99.99% | 0.01% | 13,336 | - | - | - | (3,640) | 9,696 |
| PDG LN 34 Incorp. e Empreend. Ltda | 80.00% | 20.00% | 7,441 | - | - | - | (948) | 6,493 |
| STXROCK 10 Desenvolvimento Imobiliário S/A. | 99.99% | 0.01% | 7,105 | - | - | - | (3) | 7,102 |
| P DG LN 28 Incorporação e Empreendimento Ltda | 86.60% | 13.40% | 7,034 | - | - | - | (10) | 7,024 |
| Club Florença Empreendimento Imobiliários S.A. | 99.99% | 0.01% | 6,939 | - | - | - | (60) | 6,879 |
| Goldfarb PDG 5 Incorporações S/A | 50.00% | 50.00% | 5,471 | - | - | - | 39 | 5,510 |
| Gold São Paulo Empreendimentos Imobiliário Ltda. | 50.00% | 50.00% | 5,432 | - | - | - | (90) | 5,342 |
| Aurora Incorporadora Spe Ltda | 99.99% | 0.01% | 3,590 | - | - | - | 1,460 | 5,050 |
| Other[2] | | | 79,441 | 1,153 | - | 70,442 | (92,252) | 58,784 |
| | | | **2,068,870** | **2,578** | **(3,030)** | **70,442** | **(138,691)** | **2,000,169** |
| **Investment in associates** | | | | | | | | |
| Malmequer Empreendimentos S/A | 42.50% | 0.00% | 2,745 | 6 | - | - | 12 | 2,763 |
| Queiroz Galvao Mac Cyrela Veneza Empr. Imob. S.A. | 20.00% | 0.00% | 1,857 | - | - | - | - | 1,857 |
| Other[3] | | | 2,233 | 40 | - | - | (15) | 2,258 |
| | | | **6,835** | **46** | **-** | **-** | **(3)** | **6,878** |
| **Subtotal – corporate interest** | | | **2,075,705** | **2,624** | **(3,030)** | **70,442** | **(138,694)** | **2,007,047** |
| **Other** | | | | | | | | |
| Intangible | | | 61,182 | - | (228) | - | - | 60,954 |
| Capitalized Interest | | | 2,160 | 157 | - | - | - | 2,317 |
| Land added value | | | 1,760 | - | - | - | - | 1,760 |
| **Subtotal - other investments** | | | **65,102** | **157** | **(228)** | **-** | **-** | **65,031** |
| **Total investments** | | | **2,140,807** | **2,781** | **(3,258)** | **70,442** | **(138,694)** | **2,072,078** |

1 It contains Provision for losses in investments classified for the non-current liability in the entry Other liabilities
2 Investment in Affiliates with individualized balances of R$ 5 million on March 31, 2017.
3 Investments in Associates with individualized balances of up to R$ 1 million on March 31, 2017

### b. *Information about affiliates jointly and associates, of the consolidated, on March 31, 2017 and December 31, 2016.*

| | | | | Consolidated | | | | | Consolidated Balance | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Entity name** | **% Direct Interest** | **Asset** | **Liability** | **Net Equity** | **Total Income for the Period** | **Equity Result** | **Other [2]** | **Investments on 03/31/2017** | **Investments on 12/31/2016** | **Equity Result on 03/31/2016** |
| Inpar - Abyara - Projeto Res. Santo Amaro Spe Ltda | 30.00% | 49,839 | 5,398 | 44,441 | - | - | - | 13,332 | 13,332 | (25) |
| Schahin Borges De Figueiredo Incorporadora Ltda | 30.00% | 28,096 | 76 | 28,020 | (131) | (39) | - | 8,406 | 8,391 | - |
| Iepe - Investimentos Imobiliários Ltda | 30.00% | 18,721 | 386 | 18,335 | 123 | 37 | - | 5,501 | 5,587 | (102) |
| Inpar - Abyara - Projeto Residencial América Spe Ltda | 30.00% | 32,656 | 14,806 | 17,850 | - | - | - | 5,355 | 5,355 | (47) |
| Other investees[1] | | 405,930 | 381,332 | 24,598 | 217 | 22 | 10,010 | 16,278 | 16,347 | 360 |
| **Total Investments** | | **535,242** | **401,998** | **133,244** | **209** | **20** | **10,010** | **48,872** | **49,012** | **186** |

[1] Investments with balances of up to R$ 5 million on March 31, 2017
[2] Provision for losses in investments reclassified for the non-current liability in the entry "Other liabilities"

### *Financial Information of affiliates, of the consolidated, with minor ones, on March 31, 2017 and December 31, 2016*

| | | | | Consolidated on 03/31/2017 | | | | | Consolidated Balance | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Company Name** | **Entity's % Total** | **% Minor** | **Asset** | **Liability** | **Net Equity** | **Income** | **Non-Controlling Income** | **Non-Controlling Net Equity** | **Net Equity of Non-Controlling** | **Income on 03/31/2016** |
| Performance Br Empreendimentos Imob. S.A. | 68.00% | 32.00% | 25,958 | 1,692 | 24,266 | (3,816) | (1,221) | 7,765 | 7,468 | (280) |
| Dubhe Incorporadora S/A | 55.00% | 45.00% | 12,835 | 917 | 11,918 | - | - | 5,363 | 5,363 | 2,932 |
| Orion Incorporadora Ltda | 70.00% | 30.00% | 70,170 | 52,890 | 17,280 | - | - | 5,184 | 5,323 | - |
| Gonder Incorporadora Ltda. | 86.00% | 14.00% | 102,024 | 142,081 | (40,057) | 15,579 | 2,181 | (5,608) | (7,789) | (2,009) |
| Klabin Segall Invest E Partic Spe S.A | 70.00% | 30.00% | 6,658 | 25,508 | (18,850) | 180 | 54 | (5,655) | (5,709) | 188 |
| Agra Bergen Incorporadora Ltda | 80.00% | 20.00% | 90,850 | 120,515 | (29,665) | 33,685 | 6,737 | (5,933) | (12,671) | (1,038) |
| Ecolife Independência Emp. Imobiliários S.A. | 80.00% | 20.00% | 13,874 | 43,224 | (29,350) | 525 | 105 | (5,870) | (5,975) | 135 |
| PDG Masb Empreendimento Imob. Spe Ltda | 50.00% | 50.00% | 32,979 | 48,013 | (15,034) | (358) | (179) | (7,517) | (7,379) | (93) |
| Bni Baltico Desenvolv. Imobiliário Ltda | 66.67% | 33.33% | 8,477 | 65,651 | (57,174) | (162) | (54) | (19,056) | (19,002) | (1,309) |
| Other Investments[1] | | | 543,625 | 501,783 | 41,842 | ( 14, 945) | (3,672) | 9,635 | (1,930) | 1,411 |
| **Total** | | | **907,450** | **1,002,274** | **(94,824)** | **30,688** | **3,951** | **(21,692)** | **(42,301)** | **(63)** |

[1] Investments higher or lower than R$ 5 million at March 31, 2017.

### c. *Investments in shares*

On March 31, 2017 the Entity, through its affiliate Agra Empreendimentos Imobiliários S.A., holds exclusive investment fund (FIP PDG), whose main assets are corporate interests in the Entity's affiliates. The fund quotas are valued according with equity quoting and its incomes, appropriated in the affiliate income, are eliminated by the time of the preparation of the Entity's consolidated information.

## 8 Fixed Asset

Fixed asset is segregated in well defined classes and are related to operating activities.

There are effective controls on the fixed asset goods that enable the identification of losses and changes of the useful life estimate of the assets. Annual depreciation is calculated on a linear base, along the useful life of the assets, at the rates that consider the estimated useful life of the assets, as follows:

| | Holding | | | | |
|---|---|---|---|---|---|
| **Cost** | **Machinery and Equipment** | **Furniture and Fixtures** | **Computers** | **Improvements made in third party real estate** | **Total** |
| **Balance on 12.31.2015** | **-** | **379** | **3,848** | **705** | **4,932** |
| . Additions | 848 | - | 361 | - | 1,209 |
| **Balance on 12.31.2016** | **848** | **379** | **4,209** | **705** | **6,141** |
| . Additions | 227 | - | - | - | 227 |
| **Balance on 03.31.2017** | **1,075** | **379** | **4,209** | **705** | **6,368** |

| | Holding | | | | |
|---|---|---|---|---|---|
| **Depreciation** | **10% per annum Machines and Equipment** | **10% per annum Furniture and Fixtures** | **20% per annum Computers** | **Improvements in third party real estate** | **Total** |
| **Balance on 12.31.2015** | **-** | **(311)** | **(3,599)** | **(47)** | **(3,957)** |
| . Depreciation | (68) | (38) | (190) | (70) | (366) |
| **Balance on 12.31.2016** | **(68)** | **(349)** | **(3,789)** | **(117)** | **(4,323)** |
| . Depreciation | (21) | (9) | (56) | (18) | (104) |
| **Balance on 03.31.2017** | **(89)** | **(358)** | **(3,845)** | **(135)** | **(4,427)** |
| **Residual Balance 03.31.2017** | **986** | **21** | **364** | **570** | **1,941** |
| **Residual Balance 12.31.2016** | **780** | **30** | **420** | **588** | **1,818** |
| **Residual Balance 12.31.2015** | **-** | **68** | **249** | **658** | **975** |

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| **Cost** | **Machinery and Equipment** | **Furniture and Fixtures** | **Computers** | **Improvements made in third party real estate (ii)** | **Sales Booth (i)** | **other assets** | **Total** |
| **Balance on 12. 31.2015** | **28,306** | **17,888** | **26,515** | **22,118** | **4,023** | **5,086** | **103,936** |
| . Additions | 1,180 | 1,112 | 1,195 | 1,990 | 271 | - | 5,748 |
| . Write-offs | (1,842) | (529) | (799) | (58) | (1,472) | (1,084) | (5,784) |
| **Balance on 12. 31.2016** | **27,644** | **18,471** | **26,911** | **24,050** | **2,822** | **4,002** | **103,900** |
| . Additions | 254 | - | - | - | - | - | 254 |
| . Write-offs | (20) | (10) | (106) | (101) | (2,822) | - | (3,059) |
| **Balance on 03. 31.2017** | **27,878** | **18,461** | **26,805** | **23,949** | **-** | **4,002** | **101,095** |

| | Consolidated | | | | | | |
|---|---|---|---|---|---|---|---|
| **Cost** | **10% per annum Machinery and Equipment** | **10% per annum Furniture and Fixtures** | **20% per annum Computers** | **Improvements made in third party real estate (ii)** | **Sales Booth (i)** | **other assets** | **Total** |
| **Balance on 12. 31.2015** | **(14,826)** | **(11,581)** | **(24,108)** | **(11,598)** | **(3,263)** | **(2,341)** | **(67,717)** |
| . Depreciation | (2,989) | (1,786) | (1,292) | (4,249) | (1191) | (249) | **(11,756)** |
| . Write-offs | 1,102 | 123 | 306 | 10 | 1,632 | 40 | **3,213** |
| **Balance on 12. 31.2016** | **(16,713)** | **(13,244)** | **(25,094)** | **(15,837)** | **(2,822)** | **(2,550)** | **(76,260)** |
| . Depreciation | (668) | (365) | (246) | (360) | - | (54) | **(1,693)** |
| . Write-offs | 15 | 4 | 101 | 20 | 2,822 | - | **2,962** |
| **Balance on 03.31.2017** | **(17,366)** | **(13,605)** | **(25,239)** | **(16,177)** | **-** | **(2,604)** | **(74,991)** |
| **Residual Balance 03.31.2017** | **10,512** | **4,856** | **1,566** | **7,772** | | **1,398** | **26,104** |
| **Residual Balance 12.31.2016** | **10,931** | **5,227** | **1,817** | **8,213** | **-** | **1,452** | **27,640** |
| **Residual Balance 12.31.2015** | **13,480** | **6,307** | **2,407** | **10,520** | **760** | **2,745** | **36,219** |

(i) Depreciation is effected according with the asset useful life, with average term of 18 months used during the period of trading of the ventures and, appropriated in income in entry “Expenses with sales”. Write-off is made as a consequence of the booth demobilization.

