# CONSORCIO ARA, S. A. B. DE C. V. (ARA*)
# RESULTS FOR THE FIRST QUARTER OF 2017 (1Q17)

*(All figures in millions of pesos)*

Mexico City, April 26, 2017– Consorcio ARA, S.A.B. de C.V. (“ARA” – BMV: ARA*) reports its results for 1Q17.

## I. Remarks by the Chief Executive Officer

Germán Ahumada Russek remarked: **We had a good start to the year**. **Revenues in the first quarter of 2017 were higher than we projected,** as we were aiming at a number basically unchanged from the first quarter of 2016. **Once again, Consorcio ARA proved its capacity and flexibility to face a challenging environment**, including a sharp reduction in the federal budget for home acquisition subsidies.

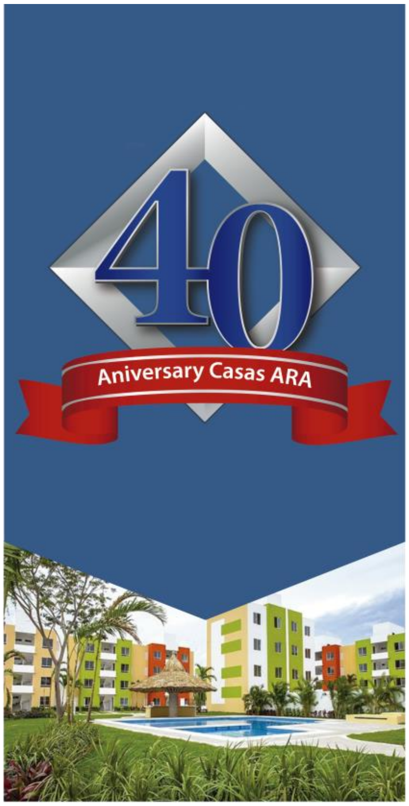
For several years now, **our strategy has been to maintain a diversified product portfolio** that enables us to serve various market segments. In the past five years alone, the **Middle-income and Residential** segments made up an average of 57% of total revenues, **in line with our goal of obtaining 60% of revenues from these segments and the remaining 40% from the Affordable Entry Level segment.**

**In the first quarter of 2017, Housing revenues** --meaning revenues from home titling activity-- **totaled P$1.69 billion, a 9.3% growth** over the same period of last year. Including revenues from Other Real-Estate Projects--primarily land sales and leasing revenues--**total revenues came to P$1.75 billion, a 3.4% growth** that was lower than that of Housing Revenues because of a substantial land sale in the first quarter of 2016 totaling P$116 million.

Note that in the **first quarter of 2017**, **revenues from homes sold under subsidies made up just 7.2%** of total revenues, compared to 36.8% in the same period of last year, **meaning an 80% reduction**.

The Mexican housing industry’s fundamentals are solid, and we at ARA are ready to continue taking advantage of the opportunities that arise. One important event took place on April 4 of this year, when **INFONAVIT announced the early launch of its new product, in which it increased the maximum amount of a mortgage loan by 68%**, translating into greater purchasing capacity for workers. Among the advantages of this new product, in our opinion, is that it offsets the effect of the reduction in the subsidy program itself, and should fund more mortgages in the middle and high-end segments.

For **2017 we estimate revenue growth of around 6%** and **net profit growth of around 8%**, along with **positive Free Cash Flow to the Firm of about P$450 million**.



*Real del Palmar, Guerrero*


*Bosque Sanctorum, Puebla*


*Citara, Estado de México*


*Paraíso Country Club, Morelos*


*Dream Lagoons Cancún, Quintana Roo*


*Paseos del Bosque, Puebla*

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ARA | ESR EMPRESA SOCIALMENTE RESPONSABLE | ARA

# II. Overview

## 1Q17 vs. 1Q16

- Revenues rose to P$1.75 billion, a growth of 3.4%.
- A total of 2,311 homes were sold and the average price was P$733,300, up 29.1%.
- Operating income was P$197.0 million, a decrease of 0.2%, and the operating margin was 11.2%.
- EBITDA came to P$257.5 million, an increase of 2.2%, and the EBITDA margin was 14.7%.
- Net income totaled P$150.3 million, a decrease of 7.1%, and the net margin was 8.6%.
- Free Cash Flow to the Firm was negative by P$45.1 million.

## Results

| | 1Q17 | 1Q16 | Chge. % |
|---|---|---|---|
| Revenues | 1,754.7 | 1,697.2 | 3.4 |
| Sales (homes) | 2,311 | 2,729 | -15.3 |
| Average price (thousands of pesos) | 733.3 | 568.2 | 29.1 |
| Gross profit | 472.4 | 453.5 | 4.2 |
| Income from operations | 197.0 | 197.4 | -0.2 |
| Net income | 150.3 | 161.8 | -7.1 |
| EBITDA (1) | 257.5 | 252.1 | 2.2 |
| Gross margin | 26.9% | 26.7% | |
| Operating margin | 11.2% | 11.6% | |
| Net margin | 8.6% | 9.5% | |
| EBITDA margin | 14.7% | 14.9% | |
| Free Cash Flow to the Firm | -45.1 | 60.8 | |

(1) EBITDA: Income from operations excluding depreciation, capitalized interest expense that was transferred to cost, and other income (expense) - net.

