



Aug 11th, 2016

**2Q16 and
1H16 Results**

❖ Executive Summary

❖ Asset Management:

Sales

Cancellations

Accounts Receivable

Inventory

❖ Liabilities Management:

Net Debt Variation

Deleveraging

G&A Expenses

Ongoing Projects and Cost to be Incurred

❖ Sale of Assets and Debt Restructuring

❖ Income Statement and NAV



Corcovado
Rio de Janeiro/RJ

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Sublime
Rio de Janeiro/RJ

Executive Summary

Highlights



2Q16 and 1H16 Highlights

- ❖ Net Debt fell by R\$270 million in the quarter and R\$381 million in the semester, reinforcing the positive trend presented in the last seven quarters;
- ❖ G&A expenses decreased 16% over the 2Q15 and 19% in the 1H16 year-to-date over the first six months of last year, reaffirming our focus on adjust the Company structure to the size of its operations;
- ❖ Gross sales reached R\$345 million with net sales of R\$77 million in the quarter. In the first half, gross sales totaled R\$748 million with net sales of R\$174 million;
- ❖ Cash sales amounted to R\$64 million in the quarter, accounting for 19% of gross sales. In the first half-year, cash sales totaled R\$146 million, or 20% of total sales;
- ❖ In the quarter, cancellations came to R\$268 million, 40% down against 2Q15; in the first half-year it amounted R\$578 million, reduction of 37% compared to the same period in 2015;
- ❖ The Company's extended leverage, including net financial debt and costs to be incurred, fell by R\$338 million between 1Q16 and 2Q16. In the first half-year, reduction amounted to R\$463 million, reducing operational complexity and the execution risk of our assets.
- ❖ Completion of the sale of REP, for which we received the equivalent of R\$34 million in real estate units, with a reduction of R\$214 million in PDG's net debt;
- ❖ In the quarter, we also concluded the sale of 2 projects (D'oro and Arena) to BVEP for R\$10 million, plus a reduction of R\$52 million in costs to be incurred.



Recent Events

- ❖ Conversion of the Promissory Notes held with Banco Votorantim, in the amount of R\$565 million, into simple Debentures of the 11th issue;
- ❖ The conclusion, today, of the renegotiation of the Company's entire debt with its four largest creditors, totaling R\$2.3 billion.
- ❖ In addition, the renegotiation of R\$1.1 billion related to the construction financing agreements is concluded and being formalized;
- ❖ Taking into account renegotiations with major creditors and the conversion of the promissory notes into the 11th issue of debentures, 74% of the Company's gross debt, or R\$4,0 billion, has already been negotiated. The remaining debt is already renegotiated or will be amortized as the guarantees are been performed;
- ❖ Today, the Company also signed the G&A Financing agreement to cover its general and administrative expenses (G&A Financing), estimated at up to R\$200 million;
- ❖ Financing operation with the Vinci Partners group has been approved, totaling up to R\$100 million.

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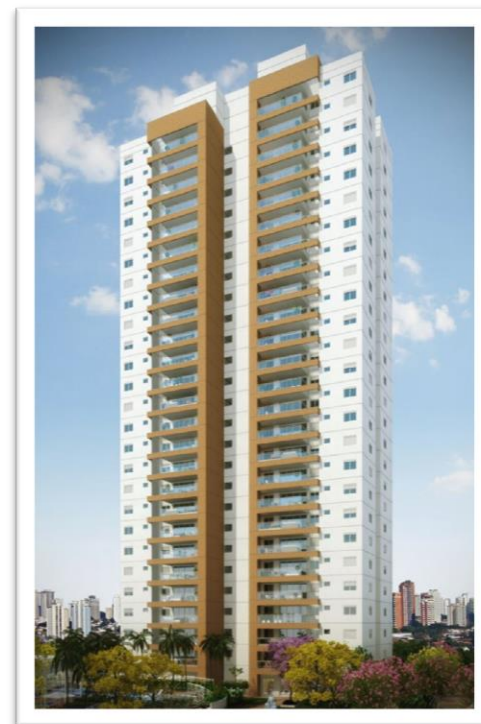
Deleveraging

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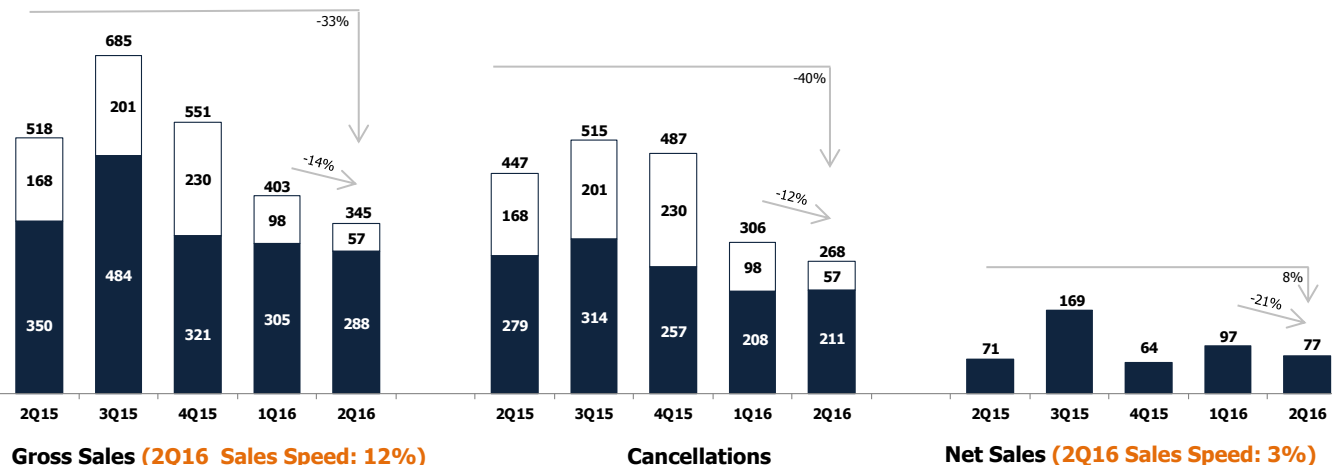
Meridian
São Paulo/SP

