PDG Realty S.A. Empreendimentos e Participações

Quarterly information - ITR
Quarter ended June 30, 2016
(A free translation of the original financial statements in Portuguese prepared in accordance with the accounting practices adopted in Brazil)

KPDS 160363

Contents

Message from the Board

In this first half of 2016, we obtained relevant improvements in our strategy of sale of assets and restructuring of the Company's debts.

In May, we signed the agreement of sale of our total interest (58%) in REP, receiving the equivalent to R$34 million in real estate units located in São Paulo, and reduced by R$214 million the Company's net debt.

In May, we signed a Memorandum of Understanding for restructuring debts with our four biggest creditors (Banco do Brasil, Bradesco, CEF and Itaú Unibanco). Agreement main objectives: (i) set out the Company's financing needs and; (ii) conform debts' maturities with Banks considering future cash flow.

Accordingly, today we gave a fundamental step in the process of restructuring of the Company's debts, with the conclusion of the renegotiation of the total corporate debt with the 4 big creditor banks. In total, we renegotiated R$2.3 billion, extending the maturities of interest and principal for 4 years. In addition, we concluded all the renegotiations of the production financing agreements, totaling R$1.1 billion.

Today we also concluded the negotiation for financing of the Company's general and administrative expenses (Financing G&A), whose estimated value may reach R$200 million. These funds will be regularly released to the Company up to May 2017, and will permit the maintenance of the Company's operating regularity.

The formalization of the renegotiations described above is at final phase of signing by the creditors.

The Company concluded, with Vinci Partners, the financing facility in the amount up to R$100 million, which will be made through two issuances of simple debentures, each divided in two series. The first series of the 9th and 10th issuance, totaling R$ 50 million (of which R$ 20 million were paid up in June and R$ 30 million between July and August) and the second series may be subscribed and paid up by Veículos Vinci, in one or more installments, in the next 12 months.

Under the Memorandum of Understanding signed with Banco Votorantim and BVEP in January this year, we concluded the sale of 2 projects (D´oro and Arena) for R$10 million, and also reduced by R$52 million the cost to be incurred by the Company. We concluded the sale of assets with BVEP, and the Company formalized with Banco Votorantim, an agreement in respect to the restructuring of Promissory Notes in the amount of R$565 million.

Accordingly, on August 05 this year, we performed the 11th Issuance of simple debentures in the amount equivalent to the debtor balance of the Promissory Notes, so as to raise funds for their early redemption. The terms and conditions of the Debentures are equivalent to those agreed upon with the 4 major creditors of the Company.

With the total conclusion of the renegotiation of corporate debts and SFH debts with our 4 major creditors (Banco do Brasil, Caixa Econômica Federal, Bradesco S.A and Itaú), and with the conclusion of the renegotiation with Banco Votorantim S.A, with the 11th issuance of debentures, we will reach the restructuring of 74% of the Company's gross debt, equivalent to R$ 4.0 billion. The success of the renegotiation with our 5 major creditors will represent a decisive step in the successful conclusion of the Restructuring of Debts.

In the operating part, we highlight the eighth consecutive quarter of reduction of net debt, whose decrease attained R$270 million in 2Q16. In the accumulated for the half, the decrease was R$381 million, totaling more than R$1.6 billion of reduction of net debt since the 3Q14, not considering the capital increase made in 2015, and considering the sale of REP.

On the commercial side, gross sales totaled R$ 345 million in this quarter, a reduction of 14% in relation to the 1Q16 and 33% in relation to 2Q15. However, the terminations of agreements reduced 12% in relation to 1Q16, totaling R$268 million, and decrease of 40% compared to 2Q15. Accordingly, net sales reached R$77 million in the quarter, a decrease of 21% in relation to 1Q16, however, with increase of 8% in relation to the amount recorded in 2Q15.

In the accumulated for the half, gross sales reached R$748 million, a drop of 39% in relation to the same period of 2015, when the sales campaign “Na Ponta do Lápis” was launched. The termination of agreements amounted to R$574 million in 1H16, a drop of 37% in relation to the same period of 2015. In turn, net sales closed the 1H16 at R$174 million, a drop of 46% in relation to 1H15. We believe that the drop in the rescission of agreements observed during the half should not be considered as a trend. Despite the major resiliency in this period, we believe that the maintenance of the restriction in credit conditions, the lack of funding, the current financing rates and the maintenance of the economic scenario, may adversely affect the rescission of agreements over the year.

Although we have not launched any sales campaign in the period, sales at sight reached R$64 million in 2Q16, representing 19% of gross sales in the quarter. In the accumulated for the first half, sales at sight totaled R$146 million, in line with the value recorded in 1H15.

Reducing even more the risk of foreclosure of the Company, the cost to be incurred closed the period at R$697 million, a reduction of 9% in relation to 1Q16, and reduction of 38% in relation to 2Q15.

In the quarter, we obtained 7 “habite-ses” (Certificates of Occupancy), with VGV of R$675mm and 2,540 unit. In the accumulated for the half, we obtained 9 “habite-ses” (Certificates of Occupancy), with VGV of R$821mm and 3,984 unit. Accordingly, we closed the first half of 2016 with 35 projects in progress.

The intense work of reduction of costs continues in progress, as well as the adjustment in the Company’s structure. In 2Q16, general and administrative expenses were 16% lower compared to 2Q15, and in the accumulated 1H16, the reduction reached 19% in relation to 1H15. In the comparison between 2Q15 and 2Q16, commercial expenses fell 33%, and in the six-month period they reduced 29% in relation to same period last year.

In 2Q16, general and administrative expenses plus commercial expenses (SG&A), reduced 23% in relation to 2Q15, and in the comparison of the six-month period the reduction also attained 23%.

Analyzing the Company’s leverage under the concept of “extended indebtedness”, that is, considering the net debt plus cost to be incurred for conclusion of current projects, the leverage has recorded consistent drop since 2012, with reduction of 57%, or R$7.6 billion, since the end of 2012, reducing the operating complexity and the risk of foreclosure of our assets. In 2Q16, the extended leverage was reduced by R$338 million, considering the deconsolidation of R$52 million in the cost to be incurred of the projects sold (Arena and D´oro), in 1H16 the accumulated reduction was R$463 million.

We continue to amortize the balance of financing to production (SFH), in view of the delivery and transfer of the joint ventures. In the second quarter, the total balance of this facility reduced R$149 million (-11%) in relation to 1Q16. In the accumulated for the six months, the decrease in SFH facility was R$421 million (-25%).

The challenge is still big, however, we reinforce that the Company is managing to overcome one of the most important and challenging phases of its restructuring process, mainly in regard to the sale of assets and conclusion of the restructuring of its debts.

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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, 2016, which comprise the balance sheet as of June 30, 2016 and the related income statement and comprehensive income for the three and six-month periods then ended, of 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.

Going Concern
Without qualifying our opinion, we draw attention to Note 1 of the financial statements, which describes the plan defined by Management to balance the financial liabilities to the cash flow of the Company, which incurred a net loss in the six-month period ending on June 30, 2016 and, as of that date, current liabilities exceeded its current assets, mainly due to the reclassification of the debts from long to short-term, for the non-compliance of covenants in certain loan and financing agreements. The risk of non-performance of the described plan indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

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, 2016, 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, August 10, 2016

KPMG Auditores Independentes
CRC 2SP014428/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 06/30/2016

Common shares from paid-in capital	49,192	
Preferred - Of the Paid-up Capital		-
Total from paid-in capital	49,192	
Common shares - in treasury		-
Preferred shares - in treasury		-
Total - in treasury	-	

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

Balance sheets - Parent Company

(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
1	Total assets	5,040,463	6,506,274
1.01	Current assets	175,769	173,636
1.01.01	Cash and cash equivalents	19,898	17,488
1.01.01.01	Cash and banks	12,074	7,562
1.01.01.02	Interest earning bank deposits	7,824	9,926
1.01.03	Accounts receivable	51,038	61,177
1.01.03.01	Trade accounts receivable	51,038	61,177
1.01.04	Inventories	42,903	14,820
1.01.04.01	Real estate inventories for sale	42,903	14,820
1.01.06	Recoverable taxes	12,495	22,934
1.01.06.01	Current taxes recoverable	12,495	22,934
1.01.08	Other current assets	49,435	57,217
1.01.08.03	Others	49,435	57,217
1.01.08.03.06	Loan agreement	2,818	-
1.01.08.03.07	Others Assets	46,617	57,217
1.02	Non-current assets	4,864,694	6,332,638
1.02.01	Long term assets	628,519	2,272,829
1.02.01.03	Accounts receivable	6,147	33,564
1.02.01.03.01	Trade accounts receivable	6,147	33,564
1.02.01.04	Inventories	21,556	22,488
1.02.01.04.01	Real estate inventories for sale	21,556	22,488
1.02.01.09	Other non-current assets	600,816	2,216,777
1.02.01.09.04	Advances for future capital increase	600,816	1,918,327
1.02.01.09.06	Loan agreements	-	41,194
1.02.01.09.07	Credit receivables purchased	-	155,775
1.02.01.09.10	Others Assets	-	101,481
1.02.02	Investments	4,202,015	4,024,970
1.02.02.01	Equity interest	4,202,015	4,024,970
1.02.02.01.01	Interest in associated companies	4,927	24,597
1.02.02.01.02	Interest in subsidiaries	4,092,026	3,892,787
1.02.02.01.04	Other equity interest	105,062	107,586
1.02.03	Property, plant and equipment	1,412	975
1.02.03.01	Fixed assets in operation	1,412	975
1.02.04	Intangible assets	32,748	33,864
1.02.04.01	Intangible assets	32,748	33,864

Balance sheets - Parent Company
(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2	Total liabilities	5,040,463	6,506,274
2.01	Current liabilities	3,899,109	3,775,309
2.01.01	Social and labor obligations	2,790	1,835
2.01.01.02	Labor obligations	2,790	1,835
2.01.02	Suppliers	25,735	23,964
2.01.02.01	Domestic suppliers	25,735	23,964
2.01.03	Tax liabilities	968	7,259
2.01.03.01	Federal tax liabilities	968	7,259
2.01.03.01.02	Deferred tax liabilities	728	1,538
2.01.03.01.06	Other current liabilities	240	5,721
2.01.04	Loans and financing	1,897,984	1,682,947
2.01.04.01	Loans and financing	982,789	791,807
2.01.04.01.01	In domestic currency	982,789	791,807
2.01.04.02	Debentures	915,195	891,140
2.01.05	Other liabilities	1,968,575	2,057,289
2.01.05.02	Others	1,968,575	2,057,289
2.01.05.02.04	Payables for acquisition of real estate	9,631	6,569
2.01.05.02.05	Advances from clients	-	34
2.01.05.02.08	Liabilities for acquisition of equity interest	1,263	3,934
2.01.05.02.09	Other liabilities	24,988	6,838
2.01.05.02.10	Liabilities from CCB/CCI issuance	1,932,693	2,039,914
2.01.06	Provisions	3,057	2,015
2.01.06.01	Tax, social security, labor and civil provisions	2,484	1,499
2.01.06.01.05	Provision for contingencies	2,484	1,499
2.01.06.02	Other provisions	573	516
2.01.06.02.01	Provisions for guarantees	573	516
2.02	Non-current liabilities	356,832	796,710
2.02.01	Loans and financing	20,000	159,201
2.02.01.01	Loans and financing	-	159,201
2.02.01.01.01	In domestic currency	-	159,201
2.02.01.02	Debentures	20,000	-
2.02.02	Other liabilities	330,022	629,810
2.02.02.02	Others	330,022	629,810
2.02.02.02.03	Advances from clients	2,750	2,750
2.02.02.02.05	Deferred tax liabilities	595	-
2.02.02.02.09	Liabilities from CCB/CCI issuance	1,254	22,680
2.02.02.02.15	Other liabilities	325,423	604,380
2.02.04	Provisions	6,810	7,699
2.02.04.01	Tax, social security, labor and civil provisions	6,810	7,699
2.02.04.01.09	Provision for contingencies	6,810	7,699
2.03	Shareholders' equity	784,522	1,934,255
2.03.01	Realized capital	4,917,843	4,917,843
2.03.02	Capital reserves	1,236,092	1,235,345
2.03.02.01	Goodwill in the issue of shares	1,206,746	1,206,746
2.03.02.04	Options granted	29,346	28,599
2.03.05	Retained Earnings/Losses	- 5,369,413	- 4,218,933

Income statement - Parent Company

(In thousand of reais)