## Financial Position

*(Millons of pesos)*

| | As of Mar'17 | As of Dec'16 | Chge. % |
|---|---|---|---|
| Cash and cash equivalents | 1,814.7 | 1,786.6 | 1.6 |
| Cost bearing liabilities | 2,767.4 | 2,633.8 | 5.1 |
| Net debt | 952.7 | 847.2 | 12.5 |

*(Times)*

| | | As of Mar'17 | As of Dec'16 | Change |
|---|---|---|---|---|
| Cost bearing liabilities | / Stockholders' equity | 0.23 | 0.22 | 0.01 |
| | / Total assets | 0.15 | 0.14 | 0.01 |
| | / EBITDA (12m) | 2.47 | 2.36 | 0.11 |
| Net debt / EBITDA (12m) | | 0.85 | 0.76 | 0.09 |
| Net debt / Stockholders' equity | | 0.08 | 0.07 | 0.01 |

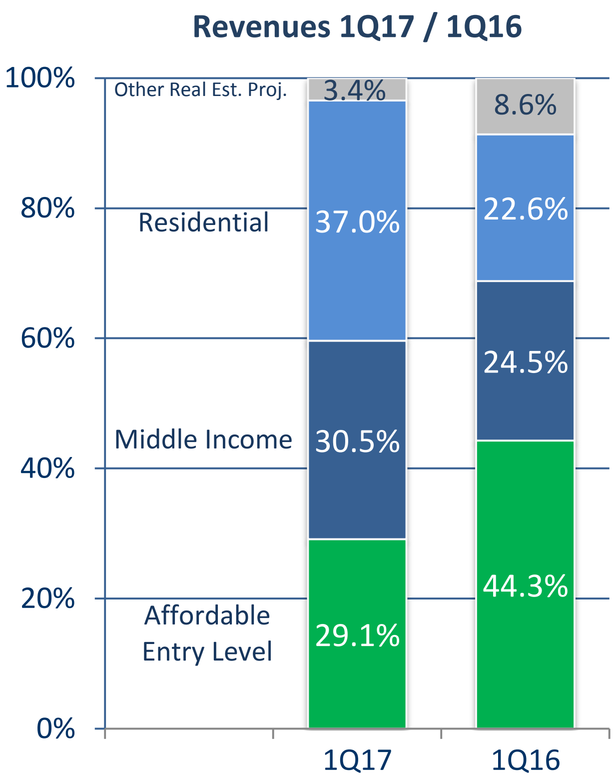
| | 1Q17 | 1Q16 | Chge. | LTM 17 | LTM 16 | Chge. |
|---|---|---|---|---|---|---|
| Interest coverage: | | | | | | |
| EBITDA / Interest expense | 4.43 | 7.31 | -2.88 | 5.58 | 6.42 | -0.84 |

## Land Bank

As of March 31, 2017, ARA's land bank had an assessed value of P$4.96 billion and included 36.4 million $m^2$, enough to build 147,434 master-plan homes. This land bank includes 2.2 million $m^2$ set aside for non-housing development, such as the retail properties, tourist resorts and industrial zones.

## III. First Quarter Results 2017 / 2016 (1Q17 / 1Q16)

### Revenues

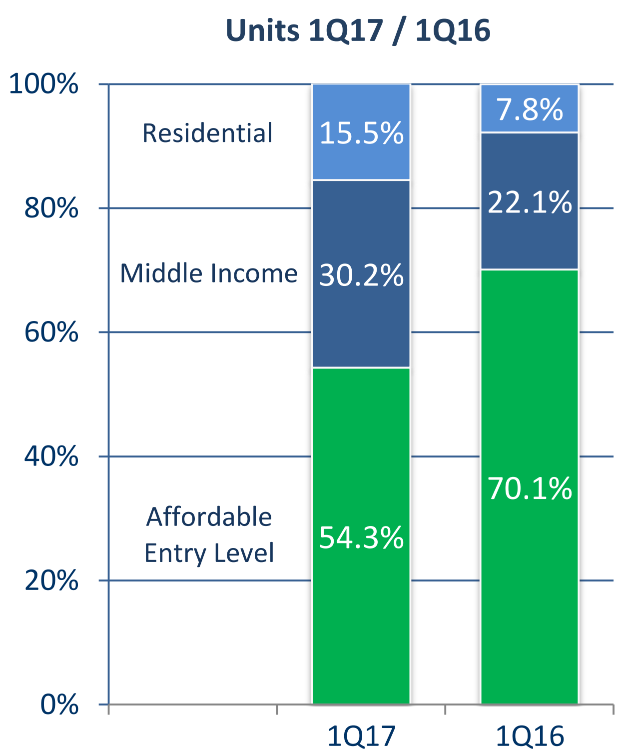



Housing Revenues in 1Q17 totaled $1.69 billion pesos, 9.3% higher than in 1Q16. Revenues from Other Real-Estate Projects, primarily land sales and leasing revenues, came to $60.1 million pesos, a 59% reduction attributable to a major land sale totaling P$116 million in the year-earlier period. All together, revenues in 1Q17 totaled $1.75 billion pesos, an increase of 3.4% over the same quarter of 2016.