Asset Management

Sales Performance

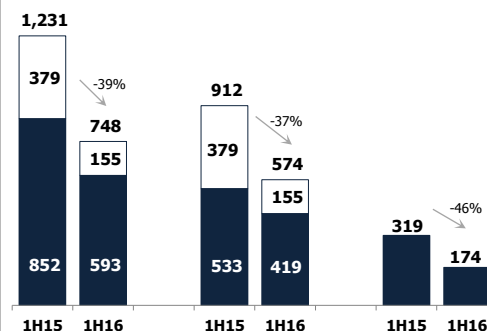
Sales — R\$ million

■ Net of resale within the same quarter
□ Resale within the same quarter



1S15 vs. 1S16

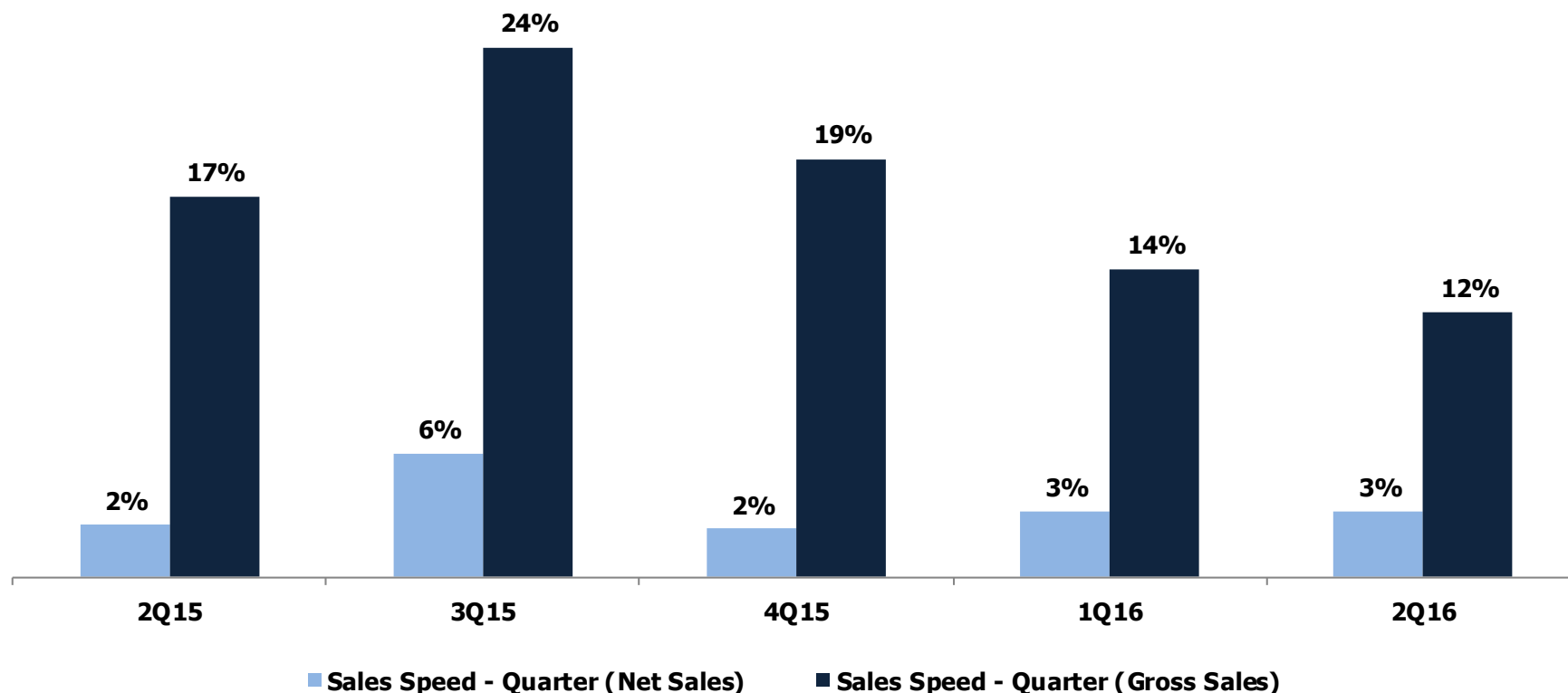
□ Resale within the same quarter
■ Net of Resale within the same quarter



- Gross sales amounted to R\$345 million in 2Q16, and R\$748 million in 1H16, showing that demand maintained some resilience despite the depressed economic and industry scenario;
- Of total sales in the first half-year, **R\$649 million (equivalent to 87% of gross sales)** refers to delivered units, thereby generating immediate cash inflow;
- Cancellations amounted to R\$268 million in the quarter, down by 40% against 2Q15, and R\$574 million in the first half-year, down by 37% against 1H15. Despite of reduction in sales cancellations, it continues to be a cautions issue to be followed;
- Net sales totaled R\$77 million in 2Q16, up by 8% against 2Q15, and R\$174 million in 1H16, down by 46% on 1H15.



Sales Speed (VSO)

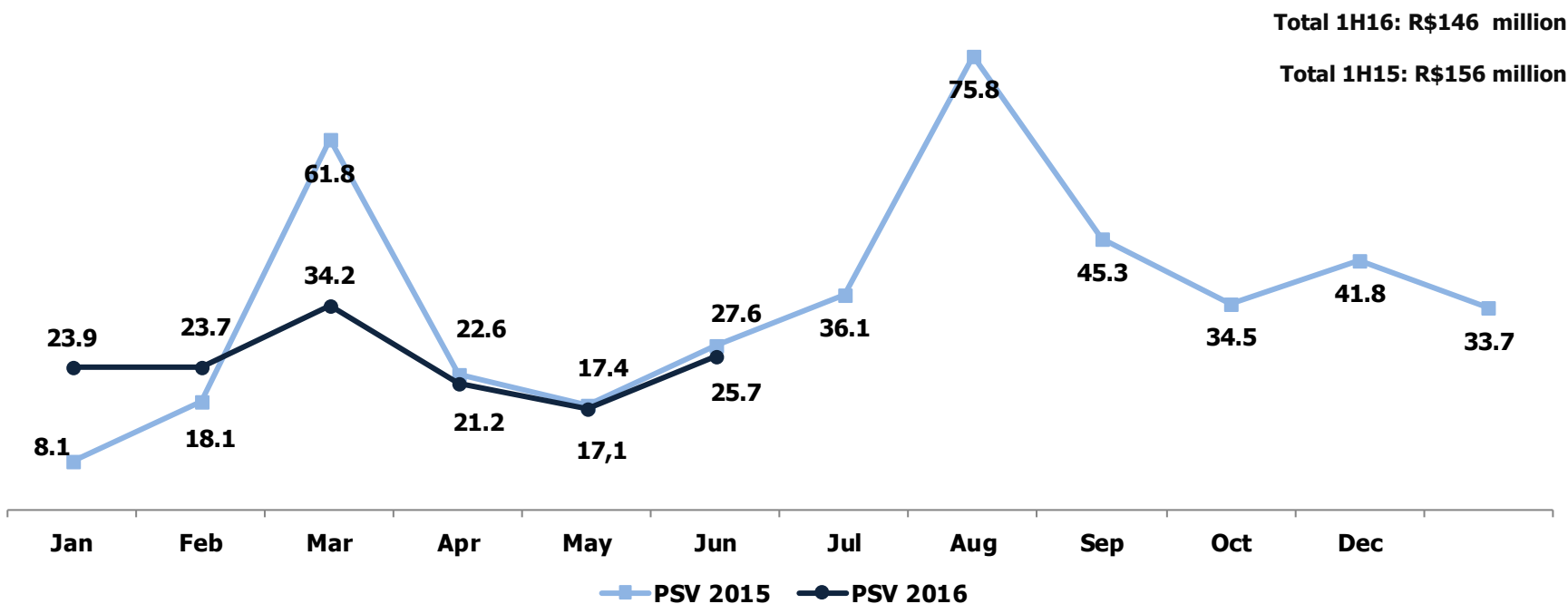


- ❖ In the quarter, the reduction in Sales Speed is partially explained by the downturn in the economy and the industry, as well as by the absence of launches, sales campaigns and marketing actions in the period;
- ❖ **PDG's sales force continued to record a good performance on inventory sales, being responsible for 59% of total sales in 2Q16. In the first half, the team accounted for 60% of the Company's total sales**

