PDG Realty S.A. Empreendimentos e Participações

Quarterly information - ITR
Quarter ended June 30, 2015

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and the International Reports Standards - IFRS)

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Report on the review of quarterly information - ITR

To
The Management and Shareholders of
PDG Realty S.A. Empreendimentos e Participações
São Paulo - SP

We have reviewed the interim, individual and consolidated financial information of PDG Realty S.A. Empreendimentos e Participações ("Company") contained in the Quarterly Information - ITR Form for the quarter ended June 30, 2015, which comprise the balance sheet as of June 30, 2015 and the related statements of income, comprehensive income for the three and six-month period then ended, changes in shareholders' equity and cash flows for the six-month period then ended, including the explanatory notes.

Company’s Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21(R1)- Interim statements, and of consolidated interim accounting information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting issued by International Accounting Standards Board - IASB, which considers OCPC 4 Guidance on the application of Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on individual and consolidated interim information prepared in accordance with CPC 21(R1)

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC

21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Conclusion on consolidated interim information prepared in accordance with IAS 34, which considers OCPC 04 Guideline on the application of Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC)
Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with IAS 34 issued by IASB, which considers OCPC 04 Guidance on the application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Exchange Commission (CVM) and Federal Accounting Council (CFC), applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Brazilian Securities Commission.

Emphasis

OCPC 04 Guideline issued by the Accounting Pronouncements Committee
As described in note 2.2, individual and consolidated interim accounting information have been prepared in accordance with accounting practices adopted in Brazil (CPC 21(R1)). Consolidated interim financial information prepared in accordance with IFRS applicable to real estate development entities also consider OCPC 04 Guideline issued by the Accounting Pronouncements Committee. This guideline addresses revenue recognition of this industry and involves matters related to the meaning and application of the risk and benefit continuous transfer concept and of the control on sale of real estate units concept, as further described in Note 2.10. Our conclusion is not qualified in this respect.

Other issues

Statements of added value
We also reviewed the Individual and consolidated value-added statements for the six-month period ended on June 30, 2015, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the statement of added value. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim information taken as a whole.

São Paulo, July 30, 2015

KPMG Auditores Independentes
CRC SP-014428/O-6
Original report in Portuguese signed by
Ederson Rodrigues de Carvalho
Accountant CRC 1SP199028/O-1

PDG Realty S.A Empreendimentos e Participações

Composition of capital stock

Number of shares (thousand)	Current quarter 06/30/2015
Common shares from paid-in capital	2,459,628
Preferred - Of the Paid-up Capital	-
Total from paid-in capital	2,459,628
Common shares - in treasury	-
Preferred shares - in treasury	-
Total - in treasury	-

The accompanying notes are in integral part of these financial statements.

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Parent Company

(In thousand of Reais)

Account description	Current quarter 06/30/2015	Prior year 12/31/2014
Total assets	8,776,046	8,755,095
Current assets	260,390	509,769
Cash and cash equivalents	36,667	285,719
Cash and banks	2,439	7,364
Interest earning bank deposits	34,228	278,355
Interest earning bank deposits	47,781	47,683
Interest earning bank deposits measured at fair value	47,781	47,683
Trading securities	47,781	47,683
Accounts receivable	91,463	93,444
Trade accounts receivable	91,463	93,444
Inventories	12,108	12,422
Real estate inventories for sale	12,108	12,422
Recoverable taxes	54,322	52,471
Current taxes recoverable	54,322	52,471
Prepaid expenses	152	383
Unrecognized expenses	152	383
Other current assets	17,897	17,647
Other	17,897	17,647
Other assets	17,897	17,647
Non-current assets	8,515,656	8,245,326
Long term assets	2,262,887	1,744,041
Accounts receivable	29,813	24,218
Trade accounts receivable	29,813	24,218
Inventories	40,718	40,391
Real estate inventories for sale	40,718	40,391
Other non-current assets	2,192,356	1,679,432
Advances for future capital increase	1,785,664	1,284,207
Loan agreements	66,180	66,112
Credit receivables purchased	242,489	230,081
Debentures	34,221	31,167
Other assets	63,802	67,865
Investments	6,221,387	6,472,752
Equity interest	6,221,387	6,472,752
Interest in associated companies	25,469	51,500
Interest in subsidiaries	5,725,446	5,953,003
Other equity interest	470,472	468,249
Property, plant and equipment	1,091	496
Fixed assets in operation	1,091	496
Intangible assets	30,291	28,037
Intangible assets	30,291	28,037

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Parent Company

(In thousand of Reais)

Account description	Current quarter 06/30/2015	Prior year 12/31/2014
Total liabilities	8,776,046	8,755,095
Current liabilities	2,420,019	1,880,115
Social and labor obligations	1,218	1,186
Labor obligations	1,218	1,186
Suppliers	9,959	11,895
Domestic suppliers	9,959	11,895
Tax liabilities	2,087	3,034
Federal tax liabilities	2,087	3,034
Deferred tax liabilities	1,295	1,594
Other current obligations	792	1,440
Loans and financing	850,050	616,426
Loans and financing	189,084	125,908
In domestic currency	189,084	125,908
Debentures	660,966	490,518
Other liabilities	1,556,415	1,247,289
Other	1,556,415	1,247,289
Liabilities for acquisition of real estate	6,630	9,070
Advances from clients	107	122
Co-obligation in the assignment of receivables	-	33,910
Liabilities for acquisition of equity interest	3,934	49,402
Other liabilities	16,264	32,551
Liabilities from CCB/CCI issuance	1,529,480	1,122,234
Provisions	290	285
Other provisions	290	285
Provisions for guarantees	290	285
Non-current liabilities	2,063,995	2,692,758
Loans and financing	784,999	1,177,564
Loans and financing	259,338	342,696
In domestic currency	259,338	342,696
Debentures	525,661	834,868
Other liabilities	1,275,790	1,512,417
Other	1,275,790	1,512,417
Advances from clients	2,750	2,750
Deferred tax liabilities	302	-
Provision with guarantee	262	200
Liabilities from CCB/CCI issuance	814,618	1,210,709
Other liabilities	457,858	298,758
Provisions	3,206	2,777
Tax, social security, labor and civil provisions	3,206	2,777
Provision for contingencies	3,206	2,777
Shareholders' equity	4,292,032	4,182,222
Realized capital	4,917,843	4,907,843
Capital reserves	1,236,690	744,162
Goodwill in the issue of shares	1,206,747	716,993
Options granted	29,943	27,169
Retained Earnings/Losses	(1,862,501)	(1,403,191)
Equity evaluation adjustments	-	(66,592)

PDG Realty S.A. Empreendimentos e Participações

Statements of profit / (loss) for the years - Parent Company

(In thousand of Reais)

Account description	**Current quarter - 04/01/2015–06/30/2015**	**Accumulated of the current year 01/01/2015–06/30/2015**	**Same quarter of the prior year - 04/01/2014–06/30/2014**	**Accumulated of the prior year 01/01/2014–06/30/2014**
Income from sales of goods and/or services	5,581	14,667	8,956	19,872
Cost of goods and/or services sold	(4,606)	(7,716)	(4,731)	(15,827)
Gross income	975	6,951	4,225	4,045
Operating expenses/income	(117,109)	(197,716)	(29,996)	60,402
Sales expenses	(864)	(1,503)	(674)	(1,308)
General and administrative expenses	(2,375)	(12,261)	(7,667)	(15,182)
Other operating income	4,401	4,403	33,860	42,726
Other	4,401	4,403	33,860	37,387
Other operating expenses	(28,852)	(45,588)	(6,283)	(21,141)
Tax expenses	(477)	(619)	(106)	(167)
Depreciation and amortization	(9,267)	(18,730)	(1,496)	(3,001)
Equity interest losses	(8,956)	(15,325)	(4,310)	(16,913)
Other	(10,152)	(10,914)	(371)	(1,060)
Equity income (loss)	(89,419)	(142,767)	(49,232)	55,307
Income (loss) before financial income (loss) and taxes	(116,134)	(190,765)	(25,771)	64,447
Financial income (loss)	(114,928)	(201,931)	(109,552)	(197,017)
Financial income	23,085	68,240	18,670	41,486
Financial expenses	(138,013)	(270,171)	(128,222)	(238,503)
Income (loss) before income tax	(231,062)	(392,696)	(135,323)	(132,570)
Income and social contribution taxes	(5)	(22)	-	-
Current	4	(13)	-	-
Deferred assets	(9)	(9)	-	-
Net income (loss) of continued operations	(231,067)	(392,718)	(135,323)	(132,570)
Income/loss for the period	(231,067)	(392,718)	(135,323)	(132,570)
ON	(0.11523)	(0.19584)	(0.10226)	(0.10018)
ON	(0.10117)	(0.17194)	(0.08373)	(0.08202)

PDG Realty S.A. Empreendimentos e Participações

Statements of Comprehensive income / (loss) for the years - Parent Company

(In thousand of Reais)

Account description	**Current quarter - 04/01/2015–06/30/2015**	**Accumulated of the current year 01/01/2015–06/30/2015**	**Same quarter of the prior year - 04/01/2014–06/30/2014**	**Accumulated of the prior year 01/01/2014–06/30/2014**
Net income for the period	(231,633)	(393,284)	(135,323)	(132,570)
Other comprehensive income	(1,344)	-	(1,146)	(6,750)
Comprehensive income for the period	(232,977)	(393,284)	(136,469)	(139,320)

PDG Realty S.A. Empreendimentos e Participações

Statements of cash flows - Indirect method - Parent Company

(In thousand of Reais)

Account description	Accumulated of the current year 01/01/2015–06/30/2015	Accumulated of the prior year 01/01/2014–06/30/2014
Net cash from operational activities	(236,585)	(275,430)
Cash generated in operations	51,388	63,215
Income (loss) before income and social contribution taxes	(392,696)	(132,570)
Depreciation and amortization	18,730	3,001
Gains/losses with equity interest	15,325	11,574
Financial expenses Interest paid and monetary variance	264,893	231,611
Fair value on financial instruments	(2,271)	-
Recognition Stand Expenses	54	162
Stock options expenses	2,775	5,586
Equity in net income of subsidiaries	142,767	(55,307)
Adjustment to present value	338	(966)
Provision for warranty and contingencies	1,473	124
Changes in assets and liabilities	34,577	(108,214)
Assignment of credit right operations	(12,408)	(13,290)
Loan agreement receivable	(68)	-
Accounts receivable	(3,954)	18,945
Recoverable taxes	(1,851)	(1,327)
Real estate inventories for sale	(13)	616
Unrecognized expenses	231	146
Current account with partners in undertakings	-	(15,911)
Active debentures	(3,054)	(274)
Advances from clients	(15)	501
Liabilities for acquisition of real estate	(2,440)	(2,778)
Tax Liabilities and Taxes Payable	47,763	(41,602)
Suppliers	(1,936)	92
Other movements	12,322	(53,332)
Other	(322,550)	(230,431)
Income and social contribution taxes	(48,398)	(58)
Interest paid on loans	(274,152)	(230,373)
Net cash used in investment activities	(340,030)	(309,825)
(Increase) Decrease in Interest in Associates and Subsidiaries	17,743	(22,461)
Intangible assets	(4,956)	-
Advances for future capital increase	(352,014)	(289,029)
Interest earning bank deposits measured at fair value	(98)	1,818
Acquisition of property, plant and equipment	(705)	(153)
Net cash from financing activities	327,563	213,772
Loans and financing	(172,437)	213,772
Capital increase	500,000	-
Increase (decrease) in cash and cash equivalents	(249,052)	(371,483)
Opening balance of cash and cash equivalents	285,719	512,356
Closing balance of cash and cash equivalents	36,667	140,873

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Parent Company

(In thousand of Reais)

Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
Opening balances	4,907,843	744,162	-	(1,403,191)	(66,592)	4,182,222
Prior-year adjustments	-	-	-	-	-	-
Adjusted opening balances	4,907,843	744,162	-	(1,403,191)	(66,592)	4,182,222
Capital transactions with partners	10,000	492,528	-	-	-	502,528
Capital increases	10,000	490,000	-	-	-	500,000
Expenses with issuance of shares	-	(247)	-	-	-	(247)
Recognized options granted	-	2,775	-	-	-	2,775
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest on own capital	-	-	-	-	-	-
Capital reserve	-	-	-	-	-	-
Total comprehensive income	-	-	-	(392,718)	-	(392,718)
Net income for the period	-	-	-	(392,718)	-	(392,718)
Other comprehensive income	-	-	-	-	1,344	1,344
Financial instruments' adjustments	-	-	-	-	-	-
Taxes on financial instruments' adjustments	-	-	-	-	-	-
Equity income (loss) on compreh. income - subsidiaries and associates	-	-	-	-	-	-
Translation adjustments in the period	-	-	-	-	1,344	1,344
Taxes on translation adjustments in the period	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	(1,344)	(1,344)
Financial instruments' adjustments	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	(1,344)	(1,344)
Internal changes in shareholders' equity	-	-	-	(66,592)	66,592	-
Formation of reserves	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-
Taxes on the realization of the revaluation reserve	-	-	-	-	-	-
Other reclassifications	-	-	-	(66,592)	66,592	-
Closing balances	4,917,843	1,236,690	-	(1,862,501)	-	4,292,032

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Parent Company

(In thousand of Reais)

Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
Opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629
Prior-year adjustments	-	-	-	-	-	-
Adjusted opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629
Capital transactions with partners	-	5,586	-	-	-	5,586
Capital increases	-	-	-	-	-	-
Expenses with issuance of shares	-	-	-	-	-	-
Recognized options granted	-	5,586	-	-	-	5,586
Treasury shares acquired	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest on own capital	-	-	-	-	-	-
Total comprehensive income	-	-	-	(132,570)	(6,750)	(139,320)
Net income for the period	-	-	-	(132,570)	-	(132,570)
Other comprehensive income	-	-	-	-	(6,750)	(6,750)
Financial instruments' adjustments	-	-	-	-	-	-
Taxes on financial instruments' adjustments	-	-	-	-	-	-
Equity income (loss) on compreh. income - subsidiaries and associates	-	-	-	-	-	-
Translation adjustments in the period	-	-	-	-	(6,750)	(6,750)
Taxes on translation adjustments in the period	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	-	-
Financial instruments' adjustments	-	-	-	-	-	-
Internal changes in shareholders' equity	-	-	-	-	-	-
Formation of reserves	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-
Taxes on the realization of the revaluation reserve	-	-	-	-	-	-
Closing balances	4,907,843	738,142	-	(1,006,518)	(69,572)	4,569,895

PDG Realty S.A. Empreendimentos e Participações

Statements of added valued - Parent Company

(In thousand of Reais)

Account description	Accumulated of the current year 01/01/2015–06/30/2015	Accumulated of the prior year 01/01/2014–06/30/2014
Income	15,136	19,369
Sale of merchandise, products and services	15,122	19,369
Other income	14	-
Inputs acquired from third parties	(39,592)	(2,042)
Cost of products, merchandise and services sold	(7,716)	(15,827)
Materials, Energy, Third-party services and other	(10,040)	(10,968)
Loss/recovery of asset values	(15,325)	(11,574)
Other	(6,511)	36,327
Gross added value	(24,456)	17,327
Retentions	(18,730)	(3,001)
Depreciation, amortization and depletion	(18,730)	(3,001)
Net added value produced	(43,186)	14,326
Added value received as transfer	(74,527)	96,793
Equity income (loss)	(142,767)	55,307
Financial income	68,240	41,486
Total added value payable	(117,713)	111,119
Distribution of added value	(117,713)	111,119
Personnel	2,996	4,122
Direct remuneration	2,751	3,764
Benefits	182	109
Severance Pay Fund (FGTS)	63	249
Taxes, duties and contributions	1,656	610
Federal	1,656	610
Third-party capital remuneration	270,353	238,957
Interest	264,893	231,611
Rents	182	454
Other	5,278	6,892
Remuneration of own capital	(392,718)	(132,570)
Retained earnings / Loss for the period	(392,718)	(132,570)

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Consolidated

(In thousand of Reais)

Account description	**Current quarter 06/30/2015**	**Prior year 12/31/2014**
Total assets	15,023,408	15,924,225
Current assets	6,581,081	7,976,535
Cash and cash equivalents	1,149,796	1,044,265
Cash and banks	266,890	369,317
Interest earning bank deposits	882,906	674,948
Interest earning bank deposits	47,781	47,683
Interest earning bank deposits measured at fair value	47,781	47,683
Trading securities	47,781	47,683
Accounts receivable	3,004,855	4,495,579
Trade accounts receivable	3,004,855	4,495,579
Inventories	1,973,704	1,927,392
Real estate inventories for sale	1,973,704	1,927,392
Recoverable taxes	125,897	127,858
Current taxes recoverable	125,897	127,858
Prepaid expenses	11,191	17,243
Unrecognized expenses	11,191	17,243
Other current assets	267,857	316,515
Other	267,857	316,515
Loan agreement	80,461	67,229
Other receivables	181,621	245,340
Deferred taxes	5,775	3,946
Non-current assets	8,442,327	7,947,690
Long term assets	6,814,768	6,326,604
Accounts receivable	3,982,993	3,659,662
Trade accounts receivable	3,982,993	3,659,662
Inventories	2,487,455	2,364,729
Real estate inventories for sale	2,487,455	2,364,729
Other non-current assets	344,320	302,213
Current accounts with partners in projects	186,486	155,025
Credit receivables purchased	84,555	76,678
Debentures	29,688	26,634
Other receivables	43,591	43,876
Investments	1,023,699	1,012,288
Equity interest	447,225	456,677
Interest in associated companies	415,697	420,136
Other equity interest	31,528	36,541
Investment property	576,474	555,611
Property, plant and equipment	42,045	50,312
Fixed assets in operation	42,045	50,312
Intangible assets	561,815	558,486
Intangible assets	561,815	558,486

PDG Realty S.A. Empreendimentos e Participações

Balance sheets - Consolidated

(In thousand of Reais)

Account description	Current quarter 06/30/2015	Prior year 12/31/2014
Total liabilities	15,023,408	15,924,225
Current liabilities	5,744,323	5,221,883
Social and labor obligations	87,920	102,847
Labor obligations	87,920	102,847
Suppliers	214,834	225,044
Domestic suppliers	214,834	225,044
Tax liabilities	437,513	432,279
Federal tax liabilities	437,513	432,279
Income and social contribution tax payable	87,932	58,157
Deferred tax liabilities	248,896	295,279
Other current obligations	100,685	78,843
Loans and financing	2,161,211	1,755,074
Loans and financing	1,499,996	1,258,415
In domestic currency	1,499,996	1,258,415
Debentures	661,215	496,659
Other liabilities	2,736,241	2,608,575
Other	2,736,241	2,608,575
Liabilities for acquisition of real estate	345,225	369,689
Advances from clients	116,045	212,503
Current account with partners in undertakings	30,549	32,040
Co-obligation in the assignment of receivables	32,710	215,775
Other liabilities	340,289	375,900
Liabilities from CCB/CCI issuance	1,871,423	1,402,668
Provisions	106,604	98,064
Other provisions	106,604	98,064
Provisions for guarantees	106,604	98,064
Non-current liabilities	4,093,827	5,640,593
Loans and financing	2,057,118	3,238,784
Loans and financing	1,463,731	2,336,634
In domestic currency	1,463,731	2,336,634
Debentures	593,387	902,150
Other liabilities	1,750,664	2,155,866
Other	1,750,664	2,155,866
Advances from clients	356,644	359,392
Liabilities for acquisition of real estate	199,739	174,582
Deferred tax liabilities	138,841	154,117
Liabilities from CCB/CCI issuance	862,643	1,256,956
Provision with guarantee	23,675	34,665
Other liabilities	169,122	176,154
Provisions	286,045	245,943
Tax, social security, labor and civil provisions	286,045	245,943
Provision for contingencies	286,045	245,943
Consolidated shareholders' equity	5,185,258	5,061,749
Realized capital	4,917,843	4,907,843
Capital reserves	1,236,690	744,162
Goodwill in the issue of shares	1,206,747	716,993
Options granted	29,943	27,169
Retained Earnings/Losses	(1,862,501)	(1,403,191)
Equity evaluation adjustments	-	(66,592)
Interest of non-controlling shareholders	893,226	879,527

PDG Realty S.A. Empreendimentos e Participações

Statement of profit or loss for the years - Consolidated

(In thousand of Reais)

Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year 01/01/2014–06/30/2014
Income from sales of goods and/or services	481,987	1,142,851	925,993	2,046,352
Cost of goods and/or services sold	(418,377)	(975,950)	(731,141)	(1,615,073)
Gross income	63,610	166,901	194,852	431,279
Operating expenses/income	(131,055)	(232,200)	(145,314)	(289,021)
Sales expenses	(46,570)	(79,056)	(47,305)	(89,531)
General and administrative expenses	(65,891)	(135,960)	(91,811)	(183,040)
Other operating income	9,143	31,329	7,821	43,975
Gains with equity interests	1,086	18,798	-	5,644
Other	8,057	12,531	7,821	38,331
Other operating expenses	(71,200)	(120,587)	(46,415)	(102,061)
Tax expenses	(4,385)	(7,209)	(4,243)	(6,030)
Depreciation and amortization	(11,008)	(24,756)	(17,651)	(27,750)
Equity interest losses	(19,696)	(31,667)	(8,492)	(33,367)
Other	(36,111)	(56,955)	(16,029)	(34,914)
Equity income (loss)	43,463	72,074	32,396	41,636
Income (loss) before financial income and taxes	(67,445)	(65,299)	49,538	142,258
Financial income (loss)	(149,309)	(273,696)	(127,313)	(187,650)
Financial income	72,959	139,235	35,644	114,377
Financial expenses	(222,268)	(412,931)	(162,957)	(302,027)
Income (loss) before income tax	(216,754)	(338,995)	(77,775)	(45,392)
Income and social contribution taxes	(23,414)	(56,175)	(31,210)	(47,746)
Current	(37,829)	(83,526)	(34,815)	(62,147)
Deferred	14,415	27,351	3,605	14,401
Net income (loss) of continued operations	(240,168)	(395,170)	(108,985)	(93,138)
Income/loss for the period	(240,168)	(395,170)	(108,985)	(93,138)
Attributed to the Parent company's partners	(231,067)	(392,718)	(135,323)	(132,570)
Attributed to non-controlling partners	(9,101)	(2,452)	26,338	39,432
ON	(0.11523)	(0.19584)	(0.10226)	(0.10018)
ON	(0.10117)	(0.17194)	(0.08373)	(0.08202)

PDG Realty S.A. Empreendimentos e Participações

Statements of Comprehensive income / (loss) for the years - Consolidated

(In thousand of Reais)

Account description	**Current quarter - 04/01/2015–06/30/2015**	**Accumulated of the current year 01/01/2015–06/30/2015**	**Same quarter of the prior year - 04/01/2014–06/30/2014**	**Accumulated of the prior year 01/01/2014–06/30/2014**
Consolidated net income for the period	(240,168)	(395,170)	(108,985)	(93,138)
Other comprehensive income	(1,344)	-	(1,146)	(6,750)
Consolidated comprehensive income for the period	(241,512)	(395,170)	(110,131)	(99,888)
Attributed to the Parent company's partners	(232,411)	(392,718)	(136,469)	(139,320)
Attributed to non-controlling partners	(9,101)	(2,452)	26,338	39,432