The breakdown of revenues by segment was as follows:

| | 1Q17 | | | 1Q16 | | | Chge. 1Q 17/16 | |
|---|---|---|---|---|---|---|---|---|
| | Units | Mill. $ | Rev% | Units | Mill. $ | Rev% | Mill. $ | % |
| Affordable Entry Level | 1,255 | 510.7 | 29.1 | 1,914 | 751.8 | 44.3 | -241.1 | -32.1 |
| Middle Income | 699 | 535.4 | 30.5 | 603 | 416.0 | 24.5 | 119.4 | 28.7 |
| Residential | 357 | 648.5 | 37.0 | 212 | 382.8 | 22.6 | 265.7 | 69.4 |
| **Total as Home Builder** | **2,311** | **1,694.6** | **96.6** | **2,729** | **1,550.6** | **91.4** | **144.1** | **9.3** |
| Other Real Estate Projects | | 60.1 | 3.4 | | 146.6 | 8.6 | -86.5 | -59.0 |
| **Total** | **2,311** | **1,754.7** | **100** | **2,729** | **1,697.2** | **100** | **57.5** | **3.4** |

Revenues in the Residential segment in 1Q17 once again saw a strong growth of 69.4% compared to 1Q16, followed by Middle Income housing with a significant 28.7% rise.

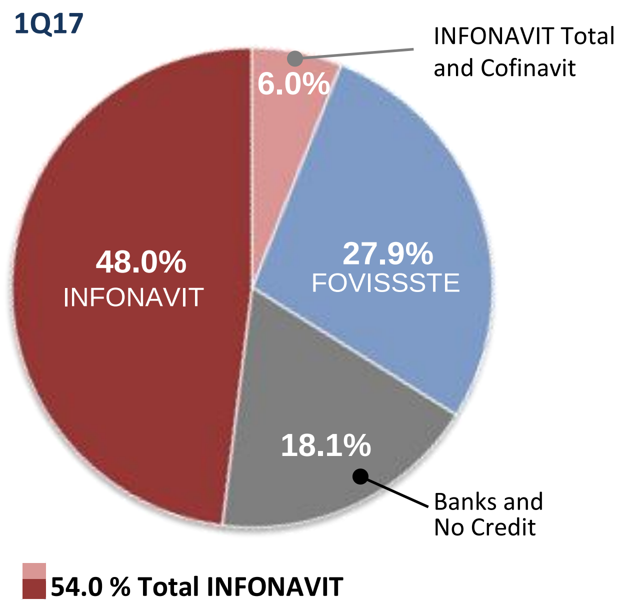


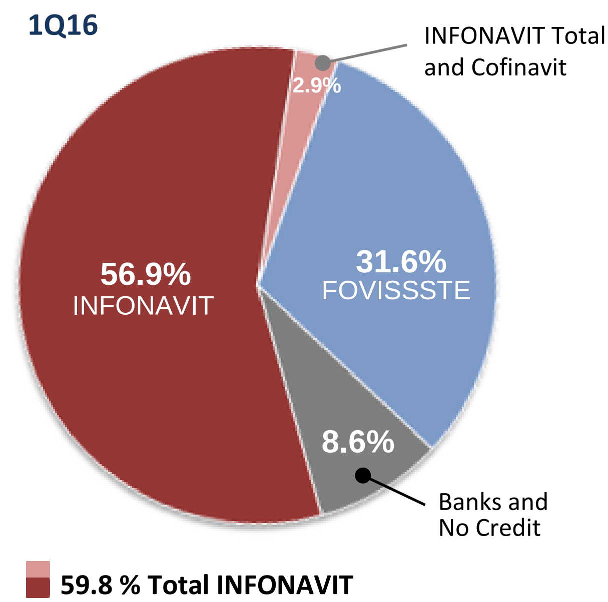

Revenues in the Affordable Entry Level segment declined 32.1% in 1Q17, the result of a reduction in income from homes sold under federal government subsidies, which accounted for only 7.2% of total revenues, well below the 36.8% reported in1Q16.

This reduction in revenues from Affordable Entry Level home sales, which was incorporated into our projections, was in line with our strategy, responding to a 34% reduction in the 2017 subsidy budget as well the recent change in the operating rules limiting the cap on the price of home eligible to be acquire under subsidy from P$459,000 to P$363,000, and lowering the cap on the eligible monthly wage range from P$11,500 to P$9,200. Importantly, however, with the increase in the maximum amount of a loan available from INFONAVIT, we expect the weight of the Affordable Entry Level segment in our revenue mix to gradually recover, to around 40% of total revenues.

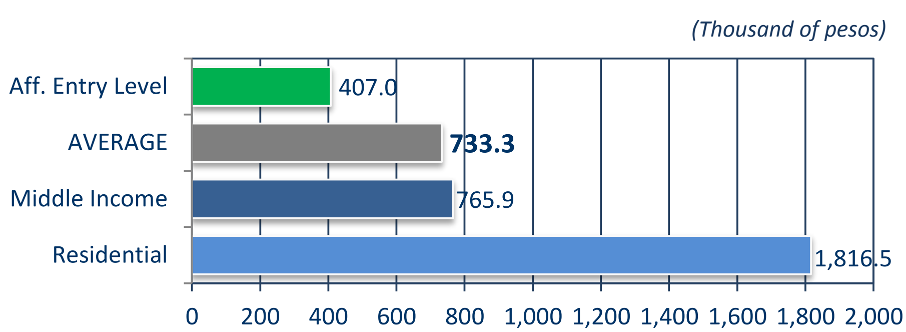
Homes in vertical developments accounted for 49.0% of the total number sold in 1Q17, higher than the 41.2% reported in 1Q16.