(ii) Amortization is realized during the real estate lease contract.

**Fixed Asset Recoverability Test (*impairment*)**
The Group (PDG) annually reviews the existence of evidence of recoverability of the fixed assets. In the cases in which fixed assets are identified and that will not be recoverable, the Group (PDG) analyzes and establishes provision for decrease to the recoverable value.

# 9 Intangible

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| **Composition of goodwill per entity** | | | | |
| Agre Empreendimentos Imobiliários S.A. | 53,491 | 53,491 | 53,491 | 53,491 |
| Agre Urbanismo S.A. | 397 | 402 | - | - |
| CHL Desenvolvimento Imobiliários S.A. | 6,542 | 6,616 | - | - |
| Goldfarb Incorporações e Construções S.A. | 351 | 465 | - | - |
| LN 8 Incorporação e Empreendimentos Ltda. | 37 | 72 | - | - |
| PDG LN Incorporações e Construções S.A. | 136 | 136 | - | - |
| **Total** | **60,954** | **61,182** | **53,491** | **53,491** |
| **Software and other intangible** | 29,741 | 31,460 | 49,526 | 54,193 |
| **Subtotal** | **90,695** | **92,642** | **103,017** | **107,684** |
| Reallocation for Investments (Note 7) | (60,954) | (61,182) | - | - |
| **Final balance** | **29,741** | **31,460** | **103,017** | **107,684** |

*(i) In "Holding" and "Consolidated" Quarterly Information, those intangibles are being presented included in the entries of Investments as are intangible of associated entities (Accompanying Note nr. 7).*

## a. *Movement of Intangible Assets*

Movements of intangible assets in years-ended March 31, 2017 and December 31, 2016 may be demonstrated as follows:

| | Holding | Consolidated | | | | |
|---|---|---|---|---|---|---|
| **Cost** | **Right for the use of software** | **Brands and patents** | **Rights for the use of software** | **Sub-Total** | **Added Value in Investments** | **Total** |
| **Balance on 12. 31.2015** | **56,008** | **88** | **135,741** | **135,829** | **511,428** | **647,257** |
| . Additions | 5,151 | - | 5,530 | 5,530 | - | 5,530 |
| . Write-offs | - | (88) | (701) | (789) | - | (789) |
| . Transfer | - | - | - | - | - | - |
| **Balance on 12. 31.2016** | **61,159** | **-** | **140,570** | **140,570** | **511,428** | **651,998** |
| . Additions | 140 | - | 140 | 140 | - | 140 |
| . Write-offs | - | - | (16) | (16) | - | (16) |
| **Balance on 03. 31.2017** | **61,299** | **-** | **140,694** | **140,694** | **511,428** | **652,122** |
| **Amortizations** | | | | | | |
| **Balance on 12. 31.2015** | **(22,144)** | **-** | **(61,397)** | **(61,397)** | **(457,937)** | **(519,334)** |
| . Amortizations | (7,555) | - | (25,045) | (25,045) | - | (25,045) |
| . Write-offs | - | - | 65 | 65 | - | 65 |
| **Balance on 12. 31.2016** | **(29,699)** | **-** | **(86,377)** | **(86,377)** | **(457,937)** | **(544,314)** |
| . Amortizations | (1,859) | - | (4,791) | (4,791) | - | (4,791) |
| **Balance on 03. 31.2017** | **(31,558)** | **-** | **(91,168)** | **(91,168)** | **(457,937)** | **(549,105)** |
| **Residual Balance 03.31.2017** | **29,741** | | **49,526** | **49,526** | **53,491** | **103,017** |
| **Residual Balance 12.31.2016** | **31,460** | **-** | **54,193** | **54,193** | **53,491** | **107,684** |
| **Residual Balance 12.31.2015** | **33,864** | **88** | **74,344** | **74,432** | **53,491** | **127,923** |

### *b. Decrease to the recoverable value Test (impairment)*

*Impairment* test is elaborated on the premises used for the forecast and follow-up of the forecasted cash flow of the investee entity, added to a perpetuity model and being divided into three big items: (i) revenues from real estate sales; (ii) cost with incorporation and construction of real estate and administrative and sales expenses; e (iii) net indebtedness represented by the total Debt less Cash and Cash on Hand.

Goodwill paid by the time of the interest acquisition, grounded on expectation of future income or in the added value of the assets of acquired interest, were reassessed and the realization terms have been defined due to the evolution of the corresponding real estate ventures, which are amortized in the average period of three years, as from the launches of those real estate ventures.

On March 31, 2017 affiliated Agre accumulates R$ 53,491, of added value, allocated to lands that have option for a period of 10 years to the Group (PDG), to start in December, 2017, as per accompanying note nr. 6. As the purchase option of the land is exercised, or cancelled, the affiliate will perform the impairment test, or write-off, corresponding to the recoverability of the already installment in this transaction.

### *c. Software Intangibles*

Assets classified as "*Software* and other intangibles" correspond to the acquisition and to the implementation costs of the Entity's operational *software*, whose start of amortization occurred in January 2011. During the period ended March 31, 2017, R$ 4,791 (March 31, 2016: R$ 9,370) were amortized accounted in the Entity's income. *Software* amortization term was assessed in eight years.

## 10 Transactions and balances with related parties

### *a. Advance for future capital increase (AFAC)*

The amount classified in non-current asset, as AFAC, is relative to the contributions intended to enable the initial phase of the ventures. Those contributions are not subjected to any indexer or interest rates, and shall be object of deliberation by the shareholders regarding its capitalization.

### *b. Management's remuneration*

The global remuneration limit of the Entity's Administrators and members of the Audit Committee, net of social contributions which are the Entity's liability, for the year 2017, was set in up to R$ 20,514 (December 31, 2016: R$ 39,485), for the remuneration of the administrators, fixed and variable, direct and indirect of the administrators, considering the maximum achievable level and of the Audit Committee, as well as the amounts to be borne by it due to the share purchase options granted as per the Share Purchase Option Plan of the Entity.

The amount of the fixed and variable remuneration paid in the form of remuneration, profit and income interest, dividends and/or benefits in general, during the period ended March 31, 2017 and March 31, 2016 is shown below:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| **Fixed remuneration** | | | | |
| Board of Directors | 450 | 120 | 450 | 120 |
| Audit Committee | 74 | 56 | 74 | 56 |
| Statutory Board | 684 | 780 | 684 | 820 |
| Charges | 348 | 259 | 348 | 261 |
| | **1,556** | **1,215** | **1,556** | **1,257** |
| **Benefits** | | | | |
| Statutory Board | 41 | 60 | 41 | 63 |
| | **41** | **60** | **41** | **63** |
| **Variable Remuneration** | | | | |
| Retention bonus | 630 | 5,162 | 630 | 5,162 |
| Charges | 181 | 1,487 | 181 | 1,487 |
| | **811** | **6,649** | **811** | **6,649** |
| **Total fixed and variable** | **2,408** | **7,924** | **2,408** | **7,969** |
| Based on shares | 12 | 267 | 12 | 267 |
| **General Total** | **2,420** | **8,191** | **2,420** | **8,236** |

Management's variable remuneration is made up by interest in income and these are usually provisioned during the previous year-end, based on payment estimate. Remuneration based on shares represents appropriation to year-end income of the expense determined in current granting (Accompanying note nr. 21).

The Entity, based on item 8 do Circular Letter/CVM/SNC/SEP/nr. 01/2013, issued on February 8, 2013, presents the following references on the disclosure of transactions of related parties:

(i) it has no short-term benefits to employees and administrators;
(ii) it has no post-employment benefits;
(iii) it has no other long-term benefits;
(iv) it has no employment contract termination benefits; and
(v) it has remuneration based on shares

## c. *Sureties and guarantees*

The Entity totals R$ 1,623,535 of sureties and guarantees on March 31, 2017 (December 31, 2016: R$ 1,711,768). The amounts are originated from sureties and surety bonds rendered in the real estate credit operations made by the Entity's investees, having as a base the balances payable and future releases contracted up to this date and, in the proportion of interest that the Entity has in the share capital of said entities.

## d. *Balances with related parties:*

Balances and transactions, of current and non-current, with related parties are shown below:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| **Asset** | | | | |
| Loan Persons Bound | 2,855 | 2,723 | 25,061 | 24,564 |
| Current Accounts with Partners in Ventures | - | 12,530 | 77,216 | 60,165 |
| **Liability** | | | | |
| Current Accounts with Partners in Ventures | 137,901 | 116,549 | 149,004 | 137,413 |
| Loan Persons Bound | - | - | 4,845 | - |

Rights with bound entities have no pre-set maturity and, except for loan contracts, are not levied with charges. Loan transactions and balance receivable or payable of affiliates and current account with partners in ventures have been made, mainly with the purpose of enabling the initial phase of the ventures, due to the commercial relations that are kept with related parties for the development of incorporation and construction activities.

## e. *Related parties with supplies of materials and services*

Operations and businesses with related parties are performed by complying with the usual market prices and conditions, and therefore, do not generate any benefit or loss to the Entity or to any other party.

According with article 15 of our Articles of Incorporation, The Board of Directors ("CA") is entitled to: deliberate about: the entering into, amendment and termination of contracts, as well as the performance of operations of any kind between the Entity and the Entity's shareholders and/or controlled, associated or holding entities of the Entity's shareholders. The CA meetings held for the purpose of decision making of those and of the investment decisions are held with the presence of the majority of the CA members and deliberations are considered as valid if approved by the majority of the present members.

The significant information about the operations held with the Entity's administrators and partners, or of its investee entities, is thus presented:

| Related Party | | | | | | | Expenses Incurred on | |
|---|---|---|---|---|---|---|---|---|
| **Relation with Entity** | **Supplier** | **Object of the Contract** | **Transaction Date** | **Amount involved** | **Note** | **Contract Term** | **03/31/2017** | **12/31/2016** |
| Vinci Partners | Austral Seguradora | Work insurance and guarantee insurance | jun/13 to nov/19 | 3,188 | maximum coverage limit per insurance-work R$120,00 | 36 months of work + 12 months post-work | - | 708 |
| Vinci Partners | Cecrisa R. Cerâmicos S.A | Material: ceramics | jun/13 to mar/17 | 14,675 | - | 6 months | 14 | 474 |
| Vinci Partners | Unidas Locadora de Veículos Ltda | Rent: vehicle | sep/13 to mar/17 | 28 | - | 1 Year | - | 1 |
| Counselor | Instituto de Desenvolvimento Gerencial S.A. | Consulting | jun/14 | 257 | total contracted amount R$ 2,571 | 19 months | - | 1,337 |
| Counselor | União Consultoria V. e A. de P. de Gestão S/S | Consulting | jun/14 | 1,157 | | | - | - |
| Counselor | União Consultoria E. de Projetos de Gestão | Consulting | jun/14 | 1,157 | | | - | - |
| Counselor | Instituto de Desenvolvimento Gerencial S.A. | Consulting | oct/15 | 725 | total contracted amount R$ 7,250 | 11 months | 644 | 81 |
| Counselor | União Consultoria V. e A. de P. de Gestão S/S | Consulting | oct/15 | 3,263 | | | 1,371 | - |
| Counselor | União Consultoria E. de Projetos de Gestão | Consulting | oct/15 | 3,263 | | | - | - |
| | | | **Total** | **27,713** | | | **2,029** | **2,601** |

# 11 Loans and Financing

Entity reduces cash exposure of each venture by means of the use of funds from third parties in the financing/support to construction, entered into as per the conditions of the Housing Financial System and working capital lines offered by first-class financial institutions.

