PDG

November 16th, 2016

3Q16 and 9M16 Results

Agenda

- **Introduction, Income Statement and Financial Statement Adjustments**
- **Debt Restructuring**
- **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

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Income Statement

Income Statements (R$ '000) - IFRS	3Q16	3Q15	(%) Var.	9M16	9M15	Var. %
Operating Gross Revenue						
Real Estate sales	1 (55,565)	562,617	n.m	205,963	1,716,128	-88%
Other Operating Revenues	(1,322)	25,506	n.m	51,372	93,917	-45%
(-) Revenues Deduction	(27,367)	(36,883)	-26%	(81,970)	(115,954)	-29%
Operating Net Revenue	**(84,254)**	**551,240**	**n.m**	**175,365**	**1,694,091**	**-90%**
Cost of Sold Units	(314,404)	(508,783)	-38%	(601,372)	(1,388,557)	-57%
Interest Expenses	(11,606)	(34,269)	-66%	(57,329)	(130,445)	-56%
Cost of sold properties	**(326,010)**	**(543,052)**	**-40%**	**(658,701)**	**(1,519,002)**	**-57%**
Gross Income (loss)	1 **(410,264)**	**8,188**	**n.m**	**(483,336)**	**175,089**	**n.m**
Gross margin	**n.a**	***1.5%***	**n.m**	***-275.6%***	***10.3%***	**n.m**
Adjusted gross margin (1)	**n.a**	***7.7%***	**n.m**	***-242.9%***	***18.0%***	**n.m**
Operating Revenues (expenses):						
Equity Income	(2,965)	27,810	n.m	(186)	99,884	n.m
General and Administrative	(47,134)	(63,045)	-25%	(157,238)	(199,005)	-21%
Commercial	(27,546)	(43,566)	-37%	(83,338)	(122,622)	-32%
Taxes	(1,446)	(1,241)	17%	(7,524)	(8,450)	-11%
Depreciation & Amortization	2 (29,693)	(15,667)	90%	(57,713)	(40,423)	43%
Other	3 (1,037,929)	(98,644)	n.m	(1,514,973)	(155,937)	n.m
Financial Result	(171,913)	(198,197)	-13%	(549,035)	(471,893)	16%
Total operating revenues (expenses)	**(1,318,626)**	**(392,550)**	**236%**	**(2,370,007)**	**(898,446)**	**164%**
Income before taxes	**(1,728,890)**	**(384,362)**	**350%**	**(2,853,343)**	**(723,357)**	**294%**
Income Taxes and Social Contribution	(5,778)	(25,706)	-78%	(36,959)	(81,881)	-55%
Income before minority stake	**(1,734,668)**	**(410,068)**	**323%**	**(2,890,302)**	**(805,238)**	**259%**
Minority interest	17,122	7,342	133%	22,276	9,794	127%
Net Income (loss)	**(1,717,546)**	**(402,726)**	**326%**	**(2,868,026)**	**(795,444)**	**261%**
Net margin	***n.a***	***-73.1%***	**n.m**	***n.a***	***-47.0%***	**n.m**

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

Financial Statement Adjustments

Financial Statement Adjustments in 3Q16

#	Account	Impact	Adjustments
1	Gross Income (Loss)	R$328 million	- Increase of Cost to be Incurred - Provision of Inventory - Negative net sales in the 3Q16 and sales discounts
2	Depreciation & Amortization	R$15 million	- Reduction of intangibles regarding land bank sold in the period
3	Other	R$1,037 million	- Provision of juridical contingency, law suit payments and juridical deposits - Allowance for Doubtful Accounts in Accounts Receivable - Land bank impairment
Total of Adjustments		**R$ 1,380 million**	

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Debt Restructuring

- On September 19, the Company amortized all the simple, share-convertible debentures from its 8th issue (PDGR-D81) for a nominal unit amount of R$0.01, totaling approximately R$ 2 million. Due to their maturity, the debentures ceased trading on their amortization date.

- As for the Memorandum of Understanding signed with the Company´s largest creditors, we continue to negotiate the freeing of funds to cover the costs and expenses of completing the works and selling the real estate units.