Percentage of titled homes by type of financing 1Q17 / 1Q16




Average sales prices by type of housing unit 1Q17




The average price of the homes sold in 1Q17 was P$733,300, an increase of 29.1% over the same period of last year, due primarily to the higher weight of the Middle-Income and Residential segments in the revenue mix. By housing segment, the average prices of Affordable Entry Level, Middle Income and Residential homes rose 3.6%, 11.0% and 0.6%, respectively.

## Costs

In 1Q17, costs totaled P$1.28 billion, which was 3.1% more than the P$1.24 billion reported in 1Q16. Costs in 1Q17 were equivalent to 73.1% of total revenues, practically stable compared to 1Q16.

## Gross profit

At the close of 1Q17, gross profit totaled P$472.4 million, growing 4.2% over the same period of last year. The gross margin was 26.9%, a modest 20bp increase from 1Q16.

## General expenses

In 1Q17, general expenses, which include wages and compensation for administrative and sales personnel as well as sales expense, came to P$268.0 million, and grew 6.5% compared to 1Q16. General expenses were equivalent to 15.3% of revenues, higher than the 14.8% reported in 1Q16, but still in line with our projections.

## Operating income

Operating income for 1Q17 was P$197.0 million, stable against the amount generated in 1Q16. The operating margin was 11.2% for the quarter, 40bp lower than the margin in 1Q16.

## Financial expense (income) - net

| | 1Q17 | 1Q16 | Change | |
|---|---|---|---|---|
| | Mill $ | Mill $ | Mill $ | % |
| Net interest expense | 10.8 | 2.7 | 8.1 | 299.3 |
| Interest income | -14.7 | -10.4 | -4.3 | 41.4 |
| Exchange loss | 9.1 | 1.0 | 8.2 | 829.8 |
| Gain on derivatives | -2.9 | 0.0 | -2.9 | 100.0 |
| **Financial expense (income) - net** | **2.4** | **-6.7** | **9.1** | **-135.2** |

| | 1Q17 | 1Q16 | Change | |
|---|---|---|---|---|
| | Mill $ | Mill $ | Mill $ | % |
| Interest expense | 58.1 | 34.5 | 23.6 | 68.4 |
| Capitalized interest expense | -47.3 | -31.8 | -15.5 | 48.8 |
| **Net interest expense** | **10.8** | **2.7** | **8.1** | **299.3** |

In 1Q17, net interest expense came to P$2.4 million, down from P$6.7 million in 1Q16.

Due to a rise in debt as well as a higher TIIE, interest expense in 1Q17 rose P$23.6 million over 1Q16.

Exchange-rate fluctuations in the first quarter resulted in a foreign-exchange loss of P$9.1 million, primarily resulting from the valuation of dollar investments (cash equivalents).

Gain on derivatives in 1Q17 corresponds to hedging instruments taken out in relation to certain loans (see Debt section).

Capitalized interest expense is based on the weighted average acquisition of inventories (which includes land and work in process). The interest is capitalized into inventories and transferred to costs as revenues from the corresponding developments are entered.

In 1Q17 and 1Q16, capitalized interest expense included in inventories was P$47.3 million and P$31.8 million, respectively. At the same time, capitalized interest expense of P$38.5 million was transferred from inventories to costs in 1Q17, compared to P$31.8 million in 1Q16.

## Income tax

ARA’s tax bill for 1Q17 totaled P$61.4 million, corresponding to an Income Tax rate of 30% of net fiscal earnings.

## Net income

Net income in 1Q17 was P$150.3 million, 7.1% lower than in 1Q16. The net margin was 8.6% in 1Q17, 90bp lower than in 1Q16, due mainly to higher general expenses and interest expense, as well as the recognition of an exchange-rate loss caused by the revaluation of dollar investments.

Because we project higher revenues in the remaining quarters of the year, we expect the net margin to recover in line with our projection to around 9.5%.

## EBITDA

**Reconciliation of net income with EBITDA**

| | 1Q17 | 1Q16 | Change | |
|---|---|---|---|---|
| | Mill $ | Mill $ | Mill $ | % |
| **Net income** | **150.3** | **161.8** | **-11.5** | **-7.1** |
| Depreciation | 14.6 | 18.4 | -3.8 | -20.6 |
| Capitalized interest paid transferred to costs | 38.5 | 31.8 | 6.7 | 21.1 |
| Income taxes | 61.4 | 66.3 | -4.9 | -7.4 |
| Equity method in joint ventures | -17.1 | -24.1 | 6.9 | -28.9 |
| Other expense - net | 7.4 | 4.5 | 2.9 | 64.2 |
| Financial expense (income) - net | 2.4 | -6.7 | 9.1 | -135.2 |
| **EBITDA** | **257.5** | **252.1** | **5.5** | **2.2** |

In 1Q17, ARA generated P$257.5 million in EBITDA, which was a 2.2% increase over 1Q16. The EBITDA margin was 14.7%, 20bp lower than the margin in 1Q16.

# IV. Financial position, liquidity and capital resources

## Cash and cash equivalents

As of March 31, 2017, cash and cash equivalents totaled P$1.81 billion, an increase of 1.6% over the balance at the close of 2016.

## Accounts receivable

Accounts receivable on March 31, 2017 totaled P$601.9 million, rising 17.3% over the balance as of December 31, 2016, due to a higher volume of homes titled in the last weeks of March. However, accounts receivable turnover was 28 days, an increase of only 3 days compared to the end of 2016.