Code of account	Account description	Current quarter - from 04/01/2016 to 06/30/2016	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Same quarter of the prior year - 04/01/2015– 06/30/2015	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
3.01	Income from sales of goods and/or services	7,960	8,454	5,581	14,667
3.02	Cost of goods and/or services sold	-6,440	-7,314	-4,606	-7,716
3.03	Gross income	1,520	1,140	975	6,951
3.04	Operating expenses/income	-590,506	-831,782	-117,109	-197,716
3.04.01	Sales expenses	-916	-1,606	-864	-1,503
3.04.02	General and administrative expenses	-14,488	-28,626	-2,375	-12,261
3.04.04	Other operating income	-	802	4,401	4,403
3.04.04.02	Others	-	802	4,401	4,403
3.04.05	Other operating expenses	-167,774	-179,557	-28,852	-45,588
3.04.05.01	Tax expenses	-145	-319	-477	-619
3.04.05.02	Depreciation/Amortization	-2,187	-6,297	-9,267	-18,730
3.04.05.04	Equity interest losses	-123,921	-127,767	-8,956	-15,325
3.04.05.05	Others	-41,521	-45,174	-10,152	-10,914
3.04.06	Equity income (loss)	-407,328	-622,795	-89,419	-142,767
3.05	Income (loss) before financial income and taxes	-588,986	-830,642	-116,134	-190,765
3.06	Financial income (loss)	-150,901	-319,470	-114,928	-201,931
3.06.01	Financial income	2,675	6,446	23,085	68,240
3.06.02	Financial expenses	-153,576	-325,916	-138,013	-270,171
3.07	Income (loss) before income tax	-739,887	-1,150,112	-231,062	-392,696
3.08	Income and social contribution taxes	-116	-368	-5	-22
3.08.01	Current	-116	-368	4	-13
3.08.02	Deferred	-	-	-9	-9
3.09	Net income (loss) of continued operations	-740,003	-1,150,480	-231,067	-392,718
3.11	Income/loss for the period	-740,003	-1,150,480	-231,067	-392,718
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	ON	-15.04316	-23.38754	-0.11523	-0.19584
3.99.02	Diluted earning per share	-	-	-	-
3.99.02.01	ON	-15.04316	-23.38754	-0.11523	-0.19584

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

(In thousand of reais)

Code of account	Account description	Current quarter - from 04/01/2016 to 06/30/2016	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Same quarter of the prior year - 04/01/2015– 06/30/2015	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
4.01	Net income for the period	- 740,003	- 1,150,480	- 231,633	- 393,284
4.02	Other comprehensive income	-	-	- 1,344	-
4.03	Comprehensive income for the period	- 740,003	- 1,150,480	- 232,977	- 393,284

Statements of cash flows - Indirect method - Parent Company
(In thousand of reais)

Code of account	Account description	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
6.01	Net cash from operational activities	128,152	-218,051
6.01.01	Cash generated in operations	-70,756	69,922
6.01.01.01	Income (loss) before income and social contribution taxes	-1,150,112	-392,696
6.01.01.02	Depreciation and amortization	6,297	18,730
6.01.01.03	Capital gains/losses in subsidiaries	127,767	15,325
6.01.01.05	Financial Expenses - Interest paid and monetary variation	317,206	283,427
6.01.01.06	Fair value on financial instruments	-	-2,271
6.01.01.07	Recognition Stand Expenses	21	54
6.01.01.08	Stock options expenses	747	2,775
6.01.01.11	Equity in net income of subsidiaries	622,795	142,767
6.01.01.12	Adjustment to present value	-	338
6.01.01.13	Provision for warranty and contingencies	2,086	1,473
6.01.01.16	Estimated losses with doubtful accounts	438	-
6.01.01.17	Others	1,999	-
6.01.02	Changes in assets and liabilities	311,286	34,577
6.01.02.01	Assignment of credit right operation	-	-12,408
6.01.02.02	Loan agreement receivable	6,492	-68
6.01.02.03	Accounts receivable	22,417	-3,954
6.01.02.05	Recoverable taxes	-	-1,851
6.01.02.06	Real estate inventories for sale	6,498	-13
6.01.02.07	Unrecognized expenses	-	231
6.01.02.09	Active debentures	-	-3,054
6.01.02.11	Advances from clients	-	-15
6.01.02.12	Payables for acquisition of real estate	-	-2,440
6.01.02.14	Tax Liabilities and Taxes Payable	5,506	47,763
6.01.02.15	Suppliers	385	-1,936
6.01.02.18	Other movements	269,988	12,322
6.01.03	Others	-112,378	-322,550
6.01.03.01	Income and social contribution taxes	-176	-48,398
6.01.03.02	Interest paid on loans	-112,202	-274,152
6.02	Net cash used in investment activities	130,810	-340,030
6.02.01	(Increase) Decrease in Interest in associated companies and subsidiaries	45,645	17,743
6.02.03	Intangible assets	-1,403	-4,956
6.02.04	Advances for future capital increase	86,568	-352,014
6.02.07	Interest earning bank deposits measured at fair value	-	-98
6.02.08	Acquisition of property, plant and equipment	-	-705
6.03	Net cash from financing activities	-256,552	309,029
6.03.01	Loans	50,000	682,379
6.03.02	Loan amortization	-306,552	-873,350
6.03.05	Capital increase	-	500,000
6.05	Increase (decrease) in cash and cash equivalents	2,410	-249,052
6.05.01	Opening balance of cash and cash equivalents	17,488	285,719
6.05.02	Closing balance of cash and cash equivalents	19,898	36,667

Statements of changes in shareholders' equity - Parent Company - 01/01/2016 - 06/30/2016

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,917,843	1,235,345	-	- 4,218,933	-	1,934,255
5.03	Adjusted opening balances	4,917,843	1,235,345	-	- 4,218,933	-	1,934,255
5.04	Capital transactions with partners	-	747	-	-	-	747
5.04.03	Recognized options granted	-	747	-	-	-	747
5.05	Total comprehensive income	-	-	-	- 1,150,480	-	- 1,150,480
5.05.01	Net income for the period	-	-	-	- 1,150,480	-	- 1,150,480
5.07	Closing balances	4,917,843	1,236,092	-	- 5,369,413	-	784,522

Statements of changes in shareholders' equity - Parent Company - 01/01/2015 - 06/30/2015
(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	4,907,843	744,162	- -	1,403,191 -	66,592	4,182,222
5.03	Adjusted opening balances	4,907,843	744,162	- -	1,403,191 -	66,592	4,182,222
5.04	Capital transactions with partners	10,000	492,528	-	-	-	502,528
5.04.01	Capital increases	10,000	490,000	-	-	-	500,000
5.04.02	Expenses with issuance of shares	- -	247	-	-	- -	247
5.04.03	Recognized options granted	-	2,775	-	-	-	2,775
5.05	Total comprehensive income	-	-	- -	392,718	- -	392,718
5.05.01	Net income for the period	-	-	- -	392,718	- -	392,718
5.05.02	Other comprehensive income	-	-	-	-	1,344	1,344
5.05.02.04	Translation adjustments in the period	-	-	-	-	1,344	1,344
5.05.03	Reclassifications to income (loss)	-	-	-	- -	1,344 -	1,344
5.05.03.02	Reclassifications to income (loss)	-	-	-	- -	1,344 -	1,344
5.06	Internal changes in shareholders' equity	-	-	- -	66,592	66,592	-
5.06.04	Other reclassifications	-	-	- -	66,592	66,592	-
5.07	Closing balances	4,917,843	1,236,690	- -	1,862,501	-	4,292,032

Statements of added valued - Parent Company

(In thousand of reais)

Code of account	Account description	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
7.01	Income	9,527	15,136
7.01.01	Sale of merchandise, products and services	7,096	15,122
7.01.02	Other income	2,431	14
7.01.03	Income from construction of own assets	-	-
7.01.04	Formation/reversal of allowance for doubtful accounts	-	-
7.02	Inputs acquired from third parties	- 192,077	- 39,592
7.02.01	Cost of products, merchandise and services sold	- 7,314	- 7,716
7.02.02	Materials, Energy, Third-party services and other	- 12,624	- 10,040
7.02.03	Loss/recovery of asset values	- 127,767	- 15,325
7.02.04	Others	- 44,372	- 6,511
7.03	Gross added value	- 182,550	- 24,456
7.04	Retentions	- 6,297	- 18,730
7.04.01	Depreciation, amortization and depletion	- 6,297	- 18,730
7.05	Net added value produced	- 188,847	- 43,186
7.06	Added value received as transfer	- 616,349	- 74,527
7.06.01	Equity income (loss)	- 622,795	- 142,767
7.06.02	Financial income	6,446	68,240
7.07	Total added value payable	- 805,196	- 117,713
7.08	Distribution of added value	- 805,196	- 117,713
7.08.01	Personnel	14,233	2,996
7.08.01.01	Direct remuneration	13,038	2,751
7.08.01.02	Benefits	198	182
7.08.01.03	Severance Pay Fund (FGTS)	997	63
7.08.02	Taxes, duties and contributions	5,067	1,656
7.08.02.01	Federal	4,937	1,656
7.08.02.03	Municipal	130	-
7.08.03	Third-party capital remuneration	325,984	270,353
7.08.03.01	Interest	321,302	264,893
7.08.03.02	Rents	68	182
7.08.03.03	Others	4,614	5,278
7.08.04	Remuneration of own capital	- 1,150,480	- 392,718
7.08.04.03	Retained earnings / Loss for the period	- 1,150,480	- 392,718

Balance sheets - Consolidated
(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
1	Total assets	8,906,758	10,958,045
1.01	Current assets	4,042,885	4,850,657
1.01.01	Cash and cash equivalents	270,622	604,093
1.01.01.01	Cash and banks	89,297	164,588
1.01.01.02	Interest earning bank deposits	181,325	439,505
1.01.03	Accounts receivable	1,846,987	2,227,031
1.01.03.01	Trade accounts receivable	1,846,987	2,227,031
1.01.04	Inventories	1,671,593	1,722,545
1.01.04.01	Real estate inventories for sale	1,671,593	1,722,545
1.01.06	Recoverable taxes	47,188	87,691
1.01.06.01	Current taxes recoverable	47,188	87,691
1.01.07	Prepaid expenses	7,618	9,137
1.01.07.01	Unrecognized expenses	7,618	9,137
1.01.08	Other current assets	198,877	200,160
1.01.08.03	Others	198,877	200,160
1.01.08.03.06	Loan agreement	77,691	69,871
1.01.08.03.07	Other receivables	116,582	127,832
1.01.08.03.08	Deferred taxes	4,604	2,457
1.02	Non-current assets	4,863,873	6,107,388
1.02.01	Long term assets	4,590,330	5,251,302
1.02.01.03	Accounts receivable	2,817,140	3,264,276
1.02.01.03.01	Trade accounts receivable	2,817,140	3,264,276
1.02.01.04	Inventories	1,603,383	1,798,701
1.02.01.04.01	Real estate inventories for sale	1,603,383	1,798,701
1.02.01.09	Other non-current assets	169,807	188,325
1.02.01.09.03	Current accounts with partners in joint ventures	168,262	185,975
1.02.01.09.10	Other receivables	1,545	2,350
1.02.02	Investments	125,882	691,944
1.02.02.01	Equity interest	125,882	218,479
1.02.02.01.01	Interest in associated companies	125,882	218,479
1.02.02.02	Investment property	-	473,465
1.02.03	Property, plant and equipment	31,326	36,219
1.02.03.01	Fixed assets in operation	31,326	36,219
1.02.04	Intangible assets	116,335	127,923
1.02.04.01	Intangible assets	116,335	127,923

Balance sheets - Consolidated
(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2	Total liabilities	8,906,758	10,958,045
2.01	Current liabilities	6,156,629	6,567,223
2.01.01	Social and labor obligations	42,953	47,912
2.01.01.02	Labor obligations	42,953	47,912
2.01.02	Suppliers	234,784	230,490
2.01.02.01	Domestic suppliers	234,784	230,490
2.01.03	Tax liabilities	330,586	347,626
2.01.03.01	Federal tax liabilities	330,586	347,626
2.01.03.01.01	Income and social contribution tax payable	102,752	76,288
2.01.03.01.02	Deferred tax liabilities	93,934	103,990
2.01.03.01.06	Other current liabilities	133,900	167,348
2.01.04	Loans and financing	2,593,241	2,693,871
2.01.04.01	Loans and financing	1,678,046	1,735,042
2.01.04.01.01	In domestic currency	1,678,046	1,735,042
2.01.04.02	Debentures	915,195	958,829
2.01.05	Other liabilities	2,795,410	3,056,454
2.01.05.02	Others	2,795,410	3,056,454
2.01.05.02.04	Payables for acquisition of real estate	105,792	174,774
2.01.05.02.05	Advances from clients	154,548	156,641
2.01.05.02.06	Current account with partners in joint ventures	6,987	9,135
2.01.05.02.07	Co-obligation in the assignment of receivables	27,662	31,460
2.01.05.02.09	Other liabilities	234,193	224,240
2.01.05.02.10	Liabilities from CCB/CCI issuance	2,258,686	2,460,204
2.01.05.02.11	Loan agreement	7,542	-
2.01.06	Provisions	159,655	190,870
2.01.06.01	Tax, social security, labor and civil provisions	108,816	128,735
2.01.06.01.05	Provision for contingencies	108,816	128,735
2.01.06.02	Other provisions	50,839	62,135
2.01.06.02.01	Provisions for guarantees	50,839	62,135
2.02	Non-current liabilities	1,693,390	2,006,257
2.02.01	Loans and financing	557,513	924,278
2.02.01.01	Loans and financing	537,513	924,278
2.02.01.01.01	In domestic currency	537,513	924,278
2.02.01.02	Debentures	20,000	-
2.02.02	Other liabilities	669,503	740,352
2.02.02.02	Others	669,503	740,352
2.02.02.02.03	Advances from clients	115,150	147,514
2.02.02.02.04	Payables for acquisition of real estate	90,025	101,708
2.02.02.02.05	Deferred tax liabilities	101,761	171,781
2.02.02.02.09	Liabilities from CCB/CCI issuance	3,654	45,165
2.02.02.02.14	Provision with guarantee	67,513	67,007
2.02.02.02.15	Other liabilities	291,400	207,177