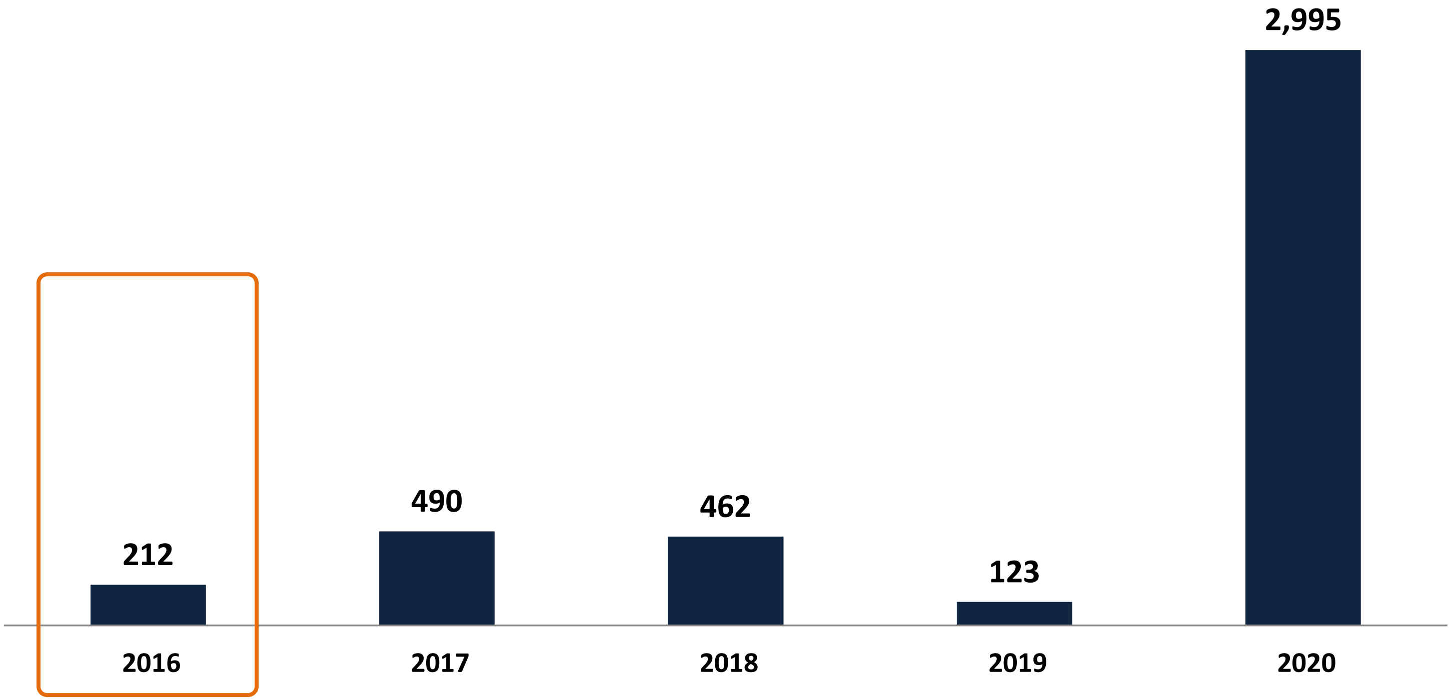
- Apart from the negotiation mentioned above, the Company´s management alongside with RK Partners, continues to work in other matters, to strengthen its liquidity and its capital structure, which includes an acceleration of asset sales.

- In November, we announced the dismantling of the partnership between PDG and HM1 into 18 SPEs, whereby the shares of 15 SPEs will be wholly transferred to HM1 and the shares in the remaining three SPEs will remain with PDG.. With the conclusion of the operation, and after compliance with the conditions precedent, PDG will be able to make discretionary use of the assets of the three remaining SPEs.

Debt Restructuring

- Below we give a breakdown of the Company's pro-forma corporate debt amortization schedule;
- It is worth noting that all the debt maturing in 2016 (approximately R$212 million) is already in the final negotiating stage with the respective creditors;
- The graph does not include co-obligations and SFH debt.

Debt Amortization Schedule – R$ miillion



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3Q16 and 9M16 Highlights

- **SFH debt fell by R$87 million** between 2Q16 and 3Q16 **and by R$508 million** in 9M16;
- **Total leverage**, including net financial debt and the cost to be incurred, decreased by R$300 million year-to-date and R$762 million compared to 3Q15;
- **General and administrative expenses closed** 3Q16 **25% down on year-on-year**, while the 9M16 total fell by **21% over the same period last year**;
- **Selling expenses** in the quarter **fell by 37%** over 3Q15, while year-to-date selling expenses recorded a **32%** decline over 9M15;
- In 3Q16, **we obtained occupancy permits for 6 projects with 1,323 units and total PSV of R$759 million**;
- **This quarter we concluded our 9th and 10th debenture issue, totaling R$50 million**);
- In regard to the Company's G&A expenses financing contract (G&A Financing) entered into with the creditor banks, R$92 million had been freed by the end of September, helping to ensure PDG's operational regularity.

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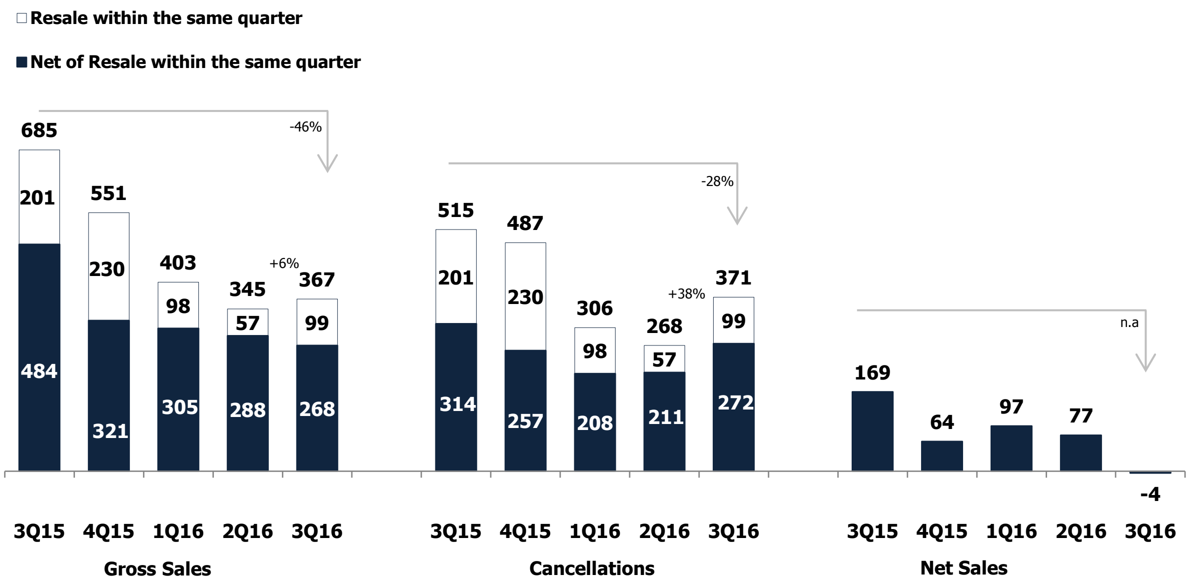
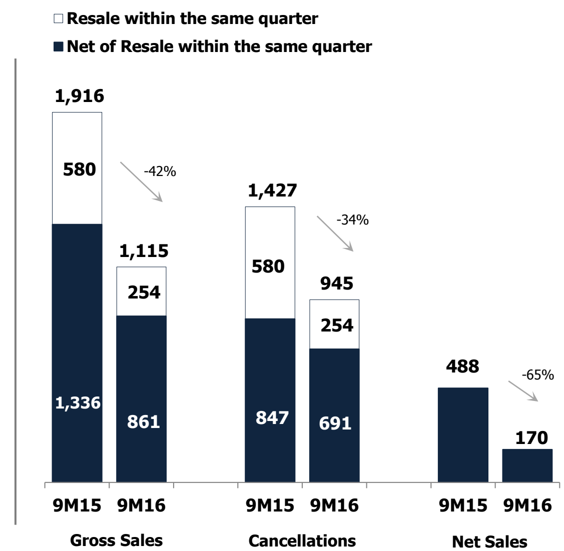
Asset Management
Sales Performance