## Inventories

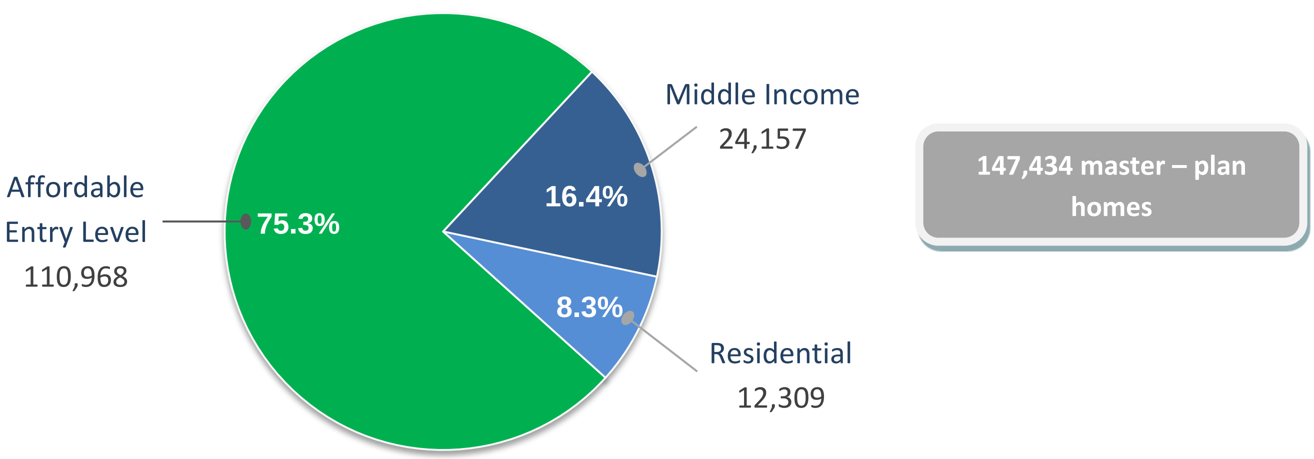
As of March 31, 2017, ARA reported P$14.14 billion in inventory, which includes: i) P$4.96 billion in land currently under development and for future development, and ii) works in progress (building, urbanization, infrastructure, equipment and licenses), and construction materials storage totaling P$9.18 billion.

ARA's land bank is strategically located in some of Mexico's fastest growing economic regions. As of March 31, 2017, our land bank extended over 36.4 million m$^2$ in 18 states, enough land on which to build 147,434 master-plan homes. This land bank includes 2.2 million m$^2$ that have been set aside for non-housing purposes, such as the construction of commercial developments, tourist resorts and industrial zones.

The table and map below show the geographic distribution of ARA's land bank:

| State | Units | % |
|---|---|---|
| State of Mexico | 48,184 | 32.7 |
| Quintana Roo | 36,231 | 24.6 |
| Baja California | 8,674 | 5.9 |
| Jalisco | 7,832 | 5.3 |
| Nuevo León | 6,592 | 4.5 |
| Hidalgo | 5,771 | 3.9 |
| Guanajuato | 5,376 | 3.6 |
| Guerrero | 4,786 | 3.2 |
| Veracruz | 4,729 | 3.2 |
| Puebla | 4,655 | 3.2 |
| Nayarit | 4,637 | 3.1 |
| Morelos | 1,731 | 1.2 |
| Subtotal | 139,198 | 94.4 |
| Others (6 states) | 8,236 | 5.6 |
| **Total** | **147,434** | **100** |

**Land bank by type housing unit as of March 31, 2017**




## Property, machinery and equipment

ARA is a vertically integrated Company, which allows us to both generate and take fuller advantage of significant economies of scale. Our Concrete, Machinery and Falsework division (COMACI) is a strategic unit that provides the machinery and equipment necessary for our construction, cast-in-place wall and falsework, as well as our supply of ready-mix. As of March 31, 2017, the Company had P$211.9 million invested in property, machinery and equipment.

## Debt, and Net debt

As of March 31, 2017 cost-bearing debt (bank credit plus financial leasing) totaled P$2.77 billion, which was an 5.1% increase compared to the balance of P$2.63 billion reported on December 31, 2016, due primarily to a drawdown of P$231.3 million from an additional credit line of up to $500 million established in the secured syndicated loan we took out in September 2015. This drawdown is subject to the same repayment period, loan conditions and interest rate as the original loan.

Net debt as of March 31, 2017 was P$952.7 million, a 12.5% decline from the close of 2016, due in turn to a rise in debt.

The breakdown of our cost-bearing debt is 36.5% short term and 63.5% long term. All of the cost-bearing debt was denominated in pesos.

A syndicated loan secured by real-estate collateral accounts for 59% of the total bank credit, and the balance of this debt amounted to P$1.62 billion as of March 31, 2017. The interest rate on this loan depends on the Debt to EBITDA leverage ratio. If that ratio is between 2 and 3 times, the rate would be 242bp over the TIIE. As of March 31, 2017, the ratio of cost bearing debt to EBITDA was 2.47 times. The mortgage security for the loan has a collateralization ratio of 1 to 1 on the outstanding balance of the debt and consists of long-term land bank reserves with a book value of P$983.5 million. It is also guaranteed by the Federal Mortgage Society for up to 50% of the outstanding balance.

As of March 31, 2017, the balance of bridge loans was P$543.1 million, representing 19.9% of bank loans. The interest rate on these loans is set at between 275bp and 285bp over the TIIE, and they expire in terms of between 2 and 3 years.