As per Accompanying Note nr. 2, we performed the reclassification, for the current liability, of the loans and financing that have restrictive clauses to the Court-supervised Reorganization status.

Below is the Entity's consolidated composition of loans, on March 31, 2017 and December 31, 2016, per type of debt:

| | Holding | | Average Rate | Guarantee |
|---|---|---|---|---|
| **Type of Debt** | **03/31/2017** | **12/31/2016** | | |
| SFH | 2,136 | 2,954 | TR + 9.93% e CDI 118% | Mortgage / Receivables / Surety / Pledge |
| Working Capital / SFI and Promissory Note | 336,824 | 329,599 | 120% CDI | Chattel Mortgage of quotas, shares and real estate units / Surety / Pledge / Fiduciary Cession of Credit Rights |
| Finep / Finame | 98,608 | 98,246 | PRE 5.25% ate 8.70% | PDG Surety |
| **Total** | **437,568** | **430,799** | | |
| Current Installment | 437,568 | 45,398 | | |
| Non-current Installment | - | 385,401 | | |
| **Total** | **437,568** | **430,799** | | |

| | Holding | | Average Rate | Guarantee |
|---|---|---|---|---|
| **Type of Debt** | **03/31/2017** | **12/31/2016** | | |
| SFH | 850,358 | 970,394 | TR + 9.93% e CDI 118% | Receivables/ Proportional Surety/ Mortgage/ Endorsement/ Real Estate Mortgage/ Surety |
| Working Capital / SFI and Promissory Note | 336,825 | 329,600 | 120% CDI | Chattel Mortgage of quotas, shares and real estate units/ Surety/ Mortgage/ Fiduciary cession of Credit Rights |
| Finep / Finame | 101,586 | 101,168 | PRE 5.25% ate 8.70% | PDG Surety |
| **Total** | **1,288,769** | **1,401,162** | | |
| Current Installment | 1,288,769 | 1,013,591 | | |
| Non-current Installment | - | 387,571 | | |
| **Total** | **1,288,769** | **1,401,162** | | |

# 12 Bank Credit Notes (CCBs) and Debentures payable

As per Accompanying Note nr. 2.a we made the reclassification for the current liability of CCBs and Debentures payable that have restrictive clauses to the Court-supervised Reorganization status.

## a. *Bank Credit Notes*

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| **Liability due to Corporate CCB Issuance** | | | | |
| 3rd series of 1st Issuance | 1,298 | 1,250 | 1,298 | 1,250 |
| 4th series of 1st Issuance | 649 | 625 | 649 | 625 |
| 15th Series of 1st Issuance | 297,287 | 289,191 | 297,287 | 289,191 |
| 3rd Series of 3rd Issuance | - | - | 2,605 | 2,817 |
| 5th Series of 3rd Issuance | 11,573 | 11,118 | 11,573 | 11,118 |
| 7th Series of 3rd Issuance | 12,206 | 11,731 | 12,206 | 11,731 |
| 25th Series of 1st Issuance | 87,056 | 86,316 | 87,056 | 86,316 |
| 26th Series of 1st Issuance | - | - | 64,549 | 62,421 |
| 27th Series of 1st Issuance | 210,718 | 205,067 | 210,718 | 205,067 |
| 28th Series of 1st Issuance | 75,267 | 72,115 | 75,267 | 72,115 |
| Other Issuances by CCB | 897,544 | 910,297 | 951,874 | 983,163 |
| **Corporate Sub-total** | **1,593,598** | **1,587,710** | **1,715,082** | **1,725,814** |
| **Liability by Issuance of CCB Support to Production *** | | | | |
| 3rd series of 2nd issuance | - | - | 63,491 | 69,073 |
| 2nd series of 2nd issuance | - | - | 65,477 | 63,437 |
| 24th series of 1st issuance | 206,323 | 200,575 | 206,323 | 200,575 |
| CCB CEF 600MM | 264,032 | 253,685 | 264,032 | 253,685 |
| **Subtotal CCB Support to production** | **470,355** | **454,260** | **599,323** | **586,770** |
| **Total** | **2,063,953** | **2,041,970** | **2,314,405** | **2,312,584** |
| Current Installment | 2,063,953 | 1,542,375 | 2,314,405 | 1,811,544 |
| Non current Installment | - | 499,595 | - | 501,040 |
| **Total** | **2,063,953** | **2,041,970** | **2,314,405** | **2,312,584** |

* The have the same conditions of SFH contracting

a) Have credit lines origin created at the Government Severance Indemnity Fund for Employees (FGTS) and/or Savings
b) Are intender to the real estate financing (residential or commercial real estate development );
c) Are remunerated by the TR variation plus the maximum interest rate of 12%

## b. *Debentures payable*

The significant characteristics of the debentures payable issued by the Entity and affiliates can be stated as follows:

**Holding**

| Debentures | Type | Nature | Issuance | Maturity | Kind | Remuneration Condition | Nominal Value | Securities Issues | Securities Outstanding | Mode of Amortization | Portions | Guarantees |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Corporate | | | | | | | | | | | | |
| **1st Issuance** | Non-Convertible | Public | 07/02/2007 | 07/04/2020 | Unsecured | 120 % CDI | 10 | 25,000 | 25,000 | Annual | 1 | No Guarantee |
| **4th Issuance** | Non-Convertible | Public | 08/10/2010 | 07/04/2020 | Real | 120 % CDI | 1,000 | 280 | 280 | Quarterly | 1 | Quotas |
| **7th Issuance**[2] | Non-Convertible | Public | 03/15/2012 | 12/15/2018 | Real | IPCA + 6.56% a.a. | 1,000 | 140 | 140 | Irregular | 10 | Quotas |
| **9th Issuance** | Non-Convertible | Public | 06/08/2016 | 06/30/2019 | Unsecured | 120 % CDI | 1,000 | 30,000 | 30,000 | Single | 1 | No Guarantee |
| **10th Issuance** | Non-Convertible | Public | 07/01/2016 | 06/30/2019 | Unsecured | 120 % CDI | 1,000 | 20,000 | 20,000 | Single | 1 | No Guarantee |
| **11th Issuance** | Non-Convertible | Public | 08/05/2016 | 07/04/2020 | Real | 120 % CDI | 1,000 | 565,000 | 565,000 | Single | 1 | Quotas |
| **Production Support** | | | | | | | | | | | | |
| **5th Issuance** | Non-Convertible | Public | 09/23/2010 | 03/01/2017 | Real | TR + 9.34% a.a. | 1,000 | 600 | 600 | Semester | 1 | Cession/ Chattel Mortgage of Shares and Quotas |

[2] Due to payment default of remuneration interest, then the advance maturity of Debentures was characterized. The Entity is in contact with the holders of Debentures with the purpose of negotiating a solution that is consistent with the restructuring principles and purposes.

Entity's balance of Debentures payable as at March 31, 2017 and December 31, 2016 are thus stated:

| | Holding | | | | | | | | | | | | Consolidated | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Support to production | | | Corporate | | | | | | | | | Support to production | Corporate | |
| | 3rd issuance | 5th issuance | Subtotal | 1st issuance | 4th issuance | 6th issuance | 7th issuance | 8th issuance | 9th issuance | 10th issuance | 11th issuance | Subtotal | REP | ZMF 23 | Total |
| **a)** *Debentures payable* | | | | | | | | | | | | | | | |
| **Balance on 12/31/2015** | **20,683** | **188,341** | **209,024** | **269,541** | **223,694** | **-** | **191,597** | **1,989** | **-** | **-** | **-** | **895,845** | **71,005** | | **966,850** |
| (+) Raising | - | - | **-** | - | - | - | - | - | 32,000 | 20,000 | 561,924 | **613,924** | - | | **613,924** |
| (+) Updating | 463 | 17,641 | **18,104** | 44,499 | 38,422 | - | 30,728 | - | 2,609 | 1,389 | 36,439 | **172,190** | 2,682 | | **174,872** |
| (-) Payment (Principal + Interest) | (21,146) | (65,118) | **(86,264)** | - | - | - | (10,683) | (1,989) | - | - | - | **(98,936)** | (2,685) | | **(101,621)** |
| (-) Equity sale | - | - | **-** | - | - | - | - | - | - | - | - | **-** | (71,002) | | **(71,002)** |
| **Balance on 12/31/2016** | **-** | **140,864** | **140,864** | **314,040** | **262,116** | **-** | **211,642** | **-** | **34,609** | **21,389** | **598,363** | **1,583,023** | **-** | | **1,583,023** |
| (+) Raising | - | - | **-** | - | - | - | - | - | 18,000 | 30,000 | - | **48,000** | - | | **48,000** |
| (+) Updating | - | 2,519 | **2,519** | 11,403 | 9,128 | - | 7,631 | - | 1,733 | 801 | 21,767 | **54,982** | - | | **54,982** |
| (-) Payment (Principal + Interest) | - | (1,346) | **(1,346)** | - | - | - | - | - | - | - | - | **(1,346)** | - | | **(1,346)** |
| **Balance on 03/31/2017** | **-** | **142,037** | **142,037** | **325,443** | **271,244** | **-** | **219,273** | **-** | **54,342** | **52,190** | **620,130** | **1,684,659** | **-** | | **1,684,659** |
| **Composition per maturity year** | | | | | | - | | | | | | | | | |
| 2017 | - | 142,037 | **142,037** | 325,443 | 271,244 | - | 219,273 | - | 54,342 | 52,190 | 620,130 | **1,684,659** | - | | **1,684,659** |
| **Balance on 03/31/2017** | - | **142,037** | **142,037** | **325,443** | **271,244** | **-** | **219,273** | - | **54,342** | **52,190** | **620,130** | **1,684,659** | - | | **1,684,659** |

| | Holding | | | | | | | | | | | | Consolidated | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Support to production | | | Corporate | | | | | | | | | Support to production | Corporate | |
| | 3rd issuance | 5th issuance | Subtotal | 1st issuance | 4th issuance | 6th issuance | 7th issuance | 8th issuance | 9th issuance | 10th issuance | 11th issuance | Subtotal | REP | ZMF 23 | Total |
| **b)** *Expenses with Issuance* | | | | | | | | | | | | | | | |
| **Balance on 12/31/2015** | **(119)** | **(781)** | **(900)** | **(1.558)** | **(707)** | **-** | **(1,540)** | **-** | **-** | **-** | **-** | **(4,705)** | **(3,316)** | **-** | **(8,021)** |
| (-) Expense Amortization | 119 | 781 | 900 | 519 | 707 | - | 522 | - | - | - | - | 2,648 | 50 | - | 2,698 |
| (-) Equity sale [1] | - | - | - | - | - | - | - | - | - | - | - | - | 3,266 | - | 3,266 |
| **Balance on 12/31/2016** | **-** | **-** | **-** | **(1,309)** | **-** | **-** | **(1,018)** | **-** | **-** | **-** | **-** | **(2,057)** | **-** | **-** | **(2,057)** |
| (-) Expense Amortization | - | - | - | 128 | - | - | 131 | - | - | - | - | **259** | - | - | **259** |
| **Balance on 03/31/2017** | **-** | **-** | **-** | **(911)** | **-** | **-** | **(887)** | **-** | **-** | **-** | **-** | **(1,798)** | **-** | **-** | **(1,798)** |
| **Balance on 03/31/2017** | **-** | **142,037** | **142,037** | **324,532** | **271,244** | **-** | **218,386** | **-** | **54,342** | **52,190** | **620,130** | **1,682,861** | **-** | **-** | **1,682,861** |
| **Installment of:** | | | | | | | | | | | | | | | |
| Short-term | - | 142,037 | **142,037** | 324,532 | 271,244 | - | 218,386 | - | 54,342 | 52,190 | 620,130 | **1,682,861** | - | - | 1,682,861 |
| Long-term | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **-** | **142,037** | **142,037** | **324,532** | **271,244** | **-** | **218,386** | **-** | **54,342** | **52,190** | **620,130** | **1,682,861** | **-** | **-** | **1,682,861** |
| **Balance on 03/31/2016** | **-** | **140,864** | **140,864** | **313,001** | **262,116** | **-** | **210,624** | **-** | **34,609** | **21,389** | **598,363** | **1,580,966** | **-** | **-** | **1,580,966** |
| **Installment of:** | | | | | | | | | | | | | | | |
| Short-term | **-** | 140,864 | **140,864** | 313,001 | 262,116 | - | 210,624 | - | - | 21,389 | 598,363 | **1,546,357** | - | - | **1,546,357** |
| Long-term | - | - | - | - | - | - | - | - | 34,609 | - | - | **34,609** | - | - | **34,609** |
| **Total** | **-** | **140,864** | **140,864** | **313,001** | **262,116** | **-** | **210,624** | **-** | **34,609** | **21,389** | **598,363** | **1,580,966** | **-** | **-** | **1,580,966** |