Asset Management

Cash Sales

Cash Sales— R\$ million



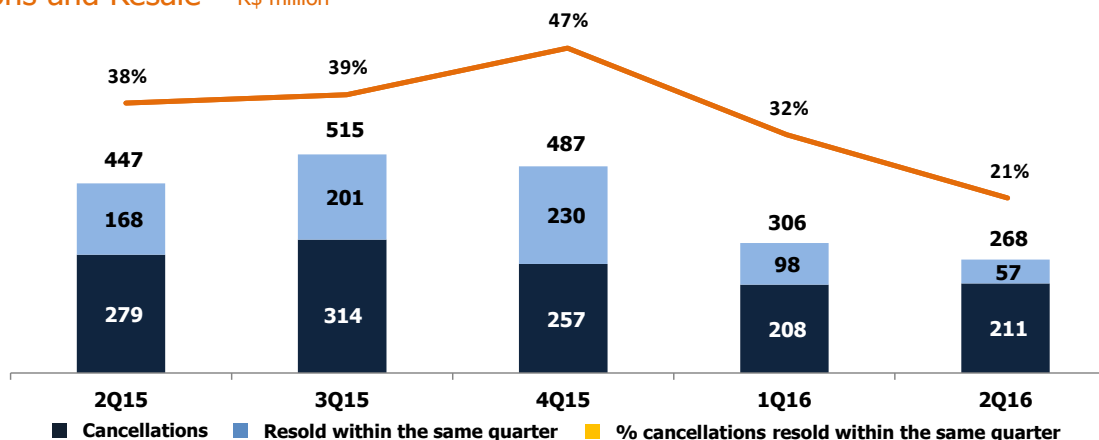
In Mar-15 and Aug-2015 we held the *Na Ponta do Lápis* sales campaign.

- ❖ **Cash sales in 2Q16 totaled R\$64 million**, or 19% of gross sales recorded for the quarter. **In the first half-year, cash sales amounted to R\$146 million**, or 20% of gross sales for the period;
- ❖ The performance of cash sales in the first half-year was in line with that achieved in the same period last year, when the Company launched the "Na Ponta do Lápis" sale campaign.

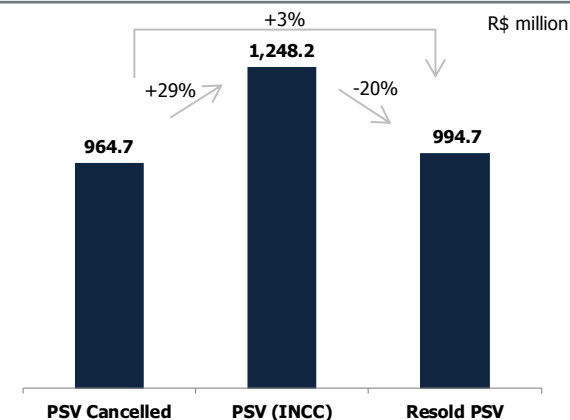
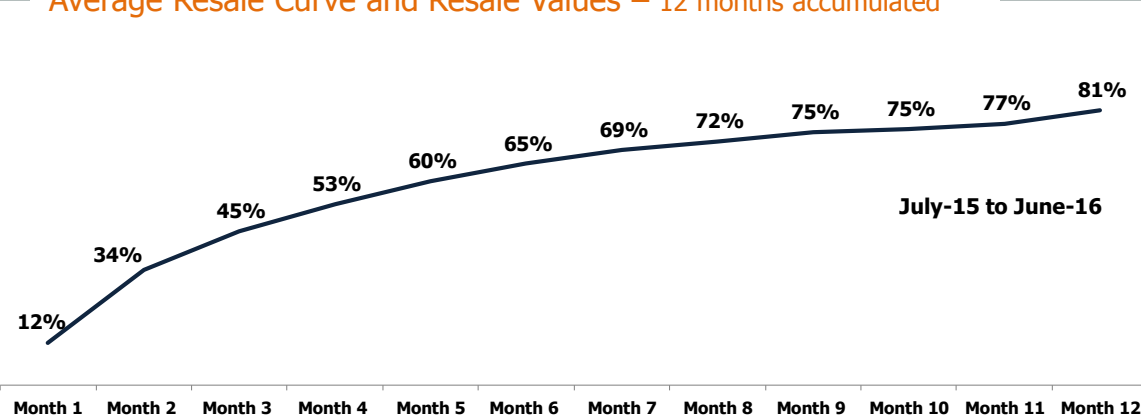
Asset Management

Resale of Cancellations

Evolution of Cancellations and Resale – R\$ million



Average Resale Curve and Resale Values – 12 months accumulated



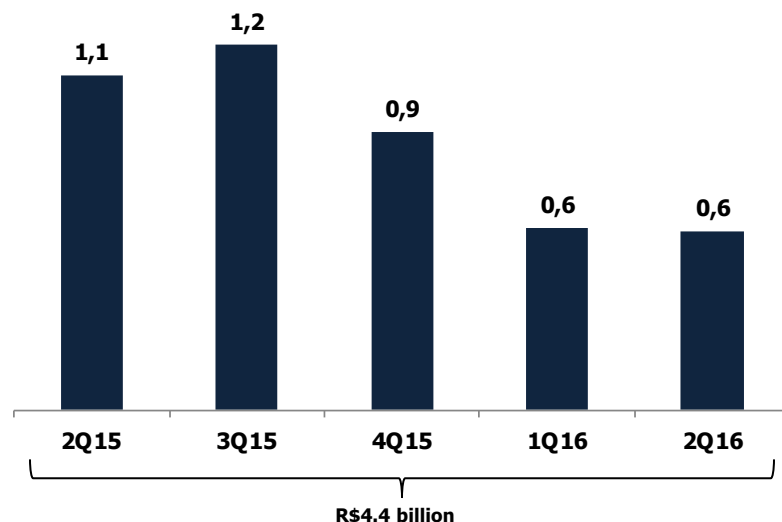
- ✦ **The average resale of units cancelled in the quarter maintained reasonable levels;** in 2Q16 resale was equivalent to 21%;
- ✦ **The speed of cancellation resale has remained at an average of 80% in the past 12 months;**
- ✦ **Cancellation resale has recorded average price gains of 3% against the amounts originally contracted.**

