São Paulo, July 31, 2014: PDG Realty S.A. (PDGR3) announces **today** its results for the second quarter of 2014. Founded in 2003, PDG develops projects for different segments and publics, operating in the development, construction and sale of residential and commercial units, as well as land development.

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Conference Call

Date:
Friday, August 1, 2014

- **Portuguese**

11:00 a.m. (Brasília)
10:00 a.m. (NY)

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- **English**
(Simultaneous translation)

10:00 a.m. (NY)
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Highlights and Recent Events

- **In 2Q14, PDG launched six projects in the states of São Paulo and Rio de Janeiro, with a joint PSV of R$483 million,** accompanied by a healthy sales performance and a launch sales speed of 31%. (page 6 and 10)

- **Net sales came to R$383 million in 2Q14,** 8% down on 1Q14, due to the more challenging macroeconomic scenario and the impact of the World Cup on the sector. (page 7)

- Construction works moved ahead on schedule and on budged**.** Excluding projects launched as of 2013, **the costs to be incurred from legacy projects totaled R$1.9 billion at the close of 2Q14, versus R$2.5 billion in 1Q14 and R$3.0 billion in 4Q13**. (page 17)

- **We obtained occupancy permits ("habite-se") for 21 projects in the period.** In addition, there are 20 concluded projects waiting for the occupancy permits and another 22 projects with more than 95% of its construction works already finished.

- Despite delays in obtaining certain occupancy permits, **we continued the pace of our mortgage transfers, which came to 3.683 units in the quarter and approximately 7,500 units in the first half.** (page 14)

- The Company resolved its second-quarter refinancing needs, with **loans currently in the advanced stage of negotiation exceeding maturities scheduled for the third quarter.** (page 18)

- **The net debt variation came to R$92 million in 2Q14,** totaling R$167 million for the first half, versus R$763 million in 1H13. (page 19)

- **We believe that, once the refinancing needs for the coming months have been overcome, the Company will be able to begin a lengthy deleveraging cycle, which should last for the next two to three years.**

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PDG continues with its strategy of monetizing the legacy projects and laying the foundations for a new investment cycle. Despite the deterioration of the macroeconomic scenario in recent months, generating additional commercial challenges for our operations, the pillars of our investment case pillars remain robust: (i) the conclusion of legacy projects and reduced execution risk, (ii) lower corporate expenses, (iii) refinancing capacity, and (iv) the beginning of cash generation. In relation to the latter, we believe we are increasingly close to our cash inflection point and, consequently, to the initiation of the Company's deleveraging cycle.

Construction works moved ahead at their expected pace and on budget. As a result, the total cost to be incurred from legacy projects came to R$1.9 billion, versus R$2.5 billion in 1Q14 and R$5.0 billion in 2Q13. If we add the costs to be incurred from projects launched as of 2013, this amount comes to R$2.5 billion.

We obtained occupancy permits for 21 projects in the period. Certain projects had their permits postponed for some months, leading to a higher concentration of deliveries in the second half. It is important to mention, however, that these delays do not result from delays in construction works, which remain on schedule. We have 20 concluded projects waiting for the occupancy permits and another 22 projects with more than 95% of its construction works already finished.

Despite these delays, however, transfers remained on schedule until June, given that we were able to increase efficiency in the mortgage transfer of already individualized units. **As a result, we transferred 3,683 units in 2Q14, and approximately 7,500 year-to-date**, representing 40% of the mid-point of our 2014 guidance.

We launched five development projects in the quarter, with a total PSV of R$483 million, still concentrated in Rio de Janeiro and São Paulo. As we mentioned in our previous release, certain projects had been postponed from the first to the second quarter, resulting in a higher concentration of launches in this period. Despite our robust short-term launch pipeline, we continue to keep a close eye on economic activity in order to define the best timing for each project.

In July, the São Paulo Legislature approved the Master Plan for the city, with important implications for new developments. Anticipating the plan's approval, PDG acquired several sites, having filed the projects under the previous Master Plan. **All in all, the Company has a project pipeline with a PSV of R$1.5 billion in São Paulo for launch within the next 18 to 24 months.**

Despite the slowdown in the real estate market, especially in June due to the World Cup, **our launches were commercially successful, with contracted sales of R$149 million in the quarter, representing a sales speed of 31%. In relation to inventories, gross sales totaled R$510 million, in line with the R$524 million recorded in the previous quarter.** Canceled sales totaled R$275 million in the second quarter and R$420 million in the first half, averaging R$210 million per quarter, in line with our initial estimate of R$200 million per quarter for the year.

We resolved our second-quarter refinancing needs, raising new lines of credit in order to amortize the 3rd issue of the 7th series of mortgage-backed securities (CRIs), which had not been renegotiated. For the third quarter, loans currently in the advanced stage of negotiation exceed the R$434 million in maturities scheduled for the period. **We believe that once the refinancing needs for the coming months have been overcome, the Company will be able to begin a lengthy deleveraging cycle, which should last for the next two to three years.**

Subsequent events

On July 1, an SPE controlled by PDG was included in the Ministry of Labor and Employment's Employers' Registry . On July 18, this SPE was excluded from the registry, as determined by a preliminary ruling by the Superior Court of Justice on July 14.

Operating and Financial Indicators

- As of the beginning of 2014, we began disclosing our operating results in IFRS10, as well as proportionally to PDG's interest in each project. All the financial information is disclosed in IFRS10.

Launches	2Q14	2Q13	2Q14 vs. 2Q13	1H14	1H13	1H14 vs. 1H13	2Q14 (IFRS)	1H14 (IFRS)
Total Launches - R$ mm	875	1,084	-19.3%	1,005	2,180	-59.9%	383	513
PDG % Launches - R$ mm	483	489	-1.2%	613	877	-44.9%	383	513
# of Launched Projects	6	7	-14.3%	8	13	-53.8%	3	5
# of Launched Units - PDG	969	885	9.5%	1,227	2,650	-63.4%	719	977
Sales and Inventory	**2Q14**	**2Q13**	**2Q14 vs. 2Q13**	**1H14**	**1H13**	**1H14 vs. 1H13**	**2Q14 (IFRS)**	**1H14 (IFRS)**
Total Sales - R$ mm	658	853	-22.8%	1,222	1,903	-35.8%	549.7	1,093
PDG % Sales - R$ mm	383	480	-20.2%	802	1,361	-41.1%	296	694
# of Net Sold Units	1,749	1,628	7.4%	3,705	4,991	-25.8%	1,270	3,039
Inventory at Market - R$ mm	3,744	5,052	-25.9%	3,744	5,052	-25.9%	3,310	3,310

Operational Result (1)	2Q14	2Q13	2Q14 vs. 2Q13	1H14	1H13	1H14 vs. 1H13
Net Operational Revenues - R$ mm	926	1,141	-18.9%	2,046	2,466	-17.0%
Gross Profit - R$ mm	195	204	-4.5%	431	463	-6.9%
Gross Margin - %	21.0	17.9	310 bps	21.1	18.8	230 bps
Adjusted Gross Margin - %	29.1	27.0	210 bps	28.9	27.1	180 bps
EBITDA Margin - %	13.3	6.3	700 bps	15.6	8.5	710 bps
Net Earnings (Loses) - R$ mm	(135.3)	(104.9)	n.m.	(132.6)	(178.7)	-25.8%
Net Margin - %	-	-	n.m.	-	-	n.m.

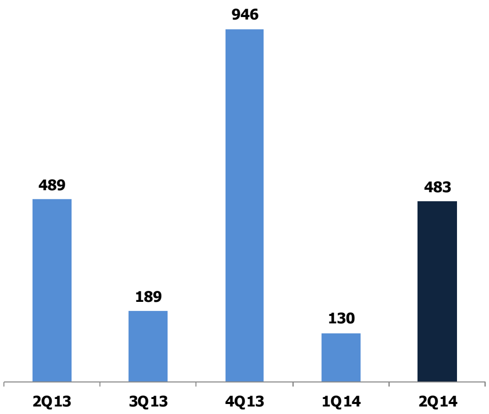
Backlog Results (REF) (1)	2Q14	2Q13	2Q14 vs. 2Q13
Gross Revenues (REF) - R$mm	2,759	5,135	-46.3%
COGS - R$ mm	(1,935)	(3,685)	-47.5%
Gross Profit - R$ mm	824	1,450	-43.2%
Gross Backlog Margin - %	29.9%	28.2%	170 bps
Balance Sheet (1)	**2Q14**	**2Q13**	**2Q14 vs. 2Q13**
Cash - R$mm	884	2,007	-55.9%
Net Debt -R$mm	7,181	6,707	7.1%
Shareholders Equity -R$mm	5,200	5,290	-1.7%
Net Debt (ex. SFH) / Shareholder Equity (%)	59.9	35.9	n.m.
Total Assets - R$ mm	16,222	17,195	-5.7%

Obs: (1) Financial Results in IFRS 10.
(2) Includes Partnerships and excludes TGLT.
(3) PSV PDG excludes partnerships.
(4) Gross Sales and Cancelled Sales exclude sales cancelled and resold during the quater.