Balance sheets - Consolidated

(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2016	Prior year 12/31/2015
2.02.04	Provisions	466,374	341,627
2.02.04.01	Tax, social security, labor and civil provisions	466,374	341,627
2.02.04.01.09	Provision for contingencies	466,374	341,627
2.03	Consolidated shareholders' equity	1,056,739	2,384,565
2.03.01	Realized capital	4,917,843	4,917,843
2.03.02	Capital reserves	1,236,092	1,235,345
2.03.02.01	Goodwill in the issue of shares	1,206,746	1,206,746
2.03.02.04	Options granted	29,346	28,599
2.03.05	Retained Earnings/Losses	- 5,369,413	- 4,218,933
2.03.09	Interest of non-controlling shareholders	272,217	450,310

Income statement - Consolidated
(In thousand of reais)

Code of account	Account description	Current quarter - from 04/01/2016 to 06/30/2016	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Same quarter of the prior year - 04/01/2015– 06/30/2015	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
3.01	Income from sales of goods and/or services	119,833	259,619	481,987	1,142,851
3.02	Cost of goods and/or services sold	- 176,907	- 332,691	- 418,377	- 975,950
3.03	Gross income	- 57,074	- 73,072	63,610	166,901
3.04	Operating expenses/income	- 485,443	- 674,259	- 131,055	- 232,200
3.04.01	Sales expenses	- 31,321	- 55,792	- 46,570	- 79,056
3.04.02	General and administrative expenses	- 55,320	- 110,104	- 65,891	- 135,960
3.04.04	Other operating income	4,070	17,196	9,143	31,329
3.04.04.01	Equity interest gains	-	-	1,086	18,798
3.04.04.02	Others	4,070	17,196	8,057	12,531
3.04.05	Other operating expenses	- 405,465	- 528,338	- 71,200	- 120,587
3.04.05.01	Tax expenses	- 4,248	- 6,078	- 4,385	- 7,209
3.04.05.03	Depreciation/Amortization	- 6,110	- 28,020	- 11,008	- 24,756
3.04.05.04	Equity interest losses	- 128,212	- 143,026	- 19,696	- 31,667
3.04.05.05	Others	- 266,895	- 351,214	- 36,111	- 56,955
3.04.06	Equity income (loss)	2,593	2,779	43,463	72,074
3.05	Income (loss) before financial income and taxes	- 542,517	- 747,331	- 67,445	- 65,299
3.06	Financial income (loss)	- 186,646	- 377,122	- 149,309	- 273,696
3.06.01	Financial income	23,661	65,043	72,959	139,235
3.06.02	Financial expenses	- 210,307	- 442,165	- 222,268	- 412,931
3.07	Income (loss) before income tax	- 729,163	- 1,124,453	- 216,754	- 338,995
3.08	Income and social contribution taxes	- 15,931	- 31,181	- 23,414	- 56,175
3.08.01	Current	- 24,735	- 47,334	- 37,829	- 83,526
3.08.02	Deferred	8,804	16,153	14,415	27,351
3.09	Net income (loss) of continued operations	- 745,094	- 1,155,634	- 240,168	- 395,170
3.11	Income/loss for the period	- 745,094	- 1,155,634	- 240,168	- 395,170
3.11.01	Attributed to the Parent company's partners	- 740,003	- 1,150,480	- 231,067	- 392,718
3.11.02	Attributed to non-controlling partners	- 5,091	- 5,154	- 9,101	- 2,452
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	ON	- 15.04316	- 23.38754	- 0.11523	- 0.19584
3.99.02	Diluted earning per share	-	-	-	-
3.99.02.01	ON	- 15.04316	- 23.38754	- 0.11523	- 0.19584

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

(In thousand of reais)

Code of account	Account description	Current quarter - from 04/01/2016 to 06/30/2016	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Same quarter of the prior year - 04/01/2015– 06/30/2015	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
4.01	Consolidated net income for the period	- 745,094	- 1,155,634	- 240,168	- 395,170
4.02	Other comprehensive income	-	-	- 1,344	-
4.03	Consolidated comprehensive income for the period	- 745,094	- 1,155,634	- 241,512	- 395,170
4.03.01	Attributed to the Parent company's partners	- 740,003	- 1,150,480	- 232,411	- 392,718
4.03.02	Attributed to non-controlling partners	- 5,091	- 5,154	- 9,101	- 2,452

Statements of cash flows - Indirect method - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
6.01	Net cash from operational activities	473,492	489,290
6.01.01	Cash generated in operations	- 453,442	177,094
6.01.01.01	Income (loss) before income and social contribution taxes	- 1,124,453	- 338,995
6.01.01.02	Depreciation and amortization	28,020	24,756
6.01.01.03	Gains/losses with equity interest	143,026	12,869
6.01.01.05	Financial liabilities, interest paid and monetary variation	416,218	476,381
6.01.01.06	Fair value on financial instruments	-	- 2,271
6.01.01.07	Recognition Stand Expenses	3,632	8,496
6.01.01.08	Stock options expenses	747	2,775
6.01.01.11	Equity in net income of subsidiaries	- 2,779	- 72,074
6.01.01.12	Adjustment to present value	13,755	20,284
6.01.01.13	Provision for warranty and contingencies	120,181	49,873
6.01.01.15	Provision for profit sharing	11,005	- 5,000
6.01.01.16	Estimated losses with doubtful accounts	5,649	-
6.01.01.17	Others	- 68,443	-
6.01.02	Changes in assets and liabilities	1,130,443	838,272
6.01.02.01	Assignment of credit right operations	-	- 7,877
6.01.02.02	Loan agreement receivable	- 3,139	- 13,232
6.01.02.03	Accounts receivable	984,512	1,147,109
6.01.02.05	Recoverable taxes	1,350	1,961
6.01.02.06	Real estate inventories for sale	193,103	- 169,038
6.01.02.08	Unrecognized expenses	- 11,075	6,052
6.01.02.09	Current account with partners in joint ventures	- 8,757	- 32,952
6.01.02.11	Active debentures	-	- 3,054
6.01.02.13	Advances from clients	1,970	- 99,205
6.01.02.14	Payables for acquisition of real estate	- 1,589	693
6.01.02.16	Tax obligations/ Taxes payable	7,346	3,405
6.01.02.17	Suppliers	26,583	- 10,210
6.01.02.20	Other movements	- 59,861	14,620
6.01.03	Others	- 203,509	- 526,076
6.01.03.01	Income and social contribution taxes	- 56,609	- 86,378
6.01.03.02	Interest paid	- 146,900	- 439,698
6.02	Net cash used in investment activities	- 69,692	37,076
6.02.01	(Increase) Decrease in Interest in associated companies and subsidiaries	- 67,997	62,093
6.02.03	Intangible assets	- 1,403	- 6,051
6.02.06	Interest earning bank deposits measured at fair value	-	- 98
6.02.07	Investment property	-	- 20,863
6.02.08	Acquisition of property, plant and equipment	- 502	-
6.02.09	Sale of property, plant and equipment	210	1,995
6.03	Net cash from financing activities	- 737,271	- 420,835
6.03.01	Loans	82,667	1,264,697
6.03.02	Loan amortization	- 819,938	- 2,185,532
6.03.05	Capital increase	-	500,000
6.05	Increase (decrease) in cash and cash equivalents	- 333,471	105,531
6.05.01	Opening balance of cash and cash equivalents	604,093	1,044,265
6.05.02	Closing balance of cash and cash equivalents	270,622	1,149,796

Statements of changes in shareholders' equity - Consolidated - 01/01/2016 - 06/30/2016
(In thousand of reais)

Code of account	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
5.01	Opening balances	4,917,843	1,235,345	-	- 4,218,933	-	1,934,255	450,310	2,384,565
5.03	Adjusted opening balances	4,917,843	1,235,345	-	- 4,218,933	-	1,934,255	450,310	2,384,565
5.04	Capital transactions with partners	-	747	-	-	-	747	- 172,939	- 172,192
5.04.03	Recognized options granted	-	747	-	-	-	747	-	747
5.04.08	Net change in non-controlling shareholders	-	-	-	-	-	-	- 172,939	- 172,939
5.05	Total comprehensive income	-	-	-	- 1,150,480	-	- 1,150,480	- 5,154	- 1,155,634
5.05.01	Net income for the period	-	-	-	- 1,150,480	-	- 1,150,480	- 5,154	- 1,155,634
5.07	Closing balances	4,917,843	1,236,092	-	- 5,369,413	-	784,522	272,217	1,056,739

Statements of changes in shareholders' equity - Consolidated - 01/01/2015 - 06/30/2015
(In thousand of reais)

Code of account	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
5.01	Opening balances	4,907,843	744,162	-	-1,403,191	-66,592	4,182,222	879,527	5,061,749
5.03	Adjusted opening balances	4,907,843	744,162	-	-1,403,191	-66,592	4,182,222	879,527	5,061,749
5.04	Capital transactions with partners	10,000	492,528	-	-	-	502,528	16,151	518,679
5.04.01	Capital increases	10,000	490,000	-	-	-	500,000	-	500,000
5.04.02	Expenses with issuance of shares	-	-247	-	-	-	-247	-	-247
5.04.03	Recognized options granted	-	2,775	-	-	-	2,775	-	2,775
5.04.08	Net change in non-controlling shareholders	-	-	-	-	-	-	16,151	16,151
5.05	Total comprehensive income	-	-	-	-392,718	-	-392,718	-2,452	-395,170
5.05.01	Net income for the period	-	-	-	-392,718	-	-392,718	-2,452	-395,170
5.05.02	Other comprehensive income	-	-	-	-	1,344	1,344	-	1,344
5.05.02.04	Translation adjustments in the period	-	-	-	-	1,344	1,344	-	1,344
5.05.03	Reclassifications to income (loss)	-	-	-	-	-1,344	-1,344	-	-1,344
5.05.03.02	Reclassifications to income (loss)	-	-	-	-	-1,344	-1,344	-	-1,344
5.06	Internal changes in shareholders' equity	-	-	-	-66,592	66,592	-	-	-
5.06.04	Other reclassifications	-	-	-	-66,592	66,592	-	-	-
5.07	Closing balances	4,917,843	1,236,690	-	-1,862,501	-	4,292,032	893,226	5,185,258

Statements of added valued - Consolidated

(In thousand of reais)

Code of account	Account description	Accumulated of the Current Year from 01/01/2016 to 06/30/2016	Accumulated of the Prior year from 01/01/2015 to 06/30/2015
7.01	Income	272,511	1,181,663
7.01.01	Sale of merchandise, products and services	219,602	1,098,411
7.01.02	Other income	52,909	83,252
7.02	Inputs acquired from third parties	- 895,755	- 1,156,616
7.02.01	Cost of products, merchandise and services sold	- 332,691	- 975,950
7.02.02	Materials, Energy, Third-party services and other	- 86,020	- 123,373
7.02.03	Loss/recovery of asset values	- 143,026	- 12,869
7.02.04	Others	- 334,018	- 44,424
7.03	Gross added value	- 623,244	25,047
7.04	Retentions	- 28,020	- 24,756
7.04.01	Depreciation, amortization and depletion	- 28,020	- 24,756
7.05	Net added value produced	- 651,264	291
7.06	Added value received as transfer	67,822	211,309
7.06.01	Equity income (loss)	2,779	72,074
7.06.02	Financial income	65,043	139,235
7.07	Total added value payable	- 583,442	211,600
7.08	Distribution of added value	- 583,442	211,600
7.08.01	Personnel	61,160	69,344
7.08.01.01	Direct remuneration	53,235	55,757
7.08.01.02	Benefits	4,108	6,924
7.08.01.03	Severance Pay Fund (FGTS)	3,817	6,663
7.08.02	Taxes, duties and contributions	60,641	111,998
7.08.02.01	Federal	57,655	111,039
7.08.02.03	Municipal	2,986	959
7.08.03	Third-party capital remuneration	450,391	425,428
7.08.03.01	Interest	423,579	390,147
7.08.03.02	Rents	8,226	12,497
7.08.03.03	Others	18,586	22,784
7.08.04	Remuneration of own capital	- 1,155,634	- 395,170
7.08.04.03	Retained earnings / Loss for the period	- 1,150,480	- 392,718
7.08.04.04	Interest of non-controlling shareholders in retained earnings	- 5,154	- 2,452

Notes to the quarterly information
(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 Dr. Cardoso de Melo, 1.955, 10th floor, Vila Olímpia, São Paulo - SP.