Sales – R$ million



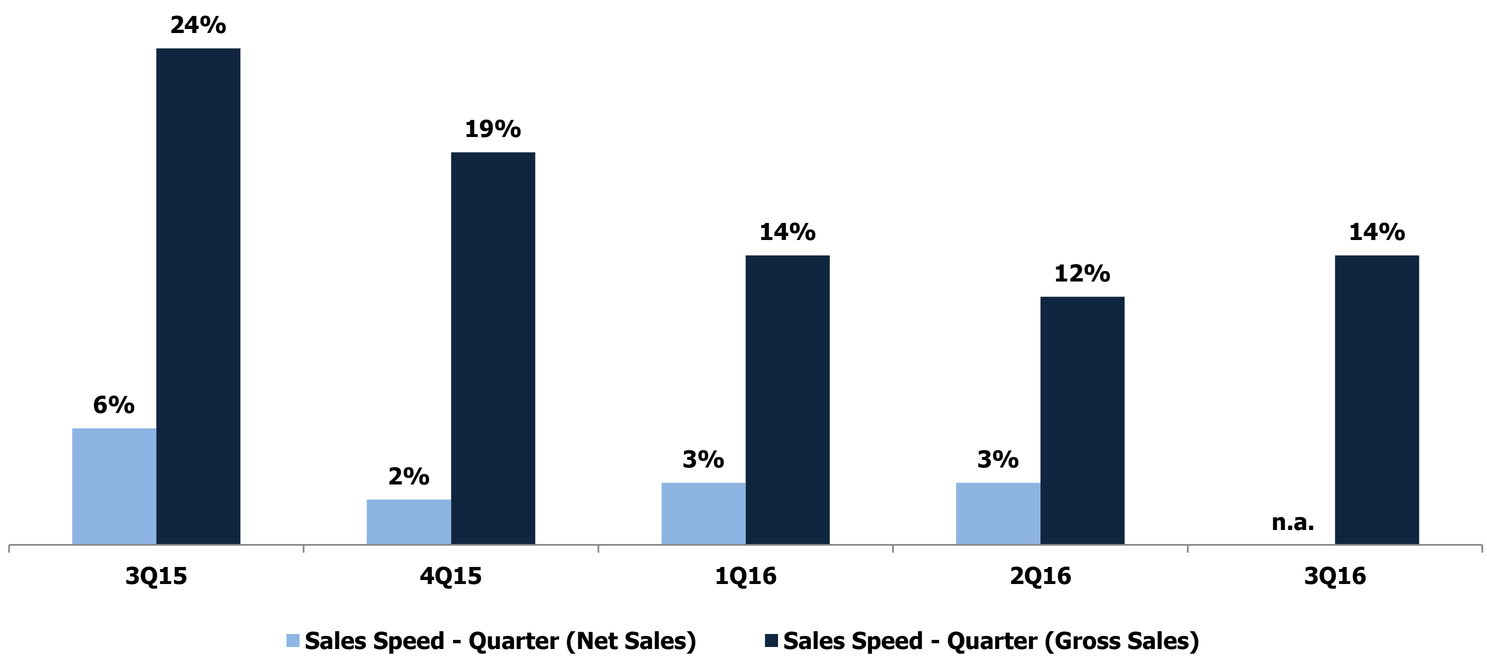
9M15 vs. 9M16



- Gross sales amounted to R$367 million in the 3Q16, and R$1.1 billion in the first nine months.
- Of total sales in the 9M16, R$1 billion (equivalent to 91% of gross sales) refers to delivered units.
- Cancellations amounted to R$371 million in the quarter, down by 28% against 3Q15, and R$945 million in the first nine months, down by 34% against 9M15;
- Net sales totaled negative R$4 million in 3Q16. In the first nine months, net sales totaled R$170 million, down by up by 65% compared to 9M15.