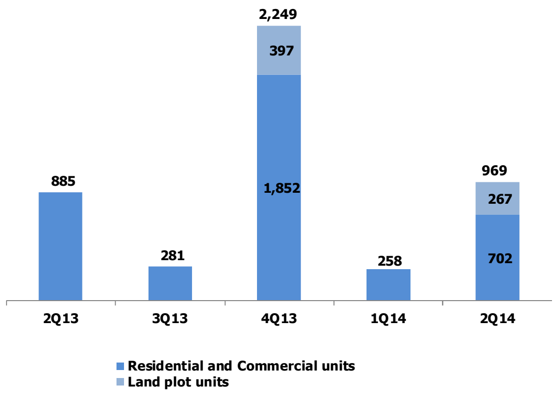
Operating Performance – Launches

- PDG launched six projects in 2Q14. As mentioned in the previous release, we launched two projects in April, Maison Artisan in São Paulo and the first tower of Niemeyer Monumental, in Niterói, Rio de Janeiro, with a total PSV of R$274 million (PDG's share).
- In May, three more projects were launched in São Paulo: Timelife Residencial and Office Time, both part of the second phase of the Jardim das Perdizes project in partnership with Tecnisa, in which PDG retains a 25% interest; and Praça Inglesa, the fourth phase of the Vila Nova Sabará project, which PDG is developing jointly with Rossi and in which it holds a 50% interest.
- Finally, PDG launched a land development in Atibaia, São Paulo state, entitled Buona Vita Atibaia, with a PSV of R$60 million.
- Year-to-date launches totaled R$613 million, entirely concentrated in the states of Rio de Janeiro and São Paulo, approximately half of which are commercial undertakings, 40% residential and 10% land developments.
- The company expects a higher concentration of launches in the second half, but remains alert to the macroeconomic scenario in order to ensure their best possible timing for each launch.

Launches % PDG – R$mm



Launches – units % PDG



Projects Launched

Project	Launch	Region	Segment	Total PSV (R$ mm)	PSV PDG (R$ mm)	PDG Units	Average Price (R$ thous)
DOM Offices (Torre 2)	1Q14	Rio de Janeiro	Commercial	46.5	46.5	230	202.1
Residencial Meridiano	1Q17	Rio de Janeiro	High Income	83.5	83.5	28	2,982.1
Total 1T14	**2**	**-**	**-**	**130.0**	**130.0**	**258**	**503.8**
Artisan	2Q14	São Paulo	High Income	74.2	74.2	48	1,544.8
Niemeyer (Commercial)	2Q14	Niterói / RJ	Commercial	249.6	199.7	404	494.2
Vila Nova Sabará - Praça Inglesa	2Q14	São Paulo	Mid-High	106.7	53.4	102	523.2
Jardim das Perdizes - TIME	2Q14	São Paulo	Mid-High	193.0	48.2	69	699.2
Jardim das Perdizes - TIME (Commercial)	2Q14	São Paulo	Commercial	192.0	48.0	79	605.8
Buona Vita Atibaia	2Q14	Atibaia / SP	Land Plot	59.5	59.5	267	222.9
Total 2T14	**6**	**-**	**-**	**875.0**	**483.0**	**969**	**498.3**
Total 1S14	**8**	**-**	**-**	**1,005.0**	**612.9**	**1,227**	**499.4**

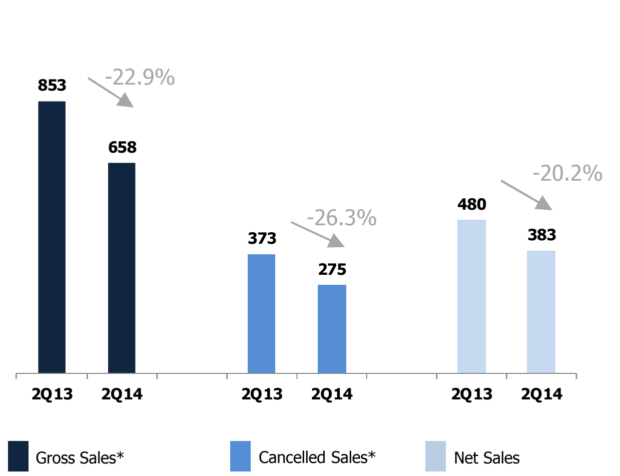
Operating Performance – Sales

- Despite the unfavorable macroeconomic scenario and the impact of the World Cup on June's activity levels, gross sales moved up by 17% over the previous quarter, mainly due to the higher volume of launches. Launch sales totaled R$149 million, versus R$40 million in 1Q14, while inventory sales remained virtually flat at R$510 million.

- We had a higher concentration of cancellations in the second quarter, amounting to R$275 million. In the first six months, cancellations totaled R$420 million, giving an average of R$210 million per quarter, in line with our initial estimate of R$200 million per quarter for the year, our current estimate remain valid for the next quarters.

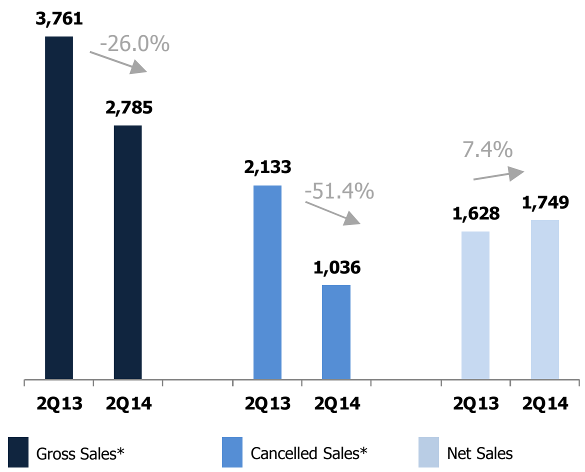
- It is worth noting that inventory sales of completed units or units to be delivered in 2014 (generating immediate cash for the Company) represented 34% of total net sales in 2Q14 and 45% in 1H14.

2Q13 vs. 2Q14 – R$mm



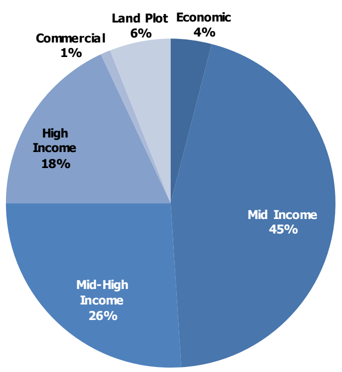
(*) Gross sales and cancellations data are net of the resales made within the same quarter