PDG Realty S.A. Empreendimentos e Participações

Statements of cash flows - Indirect method - Consolidated

(In thousand of Reais)

Account description	Accumulated of the current year 01/01/2015–06/30/2015	Accumulated of the prior year 01/01/2014–06/30/2014
Net cash from operational activities	403,113	(264,168)
Cash generated in operations	90,860	232,447
Income (loss) before income and social contribution taxes	(338,995)	(45,392)
Depreciation and amortization	24,756	27,750
Gains/losses with equity interest	12,869	27,723
Financial expenses, liability interest and monetary Monetary	390,147	285,987
Fair value on financial instruments	(2,271)	-
Recognition Stand Expenses	8,496	12,472
Stock options expenses	2,775	5,586
Write-off of goodwill due to land appreciation	-	1,933
Adjustment in the income – Mark-to-Market	-	(25,856)
Equity in net income of subsidiaries	(72,074)	(41,636)
Adjustment to present value	20,284	(50,206)
Provision for warranty and contingencies	49,873	10,637
Provision for profit sharing	(5,000)	23,449
Changes in assets and liabilities	838,272	108,766
Assignment of credit right operations	(7,877)	(5,839)
Loan agreement receivable	(13,232)	(8,174)
Accounts receivable	1,147,109	201,130
Recoverable taxes	1,961	(1,916)
Real estate inventories for sale	(169,038)	92,157
Unrecognized expenses	6,052	4,906
Current account with partners in undertakings	(32,952)	(6,072)
Active debentures	(3,054)	(274)
Advances from clients	(99,205)	(21,239)
Liabilities for acquisition of real estate	693	(101,003)
Tax obligations/ Taxes payable	3,405	6,818
Suppliers	(10,210)	35,069
Other movements	14,620	(86,797)
Other	(526,019)	(605,381)
Income and social contribution taxes	(86,378)	(120,104)
Interest paid on loans	(439,641)	(485,277)
Net cash used in investment activities	37,076	(100,309)
(Increase) Decrease in Interest in Associates and Subsidiaries	62,093	(37,995)
Intangible assets	(6,051)	(6,378)
Interest earning bank deposits measured at fair value	(98)	1,818
Investment property	(20,863)	(54,075)
Acquisition of property, plant and equipment	-	(12,995)
Sale of property, plant and equipment	1,995	9,316
Net cash from financing activities	(334,658)	(102,844)
Loans and Financing	(834,658)	(102,844)
Capital increase	500,000	-
Increase (decrease) in cash and cash equivalents	105,531	(467,321)
Opening balance of cash and cash equivalents	1,044,265	1,309,457
Closing balance of cash and cash equivalents	1,149,796	842,136

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Consolidated

(In thousand of Reais)

Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
Opening balances	4,907,843	744,162	-	(1,403,191)	(66,592)	4,182,222	879,527	5,061,749
Prior-year adjustments	-	-	-	-	-	-	-	-
Adjusted opening balances	4,907,843	744,162	-	(1,403,191)	(66,592)	4,182,222	879,527	5,061,749
Capital transactions with partners	10,000	492,528	-	-	-	502,528	16,151	518,679
Capital increases	10,000	490,000	-	-	-	500,000	-	500,000
Expenses with issuance of shares	-	(247)	-	-	-	(247)	-	(247)
Recognized options granted	-	2,775	-	-	-	2,775	-	2,775
Treasury shares acquired	-	-	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest on own capital	-	-	-	-	-	-	-	-
Net change in non-controlling shareholders	-	-	-	-	-	-	16,151	16,151
Capital reserve	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(392,718)	-	(392,718)	(2,452)	(395,170)
Net income for the period	-	-	-	(392,718)	-	(392,718)	(2,452)	(395,170)
Other comprehensive income	-	-	-	-	1,344	1,344	-	1,344
Financial instruments' adjustments	-	-	-	-	-	-	-	-
Taxes on financial instruments' adjustments	-	-	-	-	-	-	-	-
Equity income (loss) on compreh. income - Associates	-	-	-	-	-	-	-	-
Translation adjustments in the period	-	-	-	-	1,344	1,344	-	1,344
Taxes on translation adjustments in the period	-	-	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	(1,344)	(1,344)	-	(1,344)
Financial instruments' adjustments	-	-	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	(1,344)	(1,344)	-	(1,344)
Internal changes in shareholders' equity	-	-	-	(66,592)	66,592	-	-	-
Formation of reserves	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-	-	-
Taxes on the realization of the revaluation reserve	-	-	-	-	-	-	-	-
Other reclassifications	-	-	-	(66,592)	66,592	-	-	-
Closing balances	4,917,843	1,236,690	-	(1,862,501)	-	4,292,032	893,226	5,185,258

PDG Realty S.A. Empreendimentos e Participações

Statements of changes in shareholders' equity - Consolidated

(In thousand of Reais)

Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
Opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629	626,424	5,330,053
Prior-year adjustments	-	-	-	-	-	-	-	-
Adjusted opening balances	4,907,843	732,556	-	(873,948)	(62,822)	4,703,629	626,424	5,330,053
Capital transactions with partners	-	5,586	-	-	-	5,586	(35,530)	(29,944)
Capital increases	-	-	-	-	-	-	-	-
Expenses with issuance of shares	-	-	-	-	-	-	-	-
Recognized options granted	-	5,586	-	-	-	5,586	-	5,586
Treasury shares acquired	-	-	-	-	-	-	-	-
Treasury shares sold	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest on own capital	-	-	-	-	-	-	-	-
Net change in non-controlling shareholders	-	-	-	-	-	-	(35,530)	(35,530)
Total comprehensive income	-	-	-	(132,570)	(6,750)	(139,320)	39,432	(99,888)
Net income for the period	-	-	-	(132,570)	-	(132,570)	39,432	(93,138)
Other comprehensive income	-	-	-	-	(6,750)	(6,750)	-	(6,750)
Financial instruments' adjustments	-	-	-	-	-	-	-	-
Taxes on financial instruments' adjustments	-	-	-	-	-	-	-	-
Equity income (loss) on compreh. income - Associates	-	-	-	-	-	-	-	-
Translation adjustments in the period	-	-	-	-	(6,750)	(6,750)	-	-
Taxes on translation adjustments in the period	-	-	-	-	-	-	-	-
Reclassifications to income (loss)	-	-	-	-	-	-	-	-
Financial instruments' adjustments	-	-	-	-	-	-	-	-
Internal changes in shareholders' equity	-	-	-	-	-	-	-	-
Formation of reserves	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-	-	-
Taxes on the realization of the revaluation reserve	-	-	-	-	-	-	-	-
Closing balances	4,907,843	738,142	-	(1,006,518)	(69,572)	4,569,895	630,326	5,200,221

PDG Realty S.A. Empreendimentos e Participações

Statements of added valued - Consolidated

(In thousand of Reais)

Account description	Accumulated of the current year 01/01/2015–06/30/2015	Accumulated of the prior year 01/01/2014–06/30/2014
Income	1,181,663	2,069,566
Sale of merchandise, products and services	1,098,411	2,009,309
Other income	83,252	60,257
Inputs acquired from third parties	(1,156,616)	(1,788,926)
Cost of products, merchandise and services sold	(975,950)	(1,615,073)
Materials, Energy, Third-party services and other	(123,373)	(149,547)
Loss/recovery of asset values	(12,869)	(27,723)
Other	(44,424)	3,417
Gross added value	25,047	280,640
Retentions	(24,756)	(27,750)
Depreciation, amortization and depletion	(24,756)	(27,750)
Net added value produced	291	252,890
Added value received as transfer	211,309	156,013
Equity income (loss)	72,074	41,636
Financial income	139,235	114,377
Total added value payable	211,600	408,903
Distribution of added value	211,600	408,903
Personnel	69,344	95,904
Direct remuneration	55,757	83,222
Benefits	6,924	7,567
Severance Pay Fund (FGTS)	6,663	5,115
Taxes, duties and contributions	111,998	92,649
Federal	111,039	92,182
Municipal	959	467
Third-party capital remuneration	425,428	313,488
Interest	390,147	285,987
Rents	12,497	11,461
Other	22,784	16,040
Remuneration of own capital	(395,170)	(93,138)
Retained earnings / Loss for the period	(392,718)	(132,570)
Interest of non-controlling shareholders in retained earnings	(2,452)	39,432

Message from Management

In the last 30 months, since the new management team took over, the Company has recorded several important achievements that had been outlined in its strategic plan, with the delivery of 90% of the projects launched before 2013 and the consequent reduction in its execution risk, which allowed it to begin its operational cash generation and financial deleveraging cycle.

Recently, we announced a change in our structure, with the replacement of our CEO and CFO, positions that will be occupied by Márcio Trigueiro and Maurício Teixeira, respectively, as of August 17, 2015.

In the second quarter, we successfully concluded our capital increase, with the adherence of more than 80% of our shareholder base, reaching the maximum established limit of R$500 million. This capital increase is part of the Company's plan for traversing the current period of greater economic uncertainty by strengthening its capital structure, building up its cash position and extending its debt profile.

The Company recorded positive operational cash generation for the fourth consecutive quarter, reaching R$78 million in the period and R$892 million in the last 12 months. Part of the decline in cash generation over the previous quarter was due to the payment of dividends on redeemable preferred shares, the distribution of results from projects with partners, and REP's period cash consumption. Excluding these effects, 2Q15 cash generation would have reached R$218 million. Reduced inventory sales, lower cash sales volume and a decline in the number of transferred mortgages also contributed to the period downturn. As we have mentioned in previous quarters, we continue to expect cash generation growth in the second half, pushed by the conclusion of ongoing projects.

Reflecting the more difficult economic scenario and more restrictive borrowing conditions, gross sales fell by 30% over 1Q15, when we conducted the "Na Ponta do Lápis" sales campaign. As a result, aiming to leverage sales against a background of reduced demand, we launched the "PDG Facilita" campaign, granting easier purchasing conditions for certain projects.

Although sales fell as a result of the greater economic shrinkage, cancellations remained flat over the same quarter last year and increased only slightly over the previous three months. We held no launches in the period, focusing entirely on monetizing our assets.

In line with our strategy, this quarter we concluded our first ZBB Project (zero-based budgeting), substantially adjusting our structure in June to align it with the current size of our operation. Most of the results of this process will become apparent in the second semester, but G&A expenses already fell over 1Q15, despite the labor liabilities incurred during the layoffs.

The construction cost to be incurred continued to fall, closing the first half at R$1.1 billion, 23% down on 1Q15 and 55% less than in 1H14. The cost to be incurred from projects launched before 2013 stood at R$287 million, representing only 26% of the total cost to be incurred, further reducing the Company's execution risk.

We are continuing to reduce our project financing debt (SFH) every quarter thanks to the delivery and transfer of the projects, with the total balance of this line falling by R$276 million in the quarter and R$1.4 billion in the last 18 months. As for corporate debt, we concluded certain important negotiations and are currently in the advanced stage of talks concerning the resolution of our financing needs in the coming quarters.

In the second semester, we will continue to concentrate our efforts on deleveraging the Company, maintaining the tactical plan drawn up in the beginning of this year. In addition to the capital increase, concluded in the first semester, we will be moving ahead with the other two pillars of the plan; (1) corporate debt rollover; and (2) accelerating the sale of non-core assets.

Notes to the quarterly information - ITR

(In thousands of Reais)

1 Operations

A PDG Realty S.A. Empreendimentos e Participações ("Company"), its subsidiaries and joint ventures are engaged in: (a) holding interest in other companies that operate in the real estate industry, as shareholder, quotaholder, consortium member, or through other types of investment, such as subscription or acquisition of debentures, subscription bonus or other real estate amounts; (b) acquisition of investment properties; and (c) acquisition of properties for real estate development.

Established as a corporation domiciled in Brazil, the Company's shares are traded at BM&FBOVESPA - "PDGR3". The Company's head office is located at Avenida Engenheiro Luis Carlos Berrini, no. 105, 11th floor, neighborhood Cidade Monções, São Paulo, São Paulo State (SP).

The Company has certain real estate development projects which were structured through subsidiaries, associates and jointly-controlled subsidiaries. Third parties' interest in investees is held through interest in Special Purpose Entities (SPE's).

In addition to funds generated in its operations, the Company uses funds from the Habitational Financial System ("SFH") and from prime financial institutions. The Company classifies and assigns credit facilities to working capital at regular market conditions, or to production of its real estate projects, according to SFH conditions or equivalent.

In the Company's strategic planning, Management provided for delivery of almost all construction work existing before 2013 for the end of 2015, sale of remaining units in these projects and, accordingly, growth of operating cash generation. Generated cash would be used to speed up deleveraging process and resume growth.

Until now, the Company was successful in executing this plan, as it started to generate operating capital and began its deleveraging process. Since the end of 2012, its total leverage, which includes total unincurred costs plus its onerous net debt, was reduced by R$6,191, as it went from R$13,100 to R$6,909. Also, the Company was supported by its main creditors for bank debt rollover aiming at completing restructuring process.

In spite of successful execution until now, current economic scenario brings additional risks to execution of its strategic planning. Accordingly, Management decided to adopt three actions to improve the Company's capital structure and mitigate possible risks for conclusion of the Company's restructuring process.

- Proposed capital increase of up to R$500,000, which was approved in the Extraordinary Shareholders' Meeting held on April 15, 2015 and paid-up at its maximum value on June 30, 2015;

- Extend corporate debts and debts to support production maturing in 2015, considering that part of them have already been renegotiated and others are expected to be concluded in coming months; and

- Accelerate sale of non-core assets and inventories in wholesale market to guarantee additional liquidity margin; accordingly, in the second half of 2014, some transactions were carried out and other are being studied with expected completion in the second half of 2015.

With above-mentioned initiatives, we expect to conclude restructuring process provided for in strategic planning in spite of less favorable economic scenario through better alignment between assets and liabilities materialization.

2 Presentation of quarterly information and main accounting policies

2.1 Basis of presentation

The individual and consolidated quarterly information was prepared based on the going concern assumption for the Company and its subsidiaries and associates ("Group"). In preparing the quarterly information assumptions are adopted for recognizing the estimates to record certain assets, liabilities and other operations, among others, such as budgeted cost of projects under construction, allowance for doubtful accounts, useful lives of assets, provisions for contingencies and guarantees, classification of assets and liabilities in the short and long-term, among others.

The results calculated upon the realization of the facts that led to the recognition of these estimates may differ from the amounts recognized in this quarterly information. Management periodically and timely monitors and reviews these estimates and the assumptions at least once a year.

The functional currency in which the individual and consolidated quarterly information is reported is Real (R$). All amounts presented in this quarterly information are expressed in thousands of reais, except when otherwise indicated.

The Company's accounting policies have been consistently applied to all the periods presented in this individual and consolidated quarterly information.

2.2 Statement of conformity

Individual quarterly information of PDG Realty S.A Empreendimentos e Participações (the "Parent Company") has been prepared in accordance with accounting practices adopted in Brazil (BR GAAP), which, in the Company's case, differ from separate financial statements prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in respect of:

a. Capitalization of interest incurred by the Parent Company and recorded under caption investments in relation to assets under construction of its subsidiaries, which, for IFRS purposes, are capitalized only in consolidated financial statements and not in separate financial statements.

b. Recognition of equity in subsidiaries with negative shareholders' equity (shareholders' deficit) pursuant to the terms of item 39A of CPC 18.

Consolidated quarterly information has been prepared in accordance with IFRS's issued by IASB and in accordance with BR GAAP practices.

Specifically, consolidated quarterly information is in conformity with IFRS's applicable to real estate development entities in Brazil, including OCPC Guideline 04, as described in detail in note 2.10, regarding recognition of real estate industry revenue, which involves issues related to application of the concept of continued transference of risks, benefits and control of sold real estate units.

There is no difference between consolidated shareholders' equity and consolidated income attributable to the Parent Company's shareholders, according to consolidated information prepared in conformity with IFRS's.

The issuance of the Quarterly Information of the Company was authorized by the Management on October 30, 2015.

2.3 Presentation of segment information

Information per operating segment is presented consistently with the internal report provided to the main operating decision maker, the executive responsible for the finance and inventors relations offices, mostly comprised of home real estate development.

2.4 Financial instruments

The financial instruments may be classified as financial assets or liabilities at fair value through profit or loss, loans and receivables, investments held to maturity and available for sale or derivatives classified as effective hedge instruments or financial liabilities at amortized cost, according to the specific case. The Company determines the classification of its financial instruments upon its initial recognition, when it becomes part of the contractual provisions.

The Company's financial assets and liabilities include cash and Cash equivalents, Interest earning bank deposits, Trade accounts receivable, Other accounts receivable, Debentures receivable and payable, Bank credit notes ('CCBs'), Suppliers, Accounts payable for acquisition of real estate, Loans or Financing and Related parties.

The subsequent measurement of financial assets and liabilities depends on their classification, which can be as follows:

Financial assets at fair value through profit or loss

a. Cash and cash equivalents

Cash equivalents are maintained for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers as cash equivalent, Interest earning bank deposits that are immediately convertible into a known cash amount. The Company's interest earning bank deposits are represented by DI funds, Bank Deposit Certificates (CDBs) and repurchase and resale commitments with redemption period lower than 90 days of respective transactions dates.

b. *Interest earning bank deposits*

They are under the heading "Interest earning bank deposits" recognized as contra-entry in income. Classification depends on the purpose for which investment was acquired.

When the purpose of investment acquisition is to invest funds to obtain short-term gains, these are classified as "Interest earning bank deposits"; when intention is to invest funds to maintain investments up to maturity, these are classified as "Securities held to maturity", provided that Management intends and has financial conditions to maintain financial investment up to maturity. When, upon investment, intention is none of the above, these investments are classified as securities

available for sale, represented in the balance sheet by the fair value and the shareholders' equity as a heading.

The Company's interest earning bank deposits are trading securities measured at cost plus interest, price-level restatements, adjustment to market value, less impairment losses, when applicable, incurred up to dates of individual and consolidated quarterly information not subject to significant changes in value. The breakdown of these interest earning bank deposits are shown in Note 4.

Receivables and loans

a. *Trade accounts receivable*

Presented at nominal or realization value, subject to adjustment to present value (AVP), indicated in note 5, including price-level restatement and interest, when applicable. The Company forms allowance for doubtful accounts ("PCLD") for amounts whose recovery is considered remote in a sum considered sufficient by Management. Estimates used to form the allowance for doubtful accounts are based on contracts that are considered as difficult to realize and for which there are no actual guarantees and that, in the Company's case, are directly related to the transfer of real estate unit to buyer.

Monetary variation and earnings on the balance of accounts receivable from units under construction are recorded in income (loss) for the year as "Income from sale of real estate". After the construction period, interest is accounted for as "Financial income".

b. *Financial liabilities*

They are classified as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives classified as hedge instruments, as the case may be. The Company classifies its financial liabilities upon initial recognition.

Financial liabilities are initially recognized at fair value, and in the case of financial liabilities at amortized cost, include directly related transaction costs.

The Company's financial liabilities include mainly Accounts payable to suppliers, accounts payable for acquisition of real estate, other accounts payable, loans and financing and derivative financial instruments, costs, premiums on securities issuance.

c. Derivative financial instruments (liabilities)

They are recognized only as from the date the Company become a party to their contractual provisions. When recognized, they are initially recorded at its fair value plus any transaction costs directly attributed to its acquisition or issue, when applicable. Its subsequent measurement takes place at the balance sheet date and in accordance with the rules set forth and features for each type of classification of financial liabilities.

Classification as debt or equity

Debt instruments or equity instruments are either way classified, according to the substance of contract terms.

Liabilities at amortized cost

Loans and financing, certificates of real estate receivables (CRIs) and debentures payable

The initial recognition of Loans and financing, certificates of real estate receivables and debentures (except the debentures of the 8th issuance which are stated at fair value through profit or loss - see Note 14.b and 20) subject to interests are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement upon settlement of liabilities, as well as during the amortization process by the effective interest rate method.

Loans and financing are restated by the monetary variance and charges agreed on in a contract, and allocated up to the balance sheet date. Debentures payable are adjusted in conformity with indices provided for in contract up to the balance sheet date.

The Company settles Concession of real estate receivables credits when securitization and respective issuance of CRI's is made effective. This assignment has right of recourse against the Company and, accordingly, the balance of Accounts receivable granted is recorded in the balance sheet as a contra entry to the amount received in advance and recorded in current and non-current liabilities. Contracted credit facilities are presented per type of debt and classified for financing, support to production and working capital.
The Company reports debts at the funded amount deducted from transaction costs, discounts and incurred premiums.

***Payables for* acquisition of real estate**

Obligations established in contract for land acquisitions are recorded at the original value plus, when applicable, corresponding charges and price-level restatements.

2.5 Property for sale

a. Land, property under construction and developed property

Property under construction or the properties already to be marketed are recorded at construction cost incurred, which does not exceed its net realizable value.

The incurred cost includes: land; materials; hired labor; and other related construction costs, including financial cost of applied capital (financial charges for accounts receivable from land acquisition, real estate credit transactions incurred during construction and interest on debenture issuance, which are capitalized under caption "Inventory of real estate for sale" and recognized in the Company's income at the proportion of costs incurred in caption "Cost of sold real estate").

The net realizable value is the estimated sales price under normal business conditions, minus the execution costs. Land is recorded at the cost of acquisition, plus any financial charges generated by corresponding accounts payable.

b. Physical exchanges recorded at fair value

Physical exchanges upon purchase of land with units to be built are recorded at fair value, evaluated at sales value of exchanged units, accounted for in caption “Inventory of real estate for sale” as a contra entry to caption “Advances from clients”, and real estate sales income is recognized in accordance with income recognition criteria described in Note 2.10.

2.6 Intangible assets

Intangible assets acquired separately are measured at cost and, subsequently, deducted from accumulated amortization and impairment losses, when applicable. The cost of intangible assets acquired in a business combination corresponds to their fair value at acquisition date. The useful life of the intangible asset is classified as defined or undefined.

Intangible assets with defined useful lives are amortized throughout their economic useful lives and evaluated in relation to impairment losses whenever there is any indication that the asset lost economic value.

Intangible assets with undefined useful lives are not amortized but tested for impairment on an annual basis, individually or at cash generating unit level.

2.7 Adjustment to present value (“AVP”)

Assets and liabilities resulting from relevant short-term transactions, or long-term transactions with no expected compensation or subject either to: (a) prefixed interest; (b) interest rates notably below market rates for similar transactions; and (c) adjustments solely for inflation absent accrued interest are adjusted to their present value.

On term sales of not concluded real estate units, receivables are adjusted at present value, based on long-term interest rate, and their reversals are recognized in the result for the year under the caption “Income from sale of real estate".

2.8 Provisions

They are recognized when the Company have a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense referring to any provision is presented in the statement of income, net of any reimbursement.

a. Provision for guarantees

They are recorded over projects’ construction period and comprise Cost of properties sold to those related to the period of five years after construction end. For projects built by the Company, a Provision for guarantees based on budget and expenditures history is recognized. For projects built by third parties, they assume the responsibility for guarantees for the period after the end of construction. However, in cases in which these construction companies are not responsible for corresponding costs, the Company is jointly liable and has recognized a Provision for guarantees.