Source: PDG – Data Base: 09/2016

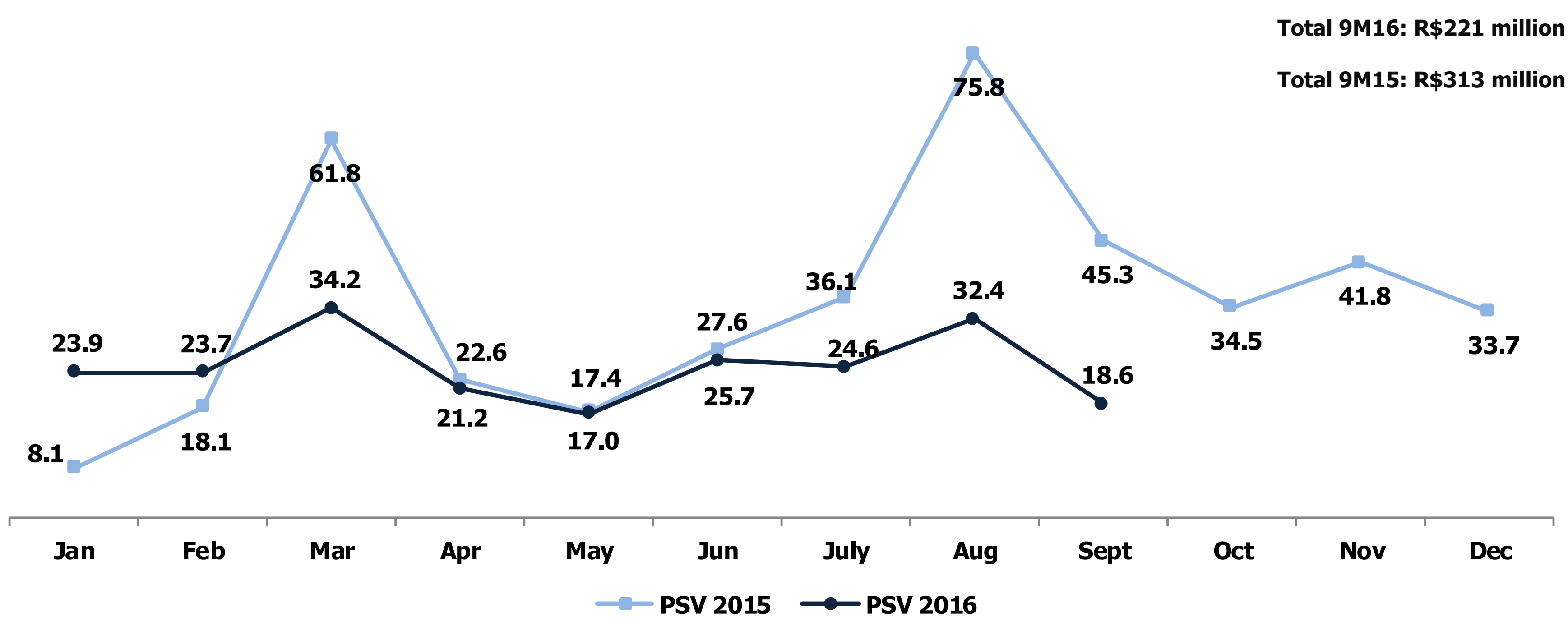
Sales Speed (VSO)



- In the quarter, gross sales VSO reached 14%, 2p.p over 2Q16;
- PDG's sales force continued to record a good performance on inventory sales, being responsible for 70% of total sales in 3Q16. In the first nine months, the team accounted for 63% of the Company's total sales.

Source: PDG – Data Base: 09/2016

Cash Sales– R$ million



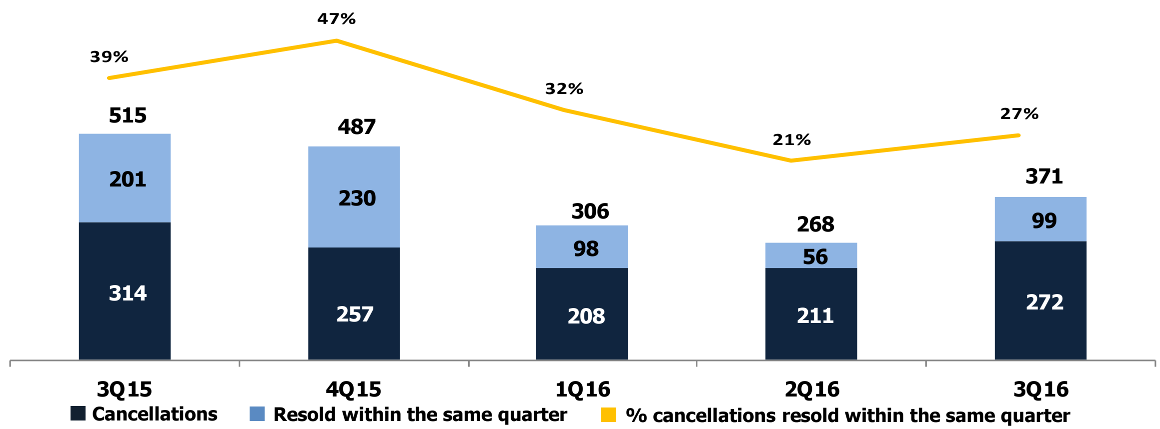
In Mar-15 and Aug-2015 we held the *Na Ponta do Lápis* sales campaign.

- Cash sales in 3Q16 totaled R$76 million, or 21% of gross sales recorded for the quarter. In 9M16, cash sales amounted to R$221 million, or 20% of gross sales for the period.