2Q13 vs. 2Q14 - Units

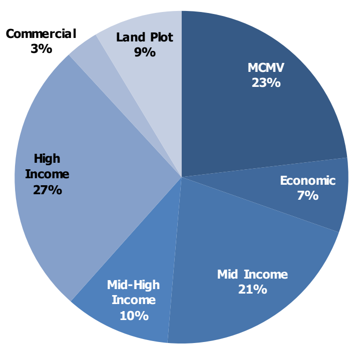


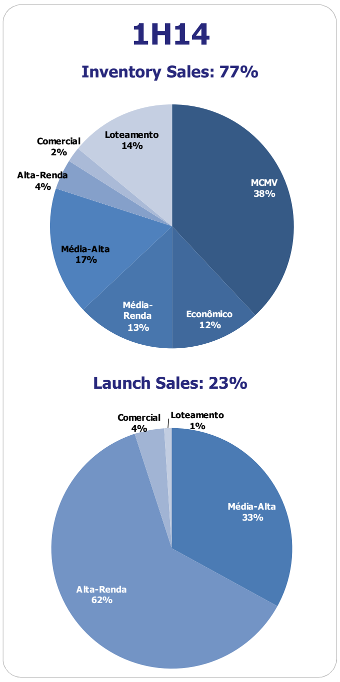
Net sales by product % PDG – PSV

2Q13

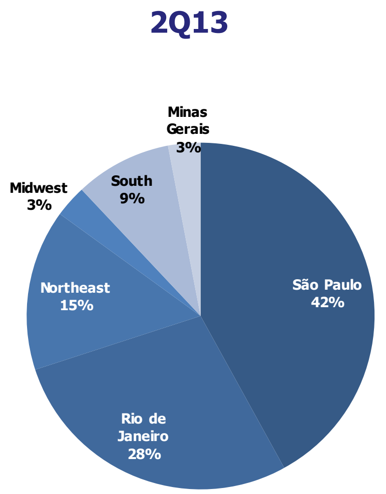


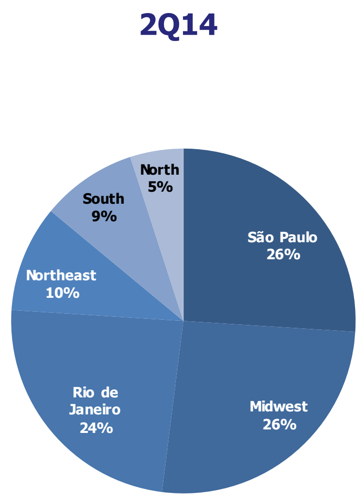
2Q14

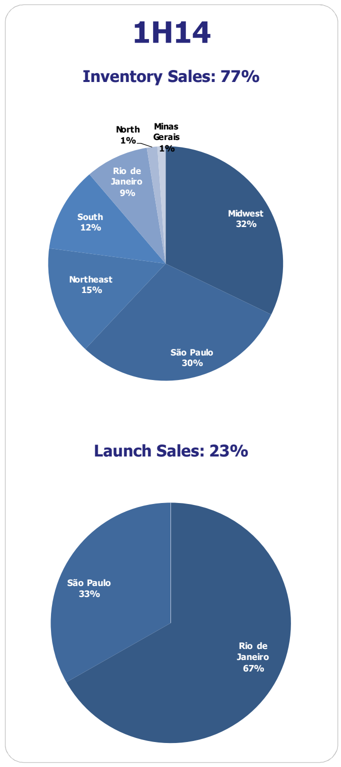




Net Sales by Region - % PSV







Operating Performance – Cancellations and Resale

- Of total cancellations in 2Q14, 80% corresponded to projects with more than 80% of their units sold, i.e. cancellations are not occurring in projects with low commercial acceptance. Most cancellations (83%) continue to occur due to credit and income profiles and not through client desistance.
- As a quality indicator of the cancelled sales units, we have maintained a high resale speed. As can be seen in the chart on the following page, the average resale curve remained above 80% 12 months after cancellation.
- Besides the high speed of resale, the Company continues to recompose a significant portion of the accumulated inflation in the period between the original sale and resale, with an average price 15% above the original sale price.

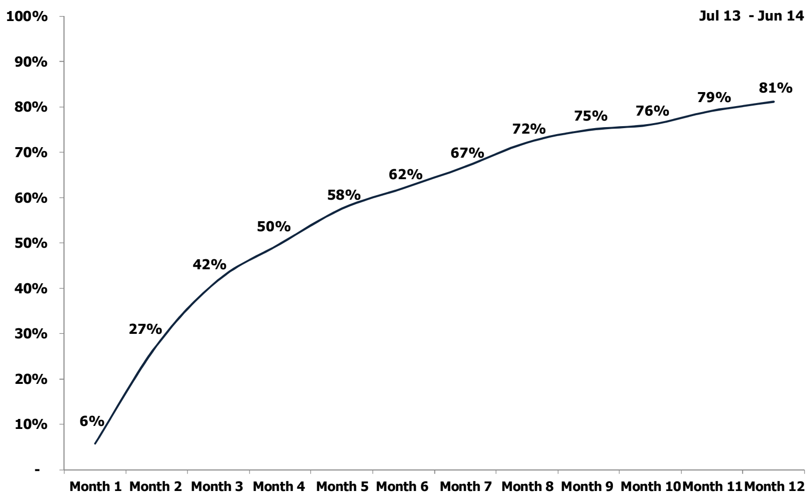
Cancellations by Percentage of Resale and Year of Delivery

R$ million

Percentage Sold	Built		2014 Delivery		2015 Delivery		Post 2015		TOTAL	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
20% or less	-	-	-	-	3	0.6	-	-	3	1.0
21% to 40%	-	-	1	-	-	-	1	0.4	2	0.4
41% to 60%	3	4.0	14	3.6	35	7.4	6	1.7	58	16.7
61% to 80%	27	6.1	65	16.9	23	8.9	30	4.5	145	36.5
81% to 99%	465	128.2	253	59.0	105	33.2	5	0.8	828	221.2
TOTAL	**495**	**138.3**	**333**	**79.6**	**166**	**50.2**	**42**	**7.4**	**1,036**	**275.4**

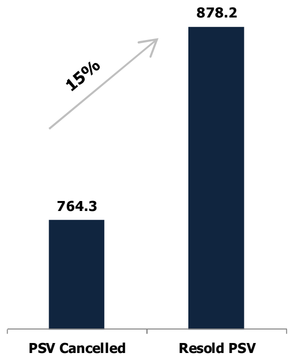
Operating Performance – Cancelled Sales and Resale

Average Resale Aging - 12 months



Resale Price

12 Months Accumulated – R$mm

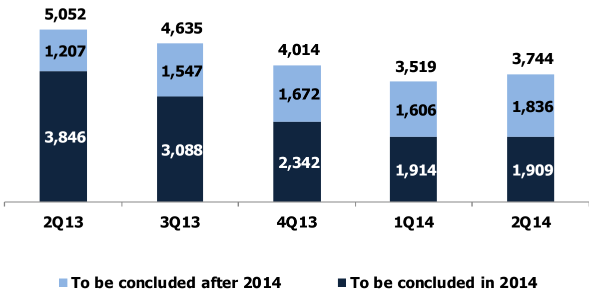


Operating Performance - Inventory

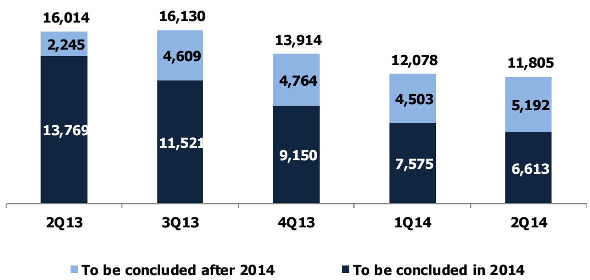
- Total inventory at market value closed 2Q14 at R$3,744 million, versus R$3,519 million in 1Q14. Although the number of units remained virtually flat, we did not apply any additional discounts in the quarter and adjusted our sales table in line with the National Construction Cost Index (INCC), so the total amount in reais (R$) increased.

- If we only consider completed units or units to be delivered by the end of 2014, the number of units fell by 13%, in line with the tendency in previous quarters, reflecting the Company's successful efforts to monetize its immediate-cash-generating inventory.

Inventory at Market Value (R$mm)



Inventory Units



Operating Performance – Inventory

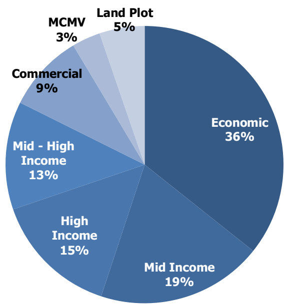
Inventory by Percentage Sales and Geography

Region	20% or less		21% to 40%		41% to 60%		61% to 80%		81% to 99%		Inventory	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
Southeast	417	110.3	1,204	320	1,164	342.4	1,456	546.5	2,209	806.1	6,450	2,125.7
Northeast	428	104.9	-	-	425	189.5	285	136.8	575	206.3	1,713	637.5
Midwest	-	-	-	-	546	89.7	530	103.4	244	42.1	1,320	235.2
North	-	-	-	-	387	108.7	646	176.3	372	147.2	1,405	432.2
South	-	-	-	-	-	-	380	134.8	537	178.9	917	313.7
TOTAL	**845**	**215.2**	**1,204**	**320.4**	**2,522**	**730.4**	**3,297**	**1,097.7**	**3,937**	**1,380.7**	**11,805**	**3,744.4**

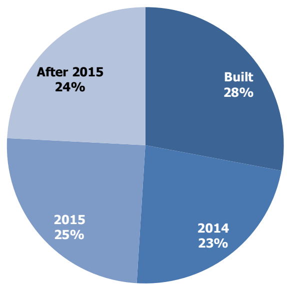
Inventory by Percentage Sales and Year of Delivery

