



March 30th, 2016

**4Q15 and
2015 Results**

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Agenda

❖ Asset Management:

Accounts Receivable

Sales

Cancellations

Inventory

Asset Sales

Landbank

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❖ Accounting Adjustments and Income Statements



Corcovado
Rio de Janeiro/RJ

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Sublime
Rio de Janeiro/RJ



4Q15 and 2015 Highlights

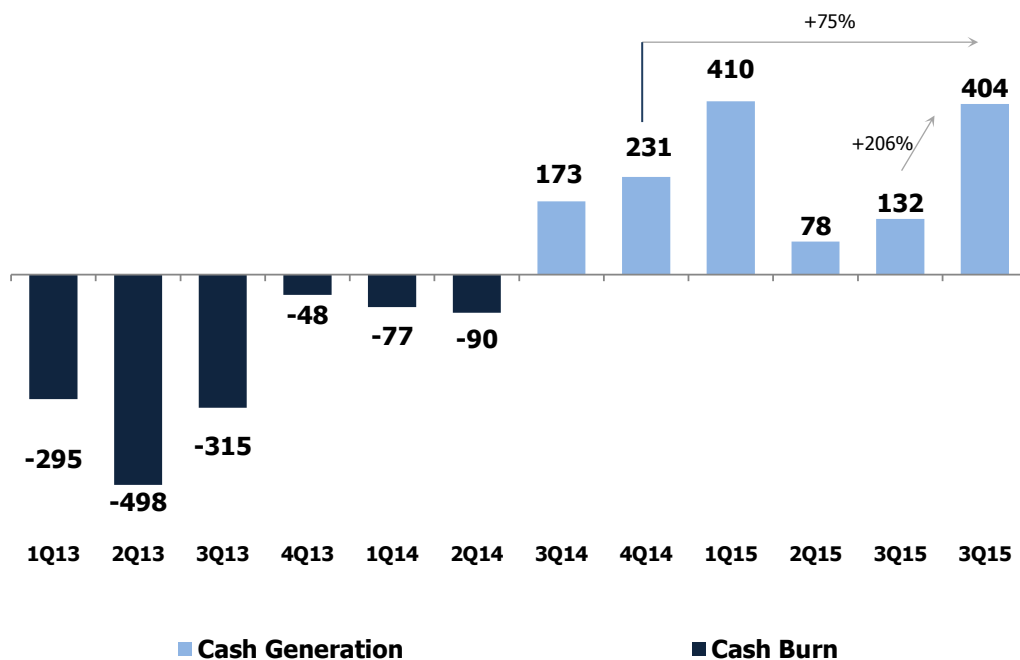
- ❖ Cash generation of R\$404 million in 4Q15 and of more than R\$1 billion in 2015;
- ❖ Total extended leverage, including net financial debt and costs to be incurred, fell by R\$500 million in 4Q15, and by R\$2.5 billion in 2015;
- ❖ Gross sales of R\$551 million in 4Q15, and R\$2.5 billion in 2015;
- ❖ Cash sales totaled R\$423 million in 2015, 85% higher than in 2014;
- ❖ Resale of cancellations in 4Q15 reached 47%, higher performance of resales within the same quarter of cancellation in 2015;
- ❖ G&A expenses in 4Q15 fell by 33% on 4Q14; in 2015, G&A expenses fell by 29% on the previous year;
- ❖ Accounting write-offs totaling R\$1.4 billion, with a R\$632 million impact on NAV and a R\$137 million possible future cash disbursement.

Executive Summary

Cash Generation

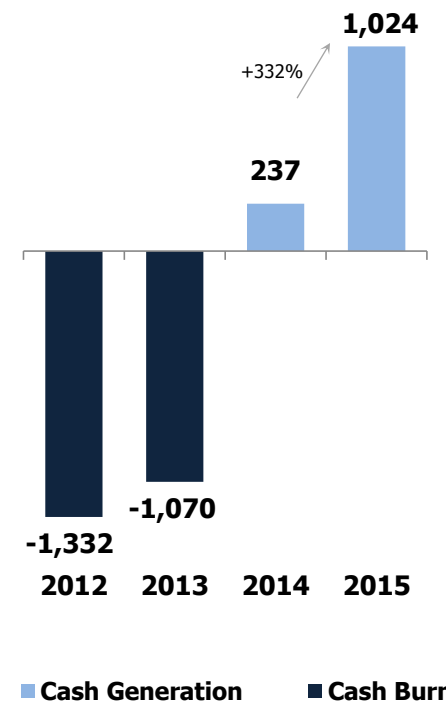


Quarterly Cash Generation (R\$m)



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

Annual Cash Generation (R\$m)