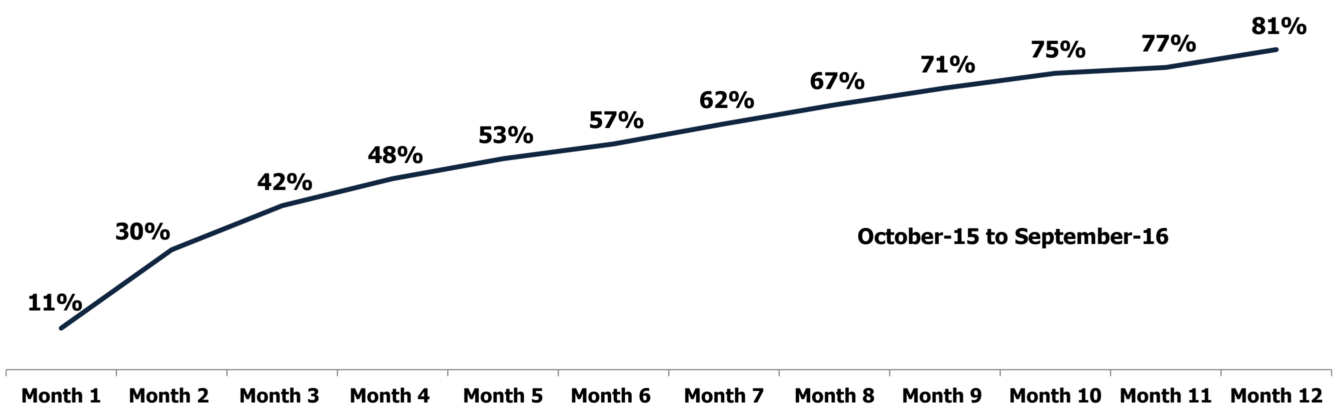
Source: PDG – Data Base: 09/2016

Asset Management
Resale of Cancellations

Evolution of Cancellations and Resale – R$ million



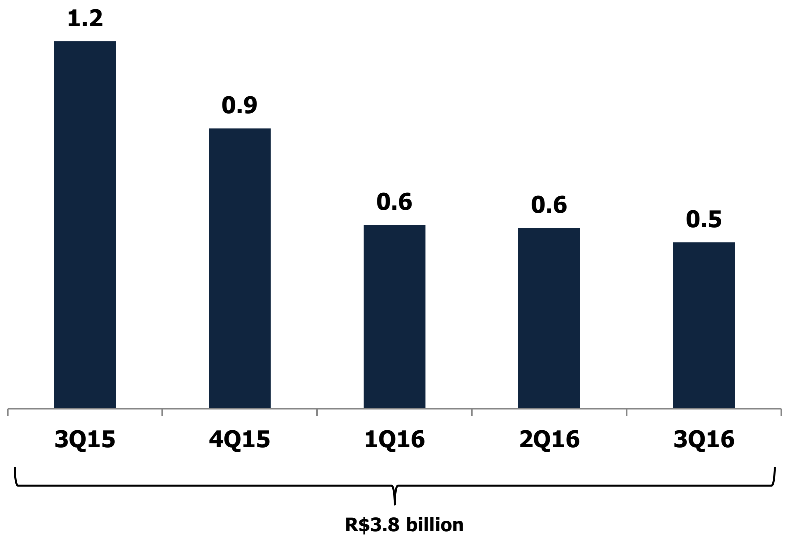
Average Resale Curve and Resale Values – 12 months accumulated



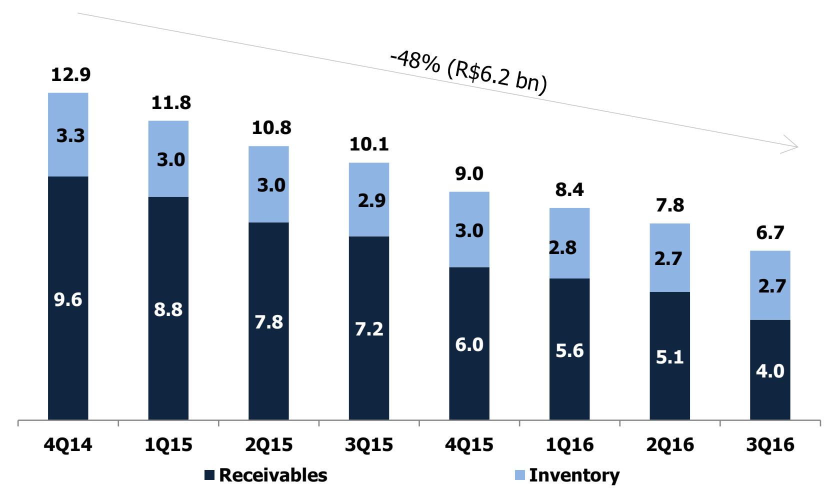
- The average resale of units cancelled in the quarter increased 6p.p over 2Q16; in 3Q16 resale was equivalent to 27%;
- The speed of cancellation resale has remained at an average of 80% in the past 12 months.

Source: PDG – Data Base: 09/2016

Quarterly Inflow – R$ billion



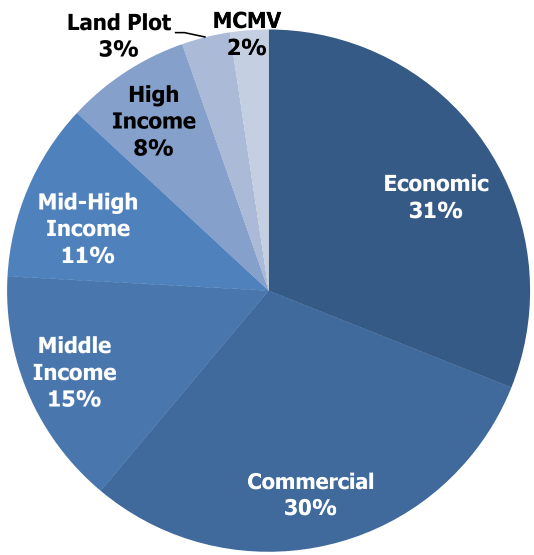
Accounts Receivable + Inventory – R$ billion