Percentage Sold	Built		2014 Delivery		2015 Delivery		Post 2015		TOTAL		%
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV	
20% or less	136	60.2	-	-	428	104.9	281	50.1	845	215.2	7%
21% to 40%	-	-	513	35.3	-	-	691	285.1	1,204	320.4	10%
41% to 60%	476	145.0	824	173.5	382	146.4	840	265.6	2,522	730.4	21%
61% to 80%	624	180.7	1,021	274.2	1,059	402.4	593	240.4	3,297	1,097.7	28%
81% to 99%	2,078	661.4	941	378.5	813	276.9	105	63.7	3,937	1,380.7	33%
TOTAL	**3,314**	**1,047.3**	**3,299**	**861.5**	**2,682**	**930.6**	**2,510**	**905.0**	**11,805**	**3,744.4**	**100%**

Inventory by Product - % PSV



Inventory Delivery Schedule - % PSV



Operating Performance - Sales Speed

- The sales speed in the last 12 months, represented by the sales over supply ratio, stood at 36%, 1 p.p. up on 1Q14. The quarterly sales speed came to 10%, in line with the previous quarter.
- The launch sales speed remained at 30%, while the inventory sales speed stood at 7%, negatively impacted by the concentration of sales cancellation in the quarter.
- As can be seen below, we did not give additional discounts on our inventory this quarter, only correcting the table price in line with the period INCC.

	3Q13	4Q13	1Q14	2Q14	VSO
Initial Inventory	**5,052**	**4,635**	**4,014**	**3,519**	
(-) Cancellations	**484**	**178**	**-**	**-**	
=Effective Inventory	**4,568**	**4,457**	**4,014**	**3,519**	**4,568**
(+) Launches	**189**	**946**	**130**	**483**	**1,748**
(-) Net Sales (1)	**276**	**1,196**	**418**	**383**	**2,273**
Gross Sales	813	1,437	563	658	
Cancelled Sales	537	241	145	275	
(+) Adjusts (2)	**154**	**-193**	**-207**	**125**	
Final Inventory	4,635	4,014	3,519	3,744	
Sales Speed (12 mos.)	**33%**	**38%**	**35%**	**36%**	**36%**

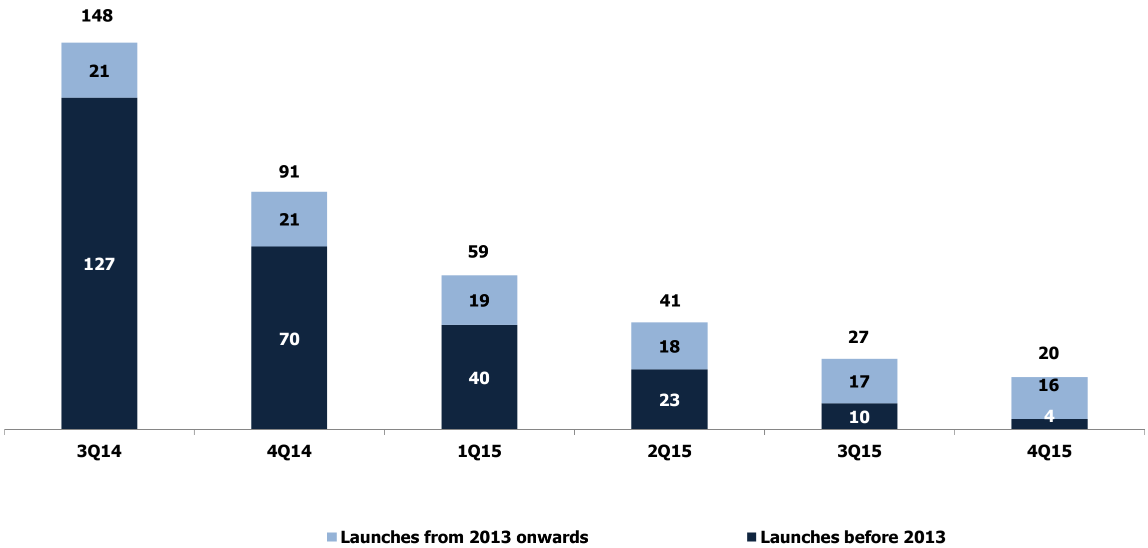
(1) Net sales considers sales from cancelled projects.

(2) The adjustment of R$ 125mm is mainly due to the INCC correction.

Sales Speed: Net sales in 12 months / (Effective Inventory 3Q13 + Launches in 12 months)

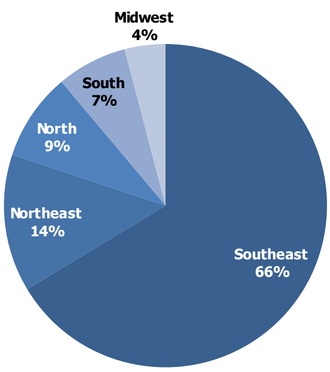
Projects in progress – Occupancy Permit Schedule

- We obtained occupancy permits for 21 projects in the second quarter, totaling 3,497 units with a combined PSV of R$838 million. In the first half, 6,789 units received occupancy permits, representing 38 projects with a joint PSV of R$1,782 million.
- We recorded progress in the Campinas agreement (TAC) negotiations, resulting in the obtainment of occupancy permits for 11 projects in the quarter. However, certain other projects had their permits postponed for a few months, leading to a higher concentration of deliveries in the second half. It is worth emphasizing, however, that these delays do not result from delays in construction works, which remain on schedule, but mainly from bureaucratic issues in some projects. We have 20 concluded projects waiting for the occupancy permits and another 22 projects with more than 95% of its construction works already finished.
- Despite the delays to date, we are confident that the more than 120 occupancy permits initially expected to be obtained this year will be delivered.

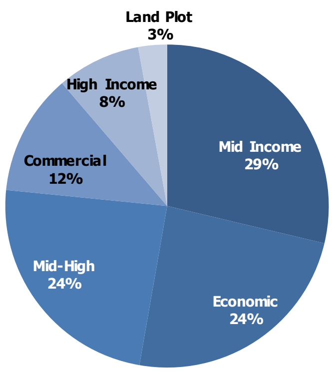


Note: Projects under PDG´s management.

Breakdown by Region (% PSV)



Breakdown by Product (% PSV)



Operating Performance – De-risking Panel

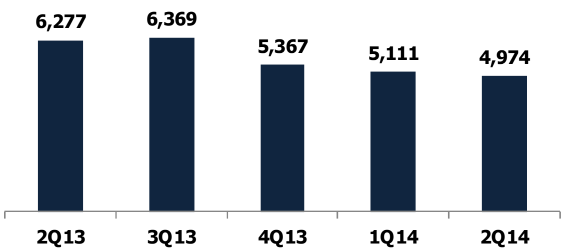
Projects delivered with Occupancy Permit – 1H14