As of March 31, 2017, the balance of simple mortgage-backed loans, secured by collection rights and equity shares in the shopping centers, which are wholly owned by ARA, was P$294.5 million. For some of these loans, we have acquired a derivative financial instrument for hedging purposes (interest rate cap, 8% with no spread), expiring in 2019.

In financial leasing, a source of funding for the acquisition of machinery and equipment, the outstanding balance as of March 31, 2017, was P$37.8 million.

*(Times)*

| | | As of Mar'17 | As of Dec'16 | Change |
|---|---|---|---|---|
| Cost bearing liabilities | / Stockholders' equity | 0.23 | 0.22 | 0.01 |
| | / Total assets | 0.15 | 0.14 | 0.01 |
| | / EBITDA (12m) | 2.47 | 2.36 | 0.11 |
| Net debt / EBITDA (12m) | | 0.85 | 0.76 | 0.09 |
| Net debt / Stockholders' equity | | 0.08 | 0.07 | -0.01 |
| Total Liabilities / Total Assets | | 34.3% | 34.7% | -40 pb |
| Total Liabilities[(a)] / Total Assets | | 23.1% | 23.4% | -30 pb |
| Total Liabilities / Stockholders' equity | | 52.2% | 53.1% | -90 pb |

[(a)] *Deferred income tax not included.*

For eleven years in a row, ARA has had the highest credit ratings in the Mexican homebuilding sector, from Standard and Poor's mxA (CaVal National Scale), and Moody's Investor Services (Ba2 Global Scale, Local Currency) and A2.mx (Mexico National Scale).

## Other financial ratios

In addition to the debt ratios presented previously, the following table contains further indicators of this firm's solid financial structure.

| | As of Mar'17 | As of Dec'16 |
|---|---|---|
| Liabilities in Foreign Currency / Total Liabilities | 0.1% | 0.1% |
| Cash and Investments / Current Liabilities | 75.2% | 80.7% |
| Revenues / Total Liabilities | 1.23 veces | 1.21 veces |
| Current Assets / Current Liabilities | 7.08 veces | 7.67 veces |
| Current Assets (-) Inventories / Current Liabilities | 1.23 veces | 1.28 veces |

### Deferred income tax

The deferred income tax liability is produced basically by the deductibility of land acquisitions, and totaled P$2.05 billion as of March 31, 2017, and remained stable compared to the balance at the close of 2016.

### Stockholder´s equity

Consorcio ARA's stockholders' equity totaled P$12.01 billion as of March 31, 2017. Of this amount, 91.1% corresponded to accumulated earnings, which totaled P$10.94 billion.

### Earnings Per Share (EPS)

For the last twelve months ended March 31, 2017, earnings per share (EPS) was P$0.545, compared to P$0.462 in last twelve months ending March 2016, a growth of 17.8%.

## V. Shopping malls

ARA has a unit devoted to developing, managing and marketing shopping centers. These shopping centers are strategically located in areas of high demographic growth potential, typically inside or close to ARA's housing developments, serving as a major source of added value for those developments. The following table shows the geographic location of the developments and their Gross Leasable Area (GLA), as of March 31, 2017:

| Shopping center | State | GLA* ($m^2$) | % |
|---|---|---|---|
| Centro Las Américas | State of Mexico | 61,537 | 47.0 |
| Centro San Miguel | State of Mexico | 25,564 | 19.5 |
| Plaza Centella | State of Mexico | 14,787 | 11.3 |
| Centro San Buenaventura | State of Mexico | 11,474 | 8.8 |
| Plaza Carey | Veracruz | 17,669 | 13.5 |
| | **Total** | **131,031** | **100** |

* Gross Leasable Area

In addition, ARA has 8,328m$^2$ in "uni" and "mini" shopping center formats, bringing the full total of Gross Leasable Area to 139,359m$^2$. The occupancy rate as of March 31, 2017 was 96.6%.

In 1Q17, revenues totaled P$63.9 million and Net Operating Income (NOI) was P$45.5 million, increases of 19.3% and 16.1%, respectively, compared to the same period of last year. This was due primarily to the incorporation of the remaining 50% of Centro San Miguel and Centro San Buenaventura, which we acquired in the second quarter of last year.

These results correspond to shopping centers that are 100% owned by ARA and are consolidated into our financial statements - Centro San Miguel, Plaza Centella, Centro San Buenaventura and Plaza Carey, uni- and mini-centers--as well as 50% of Centro Las Américas, according to our stake in that property, which is entered under the equity method.

### Paseo Ventura

On March 30, our sixth shopping center, Paseo Ventura, opened in the State of Mexico, with a surface area of 26,000 m$^2$ of gross leasable area. The total investment was P$552 million, and Consorcio ARA has a 50% stake in the property. To date, it has a sell-out ratio of 93% and an occupancy rate of 90%, indicators of this project's success.

# VI. Closing Remarks

## Dividends

Today, April 26 2017, the General Ordinary Shareholders' Meeting of Consorcio ARA, S.A.B. de C.V. approved a dividend payment totaling P$111 million. As of this date, there are 1,308,235,345 shares outstanding, so the dividend per share amounts to P$0.0848. As of December 31, 2016, the share price was P$6.49 which means the yield per share is 1.31%.

This dividend is paid out of the Company's retained earnings from fiscal years prior to 2014 account and net tax income account.

## Socially Responsible Company Distinction

For the eleventh consecutive year ARA was recognized as a Socially Responsible Enterprise by the Mexican Center for Philanthropy.