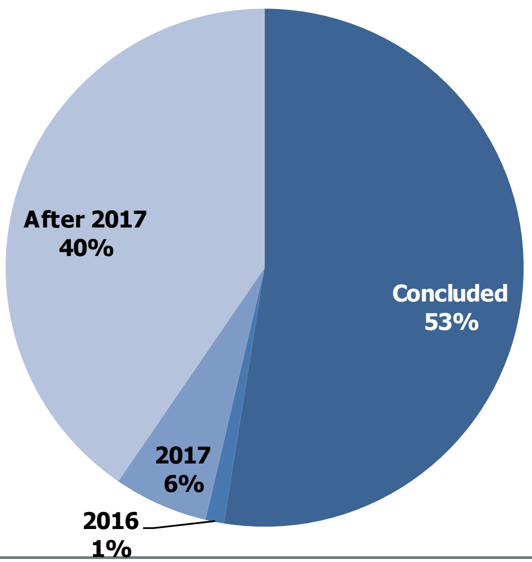
- There was a R$543 million received in 3Q16, and in 9M16, receiving totaled R$1.7 billion;
- In the quarter, the sum of accounts receivable and inventory down by R$1.1 billion, and R$2.3 billion in 9M16. This reduction shows that the Company has been monetizing its assets over time.
- We will continue to focus on inventory sales and on transfer in order to speed up the monetization of our assets.

Source: PDG – Data Base: 09/2016

Inventory by Product – % of PSV



Inventory by Delivery Schedule – % of PSV



Source: PDG – Data Base: 09/2016

- Total inventory was R$2.7 billion by the end of 3Q16;
- Quality of available inventory:
  - 65% in residential products (excluding MCMV, Land Plots, and Commercial);
  - 53% is concluded inventory, immediate cash generator, of which 67% are in São Paulo and Rio de Janeiro.
  - 89% of the concluded inventory corresponded to projects with more than 60% of units sold.

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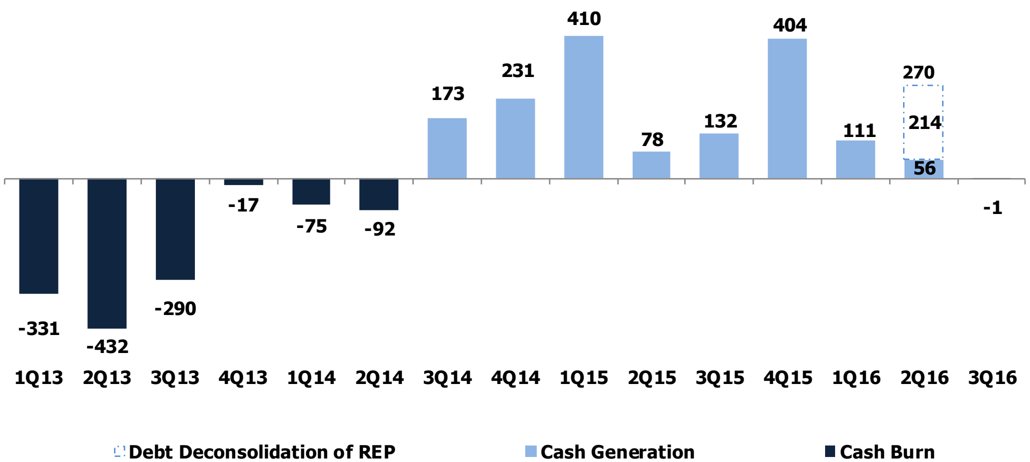
Liabilities Management