Asset Management

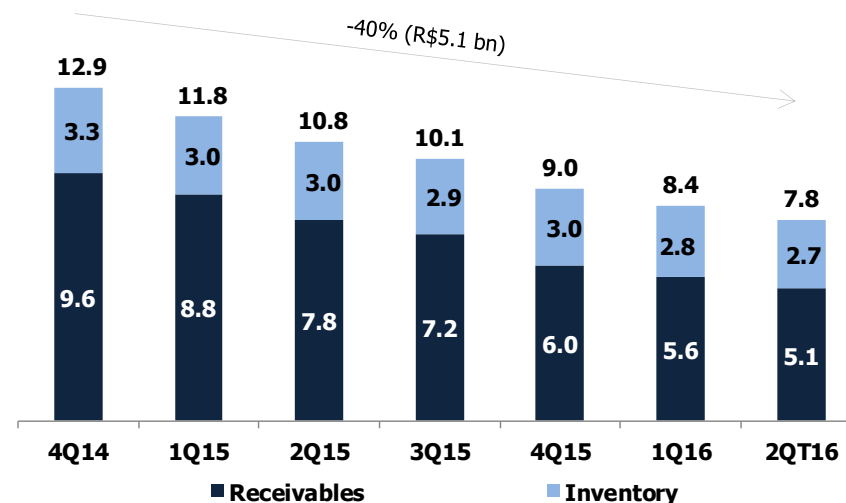
Accounts Receivable



Quarterly Inflow – R\$ billion



Accounts Receivable + Inventory – R\$ billion

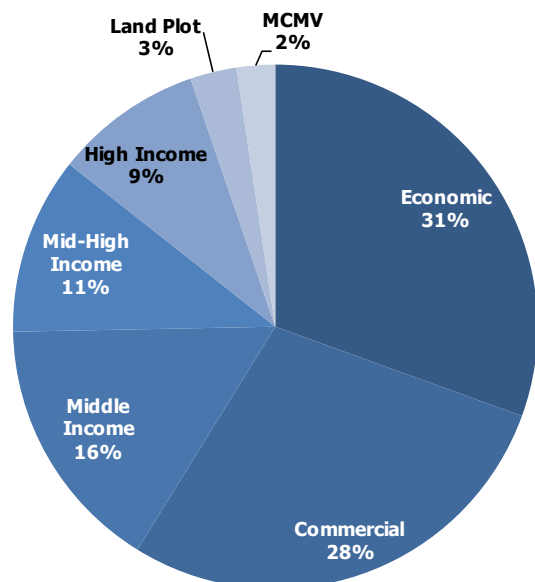


❖ **There was a R\$590 million received and reduction of R\$470 million in accounts receivable in the quarter, from R\$5.6 billion in the end of 1Q16 to R\$5.1 billion in the end of 2Q16; Within 1H16, the Company received R\$1.2 billion and reduced R\$789 million in accounts receivable;**

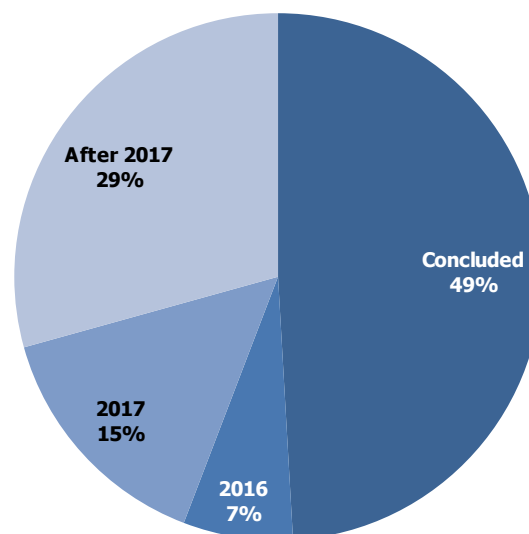
❖ In the quarter, the sum of accounts receivable and inventory down by R\$577 million, and R\$1.2 billion in 1H16. This reduction shows that the Company has been monetizing its assets over time. We will continue to focus on inventory sales and on transfer in order to speed up the monetization of our assets.



Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



❖ **Total inventory was R\$2.7 billion by the end of 2Q16;**

❖ **Quality of available inventory:**

- **67% in residential products** (excluding MCMV, Land Plots, and Commercial);
- **49% is concluded inventory, immediate cash generator, of which 66% are in São Paulo and Rio de Janeiro.**
- **92% of the concluded inventory corresponded to projects with more than 60% of units sold.**

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	538	234.2	638	205.4	1,154	379.5	2,330	819.1	43%
RIO DE JANEIRO	189	159.5	114	36.4	279	102.5	582	298.4	15%
MG/ES	-	-	15	5.6	35	6.6	50	12.2	1%
NORTH	-	-	279	136.8	466	192.7	745	329.5	17%
NORTHEAST	454	125.0	-	-	273	167.1	727	292.1	15%
SOUTH	1	1.3	61	21.5	136	58.8	198	81.6	4%
MIDWEST	-	-	409	79.9	91	20.2	500	100.2	5%
% Total (Ex- Commercial)		27%		25%		48%			100%
TOTAL (Ex-Commercial)	1,182	520.0	1,516	485.6	2,434	927.4	5,132	1,933.0	72%
COMMERCIAL	1,099	586.7	90	33.5	323	142.1	1,512	762.3	28%
TOTAL	2,281	1,106.7	1,606	519.1	2,757	1,069.5	6,644	2,695.3	100%
% Total		41%		19%		40%			100%

58%

99% SP e RJ

Sales Speed (VSO) by Region

Region (ex-Commercial)	VSO - Gross Sales				
	2Q15	3Q15	4Q15	1Q16	2Q16
SÃO PAULO	17%	24%	19%	15%	16%
RIO DE JANEIRO	19%	33%	30%	16%	14%
MG/ES	71%	25%	13%	22%	17%
NORTH	30%	31%	23%	18%	17%
NORTHEAST	22%	34%	27%	21%	18%
SOUTH	24%	43%	29%	33%	25%
MIDWEST	25%	25%	30%	24%	15%
TOTAL (EX-COMMERCIAL)	21%	29%	23%	18%	16%
COMMERCIAL	3%	2%	2%	1%	1%
TOTAL	17%	24%	19%	14%	14%

VSO SP and RJ 15%

VSO (ex-SP and RJ) 18%

❖ Quality of available inventory:

- **58%** of total inventory, excluding commercial units, **is located in São Paulo and Rio de Janeiro**;
- **73%** 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 18% in 2Q16**.