The Company has some real estate development projects that were structured through subsidiaries, associates and jointly-controlled subsidiaries. Third parties' interest in investees is held through 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 allocates the credit facilities for working capital, at regular market conditions, or to produce its real estate projects entered into at SFH conditions and 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 joint ventures and, accordingly, growth of operating cash generation.

Generated cash would be used to accelerate deleveraging process and resume its growth.

The Company continues to be successful in executing its strategic plan and continues to generate operating cash that contributes to its deleveraging process.

Since the end of 2012, the Company's total leverage, which includes total unincurred costs, plus onerous net debt, decreased by R$ 7,201,806 as it was reduced from R$13,062,914 to R$ 5,861,108.

Despite success until now, current economic scenario also poses extra risks to execution of our strategic plan.

Management continues to adopt actions intended to improve the Company's capital structure.

1- Extend corporate debts and those incurred to support production. This extension involves renegotiation of contracts intended to conform the Company's indebtedness profile to short, medium and long-term perspectives, strengthening working capital and capital structure for the purpose of ensuring full development of our activities.

2- Conclude sale of non-core assets and inventories aiming at guaranteeing additional liquidity margin.

3- Other actions focused on preserving the Company's cash, whose biggest effort is to sell inventories and accelerate transfer, reducing costs and liabilities, in addition to concluding and registering construction work.

When completed, these actions will consolidate our restructuring process provided for in our strategic planning and will result in greater alignment between materialization of our assets and liabilities.

With signature of memorandum of understanding with Banks involved in our debt restructuring process (note 30), the Company reached the determining stage to equalize the Company's financing needs and guarantee adequacy of maturities of debts with Banks with the Company's future cash flow perspective.

2 Presentation of quarterly information and main accounting policies

2.1. Basis of presentation

The individual and consolidated quarterly information was prepared according to the Technical Pronouncement CPC 21 - Interim Statement, based on the going concern assumption for the Company and its subsidiaries and associated companies ("Group"). The preparation of Quarterly Information statements requires the adoption of assumptions to account for certain assets, liabilities and other transactions, such as: budgeted cost of building joint ventures under construction, allowance for doubtful accounts, useful life of fixed assets, provision for contingencies and guarantees and, classification of short and long-term assets and liabilities, among other.

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 these 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, this capitalization is only permitted in consolidated quarterly information and not in separate quarterly information.

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 entities of real estate development in Brazil, including Guideline OCPC 04, as further described in Note 2.10, regarding treatment given to recognition of revenue in real estate industry, which involves matters related to the application of the concept of continuous transfer of risks, benefits and control over sold real estate units.

As there is no difference between consolidated shareholders' equity and consolidated income attributable to the parent company's shareholders, included in consolidated information prepared in accordance with IFRSs.

The issuance of the Quarterly Information of the Company was authorized by the Management on August 10, 2016.

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 payable, bank credit notes payable ('CCBs'), Suppliers, real estate acquisition, 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 classified into the heading "Interest earning bank deposits" recognized as contra-entry in income. Classification depends on the purpose for which investment was acquired.

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 is 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.

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 real estate sales". After the construction period, interest is accounted for as "Financial income".

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 recognize the allowance for doubtful accounts are based on contracts that are considered as difficult to collect 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 buyers.

b. ***Financial liabilities***

They are classified as financial liabilities 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 the purchase of real estate, Other accounts payable, loans and financing, derivative financial instruments and costs and 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 13b and 19) 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 real estate receivables credit grants when securitization and respective issuance of CRI's is performed. 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 as 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 real estate properties sold").

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 its 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 during joint ventures' construction work and comprise Cost of properties sold to those related to the period of five years after construction work end. Provision for guarantees based on expenditures budget and history are recognized for projects built by the Company.

Third party construction companies assume the responsibility for guarantees after construction work period of joint ventures built by them. However, in cases in which these construction companies do not pay corresponding costs, the Company is jointly responsible and recorded a Provision for guarantees.

The transfer of amount for the provision for guarantees for the current liabilities is carried as the history of disbursements and budget projection and at the extent joint 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 these assets are recovered. Additional details on deferred taxes are included in Note 15b.

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 date of presentation of the quarterly information.

Taxable income regime: For the 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 net 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 joint 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.

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 are 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 22.

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

The Company's Management annually values the recoverable net value of assets in order to assess 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 disclosed 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 joint 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 with acquisition and regularization of land; Direct and indirect costs related to the projects and construction; Taxes and rates not recoverable 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 12/17/2008;
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 12/22/2009;

Sales income, land and construction costs are recognized in income using the percentage of completion of each joint venture, 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, 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 16.

Income from rental of investment properties
The income from rental of investment properties is recognized in the Company's consolidated income under caption "Income from sale of goods/or services" (Note 24 - Other operating income) under 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. Unearned 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.

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. 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 18.

2.16. New standards and interpretations not yet adopted

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

• **IFRS 9 -** "Financial Instruments" addresses classification, measurement and recognition of financial assets and liabilities: the review project on regulations on financial instruments is divided into three stages:

Phase 1: Classification and measurement of financial assets and liabilities: in relation to classification and measurement pursuant to the terms of IFRS 9, all recognized financial assets that are currently included in IAS 39 scope will be subsequently measured at amortized cost or at fair value.

Phase 2: Methodology of impairment: IFRS 9 impairment model reflects expected credit losses instead of estimated 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. The value of expected credit losses should be restated on each date of the quarterly information to reflect changes in credit risk since the initial recognition.

Phase 3: Hedge accounting: hedge accounting requirements established by IFRS 9 maintain the three types of hedge accounting mechanisms from 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 Contracts with Clients: on May 28, 2014, IASB and the Financial Accounting Standards Board (FASB) issued new requirements for acknowledging 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. The adoption is required for years ended on or after January 1, 2018, and early adoption is allowed for IFRS purposes, but not locally allowed before harmonization and approval by CPC and CVM (Securities Commission).

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.

On June 9, 2016, the Accounting Pronouncement Committee (CPC), the Securities Commission (CVM) and the Federal Accounting Council (CFC) offered to Joint Public Hearing the Minutes of Technical Pronouncement CPC47 (corresponding to IFRS-15).

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 are attributed to the parent company's owners and to non-controlling interest.

i. Interest of non-controlling shareholders

For each business combination, the Group (PG) measures any minority interest on the 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 minority 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 interest and other components recorded in shareholders' equity regarding this subsidiary. Any gain or loss resulting from loss of control is recognized in income (loss) 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

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 95% of Interbank Deposit Certificate (CDI):

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Cash and banks	**12,074**	**7,562**	**89,297**	**164,588**
Interest earning bank deposits				
Very short-term interest earnings bank deposits	62	62	4,981	1,497
Fixed-income investment funds	-	-	14,321	13,891
Bank deposit certificates (CDB)	6,162	6,632	93,146	302,412
Purchase and sale commitments	1,600	3,232	68,877	121,705
Subtotal	**7,824**	**9,926**	**181,325**	**439,505**
Total	**19,898**	**17,488**	**270,622**	**604,093**

5 Trade accounts receivable

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Development and property sale	57,623	95,208	4,848,561	5,737,633
(-) Allowance for doubtful accounts	(438)	(467)	(164,999)	(209,350)
(-) Adjustment to present value	-	-	(19,435)	(36,976)
Total	**57,185**	**94,741**	**4,664,127**	**5,491,307**
Current portion	51,038	61,177	1,846,987	2,227,031
Non-current portion	6,147	33,564	2,817,140	3,264,276
Total	**57,185**	**94,741**	**4,664,127**	**5,491,307**

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.

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

Year of maturity	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
2017	546	23,928	1,976,053	2,293,787
2018	790	4,044	146,436	169,265
2019	686	2,393	124,277	147,566
2020	3,260	2,078	273,642	324,926
2021 onwards	865	1,121	296,732	328,732
Total	**6,147**	**33,564**	**2,817,140**	**3,264,276**

As of June 30, 2016 and December 31, 2015, the Company had balances in its consolidated accounts receivable, in the current portion, distributed as follows:

	06/30/2016			12/31/2015		
	In transfer process	Direct Portfolio	Total	In transfer process	Direct Portfolio	Total
Falling due	1,187,418	240,561	1,427,979	1,433,654	270,220	1,703,874
Overdue - in days:	**412,559**	**6,450**	**419,008**	**515,886**	**7,271**	**523,157**
0-30	111,349	389	111,738	178,380	1,574	179,954
31-60	11,369	189	11,558	60,470	640	61,110
61-90	88,542	278	88,819	78,137	869	79,006
91-120	109,767	151	109,918	98,220	1,096	99,316
121-360	72,191	914	73,105	94,021	864	94,885
>360	19,341	4,529	23,870	6,658	2,228	8,886
Total	**1,599,977**	**247,011**	**1,846,987**	**1,949,540**	**277,491**	**2,227,031**

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, 2016, amounted to R$ 3,522,205 (R$ 3,586,517 as of December 31, 2015) and for joint ventures under construction, as of June 30, 2016 amounted to R$ 1,041,922 (R$ 1,904,790 as of December 31, 2015).

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 6.78% in the quarterly information at June 30, 2016 (6.70% in the period ended December 31, 2015), 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 PCLD in the amount of R$164,999 (R$209,350 as of December 31, 2015), 4.66% on total accounts receivable from Development and resale of properties on June 30, 2016. Overdue balances refer mainly to cases without recourse, long-term default of accounts receivable from transfer at floor plan.

Units enrolled with the Special Taxation Regime (RET)

As of June 30, 2016, the balances of accounts receivable related to these joint ventures amount to R$ 2,098,337 (as of December 31, 2015, R$ 3,487,611), which represent 45% of the total balance of accounts receivable of the Company on June 30, 2016 (58% as of December 31, 2015).

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 termination.

In the period ended June 30, 2016, the Company recorded net volume of 1,609 terminated units (4,302 units as of December 31, 2015); of this total, 54.82% occurred due to disqualification of income (in 2015: 70.92%), 18.71% due to exchange (in 2015: 13.58%) and 26.47% due to different reasons (in 2015: 15.50%).

6 Real estate inventories for sale

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Property under construction	-	-	389,494	371,242
Property concluded	40,747	12,299	1,187,116	1,162,013
Lands for future developments	21,556	22,488	1,583,108	1,829,815
Advances to suppliers	-	-	13,054	15,667
Compound interest	2,156	2,521	92,458	115,433
Goodwill on launched properties	-	-	9,746	27,076
Total	**64,459**	**37,308**	**3,274,976**	**3,521,246**
Current portion	42,903	14,820	1,671,593	1,722,545
Non-current portion	21,556	22,488	1,603,383	1,798,701
Total	**64,459**	**37,308**	**3,274,976**	**3,521,246**

Book value of a joint venture'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 records 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 "Inventories" 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, 2016 are as follows:

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Opening balance	**2,521**	**1,956**	**115,433**	**115,770**
Adjustment of initial balance	-	-	-	-
(+) Capitalized finance costs related to:				
Loans and financing	304	1,889	14,858	122,651
Debentures	-	-	7,891	30,040
Total capitalized financial costs in the period	**304**	**1,889**	**22,749**	**152,691**
(-) Charges appropriated to the statement of income in the cost of properties	(669)	(1,324)	(45,724)	(153,028)
Total	**2,156**	**2,521**	**92,458**	**115,433**