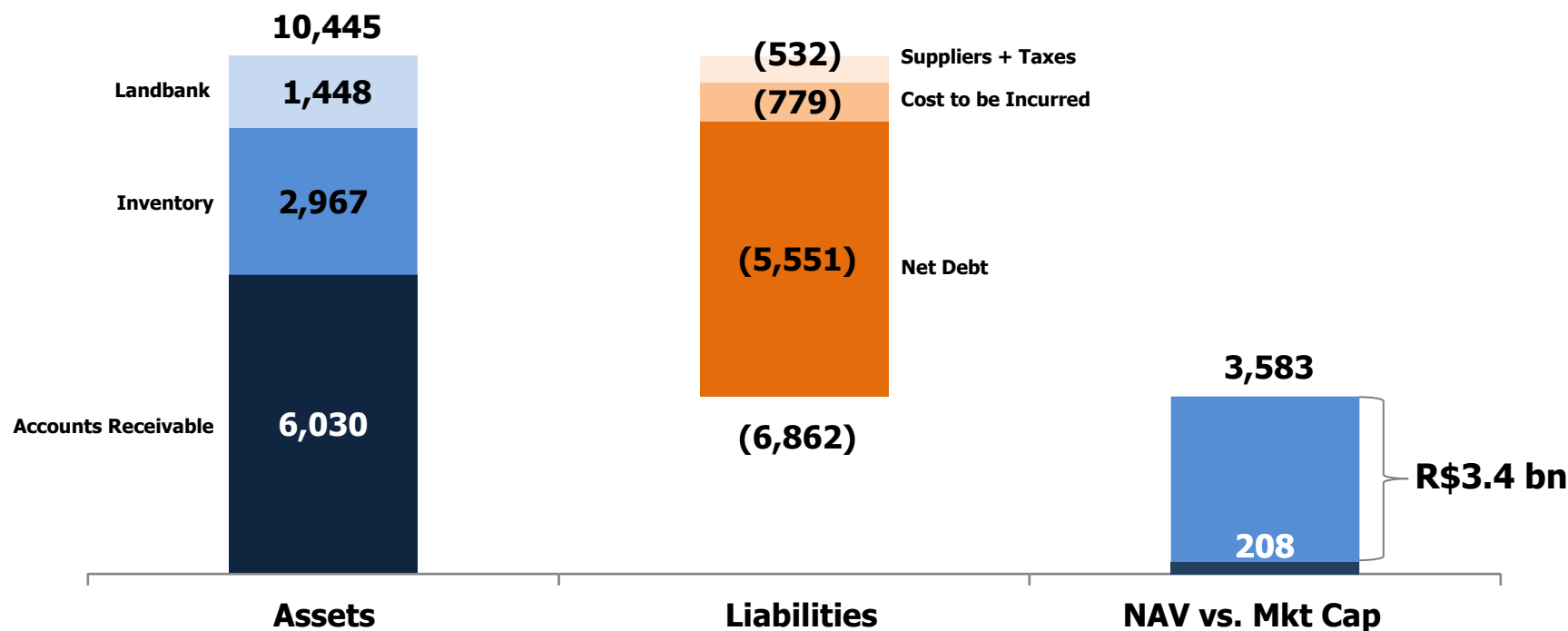


- Operational cash generation of R\$404 million in 4Q15, 206% higher than in 3Q15, and 75% higher than in 4Q14;
- In 2015, operational cash generation exceeded R\$1 billion, the highest in the Company's history and one of the highest in the history of the sector.

Executive Summary

Net Asset Value

Net Assets (NAV) – R\$ million



Note: Inventory at market value (% PDG); landbank net of obligations with land plot sellers. Market Capital value in 03/29/2016.

- ❖ **Net Assets of R\$3.6 billion and market value of R\$208 million;**
- ❖ The market prices the inventory carrying cost, legal expenses, SG&A, debt service, and discounts during the monetization period of the assets and debt amortization at R\$3.4 billion;
- ❖ **The non-recurring write-offs from 4Q15 reduced the NAV by R\$632 million.**

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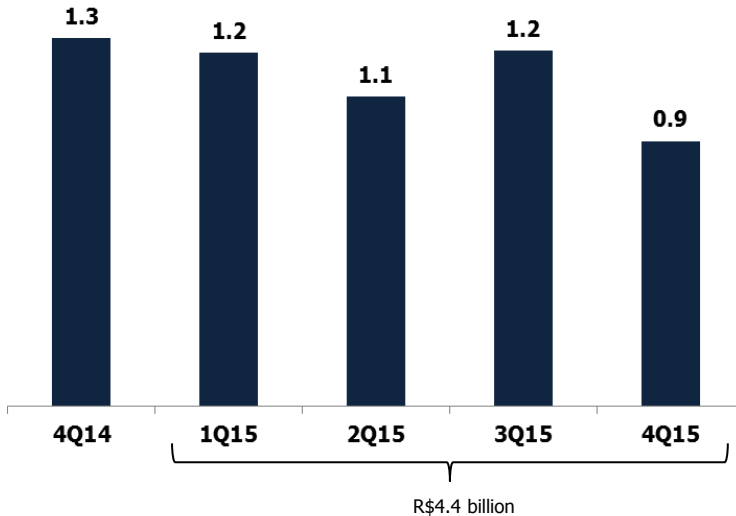
Meridian
São Paulo/SP

Asset Management

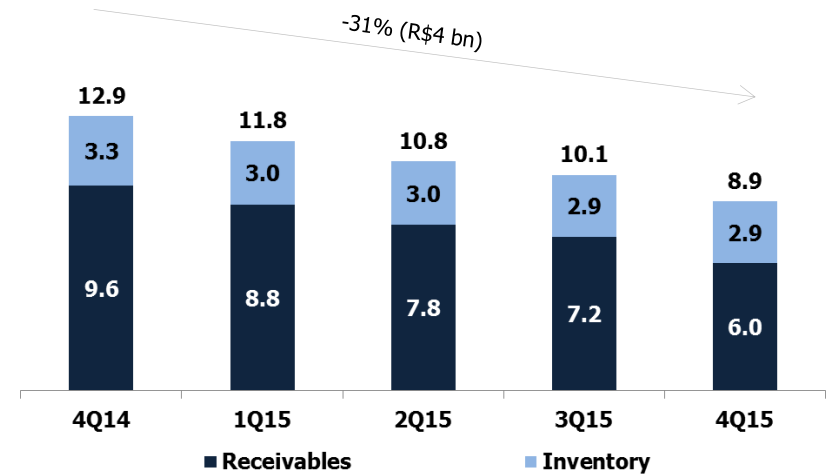
Accounts Receivable



Quarterly Inflow – R\$ billion



Accounts Receivable + Inventory – R\$ billion



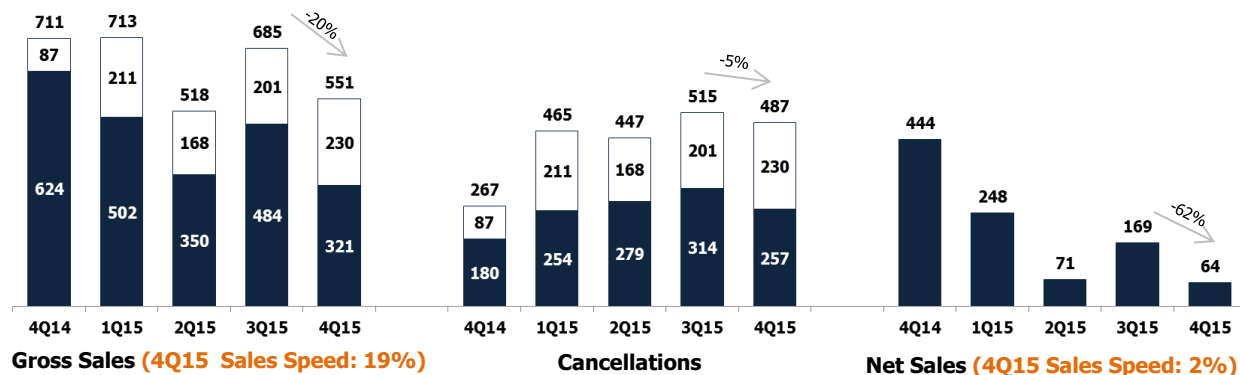
- ❖ **Total cash inflow of R\$4.4 billion and reduction of R\$3.5 billion in accounts receivable in the year, from R\$9.6 billion at the end of 2014 to R\$6.0 billion at the end of 2015;**
- ❖ Summing accounts receivable and inventory, it is possible to observe that the company has been monetizing its assets over time. We will continue to focus on sales and mortgage transfers to accelerate the sale of inventory and the inflow of receivables (mortgage transfers).