The transfer of the amount for the segregation of the provision into current liabilities is carried out at the extent ventures are completed and delivered to buyers; thus beginning the warranty period.

b. *Income and social contribution taxes ("IR and CS")*

Deferred tax assets
Deferred tax credits resulting from tax loss or negative social contribution basis are only recognized to the extent their realization is likely, based on the future taxable profitability outlook. Prepayments and amounts that can be offset are presented in current and non-current assets, in accordance with their expected realization.

The book value of deferred tax assets is reviewed monthly and are recognized to the extent in which it is probable that future taxable income will permit that assets are recovered. Additional details on deferred taxes are included in Note 16

Current and deferred tax liabilities
The income and social contribution tax expense comprises current and deferred taxes on income and are recognized in the income (loss).

Current taxes are the expected taxes payable on the taxable income for the year, at tax rates enacted or substantively enacted on the date of presentation of the quarterly information, and any adjustments to taxes payable in relation to prior years.

The deferred tax liabilities are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes.

Deferred tax liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on laws enacted or substantively decreed up to the presentation of quarterly information.

- **Taxable income regime:** For the subsidiaries companies that opted for the taxation regime based on taxable income, the income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 per year for income tax and 9% on taxable income for social contribution on income, and consider the offsetting of tax loss carryforward and negative basis of social contribution limited to 30% of the taxable income.

- **Special tax regime of detached assets ("RET"):** Introduced by Law No. 10,931/2004 and applicable to real estate ventures that opted for this regime, on optional and irreversible basis while the rights and obligations of the real estate developer are effective in relation to real estate buyers that comprise the detached assets. Each venture under the RET is taxed at the rate of 1.92% for income tax and social contribution, and 2.08% for the tax for social security financing (COFINS) and the contribution to the social integration program (PIS).

- **Deemed income regime:** Applicable to companies which annual revenue for the immediately previous year is lower than R$ 78,000. In this context, the calculation basis of income tax and social contribution is calculated at the rate of 8% and 12% respectively, on gross income (32% when the income arises from service provision and 100% from financial income), to which the regular income tax and social contribution rates are applied, mentioned in Taxable income system.

Assessment of the impacts of Law No. 12,973/2014 (former Provisional Measure No. 627/2013)

With the publication of the Regulatory Instruction 949/2009 the Company and its subsidiaries opted for the RTT (Transitory Tax Regime) which allows a company to eliminate the accounting effects of Law No. 11,638/07 and MP No. 449/08, converted into Law No. 11,941/09, by means of records in the Taxable Profit Assessment Book (LALUR) or supporting controls, without any modification of the commercial accounting.

On November 11, 2013, the Provisional Measure (MP) No. 627 was published, which revoked the Transitory Tax Regime (RTT), among other provisions. On May 13, 2014, Law No. 12,973 was published, as a result of the conversion of MP 627/2013, that among other provisions: (i) revokes the Regime Tributário de Transição (RTT) (Transitional Tax Regime) starting in 2015, with the introduction of new tax regime; (ii) amends the Decree Law No. 1,598/77 in relation to the calculation of income tax of companies and social contribution on net income. The new tax regime set forth in the Law 12.973 is effective as of 2014, if the company exercises the option. Among the Law 12.973 provisions, we need to highlight a few that address the distribution of profits and dividends, the basis for calculating interest on capital, and criteria for calculating the equity during the RTT term. Based on our best interpretation of the current text of such Law, we concluded that there was no need of early adopting the Law to the year 2014 and no significant effects will be exerted on our operations or financial statements for the period ended December 31, 2014. The Company adhered to said Law beginning as of January 1, 2015.

Evaluation of impacts of Decree 8,426 of April 1, 2015

Beginning as of July 1, 2015, PIS and COFINS will be levied on financial income earned by legal entities: (i) subject to non-cumulative determination system; (ii) whose revenue are only partially subject to the non-cumulative determination system.

Rates levied on financial revenues will be applied as 0.65% for PIS and 4% for COFINS, including those deriving from hedge transactions. As regards Interest on capital (JCP), rates will be maintained as 1.65% for PIS and 7.6% for COFINS.

This decree will not result in significant increase in the Company’s tax load for the year ended December 31 2015, according to studies carried out until June 30, 2015.

c. Profit sharing - Employees and Management

The Company and its subsidiaries have employees’ benefit plan in the form of profit sharing and bonus plans and, when applicable, are recognized in income under caption "General and administrative expenses". Provision for bonus and bonus payments is based on annual income goal duly approved by the Company’s Board of Directors.

Additionally, the bylaw of the Company and its subsidiaries establish the profit distribution to the Management.

2.9 Significant judgments, estimates and assumptions

a. Fair value of financial instruments

When the fair value of the financial assets and liabilities presented in the balance sheet cannot be obtained from active markets, it is determined by using valuation techniques, including the discounted cash flow method. The data for these methods are based on those adopted by the market, when possible. However, when such data are not available, a certain level of judgment is required to establish the fair value. Judgment includes considerations on the data utilized, such as liquidity risk, credit risk and volatility. Changes in the assumptions related to these factors can affect the fair value presented for the financial instruments.

b. Provision for tax, civil and labor risks

The Company recognizes provision for tax, civil and labor claims. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more

recent court decisions and relevance thereof in legal system, as well as evaluation of external attorneys.

Provision is revised and adjusted to take into account changes in circumstances, such as statute of limitations applicable, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

c. Share-based payment

The Company measures the cost of transactions settled with employees' shares based on fair value of equity instruments on grant date.

Estimates of share-based payments' fair values require the most adequate evaluation method for the granting of equity instruments, which depends on grant terms and conditions.

This also requires determining the most appropriate data for evaluation model, including the expected life of the option, volatility and dividend income yield and related assumptions. Assumptions and models used in fair value estimates of share-based payments are explained in Note 23.

d. Appraisal of recoverable net value of assets (impairment)

The Company's Management annually assesses the net recoverable value of assets in order to identify events or changes in economic, operating, or technological circumstances likely to point out a deterioration or loss of their recoverable value. In case these evidences are identified, the asset's receivable value is calculated and, if net book value exceeds receivable value, a provision for impairment is recognized by adjusting the respective asset's net book value to its recoverable value.

Assumptions used to determine assets' values are based on the evaluation or indication that the asset's book value exceeds its recoverable value. These indications take into consideration the asset's obsolescence, the significant and unexpected reduction in its market value, changes to macro-economic environment in which the Company operates, and fluctuations in interest rates that may impact future cash flows of cash generating units.

The Company’s main assets whose recoverable values are tested at yearend are: Real estate inventories for sale, Investments held at cost value and Intangible assets with defined useful life.

e. *Contingent assets and liabilities and legal obligations*

The accounting practices used to recognize and disclose contingent assets and liabilities and legal obligations are as follows:

- **Contingent assets** - Are only recognized when there are real guarantees, or favorable, final and unappealable decisions. Contingent assets with chance of success classified as probable are disclosed in a Note.

- **Contingent liabilities -** Are accrued when the losses are regarded as probable by the Company's legal counsel and the amounts involved can be reliably measured. The contingent liabilities regarded as possible losses are only disclosed in the accompanying notes, whereas those regarded as remote losses are neither accrued nor disclosed.

- **Legal obligations -** Are recorded as liabilities, regardless of the evaluation of the loss likelihood.

f. *Works budget*

Total budgeted costs comprised by incurred costs and estimated costs for the completion of construction work are regularly reviewed according to construction evolution, and adjustments based on this review are reflected in the Company’s results in accordance with the accounting method used.

g. *Investment properties*

Investment properties are represented by lands and buildings in Shopping Centers kept to earn income from rentals and/or capital appreciation, and are stated at fair value at least annually, as described in Note 8.

Methodology on the measurement of fair value of investment properties

For measuring the fair value of properties, the appraisal company considered the direct comparative method regarding market data for lands classified into investment properties and that do not have a defined project. For ventures in construction or in operation, the appraiser considered for measuring the fair value the income method: Discounted cash flow. The descriptions of each method are as follows:

- **Direct market data comparative** - Using this method, the applicable market value is set based on comparable market evidences, that is, similar real estate for sale or recently sold. These market evidences are homogenized by weighting factors, in order to support the setting of a value range. In the absence of comparable elements, other methods for setting the value were also adopted.

- **Income method: Discounted cash flow** - In this methodology, the current rent income is estimated, based on the current and past performance, over a 10-year period, considering appropriate growth rates and contract events (price adjustments, revisions and renewals), which shall take place in the shortest term provided for the legislation applicable to lease contracts. For cases in which the current rent is above or lower than the market one, market revisions are considered, on the revision dates of each contract. Besides, in case of collection of percentage rent, the projections considered the highest amount among the earned income.

To reflect the perpetuity of operations, at the end of the tenth year, the income is capitalized, the income flow and perpetuity value are brought to present value at discount rates adequate to perception of market risk, taking into account the probable risk/performance of each scenario. For purposes of analysis, the continuity of the contracts in effect is considered, with their automatic renewal and income losses due to default not being considered.

Under-construction investment properties are valued by the estimated fair value of the completed investment, less the estimated amount of the costs to complete the construction, cost of financing and a reasonable profit margin. The main assumptions adopted to determine the fair value of the investment properties are detailed in Note 8.

2.10 Income recognition

Sale of assets and real estate (Real estate development)

Income from real estate sales is calculated considering contract income plus monetary variations up to delivery of keys, less the following costs: Expenditures for acquisition and regularization of land; Direct and indirect costs related to the projects and construction; Non-recoverable taxes and rates; and financial charges from borrowing for construction works.

Recognition of income from real estate sales is as follows:

a. **On credit sales of completed unit**: at the time sale is completed, regardless of contract value receipt period; and

b. **In the sale of units not yet completed**, according to the criteria established by the following:

(i) **OCPC 01 (R1)** - Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC) and approved by the CVM Resolution No. 561 of December 17, 2008;

(ii) **OCPC - 04** - Application of Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities approved by CVM Resolution No. 653 of December 16, 2010;

(iii) **ICPC 02** - Construction contract of the real estate sector approved by the CVM Resolution No. 612 of December 22, 2009;

Sales income, land and construction costs are recognized in income using the percentage of completion of each project, and this percentage is measured based on contract costs incurred in relation to total budgeted costs of respective projects, including project and land costs.

Determined sales income, including price-level restatement net of installments already received, are accounted for as Accounts receivable. Amounts received and higher than recorded income are recognized as Advances to clients, and prefixed interest levied after delivery of keys is recognized in income at the accrual basis, regardless of receipt.

The Company evaluated its contracts for the sale of real estate units and contracts executed by its subsidiaries based on analysis brought by OCPC 04, understanding that executed contracts are in the scope of CPC-17 - Construction contracts, as to the extent construction advances, risks and benefits are continuously transferred to the property committed buyer.

Information on balances of operations with real estate projects in progress and Advances from clients are detailed in Note 17.

Income earned from rental of investment properties

Rental income revenue from investment properties is recognized in the Company's consolidated income under caption "Other operating revenues" at the straight-line method over lease period. Granted lease incentives are recognized as an integral part of the total rental income, over the lease period.

Financial income

Financial income comprises income from interest on interest earning bank deposits, recognized in the income, under the effective interest method.

2.11 Unrecorded sales expenses

Commissions on sales were recorded as assets in income using the same recognition criterion as for income, as described in item 2.10.

Publicity, marketing and promotion expenses are recognized in income as sales expenses when publicity is broadcast and/or marketing action occurs.

2.12 Investment property

Investment properties are originally measured at cost, including transaction costs. The carrying value includes the replacement cost of a portion of an investment property existing at the time when the cost is incurred if the criteria for recognition are met; excluding the daily service costs of investment property. After initial recognition, investment properties are presented at fair value.

Gains or losses from changes in fair value of Investment properties are included in the income statement in the period they are generated.

2.13 Property, plant and equipment

Property, plant and equipment is recorded by the acquisition, formation or construction cost, less accumulated depreciation, calculated using the straight-line method based on rates determined by the assets' estimated useful life. Expenses incurred with repairs and maintenance are only accounted for if the economic benefits associated with these items are probable and the amounts are measured in a reliable manner, while the other expenses are recorded directly in income/loss when incurred. The recovery of fixed assets by means of future operations as well as the useful lives and the residual value of this property are monitored periodically and adjusted prospectively, if necessary.

2.14 Investments in subsidiaries

The Company's investments in subsidiaries are recorded based on the equity method of accounting, for the purposes of the Company's quarterly financial statements.

Based on the equity method of accounting, investment in subsidiary is recorded on the Company's balance sheet at cost, plus the changes following the acquisition of equity interest in the subsidiary. In the Company, the goodwill related to the subsidiary is included in the book value of the investment which is not amortized. As the goodwill based on future profitability integrates the book value of the investment in the parent company (it is not recognized separately), it is not tested separately in relation to its recoverable amount.

The equity interest in the subsidiary is stated in the parent company's income statement as equity pick-up, representing the net profit attributable to shareholders of the subsidiary.

Subsidiary quarterly financial statements are prepared for the same reporting period as the Company. Where necessary, adjustments are made so that the accounting policies are consistent with those adopted by the Company.

After applying the equity accounting method, the Company determines whether it is necessary to recognize additional impairment on the Company's investment in its subsidiary.

The Company determines, at each balance sheet closing date, if there is objective evidence that investment in the subsidiary suffered impairment loss. If so, the Company calculates the amount of impairment loss as the difference between the recoverable amount of the subsidiary and the book value and recognizes the amount in the statement of income.

When there is loss of significant influence on the subsidiary, the Company evaluates and recognizes investment at fair value. Any difference between the book value of the associate at the time of the loss of significant influence and the fair value of the remaining investment and proceeds from the sale will be recognized in income.

Associates are the entities in which the Company has, directly or indirectly, significant influence but not control or jointly-control on financial and operating policies. The significant influence is characterized by the Company holding, directly or indirectly, from 20% to 50% of the voting rights of the entity.

Investments in associates are accounted for using the equity method and are initially recognized at cost, which includes transaction expenses. Individual and consolidated quarterly information statements includes interest of the Company in income or loss for the year and other comprehensive income of investee, after adjustment to align the accounting policies of the investee with those of the Company, beginning as of the date in which a significant influence starts until the date in which that significant influence ends. When the participation of the Company in the losses of an investee exceeds its shareholding in this entity, the book value of the investment measured by the equity method, including any long-term interest as part of the investment is reduced to nil and recognition of additional losses is discontinued, except in cases where the Company has constructive obligations or has made payments on behalf of the investee, when then a provision for loss on investments is formed, which is shown in non-current liabilities.

Any difference between the book value of the former joint venture upon loss of joint control and the fair value of the investment, as well as any proceeds from the sale of the joint venture, will be recognized in the statement of income. Investments that maintain significant influence will be accounted for as investment in subsidiary. In the parent company's quarterly information and consolidated, and in such cases, will be valued under the equity method.

2.15 Other income and costs

Other income and costs include earnings, charges, and price-level restatements and foreign exchange variations, which are calculated based on official indices or rates that are levied on current and non-current assets and liabilities. The adjustments of assets to the market or realizable value are also included.

2.16 Statements of value added

The Company prepared the individual and consolidated Statements of Value Added (DVAs), which are presented as integral part of the individual and consolidated quarterly information according to the BR GAAP applicable to the publicly-held companies, whereas those according to the IFRS represent additional financial information.

2.17 Basic and diluted income (loss) per share

Basic and diluted earnings per share are calculated through income for the period attributable to the Company's shareholders and outstanding common shares' weighted average in the respective period, considering, when applicable, stock split adjustments occurred in the period or in the subsequent event captured in the preparation of Quarterly information, as presented in Note 19.

2.18 Dividends

The proposal for distribution of dividends made by the Company's Management and that is within the portion equivalent to minimum mandatory dividends is recorded as current liabilities, under caption "Dividends payable", as it is considered as a legal obligation provided for in the Company's bylaws; however, if there is a portion of dividends that is higher than minimum mandatory dividends stated by Management after the accounting period to which quarterly information refers, but before the date in which said quarterly information is issued, this portion will be recorded in caption "Proposed additional dividends, in shareholders' equity.

2.19 Foreign currency transactions

Transactions in foreign currency are translated into the respective functional currency of the Company (reais) at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated and calculated in foreign currencies on the date of presentation of the financial statements are converted into the functional currency at the exchange rate determined on that date. Exchange gain or loss in monetary items is the difference between the initial amortized cost of the functional currency of the period, adjusted by interest and effective payments during the period, and the end amortized cost in foreign currency at the exchange rate at the end of the presentation period.

2.20 New standards and interpretations not yet adopted

2014 financial statements contemplate pronouncements and interpretations adopted beginning as of January 1, 2014:

- **OCPC 07 -** Evidencing upon Disclosure of General Purpose Financial-Accounting Reports - CVM Resolution no. 727 of November 11, 2014: the purpose of this standard is to address basic requirements for preparation and evidencing to be followed upon disclosure of general purpose financial-accounting reports. It specifically provides on evidencing of own information in annual and interim accounting-financial statements, especially that included in notes. This standard defines that evidenced information must be relevant to external users. And it is only relevant in case they influence investors and creditors' decision process. Therefore, non-relevant ones must not be disclosed.

- **ICPC 09 (R2) -** Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method - CVM Resolution no. 729 of November 27, 2014: the purpose of review derives mainly from issuance of technical pronouncements CPC 18 (R2), CPC 19 (R2) and CPC 36 (R3), due to alterations made by IASB in international standards -IAS 28, IFRS 10 and IFRS 11. Other items were also reviewed to adjust wording to current necessities and maintain them consistent with international Standards.

- **ICPC 19 - Taxes -** CVM Resolution no. 730 of November 27, 2014: Interpretation is related to IFRIC Interpretation 21-Levies issued by IASB. This document provides on accounting of tax obligation payable if obligation is within reach of Technical Pronouncement CPC 25 and it also addresses accounting of tax obligation payable whose time and value are certain.

- **Change to CPC 01/IAS 36 -** "Asset Impairment" on disclosure of non-financial assets recoverable value. This change eliminates certain disclosures of Cash Generating Units (CGU) recoverable values that had been included in IAS 36 with issuance of IFRS 13.

- **Change to CPC 39/IAS 32 -** "Financial Instruments: Presentation", regarding offset of financial assets and liabilities. This change clarifies that the right to offset should not be contingent in a future event. It should also be legally applicable to all counterparties in the normal course of business, as well as in case of default, non-compliance or bankruptcy. Change also considers settlement mechanisms.

- **Review of Technical Pronouncement no. 7 -** "Equity method in Separate Financial Statements", changes wording of **CPC 35** - "Separate Financial Statements" to include changes made by IASB in IAS 27 - Separate Financial Statements, which starts to permit adoption of the equity method in separate financial statements of subsidiaries, thus aligning Brazilian accounting practices and international accounting standards. Especially for IFRS purposes, changes to IAS 27 were early adopted.

  (New and reviewed) standards and interpretations issued in 2015 and still not adopted:

- **IFRS 9 -** "Financial instruments", covers the classification, measuring and the recognition of financial assets and liabilities: the review project of policies on financial instruments is comprised of three phases:

- **Phase 1:** Classification and measurement of Financial Assets and Liabilities: regarding classification and measurement pursuant to the terms of IFRS 9, all recorded financial assets that are currently included in scope of IAS 39 will be subsequently measured at amortized cost or at fair value.

- **Phase 2:** Methodology for Impairment: IFRS 9 impairment model reflects expected credit losses instead of incurred credit losses, pursuant to the terms of IAS 39. In accordance with IFRS 9 approach to impairment, occurrence of a credit event before recognition of credit losses is no longer necessary. Instead, an entity always accounts for expected credit losses and variations in these expected credit losses. Value of expected credit losses must be updated at every quarterly information date to reflect changes in credit risk since initial recognition.

- **Phase 3:** Hedge accounting: hedge accounting requirements brought by IFRS 9 maintain the three types of hedge accounting mechanisms provided by IAS 39. On the other hand, this new regulation brought greater flexibility to types of transactions eligible to hedge accounting, more specifically, increase in types of instruments that qualify as hedge instruments and types of risk components of non-financial items eligible to hedge accounting. In addition, effectiveness test was renewed and replaced by the "economic relationship" principle. Retroactive evaluation of hedge effectiveness is no longer necessary. Additional disclosure requirements were introduced in relation to risk management activities of an entity.

  Applicable for annual periods started as of or after January 1, 2018. The early adoption of standards, although encouraged by the IASB, is not allowed in Brazil by the Committee of Accounting Pronouncements (CPC):

- **IFRS 15** - Income from contract with clients: on May 28, 2014, IASB and Financial Accounting Standards Board (FASB) issued new requirements for recognition of revenue in both IFRS and U.S. GAAP, respectively. IFRS 15 - Income from Contracts with Clients, requires from the entity recognition of income amount reflecting consideration expected in exchange for control of these assets or services. The new standard will replace most of the detailed guidance on income recognition that currently exists in IFRS and GAAP when this standard is adopted. Application is necessary for years started on or after January 1, 2018, with early adoption permitted for IFRS purposes and not permitted for local purposes before harmonization and approval of CPC and CVM.

  The Company is evaluating effects of IFRS 15 and IFRS 9 on its quarterly information and has not yet completed its analyses, thus, it is not able to estimate impact of adopting these standards.

  There are no other IFRS or IFRIC interpretations that have not yet entered into effect that could have significant impact on the Company.

3 Consolidation of subsidiaries

The subsidiaries were fully consolidated since the acquisition date, defined as the date when the Company obtains control over it, and continue being consolidated until that control is no longer in effect.

The Quarterly information of subsidiaries is usually prepared for the same reporting period that the parent company, using consistent accounting policies.

Income for the period and each component of Other comprehensive income directly recognized in shareholders' equity will be attributed to the Parent company's owners and to non-controlling shareholders.

(i) Interest of non-controlling shareholders

For each business combination, the Group (PDG) measures minority interests on acquisition date, using one of the following criteria:

At fair value or by proportional interest of identifiable net assets of the acquiree, which are generally at fair value.

Changes to the Group's (PDG) interest in a subsidiary that do not result in loss of control are accounted for as transactions with shareholders, in the capacity of shareholders. Adjustments to non-controlling shareholder interest are based on a proportional amount of the subsidiary's net assets. No adjustment is made to goodwill based on future profitability and, as a result, no gain or loss is recognized in income for the year.

(ii) Loss of control

Upon loss of control, the Group (PDG) derecognizes assets and liabilities of subsidiary, any non-controlling shareholders and other components recorded in shareholders' equity regarding this subsidiary. Any gain or loss resulting from loss of control is recognized in income for the year. If the Group (PDG) holds any in interest in former subsidiary, this interest is measured at fair value on the date control is lost. Subsequently, this interest is calculated by using equity in associates or at cost or fair value in an asset available for sale, depending on the level of influence it still has.