1H14 Deliveries- Occupancy Permity							
Project	**Occupancy Permit**	**Region**	**Segment**	**Total PSV (R$ mm)**	**PDG PSV (R$ mm)**	**PDG Units**	**Average Price (R$ thous)**
VERT	1Q14	São Paulo	Mid-Income	65.7	32.8	108	304.0
PARQUE ANÁLIA FRANCO	1Q14	São Paulo	Mid-High	57.6	57.6	104	553.9
INSIDE PARK	1Q14	São Paulo	High	69.4	34.7	18	1,928.5
CONNECTION	1Q14	São Paulo	Mid-High	50.2	50.2	102	491.7
RESIDENCIAL SERRA DO JAMBEIRO	1Q14	São Paulo (Countryside)	Economic	34.4	34.4	180	191.2
DOT	1Q14	São Paulo (Countryside)	Economic	30.3	30.3	277	109.4
GREEN VIEW RESIDENCIAL	1Q14	São Paulo (Countryside)	Economic	59.2	59.2	300	197.5
RESIDENCIAL FLORES DO CERRADO	1Q14	Distrito Federal	Economic	45.2	45.2	420	107.7
RESIDENCIAL FASCINO	1Q14	São Paulo	Mid-Income	89.6	89.6	400	224.1
ARBORE	1Q14	Paraná	Mid-Income	34.5	34.5	118	292.7
PARQUE DOS PASSAROS - RESIDENCIAL SABIA	1Q14	São Paulo	Mid-Income	77.4	67.8	246	275.6
DOMO LIFE - FASE II	1Q14	São Paulo	Mid-High	115.5	115.5	224	515.5
DOMANI BROOKLIN	1Q14	São Paulo	High	122.2	122.2	72	1,696.9
AQUARELLA PARI II	1Q14	São Paulo	Mid-Income	76.7	76.7	296	259.0
JARDIM DAS ORQUÍDEAS	1Q14	Minas Gerais	Economic	20.8	20.8	132	157.7
NEO JUIZ DE FORA - FASE 8	1Q14	Minas Gerais	Mid-Income	59.5	59.5	156	381.6
JARDIM TROPICAL	1Q14	Bahia	Economic	12.7	12.7	140	90.5
TOTAL 1Q14	**17**	**-**	**-**	**1,021.0**	**943.7**	**3,293**	**-**
CONDOMÍNIO RESIDENCIAL ALAMEDA DAS MAGNÓLIAS	2Q14	Rio Grande do Sul	Economic	49.5	49.5	430	115.0
RESIDENCIAL NOVO HORIZONTE I	2Q14	São Paulo (Countryside)	Economic	5.7	5.7	44	128.8
RESIDENCIAL NOVO HORIZONTE II	2Q14	São Paulo (Countryside)	Economic	5.9	5.9	46	128.8
RESIDENCIAL NOVO HORIZONTE III	2Q14	São Paulo (Countryside)	Economic	3.9	3.9	30	128.8
RESIDENCIAL NOVO HORIZONTE IV	2Q14	São Paulo (Countryside)	Economic	3.9	3.9	30	128.8
RESIDENCIAL BOTÂNICO BOULEVARD	2Q14	São Paulo (Countryside)	Mid-Income	32.0	32.0	116	275.8
CONDOMÍNIO ESMERALDA	2Q14	Mato Grosso	Economic	49.4	49.4	472	104.7
CAMPO DAS CAMÉLIAS (QUADRA 98 - A2)	2Q14	São Paulo (Countryside)	Economic	11.4	11.4	220	52.0
CAMPO DAS HORTÊNCIAS (QUADRA 98 - B3)	2Q14	São Paulo (Countryside)	Economic	10.4	10.4	200	52.0
CAMPO DAS ACÁCIAS (QUADRA 98 - A1)	2Q14	São Paulo (Countryside)	Economic	6.2	6.2	120	52.0
CAMPO DAS GARDÊNIAS (QUADRA 98 - B4)	2Q14	São Paulo (Countryside)	Economic	8.3	8.3	160	52.0
PARQUE DAS FLORES - RESIDENCIAL JARDIM	2Q14	São Paulo	Mid-Income	78.6	68.8	245	280.8
CONDOMINIO RESIDENCIAL ROYAL PARK	2Q14	Rio Grande do Norte	Mid-Income	68.5	68.5	298	229.7
RIO PARQUE I	2Q14	Rio de Janeiro	Economic	57.9	28.9	233	124.4
RESIDENCIAL LUMINI I	2Q14	São Paulo (Countryside)	Economic	23.9	23.9	140	171.0
GREENVILLE LUMNO	2Q14	Bahia	High	248.7	248.7	163	1,525.6
COLORE	2Q14	São Paulo	Mid-Income	38.0	30.4	72	422.3
CASA BELLA - Fase 01	2Q14	São Paulo (Countryside)	Mid-High	22.4	22.4	46	487.9
CASA BELLA - Fase 02	2Q14	São Paulo (Countryside)	Mid-High	25.0	25.0	46	543.4
CASA BELLA - Fase 03	2Q14	São Paulo (Countryside)	Mid-High	16.3	16.3	34	480.0
VALLORE BRÁS	2Q14	São Paulo	Mid-Income	118.7	118.7	352	337.1
TOTAL 2Q14	**21**	**-**	**-**	**884.6**	**838.2**	**3,497**	**-**
TOTAL 1H14	**38**	**-**	**-**	**1,905.5**	**1,781.9**	**6,789**	**-**

Operating Performance – Title Individualization

- In 2Q14, 4,974 units were individualized, giving a total of 10,085 units in the first six months. As we obtain more occupancy permits throughout the year, the number of individualized units should increase in the coming quarters.

Title Individualization - units



Launches, Projects Concluded and in Progress

- At the beginning of the third quarter, the Company had 148 projects in progress, equivalent to 43,133 units under construction, 12,205, or 28%, of which related to the Minha Casa Minha Vida (My Home My Life) housing program and the remaining 30,928, or 72%, financed by the National Housing Financing System (SFH).

	# Projects	# Total Units	# PDG Units
Launches(1)	704	157,407	152,618
Finished(2)	556	109,931	109,485
Ongoing(3)	148	47,476	43,133

(1) Historical launches until June 2014 - net of cancellations

(2) Projects with Occupancy Permit until June 2014

(3) Ongoing projects until June 2014

Finished Projects	# Projects	# Total Units	# PDG Units
SFH	331	66,699	66,253
MCMV	225	43,232	43,232
Total	556	109,931	109,485

Ongoing Projects	# Projects	# Total Units	# PDG Units
SFH	102	31,091	30,928
MCMV	46	16,385	12,205
Total	148	47,476	43,133

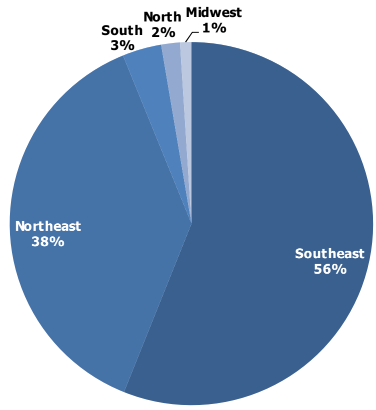
* Projects under PDG management.

Operating Performance – Landbank

Landbank by Unit and PSV

Product	Units	%	PSV PDG (R$ mm)	%	PSV (R$ mm)	%	Average Price (R$)
High Income	3,492	6.4%	3,324	18.2%	4,962	22.7%	1,421,155
Mid-High Income	3,769	7.1%	2,343	13.0%	3,142	14.6%	833,656
Mid Income	8,840	16.4%	4,377	24.2%	4,698	21.7%	531,459
Economic	19,113	35.1%	4,198	23.0%	4,366	19.9%	228,438
Residential	**35,214**	**65.0%**	**14,241**	**78.4%**	**17,169**	**78.9%**	**487,556**
Commercial	**3,174**	**5.9%**	**907**	**5.1%**	**1,555**	**7.2%**	**489,969**
Land Plot	**15,840**	**29.1%**	**3,011**	**16.5%**	**3,056**	**13.9%**	**192,915**
Total	**54,228**		**18,159**	**-**	**21,780**	**-**	**401,634**

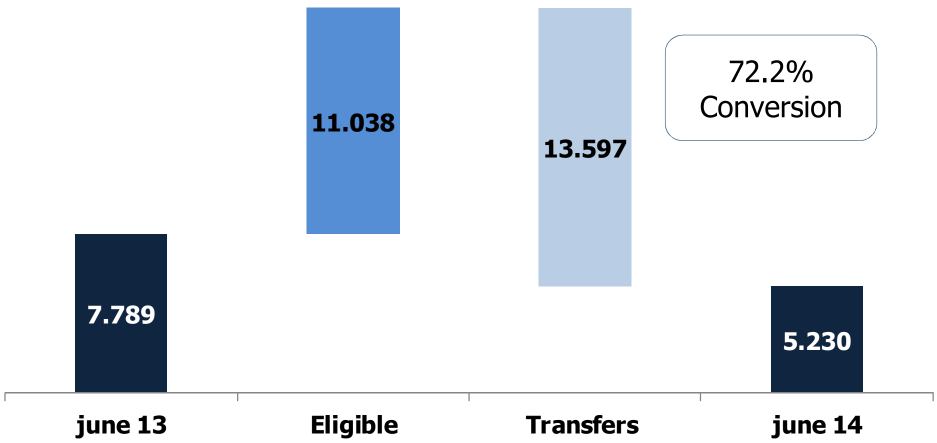
Landbank by Region - %PSV



Operating Performance – Mortgage Transfers

- In 2Q14, 3,683 unit mortgages were transferred, in line with the number of units transferred in the previous quarter and the same period last year. In the first half as a whole, we transferred 7,486 units, equivalent to 40% of the mid-point of our 2014 guidance.
- Despite postponements in obtaining certain occupancy permits and , consequently, individualizations, transfers remained on schedule until June, given that we were able to increase efficiency in the mortgage transfer of already individualized units.
- In the 12 months through June, 13,597 unit mortgages were transferred, corresponding to 72% of total transferrable units.