Asset Management Sales Performance

Sales — R\$ million

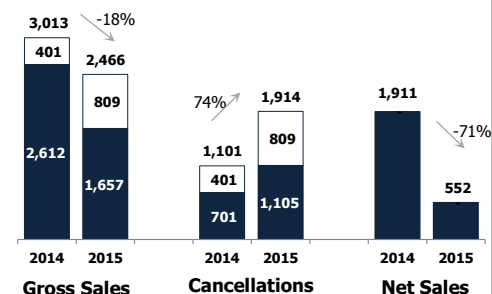
Quarterly

- Resale within the same quarter
- Net of Resale within the same quarter



Annual

- Resale within the same quarter
- Net of Resale within the same quarter

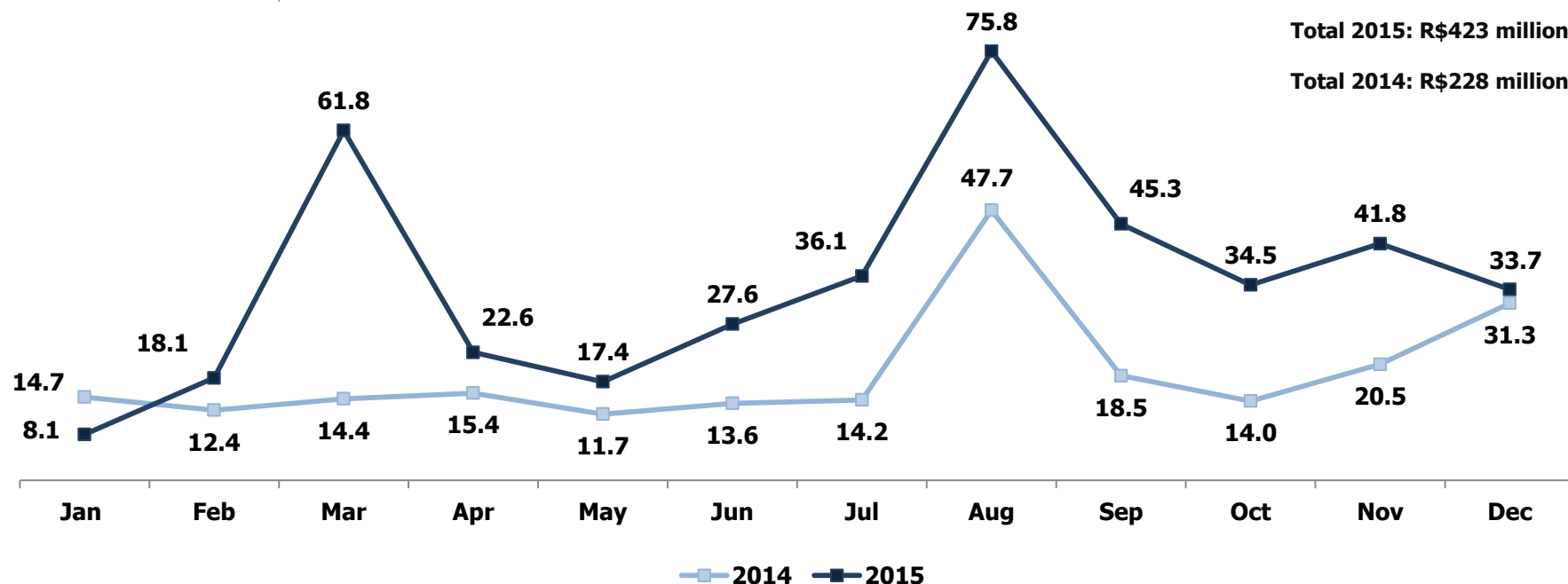


- ❖ **Gross sales totaled R\$551 million in 4Q15 and R\$2.5 billion in the year**, showing that demand has been resilient, despite the credit restrictions imposed during the year;
- ❖ Out of the R\$1.9 billion of sales cancellations in 2015, 42% was resold within the same quarter, above the 36% average recorded in 2014;
- ❖ **Net sales totaled R\$64 million in 4Q15 and R\$552 million in 2015**. The decrease in net sales reflects the increase in the volume of sales cancellations registered in the year.

Asset Management

Cash Sales

Cash Sales— R\$ million

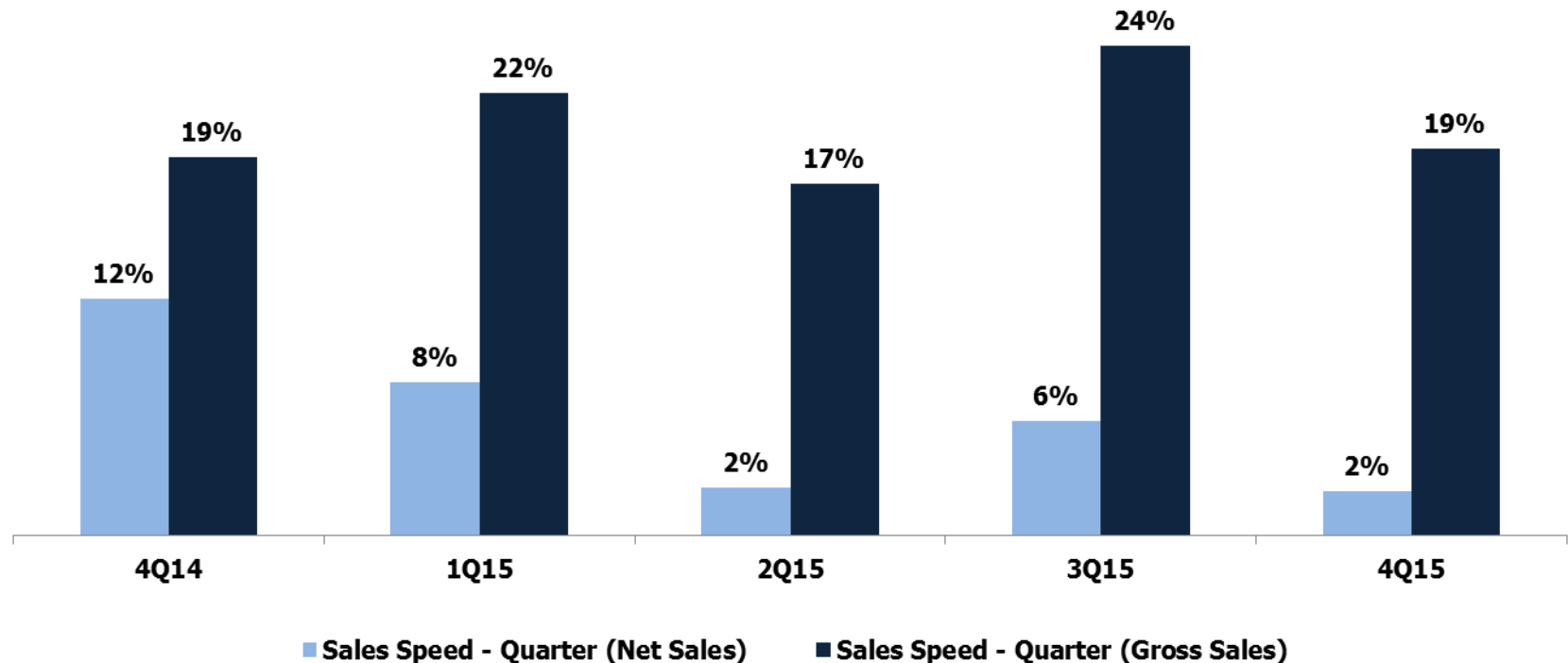


In Aug-14, Mar-15 and Aug-2015 we held the *Na Ponta do Lápis* sales campaign.