* The have the same conditions of SFH contracting

a) Have credit lines origin created at the Government Severance Indemnity Fund for Employees (FGTS) and/or Savings
b) Are intender to the real estate financing (residential or commercial real estate development );
c) Are remunerated by the TR variation plus the maximum interest rate of 12%

## c. *Debt Restrictive Contractual Clauses ("Covenants")*

The Entity and its affiliates have Loan contracts, SFH, Debentures and CCBs, with Covenants usually applicable to those types of operations, related to the Group's Court-supervised Reorganization restriction and to the compliance with the financial-economic indices, cash generation and other items.

These restricted contractual clauses are suitably monitored and do not exclusively limit the management capacity of the normal course of the Entity's operations.

CCBs and Debentures Payable have restrictive contractual clauses on which the indicators below are calculated, determined based on the Entity's Consolidated Quarterly Information and all are calculated for the base-date March 31$^{st}$, 2017:

- Adjusted EBIT indices (Earnings Before Interest and Taxes).
- Indices for indebtedness maximum levels.
- Indices for liquidity minimum levels.
- Restrictive Contractual Clauses (Covenants).

The Entity exceeded the limits set for the Adjusted EBIT index, indebtedness maximum and liquidity minimum, as well as other non-financial indices related to the existence of judicial proceedings, contracts that are not yet renegotiated or bound, protested bonds, and others, on March 31, 2017 and December 31, 2016.

Filing for Court-supervised Reorganization, presented in this quarter by the Group (PDG), also caused all those debts that have Covenants, of Court-supervised Reorganization restriction, to present in advance maturity.

CPC 26 sets that when the entity breaches a contractual agreement (covenant) of a long-term loan at termination or before, the report period termination, making the liability due and payable to the creditor's order, the liability must be classified as current liability even if the creditor has agreed, after the balance sheet date and before the authorization date for the issuance of the accounting statements, not to require advance payment as a consequence of the covenant breach. Liability must be classified as current because, as at the date of the balance sheet, the entity has not unconditional right to defer its settlement during at least twelve months after this date.

Therefore, the Entity followed the accounting orientation defined in the CPC 26 and made the reclassification, for the current liability of those debts, as well as the debts bound to the advance maturity of those.

## 13 Liabilities on real estate acquisition

They refer to commitments undertaken at the purchase of land for the development of real estate ventures, as follows:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Cash entered | - | - | 26,524 | 28,719 |
| Cash to entry | - | - | 31,089 | 28,429 |
| Financial exchange –VGV entered | 1,570 | 1,501 | 31,821 | 42,269 |
| Financial Exchange – VGC to entry | 3,821 | 3,016 | 38,975 | 21,109 |
| **Total** | **5,391** | **4,517** | **128,409** | **120,526** |
| Current Portion | 5,391 | 4,517 | 68,852 | 85,825 |
| Non-current Portion | - | - | 59,557 | 34,701 |
| **Total** | **5,391** | **4,517** | **128,409** | **120,526** |

Financial exchanges have as a base the commitments undertaken in the purchase of land for the real estate venture development, its settlement with the land exchange entity occurs concomitantly with the financial settlement by the clients of the traded real estate units and by means of the transfer of the funds, as provisioned in the contract.

Liabilities are substantially, updated by the variation of the National Civil Construction Index (INCC) or by the variation of the General Market Price Index (IGP-M) and interest that varies from 6% to 12% per year.
The amounts of the real estate acquisition liabilities of the non-current portion have the following composition per maturity:

| | Consolidated | |
|---|---|---|
| **Year of Maturity** | **03/31/2017** | **12/312016** |
| 2018 | 2,569 | 7,634 |
| 2019 | 6,662 | 5,032 |
| 2020 | 2,896 | 4,858 |
| 2021 | 2,056 | 17,177 |
| 2022 onwards | 45,374 | - |
| **Total** | **59,557** | **34,701** |

# 14 Tax liabilities

Normative Instruction SRF nr. 84/1979 (Real Estate Development and Sale) allows, for tax purposes, the Entity to make the tax payment at the proportion of the receipt of the contracted sales. As a result, deferred tax payable asset or liability is accounted based on the difference between the profit recognized in the Quarterly Information and the current tax ("payable"), according with the cash basis.

There was not any change in the tax system (Real, presumed profit and RET) used by the Group (PDG), described in the Accompanying note nº 2.8.b, of financial statements as at December 31, 2016.

Considering the current context of the Holding's operations, which is constituted, substantially, in equity in other entities, tax credits were not constituted on the totality of the accrued balance of tax losses and the social contribution negative calculation bases on profit, as well as on the balance of temporarily non-deductible expenses at the determination of taxable profit.

On March 31, 2017, the Entity's accrued IR tax loss balance and CSLL negative base is R$ 3,626,881 (December, 31, 2016: R$ 3,455,513).

## *a. Taxes in Installments*

On March 31, 2017 the Entity joined the Tax Regularization Program ("PRT"), set by Provisional Measure nr. 766, as of January 4, 2017, regularizing federal debts that were being discussed in the administrative and judicial scope before the National Treasury. The payment mode used by the Entity constituted in the payment, in kind, of 24% (twenty-four percent) of the debt in 24 (twenty-four) monthly and successive installments and settlement of the remaining amount with the use of tax loss credits and negative calculation base of the CSLL.

The use of tax credit enabled the Entity to record the credit in the income for the period, in the amount of R$ 24,019, in income entry "Income Tax and Social Contribution on Profit - Current".

The Entity and its investee entities accumulated installments of federal and municipal taxes on March 31, 2017 and December 31, 2016, in the amounts:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Tax** | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| IRPJ and CSL | 6,744 | 284 | 20,140 | 14,435 |
| PIS and COFINS | - | - | 12,110 | 12,705 |
| ISS | - | - | 1,471 | 1,725 |
| **Total** | **6,744** | **284** | **33,721** | **28,865** |
| Current Portion | 3,519 | 284 | 6,353 | 4,198 |
| Non-Current Portion | 3,225 | - | 27,368 | 24,667 |
| **Total** | **6,744** | **284** | **33,721** | **28,865** |

***b. Deferred tax assets and liabilities***

Income tax deferred tax assets and liabilities, social contribution on profit, deferred PIS and COFINS, are recorded to reflect tax effects incurred from temporary differences between the tax base, which determines taxation by the cash regime, (Normative Instruction SRF nr. 84/1979) and the effective appropriation of real estate profit, Accompanying note nr. 2.8b.

***i. Composition of deferred tax assets***

| | Consolidated | |
|---|---|---|
| **Tax** | **03/31/2017** | **12/31/2016** |
| IRPJ and CSLL | 5,090 | 4,152 |
| PIS and COFINS | 8,855 | 6,062 |
| **Total** | **13,945** | **10,214** |

***ii. Composition of Deferred Tax liabilities***

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Tax** | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| IRPJ | - | - | 36,754 | 25,733 |
| CSLL | - | - | 17,896 | 11,240 |
| **IR and CS** | - | - | 54,650 | 36,973 |
| PIS and COFINS | 1,069 | 543 | 55,742 | 53,429 |
| **Total** | **1,069** | **543** | **110,392** | **90,402** |
| Current Portion | 1,069 | 543 | 39,452 | 45,483 |
| Non-Current Portion | - | - | 70,940 | 44,919 |
| **Total** | **1,069** | **543** | **110,392** | **90,402** |

***c. Expenses with income tax and social contribution***

The majority of the SPEs opts for the taxation regime of Presumed Profit or RET, in which the tax base is the sales revenues of the ventures, therefore, regardless of the income, there is taxation at average percentages of 3.08% and 4%, respectively, on sales revenue.

Income tax and social contribution consolidated expenses are summarized as follows:

| | 03/31/2017 | | 03/31/2016 | |
|---|---|---|---|---|
| **Equity base for tax determination** | **IRPJ** | **CSLL** | **IRPJ** | **CSLL** |
| Real Estate Sale Revenues | 10,679 | 10,679 | 139,799 | 139,799 |
| (- ) Real Estate sale revenue real profit | (16,330) | (16,330) | (29,883) | (29,883) |
| (- ) Real Estate Revenue by RET | 29,924 | 29,924 | (76,129) | (76,129) |
| **Real Estate Revenues by presumed profit** | **24,273** | **24,273** | **33,787** | **33,787** |
| Other revenues – real estate development | (9,689) | (9,689) | 23,721 | 23,721 |
| (- ) Other revenues – real estate development real profit | (307) | (307) | (2,396) | (2,396) |
| (- ) Other revenues – real estate development RET | 6,254 | 6,254 | (7,489) | (7,489) |
| Other revenues – real estate development presumed profit | (3,742) | (3,742) | 13,836 | 13,836 |
| **Real Estate Development Presumed Profit – IRPJ 8% - CSLL 12%** | **1,642** | **2,464** | **3,810** | **5,715** |
| Rent/Services Revenues – real profit | 1,200 | 1,200 | 6,009 | 6,009 |
| Rent/Services Revenues presumed profit | 43 | 43 | 172 | 172 |
| **Services/Rent Presumed Profit – IRPJ – CSLL 32%** | **14** | **14** | **55** | **55** |
| **Presumed Profit (Development + Services)** | **1,656** | **2,478** | **3,865** | **5,770** |
| (+) Financial Revenues – Presumed Profit | 14,647 | 14,647 | 18,197 | 18,197 |
| (- ) Financial Revenues – Real Profit | (1,171) | (1,171) | (23,036) | (23,036) |
| (+) Other revenues – presumed profit | 62 | 62 | 3,096 | 3,096 |
| (- ) Other revenues – real profit | 65,790 | 65,790 | (13,726) | (13,726) |
| **Presumed Profit Base** | **16,365** | **17,187** | **25,158** | **27,063** |
| (- ) Consolidated Expense Presumed Profit – IRPJ/CSLL | (4,091) | (1,547) | (6,290) | (2,436) |
| (+) Deferred IRPJ temporary differences – Real profit | 2,698 | 971 | (572) | (206) |
| (- ) Consolidated Expense – RET | 456 | 239 | (1,054) | (552) |
| **Entities taxed by Presumed + Real Profit** | **(937)** | **(337)** | **(7,916)** | **(3,194)** |
| **(+) Other** | 5,928 | (3,222) | (1,202) | (2,938) |
| **Expense on Income** | **4,991** | **(3,559)** | **(9,118)** | **(6,132)** |

| | 03/31/2017 | | 12/31/2016 | |
|---|---|---|---|---|
| **Expense Composition** | **IRPJ** | **CSLL** | **IRPJ** | **CSLL** |
| Current | 15,450 | 2,811 | (13,924) | (8,675) |
| Deferred | (10,459) | (6,370) | 4,806 | 2,543 |
| **Expense on Income** | **4,991** | **(3,559)** | **(9,118)** | **(6,132)** |

| **Taxes (IR+ CS)** | **03/31/2017** | **12/31/2016** |
|---|---|---|
| Current | 18,261 | (22,599) |
| Deferred | (16,829) | 7,349 |
| | **1,432** | **(15,250)** |