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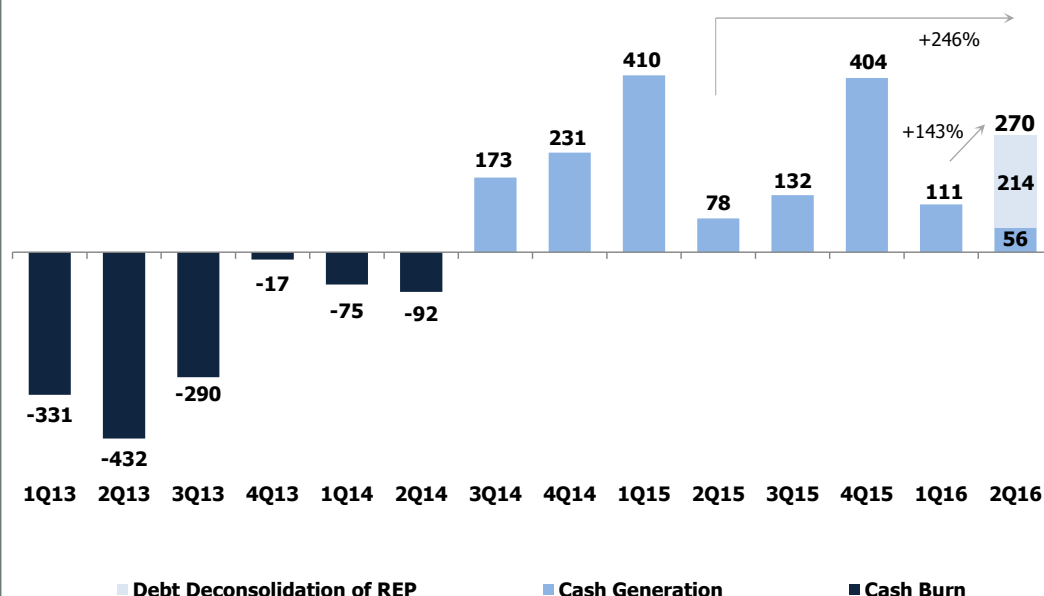
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São Paulo/SP

Executive Summary

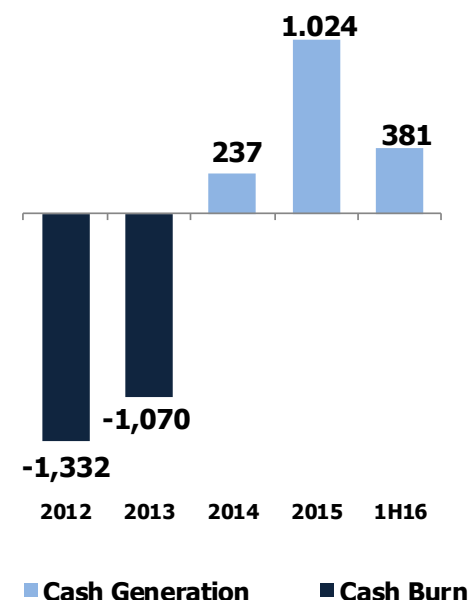
Net Debt Variation



Quarterly Net Debt Variation – R\$ million



Annual Net Debt Variation – R\$million



- ❖ **R\$270 million reduction in net debt in 2Q16**, including a R\$214 million reduction as a result of the sale of REP. **In the first half-year, net debt fell by R\$381 million;**
- ❖ **For the eighth consecutive quarter, PDG reduced its net debt;**
- ❖ **Total reduction since the end of 2Q14 amounts to R\$1.8* billion.**

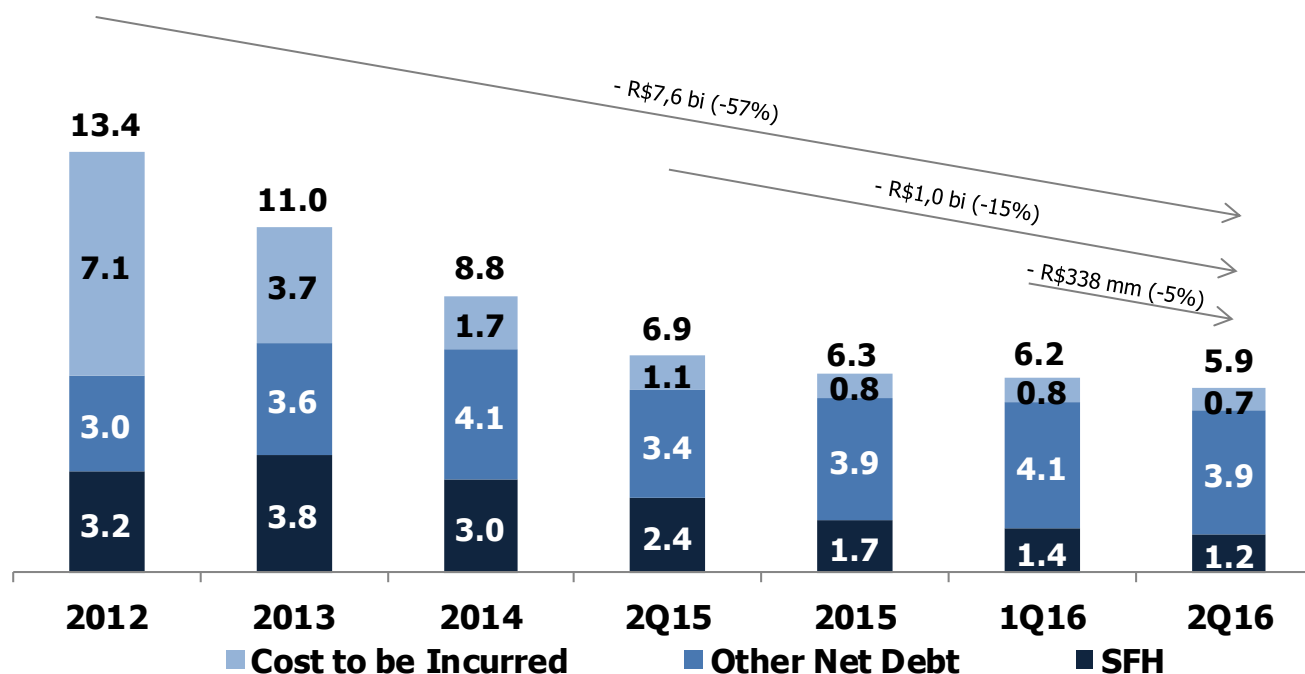
* Including reduction arising from the sale of REP.

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.

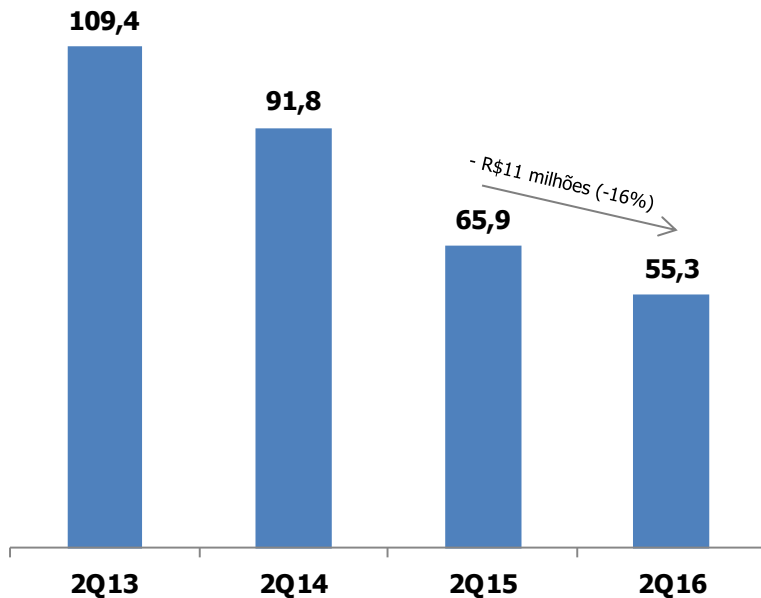
- ✦ **Reduction of R\$338 million in extended leverage (Net Debt + Costs to be Incurred)** in the second quarter, and R\$1,0 billion in the last twelve months.
- ✦ The reduction in leverage **since 2012 has already exceeded R\$7.6 billion;**