## Annual Report and GRI Sustainability Report

For the fourth year in a row, we have prepared our report in accordance with the G4 guidelines of the Global Reporting Initiative (GRI). This document describes the most relevant activities carried out by Consorcio ARA in the social, economic and environmental spheres. The report is available at: www.consorcioara.com.mx

### Conference Call and Webcast

ARA will hold its conference call to discuss the Company's 1Q17 results on Thursday, April 27, 2017 at 10:00 a.m. (Central Daylight Time) 11:00 a.m. (Eastern Daylight Time). In order to connect to the call, please dial up ten minutes before the conference is scheduled to begin, at one the following numbers:

| | |
|---|---|
| **United States** | **+1.855.893.9851** |
| **International** | **+1.734.385.4606** |
| **Identification code** | **93092264** |

The Conference Call and presentation will also be transmitted live over the Internet. For access, go to: https://engage.vevent.com/rt/consorcioarasabdecv~042717

A recording of the full Conference Call will be available for replay beginning at 1:30p.m. on April 27, 2017 until May 4, 2017 at 10:59 p.m. To listen to the replay please dial one of the following numbers:

| | |
|---|---|
| **United States** | **+1.855.859.2056** |
| **International** | **+1.404.537.3406** |
| **Identification code** | **93092264** |

### Company Profile

Consorcio ARA has more than 40 years of experience in the building and marketing of Affordable Entry Level, Middle Income and Residential housing. To date, Consorcio ARA has sold about 335,000 homes and at present approximately 1,341,000 people live in ARA homes. It has also ventured successfully into the design, construction and operation of shopping centers. Since 1996, when ARA became a publicly traded Company, it has been characterized by a diversified product offering and a long-term vision, with a solid financial structure that is reflected in the efficient use of our working capital, liquidity and a moderate level of debt.

### Disclaimer

The information provided herein by Consorcio ARA may contain forward-looking statements about future events and financial results. The reader should understand that the results obtained may differ from the projections contained in this document, because past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.

## VII. Financial Statements

### Statements of Profit or Loss and other Comprehensive Income

| | First Quarter 2017 / 2016 | | | | Change 1Q17 / 1Q16 | |
|---|---|---|---|---|---|---|
| | 1Q17 | % | 1Q16 | % | $ | % |
| Revenues | 1,754.7 | 100 | 1,697.2 | 100 | 57.5 | 3.4 |
| Costs | 1,282.3 | 73.1 | 1,243.7 | 73.3 | 38.6 | 3.1 |
| **Gross profit** | **472.4** | **26.9** | **453.5** | **26.7** | **19.0** | **4.2** |
| General expenses | 268.0 | 15.3 | 251.6 | 14.8 | 16.4 | 6.5 |
| Other expense - net | (7.4) | -0.4 | (4.5) | -0.3 | (2.9) | 64.2 |
| **Income from operations** | **197.0** | **11.2** | **197.4** | **11.6** | **(0.4)** | **(0.2)** |
| Financial expense (income) - net: | | | | | | |
| Interest expense | 58.1 | 3.3 | 34.5 | 2.0 | 23.6 | 68.4 |
| Capitalized interest expense | (47.3) | -2.7 | (31.8) | -1.9 | (15.5) | 48.8 |
| Interest income | (14.7) | -0.8 | (10.4) | -0.6 | (4.3) | 41.4 |
| Exchange loss - Net | 9.1 | 0.5 | 1.0 | 0.06 | 8.2 | 829.8 |
| Gain on derivatives | (2.9) | -0.2 | - | 0.00 | (2.9) | 100.0 |
| | 2.4 | 0.1 | (6.7) | -0.4 | 9.1 | (135.2) |
| Equity method in join ventures | 17.1 | 1.0 | 24.1 | 1.4 | (6.9) | (28.9) |
| **Income before Income taxes** | **211.8** | **12.1** | **228.1** | **13.4** | **(16.4)** | **(7.2)** |
| Taxes: | | | | | | |
| ISR deferred | (4.0) | -0.2 | (3.1) | -0.2 | (0.9) | 30.2 |
| ISR current | 65.5 | 3.7 | 69.4 | 4.1 | (3.9) | (5.7) |
| | 61.4 | 3.5 | 66.3 | 3.9 | (4.9) | (7.4) |
| **Net Income** | **150.3** | **8.6** | **161.8** | **9.5** | **(11.5)** | **(7.1)** |
| Other comprehensive income | - | 0.0 | - | 0.0 | - | 0.0 |
| **Comprehensive income** | **150.3** | **8.6** | **161.8** | **9.5** | **(11.5)** | **(7.1)** |
| Depreciation | 14.6 | 0.8 | 18.4 | 1.1 | (3.8) | (20.6) |
| NCFR recognized in costs | 38.5 | 2.2 | 31.8 | 1.9 | 6.7 | 21.1 |
| **EBITDA** | **257.5** | **14.7** | **252.1** | **14.9** | **5.5** | **2.2** |