Transfer Evolution – units (12 months)



Gross Margin

- The 2Q14 gross margin came to 21.0%, 3.2 p.p. up on the 17.9% recorded in 2Q13, while the first-half margin stood at 21.1%, a 2.3 p.p. improvement over the 18.8% posted in 1H13.

R$ million

Gross Margin	2Q14	2Q13	(%) Var.	1H14	1H13	(%) Var.
Net Revenues	926	1,141	-19%	2,046	2,466	-17%
Cost	(731)	(937)	-22%	(1,615)	(2,003)	-19%
Gross Profit (Loss)	195	204	-4%	431	463	-7%
(+) Capitalized Interest	74	99	-25%	159	187	-15%
(+) Goodwill	1	5	-80%	2	19	-89%
Adjusted Profit (Loss)	270	308	-12%	592	669	-12%
Gross Margin	**21.0%**	**17.9%**	**3.2 pp**	**21.1%**	**18.8%**	**2.3 pp**
Adjusted Gross Margin	**29.1%**	**27.0%**	**2.2 pp**	**28.9%**	**27.1%**	**1.8 pp**

Backlog Result (REF)

- On June 13, 2014, the gross backlog profit stood at R$824 million, with a margin of 29.9%, 0.5% more than the 29.4% recorded in the previous quarter. This upward tendency should continue as the share of legacy projects, with lower margins, decreases and the share of new projects, with higher margins, increases.

- The backlog recognition schedule is estimated at 56.4% in 2014, 32.3% in 2015, 9.0% in 2016 and 2.3% in 2017.

R$ million

Backlog Results (REF)	2Q14	1Q14	2Q13
Gross Revenues	2,838	3,402	5,337
(-)Taxes *	(79)	(94)	(202)
Net Revenues - REF	2,759	3,308	5,135
(-) COGS	(1,935)	(2,334)	(3,685)
	-	-	-
Gross Profit - REF	824	974	1,450
Gross Backlog Margin	***29.9%***	***29.4%***	***28.2%***
Capitalized Interest	197	193	237
Agre Goodwill	63	63	68
Adjusted Gross margin **	***20.4%***	***21.7%***	***22.3%***

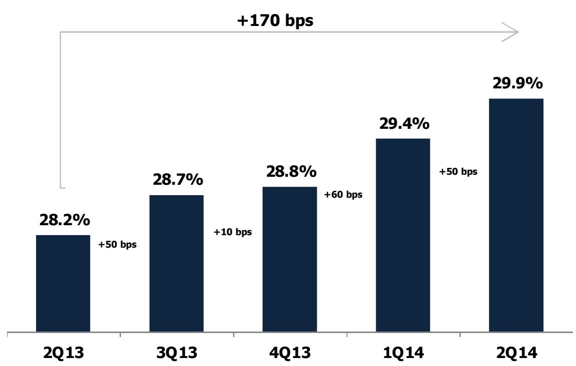
* Estimate

** Backlog margin differs from reported margin in that it does not include capitalized interest effect, future guarantees and goodwill amortization

Backlog result recognition schedule	2014	2015	2016	2017
	56.4%	**32.3%**	**9.0%**	**2.3%**

Backlog Margin Trends (REF)

- As announced by the Company in the budgetary review, the gross backlog margin has been increasing every quarter, having widened by 170 bps between 2Q13 and 2Q14.



Backlog Result – Pre and Post-2013

- The projects launched after 2012, with an average gross margin of 31.5%, represent 22.7% of total gross backlog profit and will account for a larger share as projects launched before 2013 are delivered in 2014 and 2015.

- The Meridiano, Artisan, Niemeyer and Atibaia projects are still not included in the backlog margin or the Company's results since they have not complied with the condition precedent of the waiver period, additionally, Jardins das Perdizes and Vila Nova Sabara are not consolidated under IFRS10 criteria.

Backlog Results (REF) (Until and Post 2012 Projects)	Until 2012	Post 2012	2Q14
Net Revenues - REF	2,165	594	2,759
(-) COGS	(1,528)	(407)	(1,935)
Gross Profit - REF	637	187	824
Gross Backlog Margin	***29.4%***	***31.5%***	***29.9%***
Capitalized Interest	196	1	197
Agre Goodwill	63	-	63
Adjusted Gross margin	***17.5%***	***31.3%***	***20.4%***

Selling, General and Administrative Expenses (SG&A)

- In the 2Q14, G&A expenses follows the reduction tendency y-o-y, registering a 16% decrease in comparison to 2Q13. Compared to the previous quarter, G&A remained stable, despite the increase of 7%/ 8% in the payroll agreed with the unions, which impacted our expenses in the period, and the incurrence of certain non-recurring costs and consultancies that cost approximately R$6.5 million.

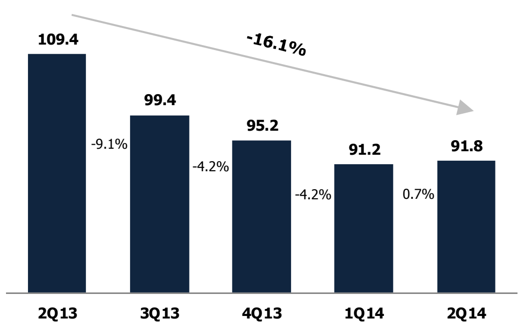
- There was also an 16% decline in selling expenses compared to the same period of 2013, and a increase of 12% in comparison to the 1Q14, due to the higher number of launches in this quarter.

R$ million in IFRS

Commercial Expenses	Quarter			YTD		
	2Q14	2Q13	Var. %	1H14	1H13	Var. %
Total Commercial Expenses	**47.3**	**56.1**	**-16%**	**89.5**	**101.0**	**-11%**
G&A Expenses	**2Q14**	**2Q13**	**Var. %**	**1H14**	**1H13**	**Var. %**
Salaries and Benefits	44.7	71.0	-37%	88.1	140.3	-37%
Profit Sharing	13.8	2.3	500%	29.0	12.3	136%
Third Party Services	21.1	23.3	-9%	36.4	49.6	-27%
Other Admin. Expenses	12.2	12.8	-5%	29.5	34.6	-15%
Total G&A	**91.8**	**109.4**	**-16%**	**183**	**236.8**	**-23%**
Total SG&A	**139.1**	**165.5**	**-16%**	**272.5**	**337.8**	**-19%**

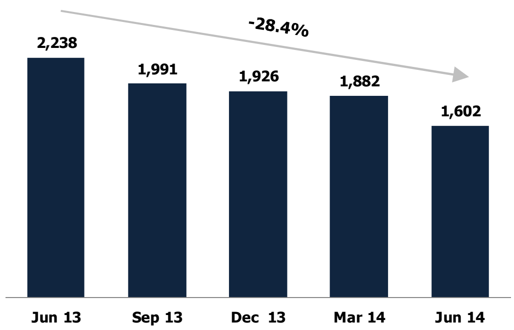
General and Administrative Expenses (G&A) Trends – R$mm

- According to Management, G&A expenses registered a reduction of 16.1% between 2Q13 and 2Q14.



Administrative Headcount

- Management continues to adjust the size of the Company in accordance with operational needs and long-term strategic guidelines. Between June 2013 and 2014, the administrative headcount fell by 28.4%.



On and Off Balance Sheet Receivables

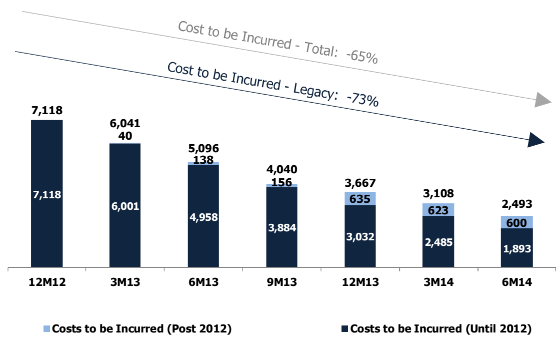
- We closed 2Q14 with net receivables of R$8.2 billion, 4% down on the previous three months.
- Excluding projects launched after 2012, legacy costs to be incurred ended the second quarter at R$1.9 billion, versus R$2.5 billion in 1Q14 and R$7.1 billion in 4Q12.