(iii) Transactions eliminated in the consolidation

Intragroup balances and transactions, and any unrealized income or expenses derived from intragroup transactions, are eliminated in the preparation of the consolidated quarterly information. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's (PDG) interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

4 Cash and cash equivalents and interest earning bank deposits

a. Cash and cash equivalents

Refer substantially to bank balances and marketable securities maturing in less than 90 days without any penalty on redemption, relating to Bank deposit certificates and Fixed income funds. The Company has investment policies that determine which financial investments are concentrated in low-risk securities, investments in prime financial institutions, and paid on average 97% of Interbank Certificate Deposit (CDI):

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Cash and banks	2,439	7,364	266,890	369,317
Interest earnings bank deposits				
Very short-term interest earnings bank deposits	62	-	12,019	16,214
Fixed-income investment funds	-	3,252	15,654	85,283
Bank deposit certificates (CDB)	31,443	249,121	525,687	547,422
Purchase and sale commitments	2,723	25,982	329,546	26,029
Subtotal	**34,228**	**278,355**	**882,906**	**674,948**
Total	**36,667**	**285,719**	**1,149,796**	**1,044,265**

b. Interest earnings bank deposits

The Company invests in investment funds classified into "Interest earning bank deposits". Fund quotas are measured at market value and their earnings are recognized as "Financial income". The balance on June 30, 2015, was R$ 47,781 (December 31, 2013: R$ 47,683).

5 Trade accounts receivable

	Parent company		Consolidated	
	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Development and property sale	122,391	119,156	7,044,292	8,229,790
(-) Allowance for doubtful accounts	(261)	(302)	(18,961)	(19,132)
(-) Adjustment to present value	(854)	(1,192)	(37,483)	(55,417)
Total	**121,276**	**117,662**	**6,987,848**	**8,155,241**
Current portion	91,463	93,444	3,004,855	4,495,579
Non-current portion	29,813	24,218	3,982,993	3,659,662
Total	**121,276**	**117,662**	**6,987,848**	**8,155,241**

Accounts receivable from real estate sales are substantially adjusted at INCC (civil construction national index) variation up to delivery of keys and then at IGP-M (general price index - market) variation plus interest of 12% p.a.

As of June 30, 2015 and December 31, 2014, the Company had balances in its consolidated accounts receivable, in the current portion, distributed as follows:

	06/30/2015			12/31/2014		
	In transfer process	Direct portfolio	Total	In transfer process	Direct portfolio	Total
falling due	1,376,324	771,142	2,147,466	2,451,411	938,197	3,389,608
overdue	**806,578**	**50,811**	**857,389**	**1,057,023**	**48,948**	**1,105,971**
0-30 days	291,066	3,548	294,614	514,062	3,805	517,867
31-60 days	162,756	6,553	169,309	123,811	5,733	129,544
61-90 days	37,593	7,426	45,019	154,768	7,167	161,935
91-120 days	95,060	1,614	96,674	72,555	3,360	75,915
121-360 days	74,891	1,475	76,366	61,464	2,846	64,310
Over 360 days	145,212	30,195	175,407	130,363	26,037	156,400
Total	**2,182,902**	**821,953**	**3,004,855**	**3,508,434**	**987,145**	**4,495,579**

Maturities of amounts in the process of being transferred refer to the original date included in the purchase and sale agreement, and the Company only changes maturity date upon effective renegotiation with clients.

In transfer process

When the Company delivers its projects, almost the totality of clients undergoes a bank financing process (also known as transfer) that is required for the delivery of keys and entering into possession of the unit. Clients that are not approved for bank financing will be analyzed on an individual basis and may be terminated; therefore, they will not receive the keys and will not enter into possession of the real estate.

Clients that do not address financing conditions will not receive the units and the Company will return, according to contract, a portion of received balance and will place units for sale again.

Balances of accounts receivable from units completed or in construction

The consolidated balances of accounts receivable for completed units, as of June 30, 2015, amounted to R$ 4,335,346 (R$ 4,421,496 as of December 31, 2014) and for enterprises under construction, as of June 30, 2015 amounted to R$ 2,652,502 (R$ 3,733,745 as of December 31, 2014).

Aging list, per maturity year, of long-term notes receivable balances are as follows:

	Parent company		Consolidated	
Year of maturity	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
2016	21,077	17,123	2,273,866	3,278,019
2017	3,730	3,030	1,411,054	163,018
2018	1,356	1,101	154,835	59,210
2019	1,149	933	68,781	50,168
2020 onwards	2,501	2,031	74,457	109,247
Total	**29,813**	**24,218**	**3,982,993**	**3,659,662**

Adjustment to present value (AVP)

Adjustment to present value of accounts receivable from units not completed and recognized on a proportional basis at criterion described in Note 2.10 is calculated by using an discount rate of 6.76% in the quarterly information at June 30, 2015 (5.50% in the period ended December 31, 2014), calculated at the average rate of the Company’s and its subsidiaries’ loan raising less inflation (IPC-A). This rate is compared to NTN-B and the highest is used. The current rate used is NTN-B. The discount rate is periodically reviewed by the Company's Management.

Allowance for doubtful accounts (PCLD)

The Company recognized as PCLD the amount of R$18,961 (R$19,132 as of December 31, 2014), approximately 37% on balance of its direct portfolio in arrears on June 30, 2015. Overdue balances refer to “*pro-soluto*” cases (cases without appeal); I.e. units that were passed on to clients and have payables to the Company.

Units enrolled with the Special Taxation Regime (RET)

As of June 30, 2015, the Company has 136 constructions (124 as of December 31, 2014) enrolled in the Special taxation regime - RET. As of June 30, 2015, the balances of accounts receivable related to these ventures amount to R$ 4,428,524 (as of December 31, 2014, R$ 5,045,109), which represent 56% of the total balance of accounts receivable of the Company on June 30, 2015 (51% as of December 31, 2014).

Untreated units

The Company and its subsidiaries recognize termination of units as a reversal of accumulated income and costs previously recorded to the extent of construction work progress at the time of contract rescission.

The Company, during the six-month period ended July 30, 2015, recorded a net volume of 2,042 canceled units/unites which contracts were canceled (1,707 units in the six-month period of 2014); of this total, 76.10% occurred because of the ineligibility of income (in 2014: 84%), 15.03% per exchange (in 2014: 2.17%) and 8.87% for several reasons (in 2014: 13.83%).

6 Real estate inventories for sale

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Property under construction	6,065	3,707	812,680	870,950
Property concluded	2,539	5,392	964,626	698,732
Lands for future developments	40,718	40,391	2,540,939	2,576,820
Advances to suppliers	967	1,367	13,550	11,608
Compound interest	2,537	1,956	127,042	115,770
Goodwill on land	-	-	2,322	18,241
Total	**52,826**	**52,813**	**4,461,159**	**4,292,121**
Current portion	12,108	12,422	1,973,704	1,927,392
Non-current portion	40,718	40,391	2,487,455	2,364,729
Total	**52,826**	**52,813**	**4,461,159**	**4,292,121**

Book value of a project's land is transferred to caption "Real Estate under Construction", within the heading "Property Inventory to negotiate", when units are placed for sale, that is, when the project is launched.

The goodwill balance corresponds to the valuation of land properties, and the capitalized charges in the parent company are recorded as "Investments" and in "Properties for sale" in the consolidated, in accordance with OCPC No. 01.

Lands for future developments

The Company reclassifies part of its inventories into non-current assets, according to launches scheduled for subsequent years, into the heading of "Land for future development".

The Company accumulates expenses with properties in the city of Salvador, classified as "Land for future projects", which will be mainly assigned to enterprises considered in the project denominated "Mintaka" by the Company. Physical barter referring to future "Mintaka" projects will be recorded in Inventories and Advances from clients upon definition of corresponding projects.

Allocation of financial charges

Loan, financing and debenture financial expenses, whose funds were used in the process of building real estate projects, are capitalized in caption "Real estate inventories for sale" and recognized in income under caption "Cost of Properties Sold" in the consolidated, in accordance with each project's sales percentage.

The balances of financial charges applicable to the parent company are shown under "Investments", as note 7. Changes on June 30, 2015 may are as follows:

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Opening balance	**1,956**	**1,934**	**115,770**	**197,322**
Adjustment Starting balance	-	-		-
(+) Capitalized finance costs related to:				
Loans and financing	1,726	2,645	89,504	184,135
Debentures	-	-	17,944	24,217
Total capitalized financial costs in the period	**1,726**	**2,645**	**107,448**	**208,352**
(-) Charges appropriated to the statement of income in the cost of properties	(1,145)	(2,623)	(96,176)	(289,904)
Total	**2,537**	**1,956**	**127,042**	**115,770**

7 Investments

a. Information on subsidiaries on June 30, 2015 and December 31, 2014

Interests in subsidiaries evaluated at the equity method are determined in accordance with the balance sheets of the respective investees.

Subsidiaries are engaged in performing real estate developments related to trading of home and commercial real estate.

The Company has shareholders' agreements related to subsidiaries with interest lower than 100%. Regarding the Management's resolutions of these subsidiaries, the Company takes part of the Board of Directors and/or Executive Board, participating in all strategic decisions of the business.

Subsidiaries' quarterly information used to calculate equity in investees and to consolidate adopts the same accounting practices adopted by the Company, which are described in Note 2, when applicable. The summary of main Quarterly information of subsidiaries is described in Note 7c.

Changes in the Company’s investments are as follow:

Parent company										
Company’s name	**% of direct interest**	**% of indirect interest**	**Balance at 12/31/2014**	**Increases/ Payments**	**Decreases / Write-offs**	**Capital gain/loss**	**Distribution of dividends**	**Other [1]**	**Equity in net income of subsidiaries**	**Balance at 06/30/2015**
Investments in subsidiaries										
Agre Empreendimentos Imobiliarios S.A	99.99%	0.01%	1,685,652	-	58,219	-	-	-	(88,958)	1,654,913
Amazon Empreendimentos Imobiliários Ltda	99.99%	0.01%	13,228	-	(1,070)	-	-	-	419	12,577
Fator Aquarius Empreendimentos Imobiliários Ltda	99.99%	0.01%	20,543	-	(7,939)	-	-	-	262	12,866
ATP Adelaide Participacoes Ltda	99.99%	0.01%	65,559	-	(920)	-	-	-	(326)	64,313
Bento Lisboa Participações S. A.	40.00%	60.00%	13,188	-	(7,621)	-	-	-	932	6,499
CHL Desenvolvimento Imobiliário S/A	72.79%	27.21%	697,810	-	(9,801)	-	24,424	-	6,610	719,043
Club Felicitá Empreendimento Imobiliários S.A.	99.99%	0.01%	15,396	-	(216)	-	-	-	(30)	15,150
Club Florença Empreendimento Imobiliários S.A.	99.99%	0.01%	11,687	-	(164)	-	-	-	(88)	11,435
Colore Empreendimento Imobiliário Spe S/A	87.35%	0.00%	22,909	-	(321)	-	-	-	(142)	22,446
PDG Spe 16 Empreendimentos Imo	50.00%	50.00%	3,973	-	-	-	-	-	2,218	6,191
Gold Investimentos S.A.	49.32%	50.68%	237,253	-	-	(9,953)	(5,614)	-	1,026	222,712
Goldfarb Incorporações E Construções S.A	99.99%	0.01%	1,467,912	-	(23,577)	-	-	-	(267)	1,444,068
LN 29 Incorporação e Empreendimento Ltda	64.00%	0.00%	10,966	-	(154)	-	-	-	(31)	10,781
LN 8 Incorp e Empreend Ltda	99.99%	0.01%	27,704	-	-	-	-	-	(7,308)	20,396
PDG São Paulo Incorporações S.A	99.99%	0.01%	333,156	-	(4,680)	-	-	-	(14,442)	314,034
PDG Araxa Income S.A.	99.99%	0.01%	34,471	-	(484)	-	-	-	(94)	33,893
PDG Companhia Securitizadora	99.99%	0.01%	67,522	-	-	-	-	-	(1,465)	66,057
PDG Desenvolvimento Imobiliário Ltda	99.99%	0.01%	385,228	-	(41)	(5,372)	(10,098)	-	428	370,145
PDG Ln 28 Incorporação e Empreendimento Ltda	99.99%	0.01%	18,000	-	(252)	-	-	-	127	17,875
PDG Ln 31 Incorporação e Empreendimentos Ltda	99.99%	0.01%	11,107	-	(157)	-	-	-	(1,903)	9,047
PDG Ln 34 Incorp e Empreend Ltda	99.99%	0.01%	(1,229)	38,371	-	-	-	-	9,487	46,629
PDG-Ln7 Incorporação e Empreendimentos S.A.	99.99%	0.01%	48,419	-	-	-	-	-	(11,031)	37,388
Performance Br Empreendimentos Imobiliários S.A.	68.00%	0.00%	86,808	-	(1,219)	-	(7,430)	-	(3,060)	75,099
PDG Vendas Corretora Imobiliária Ltda.	99.99%	0.01%	26,691	-	(7,277)	-	-	-	-	19,414
REP Desenvolvimento Imobiliário S.A	58.10%	0.00%	197,615	-	(9,191)	-	-	-	2,331	190,755
Fator Sky Empreendimento Imobiliário Ltda	99.99%	0.01%	14,385	-	(4,336)	-	-	-	534	10,583
Zmf 5 Incorporações S.A.	99.99%	0.01%	28,410	-	(399)	-	-	-	3,085	31,096
PDG 64 Empreendimentos e Participações S.A	67.00%	0.00%	242,025	80	(13,371)	-	-	-	(11,330)	217,404
Other [2]			166,615	36,207	(113,079)	-	(3,045)	6,919	(30,979)	62,638
			5,953,003	**74,658**	**(148,050)**	**(15,325)**	**(1,763)**	**6,919**	**(143,995)**	**5,725,447**
Investments in associates										
Fator Ícone Empreendimento Imobiliários.	50.00%	0.00%	853	5,676	-	-	-	-	845	7,374
TGLT S.A [3]	27.18%	0.00%	22,178	-	(22,956)	-	-	1,244 [4]	(466)	-
Other [2]			28,469	658	(7,389)	-	(7,448)	2,955	849	18,094
			51,500	**6,334**	**(30,345)**	**-**	**(7,448)**	**4,199**	**1,228**	**25,468**
Subtotal - Equity interest			**6,004,503**	**80,992**	**(178,395)**	**(15,325)**	**(9,211)**	**11,118**	**(142,767)**	**5,750,915**
Other										
Intangible assets			395,466	24,580	(5,013)	-	-	-	-	415,033
Compound interest			13,140	-	(1,425)	-	-	-	-	11,715
Appreciation of land			59,643	-	(15,919)	-	-	-	-	43,724
Subtotal - other investments			**468,249**	**24,580**	**(22,357)**	**-**	**-**	**-**	**-**	**470,472**
Total investments			**6,472,752**	**105,572**	**(200,752)**	**(15,325)**	**(9,211)**	**11,118**	**(142,767)**	**6,221,387**

(1) Provision for losses in investments reclassified to non-current liabilities under caption "Other obligations".
(2) Investments in subsidiaries and associated companies with single balances of up to R$5 million on June 30, 2015.
(3) Associated company sold in May 2015.
(4) Includes foreign exchange variation of R$1,344

b. Information on jointly-controlled subsidiaries and associated companies (PDG) on June 30, 2015 and December 31, 2014

	Consolidated								Consolidated Balance	
Company's name	**% of direct interest**	**Assets**	**Liabilities**	**Shareholders' equity**	**Total income for the period**	**Equity in net income of subsidiaries**	**Other [2]**	**Investments on 06/30/2015**	**Investments on 12/31/2014**	**Equity in subsidiaries on 06/30/2014**
Api Spe 08 - Planejamento e Desenvolv. Imob. Ltda.	50.00%	108,360	46,464	61,896	-	-	-	30,948	30,948	-
Chl Lxxviii Incorporações Ltda Imobiliários S.A	50.00%	38,516	17,473	21,043	2,596	1,298	-	10,522	14,224	853
Costa São Caetano Empreendimentos S.A.	25.00%	94,490	75,067	19,423	(202)	(51)	-	4,856	8,146	315
Gliese Incorporadora Ltda	42.46%	139,570	92,239	47,331	385	163	-	20,097	19,933	265
Iepe - Investimentos Imobiliarios Ltda	30.00%	25,731	6,869	18,862	354	106	-	5,659	5,621	(4,014)
Inpar - Abyara - Res. Project Santo Amaro Spe Ltda	30.00%	27,429	5,636	21,793	(47)	(14)	-	6,538	6,560	(28)
Jetirana Empreendimentos S.A.	50.00%	171,713	125,630	46,083	12,332	6,166	-	23,042	22,509	9,328
Living Cedro Empreendimentos Imobiliarios Ltda	50.00%	-	-	-	-	-	-	-	5,640	(18)
Londres Empreendimentos S.A.	25.00%	133,614	87,768	45,846	1,961	490	-	11,462	12,184	1,079
Murcia Emprendimentos Imobiliários Ltda	30.00%	-	-	-	-	-	-	-	5,597	-
Paiol Velho Ltda.	39.00%	34,084	7,381	26,703	-	-	-	10,414	10,414	-
Queiroz Galvão Mac Cyrela Veneza S.A.	20.00%	92,098	77,805	14,293	(7,365)	(1,473)	-	2,859	8,976	(672)
Schahin Borges De Figueiredo Incorporadora Ltda	30.00%	27,732	76	27,656	-	-	-	8,297	8,297	-
Shopping Buriti Mogi Empr. Imob. SPE Ltda.	50.00%	130,482	55,119	75,363	2,711	1,356	-	37,682	34,590	654
Spe Chl Cv Incorporações Ltda	50.00%	101,136	60,007	41,129	12,716	6,358	-	20,565	14,207	4,274
Spe Reserva I Empreendimento Imobiliario S/A	50.00%	180,863	159,899	20,964	15,938	7,969	-	10,482	19,792	7,565
TGLT	27.18%	-	-	-	-	-	-	-	22,179	(1,333)
Windsor Investimentos Imobiliários Ltda	25.00%	1,223,075	573,393	649,682	183,976	45,994	-	162,421	116,915	22,853
Other investees [1]		598,721	458,906	139,815	8,871	3,712	8,427	49,853	53,404	515
		3,127,614	**1,849,732**	**1,277,882**	**234,226**	**72,074**	**8,427**	**415,697**	**420,136**	**41,636**
Other										
Intangible assets		-	-	-	-	-	-	31,528	36,541	-
Subtotal - other investments		**-**	**-**	**-**	**-**	**-**	**-**	**31,528**	**36,541**	**-**
Total investments		**3,127,614**	**1,849,732**	**1,277,882**	**234,226**	**72,074**	**8,427**	**447,225**	**456,677**	**41,636**

(1) Investments with balances of up to 5 million as of June 30, 2015

(2) Provision for losses in investments reclassified to non-current liabilities under caption "Other obligations".

c. Financial information of Group's subsidiaries (PDG) as of June 30, 2015 and December 31, 2014

	Consolidated at 06/30/2015								Consolidated balance	
Company's name	**% Total of the company**	**% Minority interest**	**Assets**	**Liabilities**	**Shareholders' equity**	**Income (loss)**	**Income of non-controlling shareholders**	**Equity of non-controlling shareholders**	**Equity of non-controlling shareholders on December 31, 2014**	**Income (loss) 06/30/2014**
Araxá Participações e Empreend. Imob. S.A	42.00%	58.00%	129,896	47,261	82,635	4,120	2,390	47,928	45,539	8,394
CHL Lxviii Incorporações Imobiliários S.A	70.00%	30.00%	30,658	653	30,005	9	3	9,002	8,999	166
SPE Chl Xcii Incorporações Imobiliários S.A	70.00%	30.00%	231,777	200,250	31,527	1,254	376	9,458	9,082	(30)
Geraldo Martins Empreendimentos Imob. S.A.	50.00%	50.00%	62,213	23,249	38,964	(2,332)	(1,166)	19,482	20,648	5,428
PDG Masb Empreendimento Imob. Spe Ltda	50.00%	50.00%	39,298	15,908	23,390	(1,841)	(921)	11,695	12,616	3,756
PDG SP 5 Incorporações Spe Ltda	50.00%	50.00%	23,910	11,821	12,089	(470)	(235)	6,045	12,280	1,623
LBC Empreedimento Imobiliario Spe Ltda	50.00%	50.00%	23,592	5,667	17,925	213	107	8,963	8,856	1,444
Peonia Empreendimentos Imobiliários	66.30%	33.70%	78,370	30,991	47,379	(68)	(23)	15,967	16,042	374
Colina De Piata Incorporadora Ltda	87.50%	12.50%	68,222	33,323	34,899	(2,849)	(356)	4,362	10,255	(241)
Esperanca Incorporadora Ltda	70.00%	30.00%	32,242	2,346	29,896	(11,869)	(3,561)	8,969	5,771	1,069
Torre De Ferrara Incorporadora Ltda	70.00%	30.00%	22,511	610	21,901	(488)	(146)	6,570	6,022	(334)
Torre De Rhodes Incorporadora Ltda	70.00%	30.00%	18,685	965	17,720	(10,024)	(3,007)	5,316	5,650	(1,127)
Aquarelle Incorporadora Ltda	60.00%	40.00%	13,343	1,306	12,037	(956)	(382)	4,815	5,197	(1,529)
CHL Cxx Incorporações S.A	55.00%	45.00%	69,152	47,070	22,082	7,825	3,521	9,937	6,416	1,250
Jardim Das Vertentes Incorp Spe Ltda	87.50%	12.50%	59,070	23,199	35,871	(3,789)	(474)	4,484	5,739	241
Gonder Incorporadora Ltda.	86.00%	14.00%	287,730	267,783	19,947	(34,100)	(4,774)	2,793	7,567	(532)
BNI Artico Desenvolvimento Imobiliario Ltda	50.38%	49.62%	19,236	7,142	12,094	(1,275)	(633)	6,001	7,326	187
Agin Anapolis Empreendimento Imobiliario	50.00%	50.00%	68,592	437	68,155	(245)	(123)	34,078	34,200	113
API Spe10-Plan e Des De Emp Imob Ltda	80.00%	20.00%	89,090	58,032	31,058	1,579	316	6,212	5,896	278
Shimpako Incorporadora Ltda.	66.67%	33.33%	46,894	3,463	43,431	(5)	(2)	14,476	14,478	(1)
Astroemeria Incorporadora Ltda.	80.00%	20.00%	35,278	7,015	28,263	24	5	5,653	5,648	1
Gerbera Incorporadora Ltda.	71.67%	28.33%	63,954	6,296	57,658	1	-	16,335	16,334	(14)
Acanto Incorporadora Ltda.	66.67%	33.33%	29,973	1,063	28,910	-	-	9,636	9,636	-
Garibaldi Incorporadora Ltda	70.00%	30.00%	-	-	-	-	-	-	5,490	-
Dubhe Incorporadora S/A	55.00%	45.00%	39,645	5,223	34,422	-	-	15,490	15,490	-
Gundel Incorporadora Ltda	70.00%	30.00%	133,916	81,585	52,331	(5,053)	(1,516)	15,699	14,642	2,306
Orion Incorporadora Ltda	70.00%	30.00%	89,271	33,642	55,629	(1,207)	(362)	16,689	15,847	1,142
Performance Br Empreendimentos Imob. S.A,	68.00%	32.00%	117,770	7,330	110,440	(4,500)	(1,440)	35,341	40,277	10,285
LN 29 Incorporação e Empreendimento Ltda	64.00%	36.00%	39,178	22,333	16,845	(48)	(17)	6,064	6,081	(608)
REP Desenvolvimento Imobiliário S.A	58.10%	41.90%	771,580	403,560	368,020	2,208	925	154,200	183,638	7,993
Vitality Empreendimentos Imobiliários Ltda	80.00%	20.00%	32,788	1,302	31,486	219	44	6,297	7,948	(13)
Other investments [1]			2,878,850	2,017,714	861,136	7,167	8,999	375,269	309,917	(2,189)
Total			**5,646,684**	**3,368,539**	**2,278,145**	**(56,500)**	**(2,452)**	**893,226**	**879,527**	**39,432**

(1) Investments with balances of up to 5 million as of June 30, 2015

d. Investment in shares

On June 30, 2015, the Company, through its subsidiary Agra Empreendimentos Imobiliários S.A., maintains an exclusive investment fund (FIP PDG) whose main assets are equity interests in its subsidiaries. Fund shares are valued according to equity quotations and its earnings are recognized in subsidiary's income, and are eliminated upon preparation of the Company's consolidated quarterly information.