7 Investments

a. Information on subsidiaries on June 30, 2016 and December 31, 2015

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 31/12/2015**	**Increases / Payments**	**Decreases / Write-offs**	**Distribution of dividends**	**Other[1]**	**Equity income (loss)**	**Balance at 06/30/2016**
Investments in subsidiaries									
Agre Empreendimentos Imobiliários S.A	99.99%	0.01%	770,684	613,709	-	-	-	(237,175)	1,147,218
ATP Adelaide Participações Ltda	99.99%	0.01%	63,688	-	-	-	-	(1,473)	62,215
CHL Desenvolvimento Imobiliário S/A	99.99%	0.01%	614,923	125,709	-	-	-	(58,969)	681,663
Club Felicita Empreendimento Imobiliários S.A.	99.99%	0.01%	14,292	-	-	-	-	(392)	13,900
Club Florença Empreendimento Imobiliários S.A.	99.99%	0.01%	8,683	-	-	-	-	(75)	8,608
Colore Empreendimento Imobiliário Spe S/A	87.35%	0.00%	16,319	-	-	-	-	(257)	16,062
PDG Spe 16 Empreendimentos Imo	50.00%	50.00%	7,653	-	(41)	-	-	(759)	6,853
Gold Investimentos S.A.	49.32%	50.68%	43,062	-	(1,710)	-	-	(15,076)	26,276
Goldfarb Incorporações E Construções S.A	99.99%	0.01%	1,050,647	-	(32,081)	-	-	(158,585)	859,981
LN 29 Incorporação e Empreendimento Ltda	64.00%	0.00%	11,038	10,880	-	-	-	37	21,955
LN 8 Incorp e Empreend Ltda	99.99%	0.01%	17,279	-	(4,968)	-	-	(577)	11,734
PDG São Paulo Incorporações S.A	99.99%	0.01%	289,625	-	(5,043)	-	-	(14,224)	270,358
PDG Araxa Income S.A.	99.99%	0.01%	33,379	-	-	-	-	106	33,485
PDG Companhia Securitizadora	99.99%	0.01%	22,963	-	(7)	-	-	(437)	22,519
PDG Desenvolvimento Imobiliário Ltda	99.99%	0.01%	287,213	-	(778)	-	-	(29,672)	256,763
PDG Ln 28 Incorporação e Empreendimento Ltda	99.99%	0.01%	10,259	-	-	-	-	(62)	10,197
PDG Ln 31 Incorporação e Empreendimentos Ltda	99.99%	0.01%	9,563	-	-	-	-	(1,363)	8,200
PDG Ln 34 Incorp e Empreend Ltda	99.99%	0.01%	32,827	-	-	-	-	(4,279)	28,548
PDG-Ln7 Incorporação e Empreendimentos S.A.	99.99%	0.01%	44,156	-	-	-	-	241	44,397
Performance Br Empreendimentos Imobiliários S.A	68.00%	0.00%	68,640	-	-	-	-	(5,122)	63,518
Sardenha Empreendimentos Imobiliários S.A.	80.00%	0.00%	5,657	4		-	-	512	6,173
PDG Vendas Corretora Imobiliária Ltda.	99.99%	0.01%	5,688	420	-	-	-	(1,050)	5,058
REP Desenvolvimento Imobiliário S.A	0.00%	0.00%	152,175	-	(156,609)	-	-	4,434	-
Zmf 5 Incorporações S.A	99.99%	0.01%	41,331	-	-	-	-	1,855	43,186
PDG 64 Empreendimentos e Participações S.A	99.99%	0.00%	217,404	-	60,460	-	-	(33,060)	244,804
Pdg Spe 38 Empreendimentos Imobiliarios Ltda	50.00%	50.00%	264	16,648	-	-	-	(383)	16,529
Agre Urbanismo S.A.	99.99%	0.01%	-	469,000	-	-	(272,010)	(71,835)	125,155
Others[2]			53,375	6,548	(8,021)	(2,568)	1,762	5,575	56,671
			3,892,787	**1,242,918**	**(148,798)**	**(2,568)**	**(270,248)**	**(622,065)**	**4,092,026**
Investments in associates									
Queiroz Galvão Mac Cyrela Veneza	20.00%	0.00%	3,691	-	(960)	-	787	(962)	2,556
Gardênia Participações S/A	50.00%	0.00%	1,520	954	(2,396)	-	-	12	90
Prunus Empreendimentos S/A	42.50%	0.00%	1,319	2,323	(2,811)	-	-	39	870
Others[3]			18,067	502	(16,558)	-	(781)	181	1,411
			24,597	**3,779**	**(22,725)**	**-**	**6**	**(730)**	**4,927**
Subtotal - Equity interest			**3,917,384**	**1,246,697**	**(171,523)**	**(2,568)**	**(270,242)**	**(622,795)**	**4,096,953**
Other									
Intangible assets			95,001	-	(2,243)	-	-	-	92,758
Compound interest			2,621	-	(64)	-	-	-	2,557
Appreciation of land			9,964	-	(217)	-	-	-	9,747
Subtotal - other investments			**107,586**	**-**	**(2,524)**	**-**	**-**	**-**	**105,062**
Total investments			**4,024,970**	**1,246,697**	**(174,047)**	**(2,568)**	**(270,242)**	**(622,795)**	**4,202,015**

[1] It contains provision for losses in investments reclassified to non-current liabilities under caption "Other obligations".
[2] Investments in subsidiaries with single balances of up to R$5 million on June 30, 2016.
[3] Investments in associated companies with single balances of up to R$ 3 million on June 30, 2016.

(i) Sale of equity interest

On June 30, 2016, in view of the verification of the preceding conditions of the "Agreement of Purchase and Sale of Ownership Interest and Other Covenants" ("Agreement"), entered into between the Company and LDI Desenvolvimento Imobiliário S.A. ("LDI"), it was concluded the sale to LDI of the total interest held by the Company in REP Real Estate Partners - Desenvolvimento Imobiliário S.A. ("REP").

As informed in the Communication to the Market, in payment for the sale of the Company's interest in the capital of REP, LDI delivered to the Company 26 (twenty-six) real estate units of the company controlled by LDI, all of them located in the City of São Paulo, State of São Paulo, and evaluated by the Company, at market value, at approximately R$ 33,868.

b. Information on Group's jointly-controlled subsidiaries and associated companies (PDG) on June 30, 2016 and December 31, 2015.

	Consolidated								Consolidated Balance	
Company's name	**% of direct interest**	**Assets**	**Liabilities**	**Shareholders' equity**	**Total income for the period**	**Equity income (loss)**	**Others[2]**	**Investments on 06/30/2016**	**Investments on 12/31/2015**	**Equity in subsidiaries on 06/30/2015**
Gliese Incorporadora Ltda	42.46%	138,862	90,407	48,455	299	127	-	20,574	20,235	163
Schahin Borges De Figueiredo Incorporadora Ltda	30.00%	28,119	26	28,093	(5)	(2)	-	8,428	3,858	-
Inpar - Abyara - Projeto Residencial America Spe Ltda	30.00%	32,979	14,232	18,747	(1,104)	(331)	-	5,624	6,180	(10)
Inpar - Abyara - Projeto Res. Santo Amaro Spe Ltda	30.00%	50,061	4,154	45,907	(79)	(24)	-	13,772	13,820	(14)
Jetirana Empreendimentos S.A.	50.00%	141,298	95,427	45,871	(674)	(337)	-	22,936	24,291	6,166
Paiol Velho Ltda.	39.00%	34,082	7,381	26,701	-	-	-	10,413	10,413	-
Spe Reserva I Empreendimento Imobiliario S/A	50.00%	109,022	79,005	30,017	7,765	3,883	-	15,009	6,700	7,969
Other investees [1]		703,289	533,905	169,384	(4,468)	(537)	13,705	29,126	132,982	57,800
Total investments		**1,237,712**	**824,537**	**413,175**	**1,734**	**2,779**	**13,705**	**125,882**	**218,479**	**72,074**

[1] Investments with balances of up to 5 million as of June 30, 2016.
[2] Provision for losses in investments reclassified to non-current liabilities under caption "Other obligations".

Financial information of Group's subsidiaries (PDG) as of June 30, 2016 and December 31, 2015.

	Consolidated at 06/30/2016								Consolidated balance	
Company's name	**% Total of the company**	**% Minority interest**	**Assets**	**Liabilities**	**Shareholders' equity**	**Income (loss)**	**Income of non-controlling shareholders**	**Shareholders' equity of non-controlling shareholders**	**Shareholders' equity of non-controlling shareholders on 12/31/2015**	**Income (loss) 06/30/2015**
Araxá Participações e Empreend. Imob. S.A	42.00%	58.00%	115,339	43,659	71,680	1,688	979	41,574	39,827	2,390
CHL Lxviii Incorporações Imobiliários S.A	70.00%	30.00%	30,075	291	29,784	(18)	(5)	8,935	8,941	3
Geraldo Martins Empreendimentos Imob. S.A	50.00%	50.00%	42,570	1,388	41,182	4,516	2,258	20,591	18,333	(1,166)
PDG Masb Empreendimento Imob. Spe Ltda	50.00%	50.00%	34,194	14,706	19,488	(1,615)	(808)	9,744	10,551	(921)
PDG SP 5 Incorporações Spe Ltda	50.00%	50.00%	15,283	2,145	13,138	(162)	(81)	6,569	6,651	(235)
LBC Empreedimento Imobiliario Spe Ltda	50.00%	50.00%	22,096	4,393	17,703	(462)	(231)	8,852	9,083	107
Peonia Empreendimentos Imobiliários	66.30%	33.70%	82,322	35,061	47,261	(42)	(14)	15,927	15,944	(23)
CHL Cxx Incorporações S.A	55.00%	45.00%	30,655	16,135	14,520	(1,601)	(720)	6,534	9,954	3,521
Shimpako Incorporadora Ltda.	66.67%	33.33%	47,280	3,832	43,448	8	3	14,481	14,458	(2)
Astroemeria Incorporadora Ltda.	80.00%	20.00%	39,342	11,520	27,822	379	76	5,564	5,489	5
Gerbera Incorporadora Ltda.	71.67%	28.33%	61,843	4,868	56,975	(621)	(176)	16,141	16,317	-
Acanto Incorporadora Ltda.	66.67%	33.33%	29,976	1,062	28,914	7	2	9,637	9,635	-
Dubhe Incorporadora S/A	55.00%	45.00%	18,668	2,373	16,295	6,439	2,898	7,333	7,747	-
Gundel Incorporadora Ltda	70.00%	30.00%	114,941	85,506	29,435	-	-	8,831	10,022	(1,516)
Performance Br Empreendimentos Imob. S.A.	68.00%	32.00%	98,652	5,243	93,409	(7,532)	(2,410)	29,891	32,301	(1,440)
LN 29 Incorporação e Empreendimento Ltda	64.00%	36.00%	20,444	(13,862)	34,306	58	21	12,350	6,209	(17)
Vitality Empreendimentos Imobiliários Ltda	80.00%	20.00%	34,933	2,491	32,442	1,119	224	6,488	6,265	44
Other investments [1]			2,801,932	2,033,774	768,158	(141,700)	(7,170)	42,775	222,583	(3,202)
Total			**3,640,545**	**2,254,585**	**1,385,960**	**(139,539)**	**(5,154)**	**272,217**	**450,310**	**(2,452)**

[1] Investments with balances of up to 5 million as of June 30, 2016

c. *Investment in shares*

On June 30, 2016, 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 properties

The Company does not have balances in investment properties on June 30, 2016, due to the conclusion of the sale of interest in the subsidiary REP-Real Estate Desenvolvimento Imobiliário S.A. (Note 7a (i)).

	Joint ventures in operation	Joint ventures under development [1]	Total
Balances at December 31, 2014	**520,052**	**35,559**	**555,611**
Acquisitions and improvements (a)	45,975	10,782	56,757
Disposal (b)	(24,306)	(14)	(24,320)
Adjustment to fair value (c)	(114,181)	-	(114,181)
Reclassifications	-	(402)	(402)
Balances at December 31, 2015	**427,540**	**45,925**	**473,465**
Acquisitions and improvements (a)	7,063	54	7,117
Disposal (d)	(12,000)	-	(12,000)
Reclassifications (e)	(9,389)	-	(9,389)
Sale of interest - Note 7a (i)	(413,214)	(45,979)	(459,193)
Balances at June 30, 2016	**-**	**-**	**-**

[1] Joint ventures under construction or renovation stage; not operational
(a) It refers to the renovation/expansion of Valinhos and Bay Market (Mais) Shopping Malls and acquisition of CCS (Service and Convenience Centers) through SPE (Specific Purpose Society) Santo Eustaquio.
(b) It refers to the sale of the CCS Lapa asset (real estate) and sale of SPE of CCS Jundiaí
(c) Recognized in profit or loss for the year in the heading "Other net operating income (expenses)".
(d) Refers to sale of asset (property) Rio Claro.
(e) The Company assessed tax credits [PIS (Social Integration Program) and COFINS (Contribution for the Financing of Social Security)] arising from improvements made to the real estate properties, and part of the asset amount was reclassified to recoverable taxes

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:	**Machinery and equipment**	**Furniture and fixtures**	**Computers**	**Leasehold improvements**	**Total**
Balance at 12/31/2014	-	**379**	**3,831**	-	**4,210**
. Additions	-	-	17	705	722
Balance at 12/31/2015	-	**379**	**3,848**	**705**	**4,932**
. Additions	400	-	186	-	586
Balance at 06/30/2016	**400**	**379**	**4,034**	**705**	**5,518**