# 15 Operations with Real Estate Projects under development and Advance from clients

They refer to the income to be appropriated incurring from sales contracted of ventures under construction which have not yet been reflected in the Quarterly Information. The amounts are stated below:

| | Consolidated | |
|---|---|---|
| | **03/31/2017** | **12/31/2016** |
| **(i) Sales Revenues to appropriate from sold units** | | |
| Contracted sales revenues | 1,370,003 | 1,792,627 |
| Appropriated sales revenues | (875,755) | (1,102,244) |
| **Sales revenues to appropriate (a)** | **494,248** | **690,383** |
| **(ii) Costs budgeted to appropriate from sold units** | | |
| Budgeted cost of units | (1,810,730) | (2,027,232) |
| Incurred costs of units | 1,428,652 | 1,523,345 |
| **Budgeted cost to appropriate (b)** | **(382,078)** | **(503,887)** |
| **(iii) Income to appropriate from sold units** | | |
| Sales revenues to appropriate (a) | 494,248 | 690,383 |
| Costs budgeted to appropriate (b) | (382,078) | (503,887) |
| **Gross income to appropriate** | **112,170** | **186,496** |
| (-) Tax forecast and AVP | (12,862) | (21,570) |
| **Net income to appropriate** | **99,308** | **164,926** |
| **(iv) Costs budgeted to appropriate of units in inventory** | | |
| Budgeted costs of units | (741,645) | (759,650) |
| Cost incurred from units | 395,867 | 403,108 |
| **Budgeted cost to appropriate** | **(345,778)** | **(356,542)** |

The amounts of income to appropriate have the following composition per maturity, of the contractual amount from sold units:

| | Consolidated | |
|---|---|---|
| **Year** | **03/31/2017** | **12/31/2016** |
| 2017 | 54,706 | 93,707 |
| 2018 onwards | 44,602 | 71,219 |
| **Total** | **99,308** | **164,926** |

Income from realized real estate operations is appropriated based on the accounting standard presented in Accompanying Note nr. 2.10, of the financial statements, as at December 31, 2016. Therefore, balance of accounts receivable from the traded units not yet concluded is partially reflected in the Quarterly Information, as at March 31, 2017, once its accounting record reflects the recognized revenue, net of installments already received.

The amount classified in entry "Advance from clients", in current and non-current liability is thus presented:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Physical exchange – launched | - | - | 111,929 | 105,959 |
| Physical exchange – to launch | - | - | 48,930 | 43,430 |
| Received from clients | 34 | 34 | 74,887 | 111,907 |
| **Total** | **34** | **34** | **235,746** | **261,296** |
| Current portion | 34 | 34 | 145,192 | 188,928 |
| Non-current Portion | - | - | 90,554 | 72,368 |
| **Total** | **34** | **34** | **235,746** | **261,296** |

# 16 Provisions

## a. *Provision for contingencies*

Entity and its affiliates are parts in judicial suits before the courts and governmental entities, of labor, tax and civil nature, due to the normal course of their businesses. Provision for Entity's contingencies is mostly made up by those affiliates.

The referred provision for contingencies was constituted taking into consideration the assessment of loss probability by the legal assistants and are recorded in entry "Other net operating revenues (expenses)".

Management, based on the legal assistants' opinion, sees that constituted provision for contingencies is sufficient to cover probable losses with judicial proceedings and differences in tax calculation determination, as stated below:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Nature- Probable Loss** | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Labor | 26,801 | 25,967 | 94,411 | 98,867 |
| Tax | 346 | 26,520 | 5,677 | 27,010 |
| Civil | 22,155 | 22,736 | 960,837 | 931,303 |
| **Total** | **49,302** | **75,223** | **1,060,925** | **1,057,180** |
| Current portion | 15,705 | 32,736 | 338,256 | 336,757 |
| Non-current portion | 33,597 | 42,487 | 722,669 | 720,423 |
| **Total** | **49,302** | **75,223** | **1,060,925** | **1,057,180** |

Below is the opening of the movement of provisions for contingencies of the Entity and its affiliates:

| | Holding | | | |
|---|---|---|---|---|
| | **Labor** | **Tax** | **Civil** | **Total** |
| **Balance on 12/31/2015** | **374** | **42** | **8,782** | 9,198 |
| Additions | 36,978 | 27,231 | 94,593 | 158,802 |
| Reversals | (11,385) | (753) | (80,639) | (92,777) |
| **Balance on 12/31/2016** | **25,967** | **26,520** | **22,736** | **75,223** |
| Additions | 1,646 | - | 2,021 | 3,667 |
| Reversals | (812) | (26,174) | (2,602) | (29,588) |
| **Balance on 03/31/2017** | **26,801** | **346** | **22,155** | **49,302** |

| | Consolidated | | | |
|---|---|---|---|---|
| | **Labor** | **Tax** | **Civil** | **Total** |
| **Balance on 12/31/2015** | 87,026 | 16,502 | 366,834 | 470,362 |
| Additions | 78,859 | 30,092 | 974,191 | 1,083,142 |
| Reversals | (67,018) | (19,584) | (409,722) | (496,324) |
| **Balance on 12/31/2016** | **98,867** | **27,010** | **931,303** | **1,057,180** |
| Additions | 1,761 | 4,842 | 89,909 | 96,512 |
| Reversals | (6,217) | (26,175) | (60,375) | (92,767) |
| **Balance on 03/31/2017** | **94,411** | **5,677** | **960,837** | **1,060,925** |

The suits with chances of loss considered as "possible" by the Entity's legal assistants are made up by:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Nature- Probable Loss** | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Labor | 72,739 | 64,007 | 244,076 | 179,558 |
| Tax | 178,553 | 12,777 | 283,500 | 104,257 |
| Civil | 16,898 | 4,300 | 200,914 | 235,014 |
| **Total** | **268,190** | **81,084** | **728,490** | **518,829** |

Civil suits mainly encompass claims related to consumers, mainly involving fines due to delay in the delivery of the real estate ventures, contract terminations, inquiries about correction indices, as well as repair of construction vices.

The labor nature suits mainly encompass labor claims from former employees of third-party companies and in a lower percentage, labor claims from the Entity's former employees. Those demands mainly require labor amounts of extra hours, unhealthiness, hazard, etc, and collection of social contributions.

Tax suits cover the Entity's defense to the tax assessment notice, in the amount of R$ 158,752, relative to IOF supposedly levied on the funds transacted between the Entity and its investees, in the form of Future Capital Increase, in the year 2012.

In January 2017 the Entity was made aware of the tax assessment notice, drawn up by the Federal Revenue Service of Brazil, in which one contains the charging of R$ 3,629,203, relative to taxes (IRPJ, CSLL, IRRF, PIS and COFINS, in addition to interest and fine) supposedly levied on funds credited in the Entity's bank current accounts in calendar year 2012. The Entity and its legal assistants understand that the credited funds which are inquired by the tax authority – which included, among others, funds raised by the Entity in capital increase and issuance of other securities – were not liable to the levy of the referred taxes. PDG highlights that, in the Entity's lawyers' opinion, the risk of loss due to the referred tax proceeding is considered as remote.

### b. *Provision for guarantees*

Additionally to what has been already disclosed by the Entity, below is the amount of the provision for guarantee, which was recorded, according with the accounting standard presented in the Accompanying Note nr. 2.8.a, of the financial statements, as at December 31, 2016:

| | Holding | | Consolidated | |
|---|---|---|---|---|
| **Provision for Guarantee** [1] | **03/31/2017** | **12/31/2016** | **03/31/2017** | **12/31/2016** |
| Current portion | 100 | 98 | 51,222 | 51,828 |
| Non-current portion | 526 | 447 | 48,716 | 50,890 |
| **Total provision** | **626** | **545** | **99,938** | **102,718** |

(1) They are recorded in entry other provisions in Entity's and its affiliates' liabilities

## 17 Net Equity

### a. *Share capital*

The Entity's share capital is represented on March 31, 2017 and December 31, and 2016, by 49,192,557 (forty-nine million, one hundred and ninety-two thousand and five hundred and fifty-seven) nominative ordinary shares, with no par value, fully subscribed and paid-up, in the total amount of R$ 4,970,080.

The Entity's share capital composition, between March 31, 2017 and December 31, 2015, is presented, as follows:

| | Share Capital | | | |
|---|---|---|---|---|
| | **Quantity of ON Shares** | **Subscribed** | **Raising Expenses** | **Total** |
| **Balance on 12/31/2015** | **49,192,557** | **4,970,080** | **(52,237)** | **4,917,843** |
| **Balance on 12/31/2016** | **49,192,557** | **4,970,080** | **(52,237)** | **4,917,843** |
| **Balance on 03/31/2017** | **49,192,557** | **4,970,080** | **(52,237)** | **4,917,843** |

On March 31, 2017 the Entity is authorized to increase its share capital, regardless of Bylaws, as amended, by means of the Board of Directors' Deliberation ("CA"), in issuances, that sum, the increases deliberated in the Extraordinary General Meeting ("AGE") being excluded, up to the limit of 30,700,000 (thirty million seven thousand) ordinary shares. The referred limit considers all capital increases realized in the Entity's authorized capital, since the Company's incorporation, including all capital increases deliberated by CA. CA's deliberation that approves of said share issuances will set the issuing conditions, setting if the increase will occur by means of public or private subscription, as well as the price, the form and paying-in conditions.

Until March 31, 2017, the total of shares issued by CA was 13,421,622 (thirteen million, four hundred and twenty-one thousand, six hundred and twenty-two) ordinary shares.

### *b. Loss per share*

Below, the losses and weighed average of outstanding shares are reconciled, with the amounts used to calculate the loss per share, basic and diluted, of the holding and of consolidated.

| | 03/31/2017 | 12/31/2016 |
|---|---|---|
| **Loss per share, basic** | | |
| Loss for the period available for ordinary shares | (275,720) | (410,477) |
| Weighed average of outstanding ordinary shares | 49,192 | 49,192 |
| **Loss per share (in R$) – basic** | **(5.60498)** | **(8.34439)** |
| **Loss per share with 2015 shares grouped for comparison purposes** | **(5.60498)** | **(8.34439)** |
| **Loss per share, diluted** | | |
| Loss for the period available for ordinary shares | (275,720) | (410,477) |
| Weighed average of outstanding ordinary shares | 49,192 | 49,192 |
| **Loss per share (in R$) – diluted** | **(5.60498)** | **(8.34439)** |
| **Loss per share with 2015 shares grouped for comparison purposes** | **(5.60498)** | **(8.34439)** |

The potential increase of ordinary shares due to capital increase by conversion of debentures or stock options was not taken into consideration due to the existence of loss for the period.

## 18 Financial instruments

### *a. Analysis of financial instruments*

Entity and its affiliates participate in transactions involving financial instruments with the purpose of financing their activities or investing its available funds.

The significant financial instruments usually used by the Entity and its affiliates are those recorded in entries "Cash and Cash Equivalents", "Loans and financing", "Bank Credit Notes" and "Debentures payable", used to finance ventures under construction, and for working capital, all of them under normal market conditions. Those instruments are all recognized by the criteria described in Accompanying Note nr.2.4, of the financial statements, as of December 31, 2016.