- ✦ Cash sales reached R\$110 million in 4Q15, representing 20% of total sales in the quarter.
- ✦ In the year, cash sales totaled R\$423 million, 85% higher than the R\$228 million registered in 2014;



Sales Speed (VSO)

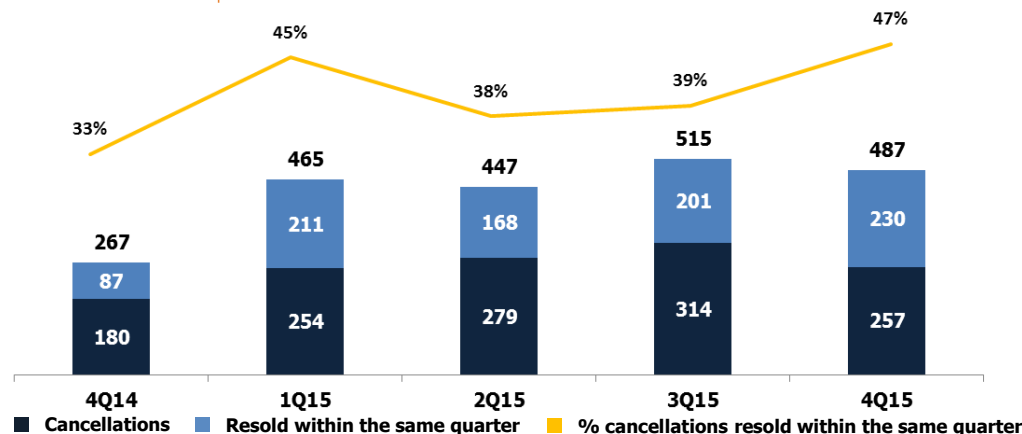


- ❖ Despite the current scenario of higher volume of deliveries and demand shock, **sales speed over the effectively available inventory (sales speed of gross sales) has remained around 20%;**
- ❖ **PDG's salesforce has achieved good performance, and was responsible for 69% of sales in 2015;**
- ❖ We understand that the high volume of sales cancellations is proportional to the high level of launches from the past, and not to the quarterly sales.

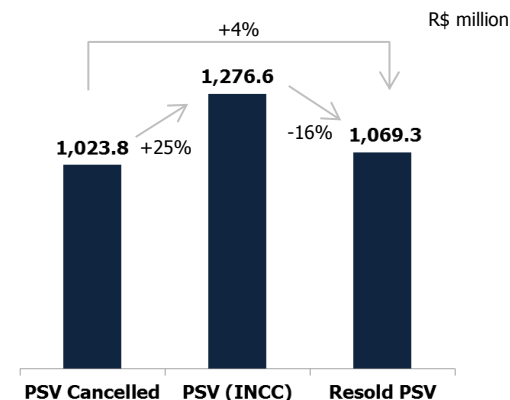
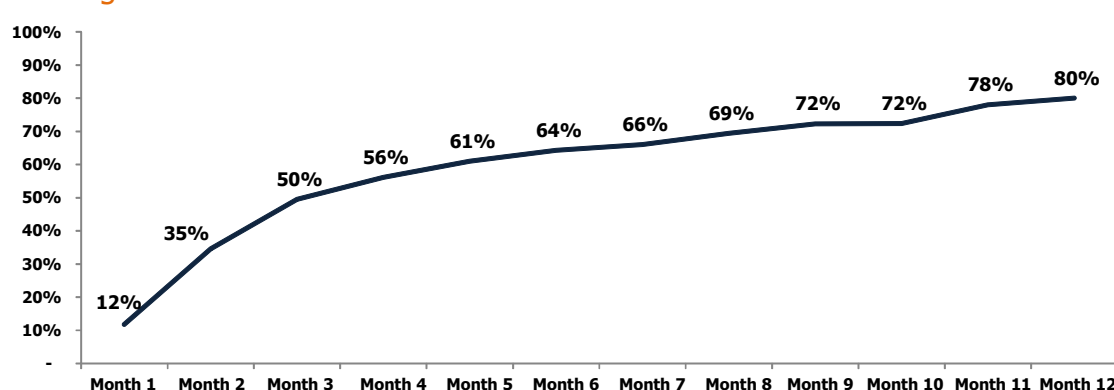
Asset Management

Resale of Cancellations

Evolution of Cancellations and Resale – R\$ million



Average Resale Curve and Resale Values – 12 months accumulated



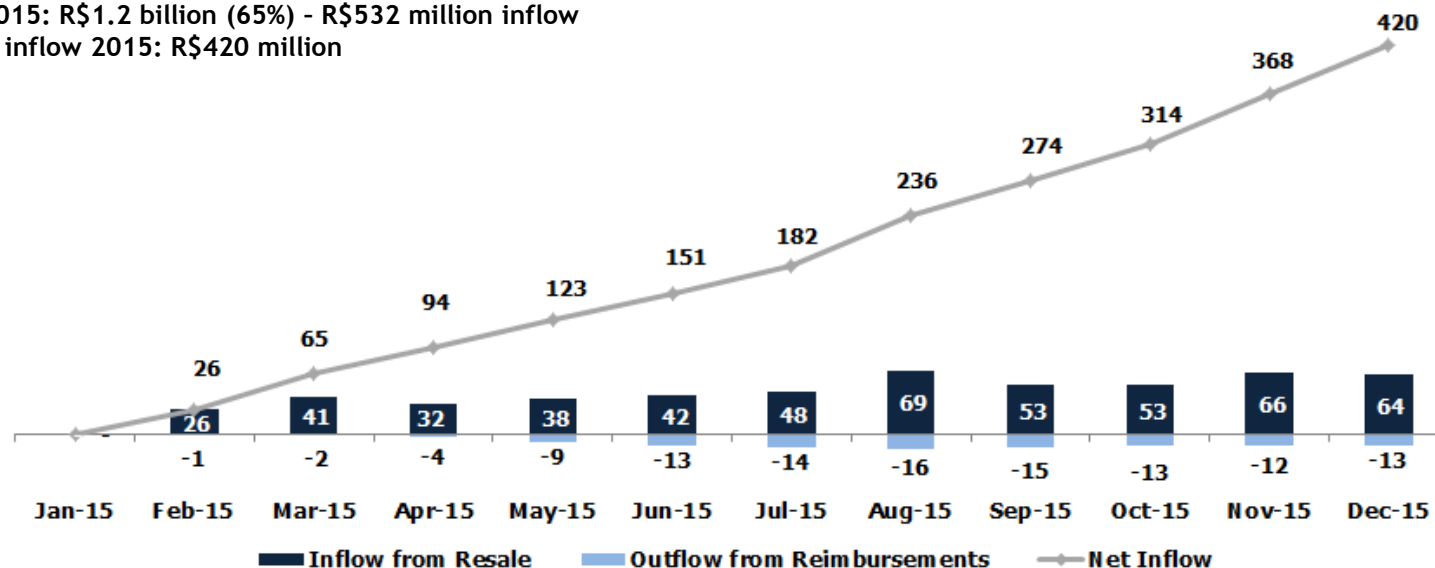
- Although the volume of cancellations has risen over the quarters, **the average rate of resale within the same quarter of cancellation has remained at around 40%; in 4Q15, resale reached the record level of 47%;**
- The average resale curve remained high, reaching 80% in 12 months;**
- The resales have an average price gain of 4% in relation to the previous cancellation prices;**
- Virtually all resales are definitive, given that **less than 4% of such resales lead to new cancellations.**