8 Investment property

	Enterprises in operation	Projects under development phase [1]	Total
Balances at December 31, 2013	**385,144**	**77,430**	**462,574**
Acquisitions and improvements (a)	330	80,484	80,814
Disposal (b)	(15,769)	-	(15,769)
Adjustment to fair value (c)	15,665	25,856	41,521
Transfers (d)	140,752	(140,752)	-
Reclassifications (e)	(6,070)	(7,459)	(13,529)
Balances at December 31, 2014	**520,052**	**35,559**	**555,611**
Acquisitions and improvements (f)	23,364	10,699	34,063
Disposal (g)	(13,200)	-	(13,200)
Balances at June 30, 2015	**530,216**	**46,258**	**576,474**

(1) Projects under construction or revitalization phase; non-operating

(a) Expenditures with the construction of Botucatu Shopping Mall and revitalization of Valinhos, Hortolandia and Bay Market (Mais Shopping) Shopping Malls.

(b) Sale refers to the Largo XIII Shopping Mall.

(c) Recognized in profit or loss for the year in the heading "Other operating income"

(d) They refer to the transfer of the balance of Buildings under construction, due to the opening of Botucatu Shopping Mall.

(e) The Company REP and its investees earn tax credits (PIS and COFINS) arising from improvements made to properties; therefore, part of the asset value is reclassified to recoverable taxes.

(f) It refers to the revitalization/expansion of Valinhos and Bay Market (Mais Shopping) Shopping Malls and acquisition of CCS by SPE Santo Eustáquio.

(g) It refers to the sale of assets (Property) of CCS Lapa

e. Measurement of fair value of Investment properties

The subsidiary REP - Real Estate Desenvolvimento Imobiliário S.A. and its subsidiaries adopt the fair value method to better reflect its business and for understanding that it is the best information for market analysis.

Fair value hierarchy

The fair value of Investment properties is determined based on discounted cash flow, prepared internally, and asset appraisal report obtained from independent external real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the property location and category that is being appraised. The independent appraisers proved the fair value of the investment property portfolio of the Group on annual basis, and the internal studies are made upon any indication of change in the assumptions adopted for calculating the fair value of properties.

Measurement of investment properties' fair value was classified as Level 2 (Comparative method directly from market data) and 3, fair value based on inputs used in this evaluation technique.

Appraisal techniques and observable and unobservable inputs - 2 and 3 Levels Fair Value

The following chart shows the appraisal method adopted in the measurement of the fair value of investment properties, as well as the significant observable and unobservable inputs used on December 31, 2014:

Fair value hierarchy - Level	Valuation technique	Significant inputs	Relation between significant observable and unobservable inputs	Properties' value in 2014
Level 2	***Equity Appraisal Report:*** The market value applicable to a property is defined based on comparable market evidences, that is, similar properties on sale or recently transacted.	• No significant input was considered in the appraisal.	The estimated fair value would increase (decrease) if: • increase or decrease in transaction volume in the region where the property is located. • increase or decrease in the limit of construction area. • extraordinary events occur that increase or decrease the square meter vale in the region.	R$ 48,200
Level 3	***Discounted cash flows:*** The appraisal model considers the present value of net cash flows to be generated from the investment property, taking into account the rate of growth in the lease prices, construction costs to be incurred (ventures in construction), ventures' maintenance costs, and occupancy rate. The expected net cash flows are discounted by a risk-adjusted discount rate. Among other factors, the estimate of discount rate for ventures in construction considers the construction risks. Model of "Effective Interest Rate" discounted cash flow.	• Estimated growth in lease prices in the expected market from 2% to 15%. • Maintenance period of the venture, average of 10 years. • Maintenance cost of the venture - average of 3% of net operating income; • Risk-adjusted discounted rates for interval from 8.9% to 14%.	The estimated fair value would increase (decrease) if: • the expected growth in lease prices in the market is in excess or in short. • the occupancy rate is higher or lower. • periods without receipt of lease are more or less short. Or • the risk-adjusted discount rate is lower or higher.	R$ 507,411

9 Property, plant and equipment

Property, plant and equipment are segregated into well-defined classes. They are related to operating activities. There are effective controls on property, plant and equipment items that allow the identification of losses and changes in estimated useful lives of assets. The annual depreciation is calculated by the linear method throughout the useful life of the assets, at rates which consider the estimated useful lives of the assets, as follows:

	Parent company				
Cost	**Furniture and fixtures**	**Computers**	**Leasehold improvements**	**Sales Stand (i)**	**Total**
Balance at 12/31/2013	**379**	**3,848**	**-**	**11,757**	**15,984**
, Write-offs	-	(17)	-	(11,757)	(11,774)
Balance at 12/31/2014	**379**	**3,831**	**-**	**-**	**4,210**
, Additions	-	-	705	-	705
Balance at 06/30/2015	**379**	**3,831**	**705**	**-**	**4,915**

	Parent company				
Depreciation	**10% p.a. Furniture and fixtures**	**20% p.a. Computers**	**Leasehold improvements**	**Sales Stand (i)**	**Total**
Balance at 12/31/2013	**(236)**	**(2,381)**	**-**	**(11,757)**	**(14,374)**
. Depreciations	(37)	(1,060)	-	-	**(1,097)**
. Write-offs	-	-	-	11,757	**11,757**
Balance at 12/31/2014	**(273)**	**(3,441)**	**-**	**-**	**(3,714)**
. Depreciations	(19)	(79)	(12)	-	**(110)**
Balance at 06/30/2015	**(292)**	**(3,520)**	**(12)**	**-**	**(3,824)**
Residual balance at 06/30/2015	**87**	**311**	**693**	**-**	**1,091**
Residual balance at 12/31/2014	**106**	**390**	**-**	**-**	**496**
Residual balance at 12/31/2013	**143**	**1,467**	**-**	**-**	**1,610**

	Consolidated						
Cost:	**Machinery and equipment**	**Furniture and fixtures**	**Computers**	**Leasehold improvements (ii)**	**Sales Stand (i)**	**Other fixed assets**	**Total**
Balance at 12/31/2013	**37,736**	**16,677**	**25,845**	**16,917**	**377,696**	**20,429**	**495,300**
, Additions	-	814	412	7,552	18,296	-	**27,074**
, Write-offs	(5,789)	-	(19)	-	(386,355)	(15,351)	**(407,514)**
Balance at 12/31/2014	**31,947**	**17,491**	**26,238**	**24,469**	**9,637**	**5,078**	**114,860**
, Additions	-	753	289	6,990	1,258	77	**9,367**
, Write-offs	(1,591)	-	-	(10,081)	(1,348)	(20)	**(13,040)**
Balance at 06/30/2015	**30,356**	**18,244**	**26,527**	**21,378**	**9,547**	**5,135**	**111,187**

Depreciation:	Consolidated						
	10% p,a, Machinery and equipment	**10% p,a, Furniture and fixtures**	**20% p,a, Computers**	**Leasehold improvements (ii)**	**Sales Stand (i)**	**Other fixed assets**	**Total**
Balance at 12/31/2013	**(12,690)**	**(9,209)**	**(18,315)**	**(8,803)**	**(373,562)**	**(4,844)**	**(427,423)**
, Depreciations	(3,331)	(1,632)	(3,811)	(1,523)	(17,075)	(529)	**(27,901)**
, Write-offs	2,096	-	10	-	385,289	3,381	**390,776**
Balance at 12/31/2014	**(13,925)**	**(10,841)**	**(22,116)**	**(10,326)**	**(5,348)**	**(1,992)**	**(64,548)**
, Depreciations	(745)	(443)	(1,057)	(693)	(2,991)	(252)	**(6,181)**
, Write-offs	144	34	-	31	1,352	26	**1,587**
Balance at 06/30/2015	**(14,526)**	**(11,250)**	**(23,173)**	**(10,988)**	**(6,987)**	**(2,218)**	**(69,142)**
Residual balance at 06/30/2015	**15,830**	**6,994**	**3,354**	**10,390**	**2,560**	**2,917**	**42,045**
Residual balance at 12/31/2014	**18,022**	**6,650**	**4,122**	**14,143**	**4,289**	**3,086**	**50,312**
Residual balance at 12/31/2013	**25,046**	**7,468**	**7,530**	**8,114**	**4,134**	**15,585**	**67,877**

(i) The depreciation is made according to the useful life of the assets, with average term of 18 months used during the period of sale of the developments and recorded in the result under the caption "Selling Expenses".

The write-off is made as a consequence of the dismantling of the stand.

(ii) The amortization is made over the real estate rental contract.

Property, plant and equipment impairment test

The Group periodically revises the existence of indications of recoverability of Fixed Asset items. When non-recoverable property, plant and equipment items are identified, the Group (PDG) analyzes and records provision for impairment. For the period ended June 30, 2015, the Group (PDG) did not find any indication or needs of recognizing the provision for impairment of fixed asset items.

10 Intangible assets

The breakdown of intangible assets as of June 30, 2015 and December 31, 2014 is as follows:

	Parent company		Consolidated	
Breakdown of goodwill by company	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
Agre Empreendimentos Imobiliarios S.A.	275,900	275,900	337,120	335,342
Windsor Investimentos Imobiliários Ltda. (i) (iii)	24,580	-	24,580	24,580
Agre Urbanismo S.A.	3,403	3,403	3,403	3,403
PDG São Paulo Incorporações S.A.	-	-	3,373	3,548
Aztronic Engenharia de Softwares Ltda. (i)	4,362	4,362	4,362	4,362
CHL Desenvolvimento Imobiliários S.A.	59,443	59,443	59,855	60,009
Goldfarb Incorporações e Construções S.A.	38,377	38,377	40,903	40,806
LN 8 Incorporacao e Empreendimentos Ltda.	2,944	2,944	2,944	2,944
PDG Desenvolvimento Imobiliário S.A.	-	-	35,767	35,767
PDG LN Incorporações e Construções S.A.	3,438	3,438	3,438	3,438
TGLT S.A. (i) (ii)	-	5,013	-	5,013
Fator Ícone Empreendimento Imobiliários. (i)	2,586	2,586	2,586	2,586
Total	**415,033**	**395,466**	**518,331**	**521,798**
Software and other intangible assets	30,291	28,037	75,012	73,229
Subtotal	**445,324**	**423,503**	**593,343**	**595,027**
Reallocation for investments (Note 7) (i)	(415,033)	(395,466)	(31,528)	(36,541)
Closing balance	**30,291**	**28,037**	**561,815**	**558,486**

(i) In the quarterly information of the "Parent company" and "Consolidated", these Intangible Assets are being presented in the headings of Investments, because they are intangible assets of associated companies (Note 7)

(ii) Write-off of balance in 2015, through disposal of investment in associate.

(iii) Original value of parent company PDG 65 Empreendimentos e Participações Ltda. development.

a. Changes in intangible assets

The changes in intangible assets in the periods ended June 30, 2015 and December 31, 2014 could be shown as follows:

	Parent company	Consolidated				
	Right to use software	Trademarks and patents	Right to use software	Subtotal	Goodwill on investments	Total
Cost						
Balance at 12/31/2013	**37,371**	**88**	**110,441**	**110,529**	**615,132**	**725,661**
. Additions	4,835	-	18,780	18,780	-	18,780
Balance at 12/31/2014	**42,206**	**88**	**129,221**	**129,309**	**615,132**	**744,441**
. Additions	4,955	-	9,796	9,796	-	9,796
Balance at 06/30/2015	**47,161**	**88**	**139,017**	**139,105**	**615,132**	**754,237**
			-			
Amortization						
Balance at 12/31/2013	**(9,940)**	**-**	**(37,611)**	**(37,611)**	**(90,776)**	**(128,387)**
. Amortizations	(4,229)	-	(18,469)	(18,469)	(39,099)	(57,568)
Balance at 12/31/2014	**(14,169)**	**-**	**(56,080)**	**(56,080)**	**(129,875)**	**(185,955)**
. Amortizations	(2,701)	-	(8,013)	(8,013)	1,546	(6,467)
Balance at 06/30/2015	**(16,870)**	**-**	**(64,093)**	**(64,093)**	**(128,329)**	**(192,422)**
Residual balance at 06/30/2015	**30,291**	**88**	**74,924**	**75,012**	**486,803**	**561,815**
Residual balance at 12/31/2014	**28,037**	**88**	**73,141**	**73,229**	**485,257**	**558,486**
Residual balance at 12/31/2013	**27,431**	**88**	**72,830**	**72,918**	**524,356**	**597,274**

b. Impairment

The main assumptions adopted for estimating the recoverable value are as follows. The amounts attributed to the main assumptions represent the evaluation of future trends by management in relevant sectors and were based on historical data from internal and external sources.

The fair value measurement was classified as Level 3 fair value, based on the adopted valuation technique inputs.

The impairment test was prepared considering the assumptions used for the projection and the monitoring of the company's projected cash flows, using a perpetuity model and was divided into three big items: (i) Income from sale of property; (ii) costs from development and construction of properties and administrative and selling expenses; and (iii) net indebtedness represented by Total debt less Cash and cash equivalents.

The projected income was divided into two big items: (i) contracted income from properties sold and (ii) income from unsold property inventories. Income from unsold real estate inventories is based on statistic historical sales curves (statistical basis) and the updated price list for each enterprise. Direct sale incomes are based on contractual maturity of installments, with reserves for statistical percentages of default promising buyers and related recoveries.

Amounts received for transfer within the Financial Housing System is calculated with basis on assumptions of property delivery dates and financing agreements to support production. Net indebtedness was projected in accordance with financing facilities for debts with third parties not provided for in projected cash flow, less Cash and cash equivalents maintained in the Company's assets.

Costs for Development, Land and Construction of properties are based on forecast of projects in progress and new projects. Administrative and selling expenses are based on the Company's budget and take into account the size of the operation.

Software intangible assets
Assets classified as "Software and other intangible assets" correspond to the Company's operating software acquisition and implementation costs whose amortization started in January 2011. During the period ended June 30, 2015, the amount of R$ 8,013 was amortized and accounted for in the Company's income (R$ 8,635 at June 30, 2014). Software amortization period was estimated as eight years.

11 Related party transactions and balances

a. Advances for future capital increase

Amount classified as non-current asset under advances for future capital increase (FACA) refers to contribution intended to make projects' initial stage possible. These contributions are not subject to any index or interest rate and will be the object of a decision by part of shareholders as regards their capitalization.

Active debenture transactions
The balances of active debentures, classified in non-current assets of the Parent Company, are related to non-convertible debentures issued by investees and are remunerated at rates that may range from IGPM plus interest of 12% p.a, IGPM plus interest of 14% p.a. and CDI plus interest of 3% p.a.

b. Management remuneration

Limit for global remuneration of the Company's management in 2015 was determined as up to R$26,988 (R$28,000 in 2014) for fixed and variable, direct and indirect remuneration of management, considering maximum level and for supervisory board, as well as amounts to be paid by it as a result of stock options granted pursuant to the Company's Stock Option Plan.

Amount recorded as remuneration, profit sharing, dividends and/or benefits in general during the year ended June 30, 2015 and 2014 is as follows:

	Parent company				**Consolidated**			
	04/01/2015-06/30/2015	**01/01/2015-06/30/2015**	**04/01/2014-06/30/2014**	**01/01/2014-06/30/2014**	**04/01/2015-06/30/2015**	**01/01/2015-06/30/2015**	**04/01/2014-06/30/2014**	**01/01/2014-06/30/2014**
Fixed compensation								
Board of Directors	180	360	211	391	180	360	211	391
Fiscal Council	80	152	72	144	80	152	72	144
Statutory Board	990	1,659	630	1,360	990	1,659	1,248	2,594
Charges	280	434	319	502	280	434	472	810
	1,530	**2,605**	**1,232**	**2,397**	**1,530**	**2,605**	**2,003**	**3,939**
Benefits								
Statutory Board	131	131	43	113	131	131	36	113
	131	**131**	**43**	**113**	**131**	**131**	**36**	**113**
Total fixed compensation	**1,661**	**2,736**	**1,275**	**2,510**	**1,661**	**2,736**	**2,039**	**4,052**
Variable compensation								
Profit sharing	-	-	-	8,806	-	-	3,935	8,806
Share-based	71	2,241	1,737	3,927	71	2,241	1,737	3,927
Total variable compensation	**71**	**2,241**	**1,737**	**12,733**	**71**	**2,241**	**5,672**	**12,733**
Overall total	**1,732**	**4,977**	**3,012**	**15,243**	**1,732**	**4,977**	**7,711**	**16,785**

The variable compensation of Management is composed of profit sharing and these are usually provisioned over the year, based on the estimate of payment.

The Company, based on item 8 of the CVM/SNC/SEP official circular No. 01/2013 of February 8, 2013, presents the following references regarding disclosure of related-party transactions:

(i) Does not own short-term benefits to employees and management;

(ii) Does not have post-employment benefits;

(iii) Does not have other long-term benefits;

(iv) Does not own benefits on termination of employment contract; and

(v) Share-based remuneration (Share purchase option plan - Disclosed in Note 23)

c. Sureties and guarantees

The Company totals R$ 3,604,837 of sureties and guarantees on June 30, 2015 (R$4,620,524 as of December 31, 2014). These amounts derive from sureties and guarantees provided in real estate credit transactions carried out by the Company's investees, based on balances payable and future releases contracted up to this date, proportional to the Company's interest in investees.

Companies are compliant with all contract conditions of said real estate credit transactions.

d. Related party balances

Balances and transactions with related parties are shown below:

	Parent company		Consolidated	
	06/30/2015	12/31/2014	06/30/2015	12/31/2014
Assets				
Debentures receivable - Non-current assets	34,221	31,167	29,688	26,634
Related-party Loans- Current and Non-Current Assets	66,180	66,112	80,461	67,229
Advances for future capital increase - FACA - non-current assets	1,785,664	1,284,207	-	-
Liabilities				
Convertible debentures - 8th issuance (Note 14b)	1,989	3,978	1,989	3,978

Rights to related companies have no established maturities and no financial charges. The main purpose of loan transactions and balances receivable from subsidiaries and associated entities was to fund the initial stage of the enterprises, based on commercial relationships with the related parties for the development and construction activities.

e. Related parties with provision of materials and services

Transactions and businesses with related parties are carried out at usual market prices and conditions; therefore, they do not generate benefits or losses to the Company or any other party.

According to the article 15 of our By-Laws, the Board of Directors ("CA") shall approve the: Executing, amending and terminating contracts, as well as on carrying out transactions of any nature between the Company and the Company's shareholders and/or subsidiaries, associates or parent companies of the Company's shareholders. Board of Directors' meetings held to decide on these and other investment decisions are installed with the presence of the majority of the Board of Directors' members and decisions are considered valid if approved by the majority of present members.

Main information on transactions carried out with the Company's or its investees' administrators and partners is presented as follows:

Related party							Expenses Incurred at	
Relationship with the Company	**Supplier**	**Object of the contract**	**Date of transaction**	**Amount concerned**	**Note**	**Contract period**	**06/30/2015**	**12/31/2014**
Vinci Partners	Austral Seguradora	Construction insurance and guarantee insurance	Jun2013-Nov2019	3,040	maximum coverage limit per work insurance: R$ 120,000	36 months of construction work + 12 months after construction work	818	1,106
Vinci Partners	Cecrisa R. Cerâmicos S.A.	Material: Ceramic	Jun2013-Jun2015	11,773	-	6 months	1,104	3,852
Vinci Partners	Unidas Locadora de Veículos Ltda	Leasing: Vehicle	Sep2013-Jun2015	28	-	1 year	5	10
Board Member	Instituto de Desenviolvimento Gerencial S.A.	Consulting	Jun 2014	211			1	72
Board Member	União Consultoria V. e A. de P. de Gestão S/S	Consulting	Jun 2014	949			-	347
Board Member	União Consulotria E. de Projetos de Gestão	Consulting	Jun 2014	949	total contracted amount R$ 2,109,546	9 months	-	310
Board Member	Instituto de Desenviolvimento Gerencial S.A.	Consulting	Jun 2014	25			7	18
Board Member	INDG Tecnologia e Serviços Ltda	Consulting	Jun 2014	5	total contracted amount R$ 3,097,071	1 month	-	5
			Total	**16,980**			**1,935**	**5,720**

12 Loans and financing

The Company reduces cash exposure of each project using third-party funds to finance/support construction through SFH (housing finance system) conditions and working capital facilities offered by prime financial institutions.

The Company took out a loan in April 2014 from Banco do Brasil S.A. at an amount of R$ 320,000, with payment period of three years and grace period of 18 months, and with scheduled maturity on October 5, 2015 and final maturity on April 05, 2017.

Consolidated breakdown of the Company's loans as of June 30, 2015 and December 31, 2014, per debt type, is as follows:

	Parent company		Average interest rate	Guarantee
Type of debt	06/30/2015	12/31/2014		
SFH	25,142	34,259	TR + 9.0% to 12.0%	Mortgage / receivables / collateral signatures
Finep/Finame	103,660	116,221	from 5.25% to 8.25%	PDG collateral
Working capital and SFI	319,620	318,124	CDI + 3.35% 4.50%-8.70%	Pledge of quotas, Promissory Note, Collateral, Mortgage, Credit Rights
Total	**448,422**	**468,604**		
Current portion	189,084	125,908		
Non-current portion	259,338	342,696		
Total	**448,422**	**468,604**		

	Consolidated		Average interest rate	Guarantee
Type of debt	06/30/2015	12/31/2014		
SFH	2,376,013	2,975,374	TR + 8.3% to 12.3% TJLP + 1%	Receivables/ proportional surety/ mortgage/ guarantee/ pledge/ real estate mortgage/ guarantors Mortgages and sureties
Working capital and SFI	458,275	477,400	CDI + 3.35% 4.50%-8.70%	Pledge of quotas, Promissory Note, Collateral, Mortgage, Credit Rights
Finep/Finame	129,439	142,275	from 5.25% to 8.25%	PDG collateral
Total	**2,963,727**	**3,595,049**		
Current portion	1,499,996	1,258,415		
Non-current portion	1,463,731	2,336,634		
Total	**2,963,727**	**3,595,049**		

The balance of loans and financing consolidated in the long term falls due as follows:

	Consolidated	
Year	**06/30/2015**	**12/31/2014**
2016	1,258,808	2,009,505
2017	117,099	186,931
2018	73,187	116,832
2019 onwards	14,637	23,366
Total	**1,463,731**	**2,336,634**

13 Redeemable preferred shares

In June and September 2010, 52,434,457 and 59,925,094 redeemable preferred shares of the Company's subsidiary Gold Investimentos S.A (formerly denominated ZMF 22)were issued, both at issuance price of R$2.67 per each Redeemable Preferred Share. Total value of these issuances were R$140,000 and R$160,000, respectively.