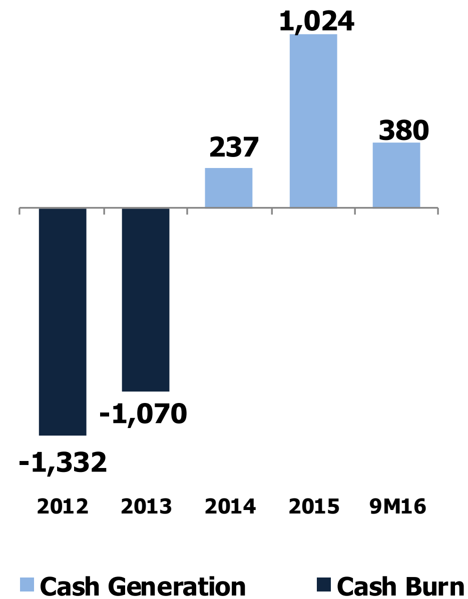
Net Debt Variation

Quarterly Net Debt Variation – R$ million



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

Annual Net Debt Variation – R$million

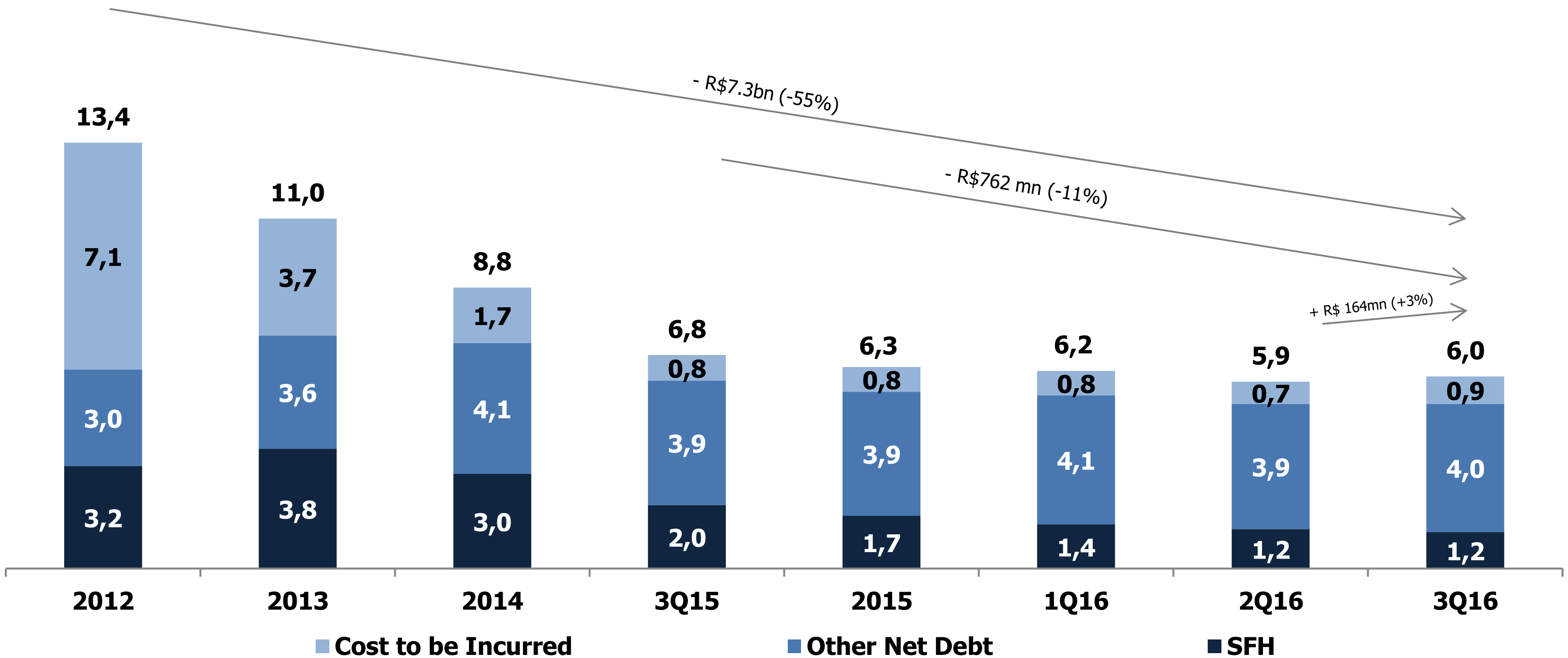


- In the first nine months, net debt fell by R$166 million, including a R$214 million reduction as a result of the sale of REP, the decrease was R$380 million;
- Total reduction since 2014 amounts to R$1.4 billion, considering the sale of REP, the reduction reaches 1.8 billion.

* Including reduction arising from the sale of REP.

Source: PDG – Data Base: 09/2016

Net Debt + Cost to be Incurred – R$ billion

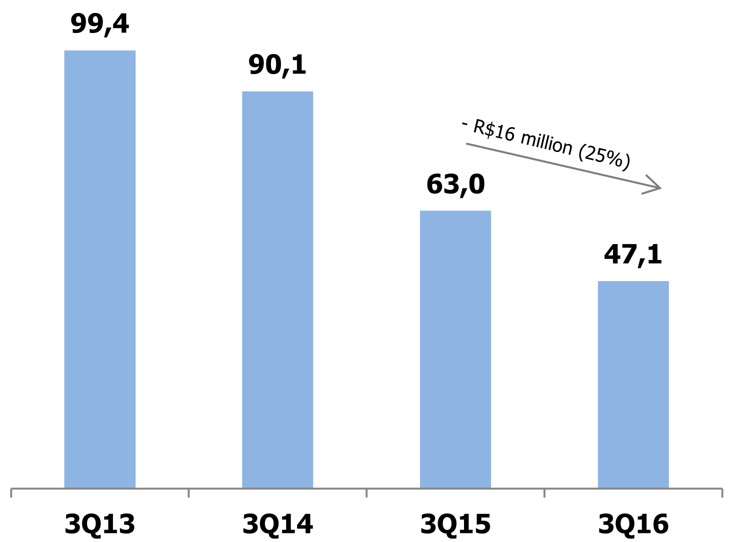


Obs.: For comparison purposes, other net debt of 2012, 2013, 2014 have been adjusted with the inclusion of the Redeemable Preferred Shares.

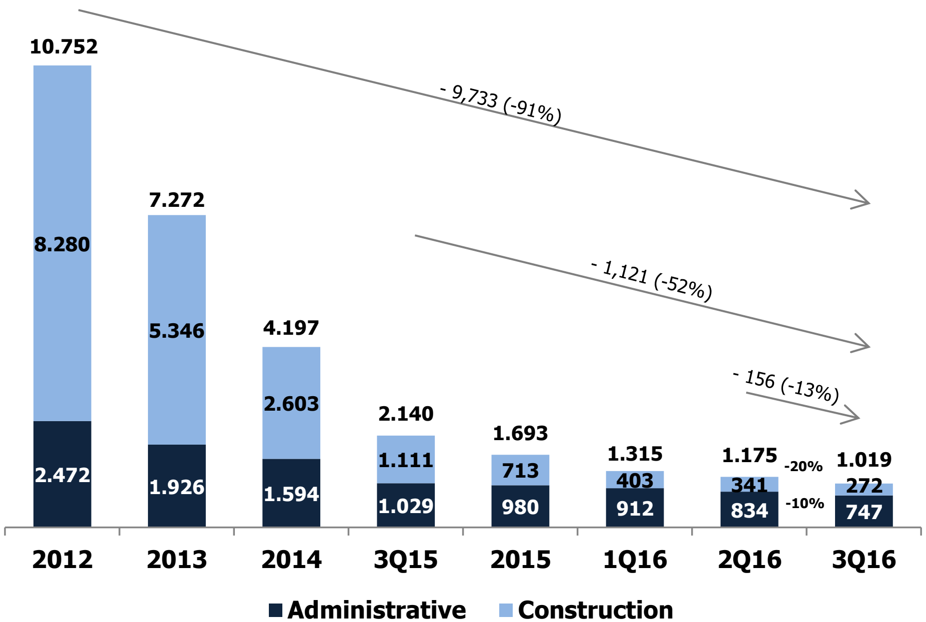
- Extended leverage (Net Debt + Costs to be Incurred) increased by R$164 million in 3Q16, due to the upturn of R$163 million in cost to be incurred, and the increase of R$1mn in net debt;
- The reduction in leverage since 2012 has already exceeded R$7.3 billion (56%).