Asset Management

Effect of Cancellations

Cash Effect of Cancellations and Resale in 2015 – R\$ million

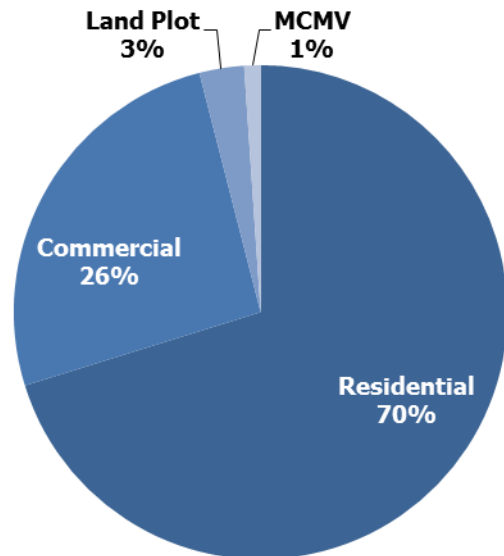
Total cancellations 2015: R\$1.9 billion - R\$112 million outflow
 Resale 2015: R\$1.2 billion (65%) - R\$532 million inflow
 Net cash inflow 2015: R\$420 million



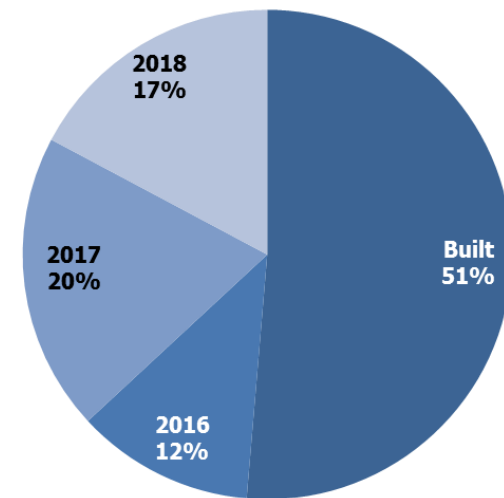
- ❖ **The dynamics of resold cancellations benefit short-term cash inflow** due to the mismatch between reimbursement of the cancelled client, which takes place in installments, and the inflow from the resale, which is virtually immediate, given that the unit is concluded;
- ❖ Even considering the outflow from reimbursements after sales cancellations, **the resale of cancelled units in 2015 generated a net inflow of R\$420 million in the year.**



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ Quality of available inventory:

- **70% in residential products** (excluding MCMV, Land Plot, and Commercial);
- **51% is concluded inventory, of which 66% are in São Paulo and Rio de Janeiro.**

Asset Management Inventory

Inventory by Region

PSV in R\$ million

Region	Up to 60%		From 60 to 80%		From 80 to 99%		Total		
	Unit	PSV	Unit	PSV	Unit	PSV	Unit	PSV	%
SÃO PAULO	618	231.0	846	320.5	1,194	415.1	2,658	966.5	33%
RIO DE JANEIRO	183	152.7	114	36.3	372	123.9	669	312.9	11%
MG/ES	-	-	24	8.6	31	6.9	55	15.5	1%
NORTH	-	-	267	137.3	547	207.3	814	344.6	12%
NORTHEAST	454	124.7	-	-	338	218.5	792	343.2	12%
SOUTH	-	-	132	43.9	209	84.8	341	128.7	4%
MIDWEST	-	-	348	66.8	100	22.9	448	89.6	3%
TOTAL (Ex-Commercial)	1,255	508.4	1,731	613.3	2,791	1,079.3	5,777	2,201.0	74%
% Total (Ex- Commercial)		23%		28%		49%			100%
COMMERCIAL	1,216	581.4	89	32.0	349	152.2	1,654	765.6	26%
TOTAL	2,471	1,089.8	1,820	645.3	3,140	1,231.4	7,431	2,966.6	100%
% Total		37%		22%		41%			100%

43%

99% SP and RJ

Sales Speed (VSO) by Region

Region (ex-Commercial)	VSO - Gross Sales				
	1Q15	2Q15	3Q15	4Q15	
SÃO PAULO	26%	17%	24%	19%	VSO SP and RJ 22%
RIO DE JANEIRO	18%	19%	33%	30%	
MG/ES	29%	71%	25%	13%	
NORTH	22%	30%	31%	23%	
NORTHEAST	27%	22%	34%	27%	VSO (ex-SP and RJ) 25%
SOUTH	34%	24%	43%	29%	
MIDWEST	44%	25%	25%	30%	
TOTAL (EX-COMMERCIAL)	26%	21%	29%	23%	
COMMERCIAL	4%	3%	2%	2%	
TOTAL	22%	17%	24%	19%	

❖ Quality of available inventory:

- **43%** of total inventory, excluding commercial units, **is located in São Paulo and Rio de Janeiro;**
- **77%** of total inventory, excluding commercial units, is concentrated in projects with **over 60% of its units sold;**
- The residential inventory **outside Rio and São Paulo** has good liquidity, recording **an average Sales Speed (VSO) of 25% in 4Q15.**



Asset Sales

2015:

Jardim das Perdizes:

- ❖ Sale of our 25% stake in the project, totaling R\$176 milhões, in October 2015.