Accounts Receivable

R$ million

On and Off Balance Receivables (R$ mm)	2Q14	1Q14	(%) Var.
Receivables	8,151	8,481	-4%
Gross Backlog Revenues - REF	2,838	3,402	-17%
Advances from Clients	(254)	(211)	20%
Total Receivables (a)	**10,735**	**11,672**	**-8%**
Cost to be Incurred - Sold Units	(1,935)	(2,334)	**-17%**
Cost to be Incurred - Inventory Units	(558)	(774)	-28%
Total Costs to be Incurred (b)	**(2,493)**	**(3,108)**	**-20%**
Total Net Receivables (a+b)	**8,242**	**8,564**	**-4%**
ST	**4,854**	**5,613**	**-14%**
LT	**3,297**	**2,868**	**15%**
Total *Receivables (on balance)*	**8,151**	**8,481**	**-4%**

Costs to be Incurred



Financial Result

- The increase in the 1H14 financial expenses, as can be seen in the table below, was chiefly due to the 7.1% upturn in the Company's net debt in the previous 12 months to R$7.2 billion, and the 17% reduction in interest capitalized as financial expenses after the conclusion of the works.
- In addition, in 1H13 there was a R$29.8 million positive impact on financial revenues due to the mark-to-market of options pegged to the convertible debentures issued in 2012 (PDGR-D81). There was no such effect in 1H14.
- In the quarter we had the reversal of R$11 million of other income related to the retained part of the sales cancellation, which are now accounted in operational revenue.

R$ million in IFRS

Financial Results (R$ mm)	1H14	1H13	(%) Var
Investment Income	37.6	22.6	66%
Debentures - fair value	-	29.8	-100%
Interest and fines	71.3	53.0	35%
Other financial revenue	5.5	7.8	-29%
Total financial revenues	**114.4**	**113.2**	**1%**
Interest	(445.2)	(411.5)	8%
Debentures - fair value	-	-	0%
Bank Expenses	(2.1)	(6.1)	-66%
Other	(13.9)	(9.2)	51%
Gross Financial Expenses	**(461.2)**	**(426.8)**	**8%**
Capitalized Interest on Inventory	159.2	190.9	-17%
Total Financial Expenses	**(302.0)**	**(235.9)**	**28%**
Total Financial Result	**(187.6)**	**(122.7)**	**53%**

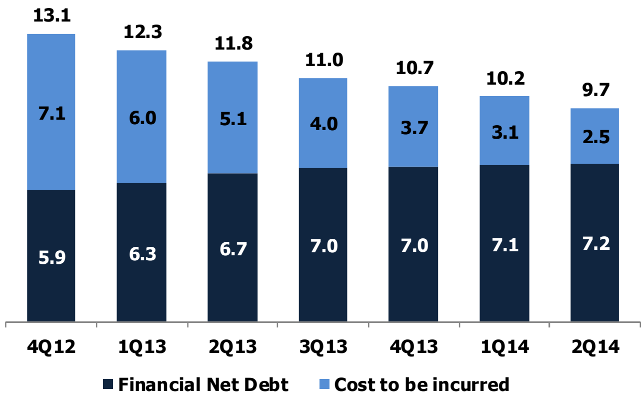
Indebtedness

- As of this quarter, we began presenting our gross debt in accordance with the nature of each operation. Certain debentures and mortgage-backed security (CRI) issues are allocated to specific projects and have more attractive costs, similar to those of SFH financing. As a result, we classify these issues in the "Construction Financing" group, which totaled R$4.1 billion in 2Q14.
- The company continues to successfully refinance its corporate debt, having raised new lines to repay the amount falling due in the period, especially the R$250 million in CRIs in June, which was 91% amortized. In addition to the R$320 million taken out in April from Banco do Brasil, in June we contracted a new R$238 million loan.
- For the third quarter, loans currently in advanced stages of negotiation exceed the R$434 million in maturities scheduled for the period. We believe that, once the refinancing needs for the coming months have been overcome, the Company will be able to begin a lengthy deleveraging cycle, which should last for the next two to three years.
- Including the off-balance liability from construction cost to be incurred in an expanded concept of indebtedness, we can notice that our leverage is already reducing consistently. Thus, the decrease in cost to be incurred over the past 18 months more than offset the increase in our net debt, resulting in a consolidated reduction of R$3.4 billion in the period.

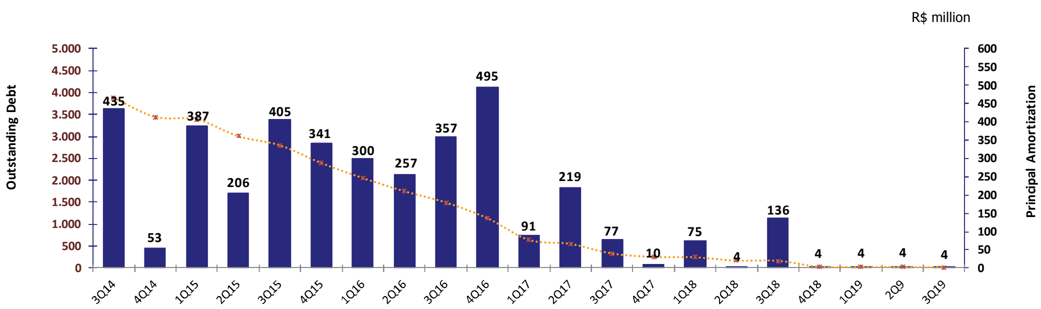
R$ million in IFRS

Indebtedness	2Q14	1Q14	(%) Var.
Cash	**884**	**1,035**	**-15%**
SFH	3,262	3,494	-7%
Debentures	593	579	2%
CCB/CRI	208	202	3%
Construction Financing	**4,063**	**4,275**	**-5%**
Working Capital & SFI	690	121	470%
Finep/Finame	154	160	-4%
Debentures	794	781	2%
CCB/CRI	1,993	2,368	-16%
Obligation for the issuance of CCB and CCI	371	419	-11%
Corporate Debt	**4,002**	**3,849**	**4%**
Gross Debt	**8,065**	**8,124**	**-1%**
Net Debt	**7,181**	**7,089**	**1%**
Net Debt (ex. SFH)	**3,118**	**2,814**	**11%**
Shareholders Equity (1)	**5,200**	**5,298**	**-2%**
Net Debt (ex. SFH)/Equity	**60.0%**	**53.1%**	**6.8 pp**

(1) Includes non-controlling equity



Debt Amortization Schedule (excluding SFH)



Notes:
(1) The above graph considers only the principal of loans and financings, excluding SFH debt and including debentures, CCBs (bank credit bills) and CRIs. Interest payments are not reflected in the graph.
(2) Excluding the co-obligation liability, given that it has no maturity date and is automatically written off in line with the entry of the receivables.
(3) Considers debt of PDG management only, excluding that of REP and partners.

Net Debt Variation

- Our cash consumption, measured by the net debt variation, stood at R$92 million in 2Q14, in line with the R$75 million recorded in the previous quarter.
- Part of this variation was due to REP's operations, fully consolidated by PDG, which contributed R$29 million, still resulting from the conclusion of Shopping Botucatu, which was inaugurated at the end of May.
- Certain non-recurring effects also contributed to this consumption, such as a portion of the payment arising from the agreement (TAC) with the Campinas municipal government (R$8 million).

R$ million

Net Debt Variation (R$ mm)	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14
Availability	**1,833**	**2,007**	**1,525**	**1,353**	**1,353**	**1,035**	**884**
Cash Variation	12	174	(482)	(172)	(468)	(318)	(151)
Debt	**8,108**	**8,714**	**8,522**	**8,367**	**8,367**	**8,124**	**8,065**
SFH Debt	4,273	4,806	4,673	4,627	4,627	4,275	4,063
Corporate Debt	3,835	3,908	3,849	3,740	3,740	3,849	4,002
Var. Net Debt	343	606	(192)	(155)	602	(243)	(59)
Net Debt Variation	**(331)**	**(432)**	**(290)**	**(17)**	**(1,070)**	**(75)**	**(92)**
Adjustments	**36**	**(66)**	**(26)**	**(30)**	**(86)**	**(2)**	**2**
Mark to market of PDGR D81 (warrant)	36	(66)	(26)	(30)	(86)	(2)	2
Net Debt Variation (+adjustments)	**(295)**	**(498)**	**(316)**	**(47)**	**(1,156)**	**(77)**	**(90)**

REP

- The performance of our subsidiary REP has continued to record consistent progress since the implementation of the new strategic guidelines.
- Thanks to same-store-sales growth of 13.2% over 2Q13, net revenue reached R$10.0 million, with an EBITDA margin of 46%, in line with the previous quarter.
- The second quarter was marked by the inauguration of the company's sixth shopping mall in May 29. Shopping Botucatu demanded total investments of approximately R$100 million and added 25,781 sq.m. of total GLA and 16,873 sq.m. of own GLA. In June, the mall's first complete month of operations, sales totaled R$11.8 million, equivalent to R$731/sq.m., excluding vacant areas.
- Also at the end of 2Q14, the company began the redevelopment of Valinhos mall, which is scheduled for conclusion in the second quarter of 2015 following total investments of R$18.5 million. The BayMarket remodeling project remains on course and the works will begin in the next few months. Studies for the expansion and development of the Hortolândia and Mogi-Guaçu malls also moved ahead, although the works themselves are only expected to begin in 2015.

