Operator:

Good morning. Welcome to PDG's conference call for the 3Q16. With us today we have Mr. Márcio Trigueiro, CEO, Mr. Maurício Teixeira, Finance and Investor Relations Vice-President Officer, and Mr. Antônio Guedes, Operations Vice-President Officer.

We would like to inform you that this presentation is being recorded and everybody is in listen-only mode during the Company's presentation. After the Company's remarks are completed, there will be a Q&A session for analysts, when further instructions will be given. Should any participant need assistance during this call, please press *0.

We would like to inform you that questions will only be made through the telephone. If you are connected to the webcast, your question should be sent directly to the IR team, through the e-mail ir@pdg.com.br.

This presentation followed by slides will be simultaneously transmitted through the Internet at www.pdg.com.br/ri. A slide presentation for download is also available on the webcast platform.

Before proceeding, let me mention that forward-looking statements made during this conference call with respect to PDG's business perspective, as well as projections, operation and financial targets regarding its growth potential are forecasts based on the management's expectation. These statements may be subject to risks, uncertainties, as they refer to future events, therefore depend on circumstances that may or may not occur. Investors should bear in mind that the general economic scenario of the industry and other operating factors could also affect the future performance of PDG and cause the results to be materially different from the future results expressed in such forward-looking statements.

Now, I would like to give the floor to Mr. Marcio Trigueiro, CEO, who will start the presentation. Please, Mr. Trigueiro, you may proceed.

Vladimir Ranevsky:

Good morning to everyone. Thank you very much for participating this conference call. I would like to correct the information that was given, Marcio and Mauricio are no longer in the Company. As everybody knows, I was recently elected has CEO, CFO and IRO.

First and foremost, I would like to make a presentation about myself. I'm an engineer, I have been working, I studied in the University of Chicago, I have been the company manager since 89 and since this time I have worked is the number of enterprises in various segments of the industry and with my professional experience, I specialize myself in restructuring organizations.

In 2004, with a lot of experience in the sector and in this activity, I found the company, and since then I have been working with a number of enterprises. We'll see how realistic the market is now compared to last quarter.

The macroeconomic situation still very difficult, unemployment is still at a high level, there is a drop in income and the interest rate and they impact the savings account that have been redeemed, making it difficult to new launches. On the other side, we also have a low interest rate.

Caixa, that is the main mortgage provider, in addition to this, that was a drop in interest rates according to (*inaudible*) and with the maintained his friend, we will be able to recover the factor.

We do believe that in 2017 that world be a rebound in the sector, so we also believe that there will be an increase of demand for properties and we also believe that there will be a correction in the market size. So, we are more optimistic regarding next year.

Now, when we go to our presentation, I would like to go to page number four. On slide for we have our income statements. During this quarter we had a loss of R$1.7 billion in here we would like to highlight a number to explain the meeting impact that affect the results.

Number one, we go to slide number five, the gross income in terms of losses that was an increase of construction sites of R$15 million stock provision of R$103 million, a loss of three properties of R$31 million, and we have negative sales during the 3Q. With discounts, this adds up to R$328 million depreciation and amortization, we had write-offs allocated in a part of land that was sold.

On the operating expenses that we had, I would like to mention that we had R$160 million in provisions of HIS, R$189 million of net contingencies, legal deposits and payments of lawsuits during the 3Q this year, R$140 million of accounts receivables of PSV, R$101 million of loss in return, R$206 million of SHF, cancellations and building sites; and R$252 million in investments and partnerships that ended.

Gross revenue was negative, the main impact was caused by net sales that were negative and also discounts in sales and cost production at market value. There was a (*inaudible*) of R$50 million depreciation and amortization, reduction of intangibles regarding land back sold in the period.

Other operating expenses that suffered more adjustment were mainly impacted by the increase of the provisions of judicial contingencies and we had loss of payments during the deposits, this was R$1.037 million.

Now, when we go to slide number seven, regarding debt, on September 19, the company amortized all the simple shares convertible debentures from the eight issued (*inaudible*) for a nominal unit amount of R$2 million. This amortization, these debentures were not negotiated.

In terms of the MOU that was signed with the company's in the main creditors, our negotiations continue with them. We have carried out recent beatings on a daily basis with different banks to obtain resources to cover expenses to accelerate, also, real estate development with our key partners.

We are seeing other attentive that are allowing us to strengthen our liquidity and our capital structure. They also in that our partnership between PDG and HM1 into (*inaudible*) where the shares of (*inaudible*) will be wholly transfer to HM1 one and the shares in the remaining (*inaudible*) will remain with PDG. We need to carry out a number of conditions before this is done.

Now, when we go to slide number eight, here we have the amortization of our debt. I would like to highlight to the maturity for the R$202 million are at the end of the negotiation period and formalization with creditors. So, we are practically paying debts that are maturing this year.