The Entity restricts is exposure to credit risks associated to banks and financial investment making its investments in first class financial institutions and with high remuneration in short-term securities. With regard to accounts receivable, the Entity restricts its exposure to credit risks by means of sales to a broad base of clients and ongoing performance of credit analyses.

On March 31, 2017, there was no relevant credit risk concentration associated to clients.

Management of those risks is performed by means of the definition of conservative strategies, aiming at liquidity, profitability and safety. Control policy consists of the active follow-up of contracted rates versus the ones that are current in the market.

The category of financial instruments is thus stated:

| | Holding | | Consolidated | | Classification |
|---|---|---|---|---|---|
| | 03/31/2017 | 12/31/2016 | 03/31/2017 | 12/31/2016 | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 9,303 | 5,931 | 173,303 | 200,973 | Fair value by income |
| Financial investment | - | - | 43,760 | - | Fair value by income |
| Accounts receivable | 29,059 | 24,761 | 1,716,868 | 2,022,665 | Receivables and loans |
| Loans receivable | 2,855 | 2,723 | 25,061 | 24,564 | Receivables and loans |
| Current account with partners in ventures | - | 12,530 | 77,216 | 60,165 | Receivables and loans |
| Total financial assets | **41,217** | **45,945** | **2,036,208** | **2,308,367** | |
| **Financial liabilities** | | | | | |
| Suppliers | 24,278 | 22,952 | 294,726 | 251,319 | Financial liabilities |
| Accounts payable by real estate acquisition | 5,391 | 4,517 | 128,409 | 120,526 | Financial liabilities |
| Debentures payable | 1,682,861 | 1,580,966 | 1,682,861 | 1,580,966 | Financial liabilities |
| Loans and financing | 437,568 | 430,799 | 1,288,769 | 1,401,162 | Financial liabilities |
| Liability by issuance of CCB/CCI | 2,063,953 | 2,041,970 | 2,314,405 | 2,312,584 | Financial liabilities |
| Co-liability in assignment of receivables | - | - | 21,927 | 24,411 | Financial liabilities |
| Loans payable | - | - | 4,845 | - | Financial liabilities |
| Current account with partners in ventures | 137,901 | 116,549 | 149,004 | 137,413 | Financial liabilities |
| Other liabilities | 1,451,784 | 1,374,679 | 403,230 | 417,753 | Financial liabilities |
| **Total financial liabilities** | **5,803,736** | **5,572,432** | **6,288,176** | **6,246,134** | |

## *i. Fair value of assets and liabilities*

Book values of financial instruments substantially represented by financial investments and financing, are stated in Quarterly Information, as of March 31, 2017 and 2016 with values that are approximate to the market value, by considering similar transactions.

## *b. Considerations about risks in financial instruments*

***Interest rate risk***
Entity is exposed to floating interest rates, substantially being: to the CDI rate variations that remunerates their Financial Investments in Bank Deposit Certificate and with the Repurchase Commitment backed by Debentures contracted in Reais (R$); and to the interest on Loans receivable contracted at IGPM + 12% to 18% p.a. and CDI + 2% to 3% p.a. Entity is also exposed to interest on bank loans contracted from CDI + 1.35% p.a. and 5.83% p.a. and TR + 11.02% p.a., loans contracted with the National Housing System (SNH) from TR + 8.3% p.a. to 12% p.a. and interest on Debentures issued at CDI + 0.9% p.a. and TR + 8.75% p.a.

***Sensitivity analysis***
As required by Instruction CVM nr. 475, as of December 17, 2008, Entity and its affiliates must present a sensitivity analysis for each type of market risk considered as relevant by the Management, originated by financial instruments, to which it is exposes on the each year-end date.

The majority of the costs and the Company's entire unfinished project receipt portfolio are updated by the INCC index.

With the purpose of verifying the sensitiveness of the indexer in financial investments to which the Entity was exposed on the base date of March 31, 2017, 03 different scenarios have been defined. Based on the CDI amounts which were current on March 31, 2017 and this defined as a probable scenario; as from this, scenarios have been calculated with 25% deterioration (Scenario II) and 50% (Scenario III).

For each scenario, the "gross financial revenue" was calculated, not taking into consideration the tax levy on income from investments. The portfolio base date used was March 31, 2017, with one year forecast and checking the CDI sensitiveness with each scenario.

| Transaction | CDI Risk on balance on 03/31/2017 | Probable Scenario I | II | III |
|---|---|---|---|---|
| Investment Funds – fixed income | 939 | 14% | 10% | 7% |
| Forecasted Revenue | | 1,362 | 1,021 | 681 |
| Bank deposit Certificate | 36,736 | 14% | 10% | 7% |
| Forecasted Revenue | | 8,563 | 6,422 | 4,281 |
| Committed and immediate liquidity Transactions | 95,146 | 14% | 10% | 7% |
| Forecasted Revenue | | 10,722 | 8,042 | 5,361 |
| **Total forecasted revenue** | | **20,647** | **15,485** | **10,323** |

Considering the current situation and forthcoming change of conditions and amounts of debts of the Group (PDG), due to the Court-supervised Reorganization filing and Plan, under elaboration and approval phase by the creditors, the Entity did not prepare the sensitivity study about the current indexers of debts to which the Entity is exposed, on the date base of March 31, 2017.

***Capital Management***

Capital management is performed for the maintenance of funds in cash compatible with the disbursement needs to cover liabilities, in consonance with the Entity's business plan.

Entity manages capital by means of leverage quotients, which is the net debt, less debts for production support, divided by the consolidated equity. Entity includes in loans and financing in net debt, except those intended to financing/support to production, granted under SFH conditions, less cash and cash equivalents and financial investment.. The table below states Entity's total consolidated equity, as well as the debts contracted in the period ended March 31, 2017 and December 31, 2016, exemplifying its own capital structure and obtained before third parties:

| | 03/31/2017 | 12/31/2016 |
|---|---|---|
| **Gross debt** | | |
| Housing Financial System debt –SFH | 850,358 | 970,394 |
| Other corporate debts | 438,411 | 430,768 |
| **Total loans and financing** | **1,288,769** | **1,401,162** |
| Debentures payable | 1,682,861 | 1,580,966 |
| Bank credit notes (CCBs) and co-liabilities | 2,336,332 | 2,336,995 |
| **Total gross debt** | **5,307,962** | **5,319,123** |
| (-) Cash, cash equivalent and financial investment | (217,063) | (200,973) |
| **Net debt** | **5,090,899** | **5,118,150** |
| (-) SFH debt | (850,358) | (970,394) |
| (-) CCB debt – Support to production * | (599,323) | (586,770) |
| (-) Debenture debt payable – Support to production* | (140,864) | (140,864) |
| **Net debt less debt with support to production** | **3,500,354** | **3,420,122** |
| **Total consolidated net equity (PL)** | **(3,669,601)** | **(3,414,502)** |
| Debt (with no SFH and Support to production) / PL | -95.4% | -100.2% |

* The have the same conditions of SFH contracting
a) Have credit lines origin created at the Government Severance Indemnity Fund for Employees (FGTS) and/or Savings
b) Are intender to the real estate financing (residential or commercial real estate development );
c) Are remunerated by the TR variation plus the maximum interest rate of 12%

***Liquidity risk***

Entity manages liquidity risk by making cash flow planning and monthly reviewing its forecasts according with the realized flows always aiming at increasing assertiveness and revalidation of the flows. We give priority to the use of funds originated from financing to production in the SBPE and SFH scope that enable better matching between the terms of assets and liabilities where the funds originated from the portfolio on-lending transfer to the banks are used by them in this debt amortization.

Additionally, we have corporate debts issued in the form of Debentures, CCBs and CRI's, primarily held by the biggest banks of the country, with irrelevant participation of distribution channels in capital markets. Entity's focuses on new funding with more attractive terms and costs and with advance rollover of transactions in order to adapt cash flow of its financial activities of the Entity in the short term. Long-standing relationship, its size, and share in real estate venture sector resulted in great success in this activity.

***Exchange risk***
On March 31, 2017, Entity did not have debts or amounts receivable expressed in foreign currency. Additionally, no relevant costs of the Entity are expressed in foreign currency.

***Credit risk***
It is the counterparty risk of a business not fulfilling the liability set in one financial instrument or in a contract with the client, which may lead to a financial loss.

The financial instruments that potentially subject the Entity to the concentration of credit risk, consist mainly, of Balances in Banks, Financial Investments, substantially, in government securities and accounts receivable from clients.

Entity is exposed to credit risks in its operating activities and deposits in banks and/or financial institutions, exchange transactions and other financial instruments. In order to mitigate the referred risks, the Group (PDG) adopts a conservative management by making investments with daily liquidity and post-fixed taxes, in first class banks, considering the annotations of the major risk agencies and respecting the prudential limits of concentration.

Accounts receivable balance is distributed in several clients and there is the real guarantee of the corresponding real estate units.

# 19 Business risk management

## *a. Risk control system implementation*

In order to be able to efficiently manage the risk control system, the Entity performs the operational control of all ventures of its portfolio, which enables, for example, to accelerate sales of units in order to reduce risk exposure related to certain ventures.

The referred acceleration generally occurs by means of the sale price decrease, changes in the media outlets used, etc.

## *b. Risk control system*

The risk control system covers the individual analysis of the risk of each venture and the risk analysis of the investment portfolio. Potential losses are calculated in a stressful scenario for each individual venture and for the portfolio as a whole, as well as the cash maximum exposure for each cash required by the portfolio.

## *c. Loss risk control*

The risk of the Entity's new venture is calculated by considering how much it can be lost, in case, under limit-conditions, it decides to settle this investment. For such, a settlement price is set, which is possible to be estimated only in markets whose price formation is consistent, said consistency defined as demand sensitiveness to price variations. Expected maximum loss in each project is calculated and a portion of own capital is highlighted to support this risk.

Entity's total risk is represented by the sum of the individual risks of each project. After the launch, the venture risk is decreased in the proportion of the sale of the units. Entity attempts to reach maximum of efficiency to its capital, and believes that said efficiency is achieved when the sum of the risks of individual projects is close to the total of its available capital.

***d. Cash maximum exposure control***

The risk control system monitors the cash future need to execute the ventures that are scheduled in the Entity's portfolio, based on the economic feasibility study of each venture, as well as the need for individual cash flows in relation to the forecasted cash flow as a whole. Cash flow forecast helps in the definition of the financing strategy and in decision making in relation to which the venture will be included in its portfolio.

***e. Market performance with liquidity***

By means of market know-how and with the help from its partners, the Entity is able to determine the need for new ventures in different regions, as well as the income bracket of potential buyers to be assisted. It concentrates the projects according with the liquidity of each geographical location, that is, the potential that each region presents to absorb a certain quantity of real estate units and to respond to price variations.

Entity does not intend to perform in markets in which there is no available data, and neither where are there partners which hold specific know-how about those markets. Hence, it accepts to decrease the risk of its investments, as it performs in regions with liquidity, with known market data and also because it makes partnerships with local partners.

***f. Operational Risks***

Operational risk management aims at the follow-up: (i) of the construction contract, in relation to the maximum guaranteed cost of the construction work; (ii) of construction works, in which the Entity hires specialized entities to inspect the services rendered by the contracted construction entities (quality and the physical-financial schedule of the construction work); (iii) of financial and accounting audits, prepared by the significant independent audit entities; (iv) of documentation and legal risks; and (v) of the credit risks of the buyers of the units by means of the active management of the ventures receivables.

## 20 Insurance coverage

Entity adopts the policy of contracting insurance coverage to its assets, which are subjected to risks, with amounts considered by the Management as being sufficient to cover eventful accidents, taking the nature of its activity into consideration. The policies are effective and the premiums have been duly paid. Entity considers it has a suitable management program with its risk limitation objectives and, constantly searches in the market coverage that is compatible with its size and operations.