	Parent company				
Depreciation:	**10% p.a. Machinery and equipment**	**10% p.a. Furniture and fixtures**	**20% p.a. Computers**	**Leasehold improvements**	**Total**
Balance at 12/31/2014		**(273)**	**(3,441)**		**(3,714)**
. Depreciations	-	(38)	(158)	(47)	**(243)**
Balance at 12/31/2015	-	**(311)**	**(3,599)**	**(47)**	**(3,957)**
. Depreciations	(13)	(19)	(82)	(35)	(149)
Balance at 06/30/2016	**(13)**	**(330)**	**(3,681)**	**(82)**	**(4,106)**
Residual balance at 06/30/2016	**387**	**49**	**353**	**623**	**1,412**
Residual balance at 12/31/2015	-	**68**	**249**	**658**	**975**
Residual balance at 12/31/2014	-	**106**	**390**	-	**496**

	Consolidated						
Cost:	**Machinery and equipment**	**Furniture and fixtures**	**Computers**	**Leasehold improvements (ii)**	**Sales Stand (i)**	**Other fixed assets**	**Total**
Balance at 12/31/2014	**31,947**	**17,491**	**26,238**	**24,469**	**9,637**	**5,078**	**114,860**
. Additions	-	838	277	7,110	1,939	112	**10,276**
. Write-offs	(3,641)	(441)	-	(9,461)	(7,553)	(104)	**(21,200)**
Balance at 12/31/2015	**28,306**	**17,888**	**26,515**	**22,118**	**4,023**	**5,086**	**103,936**
. Additions	627	845	186	1,980	252	-	**3,890**
. Write-offs	(541)	(417)	(463)	(58)	(1,472)	(1,049)	**(4,000)**
Balance at 06/30/2016	**28,392**	**18,316**	**26,238**	**24,040**	**2,803**	**4,037**	**103,826**

	Consolidated						
Depreciation:	**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 12/31/2014	**(13,925)**	**(10,841)**	**(22,116)**	**(10,326)**	**(5,348)**	**(1,992)**	**(64,548)**
. Depreciations	(2,177)	(1,052)	(1,992)	(1,306)	(5,676)	(414)	**(12,617)**
. Write-offs	1,276	312	-	34	7,761	65	**9,448**
Balance at 12/31/2015	**(14,826)**	**(11,581)**	**(24,108)**	**(11,598)**	**(3,263)**	**(2,341)**	**(67,717)**
. Depreciations	(1,439)	(704)	(523)	(3,157)	(828)	(156)	**(6,807)**
. Write-offs	299	41	2	10	1,632	40	**2,024**
Balance at 06/30/2016	**(15,966)**	**(12,244)**	**(24,629)**	**(14,745)**	**(2,459)**	**(2,457)**	**(72,500)**
Residual balance at 06/30/2016	**12,426**	**6,072**	**1,609**	**9,295**	**344**	**1,580**	**31,326**
Residual balance at 12/31/2015	**13,480**	**6,307**	**2,407**	**10,520**	**760**	**2,745**	**36,219**
Residual balance at 12/31/2014	**18,022**	**6,650**	**4,122**	**14,143**	**4,289**	**3,086**	**50,312**

(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 joint ventures 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.

Recoverability test *(impairment)* of property, plant and equipment

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 provisions for impairment. For the period ended June 30, 2016, the Group (PDG) did not find any indication or needs of recognizing the provision for impairment of fixed asset items.

10 Intangible assets

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Breakdown of goodwill by company				
Agre Empreendimentos Imobiliários S.A.	53,491	53,491	53,491	53,491
Agre Urbanismo S.A.	1,440	1,444	-	-
CHL Desenvolvimento Imobiliários SA.	19,481	20,774	-	-
Goldfarb Incorporações e Construções S.A.	16,963	17,755	-	-
LN 8 Incorporacao e Empreendimentos Ltda.	110	264	-	-
PDG LN Incorporações e Construções S.A.	1,273	1,273	-	-
Total	**92,758**	**95,001**	**53,491**	**53,491**
Software and other intangible assets	32,748	33,864	62,844	74,432
Subtotal	**125,506**	**128,865**	**116,335**	**127,923**
Reallocation for investments (Note 7) (i)	(92,758)	(95,001)	-	-
Closing balance	**32,748**	**33,864**	**116,335**	**127,923**

(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)

a. *Changes in intangible assets*

The changes in intangible assets in the periods ended June 30, 2016 and December 31, 2015 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 12/31/2014	**42,206**	**88**	**129,221**	**129,309**	**615,132**	**744,441**
. Additions	9,504	-	19,492	19,492	12,233	31,725
. Write-offs	(64)	-	(12,972)	(12,972)	(41,183)	(54,155)
. Transfers	4,362	-	-	-	(74,754)	(74,754)
Balance at 12/31/2015	**56,008**	**88**	**135,741**	**135,829**	**511,428**	**647,257**
. Additions	2,571	-	2,612	2,612	-	2,612
. Write-offs	-	(88) [1]	(701)	(789)	-	(789)
Balance at 06/30/2016	**58,579**	**-**	**137,652**	**137,652**	**511,428**	**649,080**
Amortization:						
Balance at 12/31/2014	**(14,169)**	**-**	**(56,080)**	**(56,080)**	**(129,875)**	**(185,955)**
. Amortizations	(8,039)	-	(18,289)	(18,289)	(7,548)	(25,837)
. Write-offs	64	-	12,972	12,972	(320,514)	(307,542)
Balance at 12/31/2015	**(22,144)**	**-**	**(61,397)**	**(61,397)**	**(457,937)**	**(519,334)**
. Amortizations	(3,687)	-	(13,476)	(13,476)	-	(13,476)
. Write-offs	-	-	65	65	-	65
Balance at 06/30/2016	**(25,831)**	**-**	**(74,808)**	**(74,808)**	**(457,937)**	**(532,745)**
Residual balance at 06/30/2016	**32,748**	**-**	**62,844**	**62,844**	**53,491**	**116,335**
Residual balance at 12/31/2015	**33,864**	**88**	**74,344**	**74,432**	**53,491**	**127,923**
Residual balance at 12/31/2014	**28,037**	**88**	**73,141**	**73,229**	**485,257**	**558,486**

[1] Write-off due to sale of interest in REP DI.

b. Impairment

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

Goodwill paid on the acquisition of equity holdings, based on expected future income or the appreciation of the assets of equity holdings acquired, were reevaluated and lead times were defined due to the evolution of corresponding real estate projects, which are amortized over the medium term of three years from the launch of these real estate projects.

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, 2016, the amount of R$ 13,411 was amortized and accounted for in the Company's income (R$ 18,289 as of December 31, 2015). Software amortization period was estimated as eight years.

11 Related party transactions and balances

a. Advance for future capital increase (FACA)

The amounts classified as non-current assets under advances for future capital increase (FACA) refer 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.

b. Management remuneration

The Company's administrators global remuneration limit for the year 2016 has been established as up to R$ 39,485 (R$ 26,988 for the year 2015), for administrators' remuneration, considering the maximum attainable level, direct and indirect, remuneration considered for the fiscal council, as well as the amounts to be covered as a result of stock option plan granted in view of the Company's Stock Option Plan.

Amount recorded as remuneration, profit sharing, dividends and/or benefits in general during the year ended June 30, 2016 and 2015, is as follows:

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Fixed Compensation								
Board of Directors	120	240	180	360	120	240	180	360
Fiscal Council	40	96	80	152	40	96	80	152
Statutory Board	1,050	1,830	990	1,659	1,010	1,830	990	1,659
Charges	268	527	280	434	266	527	280	434
	1,478	**2,693**	**1,530**	**2,605**	**1,436**	**2,693**	**1,530**	**2,605**
Benefits								
Statutory Board	80	140	131	131	80	143	131	131
	80	**140**	**131**	**131**	**80**	**143**	**131**	**131**
Total fixed compensation	**1,558**	**2,833**	**1,661**	**2,736**	**1,516**	**2,836**	**1,661**	**2,736**
Variable compensation								
Retention bonus	5,917	11,079	-	-	5,917	11,079	-	-
Charges	1,472	2,959	-	-	1,472	2,959	-	-
Share-based	268	535	71	2,241	268	535	71	2,241
Total variable compensation	**7,657**	**14,573**	**71**	**2,241**	**7,657**	**14,573**	**71**	**2,241**
Overall total	**9,215**	**17,406**	**1,732**	**4,977**	**9,173**	**17,409**	**1,732**	**4,977**

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 22).

c. *Collaterals and guaranties*

The Company totals R$ 2,133,463 of sureties and guarantees on June 30, 2016 (R$ 2,204,436 as of December 31, 2015). 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.

d. *Related party balances:*

Balances and transactions with related parties are shown below:

	Parent company		Consolidated	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015
Assets				
Related-party Loans- Current and Non-Current Assets	2,818	41,194	77,691	69,871
Current accounts with partners in joint ventures	-	-	168,262	185,795
FACA - Non-current assets	600,816	1,918,327	-	-
Liabilities				
Convertible debentures - 8th issuance (Note 13b)	1,989	1,989	1,989	1,989
Current accounts with partners in joint ventures	-	-	6,987	9,135
Related-party Loans - Current and non-current liabilities	-	-	7,542	-

Rights to related companies have no established maturities and no financial charges. The main purpose of loan transactions and balances receivable from subsidiaries and current account with associated entities in joint ventures was to fund the initial stage of the joint ventures, 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.

In accordance with Article 15 of our Bylaws, it is the Board of Directors' responsibility to decide on: 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. CA' 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							Costs incurred at	
Relationship with the Company	**Supplier**	**Object of the contract**	**Date of transaction**	**Amount concerned**	**Note:**	**Contract period**	**06/30/2016**	**12/31/2015**
Vinci Partners	Austral Seguradora	Construction work insurance and guarantee insurance	Jun/13-Nov/19	3,188	maximum coverage limit per Work insurance: R$ 120,000	construction work + 12 months after construction work	15	1,010
Vinci Partners	Cecrisa R. Cerâmicos S.A	Material: Ceramics	Jun/13-Jun/16	14,675	-	6 months	282	4,006
Vinci Partners	Unidas Locadora de Veículos Ltda	Leasing: vehicle	Sep/13-Jun/16	28	-	1 year	1	9
Board Member	Instituto de Desenviolvimento Gerencial S.A.	Consulting	Jun/14	257			915	1,234
Board Member	União Consultoria V. e A. de P. de Gestão S/S	Consulting	Jun/14	1,157	total contract value - R$ 2,570,925	19 months	-	-
Board Member	União Consulotria E. de Projetos de Gestão	Consulting	Jun/14	1,157			-	-
Board Member	Instituto de Desenviolvimento Gerencial S.A.	Consulting	Oct/15	725			-	-
Board Member	União Consultoria V. e A. de P. de Gestão S/S	Consulting	Oct/15	3,263	total contract value R$ 7,250,000	11 months	-	-
Board Member	União Consulotria E. de Projetos de Gestão	Consulting	Oct/15	3,263			-	-
Board Member	Instituto de Desenviolvimento Gerencial S.A.	Consulting	Jun/14	25			-	7
Board Member	INDG Tecnologia e Serviços Ltda	Consulting	Jun/14	5	total contract value R$ 30,254	1 month	-	-
			Total	**27,743**			**1,213**	**6,266**

12 Loans and financing

The Company reduces cash exposure of each joint venture using third-party funds to finance/support construction through SFH (housing finance system) conditions and working capital facilities offered by prime financial institutions.
Consolidated breakdown of the Company's loans as of June 30, 2016 and December 31, 2015, per debt type, is as follows:

	Parent company		Average rate	Guarantee
Type of debt	06/30/2016	12/31/2015		
SFH	9,151	25,613	TR + 9%	Mortgage / receivables / collateral signatures
Finep/Finame	97,479	97,435	PRE - 5.25-8%	PDG collateral
Working capital/ SFI and Promissory note	876,159	827,960	CDI + 4.15% 118.2% CDI	Pledge of quotas, Promissory Note, Collateral, Mortgage, Credit Rights
Total	**982,789**	**951,008**		
Current portion	982,789	791,807		
Non-current portion	-	159,201		
Total	**982,789**	**951,008**		

	Consolidated		Average rate	Guarantee
Type of debt	06/30/2016	12/31/2015		
SFH	1,238,689	1,660,077	TR + 8.3-14% 18% CDI	Receivables/ proportional surety/ mortgage/ guarantee/ pledge/ real estate mortgage/ guarantors/ Mortgages and sureties
Working capital/ SFI and Promissory note	876,119	898,165	DI + 4.15% 18.2% CDI	Pledge of quotas, Promissory Note, Collateral, Mortgage, Credit Rights
Finep/Finame	100,751	101,078	PRE - from 5.25 to 8.70%	Surety of PDG
Total	**2,215,559**	**2,659,320**		
Current portion	1,678,046	1,735,042		
Non-current portion	537,513	924,278		
Total	**2,215,559**	**2,659,320**		

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

	Consolidated	
Year	**06/30/2016**	**12/31/2015**
2017	157,835	515,049
2018	257,128	276,038
2019	122,550	88,595
2020 onwards	-	44,596
Total	**537,513**	**924,278**