Liabilities Management

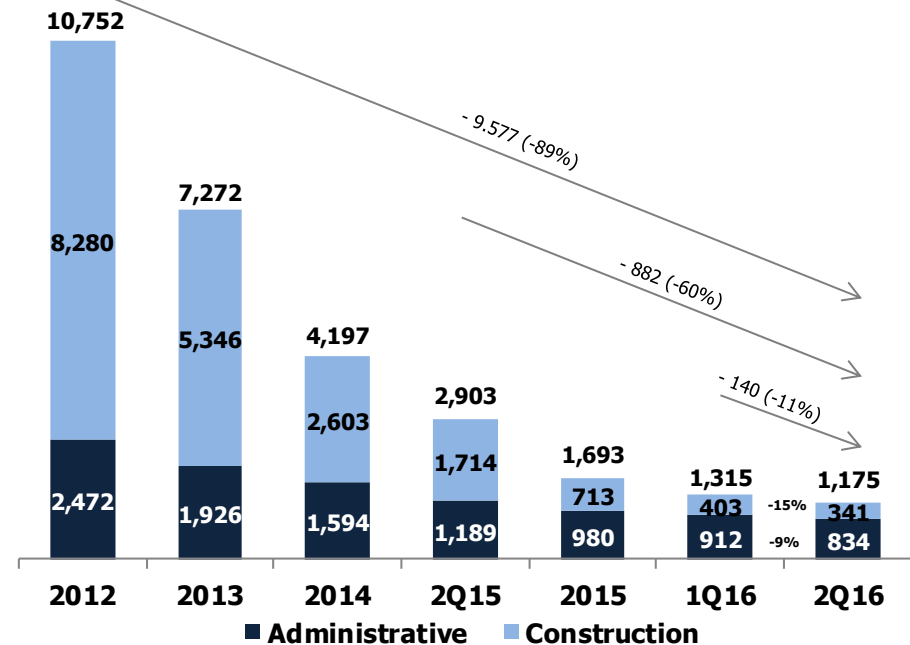
G&A Expenses



G&A Evolution – R\$ million



Headcount



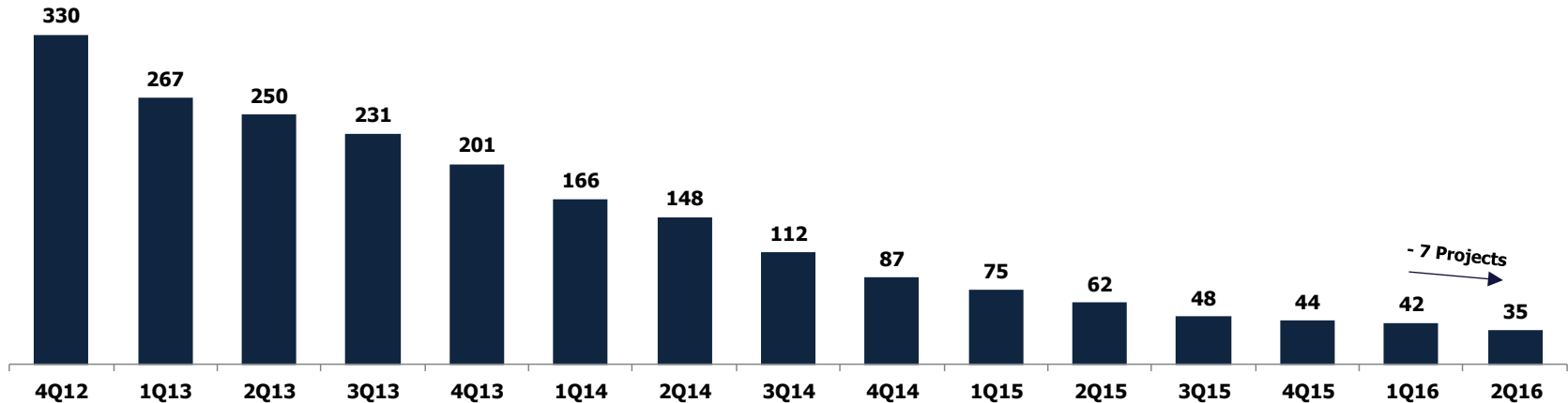
- ❖ **Reduction of 16% in G&A expenses between 2Q15 and 2Q16, and of 19% in the 1H16 compared to 1H15;**
- ❖ We continued to adjust our structure to our operational needs. **In 2Q16, we reduced our total headcount by 11%, and 60% compared to 2Q15;**
- ❖ **Commercial expenses fell by 33% over 2Q15, and by 29% in the 1H16 over the same period last year;**
- ❖ SG&A expenses closed the quarter 23% down on 2Q15 and fell by 23% year-to-date over the first six months of last year.

Liabilities Management

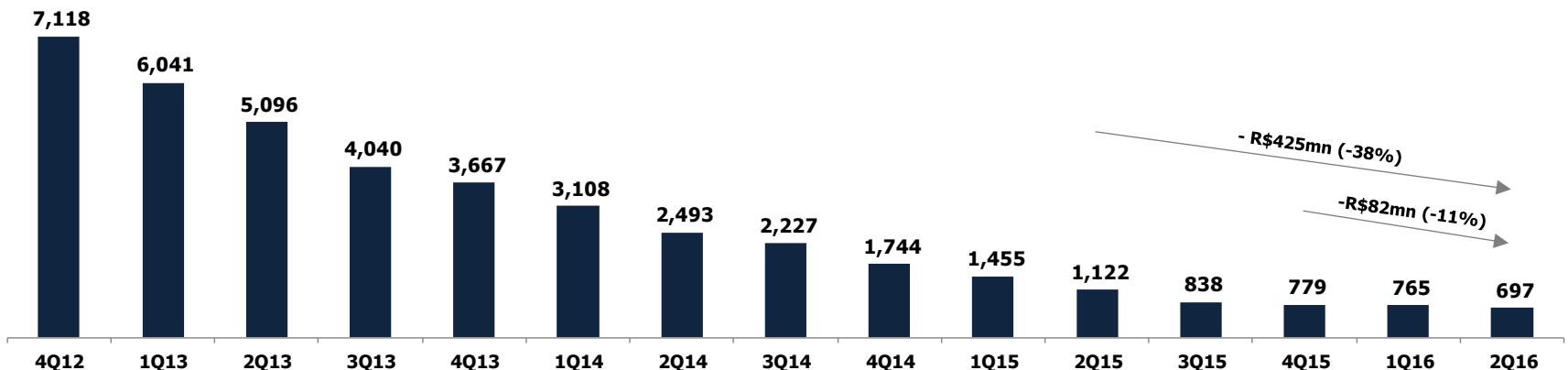
Ongoing Projects and Cost to be Incurred



Ongoing Projects



Cost to be Incurred – R\$ milhões



- Currently, the company has **35 ongoing projects**, of which 9 will be delivered by the end of 2016;
- We continue to reduce total cost to be incurred systematically, **accounting for R\$697 million in 2Q16**, with a **reduction of 38% in the last 12 months**. In the first half-year the reduction was R\$82 million (11%).