Insurance coverage, in amounts as at March 31, 2017, is stated as follows:

| Itens | Coverage type | Insured Amount |
|---|---|---|
| Construction Insurance (Engineering and Civil Liability Risk) | Material and bodily damages involuntarily caused to third parties due to the construction work execution, installations and assemblies in the location, object of the insurance; coverage of indirect damages caused due to possible errors in the project; and extraordinary expenses such as dumping, riots, strikes, etc. | 1,233,751 |
| Guarantee Insurance for real estate unit delivery | It guarantees the construction work delivery to the prospective buyers | 146 |
| Corporate | material damage caused due to electric damages, fire, gale, riot and insures loss of rent | 17,246 |
| D&O | Civil liability of Management members | 100,000 |
| | | **1,351,143** |

# 21 Payment based on shares

## a. *Long-term Incentive Plan*

We approved the Entity's Long-Term Incentive Plan at the Extraordinary General Meeting, said Plan in the modality Share Purchase Option, having as objectives:

i. to foster expansion, success and achievement of the Entity's corporate objects;
ii. to align the Entity's shareholders' interests to the ones of the eligible persons; and
iii. to enable the Entity or other entities under its holding to attract and keep eligible persons bound to it (them).

The beneficiaries that are eligible of the share purchase option modality are the managers and employees of the Entity or of other entities under its holding, provided it is approved by the Entity's Board of Directors ("CA").

Entity's CA, when it deems as convenient, will approve of the granting of options, choosing the beneficiaries in favor of whom option in the terms of the plan will be granted, setting the exercise price of the option and the conditions of its payment, setting terms and conditions of the exercise of the options and demanding other conditions related to said options.

Those options may be exercised to the extent that the respective beneficiaries continuously remain bound as manager or employee of the Entity or of another entity under its holding, for the period from the date of the granting to its anniversary.

The unexercised Options within the set terms and conditions will be considered as automatically extinct, with no right to indemnity, the maximum effective term of the options being complied, which will be 6 (six) years after the date of the granting.

The total of shares that may be acquired in the scope of the plan will not exceed 8% (eight percent) of the Entity's total share capital representative shares (including the share issued due to exercise of options based on this plan), provided that the total number of issued shares or liable to be issued as per the terms of the plan is within the limit of the Entity's authorized capital.

The exercise price to be paid by the holder per option, will have deduction in the form of dividends and interest on own capital per share paid by the Entity between the date of granting and the option exercise date. Fair value of the share purchase options is presented by using option pricing model Black & Scholes, assuming the payment of dividends as per the premises stated in the chart below.

Below is the summary of the significant characteristics of the Entity's share purchase options, corresponding to this plan, on March 31, 2017:

| | ILP – Granting performed | | |
|---|---|---|---|
| **Issuance characteristics:** | **1st Issuance** | **2nd Issuance** | **3rd Issuance** |
| Date of granting | 19/12/2013 | 19/12/2014 | 04/11/2015 |
| Exercise final term | 19/12/2018 | 19/12/2019 | 04/11/2018 |
| Issued granting options[1] | 1,874,639 | 484,130 | 2,589,082 |
| Options cancelled until 03/31/2017 | (1,790,917) | (386,576) | (863,027) |
| Exercise Price[2] | 91.00 | 53.00 | 2.48 |
| Dividends | 7.4% | 6.5% | 0.0% |
| Volatility | 29.9% | 25.1% | 24.2% |
| Interest rate free from risk | 11.6% | 12.7% | 13.8% |
| Maturity (years) | 5 | 5 | 3 |
| **% of exercise of options:** | | | |
| In the 1st anniversary of the grant | - | - | 33% |
| In the 2nd anniversary of the grant | 20% | 20% | 33% |
| In the 3rd anniversary of the grant | 20% | 20% | 33% |
| In the 4th anniversary of the grant | 30% | 30% | - |
| In the 5th anniversary of the grant | 30% | 30% | - |
| **[1]Options of grants issues:** | **1st Issuance** | **2nd Issuance** | **3rd Issuance** |
| prior to grouping of 10/08/2015 | 93,731,953 | 24,206,480 | - |
| balance grouped 50 shares to 1 | 1,874,639 | 484,130 | 2,589,082 |
| prior to grouping of 10/08/2015 | 1.82 | 1.06 | - |
| [2]Equivalent in grouping 50x1 | 91.00 | 53.00 | 2.48 |

Below is the movement of Entity's share purchase options and dilution percentage, of the current beneficiaries, in case of full exercise of he granted options:

| | ILP-Balance of grantings issued | | | | | |
|---|---|---|---|---|---|---|
| | **1st Issuance** | **2nd Issuance** | **3rd Issuance** | **Total** | **Total outstanding shares** | **% Dilution calculated[1]** |
| **Balance to exercise 12/31/2014** | **21,294,444** | **15,251,902** | | **36,546,346** | **2,459,627,859** | **1.49%** |
| Balance after Grouping of shares 50/1 | 425,889 | 305,038 | - | 730,927 | | |
| Options of issued shares | | | 2,589,082 | 2,589,082 | 49,192,557 | **6.75%** |
| **Balance to exercise 12/31/2015** | **425,889** | **305,038** | **2,589,082** | **3,320,009** | **49,192,557** | |
| Cancelled | (83,722) | (62,609) | - | (146,331) | | |
| **Balance to exercise 12/31/2016** | **342,167** | **242,429** | **2,589,082** | **3,173,678** | **49,192,557** | **6.45%** |
| Cancelled | (258,445) | (144,875) | (863,027) | (1,266,347) | | |
| **Balance to exercise 12/31/2017** | **83,722** | **97,554** | **1,726,055** | **1,907,331** | **49,192,557** | **3.88%** |

[1] Number of grantings of shares exercisable + outstanding shares on the total of outstanding shares

Until the plan settlement in 2019, the total amount of the expense with share purchase options, considering the cancellations occurred due to the quittance of employees, will be R$ 14,452 (December 31, 2016: R$ 16,075), calculated by the method "Black & Scholes", taking into consideration the exercise period, volatility based on the history of the Entity's shares, proposed free from risk rate and proposed dividend rate.

As set by the CPC 10 – Payments Based on Shares, approved by CVM Deliberation nr. 564/08, the premium of those shares was calculated on the date of their granting and it is being recognized as expense in counterpart to the net equity, during the grace period and while the services are rendered.

During the period ended March 31, 2017 expense was appropriated and accumulated in the Entity's income, in the amount of R$ 12 (March 31, 2016: R$ 375).

The balances recognized in the Entity's income are thus stated:

**ILP - Total expenses with issuance of share granting**

| Year | Gross Value | Appropriated | to appropriate | Residual |
|---|---|---|---|---|
| **Re.: 1st issuance :** | | | | |
| 2013 | 38,772 | (385) | - | 38,387 |
| 2014 | - | (11,172) | - | 27,215 |
| 2015 | (27,215) [1] | - | - | - |
| | **11,557** | **(11,557)** | **-** | |
| **Re.: 2nd issuance:** | | | | |
| 2014 | 4,352 | (44) | - | 4,308 |
| 2015 | (853) 1 | (1,283) | - | 2,172 |
| 2016 | (718) 1 | (500) | - | 954 |
| 2017 | (954) 1 | - | - | - |
| | **1,827** | **(1,827)** | **-** | |
| **Re.: 3rd issuance:** | | | | |
| 2015 | 1,737 | (148) | - | 1,589 |
| 2016 | - | (861) | - | 728 |
| 2017 | (579) 1 | (12) | (36) | 101 |
| 2018 | - | - | (101) | - |
| | **1,158** | **(1,021)** | **(137)** | |
| **Balance on 03/31/2017** | **14,542** | **(14,405)** | **(137)** | - |
| **Balance on 12/31/2016** | **16,075** | **(14,393)** | **-** | **1,682** |
| **Balance on 12/31/2015** | **16,793** | **(13,032)** | **-** | **3,761** |

[1] Amount determined in the cancellation of the options granted due to quittance of collaborators

## 22 Information per segment

The Entity reviews the mode of assessment of its businesses and understands that its business units do not mean different segments but, in fact, a subdivision of the real estate segment. And, therefore, not presenting information per segment.

## 23 Net Operating Income

Below is the disclosure of the Entity's net operating income in the periods ended March 31, 2017 and March 31, 2016.

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| Real Estate Sales | 849 | 4,108 | 170,526 | 484,141 |
| (-) Rescissions incurred | - | (4,762) | (43,112) | (344,342) |
| **Real estate sales income** | **849** | **(654)** | **127,414** | **139,799** |
| Other operating income | - | 2,311 | 2,312 | 29,902 |
| **Gross Income** | **849** | **1,657** | **129,726** | **169,701** |
| (-) Deductions from income | (640) | (1,163) | (11,710) | (29,915) |
| **Net operating income** | **209** | **494** | **118,016** | **139,786** |

## 24 Cost of sold units

Below is the disclosure of the costs of the Entity's sold real estate units in the periods ended March 31, 2017 and March 31, 2016.

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| Cost of sold units | (3,002) | (2,847) | (152,954) | (353,847) |
| (-) Rescissions incurred | - | 2,282 | 40,993 | 219,449 |
| **Costs of real estate units sales** | **(3,002)** | **(565)** | **(111,961)** | **(134,398)** |
| Capitalized charges | (1,038) | (309) | (3,995) | (21,386) |
| **Cost of sold real state units** | **(4,040)** | **(874)** | **(115,956)** | **(155,784)** |

## 25 Financial Income

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| **Financial revenues** | | | | |
| Income from financial investment | 335 | 911 | 6,753 | 10,986 |
| monetary variation, interest and fines | 335 | 2,735 | (8,829) | 26,744 |
| Other financial revenues | 210 | 125 | 381 | 3,652 |
| | **880** | **3,771** | **(1,695)** | **41,382** |
| **Financial Expenses** | | | | |
| Interest from loans | (125,448) | (170,188) | (158,068) | (232,184) |
| Bank expenses | (5) | (11) | (359) | (1,004) |
| Other financial expenses | (1,201) | (2,434) | (23,984) | (11,419) |
| Total financial expenses | **(126,654)** | **(172,633)** | **(182,411)** | **(244,607)** |
| Capitalized Interest (Note 6) | 581 | 293 | 8,969 | 12,749 |
| | **(126,073)** | **(172,340)** | **(173,442)** | **(231,858)** |
| **Total financial income** | **(125,193)** | **(168,569)** | **(175,137)** | **(190,476)** |

# 26 Administrative Expenses

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| Salaries and charges | (1,174) | (832) | (17,585) | (22,415) |
| Administration fees | (2,408) | (7,924) | (2,408) | (7,969) |
| Stock options | (12) | (375) | (12) | (375) |
| Income sharing | - | - | - | (5,005) |
| **Salaries and charges** | **(3,594)** | **(9,131)** | **(20,005)** | **(35,764)** |
| Attorney's fees and judicial expenses | - | (1,045) | (51) | (4,410) |
| Computer maintenance | (2,720) | (2,258) | (5,383) | (2,787) |
| Consulting | (15,186) | (205) | (15,582) | (1,832) |
| Other services | - | (93) | (950) | (1,652) |
| **Rendering of services** | **(17,906)** | **(3,601)** | **(21,966)** | **(10,681)** |
| Travel | - | - | (504) | (530) |
| Telecommunications and internet | (393) | (561) | (632) | (2,088) |
| Real estate rent and refurbishment | (2) | (68) | (1,552) | (3,394) |
| Other expenses | (482) | (777) | (1,419) | (2,327) |
| **Other administrative expenses** | **(877)** | **(1,406)** | **(4,107)** | **(8,339)** |
| **Total** | **(22,377)** | **(14,138)** | **(46,078)** | **(54,784)** |