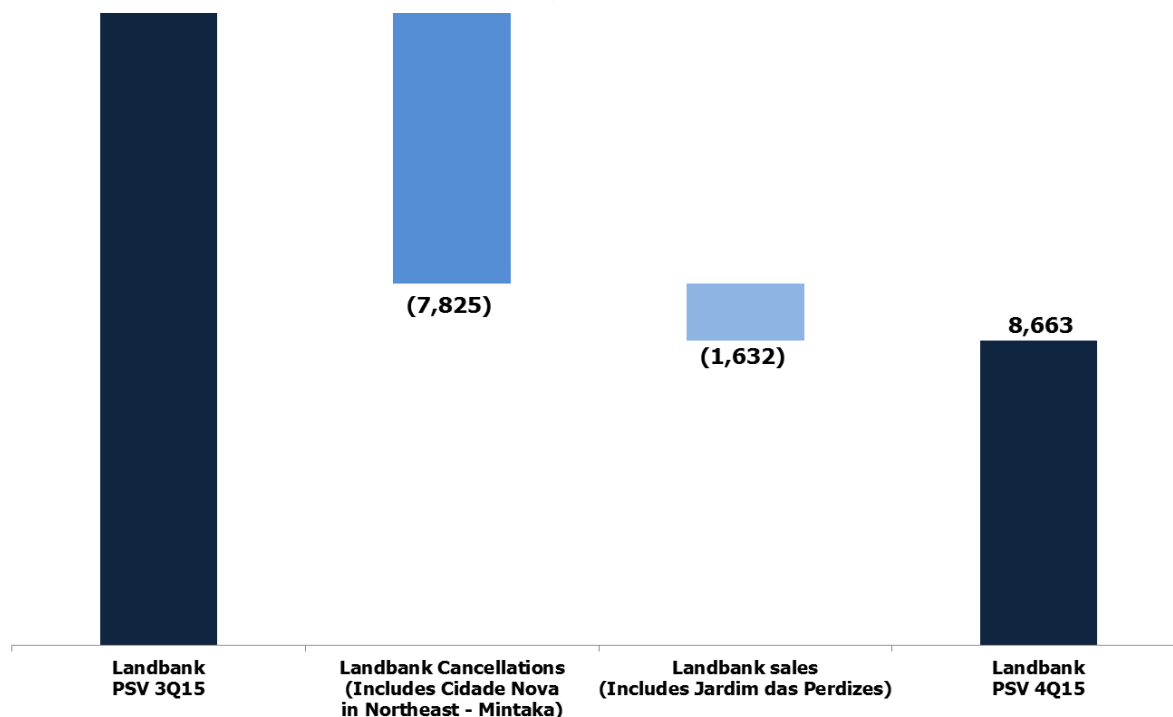
2016:

Banco Votorantim and BVEP:

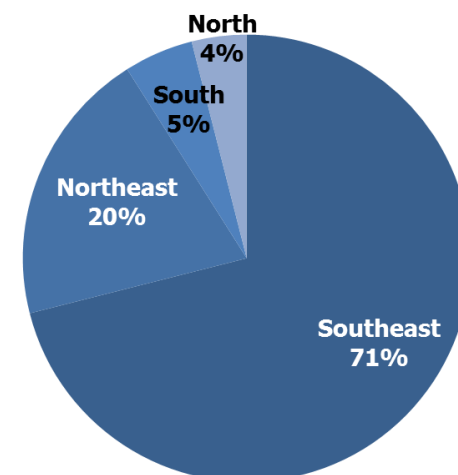
- ❖ Execution of the Memorandum of Understanding, in January 2016, for a possible sale of projects and land plots, totaling about R\$1.6 billion:
 - R\$444 million relating to the reduction in construction financing debt;
 - R\$673 million relating to the reduction in costs to be incurred;
 - R\$461 million will be paid in cash, which will be used to reduce the Company's leverage.



Potential Launch PSV Variation – R\$ million



Landbank by Region (Potential PSV)



- ❖ In 4Q15, we carried out an important **renegotiation regarding the *Mintaka* land plot (*Cidade Nova* project), in Salvador/BA**. We cancelled the contract for part of the land plot, and **reduced potential launch PSV from R\$7 billion to R\$1 billion**. This measure will reduce annual maintenance expenses by around R\$5 million. The mandatory minimum level of launches clause was also cancelled.
- ❖ The sale of the ***Jardim das Perdizes*** project, in October 2015, **reduced our landbank's potential launch PSV by R\$1 billion**.
- ❖ After the transactions and renegotiations held in 4Q15, our **landbank now has a potential launch PSV of R\$8.7 billion, 71% of which are located in the states of Rio de Janeiro and São Paulo**. The Northeast region now has only 20% of our landbank.

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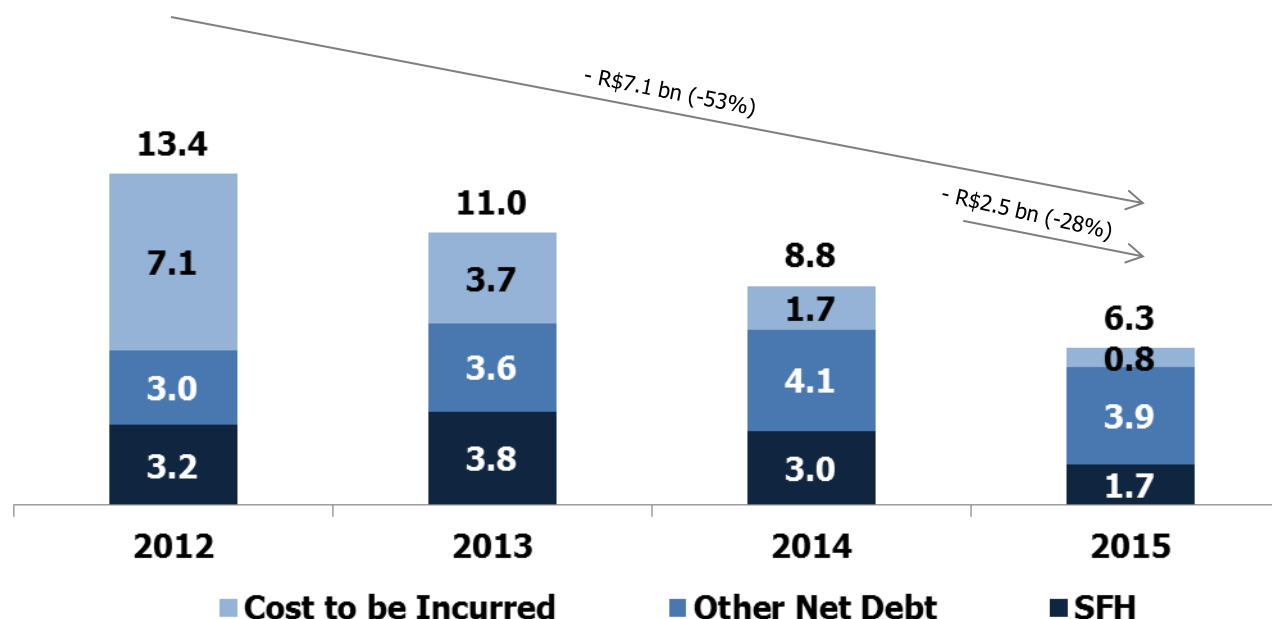
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São Paulo/SP