Redeemable preferred shares are entitled to restricted vote and to the following equity advantages:

a. Fixed, priority and cumulative dividends to be paid on an annual basis ("Cumulative Fixed Dividends") on the following dates: June 15, 2011 (amount paid R$ 29,830); June 15, 2012 (amount paid R$ 35,654); June 15, 2013 (amount paid R$ 25,422); June 15, 2014 (amount paid R$ 31,946); December 15, 2014 (amount paid R$17,973) and June 15, 2015 (amount paid R$26,374) (according to date changed by the Extraordinary Shareholders Meeting held on February 10, 2014), regardless of General Meeting decision and based on trial balance survey for determination of dividends;

b. Cumulative Fixed Dividend to be paid in each fixed dividend payment date, linked to investment value contributed by the investor that holds preferred shares.

c. They will be redeemable, pursuant to the terms provided for in Gold Investimentos S.A. Bylaws

d. Other rights related to preferred investor condition.

Redeemable Preferred Shares issued by Gold Investimentos S.A., due to its characteristics, were classified as financial instruments and dividends were classified in income under account "Losses with equity interest".

Balance of redeemable shares on June 30, 2015 totals R$300,000 (R$301,570 as of December 31, 2014) and comprise part of caption "Other current liabilities" .

14 Bank Credit Bills (CCBs) and Debentures payable

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Liabilities from CCB issuance - Corporate				
3rd Series of 1st Issuance	7,162	7,104	7,162	7,104
4th Series of 1st Issuance	8,050	8,035	8,050	8,035
15th Series of 1st Issuance	250,915	250,784	250,915	250,784
22nd Series of 1st Issuance	49,830	49,602	49,830	49,602
3rd Series of 3rd Issuance	-	-	3,117	16,132
5th Series of 3rd Issuance	11,996	94,745	11,996	94,745
7th Series of 3rd Issuance	10,807	22,524	10,807	22,494
Other issues by CCB (ii)	1,247,615	1,156,578	1,444,386	1,259,498
Corporate sub-total	**1,586,375**	**1,589,372**	**1,786,263**	**1,708,394**
Liabilities from CCB issuance Support production *				
3rd Series of 2nd Issuance	-	-	122,306	115,305
2nd Series of 2nd Issuance	-	-	67,774	92,354
24th Series of 1st Issuance	164,274	151,958	164,274	151,958
CCB CEF 600MLN (i)	593,449	591,613	593,449	591,613
CCB subtotal - Support to production	**757,723**	**743,571**	**947,803**	**951,230**
Total	**2,344,098**	**2,332,943**	**2,734,066**	**2,659,624**
Current portion	1,529,480	1,122,234	1,871,423	1,402,668
Non-current portion	814,618	1,210,709	862,643	1,256,956
Total	**2,344,098**	**2,332,943**	**2,734,066**	**2,659,624**

*They are under the same agreement conditions of SFH:

(a) Having a source of credit facilities created by the Government severance indemnity fund for employees (FGTS) and/or Savings;

(b) Being allocated to real estate financing (development of residential or commercial real estate);

(c) Being paid by the TR variation plus maximum interest rate of 12% p.a.

a. Bank credit notes (CCBs)

(i) Contemplates issuance of a Bank Credit Note (CCB) in the amount of R$600,000, in favor of Caixa Econômica Federal, occurred on June 28, 2013. Funds raised by the Company will bear financial charges corresponding to 120% of CDI Over (Interbank Deposit Certificates) daily average rate.

Fund raising was agreed on for a period of 48 months, with quarterly payments of financial charges and 8 amortization installments paid on a quarterly basis beginning as of the 24th month.

(ii) Contains eight new raisings made in 2014 and totaling R$671,000.

b. Debentures payable

The main characteristics of the debentures payable issued by the Company and subsidiaries could be shown as follows:

Parent company

Debentures	Type	Nature	Issuance	Maturity	Kind	Condition of remuneration	Nominal value	Securities issued	Securities in the market	Method of amortization	Installments	Guarantees
Corporate												
1st Issuance	Non-convertible	Public	07/02/2007	07/02/2018	Unsecured	100% DI + 1.8% p.a.	10	25,000	25,000	Annual	4	Without guarantee
4th Issuance	Non-convertible	Public	08/10//2010	08/10/2016	Unsecured	100% DI + 2.90% p.a.	1,000	280	280	Quarterly	10	Pledge of receivables
6th Issuance	Non-convertible	Public	03/31/2011	09/30/2016	Real	11.31% p.a.	1,000	97,000	97,000	Sole	1	Without guarantee
7th Issuance	Non-convertible	Public	03/15/2012	12/15/2018	Unsecured	IPCA + 6.56% p.a.	1,000	140	140	Annual	2	Without guarantee
8th issuance*	Convertible	Private	09/17/2012	09/17/2016	Unsecured	-	0.01	199,000	199,000	Sole	1	Without guarantee
Support to production												
3rd Issuance	Non-convertible	Public	09/29/2009	03/15/2016	Real	TR + 9.8058% p.a,	1,000	300	300	Semi-annual	8	Assignment/Pledge of shares and quotas
5th Issuance	Non-convertible	Public	09/23/2010	08/01/2016	Real	TR + 9.19% p.a.	1,000	600	600	Semi-annual	8	Assignment/Pledge of shares and quotas

Subsidiaries

Debentures	Type	Nature	Issuance	Maturity	Kind	Condition of remuneration	Nominal value	Securities issued	Securities in the market	Amortization	Installments	Guarantees
Corporate												
ZMF 23 [2]	Convertible	Private	09/23/2011	04/07/2015	Unsecured	100% DI + 1.6% p.a.	1.00	8,850	8,850	Sole	1	Without guarantee
ZMF 23 [2]	Non-convertible	Private	09/23/2011	04/07/2015	Unsecured	100% DI + 1.6% p.a.	1.00	4,425	4,425	Sole	1	Pledge
STX 10 [1]	Convertible	Private	07/30/2011	04/07/2015	Unsecured	100% DI + 1.6% p.a.	1.00	8,580	8,580	Sole	1	Without guarantee
STX 10 [1]	Non-convertible	Private	07/30/2011	04/07/2015	Unsecured	100% DI + 1.6% p.a.	1.00	4,290	4,290	Sole	1	Pledge
REP	Non-convertible	Private	11/25/2014	11/20/2026	Collateral and additional personal guarantee	100% DI + 2.05% p.a.	70,000	1	1	Customized	144	Statutory lien + fiduciary assignment of receivables + Guarantee

(2) Fully paid debentures in the 2nd quarter of 2014.

(3) Fully paid debentures in the 2nd quarter of 2015.

(*) Stated at fair value (Note 20)

Balances of the Company's debentures payable on June 30, 2015 and December 31, 2014 are as follows:

	Parent company									Consolidated			
	Support to production			Corporate						Support to production	Corporate		
	3rd Issuance	5th Issuance	Subtotal	1st Issuance	4th Issuance	6th Issuance	7th Issuance	8th issuance	Subtotal	REP	ZMF 23	STX 10	Total
a) *Debentures payable*													
Balance at 12/31/2013 (i)	**164,738**	**497,760**	**662,498**	**263,497**	**213,435**	**136,032**	**162,422**	**3,978**	**1,441,862**	**-**	**14,222**	**14,072**	**1,470,156**
(+) Funding	-	-	**-**	-	-	-	-	-	**-**	70,000	-	-	**70,000**
(+) Monetary correction	13,755	41,879	**55,634**	31,060	28,025	34,234	21,005	-	**169,958**	762	561	-	**171,281**
(-) Payments (Principal + Interest)	(70,133)	(122,943)	**(193,076)**	(28,323)	(27,342)	(20,071)	(10,361)	-	**(279,173)**	(567)	(8,724)	(14,072)	**(302,536)**
Balance at 12/31/2014 (ii)	**108,360**	**416,696**	**525,056**	**266,234**	**214,118**	**150,195**	**173,066**	**3,978**	**1,332,647**	**70,195**	**6,059**	**-**	**1,408,901**
(+) Monetary correction	4,454	15,299	**19,753**	17,084	15,238	7,023	16,031	(1,989)	**73,140**	4,955	1,171	-	**79,266**
(-) Payments (Principal + Interest)	(40,598)	(130,260)	**(170,858)**	(16,368)	(14,813)	-	(11,113)	-	**(213,152)**	(4,705)	(7,230)	-	**(225,087)**
Balance at 06/30/2015	**72,216**	**301,735**	**373,951**	**266,950**	**214,543**	**157,218**	**177,984**	**1,989**	**1,192,635**	**70,445**	**-**	**-**	**1,263,080**
Composition by year of maturity:													
2015	52,216	121,735	**173,951**	79,450	109,543	-	-	-	**362,944**	248	-	-	**363,192**
2016	20,000	180,000	**200,000**	62,500	105,000	157,218	37,984	1,989	**564,691**	-	-	-	**564,691**
2017	-	-	**-**	62,500	-	-	-	-	**62,500**	-	-	-	**62,500**
2018	-	-	**-**	62,500	-	-	140,000	-	**202,500**	467	-	-	**202,967**
After 2018	-	-	**-**	-	-	-	-	-	**-**	69,730	-	-	**69,730**
Balance at 06/30/2015	**72,216**	**301,735**	**373,951**	**266,950**	**214,543**	**157,218**	**177,984**	**1,989**	**1,192,635**	**70,445**	**-**	**-**	**1,263,080**

	Parent company									Consolidated			
	Support to production			Corporate						Support to production	Corporate		
	3rd Issuance	5th Issuance	Subtotal	1st Issuance	4th Issuance	6th Issuance	7th Issuance	8th issuance	Subtotal	REP	ZMF 23	STX 10	Total
b) Expenditure with Issuance													
Balance at 12/31/2013 (i)	**(356)**	**(2,340)**	**(2,696)**	**(2,595)**	**(1,703)**	**(185)**	**(2,584)**	**-**	**(9,763)**	**-**	**-**	**-**	**(9,763)**
(-) Funding cost	-	-	-	-	-	-	-	-	-	**(2,831)**	-	-	**(2,831)**
(-) Amortization of Expenses	118	778	**896**	519	498	67	522	-	**2,502**	-	-	-	**2,502**
Balance at 12/31/2014 (ii)	**(238)**	**(1,562)**	**(1,800)**	**(2,076)**	**(1,205)**	**(118)**	**(2,062)**	**-**	**(7,261)**	**(2,831)**	**-**	**-**	**(10,092)**
(-) Amortization of Expenses	60	390	**450**	259	249	34	261	-	**1,253**	361	-	-	**1,614**
Balance at 06/30/2015	**(178)**	**(1,172)**	**(1,350)**	**(1,817)**	**(956)**	**(84)**	**(1,801)**	**-**	**(6,008)**	**(2,470)**	**-**	**-**	**(8,478)**
Net balance at 06/30/2015	**72,038**	**300,563**	**372,601**	**265,133**	**213,587**	**157,134**	**176,183**	**1,989**	**1,186,627**	**67,975**	**-**	**-**	**1,254,602**
Installment:													
Short term	72,038	231,733	**303,771**	79,450	179,543	60,218	37,984	-	**660,966**	249	-	-	**661,215**
Long term	-	68,830	**68,830**	185,683	34,044	96,916	138,199	1,989	**525,661**	67,726	-	-	**593,387**
Total	**72,038**	**300,563**	**372,601**	**265,133**	**213,587**	**157,134**	**176,183**	**1,989**	**1,186,627**	**67,975**	**-**	**-**	**1,254,602**
Net balance at 12/31/2014	**108,122**	**415,134**	**523,256**	**264,158**	**212,913**	**150,077**	**171,004**	**3,978**	**1,325,386**	**67,365**	**6,059**	**-**	**1,398,809**
Installment:													
Short term	87,720	229,181	**316,901**	66,558	107,059	-	-	-	**490,518**	6,141	-	-	**496,659**
Long term	20,402	185,953	**206,355**	197,600	105,854	150,077	171,004	3,978	**834,868**	61,223	6,059	-	**902,150**
Total	**108,122**	**415,134**	**523,256**	**264,158**	**212,913**	**150,077**	**171,004**	**3,978**	**1,325,386**	**67,365**	**6,059**	**-**	**1,398,809**

(*) They are under the same agreement conditions of SFH:

(a) Having a source of credit facilities created by the Government severance indemnity fund for employees (FGTS) and/or Savings;

(b) Being allocated to real estate financing (development of residential or commercial real estate);

(c) Being paid by the TR variation plus maximum interest rate of 12% p.a.

The Company and its subsidiaries have debenture and Bank credit notes (CCBs) agreements, which include restrictive clauses, normally applicable to these types of operations, related to the compliance with financial indicators, cash generation and others. These restrictive clauses are properly monitored and they do not restrict the ability to operate in the normal course of business.

Debentures payable of the 1st, 3rd and 5th issuance and CCB CEF have clauses determining maximum indebtedness levels and adjusted EBIT (Earnings Before Interest and Taxes) rates, and Covenants calculated based on the Company's consolidated quarterly information.

Throughout the second quarter of 2015, the Company exceeded limits established for EBIT index on Debentures payable and CCB CEF. However, Management obtained debt waiver from respective financial institutions on base date June 30, 2015. Accordingly, loan is no longer charged on demand.

In addition, we confirm that we have complied with other Covenants up to June 30, 2015 and that we did not receive any notification from creditors or their fiduciary agents (trustees) in relation to non-compliance with covenants on loan and financing contracts.

15 Payables for acquisition of real estate

These refer to liabilities taken on with the purchase of land for real estate developments, as seen below:

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Cash - launched	-	-	49,555	35,872
Cash - to launch	-	-	161,919	187,901
Linked to PSV - launched	1,868	4,308	111,860	84,909
Linked to PSV - to launch	4,762	4,762	222,413	236,372
(-) Adjustment to present value	-	-	(783)	(783)
Total	**6,630**	**9,070**	**544,964**	**544,271**
Current	6,630	9,070	345,225	369,689
Non-current	-	-	199,739	174,582
Total	**6,630**	**9,070**	**544,964**	**544,271**

The balances of obligations for acquisitions of properties, in regard to the financial barters subject to overall sales value (VGV), amount to R$ 334,273 on June 30, 2015, (R$ 321,281 on December 31, 2014).

These operations are based on commitments assumed on the acquisition of land for real estate developments, upon settlement with the barterer of the land concurrently with the financial settlement by the clients of the real estate units sold and upon the transfer of financial resources, as provided for in the agreement.

Liabilities are substantially updated according to the National Civil Construction Index (INCC) or the General Market Price Index (IGP-M), with interest ranging from 6% to 12% per annum.

The amounts of obligations for acquisitions of properties of the non-current portion have the following composition by maturity:

	Consolidated	
Year	**06/30/2015**	**12/31/2014**
2016	33,135	28,259
2017	48,453	44,301
2018	29,276	23,675
2019	31,069	23,336
2020 onwards	57,806	55,011
Total	**199,739**	**174,582**

16 Taxes payable

SRF Normative Instruction no. 84/1979 (Building and Sale of Real Estate) provides that for fiscal purposes the Company may defer tax payments in order to match them in proportion to income from sales made. Hence, tax payable is stated in assets or liabilities based on the difference between the profit recognized in such Quarterly information and deferred current tax ("payable") according to the cash method.

a. Income and social contribution tax expenses

A significant majority of the SPEs chooses the taxation system based on deemed profit, where the tax basis is the income from sales, and, therefore, regardless of the financial results, the taxation rates average 3.08% of sales income. The consolidated income and social contribution tax expenses are summarized as follow:

	06/30/2015		06/30/2014	
Tax basis for calculation of taxes:	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Income from real estate sale	1,153,511	1,153,511	1,974,272	1,974,272
(-) Income from real estate sale - Taxable income	(142,140)	(142,140)	(93,597)	(93,597)
(-) Income from real estate sales at RET	(209,342)	(209,342)	(1,054,200)	(1,054,200)
Income from real estate sales at deemed profit	**802,029**	**802,029**	**826,475**	**826,475**
Other income - Real estate development	68,411	68,411	82,776	82,776
Other income - Real estate development (taxable income)	(10,048)	(10,048)	(2,941)	(2,941)
(-) Other income - real estate development RET	(2,205)	(2,205)	(39,165)	(39,165)
Other income - Real estate development (deemed profit)	56,159	56,159	40,670	40,670
Presumed profit - Real estate development - IRPJ 8% - CSLL 12%	**68,655**	**102,983**	**69,372**	**104,057**
Rental/service income - taxable income	33,546	33,546	5,290	5,290
Rental/service income - deemed profits	2,399	2,399	13,425	13,425
Presumed profit - Services/Rentals - IRPJ - CSLL 32%	**768**	**768**	**4,296**	**4,296**
Deemed Profit (Development + Services)	**69,423**	**103,751**	**73,668**	**108,353**
(+) Financial income	46,001	46,001	17,133	17,133
(-) Financial income - Taxable income	(168,857)	(168,857)	(32,711)	(32,711)
(+) Other income	20,866	20,866	12,438	12,438
(-) Other income - Taxable income	(66,630)	(66,630)	(25,998)	(25,998)
Presumed profit tax basis	**136,290**	**170,618**	**103,239**	**137,924**
(-) Consolidated expense - Presumed profit - IRPJ/CSLL	(34,072)	(15,356)	(25,810)	(12,413)
(+) Deferred IRJP on temporary differences - Taxable income	(9,564)	(3,443)	3,847	1,431
(-) Consolidated expense - RET	(2,665)	(1,396)	(13,776)	(7,216)
Companies Taxed under the Presumed + Taxable Profit Methods	**(46,301)**	**(20,195)**	**(35,739)**	**(18,198)**
(+) Other	8,456	1,866	3,795	2,396
Expense no Income (loss)	**(37,845)**	**(18,329)**	**(31,944)**	**(15,802)**

	06/30/2015		06/30/2014	
Breakdown of expense	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Current	(55,727)	(27,799)	(40,074)	(22,073)
Deferred	17,881	9,470	8,130	6,271
Expense no Income (loss)	**(37,846)**	**(18,329)**	**(31,944)**	**(15,802)**

Taxes (Income and social contribution taxes)	**06/30/2015**	**06/30/2014**
Current	(83,526)	(62,147)
Deferred	27,351	14,401
	(56,175)	**(47,746)**

Certain investees of the Group (PDG) shall discharge their income and social contribution taxes on taxable income system. In the periods ended June 30, 2015 and March 31, 2014, the calculation under the Taxable Income method did not generate Income tax and social contribution expenses to the Company.

b. Deferred tax assets and liabilities

Deferred tax assets and liabilities

Deferred tax assets and liabilities from income and social contribution taxes on net income, PIS and Cofins are recorded in order to reflect the tax effects arising from temporary differences between the tax base, which defines cash method taxation (SRF Normative Instruction no. 84/1979) and the actual appropriation of real property tax, Note 2.8.b.

Breakdown of deferred tax assets

	Consolidated	
Tax	**06/30/2015**	**12/31/2014**
IRPJ and CSLL	3,786	2,391
PIS and COFINS	1,989	1,555
Total	**5,775**	**3,946**

Breakdown of deferred tax liabilities

	Consolidated	
	06/30/2015	**12/31/2014**
Deferred income tax liabilities	163,748	182,590
Deferred social contribution tax liability	72,137	81,238
Total	**235,885**	**263,828**

Considering the current context of the Parent Company's operations, substantially related to the holding of interest in other companies, tax credits were not recognized on the totality of the accumulated balance of tax losses and social contribution tax loss carryforwards on income, as well as on the balance of temporarily nondeductible expenses upon calculation of the taxable income.

On June 30, 2015, the balance of accumulated tax losses for income tax and negative basis for social contributions on net income of the Company is R$ 2,040,544 (R$ 1,602,938 on December 31, 2014).

Balances of Deferred tax liabilities are recorded in accounting books as follows:

	Parent company		Consolidated	
Tax	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
IRPJ and CSLL	-	-	235,885	263,828
PIS and COFINS	1,597	1,594	151,852	185,568
Total	**1,597**	**1,594**	**387,737**	**449,396**
Current portion	1,295	1,594	248,896	295,279
Non-current portion	302	-	138,841	154,117
Total	**1,597**	**1,594**	**387,737**	**449,396**

17 Operations with Real estate projects under development and Advances from clients

Refer to unrecognized income derived from contracted sales for projects under construction that are not yet reflected in Quarterly information. The amounts are as follows:

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Unrecognized contracted sales (*)	8,937	21,453	1,063,101	1,805,232
Construction commitment	(4,870)	(12,076)	(746,836)	(1,263,310)
Total	**4,067**	**9,377**	**316,265**	**541,922**

(*) Net of taxes and adjusted present value (APV)

The unrecorded income amounts of the contract value of units sold are as follows:

	Parent company		Consolidated	
Year	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
2015	3,362	9,377	147,400	426,186
2016	705	-	132,086	87,199
2017 onwards	-	-	36,779	28,537
Total	**4,067**	**9,377**	**316,265**	**541,922**

The result of real estate operations is recorded based on the accounting practice presented in note 2.10. Therefore, the balance of accounts receivable from the units sold and not yet concluded are reflected in part in the June 30, 2015 Quarterly information, as the respective book entries reflect recognized revenues net of the installments received.

The amount classified under the caption "Advances from clients", in current and non-current liabilities is as follows:

	Parent company		Consolidated	
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**
Physical exchange - launched	-	-	123,814	206,300
Physical exchange - to launch	2,750	2,750	236,848	204,215
Trade accounts receivable	107	122	112,027	161,380
Total	**2,857**	**2,872**	**472,689**	**571,895**
Current	107	122	116,045	212,503
Non-current	2,750	2,750	356,644	359,392
Total	**2,857**	**2,872**	**472,689**	**571,895**

18 Provisions

The Company and its subsidiaries, are parties in court and administrative proceedings of a labor and civil nature, which arose from its normal course of business. The provision for contingencies of the Company is mainly formed by these subsidiaries.

The aforementioned contingency provisions were created considering the assessment of a loss likelihood by legal counsel, and are recorded under "Net operating income (expenses)."