13 Bank Credit Bills (CCBs) and Debentures payable

	Parent company		Consolidated	
	06/30/2016	**12/31/2015**	**06/30/2016**	**12/31/2015**
Liabilities from CCB issuance - Corporate				
3rd series - 1st issuance	1,250	1,251	1,250	1,251
4th series - 1st issuance	625	626	625	626
15th series - 1st issuance	271,316	251,105	271,316	251,105
22nd series - 1st issuance	8,651	30,426	8,651	30,426
3rd series - 3rd issuance	-	-	2,508	3,130
5th series - 3rd issuance	11,135	12,064	11,135	12,064
7th series - 3rd issuance	10,807	10,814	10,807	10,814
25th series - 1st issuance	95,616	107,484	95,616	107,484
26th series - 1st issuance	-	-	114,292	104,554
27th series - 1st issuance	187,307	171,349	187,307	171,349
28th series - 1st issuance	91,155	-	91,155	-
Other issues by CCB	836,063	927,493	903,309	1,029,477
Corporate Sub-Total	**1,513,925**	**1,512,612**	**1,697,971**	**1,722,280**
Liabilities from CCB issuance Support production *				
3rd series - 2nd issuance	-	-	85,064	110,353
2nd series - 2nd issuance	-	-	59,283	55,713
24th Series - 1st issuance	187,441	176,100	187,441	176,100
CCB CEF 600MM	232,581	373,882	232,581	373,882
Other issues by CCB	-	-	-	67,041
CCB subtotal - Support to production	**420,022**	**549,982**	**564,369**	**783,089**
Total	**1,933,947**	**2,062,594**	**2,262,340**	**2,505,369**
Portion in non-current liabilities	1,932,693	2,039,914	2,258,686	2,460,204
Non-current portion	1,254	22,680	3,654	45,165
Total	**1,933,947**	**2,062,594**	**2,262,340**	**2,505,369**

*They are under the same agreement conditions of SFH (Housing Finance System):
a) Derived from credit lines obtained from the Government Severance Indemnity Fund (FGTS) and/or savings account;
b) Destined for real estate financing (residential or commercial real estate development);
c) Remunerated by reference interest rate variation + maximum interest rate of 12% per annum

a. 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	Semi-annual	3	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	1	Pledge of receivables
7th issuance	Non-convertible	Public	03/15/2012	12/15/2018	Real	IPCA + 6.56% p.a.	1,000	140	140	Irregular	14	Shares
8th issuance*	Convertible	Private	09/17/2012	09/17/2016	Unsecured		0	199,000	199,000	Sole	1	Without guarantee
9th issuance	Non-convertible	Private	06/09/2016	06/30/2019	Unsecured	120% CDI	1,000	50,000	20,000	Sole	1	Without guarantee
Support to production												
5th issuance	Non-convertible	Public	09/23/2010	08/01/2016	Real	TR + 9.31% p.a.	1,000	600	600	Semi-annual	1	Assignment/Pledge of shares and quotas

* Stated at fair value (Note 20)

Balances of the Company's debentures payable on June 30, 2016 and December 31, 2015 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	9th Issuance	Subtotal	REP	ZMF 23	Total
a) Debentures payable													
Balance at 12/31/2014	**108,360**	**416,696**	**525,056**	**266,234**	**214,119**	**150,194**	**173,066**	**3,978**	**-**	**1,332,647**	**70,195**	**6,059**	**1,408,901**
(+) Monetary correction	6,979	27,096	**34,075**	36,779	32,856	8,769	29,644	(1,989)	-	**140,134**	10,413	1,171	**151,718**
(-) Payments (Principal + Interest)	(94,656)	(255,451)	**(350,107)**	(33,472)	(23,281)	(158,963)	(11,113)	-	-	**(576,936)**	(9,603)	(7,230)	**(593,769)**
Balance at 12/31/2015	**20,683**	**188,341**	**209,024**	**269,541**	**223,694**	**-**	**191,597**	**1,989**	**-**	**895,845**	**71,005**	**-**	**966,850**
(+) Funding	-	-	-	-	-	-	-	-	20,000	**20,000**	-	-	**20,000**
(+) Monetary correction	463	14,964	**15,427**	20,650	18,414	-	15,783	-	202	**70,476**	2,682	-	**73,158**
(-) Payments (Principal + Interest)	(21,146)	(26,659)	**(47,805)**	-	-	-	-	-	-	**(47,805)**	(2,685)	-	**(50,490)**
(-) Sale of interest [1]	-	-	-	-	-	-	-	-	-	-	(71,002)	-	**(71,002)**
Balance at 06/30/2016	**-**	**176,646**	**176,646**	**290,191**	**242,108**	**-**	**207,380**	**1,989**	**20,202**	**938,516**	**-**	**-**	**938,516**
Composition by year of maturity:													
2016	-	176,646	**176,646**	290,191	242,108	-	207,380	1,989	202	**918,516**	-	-	**918,516**
2017	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	--	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	20,000	**20,000**	-	-	**20,000**
Balance at 06/30/2016	**-**	**176,646**	**176,646**	**290,191**	**242,108**	**-**	**207,380**	**1,989**	**20,202**	**938,516**	**-**	**-**	**938,516**

	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	9th Issuance	Subtotal	REP	ZMF 23	Total
b) Expenditure with issuance													
Balance at 12/31/2014	**(238)**	**(1,562)**	**(1,800)**	**(2,076)**	**(1,205)**	**(118)**	**(2,062)**	**-**	**-**	**(7,261)**	**(2,831)**	**-**	**(10,092)**
(-) Funding cost	-	-	-	-	-	-	-	-	-	-	(776)	-	**(776)**
(-) Amortization of Expenses	119	781	**900**	518	498	118	522			**2,556**	291		**2,847**
Balance at 12/31/2015	**(119)**	**(781)**	**(900)**	**(1,558)**	**(707)**	**-**	**(1,540)**	**-**	**-**	**(4,705)**	**(3,316)**	**-**	**(8,021)**
(-) Amortization of Expenses	119	391	**510**	259	354	-	261	-	-	**1,384**	50	-	**1,434**
(-) Sale of interest [1]	-	-	-	-	-	-	-	-	-	-	3,266	-	**3,266**
Balance at 06/30/2016	**-**	**(390)**	**(390)**	**(1,299)**	**(353)**	**-**	**(1,279)**	**-**	**-**	**(3,321)**	**-**	**-**	**(3,321)**
Net balance on 06/30/2016		**176,256**	**176,256**	**288,892**	**241,755**	**-**	**206,101**	**1,989**	**20,202**	**935,195**	**-**	**-**	**935,195**
Installment:													
Short-term	-	176,256	**176,256**	288,892	241,755	-	206,101	1,989	202	**915,195**	-	-	**915,195**
Long term	-		-	-	-	-		-	20,000	**20,000**	-	-	**20,000**
Total	**-**	**176,256**	**176,256**	**288,892**	**241,755**	**-**	**206,101**	**1,989**	**20,202**	**935,195**	**-**	**-**	**935,195**
Net balance on 12/31/2015	**20,564**	**187,560**	**208,124**	**267,983**	**222,987**	**-**	**190,057**	**1,989**	**-**	**891,140**	**67,689**	**-**	**958,829**
Installment:													
Short-term	20,564	187,560	**208,124**	267,983	222,987	-	190,057	1,989	-	**891,140**	67,689	-	**958,829**
Long term	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**20,564**	**187,560**	**208,124**	**267,983**	**222,987**	**-**	**190,057**	**1,989**	**-**	**891,140**	**67,689**	**-**	**958,829**

*They are under the same agreement conditions of SFH (Housing Finance System):
a) Derived from credit lines obtained from the Government Severance Indemnity Fund (FGTS) and/or savings account;
b) Destined for real estate financing (residential or commercial real estate development);
c) Remunerated by reference interest rate variation + maximum interest rate of 12% per annum
[1] Write-off due to sale of interest in REP DI

b. *Restrictive contractual Clauses ("Covenants") of Debts taken with Bank Credit Certificates ("CCBs") and Debentures Payable*

The Company and its subsidiaries have debenture and Bank credit notes (CCBs) agreements, with covenants, which include restrictive clauses, normally applicable to these types of operations, related to the compliance with financial indicators, cash generation and other items.

These restrictive clauses are properly monitored and they do not restrict the ability to operate in the Company's normal course of business.

CCBs and Debentures Payable have restrictive contractual clauses, which are calculated using the following indicator below, determined based on the Company's consolidated quarterly information, calculated by the base date of June 30, 2016:

- Adjusted EBIT ratios (Earnings Before Interest and Taxes).
- Indices for maximum indebtedness.
- Indices for minimum levels of liquidity.
- Restrictive contractual clauses (Covenants).

These debts are in the process of being restructured as explained in Note 1 of the Company's Operations. In this process, the Management also requests that the above-mentioned indicators are deleted or changed for new contracts.

It is highlighted that on June 30, 2016, the Company exceeded the limit established for the adjusted EBIT ratio, maximum indebtedness, and minimum liquidity.

The Company did not request the waiver for the exceeded indexes against the advanced stage of restructuring negotiations and understands that debt, formed by these financial institutions, is still without the possibility of being charged on demand according to the contracts of CCBs and Debentures Payable still in force.

The Company followed the guidance of the accounting rule defined in CPC 26 and reclassified the CCBs and Debentures Payable to current liabilities, as well as the debts linked to the early maturity of these.

Operations affected by covenants and reclassified amounts are as follows:

	Before Covenants			Adjustment	After Covenants		
Debts	**Short-term**	**Long term**	**Total debt**	**Effect covenants**	**Short-term**	**Long term**	**Total debt**
Debentures:							
Bradesco 1st issuance	123,523	166,667	290,190	166,667	290,190	-	290,190
CEF 5th Issuance	176,647	-	176,647	-	176,647	-	176,647
BTG 7th Issuance	69,509	137,870	207,379	137,870	207,379	-	207,379
Vinci 8th issuance	1,989	-	1,989	-	1,989	-	1,989
	371,668	**304,537**	**676,205**	**304,537**	**676,205**	**-**	**676,205**
CCB:							
CEF	292,835	27,500	320,335	27,500	320,335	-	320,335
Fenix 1st issuance 27th series	17,307	170,000	187,307	170,000	187,307	-	187,307
BTG Pactual	67,759	-	67,759	-	67,759	-	67,759
Credit Suisse	26,155	9,756	35,911	9,756	35,911	-	35,911
Investment Credit Bank	33,711	13,972	47,683	13,972	47,683	-	47,683
Panamericano	21,683	31,583	53,266	31,583	53,266	-	53,266
BMG	10,460	7,732	18,192	7,732	18,192	-	18,192
Tykhe	196	90,959	91,155	90,959	91,155	-	91,155
RB	19,565	-	19,565	-	19,565	-	19,565
Votorantim	10,251	-	10,251	-	10,251	-	10,251
	499,922	**351,502**	**851,424**	**351,502**	**851,424**	**-**	**851,424**
Working capital:							
Banco do Brasil	325,750	-	325,750	-	325,750	-	325,750
FINEP	33,372	64,395	97,767	64,395	97,767	-	97,767
Votorantim	551,992	-	551,992	-	551,992	-	551,992
	911,114	**64,395**	**975,509**	**64,395**	**975,509**	**-**	**975,509**
Total on 06/30/2016	**1,782,704**	**720,434**	**2,503,138**	**720,434**	**2,503,138**	**-**	**2,503,138**

In addition, we confirm that we will comply with other Convents, on June 30, 2016, and have not received any notification from creditors or their fiduciary agents (trustees) in relation to a breach of restrictive contractual clauses on loans and financing agreements, or the early maturity of debts reclassified to the short term due to the requirement of CPC 26.

14 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	
	06/30/2016	**12/31/2015**	**06/30/2016**	**12/31/2015**
Cash - recorded	-	-	35,109	41,474
Cash - to be recorded	-	-	78,209	124,654
Subject to VGV - recorded	4,869	1,807	47,828	74,602
Subject to VGV (General Sales Value) - to be recorded	4,762	4,762	34,671	35,752
Total	**9,631**	**6,569**	**195,817**	**276,482**
Current portion	9,631	6,569	105,792	174,774
Non-current portion	-	-	90,025	101,708
Total	**9,631**	**6,569**	**195,817**	**276,482**

The balances of obligations for acquisitions of properties, in regard to the financial barters subject to Total Potential Sales Value (VGV), amount to R$ 82,499 on June 30, 2016, (R$ 110,354 on December 31, 2015).

