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# EDITED TRANSCRIPT

CRDE3.SA - Q2 2020 CR2 Empreendimentos Imobiliarios SA Earnings Call

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## CORPORATE PARTICIPANTS

**Felipe Shalders** *CR2 Empreendimentos Imobiliários S.A. - CEO, IR & Technical Officer*

## PRESENTATION

### Operator

Ladies and gentlemen, thank you for holding, and welcome to the CR2 Enterprises' conference call. (Operator Instructions) Now I would like to turn the floor over to Mr. Felipe Shalders. Please, Mr. Shalders, you may proceed.

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**Felipe Shalders** - *CR2 Empreendimentos Imobiliários S.A. - CEO, IR & Technical Officer*

Hello, everyone, and thank you very much for joining us in the presentation of the results of the second quarter of 2020 of CR2 Empreendimentos Imobiliários. You can follow along with our presentation online by going to our website.

In the second slide of our presentation, we have the highlights: cash and cash equivalents of BRL 24.4 million; 0 corporate debt; receipt of 22 more units in payment after the extinction of the condominium at Link Office, Mall & Stay project; 18% reduction in G&A in comparison with the second quarter of 2019; and subsequent events: incorporation of CR2 Sao Paulo 1 Empreendimentos Ltda. by CR2 Empreendimentos SPE-9 Ltda., which is responsible for all the obligations and rights of the incorporated company; continuing the process of monetizing assets and optimizing the operational structure; payment of the second installment of the capital refund to shareholders, referring to 50% of the total refund of BRL 10 million approved at the Extraordinary General Meeting held on March 2, 2020.

On the next slide, we have the gross sales and cancellations. In the second quarter of 2020, we had no inventory sales or cancellations. Currently, the company -- most of units available for sales are in the Link Office & Mall project composed mainly of stores and commercial rooms and located in Barra da Tijuca region, which, over the past few years, has presented a very challenging scenario for the real estate sector.

Next, on Slide #4, you can see the receivables and inventory evolutions. Receivables decreased 52% in comparison with the second quarter of 2019, result that the credit assignment agreement for the sale of Parque das Águas land signed in December 2019. Compared to first quarter 2020, receivables decreased by 80%, mainly impacted by the condominium extinction agreements in the Link Office & Mall project, in which the company held a 40% financial exchange with the receipt of another 22 units in payments by way of payment.

You can see the breakdown of receivables for clients per SPE in Slide #5. We closed the quarter with BRL 22 million (sic) [BRL 20 million] and the Link Office & Mall project represent 96% of this total.

You can see the cash evolution in Slide #6. We closed the quarter with cash at BRL 24 million, decreasing 57% in comparison with the first quarter of 2020, impacted by the reductions in the company's capital stock, about BRL 30 million.

Continuing to the seventh slide, you can see the G&A consolidated. The G&A ended the quarter with BRL 1.8 million, presenting a reduction of 18% in comparison with the second quarter of 2019. In comparison with the first quarter of 2020, the G&A decreased 12%, mainly impacted by the personnel expenses.

CR2 has been working continuously to reduce the G&A since 2015 and is practically at its operational limits. You can see in this next slide, CR2's land bank. Cidade Paradiso represents 96% of the book value in the company's land bank.

You can see the statement of cash flow in Slide #10. We closed the second quarter of 2020 with a negative result of BRL 32.4 million in net cash generation compared to a negative generation of BRL 1.2 million in the second quarter of 2019, impacted by the reductions in the company's capital stock, about BRL 30 million.

In Slide #11, you can see the results of the second quarter of 2020. We had BRL 0.3 million in net losses compared to BRL 1.1 million in net losses in the second quarter of 2019, and we had BRL 0.3 million in net revenue in the second quarter of 2020 compared to BRL 0.1 million in the same quarter last year.

Well, that's all we have for today. Thanks for your participation. If you have any questions, please send an e-mail to [ri@cr2.com.br](mailto:ri@cr2.com.br). Thanks again, and have a great day.

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#### Operator

Thank you. The CR2 Enterprises' conference call is finished. Have a nice day.

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