The Management, based on the opinion of its legal counsel, Management believes that the contingency provision created is sufficient to cover any likely losses in the court proceedings and differences found in tax calculations, as described below:

	Parent company		Consolidated	
Nature - Probable loss	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
Labor	1,781	1,811	100,722	108,126
Civil	1,425	966	185,323	137,817
Total	**3,206**	**2,777**	**286,045**	**245,943**
Non-current portion	3,206	2,777	286,045	245,943
Total	**3,206**	**2,777**	**286,045**	**245,943**

Below follows a breakdown of the contingency provisions of the Company and its subsidiaries:

	Parent company			
	Labor	**Tax**	**Civil**	**Total**
Balance at 12/31/2013	**-**	**-**	**-**	**-**
Additions	1,811	-	966	2,777
Balance at 12/31/2014	**1,811**	**-**	**966**	**2,777**
Additions	35	-	673	708
Reversals	(65)	-	(214)	(279)
Balance at 06/30/2015	**1,781**	**-**	**1,425**	**3,206**

	Consolidated			
	Labor	**Tax**	**Civil**	**Total**
Balance at 12/31/2013	**71,794**	**138**	**111,136**	**183,068**
Additions	36,332	-	26,681	63,013
Reversals	-	(138)	-	(138)
Balance at 12/31/2014	**108,126**	**-**	**137,817**	**245,943**
Additions	3,260	-	54,245	57,505
Reversals	(10,664)	-	(6,739)	(17,403)
Balance at 06/30/2015	**100,722**	**-**	**185,323**	**286,045**

The proceeding s with a loss likelihood and deemed “possible” by the Company’s legal counsel are composed of:

	Parent company		Consolidated	
Nature - Possible loss	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
Labor	3,668	3,741	102,483	107,130
Tax	-	-	19,033	19,033
Civil	2,690	3,011	344,890	288,926
Total	**6,358**	**6,752**	**466,406**	**415,089**

Civil suits refer largely to discussions on fines related to delays in the delivery of property developments, repairs of construction defects or damages to properties close to property developments, and the questioning of contractual inflation updating indices.

The labor lawsuits include labor claims by former employees for unpaid sums regarding overtime, unhealthy and hazardous work conditions, etc. and payment of social charges.

In addition to the already exposed by the Company, below is the amount of the provision for warranty, which was accounted for in accordance with the accounting practice presented in note 2.8.a:

	Parent company		Consolidated	
Provision for guarantee[1]	**06/30/2015**	**12/31/2014**	**06/30/2015**	**12/31/2014**
Current	290	285	106,604	98,064
Non-current	262	200	23,675	34,665
Total provision	**552**	**485**	**130,279**	**132,729**

(1) These are recorded under other provisions in the liabilities of the Company and its subsidiaries

19 Shareholders' equity

a. Capital

On June 30, 2015, the Company’s capital is represented by 2,459,627,859 common, nominative shares with no par value, fully subscribed and paid-up, at total value of R$4,970,080 (as of December 31, 2014, capital was represented by 1,323,264,223 shares, totaling R$4,960,080).

Capital increase carried out through private subscription was homologated in the Board of Directors’ meeting held on June 30, 2015, as provided for in Extraordinary Shareholders’ Meeting held on April 15, 2015.

Homologation considered issuance of 1,136,363,636 new common, nominative, unsecured shares, with no par value, at issuance price of R$0.44 per share, totaling R$500,000. Of the total issuance value, the amount of R$10,000 was allocated to the Company's capital and the balance, amounting to R$490,000, net of expenses with funding amounting to R$247, was allocated to the capital reserve.

Due to the approval of the capital increase, the Board members also approved the issuance of subscription warrants ("Warrants") granted as an additional benefit to subscribers of the shares purpose of the Company's capital increase, having been issued four hundred and fifty-four million, five hundred forty-five thousand, one hundred forty-three (454,545,143) Warrants, at the ratio of one Warrant for every 2.5 new shares issued, according to the conditions approved in the Board of Directors' Meeting held on March 18, 2015 and Annual General Meeting held on April 15, 2015.

The Bonus will mature on April 6, 2018 and may be exercised at any time from the date of issuance until maturity at the sole discretion of their holder. The exercise price of each Bonus is seventy-five cents (R$0.75); it must be adjusted upon the occurrence of events provided for in item "h" of the Extraordinary General Meeting held on April 15, 2015.

The subscription of shares resulting from the exercise of the Bonus will occur in the act of exercising these rights and payment of shares then subscribed will be effected upon payment of the exercise price, subject to the own rules and procedures of Itaú Corretora and Central Securities Depository of São Paulo Stock Exchange ("BM&FBovespa"). On a quarterly basis, and as long as the Bonus is outstanding, a Board of Directors' meeting will be held to change the amount of the Company's capital, if the right granted by the Bonus has been exercised in the period.

Common shares issued by the Company resulting from the exercise of the right granted upon the Bonus will be entitled to full payment of dividends and/or interest on equity that may be reported by the Company from the issuance date of shares purpose of the Warrants and all other rights and benefits that are granted to other holders of common shares, on equal terms with other shares issued by the Company. The Bonus is traded on BM&FBovespa since the closing date of the period to exercise the preemptive rights related to the capital increase.

On June 30, 2015, the Company is authorized to increase its capital, regardless of amendments to the bylaws, upon resolution of the Board of Directors, in issuances that, excluding increases resolved at the Annual General Meeting, add up to the limit of one billion, five hundred and thirty-five million (1,535,000,000) common shares (up to December 31, 2014: 1,080,000,000 common shares). This limit considers all the capital increases made within the Company's authorized capital, since the Company's incorporation, including all capital increases approved by the Board of Directors. The Board of Directors' decision(s) approving such issuances of shares will define the conditions of the issuance, establishing if the increase will be made by public or private subscription, the price, type and payment conditions. Up to June 30, 2015, the total shares issued by the Board of Directors was 671,081,089 (Six hundred seventy-one million, eighty-one thousand and eighty-nine) common shares.

The change in the Company's capital on June 30, 2015 is as follows:

		Capital		
	Quantity of common shares	**Subscribed**	**Funding expenses**	**Total**
Common shares	1,339,547,923	4,960,080	-	4,960,080
(-) Cost for placement of shares (2009 and 2010)	-	-	(52,237)	(52,237)
Balance at 12/31/2013 e 12/31/2012	**1,339,547,923**	**4,960,080**	**(52,237)**	**4,907,843**
(-) Cancellation of treasury shares	(16,283,700)	-	-	-
Balance at 12/31/2014	**1,323,264,223**	**4,960,080**	**(52,237)**	**4,907,843**
Capital increase	1,136,363,636	10,000	-	10,000
Balance at 06/30/2015	**2,459,627,859**	**4,970,080**	**(52,237)**	**4,917,843**

b. Income (loss) per share

The tables that follow reconcile losses and the weighted average of shares outstanding with the sums used to calculate basic and diluted loss per share in the parent's and consolidated figures:

	01/01/2015-06/30/2015	**01/01/2014-06/30/2014**
Basic loss per share		
Net loss for the period available for common shares	(392,718)	(132,570)
Outstanding average weighted common shares	2,005,344	1,323,264
Loss per share (in R$) - basic	**(0.19584)**	**(0.10018)**
Diluted loss per share		
Net loss for the period available for common shares	(392,718)	(132,570)
Outstanding average weighted common shares	2,005,344	1,323,264
Potential increase in common shares on account of the stock option plan	79,765	94,107
Potential increase in common shares on account of the capital increase - Subscription and debenture bonus	198,906	198,906
Loss per share (in R$) - diluted	**(0.17194)**	**(0.08202)**

c. Program of repurchase of shares and treasury shares

The changes and the balances of treasury shares, at the end of each period are shown below:

	Quantity	**Repurchase price**	**Average price**
Common shares			
Balance at 12/31/2013	**16,284**	**105,740**	**6.49**
Cancellation of treasury shares	(16,284)	(105,740)	(6.49)
Balance at 12/31/2014	**-**	**-**	**-**
Balance at 06/30/2015	**-**	**-**	**-**

d. Valuation adjustments to equity - Other comprehensive income

On December 31, 2014, balance of R$66,592 was reclassified to accumulated losses on June 30, 2015, upon approval by the Company's Management.

20 Financial instruments

a. Financial instruments' analysis

The Company and its subsidiaries are party to transactions involving financial instruments for the purpose of financing its activities or investing its available funds.

The key financial instruments commonly employed by the Company and its subsidiaries are those found under "Cash and cash equivalents" and "Loans and financing", "Debentures payable" to fund projects under construction, working capital loans, all under normal market conditions. All of these instruments are recognized under the criteria described in Note 2.4.

The Company and its subsidiaries are party to transactions involving financial instruments for the purpose of financing its activities or investing its available funds.

The Company restricts its exposure to credit risks associated with banks and short-term investments, by placing investments in first-class financial institutions on high-yield short-term papers. As to accounts receivable, the Company restricts its exposure to credit risks by means of sales to a broad range of clients and the ongoing performance of credit analyses.

As of June 30, 2015, there was no significant concentration of credit risk associated with clients.

The management of these risks is performed through the definition of conservative strategies aiming at liquidity, profitability and safety. The control policy consists of ongoing monitoring of contracted rates against market rates.

Financial instruments category is shown as follows:

	Parent company		Consolidated		
	06/30/2015	**12/31/2014**	**06/30/2015**	**12/31/2014**	**Rating**
Financial assets					
Cash and cash equivalents	36,667	285,719	1,149,796	1,044,265	*Fair value through profit or loss*
Interest earning bank deposits	47,781	47,683	47,781	47,683	*Fair value through profit or loss*
Accounts receivable	121,276	117,662	6,987,848	8,155,241	Receivables and loans
Debentures receivable	34,221	31,167	29,688	26,634	Receivables and loans
Loans receivable	66,180	66,112	80,461	-	Receivables and loans
Current account with partners in undertakings	-	-	186,486	155,025	Receivables and loans
Advances for future capital increase (AFAC)	1,785,664	1,284,207	-	-	Receivables and loans
Credit receivables purchased	242,489	230,081	84,555	76,678	Receivables and loans
Total financial assets	**2,334,278**	**2,062,631**	**8,566,615**	**9,505,526**	
Financial liabilities					
Suppliers	9,959	11,895	214,834	225,044	Financial liabilities
Accounts payable for acquisition of real property	6,630	9,070	544,964	544,271	Financial liabilities
Debentures payable	1,184,638	1,325,386	1,252,613	1,398,809	Financial liabilities
Debentures payable (8th issuance)	1,989	3,978	1,989	3,978	*Fair value through profit or loss*
Loans and financing	448,422	468,604	2,963,727	3,595,049	Financial liabilities
Liabilities from CCB/CCI issuance	2,344,098	2,332,943	2,734,066	2,659,624	Financial liabilities
Co-obligation in the assignment of receivables	-	33,910	32,710	215,775	Financial liabilities
Current account with partners in undertakings	-	-	30,549	32,040	Financial liabilities
Other liabilities	474,122	334,086	509,411	352,308	Financial liabilities
Total financial liabilities	**4,469,858**	**4,519,872**	**8,284,863**	**9,026,898**	

b. Fair value of assets and liabilities

The financial instruments' book values, consisting substantially in short-term investments and loans, are shown in the June 30, 2015 and December 31, 2014 Quarterly information as sums that are close to market values, considering similar transactions.

In September 2012, the Company performed the 8th issuance of convertible debentures. Debentures were capitalized through Vinci Partners, are convertible into shares and may be traded in active market. The Company calculated fair value based on quotation value on Quarterly information base date.

As of June 30, 2015, the Company had the following fair value for these Debentures payable:

	06/30/2015	**12/31/2014**
Quantity of debentures	199,000,000	199,000,000
Quantity of debentures canceled	(94,103)	(94,103)
Number of net debentures	**198,905,897**	**198,905,897**
Nominal value in the issuance (in reais)	0.01	0.01
Total value of the issuance	**1,989**	**1,989**
Ticker PDGR-D81 (in Reais)	0.01	0.02
Fair value of the 8th Issuance	**1,989**	**3,978**

c. Considerations on financial instruments' risks

Interest rate risk

The Company is exposed to floating interest rates, substantially to: changes in CDI rates earned by short-term investments in Bank Certificates of Deposit and Repurchase Commitments based on Debentures and contracted in reais; and interest on loans receivable entered into at IGP-M plus 12% to 18 per annum and CDI plus 2% to 3% per annum. The Company is also exposed to interest on bank loans at CDI plus 1.35% per annum and 5.83% per annum, and TR plus 11.02% per annum, loans entered into under the National Housing System (SNH) at TR plus 8.3% per annum and 12% per annum, and interest on debentures issued at CDI plus 0.9% per annum and TR plus 8.75% per annum.

Sensitivity analysis

As provided in CVM Instruction no. 475 dated December 17, 2008, the Company and its subsidiaries should submit a sensitivity analysis for each type of market risk arising from financial instruments and considered relevant by Management, to which it is exposed on the closing date of each fiscal period.

Most of the costs and all the portfolio of receivables from uncompleted projects is adjusted for inflation based on the National Civil Construction Index (INCC).

In order to check the sensitivity of the indexer of financial investments to which the Company was exposed to at June 30, 2015, we defined the following three scenarios: Based on the values of CDI in effect on June 30, 2015 and defined as a probable scenario, as of which scenarios with devaluation of 25% (Scenario II) and 50% (Scenario III).

The "gross financial income" was calculated for each scenario, not taking into account the incidence of taxes on investment yields. The base date used in the portfolio was June 30, 2015, with a one-year projection and checking the sensitivity of the CDI in each scenario.

		Probable scenario		
Operation	**CDI risk on balance as of 06/30/2015**	**I**	**II**	**III**
Investment funds - fixed income	15,655	13%	10%	6%
Projected income		1,972	1,479	986
Bank deposit certificates	525,687	13%	10%	6%
Projected income		66,237	49,677	33,118
Resale commitments and immediate liquidity operations	341,564	13%	10%	6%
Projected income		43,037	32,278	21,519
Total projected income		**111,246**	**83,434**	**55,623**

In order to verity the sensitivity of the index in the debts to which the Company is exposed on the base date June 30, 2015, 03 different scenarios were defined.

Based on the values of TR and CDI in effect on June 30, 2015, a likely scenario was defined for the next 12 months, on which basis changes from 25% to 50% on CDI and TR.

			Scenario		
Operation	**Risk**	**Risk on balance as of 06/30/2015**	**Probable I**	**Scenario 25%**	**Scenario 50%**
Loans and financing					
Rate subject to variation	CDI	3,149,020	360,938	451,173	541,408
Rate subject to variation	TR	2,740,023	223,698	279,622	335,547
Projected financial charges			**584,636**	**730,795**	**876,955**
Debentures					
Rate/index subject to variations	CDI	546,696	52,606	67,346	80,815
Balance of debentures	TR	372,601	19,097	23,871	28,645
Projected financial charges			**71,703**	**91,217**	**109,460**

Capital management

Management of capital is intended to preserve funds in hand to meet the needs for covering liabilities, pursuant to the Company’s business plan.

The Company manages capital through leverage ratios, which is net debt, minus debt to production support, divided by consolidated equity. The Company includes in the net debt the loans and financing except for those destined to the financing/support to production, granted under SFH conditions, less cash and cash equivalents and interest earning bank deposits. The following table shows the total of Company's consolidated equity, also debts contracted in the period ended June 30, 2015 and December 31, 2014, giving examples of its equity structure and obtained from third parties:

	06/30/2015	12/31/2014
Gross debt		
Debt - Housing Financial System - SFH	2,376,013	2,975,374
Other corporate debts	587,714	619,675
Total loans and financing	**2,963,727**	**3,595,049**
Debentures payable	1,254,602	1,398,809
Bank Credit Bills (CCBs) and co-obligations	2,766,776	2,875,399
Total gross debt	**6,985,105**	**7,869,257**
(-) Cash and cash equivalents and interest earning bank deposits	(1,197,577)	(1,091,948)
Net debt	**5,787,528**	**6,777,309**
(-) SHF debt	(2,376,013)	(2,975,374)
(-) CCB debt - Support to production *	(947,803)	(951,230)
(-) Debt of Debentures payable - Production support *	(440,576)	(590,621)
Net debt less debt with support to production	**2,023,136**	**2,260,084**
Total consolidated shareholders' equity (PL)	**5,185,258**	**5,061,749**
Debt (without SFH and Support to production) / Shareholders' equity	39.0%	44.7%

(*) They are under the same agreement conditions of SFH:

(a) Having a source of credit facilities created by the Government severance indemnity fund for employees (FGTS) and/or Savings;

(b) Being allocated to real estate financing (development of residential or commercial real estate);

(c) Being paid by the TR variation plus maximum interest rate of 12% p.a.

Liquidity risk

The Company manages liquidity risk by planning cash flow and monthly reviewing its projects in accordance with realized flows, always seeking to increase accuracy and revalidation of flows. We give priority to funds from SBPE and SFH financing to production as they permit better matching between maturities of assets and liabilities and, also, funds originated from portfolio transfer to banks are used by them to amortize this debt. Historically and in recent past, the Company have obtained full success in matching asset and liability maturities.

In addition, we have corporate debts issued as Debentures, CCB's and CRI's, primarily held by the largest Brazilian banks, with irrelevant participation of distribution channels in capital markets. The Company's focus is on new fund raising with more attractive terms and costs and on anticipated roll-over of transactions coming due so as to adequate cash flow from the its financial activities in the short term. Long-term relationship, its size and interest in real estate development industry in Brazil has resulted in great success. Finally, projections of operating cash generation from 2014 onwards have strengthened these efforts.

Foreign exchange risk

On June 30, 2015, the Company had no debts or amounts receivable denominated in foreign currency. Moreover, none of the Company's relevant costs are in foreign currency.

Credit risk
Credit risk is the risk of a business counterpart not complying with obligations provided in a financial instrument or contract with the client, resulting in financial loss.

Financial instruments which may potentially subject the Company to credit risk concentration are mainly comprised by bank balances, interest earning bank deposits substantially in government bonds and trade accounts receivable.

The Company is exposed to credit risk in its operating activities and bank and/or financial institution deposits, foreign exchange transactions and other financial instruments. In order to mitigate such risks, the Group (PDG) adopts a conservative management by investing short-term funds with day-to-day liquidity and post -fixed rates in first-class banks, bearing in mind ratings by the key risk agencies and respecting prudential concentration limits.

The balance of accounts receivable is spread out over a number of clients, with tangible guarantees consisting in the respective properties.

d. Transactions with derivative financial instruments

On June 30, 2015, the Company has swap transaction contracted with bank Brasil Plural S.A. This transaction will mature on August 14, 2015.

The position as of June 30, 2015 and December 31, 2014 is as follows:

Position	Ref.	Contents	Base (reais)	Fair value 06/30/2015	Fair value 12/31/2014
PDG	DOMC11	0.6601	37,286	23,490	24,611
Bank	CDI + 2% p,a,	1.01631	22,744	23,208	26,526
			*	**282**	**(1,915)**

(*) Amount recorded in caption "other financial expenses"

For the purpose of verifying derivative financial instrument sensitivity, two different scenarios were defined based on fair value on June 30, 2015. The Company used market value to settle transaction as calculation basis, and applied deteriorations of 25% and 50%, in accordance with the following scenarios:

	Contents			Analysis					
Scenario	**Probable (expected)**	**Possible 25%**	**Remote 50%**	**Position**	**Ref.**	**Risk**	**Probable scenario**	**Possible scenario**	**Remote scenario**
DOMC11	1,000.00	750.00	500.00	PDG	DOMC11	Decrease	37,286	27,965	18,643
CDI	13.64%	17.05%	20.46%	Bank	CDI + 2% p.a.	High	25,846	30,253	31,134
						Income (loss)	**11,440**	**(2,288)**	**(12,491)**

21 Business Risk Management

a. Implementation of the risk control system

In order to manage the risk control system effectively, the Company has operational control of all projects in its portfolio, which allows, for example, accelerate unit sales to reduce their risk exposure in relation to certain projects.

Such acceleration usually occurs by reducing the selling price, changing the media vehicles used, etc.

b. Risk control system

Risk control system includes an individual risk analysis for each development project and an investment portfolio risk analysis. Potential losses are calculated in stress scenario for each individual enterprise and for the portfolio as a whole, as well as the maximum cash exposure required by the portfolio.

c. Loss risk control

Risk for a new Company development is calculated bearing in mind what could be the loss should the latter decide to wind up the investment under extreme conditions. To this end a winding up price is defined, which may be estimated only in markets in which price formation is consistent, this consistency being defined as demand sensitivity to changes in price. The maximum loss expected in each project is calculated and a portion of company capital is allocated to support this risk.

The Company's total risk consists in the sum of each project's individual risks. After being launched, the development project's risk is reduced in proportion to the sale of units. The Company seeks maximum efficiency for its capital and believes that this efficiency is obtained when the sum of the risks in individual projects is close to the total of its available capital.

d. Control over maximum cash exposure

The risk control system monitors future cash needs in order to undertake the programmed projects in the Company's portfolio, based on each development project's economic feasibility study as well as on the need for individual cash flows regarding the projected cash flow for the portfolio as a whole. The cash flow projection assists in defining funding strategies and decision making with regard to which projects to include in the portfolio.

e. Operation in a liquid market

Through its market knowledge and with the assistance of partners, the Company is able to define the need for new joint ventures in different regions, as well as the income bracket of targeted potential purchasers. It concentrates projects in accordance with each geographical location's liquidity, i.e.: the potential displayed by each region in absorbing a certain number of properties and in responding to price changes.

The Company does not intend to act in markets in which there are no data available and in which there are no partners with specific expertise on such markets. Hence it believes that investment risks will be reduced, by acting in liquid regions with known market data and in association with local partners.

f. Operational risks

The operational risk management aims at monitoring: (i) of the construction agreement, in relation to the maximum guaranteed cost of the work; (ii) construction, with the Company retaining specialized companies to inspect the provision of services by the contracted builders (quality and the physical-financial schedule of the construction); (iii) of the financial and accounting audits carried out by the main independent audit firms; (iv) the legal documentation and risks; and (v) of the credit risk of the buyers of units through the active management of the receivables of the joint ventures.

22 Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks for amounts that the Management considers to be sufficient to cover eventual casualties, considering the nature of its activity. The policies in force and the premiums were dully paid. The company considers that it has a management program aiming to delimit risks, seeking coverage compatible with its size and operation in the market and its operations.

Insurance coverage in amounts for June 30, 2015 is as follows:

Items	Type of coverage	Amount insured
Construction insurance (Engineering and Civil Liability Risk)	Covers property and bodily damages involuntarily caused to third parties resulting from the execution of work, facilities and setting up at the site purpose of insurance; indirect damages caused by possible project errors; and extraordinary expenses such as clearing away of debris, disturbances, strikes etc.	3,688,807
Guarantee of delivery of real estate property insurance	Ensures the delivery of properties to conditional buyers	31,541
Equipment	Covers property damage to machinery and equipment of any nature	2,312
Corporate	Material damage caused by electrical damages, fire, windstorm, riots, assuring the loss of rental income	47,793
D&O	Management's civil liability,	70,000
		3,840,453

23 Share-based payment

a. Stock option plan

On January 9, 2007, the Board of Directors of the Company established a stock option plan through the Option Agreement, appointing the board members and employees in positions of command, with the goal of aligning the interests and objectives of such individuals with the strategies and results expected by the Company.

The Plan is managed by a Stock Option Plan Compensation and Administration Committee ("Compensation Committee"), composed of 3 board members, which holds powers to establish stock option programs ("Programs") that define each years' grants and applicable rules. The Committee is empowered to define the appropriate standards in connection with granting options every year, by means of stock option programs ("Programs"). The granting of options, through the establishment of the Programs, must respect the maximum limit of 8% of the Company's shares at the granting date of each program. Shares issued under the Plan will enjoy the same rights as existing shares on their respective issue dates, including the right to receive in full dividends and interest on capital.