Income Statement

Quarters and Semesters ended June 30, 2014 and 2013

Income Statements (R$ '000)	2Q14	2Q13	(%) Var.	1H14	1H13	Var. %
Operating Gross Revenue						
Real State sales	917,678	1,171,504	-22%	2,057,048	2,507,419	-18%
Other Operating Revenues	41,542	13,321	212%	60,257	37,171	62%
(-) Revenues Deduction	(33,227)	(44,196)	-25%	(70,953)	(78,777)	-10%
Operating Net Revenue	**925,993**	**1,140,629**	**-19%**	**2,046,352**	**2,465,813**	**-17%**
Cost of Sold Units	(656,356)	(832,961)	-21%	(1,454,103)	(1,798,217)	-19%
Interest Expenses	(74,578)	(97,963)	-24%	(159,037)	(186,252)	-15%
Recognition of goodwill of identifiable assets in the acquisition of Agre	(207)	(5,349)	-96%	(1,933)	(18,723)	-90%
Cost of sold properties	**(731,141)**	**(936,273)**	**-22%**	**(1,615,073)**	**(2,003,192)**	**-19%**
Gross Income	**194,852**	**204,356**	**-5%**	**431,279**	**462,621**	**-7%**
Gross margin	***21.0%***	***17.9%***	**3.1 pp**	***21.1%***	***18.8%***	**2.3 pp**
Adjusted gross margin (1)	***29.1%***	***27.0%***	**2.1 pp**	***28.9%***	***27.1%***	**1.9 pp**
Operating Revenues (expenses):						
Equity Income	32,396	24,341	33%	41,636	52,050	-20%
General and Administrative	(91,811)	(109,422)	-16%	(183,040)	(236,856)	-23%
Commercial	(47,305)	(56,083)	-16%	(89,531)	(100,952)	-11%
Taxes	(4,244)	(2,607)	63%	(6,030)	(5,949)	1%
Depreciation & Amortization	(17,651)	(35,937)	-51%	(27,750)	(45,405)	-39%
Other	(16,698)	(70,292)	-76%	(24,305)	(126,715)	-81%
Financial Result	(127,313)	(38,210)	233%	(187,650)	(122,686)	53%
Total operating revenues (expenses)	**(272,626)**	**(288,210)**	**-5%**	**(476,670)**	**(586,513)**	**-19%**
	-	-	0%	-	-	0%
Income before taxes	**(77,774)**	**(83,854)**	**-7%**	**(45,391)**	**(123,892)**	**-63%**
	-	-	0%	-	-	0%
Income Taxes and Social Contribution	(31,211)	(10,284)	203%	(47,747)	(31,510)	52%
	-	-	0%	-	-	0%
Income before minority stake	**(108,985)**	**(94,138)**	**16%**	**(93,138)**	**(155,402)**	**-40%**
	-	-	**0%**	-	-	**0%**
Minority interest	(26,338)	(10,776)	144%	(39,432)	(23,324)	69%
Net Income (loss)	**(135,323)**	**(104,914)**	**29%**	**(132,570)**	**(178,726)**	**-26%**
Net margin	***-14.6%***	***-9.2%***	**-5.4 pp**	***-6.5%***	***-7.2%***	**0.8 pp**

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

EBITDA	2Q14	2Q13	Var. %	1H14	1H13	Var. %
Income (loss) before taxes	(77,774)	(83,854)	-7%	(45,391)	(123,892)	-63%
(-/+) Financial Result	127,313	38,210	233%	187,650	122,686	53%
(+) Depreciation and Amortization	17,651	35,937	-51%	27,750	45,405	-39%
(+) Stock Option Plan	13,752	2,291	500%	29,035	12,312	136%
(+) Interest Expenses - Cost of Sold Units	74,578	97,963	-24%	159,037	186,252	-15%
(+) Recognition of goodwill of identifiable assets in the acquisition of Agre	207	5,349	-96%	1,933	18,723	-90%
(-/+) Equity Income result	(32,396)	(24,341)	33%	(41,636)	(52,050)	-20%
EBITDA	**123,331**	**71,555**	**72%**	**318,378**	**209,436**	**52%**
AJUSTED EBITDA Margin	***13.3%***	***6.3%***	**7.0 pp**	***15.6%***	***8.5%***	**7.1 pp**

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Quarters ended June 30, 2014 and March 31, 2014

ASSET (R$ '000)	2Q14	1Q14	(%) Var.
Current Assets			
Cash, cash equivalents and short-term investments	884,208	1,035,196	-15%
Accounts receivable	4,853,433	5,613,434	-14%
Properties held for sale	2,414,135	2,432,820	-1%
Prepaid expenses	24,424	24,794	-1%
Accounts with related parties	62,584	60,061	4%
Taxes to recover	113,824	114,985	-1%
Deferred income and social contribuition taxes	2,349	304	n.m.
Others	244,094	246,902	-1%
Total Current Assets	**8,599,051**	**9,528,496**	**-10%**
Noncurrent Assets			
Long-Term			
Accounts receivable	3,297,460	2,867,739	15%
Properties held for sale	2,348,963	2,314,352	1%
Accounts with related parties	273,732	270,080	1%
Others	56,671	31,959	77%
Total Long-Term Assets	**5,976,826**	**5,484,130**	**9%**
Permanent Assets			
Investments	479,656	434,915	10%
Investment properties	542,505	493,491	10%
Property and equipment	46,598	54,702	-15%
Intangible	577,229	592,769	-3%
Total Permanent Assets	**1,645,988**	**1,575,877**	**4%**
Total Noncurrent Assets	**7,622,814**	**7,060,007**	**8%**
	-	-	0%
Total Assets	**16,221,865**	**16,588,503**	**-2%**

Quarters ended June 30, 2014 and March 31, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY (R$ '000)	2Q14	1Q14	(%) Var.
Current			
Loans and financings	1,885,187	1,380,868	37%
Debentures	312,230	250,324	25%
Obligation for the issuance of CCB & CCI	823,714	1,098,531	-25%
Co-obligation for the issuance of CRI	28,107	33,128	-15%
Suppliers	212,790	192,800	10%
Property acquisition obligations	399,646	453,923	-12%
Advances from clients	332,696	489,866	-32%
Taxes and contributions payable	158,600	170,584	-7%
Deferred taxes	314,394	332,373	-5%
Income and social contribution taxes	39,499	32,355	22%
Accounts with related parties	35,219	35,215	0%
Others	408,401	119,163	n.m.
Total Current	**4,950,483**	**4,589,130**	**8%**
Long-Term	0%		
Loans and financings	2,218,377	2,394,217	-7%
Debentures	1,075,090	1,109,205	-3%
Obligation for the issuance of CCB & CCI	1,377,673	1,471,192	-6%
Co-obligation for the issuance of CRI	344,422	386,117	-11%
Property acquisition obligations	222,727	223,806	0%
Advances from clients	408,860	415,986	-2%
Deferred taxes	153,906	155,564	-1%
Other Provision	189,033	173,444	9%
Other	81,073	372,262	-78%
Total Long-Term	**6,071,161**	**6,701,793**	**-9%**
	-		
Shareholders' equity			
Subscribed capital	4,907,843	4,907,843	0%
Capital reserve	738,142	735,350	0%
Equity valuation adjustments	(69,572)	(68,426)	2%
Accumulated losses	(1,006,518)	(871,195)	16%
	-	-	0%
Minority interest	**630,326**	**594,008**	**6%**
Total Shareholders' equity	**5,200,221**	**5,297,580**	**-2%**
Total liabilities and shareholders' equity	**16,221,865**	**16,588,503**	**-2%**