I would like to go to slide number 1. Before we see the executive summary, I would like talk about the highlights of the quarter. We continued the efforts to reduce our debt balance and we have R$508 million throughout this year. Our net financial accumulated drop of R$300 million in the nine months, R$162 million regarding the 3Q15.

General the mystics of expenses continue dropping and we closes 3Q with a drop of 25% vis-à-vis 2015. Year to date the drop was 21% between 2015 8016. We also had a drop in commercial expenses that were 37% in the 3Q15 and 32% in the 9M months of both years. There was a significant drop in marketing and also in the drop of commissions due to sales.

Now, we have six projects that we presented a value of R$359 million. In the semester, we concluded the debentures issued totaling R$50 million. Will have to highlight in regards the company's G&A expenses, financing contracts, we have R$92 million. This has helped us a lot to ensure PDG's operational regularity.

Now, I will give the floor to Antonio Guedes, vice president of operations.

Antonio Guedes:

Good morning to everyone. On slide number 12, here we have sales performance. Here we have the balance of the 3Q16 totaled R$367 million, and cancellations were R$370 million, net sales were negative R$4 million. I would like to highlight R$1.1 billion. This totals 91% concluded units.

Now, the accumulating consolations of R$945 million during the first nine months that is 34 below what happened last year. And during the first month this year, net sales 65% drop vis-à-vis last year.

The next slide, I would like to highlight that there was an increase of VSO of 14% from the 2Q to 3Q. On the next slide, here we have sales during the 3Q, in which we reached R$66 million, representing 21% of net sales during the quarter. When we see in the nine-month period, the sales were R$221 million, which is 20% difference.

The next slide, about the resales of cancellations, there was a narrow acceleration during the 2Q and the 3Q of resale and cancellation, going from 21 to 27 and the bottom chart we have the 12 month period performance. This is 81% of resale in one year.

On the next slide, slide number 16, we have accounts receivable of the Company. In the left chart, we have R$542 million receivables between the 3Q16 and the nine months of 2016 totaling R$1.7 billion. In the quarter, the sum of accounts receivable (*inaudible*) by R$1.1 billion. This is the right hand chart. And throughout the 9M the reduction was R$2.3 billion, so we can conclude that the Company has been monetizing its asset over time up.

We will continue to focus on inventory sale and on transferring in order to see that monetization of our assets. Now we can see our inventory on the next slide. Here we have the 3Q with R$2.7 billion, on the left hand side we can see the potential of 53% of the inventory has (*inaudible*) cash generation in 67. This is located in São Paulo and Rio de Janeiro, and 80% of those concluded inventory corresponds to products with more than 60% of units.

I will give the floor to Vladimir.

Vladimir Ranevsky:

Now we are going to slide 19. In the 3Q we increased our net debt in R$1 million, especially because of drop of our net sales and the transfer during the period. Now, throughout the year the drop was R$166 million, including the two reductions as a result of the sale of (*inaudible*) that was R$380 million.

Since 2014, the drop of the net debt was R$1.4 billion, considering the sale of (*inaudible*). This reduction reached R$1.8 billion.

On slide 20, when we see the leveraging, we can see that the extended levels that net debt plus cost to be incurred increased by R$164 million, between the two last quarters of the year and due to the upturn of R$163 million in cost to be incurred, because of the ICC and the review of building size. This was due to the cast restriction of the Company.

In addition, there was an increase of the net debt of R$1 million, this mainly because of the reduction of operating cost, because there has been a drop in net sales throughout this period.

It is important to highlight that between the 3Q15 and 3Q16 the expended leverage has already exceeded R$7.3 billion, 56% in the end of 2017. The leverage reached R$7.3 billion.

On slide 21, here we can show you a reduction and G&A expenses and it is one of the main focuses of our Company and we will continue focusing in order to improve the operation the PDG and G&A expenses were 25% below the 3Q15, and throughout 2016 we also had a drop.

In this quarter, the commercial expenses dropped 37% vis-à-vis the budget of 3Q15, and throughout the 9M, 32%, also compering the same period of 2015.

During the 3Q16, the G&A expenses added to commercial expenses, the SG&A registered a drop of 30%, regarding the 3Q15. And the year today, it was 25%.

Now when we go to slide number 22, here we are finalizing 9M with 30 ongoing projects and three more projects will be delivered until the end of the year, causing to the current increase by 23% over the 2Q16, reaching R$160 million. The upcoming cost to be incurred was mainly due to the correction of INCC and the end of the revision of the work budget. (*inaudible*) has been slow due to the Company's cash restriction.

So with this we close the formal presentation of the Company and results. I would like to entertain questions.

Operator:

The Q&A session has come to an end. I would like to give the floor to Mr. Vladimir for his final statements.

Vladimir:

I would like to thank everybody for their participation and I would like to reiterate that our investor relation area is at your disposal to answer any questions.

Operator:

The conference call of the 3Q of PDG has come to an end. We would like to thank everybody for your participation and have a good day.