At January 3, 2010, the Compensation Committee approved the Third Program, totaling 35,200,000 common shares (after the 1:2 share splits dated September 9, 2009 and November 7, 2010), that was granted in full to Program beneficiaries at a subscription price of R$ 6.00 per share (share price after the 1:2 share splits dated September 9, 2009 and November 7, 2010). The subscription price is adjusted for inflation to reflect changes in IGP-M during the period between grant and effective exercise. Options may be exercised in four equal batches, the term for exercising the first batch starting in January 2011 and the last batch in January 2014, plus grace period up to January 2016.

On June 30, 2015, the Company has 375,000 outstanding options.

The weighted average fair price for the stock option plan is presented by using the Black & Scholes option pricing model, assuming a 1.31% dividend payment, expected volatility of roughly 36.73% per annum for the 1st program, 53.19% for the 2nd program, and 41.5% for the 3rd program, 11.17% weighted average risk-free rate and 4.8-year final maturity.

Current shareholders dilution in case of a full exercise of the options granted would be of 0.02% (December 31, 2014: 0.03%), pursuant to the following calculation:

	06/30/2015	**12/31/2014**	
Number of outstanding stock options	375,000	375,000	(a)
Total Company's shares	2,459,627,859	1,323,264,223	(b)
Total	**2,460,002,859**	**1,323,639,223**	**(c)=(a)+(b)**
Dilution percentage	**0.02%**	**0.03%**	**(c)/(b)-1**

The with stock option plan expenses were calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

The premium for these shares was found on the date of their granting and was acknowledged as an expense against shareholders' equity, during the grace period and as the services were provided.

During six-month period ended June 30, 2014, the Company accrued the expense of this plan, in its results, amounting to R$99. The costs of this plan were fully recognized by the end of year 2014.

b. Long-term incentive plan

The Extraordinary Shareholders' Meeting, held on December 19, 2013, approved the Company's Long-Term Incentive Plan, under the Type of Call Option of Shares, whose purposes are as follows:

(i) providing incentive for the expansion, success and achievement of the Company's social goals;

(ii) to align the interests of the Company's shareholders to the interests of the eligible people; and

(iii) to enable the Company or other companies under its control to attract and maintain the eligible people linked to it (them).

The eligible beneficiaries under the type of call option of shares are the administrators and employees of the Company or of other companies under its control, as long as approved by the Company's Board of Directors.

The Company's Board of Directors, when considered convenient, will approve the granting of options, electing the beneficiaries to which the options will be granted under the terms of the plan, fixing the exercise price of the options and their payment conditions, establishing the terms and conditions of the exercise of the options and imposing any other conditions related to these options.

These options may be exercised as long as the respective beneficiaries remain continuously linked as administrator or employee of the Company or of any other company under its control, for the period between the granting date and the dates specified below:

- 20% (twenty percent) of the options may be exercised after the 2nd anniversary of the granting date;
- 20% (twenty percent) of the options may be exercised after the 3rd anniversary of the granting date;
- 30% (thirty percent) of the options may be exercised after the 4th anniversary of the granting date;
- 30% (thirty percent) of the options may be exercised after the 5th anniversary of the granting date;

The Options not exercised within the terms and conditions established will be considered automatically extinguished, with no right to indemnity, observing the maximum period of validity of the options, which will be of 6 (six) years from the granting date.

In the hypotheses of termination of the beneficiary, the rights granted to him under the plan may be extinguished or modified, as follows:

If, at any time, the beneficiary:

a. voluntarily leaves the Company, resigning from his job, renouncing his position as administrator, due to normal retirement or permanent disability, and also, if he is dismissed by the Company, without just cause, or withdrawn from his position without violation of the duties and attributions of administrator, the options not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity. And the options already exercisable in conformity with the respective option agreement, on the termination date, may be exercised, within 30 (thirty) days from the termination date, after which they will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

b. Is separated from the Company, due to dismissal with just cause or withdrawn from his position for having violated the duties and attributions of administrator, all the options already exercisable or not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

c. Is separated from the Company due to death, the options not yet exercisable in conformity with the respective option agreement, on the termination date, will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity. And the options already exercisable in conformity with the respective option agreement, on the death date, may be exercised by the heirs and legal successors of the beneficiary, within 12 (twelve) months from the termination date , after which they will be automatically extinguished, of full right, irrespective of prior notice or notification, and without any right to indemnity.

The total shares that may be acquired under the plan will not exceed 8% (eight percent) of the shares representative of the Company's total capital (including the shares issued as result of the exercise of options based on this plan), as long as the total number of shares issued or which may be issued under the terms of the plan is always within the limit of the Company's authorized capital.

Until June 30, 2015, the Company has accumulated 36,946,789 (2014: 6,188,122) canceled options, upon returning, arising from dismissals.

On December 19, 2014, long-term incentive plan was increased by 24,206,480 options, complying with all rules established and approved when the plan was implemented.

By June 30, 2015, the Company has accumulated 1,601,630 canceled options, upon returning, arising from dismissals.

In the second quarter of 2015, 32,360,297 options were canceled due to dismissals in the period, of which 30,758,667 and 1,601,630 in the 1st and 2nd emissions, respectively.

The exercise price to be paid by the option holders will be deduced by dividends and interests on equity per share paid by the Company between granting date and the option exercise date.

The fair value of stock options is presented by using option pricing model of Black & Scholes, thus assuming the payment of dividends as per assumptions presented in the following table:

A summary of the Company's stock options, corresponding to this plan on June 30, 2015, is as follows.

	1st issuance	**2nd issuance**	**Total**
Grant date	12/19/2013	12/19/2014	
Deadline to exercise	12/19/2018	12/19/2019	
Shares issued	93,731,953	24,206,480	117,938,433
Canceled	(6,188,122)	-	(6,188,122)
To exercise 12/31/2014	**87,543,831**	**24,206,480**	**111,750,311**
Canceled	(30,758,667)	(1,601,630)	(32,360,297)
To exercise 06/30/2015	**56,785,164**	**22,604,850**	**79,390,014**
Strike price	1.82	1.06	
Dividends	7.4%	6.5%	
Volatility	29.9%	25.1%	
Risk-free interest rate	11.6%	12.7%	
Maturity (years)	5	5	

The dilution of current beneficiaries, on June 30, 2015, in case of full exercise of the options granted would be 3.23% (on December 31, 2014: 8.45%), according to the calculation below:

	06/30/2015	**12/31/2014**	
Number of outstanding stock options	79,390,014	111,750,311	(a)
Total Company's shares	2,459,627,859	1,323,264,223	(b)
Total	**2,539,017,873**	**1,435,014,534**	**(c)=(a)+(b)**
Dilution percentage	**3.23%**	**8.45%**	**(c)/(b)-1**

Until the settlement of the plan in 2019, the total amount of expenses with stock options, considering the cancellations occurred due to dismissal of employees, will be R$27,841 (December 31 2014: R$ 43,124), calculated using the Black & Scholes method, bearing in mind the exercise period, volatility based on the background of Company shares, the risk-free rate and dividend payout proposal.

As provided in CPC 10 - Share-Based Payments, approved under CVM Resolution no. 564/08, the premium for these shares was found on the date of their granting and was acknowledged as an expense against shareholders' equity, during the grace period and as the services are provided.

During the quarter ended June 30, 2015, expenses were appropriated and accrued in the Company's results amounting to R$2,775 (R$5,684 on June 30, 2014).

The balances to be recognized in the Company's income are as follows:

	1st Issuance				**2nd issuance**				**Total**			
Year	**Gross amount**	**appropriate**	**Unrecognized**	**Residual**	**Gross amount**	**appropriate**	**Unrecognized**	**Residual**	**Gross amount**	**appropriate**	**Unrecognized**	**Residual**
2013	38,772	(385)	-	38,387	-	-	-	-	38,772	(385)	-	38,387
2014	-	(11,172)	-	27,215	4,352	(44)	-	4,308	4,352	(11,216)	-	31,523
2015	(15,283) [1]	(2,133)	(2,133)	7,666	-	(642)	(641)	3,025	(15,283)	(2,775)	(2,774)	10,691
2016	-	-	(3,692)	3,974	-	-	(1,270)	1,755	-	-	(4,962)	5,729
2017	-	-	(2,698)	1,276	-	-	(889)	866	-	-	(3,587)	2,142
2018	-	-	(1,276)	-	-	-	(602)	264	-	-	(1,878)	264
2019	-	-	-	-	-	-	(264)	-	-	-	(264)	-
	23,489	**(13,690)**	**(9,799)**	**-**	**4,352**	**(686)**	**(3,666)**	**-**	**27,841**	**(14,376)**	**(13,465)**	**-**

(1) Amount determined in the cancellation of options granted upon dismissal of employees

24 Segment information

The Company reviews the type of valuation of its business and understands that its business units do not mean different segments, but subdivisions of the real estate segment. Accordingly not presenting information by segment.

25 Net operating income

Below follows a breakdown of the Company's net income in the quarters ended June 30, 2015 and 2014:

	Parent company				Consolidated			
	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014
Real estate sales	5,784	15,307	8,832	20,072	486,643	1,153,511	917,678	2,057,048
Other operating income	12	14	-	-	39,044	68,411	41,542	60,257
(-) Deductions from income	(215)	(654)	124	(200)	(43,700)	(79,071)	(33,227)	(70,953)
Net operating income	**5,581**	**14,667**	**8,956**	**19,872**	**481,987**	**1,142,851**	**925,993**	**2,046,352**

26 Costs of units sold

Below follows a breakdown of the Company's properties sold in quarters ended June 30, 2015 and 2014:

	Parent company				Consolidated			
	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014
Costs of units sold	(4,246)	(6,571)	(3,947)	(13,983)	(376,981)	(879,774)	(656,356)	(1,454,103)
Capitalized charges	(360)	(1,145)	(784)	(1,844)	(41,396)	(96,176)	(74,578)	(159,037)
Goodwill on land (in associated companies)	-	-	-	-	-	-	(207)	(1,933)
Cost of properties sold	**(4,606)**	**(7,716)**	**(4,731)**	**(15,827)**	**(418,377)**	**(975,950)**	**(731,141)**	**(1,615,073)**

27 Financial income (loss)

	Parent company				Consolidated			
	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014
Financial income								
Yield from financial investments	15,041	23,229	8,609	18,649	33,673	51,836	17,939	37,576
Fair value of debentures	1,989	1,989	(1,989)	-	1,989	1,989	(1,989)	-
Monetary variation, interest and fines	1,980	36,396	7,817	10,784	30,308	75,174	31,171	71,259
Other financial income	4,075	6,626	4,233	12,053	6,989	10,236	(11,477)	5,542
	23,085	**68,240**	**18,670**	**41,486**	**72,959**	**139,235**	**35,644**	**114,377**
Financial expenses								
Interest on loans	(135,255)	(266,619)	(126,697)	(233,995)	(306,151)	(542,373)	(235,349)	(445,194)
Bank expenses	(9)	(23)	(21)	(48)	(851)	(1,803)	(955)	(2,081)
Other financial expenses	(3,273)	(5,255)	(2,633)	(6,844)	(15,635)	(20,981)	(5,411)	(13,959)
Total financial expenses	**(138,537)**	**(271,897)**	**(129,351)**	**(240,887)**	**(322,637)**	**(565,157)**	**(241,715)**	**(461,234)**
Capitalized interest (note 6)	524	1,726	1,129	2,384	100,369	152,226	78,758	159,207
	(138,013)	**(270,171)**	**(128,222)**	**(238,503)**	**(222,268)**	**(412,931)**	**(162,957)**	**(302,027)**
Total financial income (loss)	**(114,928)**	**(201,931)**	**(109,552)**	**(197,017)**	**(149,309)**	**(273,696)**	**(127,313)**	**(187,650)**

28 Administrative expenses

	Parent company				Consolidated			
	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014
Salaries and payroll charges	(180)	(805)	(1,277)	(2,557)	(38,970)	(74,868)	(42,618)	(84,062)
Management compensation	(1,661)	(2,736)	(1,275)	(2,510)	(1,661)	(2,736)	(2,039)	(4,052)
Stock options	312	(2,775)	(2,792)	(5,586)	312	(2,775)	(2,792)	(5,586)
Profit sharing	-	-	-	-	(2,500)	(5,000)	(10,960)	(23,449)
Salaries and payroll charges	**(1,529)**	**(6,316)**	**(5,344)**	**(10,653)**	**(42,819)**	**(85,379)**	**(58,409)**	**(117,149)**
Lawyers' fees and court costs	(517)	(809)	(295)	(765)	(3,559)	(8,003)	(1,025)	(3,577)
IT maintenance	361	(2,112)	-	(15)	(953)	(4,981)	(6,447)	(9,305)
Consulting	(738)	(2,012)	(1,586)	(1,924)	(3,288)	(6,707)	(11,293)	(17,620)
Other services	(8)	(25)	3	239	(2,486)	(5,559)	(2,310)	(5,932)
Rendering of services	**(902)**	**(4,958)**	**(1,878)**	**(2,465)**	**(10,286)**	**(25,250)**	**(21,075)**	**(36,434)**
Traveling	-	-	-	-	(1,441)	(2,453)	(2,009)	(3,728)
Telecommunications and Internet	(49)	(273)	(116)	(263)	(1,513)	(3,376)	(2,293)	(4,928)
Rental and renewal of real estates	129	(182)	-	(454)	(6,546)	(12,497)	(5,348)	(11,461)
Other expenses	(24)	(532)	(329)	(1,347)	(3,286)	(7,005)	(2,677)	(9,340)
Other administrative expenses	**56**	**(987)**	**(445)**	**(2,064)**	**(12,786)**	**(25,331)**	**(12,327)**	**(29,457)**
Total	**(2,375)**	**(12,261)**	**(7,667)**	**(15,182)**	**(65,891)**	**(135,960)**	**(91,811)**	**(183,040)**

29 Sales expenses

	Parent company				Consolidated			
	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2014-06/30/2014	01/01/2014-06/30/2014
Advertising, publicity and other	(656)	(1,106)	(456)	(827)	(25,383)	(45,090)	(24,027)	(43,023)
Commissions and bonuses on sales	(189)	(343)	(135)	(270)	(16,840)	(25,470)	(16,461)	(33,634)
Sales Stand	(19)	(54)	(83)	(211)	(4,347)	(8,496)	(6,817)	(12,874)
Total	**(864)**	**(1,503)**	**(674)**	**(1,308)**	**(46,570)**	**(79,056)**	**(47,305)**	**(89,531)**

30 Independent Auditors

KPMG Auditores Independentes (KPMG) was contracted by PDG Group for provision of external audit services in relation to the audit of its annual financial statements and reviews of its quarterly information.

In addition, KPMG was contracted by PDG Group in 2014 for provision of the following services not related to the external audit which are being rendered in 2015 as follow:

- Review of taxes in the total amount of R$ 75.

Upon contracting of services to be provided by the independent audit, the Company evaluates the context of the procedures to be performed, preserving the independence and objectivity of the auditor, pursuant to guidelines and standards that regulate the auditor's service and the relationship with the Company.

The purpose of this evaluation is to guarantee that the work does not create threats to the independence of the audit or of the members of the audit team, whether of threats of self-review, of own interest and defense of the Company's interest. Accordingly, the sufficiency and adequacy of data to be collected during the work are responsibility of the Company's management, as well as the responsibility for the decisions and performance of actions that might affect the Company.

The Company's management, as well as its independent auditors, understands that the aforementioned services do not affect the independence and objectivity of KPMG, necessary to perform the audit services in accordance with the rules in force in Brazil.

31 Other information

The Company's bylaws establish in its chapter VIII and Article 39, as regards commercial conflicts, the following:

Controversy resolution through arbitration: the Company, its shareholders, managers and Board of Directors' members are obliged to resolve through arbitration of the Market Arbitration Panel any dispute or controversy that may arise among them, related to or deriving from the application, validity, effectiveness, interpretation, violation and its effects of provisions of Law 6404/76, of these Bylaws, standards issued by the National Monetary Council, by the Brazilian Central Bank and CVM, as well as other standards applicable to capital market general operation, in addition to those included in New Market Regulations, Market Arbitration Panel Arbitration Regulations, New Market Penalty Regulations and Participation Agreement.

Consolidated Form

Negociation Management and Related Persons - Art. 11 - Instrucion CVM nº 358/2002

In 06/2015 the Company not conducted derivate and securities transactions, according to the CVM nº 358/2002, article 11. Below is the Company position regarding Securities and Derivates.

<table>
<tr><td colspan="8">Company Name: PDG Realty S.A. Empreendimentos e Participações</td></tr>
<tr><td>Group and related parties</td><td>(X) Management Board</td><td colspan="2">( ) Director</td><td colspan="2">( ) Fiscal Council</td><td colspan="2">( ) Technical or advisory committees</td></tr>
<tr><td colspan="8">Inicial Amount</td></tr>
<tr><td rowspan="2">Securities/Derivative</td><td rowspan="2" colspan="3">Securities Characteristics</td><td rowspan="2" colspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*
PDGRD81*</td><td colspan="3">Ordinary
Debenture</td><td colspan="2">197,868,494
17,003,266</td><td>14.95%
8.54%</td><td>14.95%
8.54%</td></tr>
<tr><td colspan="8">Montly movement - discriminating each purchase or sale trasaction within the month (day, quantity, price and volume)</td></tr>
<tr><td>Securities/Derivate</td><td>Securities Characteristics</td><td>Intermediate</td><td>Transaction</td><td>Day</td><td>Amount</td><td>Price (R$)</td><td>Volume (R$)</td></tr>
<tr><td>Shares</td><td>Ordinárias</td><td>UBS</td><td></td><td>TOTAL</td><td>0</td><td></td><td>0,00</td></tr>
<tr><td>PDGRD81</td><td>Debentures</td><td>UBS</td><td></td><td>TOTAL</td><td>0</td><td></td><td>0,00</td></tr>
<tr><td colspan="8">Final Balance</td></tr>
<tr><td rowspan="2">Securities/Derivate</td><td rowspan="2" colspan="3">Securities Characteristics (2)</td><td rowspan="2" colspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*
PDGRD81*</td><td colspan="3">Ordinary
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8.54%</td><td>14.95%
8.54%</td></tr>
</table>

(*) Including directly and indirectly interest in PDG.

Consolidated form

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<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">55,792</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGRD81*</td><td colspan="3">Debenture</td><td colspan="2">17,635</td><td>0.01%</td><td>0.01%</td></tr>
<tr><td colspan="8">Montly movement - discriminating each purchase or sale trasaction within the month (day, quantity, price and volume)</td></tr>
<tr><td>Securities/Derivate</td><td>Securities Characteristics</td><td>Intermediate</td><td>Transaction</td><td>Day</td><td>Amount</td><td>Price (R$)</td><td>Volume (R$)</td></tr>
<tr><td></td><td></td><td></td><td></td><td>TOTAL</td><td>-</td><td></td><td>-</td></tr>
<tr><td></td><td></td><td></td><td></td><td>TOTAL</td><td>0</td><td></td><td>0,00</td></tr>
<tr><td colspan="8">Final Balance</td></tr>
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<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">55,792</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGRD81*</td><td colspan="3">Debenture</td><td colspan="2">17,635</td><td>0.01%</td><td>0.01%</td></tr>
</table>

(*) Including directly and indirectly interest in PDG.

The quantity of shares held reflect changes in Board members, pursuant to the minutes of the meeting of the Board of Directors June 26, 2015.

Consolidated form

Negociation Management and Related Persons - Art. 11 - Instrucion CVM nº 358/2002

In 06/2015 the Company not conducted derivate and securities transactions, according to the CVM nº 358/2002, article 11. Below is the Company position regarding Securities and Derivates.

Company Name: PDG Realty S.A. Empreendimentos e Participações							
Group and related parties	**( ) Management Board**	**( ) Director**		**(X) Fiscal Council**		**( ) Technical or advisory committees**	
Inicial Amount							
Securities/Derivate	Securities Characteristics			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			518,547		0.04%	0.04%
PDGRD81*	Debenture			52,938		0.03%	0.03%
Montly movement - discriminating each purchase or sale trasaction within the month (day, quantity, price and volume)							
Securities/Derivate	Securities Characteristics	Intermediate	Transaction	Day	Amount	Price (R$)	Volume (R$)
Shares	Ordinary	UBS					
				TOTAL	**0**		**0,00**
PDGRD81	Debentures	UBS					
				TOTAL	**0**		**0,00**
Final Balance							
Securities/Derivate	Securities Characteristics (2)			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			518,547		0.04%	0.04%
PDGRD81*	Debenture			52,938		0.03%	0.03%

(*) Including directly and indirectly interest in PDG.

Shareholders	**%**	**Nº Shares**
Orbis Investment Management Limited	15.74%	208,314,521
Vinci Equities Gestora de Recursos Ltda	10.53%	139,312,935
Vinci Capital Partners II F Fundo de Investimentos em Participações	9.13%	120,866,533
Platinum Investment Management Limited	5.39%	71,387,800
Bank of America	5.06%	66,984,799
Director	0.00%	55,792
Others	54.13%	716,341,843
Total of Shares - 06/30/15	**100.00%**	**1,323,264,223**
Shares in process of conversation for trading (from capital increase in 06/30/2015)		1,136,363,636
Total Number of Shares Issued		**2,459,627,859**

Fiscal council opinion

The Supervisory Board members approved, unanimously and without any reservations or restrictions, the following opinion: "The Fiscal Council of PDG Realty S.A. Empreendimentos e Participações, pursuant to its legal duties, on meeting held as of June 28, 2015, reviewed: (i) the Management Report and the Financial Statements for the year ended March 31 2015, comprising the balance sheet, statement of income, statements of changes in shareholders' equity, statement of cash flows, statement of added value and notes. Based on the examinations performed, the clarifications provided by the Management, the Fiscal Council concluded that the management report and the financial statements mentioned in all material respects, is fairly presented and consistent with the legal standards applicable.

Statement of the Executive Officers on the Financial Statements

DECLARATION FOR THE PURPOSE OF ARTICLE 25, PARAGRAPH 1, ITEM VI, CVM INSTRUCTION 480/09

We declare, in the capacity of officers of PDG Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city of São Paulo, São Paulo State, Engenheiro Luis Carlos Berrini Avenue, 105, 11th floor, Zip Code 04571-010, enrolled with CNPJ/MF no. 02.950.811/0001-89 (the “Company”), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the
Company’s financial statements for the period ended June 30, 2015.

São Paulo, July 30, 2015

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

RAFAEL RODRIGUES DO ESPÍRITO SANTO
Chief Financial

Statement of the Executive Officers on the Independent auditors report

DECLARATION FOR THE PURPOSE OF ARTICLE 25, PARAGRAPH 1, ITEM V, OF CVM INSTRUCTION 480/09

We declare, in the capacity of officers of PDG Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city of São Paulo, São Paulo State, Engenheiro Luis Carlos Berrini Avenue, 105, 11th floor, Zip Code 04571-010, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the "Company"), pursuant to the terms of item V of paragraph 1 of Article 25 of CVM Instruction 480, of December 7, 2009, that we have reviewed, discussed and agreed with the opinions expressed in the Company's independent auditors' report (KPMG Auditores Independentes) referring to the Company's financial statements for the period ended June 30, 2015.

São Paulo, July 30, 2015

CARLOS AUGUSTO LEONE PIANI
Chief Executive Officer

RAFAEL RODRIGUES DO ESPÍRITO SANTO
Chief Financial