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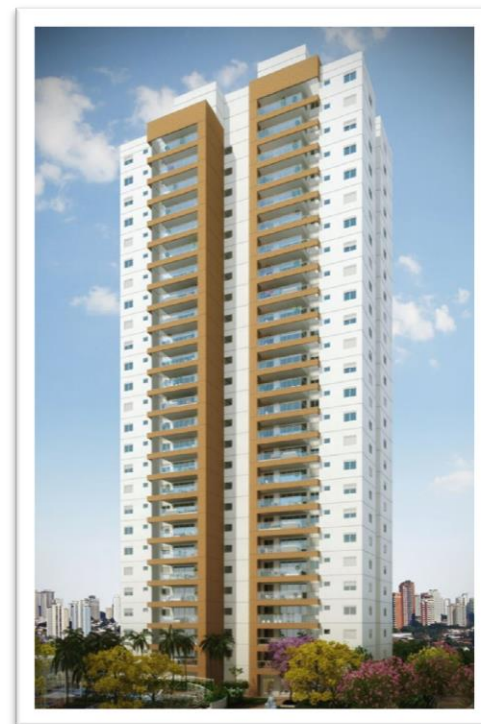
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Meridian
São Paulo/SP

Sale of Assets

Sale of Stake in REP and Projects



REP – Sale of Interest

- ❖ Closing on June 30th;
- ❖ Sale of our entire stake of 58% of REP;
- ❖ Value: R\$34 million (paid with 26 Real Estate units located in the city of São Paulo);
 - Sales effort in course.
- ❖ Reduction of R\$214 million in PDG's net debt;
- ❖ Write-off of R\$120 million, in "Other Operational Expenses".

Sales of Assets

- ❖ Sale of two projects, one in Rio de Janeiro (D'oro) and another in São Paulo (Arena), to BVEP;
- ❖ Amount received, R\$10 million;
- ❖ Reduction of Company's cost to be incurred, R\$52 million.



Renegotiation Results

- ❖ Conclusion of Debt Renegotiation with our five largest creditors of R\$4.0 billion, equivalent to 74% of our gross debt, including:
 - The conclusion, today, of the renegotiation of the Company's entire debt with its four largest creditors, totaling R\$2.3 billion. In addition, the renegotiation of R\$1.1 billion related to the construction financing agreements is concluded and being formalized;
 - The conclusion, on August 05, of the 11th debenture issue totaling R\$565 million, equivalent to the outstanding amount of the Promissory Notes with Banco Votorantim
- ❖ We also signed the G&A Financing agreement to cover general and administrative expenses, estimated at up to R\$200 million;
- ❖ Financing operation with the Vinci Partners group has been approved, involving two issues of simple debentures, each divided into two series, totaling up to R\$100 million.

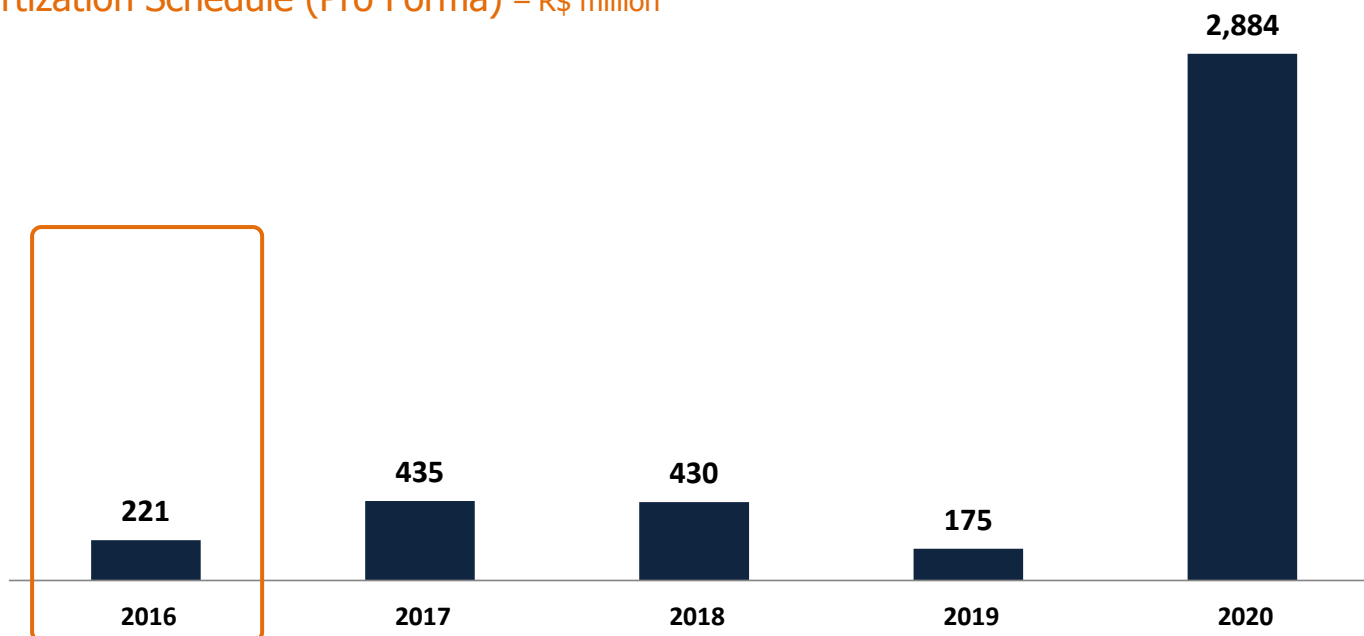
Debt Restructuring

Debt Amortization Schedule – Corporate Debt



- ❖ Below, the Amortization Schedule that is considering:
 - Conclusion of the renegotiation main creditors;
 - Conversion of the Promissory Notes held into simple Debentures of the 11th issue;
 - Considers the sale of REP.
- ❖ It worth noting that all debt maturing in 2016 (around R\$221 million) are already in advanced negotiations with creditors.