# 27 Sales expenses

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| Advertising, publicity and others | (9) | (443) | (4,708) | (15,505) |
| Commission and awards on sales | (65) | (236) | (2,503) | (6,920) |
| Sales Booth | - | (11) | (707) | (2,046) |
| **Total** | **(74)** | **(690)** | **(7,918)** | **(24,471)** |

# 28 Other operating expenses and income and capital gains and losses in Equity Interest

| | Holding | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2017** | **03/31/2016** | **03/31/2017** | **03/31/2016** |
| **Other operating expenses / income[1]** | | | | |
| **Accounts receivable from clients** | | | | |
| . Provision for doubtful credits (PCLD) | 848 | **5** | **(25,710)** | **(2,113)** |
| **Provision for legal contingencies** | | | | |
| . Additions and reversals | 25,921 | **1,821** | **(3,745)** | **(37,995)** |
| **Real Estate Inventory to trade** | | | | |
| - Impairment and others | - | - | (5,608) | (15,542) |
| Investments, development assignment and current accounts | - | 1,929 | 30,666 | (8,731) |
| Other equity accounts | (16,442) | (10,452) | (26,608) | (21,626) |
| **Total other operating expenses/ income** | **10,327** | **(6,697)** | **(31,005)** | **(86,007)** |
| [1]Accounts in income statement: | - | 802 | - | 13,126 |
| . Other operating income | - | (3,846) | (5,428) | (14,814) |
| . Losses in equity interest | 10,327 | (3,653) | (25,577) | (84,319) |
| . Other | **10,327** | **(6,697)** | **(31,005)** | **(86,007)** |

# 29 Independent Auditors

Group PDG, as per the terms of article 31 of Instruction CVM 308/1999, that provisions the shift of independent auditors at every period of five consecutive years, entered into an independent auditor services provider contract with Ernst & Young Auditores Independentes ("EY"), for the rendering of independent audit services for the audit of its Annual Financial Statements and reviews of its Quarterly Information as from the year-end 2017. There are not other services rendered in 2017 by ("EY") to the Entity.

# 30 Other information

Entity has in its Articles of Incorporation, in chapter VIII and article 39, the definition relative to the commercial issues, as follows:
Solution of controversies via arbitration: the Entity, its shareholders, administrators and the Tax Audit members shall resolve, by means of arbitration, before the Market Arbitration Chamber, all and any dispute or controversy which may arise among them, related with or originated out from, notably, the enforcement, validity, efficacy, interpretation, breach and its effects, of the provisions contained in Law 6.404/76, in these Articles of Incorporation, in the norms edited by the National Monetary Council, by the Central Bank of Brazil and by CVM, as well as in the other norms applicable to the operation of the capital market in general, in addition to those contained in the New Market Regulation, the Arbitration Regulation of the Market Arbitration Chamber, of the Regulation of the Sanctions and of the Participation Contract of the New Market.

**CONSOLIDATED FORM**

**Negociation Management and Related Persons - Art. 11 - Instrucion CVM nº 358/2002**

In 03/2017 the Company not conducted derivate and securities transactions, according to the CVM Nº 358/2002, article 11. Below is the company position regarding securities and derivates:

| Company Name: PDG Realty S.A. Empreendimentos e Participações - Under Court-Supervised Reorganization | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Group and related parties** | **(X) Management Board** | | **( ) Director** | | **( ) Fiscal Council** | | **( ) Technical or advisory committees** | |
| **Inicial Balance** | | | | | | | | |
| Securities/Derivative | Securities Characteristiscs | | | | Amount | | % of participation | |
| | | | | | | | Same Species/Class | Total |
| Shares* | Ordinary | | | | 0 | | 0.00% | 0.00% |
| PDGR11* | Subscription Bonus | | | | 0 | | 0.00% | 0.00% |
| **Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)** | | | | | | | | |
| Securities/Derivative | Securities Characteristiscs | Intermediate | Transaction | Day | Amount | | Price (R$) | Volume (R$) |
| | | | | **TOTAL** | **0** | | | **0.00** |
| PDGR11 | Subscription Bonus | | | **TOTAL** | **0** | | | **0.00** |
| **Final Balance** | | | | | | | | |
| Securities/Derivative | Securities Characteristiscs (2) | | | | Amount | | % of participation | |
| | | | | | | | Same Species/Class | Total |
| Shares* | Ordinary | | | | 0 | | 0.00% | 0.00% |
| PDGR11* | Subscription Bonus | | | | 0 | | 0.00% | 0.00% |

* Including directly and indirectly interest in PDG.

**CONSOLIDATED FORM**

**Negociation Management and Related Persons - Art. 11 - Instrucion CVM nº 358/2002**

In 03/2017 the Company not conducted derivate and securities transactions, according to the CVM Nº 358/2002, article 11. Below is the company position regarding securities and derivates:

<table>
<tr><th colspan="8">Company Name: PDG Realty S.A. Empreendimentos e Participações - Under Court-Supervised Reorganization</th></tr>
<tr><th>Group and related parties</th><th>( ) Management Board</th><th colspan="2">(X) Director</th><th colspan="2">( ) Fiscal Council</th><th colspan="2">( ) Technical or advisory committees</th></tr>
<tr><th colspan="8">Inicial Balance</th></tr>
<tr><td rowspan="2">Securities/Derivative</td><td colspan="3" rowspan="2">Securities Characteristiscs</td><td colspan="2" rowspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">10</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGR11*</td><td colspan="3">Subscription Bonus</td><td colspan="2">0</td><td>0.00%</td><td>0.00%</td></tr>
<tr><th colspan="8">Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)</th></tr>
<tr><td>Securities/Derivative</td><td>Securities Characteristiscs</td><td>Intermediate</td><td>Transaction</td><td>Day</td><td>Amount</td><td>Price (R$)</td><td>Volume (R$)</td></tr>
<tr><td>Shares</td><td>Ordinary</td><td></td><td></td><td>**TOTAL**</td><td>**0**</td><td></td><td>**0,00**</td></tr>
<tr><td>PDGR11</td><td>Subscription Bonus</td><td></td><td></td><td>**TOTAL**</td><td>**0**</td><td></td><td>**0,00**</td></tr>
<tr><th colspan="8">Final Balance</th></tr>
<tr><td rowspan="2">Securities/Derivative</td><td colspan="3" rowspan="2">Securities Characteristiscs (2)</td><td colspan="2" rowspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">10</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGR11*</td><td colspan="3">Subscription Bonus</td><td colspan="2">0</td><td>0.00%</td><td>0.00%</td></tr>
</table>

* Including directly and indirectly interest in PDG.

**CONSOLIDATED FORM**

**Negociation Management and Related Persons - Art. 11 - Instrucion CVM nº 358/2002**

In 03/2017 the Company not conducted derivate and securities transactions, according to the CVM Nº 358/2002, article 11. Below is the company position regarding securities and derivates:

| Company Name: PDG Realty S.A. Empreendimentos e Participações - Under Court-Supervised Reorganization | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Group and related parties** | **( ) Management Board** | | **( ) Director** | | **(X) Fiscal Council** | **( ) Technical or advisory committees** | |
| **Inicial Balance** | | | | | | | |
| Securities/Derivative | Securities Characteristiscs | | | | Amount | % of participation | |
| | | | | | | Same Species/Class | Total |
| Shares* | Ordinary | | | | 0.000 | 0.00% | 0.00% |
| PDGR11* | Subscription Bonus | | | | 0.000 | 0.00% | 0.00% |
| **Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)** | | | | | | | |
| Securities/Derivative | Securities Characteristiscs | Intermediate | Transaction | Day | Amount | Price (R$) | Volume (R$) |
| Shares | Ordinary | | | | | | |
| | | | | **TOTAL** | **0** | | **0.00** |
| PDGR11 | Subscription Bonus | | | | | | |
| | | | | **TOTAL** | **0** | | **0.00** |
| **Final Balance** | | | | | | | |
| Securities/Derivative | Securities Characteristiscs (2) | | | | Amount | % of participation | |
| | | | | | | Same Species/Class | Total |
| Shares* | Ordinary | | | | 0.000 | 0.00% | 0.00% |
| PDGR11* | Subscription Bonus | | | | 0.000 | 0.00% | 0.00% |

* Including directly and indirectly interest in PDG.

| **Shareholders** | | **Nº Shares** |
|---|---|---|
| Vinci Equities Gestora de Recursos Ltda | 22.38444% | 11,011,480 |
| Vinci Capital Gestora de Recursos Ltda | 11.66260% | 5,737,130 |
| Diretoria | 0.00002% | 10 |
| Outros | 65.95294% | 32,443,937 |
| **Total number of shares issued** | **100%** | **49,192,557** |

## Fiscal Council' Opinion

The Fiscal Council' members approved, by unanimity of votes and, with no restrictions, the following opinion: The Fiscal Council' of “PDG Realty S.A. Empreendimentos e Participações” – Under Court-supervised Reorganization, as per its legal attributions, in a meeting held on May 11, 2017, analyzed the Management Report and Quarterly Information relative to the period ended March 31, 2017, containing the balance sheet, the income statement, the statement of changes to the net equity, the cash flow statement, the added value statement and the accompanying notes. Based on the reviews effected and in the clarifications rendered by the Board, the Audit Committee concluded that the referred Management Report and the Quarterly Information, in all its significant respects, are adequately reported and in compliance with the applicable legal standards.

## The Board Members' Declaration on the Financial Statements

DECLARATION FOR THE PURPOSES OF ARTICLE 25, 1st §, SUB-PARAGRAPH VI, OF CVM INSTRUCTION NR. 480/09

We declare, in the capacity as the Board Members of "PDG Realty S.A. Empreendimentos e Participações" – Under Court-supervised Reorganization, a joint-stock company, with headquarters in the City of São Paulo, São Paulo State, at Avenida Dr. Cardoso de Melo, n° 1.955, 10º andar, CEP 04548-005, enrolled at the CNPJ/MF under nr. 02.950.811/0001-89 ("Entity"), as per the terms of sub-paragraph VI, of 1st paragraph of article 25 of CVM Instruction nr. 480, as of December 7, 2009, that we reviewed, discussed and agreed with the Entity's Quarterly Information for the period ended March 31, 2017.

São Paulo, May 12, 2017.

VLADIMIR KUNDERT RANEVSKY
Chairman
Financial Vice-President and
Investor Relations Director

NATALIA MARIA FERNANDES PIRES
Legal Director

## The Board Members' Declaration on the Independent Auditors' Report

DECLARATION FOR THE PURPOSES OF ARTICLE 25, 1st §°, SUB-PARAGRAPH V, OF CVM INSTRUCTION NR. 480/09

We declare, in the capacity as the Board Members of "PDG Realty S.A. Empreendimentos e Participações" – Under Court-supervised Reorganization, a joint-stock company with headquarters in the City of São Paulo, São Paulo State, at Avenida Dr. Cardoso de Melo, n° 1.955, 10º andar, CEP 04548-005, enrolled at the CNPJ/MF under nr. 02.950.811/0001-89 ("Entity"), as per the terms of sub-paragraph V, of 1st paragraph, of article 25 of CVM Instruction nr. 480, as of December 7, 2009, that we reviewed, discussed and agreed with the opinions stated in the Entity's Independent Auditors' Report (Ernst & Young Auditores Independentes) relative to the Entity's Quarterly Information for the period ended March 31, 2017.

São Paulo, May 12, 2017.

VLADIMIR KUNDERT RANEVSKY
Chairman
Financial Vice-President and
Investor Relations Director

NATALIA MARIA FERNANDES PIRES
Legal Director