Source: PDG – Data Base: 09/2016

G&A Evolution – R$ million



Headcount



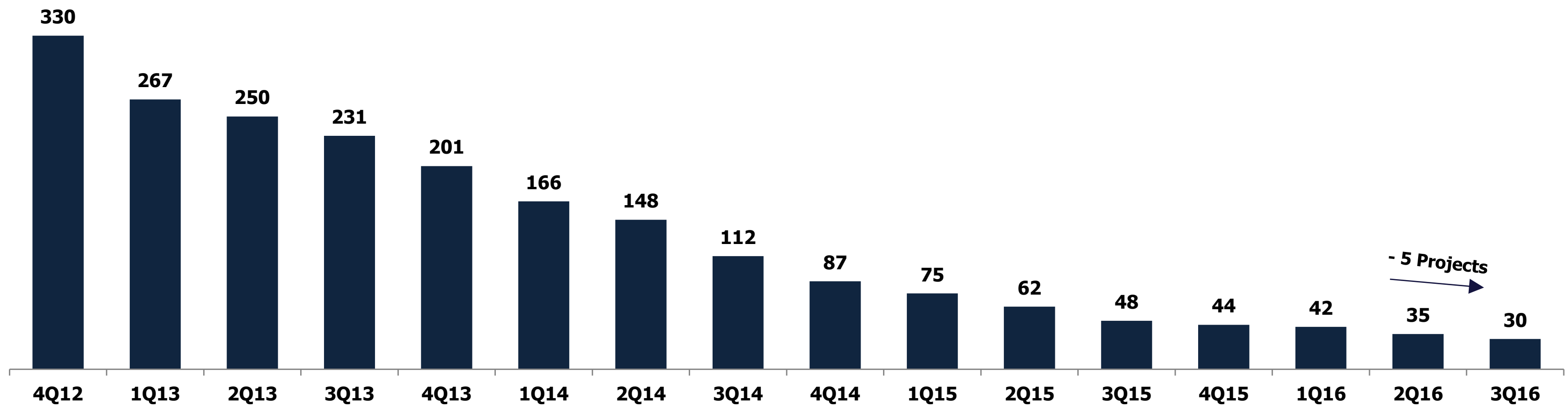
- Reduction of 25% in G&A expenses between 3Q15 and 3Q16, and of 21% in the 9M16 compared to 9M15;
- In 3Q16, we reduced our total headcount by 13%, and 52% compared to 3Q15;
- SG&A expenses closed the quarter 30% down on 3Q15 and fell by 30% year-to-date over the first nine months of last year

Source: PDG – Data Base: 09/2016

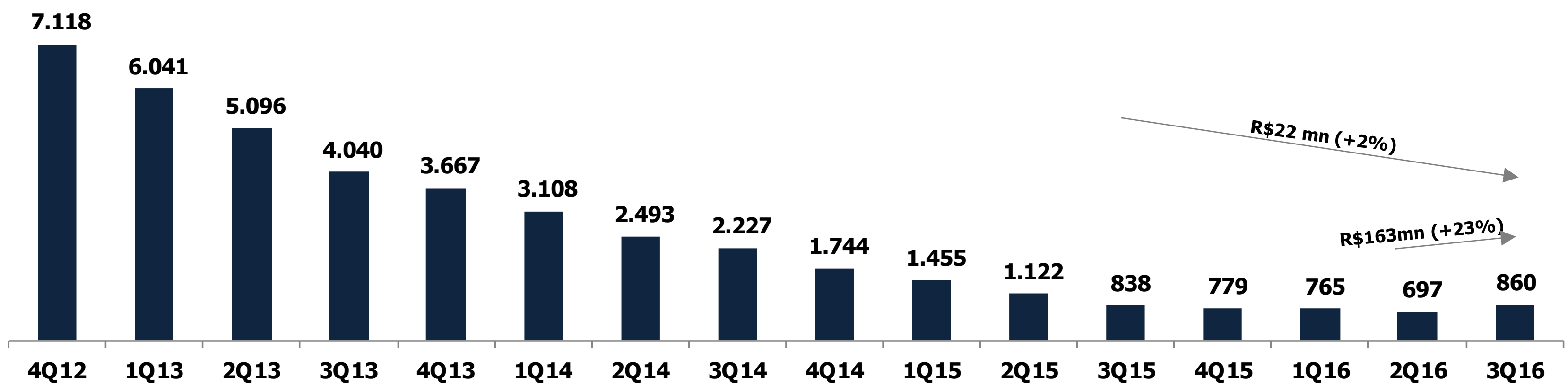
Liabilities Management

Ongoing Projects and Cost to be Incurred

Ongoing Projects



Cost to be Incurred – R$ milhões



- Currently, the company has 30 ongoing projects, of which 3 will be delivered by the end of 2016;
- Cost to be incurred increased by 23% over 2Q16, reaching R$860 million. The upturn in cost to be incurred was mainly due to the correction of INCC and the and the revision of the works budget, their pace having slowed due to the Company's cash restrictions.

Source: PDG – Data Base: 09/2016

November 16th, 2016

3Q16 and 9M16 Results