Liabilities Management

Deleveraging



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



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

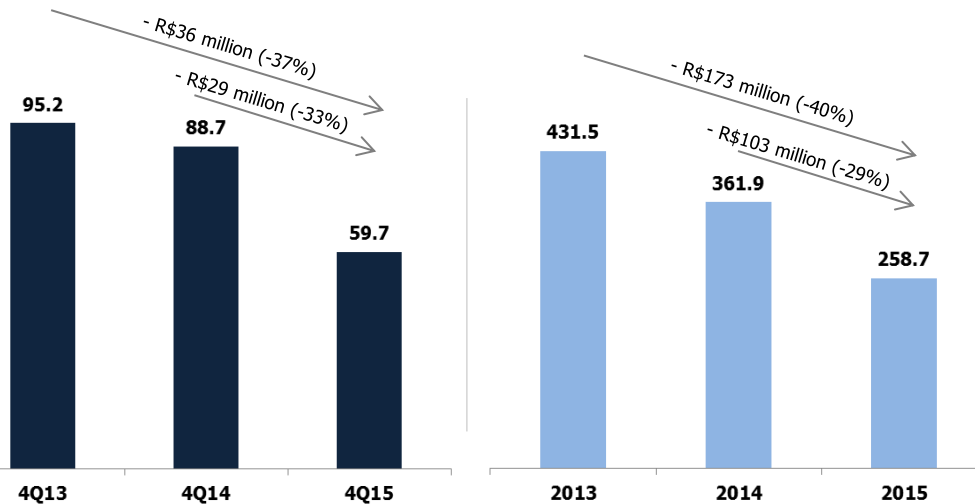
- ✦ **Reduction of R\$463 million in extended leverage (net debt + costs to be incurred) in 4Q15, and of R\$2.5 billion in 2015. The reduction in leverage since 2012 has already exceeded R\$7 billion;**
- ✦ **Net debt fell by R\$404 million in 4Q15, and by R\$1.5 billion in the year.**
- ✦ **Costs to be incurred fell by almost R\$1 billion in 2015, lowering the execution risk and allowing for more cash allocation towards debt amortization and deleveraging.**

Liabilities Management

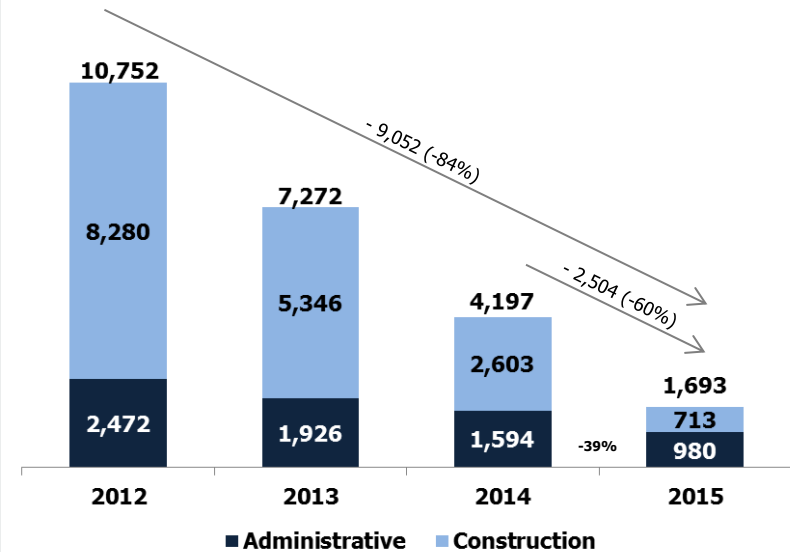
G&A Expenses



G&A Evolution – R\$ million



Headcount

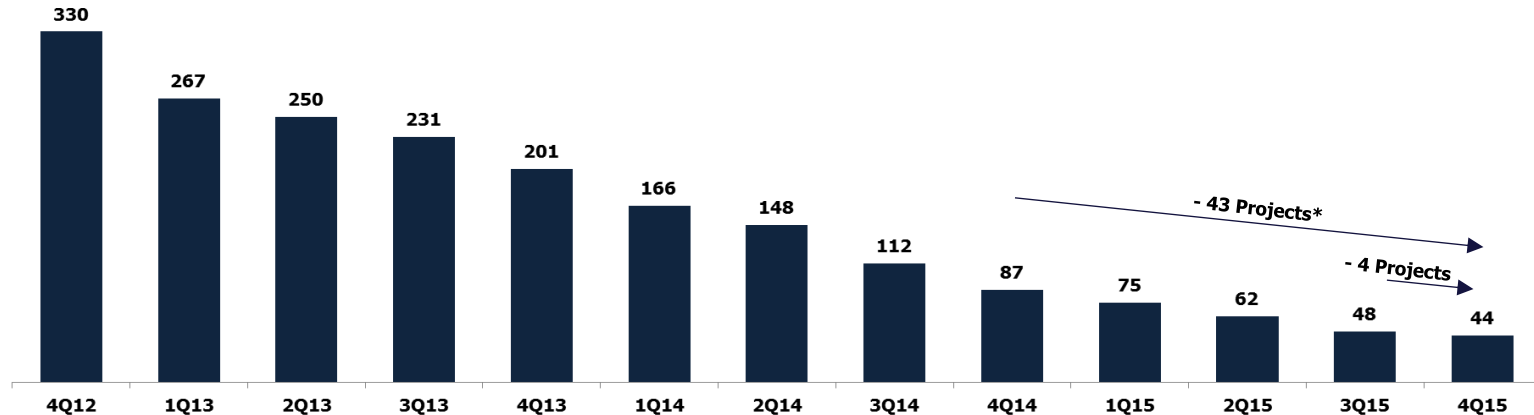


- ❖ **Reduction of 33% in G&A expenses** in 4Q15 over 4Q14, and of **29% in 2015 over 2014**;
- ❖ We continued to adjust our structure to our operational needs. **In 2015, we reduced our total headcount by 60%, and the administrative workforce by 39%.**
- ❖ **Commercial expenses fell by 43% in 4Q15 over 4Q14, and by 21% in 2015 over 2014.**

Liabilities Management

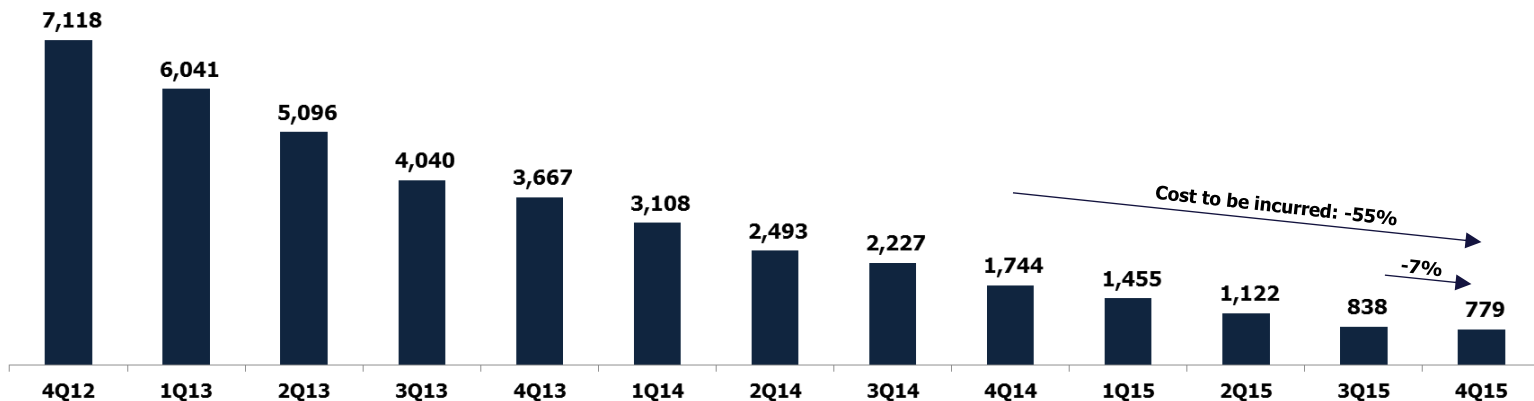
Ongoing Projects and Cost to be Incurred