Debt Amortization Schedule (Pro Forma) – R\$ million



Obs.: Does not consider obligation for the issuance of CCB and CCI, construction financing debt (SFH) and REP's debt

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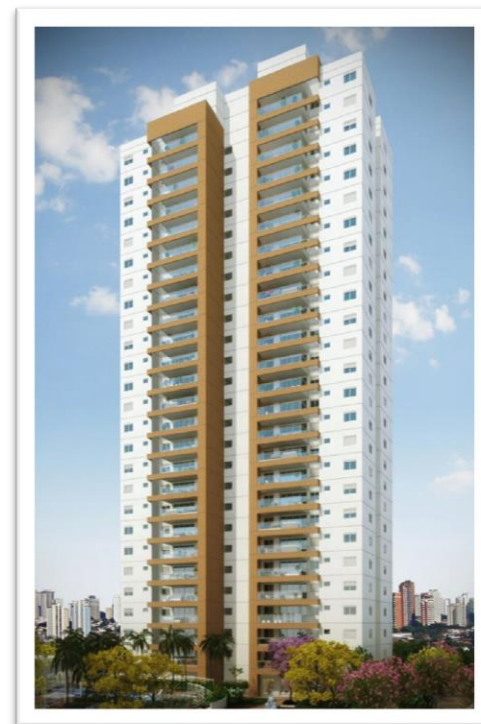
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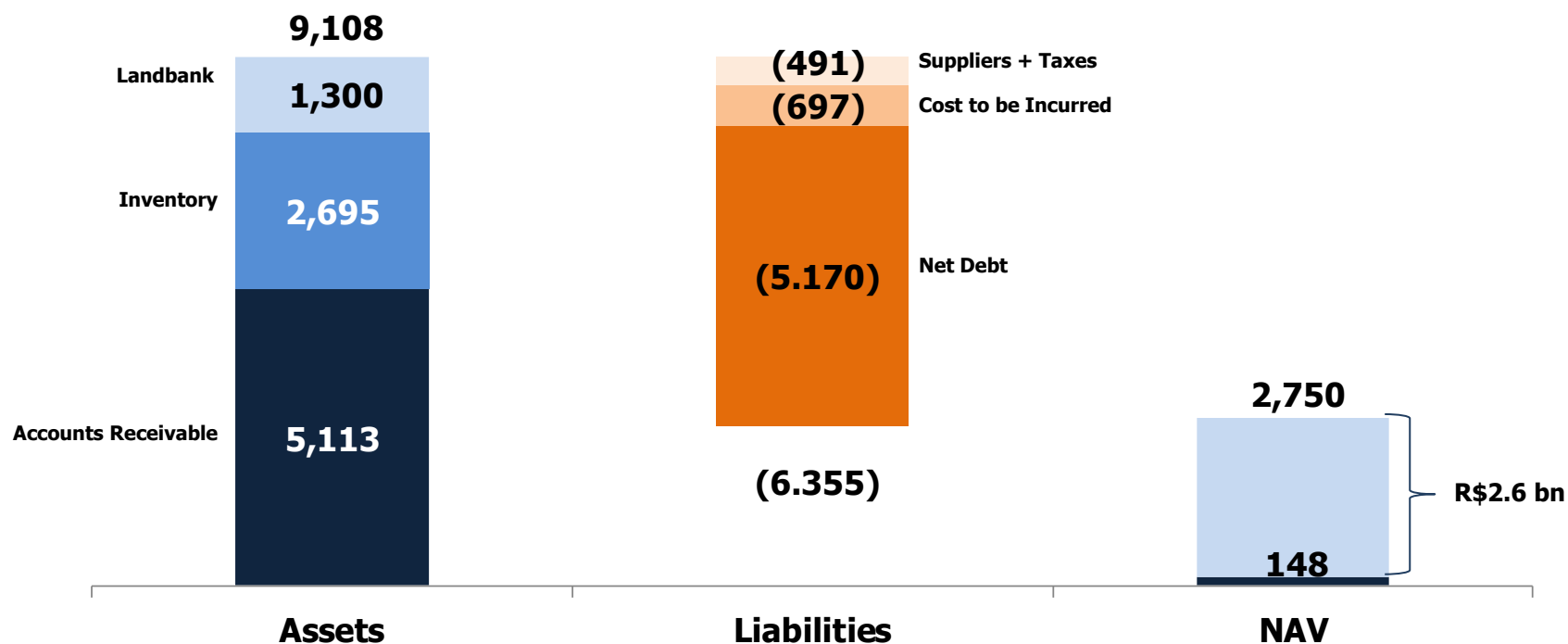
Income Statement

Income Statements (R\$ '000) - IFRS						
	2Q16	2Q15	(%) Var.	6M16	6M15	Var. %
Operating Gross Revenue						
Real Estate sales	121,729	486,643	-75%	261,528	1,153,511	-77%
Other Operating Revenues	22,792	39,044	-42%	52,694	68,411	-23%
(-) Revenues Deduction	(24,688)	(43,700)	-44%	(54,603)	(79,071)	-31%
Operating Net Revenue	119,833	481,987	-75%	259,619	1,142,851	-77%
Cost of Sold Units	(152,570)	(376,981)	-60%	(286,968)	(879,774)	-67%
Interest Expenses	(24,337)	(41,396)	-41%	(45,723)	(96,176)	-52%
Cost of sold properties	(176,907)	(418,377)	-58%	(332,691)	(975,950)	-66%
Gross Income (loss)	(57,074)	63,610	-190%	(73,072)	166,901	-144%
Gross margin	-47.6%	13.2%	-60.8 pp	-28.1%	14.6%	-42.7 pp
Adjusted gross margin ⁽¹⁾	-27.3%	21.8%	-49,1 pp	-10.5%	23.0%	-33,5 pp
Operating Revenues (expenses):						
Equity Income	2,593	43,463	-94%	2,779	72,074	-96%
General and Administrative	(55,320)	(65,891)	-16%	(110,104)	(135,960)	-19%
Commercial	(31,321)	(46,570)	-33%	(55,792)	(79,056)	-29%
Taxes	(4,248)	(4,385)	-3%	(6,078)	(7,209)	-16%
Depreciation & Amortization	(6,110)	(11,008)	-44%	(28,020)	(24,756)	13%
Other	(391,037)	(46,664)	738%	(477,044)	(57,293)	733%
Financial Result	(186,646)	(149,309)	25%	(377,122)	(273,696)	38%
Total operating revenues (expenses)	(672,089)	(280,364)	140%	(1,051,381)	(505,896)	108%
Income before taxes	(729,163)	(216,754)	236%	(1,124,453)	(338,995)	232%
Income Taxes and Social Contribution	(15,931)	(23,414)	-32%	(31,181)	(56,175)	-44%
Income before minority stake	(745,094)	(240,168)	210%	(1,155,634)	(395,170)	192%
Minority interest	5,091	9,101	-44%	5,154	2,452	110%
Net Income (loss)	(740,003)	(231,067)	220%	(1,150,480)	(392,718)	193%
Net margin	-617.5%	-47.9%	-569.6 pp	-443.1%	-34.4%	-408.8 pp

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



Net Assets (NAV) – R\$ million



Note: Inventory at market value (% PDG); landbank net of obligations with land plot sellers. Market Capital value in 10/08/2016.

- ❖ **Total net assets of R\$2.8 billion, and market value of approximately R\$148 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\$2.6 billion;



Aug 11th, 2016

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1H16 Results**