## Statements of financial position

| | As of Mar'17 | As of Dec'16 | Change | |
|---|---|---|---|---|
| | | | Amount | % |
| ASSETS | | | | |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | 1,814.7 | 1,786.6 | 28.1 | 1.6 |
| Accounts receivable | 601.9 | 513.2 | 88.6 | 17.3 |
| Land for development | 4,956.1 | 5,028.0 | -71.8 | (1.4) |
| Work in process (mainly) | 9,185.4 | 9,105.0 | 80.5 | 0.9 |
| Total Inventories | 14,141.6 | 14,132.9 | 8.6 | 0.1 |
| Other current assets | 541.6 | 544.9 | -3.3 | (0.6) |
| | 17,099.8 | 16,977.7 | 122.0 | 0.7 |
| NON-CURRENT ASSETS: | | | | |
| Investment properties | 640.3 | 642.8 | -2.5 | (0.4) |
| Property, machinery and equipment – Net | 211.9 | 221.5 | -9.6 | (4.3) |
| Investments in joint venture | 150.7 | 152.6 | -2.0 | (1.3) |
| Deferred tax asset | 98.0 | 95.1 | 2.9 | 3.1 |
| Derivative financial instrument | 1.6 | 2.2 | -0.6 | (28.3) |
| Other non-current assets | 75.4 | 74.0 | 1.4 | 2 |
| Employee benefits | 2.2 | 1.3 | 0.9 | 67.2 |
| | 1,180.1 | 1,189.5 | -9.4 | (0.8) |
| **TOTAL ASSETS** | **18,279.9** | **18,167.2** | **112.7** | **0.6** |
| CURRENT LIABILITIES: | | | | |
| Bank Loans | 985.2 | 642.8 | 342.4 | 53.3 |
| Financial Leasing | 25.8 | 21.5 | 4.3 | 19.9 |
| Suppliers | 673.5 | 773.5 | -100.0 | (12.9) |
| Other current liabilities | 730.2 | 776.5 | -46.3 | (6.0) |
| | 2,414.7 | 2,214.3 | 200.4 | 9.1 |
| NON-CURRENT LIABILITIES: | | | | |
| Bank Loans | 1,744.4 | 1,947.7 | -203.2 | (10.4) |
| Financial Leasing | 12.0 | 21.9 | -9.8 | (45.0) |
| Deferred income tax | 2,049.0 | 2,050.1 | -1.1 | (0.1) |
| Other Long Term Liabilities | 51.8 | 70.5 | -18.7 | (26.5) |
| | 3,857.3 | 4,090.1 | -232.8 | (5.7) |
| TOTAL LIABILITIES | 6,271.9 | 6,304.4 | -32.4 | (0.5) |
| STOCKHOLDERS' EQUITY | 12,007.9 | 11,862.8 | 145.1 | 1.2 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | **18,279.9** | **18,167.2** | **112.7** | **0.6** |

## Statements of changes in stockholder´s equity

| | Common stock | Additional paid-in capital (A) | Reserve for acquisition of own stock | Retained earnings | Non-controlling interest | Total stockholders' equity |
|---|---|---|---|---|---|---|
| Balances as of January 1, 2016 | 646.3 | 349.2 | 53.0 | 10,148.2 | 40.3 | 11,237.1 |
| Net repurchase of own stock | -0.048 | 0.9 | -0.1 | | | 0.8 |
| Net comprehensive income | | | | 161.2 | 0.6 | 161.8 |
| **Balances as of March 31, 2016** | **646.3** | **350.1** | **52.9** | **10,309.5** | **40.9** | **11,399.7** |
| Balances as of January 1, 2017 | 645.5 | 351.6 | 41.2 | 10,782.2 | 42.3 | 11,862.8 |
| Net repurchase of own stock | -0.3 | | -5.0 | | | -5.2 |
| Net comprehensive income | | | | 150.0 | 0.4 | 150.3 |
| **Balances as of March 31, 2017** | **645.3** | **351.6** | **36.3** | **10,932.2** | **42.7** | **12,007.9** |

**(A)** Includes Premium on sale of repurchased stock.

## Statements of cash flow

| | Jan-Mar'17 | Jan-Mar'16 |
|---|---|---|
| Operating activities: | | |
| Income before taxes | 211.8 | 228.1 |
| Items related to investing activities: | | |
| Depreciation | 14.6 | 18.4 |
| Interest income | -14.7 | -10.4 |
| Equity in earnings of equity method investees | -17.1 | -24.1 |
| | -20.1 | -16.1 |
| Items related to financing activities: | | |
| Interest expense | 58.1 | 34.5 |
| | 249.8 | 246.6 |
| (Increase) decrease in: | | |
| Trade accounts receivable - Net | -88.6 | -48.5 |
| Inventories | -8.6 | -16.3 |
| Other assets | -0.9 | 3.7 |
| Increase (decrease) in: | | |
| Suppliers | -100.0 | 9.8 |
| Other liabilities | -82.8 | -26.2 |
| Income taxes paid | -25.9 | -93.9 |
| **Net cash provided by operating activities** | **-57.2** | **75.1** |
| Investing activities: | | |
| Investments in equity method investees | 0.0 | -25.7 |
| Purchasing of property, machinery and equipment | -3.0 | -13.0 |
| Disposal of other permanent investments | 0.4 | 14.0 |
| Dividends received from equity method investees | 0.0 | 0.0 |
| Collection of interest | 14.7 | 10.4 |
| **Cash excess to apply to financing activities** | **-45.1** | **60.8** |
| **Financing activities** | **73.2** | **-113.9** |
| Net increase in cash and cash equivalents | 28.1 | -53.2 |
| Cash and cash equivalents at beginning of year | 1,786.6 | 1,467.1 |
| **Cash and cash equivalents at end of year** | **1,814.7** | **1,413.9** |