Ongoing Projects



*43 occupancy permits, 1 cancelled project and 1 launch

Cost to be Incurred – R\$ milhões



- Currently, the company has **44 ongoing projects**, of which 20 will be delivered by the end of 2016;
- Systematic reduction of total cost to be incurred, **accounting for less than R\$1 billion (R\$779 million)**, with a **decrease of 55% over 4Q14, and of 89% since the end of 2012.**

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Meridian
São Paulo/SP

Accounting Adjustments Breakdown



R\$ million

Adjustment	Details	Breakdown	Total Impact on Shareholders' Equity	Total Impact on NAV	Possible Cash Disbursement
Mintaka land plot	<ul style="list-style-type: none"> - Renegotiation of the Mintaka land plot's contractual terms, reducing potential launch PSV from R\$7 billion to R\$1 billion. - Reduced annual maintenance expenses by R\$5 million and cancels the mandatory minimum volume of launches clause. 	<ul style="list-style-type: none"> - Accounts receivable: R\$128 - Advanced payments: R\$113 - Investments and credit rights: R\$202 - Goodwill allocated to land plot: R\$222 	R\$ 665	R\$ 241	R\$ 0
Impairment on landbank	<ul style="list-style-type: none"> - We reduced the recoverable amount for the land plots with no prediction of launches in the short and mid term. - The land plots were impaired through technical reports done by third parties and compared to cost of acquisition plus capitalized interest and investments. 	<ul style="list-style-type: none"> - Impairment: R\$199 	R\$ 199	R\$ 199	R\$ 0
Impairment of goodwill (other investments)	<ul style="list-style-type: none"> - Impairment on land plots with no prediction of launches or with lower recoverable amount than goodwill. 	<ul style="list-style-type: none"> - Impairment: R\$129 	R\$ 129	R\$ 0	R\$ 0
Bad debt allowance on account receivables	<ul style="list-style-type: none"> - Bad debt allowance on delinquent clients, especially those on direct financing and MCMV projects, as well as service expenses (brokerage and banking expenses). 	<ul style="list-style-type: none"> - Allowance on direct financing: R\$61 - Delinquency on MCMV projects and services: R\$131 	R\$ 192	R\$ 192	R\$ 0
Impairment of REP's investment properties	<ul style="list-style-type: none"> - Impairment on REP's investment properties, due to the slowdown in rentals, higher delinquency and the application of higher discount rates on the present value of shopping malls. 	<ul style="list-style-type: none"> - Gross Impairment: R\$114 - Deferred tax reversion: (R\$39) - Minority stake: (R\$28) - Net Impairment: R\$47 	R\$ 47	R\$ 0	R\$ 0
Legal deposits	<ul style="list-style-type: none"> - Write-off of credits relating to legal deposits. 	<ul style="list-style-type: none"> - Legal deposits: R\$33 	R\$ 33	R\$ 0	R\$ 0
Legal contingencies	<ul style="list-style-type: none"> - Probable legal contingencies, mainly civil, due to the increase in law suits, as a result from the high level of deliveries. 	<ul style="list-style-type: none"> - Legal contingencies: R\$137 	R\$ 137	R\$ 0	R\$ 137
TOTAL			R\$ 1,402	R\$ 632	R\$ 137

4Q15 and 2015 Results

Income Statements

- ❖ The net loss amounted to R\$1.9 billion in 4Q15 and to R\$2.8 bilhões in 2015. Excluding the non-recurring items, net losses would have come at **R\$500 million in 4Q15 and at R\$1.4 billion in 2015.**

Income Statements (R\$ '000) - IFRS						
	4Q15	4Q14	(%) Var.	2015	2014	Var. %
Operating Gross Revenue						
Real Estate sales	131,955	1,141,375	-88%	1,848,083	4,307,043	-57%
Other Operating Revenues	31,297	24,092	30%	125,214	113,258	11%
(-) Revenues Deduction	(33,042)	(48,789)	-32%	(148,996)	(163,698)	-9%
Operating Net Revenue	130,210	1,116,678	-88%	1,824,301	4,256,603	-57%
Cost of Sold Units	(324,771)	(856,951)	-62%	(1,713,328)	(3,137,255)	-45%
Interest Expenses	(22,583)	(51,820)	-56%	(153,028)	(289,904)	-47%
Recognition of goodwill of identifiable assets	-	(2,151)	n.m.	-	(4,992)	n.m.
Cost of sold properties	(347,354)	(910,922)	-62%	(1,866,356)	(3,432,151)	-46%
Gross Income	(217,144)	205,756	n.m.	(42,055)	824,452	n.m.
Gross margin	-166.8%	18.4%	-185.2 pp	-2.3%	19.4%	-21.7 pp
Adjusted gross margin ⁽¹⁾	-149.4%	23.3%	-172.7 pp	6.1%	26.3%	-20.2 pp
Operating Revenues (expenses):						
Equity Income	13,496	40,591	-67%	113,380	97,038	17%
General and Administrative	(59,742)	(88,744)	-33%	(258,747)	(361,910)	-29%
Commercial	(34,091)	(60,081)	-43%	(156,713)	(198,670)	-21%
Taxes	(3,111)	(4,310)	-28%	(11,561)	(15,732)	-27%
Depreciation & Amortization	(371,771)	(16,705)	n.m.	(412,194)	(57,379)	n.m.
Other	(1,204,793)	(76,930)	n.m.	(1,360,730)	(123,588)	n.m.
Financial Result	(199,668)	(172,059)	16%	(671,561)	(485,659)	38%
Total operating revenues (expenses)	(1,859,680)	(378,238)	392%	(2,758,126)	(1,145,900)	141%
Income before taxes	(2,076,824)	(172,482)	n.m.	(2,800,181)	(321,448)	n.m.
Income Taxes and Social Contribution	39,580	(46,091)	n.m.	(42,301)	(153,966)	-73%
Income before minority stake	(2,037,244)	(218,573)	832%	(2,842,482)	(475,414)	498%
Minority interest	68,306	(3,405)	n.m.	78,100	(53,829)	n.m.
Net Income (loss)	(1,968,938)	(221,978)	n.m.	(2,764,382)	(529,243)	n.m.
Net margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

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



March 30th, 2016

4Q15 and 2015 Results