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	**06/30/2016**	**12/31/2015**
2017	21,426	25,427
2018	12,694	14,239
2019	12,333	13,222
2020 onwards	43,572	48,820
Total	**90,025**	**101,708**

15 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:

	06/30/2016		06/30/2015	
Tax basis for calculation of taxes:	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Income from real estate sales	260,393	260,393	1,153,511	1,153,511
(-) Income from real estate sales - Taxable income	(82,737)	(82,737)	(142,140)	(142,140)
(-) Income from real estate sales at RET	(67,411)	(67,411)	(209,342)	(209,342)
Income from real estate sales at deemed profit	**110,245**	**110,245**	**802,029**	**802,029**
Other income - Real estate development	42,745	42,745	68,411	68,411
Other income - Real estate development (taxable income)	(2,706)	(2,706)	(10,048)	(10,048)
(-) Other income - real estate development RET	(18,244)	(18,244)	(2,205)	(2,205)
Other income - Real estate development (deemed profit)	21,795	21,795	56,159	56,159
Presumed profit - Real estate development - IRPJ 8% - CSLL 12%	**10,563**	**15,845**	**68,655**	**102,983**
Rental/service income - taxable income	9,688	9,688	33,546	33,546
Rental/service income - deemed profits	261	261	2,399	2,399
Presumed profit - Services/Rentals - IRPJ - CSLL 32%	**84**	**84**	**768**	**768**
Deemed Profit (Development + Services)	**10,647**	**15,929**	**69,423**	**103,751**
(+) Financial Income - Deemed income	36,090	36,090	46,001	46,001
(-) Financial income - Taxable income	(28,953)	(28,953)	(168,857)	(168,857)
(+) Other income - Deemed income	3,588	3,588	20,866	20,866
(-) Other income - Taxable income	(6,405)	(6,405)	(66,630)	(66,630)
Presumed profit tax basis	**50,325**	**55,607**	**136,290**	**170,618**
(-) Consolidated expense - Presumed profit - IRPJ/CSLL	(12,581)	(5,005)	(34,072)	(15,356)
(+) Deferred IRJP on temporary differences - Taxable income	(4,633)	(1,668)	(9,564)	(3,443)
(-) Consolidated expense - RET	(1,079)	(565)	(2,665)	(1,396)
Companies Taxed under the Presumed + Taxable Profit Methods	**(18,293)**	**(7,238)**	**(46,301)**	**(20,195)**
(+) Other	(2,775)	(2,875)	8,455	1,866
Expense no Income (loss)	**(21,068)**	**(10,113)**	**(37,846)**	**(18,329)**

	06/30/2016		06/30/2015	
Breakdown of expense	**IRPJ**	**CSLL**	**IRPJ**	**CSLL**
Current	(31,631)	(15,703)	(55,727)	(27,799)
Deferred	10,563	5,590	17,881	9,470
Expense no Income (loss)	**(21,068)**	**(10,113)**	**(37,846)**	**(18,329)**

Taxes (Income and social contribution taxes)	**06/30/2016**	**06/30/2015**
Current	(47,334)	(83,526)
Deferred	16,153	27,351
	(31,181)	**(56,175)**

Certain investees of the Group (PDG) shall discharge their income and social contribution taxes by means of the taxable income system. In the periods ended June 30, 2016 and 2015, 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 from income tax, social contribution, 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 2.8b.

Breakdown of deferred tax assets

	Consolidated	
Tax	**06/30/2016**	**12/31/2015**
IRPJ and CSLL	2,106	1,206
PIS and COFINS	2,498	1,251
Total	**4,604**	**2,457**

Breakdown of deferred tax liabilities

	Consolidated	
	06/30/2016	**12/31/2015**
Deferred income tax liabilities	64,915	107,366
Deferred social contribution tax liability	33,041	51,300
Total	**97,956**	**158,666**

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, as well as on the balance of temporarily nondeductible expenses upon calculation of the taxable income.

On June 30, 2016, the balance of accumulated tax losses for income tax and negative basis for social contributions on net income of the Company is R$ 3,091,320 (R$ 2,601,253 on December 31, 2015).

The balances of deferred tax liabilities are recorded for accounting purposes as follows:

	Parent company		Consolidated	
Tax	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
IRPJ and CSLL	-	-	97,957	158,666
PIS and COFINS	1,323	1,538	97,738	117,105
Total	**1,323**	**1,538**	**195,695**	**275,771**
Current portion	728	1,538	93,934	103,990
Non-current portion	595	-	101,761	171,781
Total	**1,323**	**1,538**	**195,695**	**275,771**

16 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:

	Consolidated	
	06/30/2016	**12/31/2015**
Unrecognized contracted sales (*)	620,096	721,866
Construction commitment	(423,704)	(497,225)
Total	**196,392**	**224,641**

(*) Net of taxes and adjustment to present value (AVP)

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

	Consolidated	
Year	**06/30/2016**	**12/31/2015**
2016	85,330	126,683
2017	85,918	77,521
2018 onwards	25,144	20,437
Total	**196,392**	**224,641**

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, 2016 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	
	06/30/2016	**12/31/2015**	**06/30/2016**	**12/31/2015**
Physical barter - recorded	-	-	89,120	93,104
Physical barter - to be recorded	2,750	2,750	86,956	107,353
Trade accounts receivable	-	34	93,622	103,698
Total	**2,750**	**2,784**	**269,698**	**304,155**
Current portion	-	34	154,548	156,641
Non-current portion	2,750	2,750	115,150	147,514
Total	**2,750**	**2,784**	**269,698**	**304,155**

17 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 respective provision for contingencies were formed considering the assessment of a loss likelihood by legal counsel, and are recorded under “Other net operating income (expenses).”

Based on the opinion of its legal counsel, Management believes that the provision for contingencies formed 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	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
Labor	3,094	374	78,720	87,026
Tax	638	42	16,821	16,502
Civil	5,562	8,782	479,649	366,834
Total	**9,294**	**9,198**	**575,190**	**470,362**
Current portion	2,484	1,499	128,158	128,735
Non-current portion	6,810	7,699	447,032	341,627
Total	**9,294**	**9,198**	**575,190**	**470,362**

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

	Parent company			
	Labor	**Tax**	**Civil**	**Total**
Balance at 12/31/2014	**1,811**		**966**	**2,777**
Additions	43	42	9,018	9,103
Reversals	(1,480)	-	(1,202)	(2,682)
Balance at 12/31/2015	**374**	**42**	**8,782**	**9,198**
Additions	2,804	596	2,001	5,401
Reversals	(84)	-	(5,221)	(5,305)
Balance at 06/30/2016	**3,094**	**638**	**5,562**	**9,294**

	Consolidated			
	Labor	**Tax**	**Civil**	**Total**
Balance at 12/31/2014	**108,126**	**-**	**137,817**	**245,943**
Additions	42,258	16,502	318,256	377,016
Reversals	(63,358)	-	(89,239)	(152,597)
Balance at 12/31/2015	**87,026**	**16,502**	**366,834**	**470,362**
Additions	32,515	2,637	127,638	162,790
Reversals	(40,822)	(2,318)	(14,822)	(57,962)
Balance at 06/30/2016	**78,719**	**16,821**	**479,650**	**575,190**

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	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
Labor	6,794	4,144	174,202	135,694
Tax	2,361	825	45,107	43,794
Civil	85,465	82,190	612,049	610,761
Total	**94,620**	**87,159**	**831,358**	**790,249**

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 of 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 2.8a:

	Parent company		Consolidated	
Provision for warranty [1]	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
Portion in non-current liabilities	573	516	50,839	62,135
Non-current portion	-	-	67,513	67,007
Total Provision	**573**	**516**	**118,352**	**129,142**

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

18 Shareholders' equity

a. *Capital*

The Company's capital is represented, on June 30, 2016, and December 31, 2015, by 49,192,557 (forty-nine million, a hundred and ninety-two thousand, and five hundred and fifty-seven) registered in common shares with no par value, fully subscribed, of a total value of R$ 4,970,080.

The changes in the Company's share capital between December 31, 2014, and June 30, 2016, is presented as follows:

		Capital		
	Quantity of common shares	**Subscribed**	**Funding expenses**	**Total**
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
Subtotal	**2,459,627,859**	**4,970,080**	**(52,237)**	**4,917,843**
Reverse split of shares 50/1	49,192,557	-	-	-
Balance at 12/31/2015	**49,192,557**	**4,970,080**	**(52,237)**	**4,917,843**
Balance at 06/30/2016	**49,192,557**	**4,970,080**	**(52,237)**	**4,917,843**

A realized capital increase carried out in 2015, by private subscription, was approved by the Board of Directors' meeting of the Company on June 30, 2015, as planned at the Extraordinary General Meeting ("EGM") held on April 15, 2015

The subscription totaled R$ 500,000 and of this total amount R$ 10,000 was allocated to the account of the Company's share capital and the balance of R$ 490,000, net of costs of funding of R$ 247, was allocated to the capital reserve account.

In light of the approval of the capital increase, the Board members also endorsed the issuance of subscription warrants ("Bonus") as an additional benefit to subscribers of the Company's capital increase shares, having been issued 454,545,143 (Four hundred and fifty-four million, five hundred forty-five thousand, a hundred forty-three) warrants, equivalent to 9,090,903 (nine million and ninety thousand, nine hundred and three) shares, considering the reverse share split, carried out on October 08, 2015, the ratio of a warrant for every 2.5 new shares issued.

Subscription Bonuses are up to April 06, 2018, and may be exercised at any time from the date they are issued until its expiration date under holder's criteria. The strike price of each warrant is $ 0.75 (seventy-five cents; post reverse split it is equivalent to R$ 37.50); It should be adjusted on the occurrence of the assumptions set forth in item "h" of the EGM held on April 15, 2015.

The Extraordinary General Meeting of the Company held on October 8, 2015, approved the reverse split of all the Company's common shares at a ratio of 50 to 1, so that each batch of fifty shares was grouped into a single ordinary share.

On June 30, 2016, the Company authorized a capital stock increase, already considering the reverse split of shares, regardless of statutory reform, by Board decision, in issues that total, excluding increases decided by the Special Shareholders' Meeting to the limit of 30,700,000 (thirty million and seven hundred thousand) common shares (on December 31, 2014, and without a reverse split: 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 CA. The Board of Directors' decision 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.

On June 30, 2016, the total shares issued by the Board, considering the reverse split performed, was 13,421,622 (thirteen million, four hundred twenty-one thousand and six hundred twenty-two) common shares.

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 company's and consolidated figures:

	06/30/2016	06/30/2015
Basic loss per share		
Net loss for the period available for common shares	(1,150,480)	(392,718)
Outstanding average weighted common shares	49,192	2,005,344
Loss per share (in R$) - basic	**(23.38754)**	**(0.19584)**
Loss per share with 2015 shares grouped for comparison purposes	**(23.38754)**	**(9.79176)**
Diluted loss per share		
Net loss for the period available for common shares	(1,150,480)	(392,718)
Outstanding average weighted common shares	49,192	2,005,344
Loss per share (in R$) - diluted	**(23.38754)**	**(0.19584)**
Loss per share with 2015 shares grouped for comparison purposes	**(23.38754)**	**(9.79176)**

The potential increase of common shares due to the capital increase by conversion of debentures or stock options was not considered against the loss of the period.

19 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 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, 2016, 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		Rating
	06/30/2016	12/31/2015	06/30/2016	12/31/2015	
Financial assets					
Cash and cash equivalents	19,898	17,488	270,622	604,093	*Fair value through profit or loss*
Accounts receivable	57,185	94,741	4,664,127	5,491,307	Receivables and loans
Loans receivable	2,818	41,194	77,691	69,871	Receivables and loans
Current account with partners in undertakings	-	-	168,262	185,975	Receivables and loans
Advance for future capital increase (FACA)	600,816	1,918,327	-	-	Receivables and loans
Credit receivables purchased	-	155,775	-	-	Receivables and loans
Total financial assets	**680,717**	**2,227,525**	**5,180,702**	**6,351,246**	
Financial liabilities					
Suppliers	25,735	23,964	336,545	230,490	Financial liabilities
Accounts payable for acquisition of real property	9,631	6,569	220,942	276,482	Financial liabilities
Debentures payable	933,206	889,151	913,206	956,840	Financial liabilities
Debentures payable (8th issuance)	1,989	1,989	1,989	1,989	*Fair value through profit or loss*
Loans and financing	982,789	951,008	2,215,559	2,659,320	Financial liabilities
Liabilities from CCB/CCI issuance	1,933,947	2,062,594	2,258,686	2,505,369	Financial liabilities
Co-obligation in the assignment of receivables	1,263	-	27,662	31,460	Financial liabilities
Loans payable	-	-	7,542	-	Financial liabilities
Current account with partners in undertakings	-	-	6,987	9,135	Financial liabilities
Other liabilities	350,411	611,218	301,706	431,417	Financial liabilities
Total financial liabilities	**4,238,971**	**4,546,493**	**6,290,824**	**7,102,502**	

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, 2016 and December 31, 2015 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 with maturity on September 17, 2016. 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, 2016, the Company had the following fair value for these Debentures payable:

	06/30/2016	12/31/2015
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	0.01
Fair value of the 8th issuance	**1,989**	**1,989**

c. Considerations on financial instruments' risks

Interest rate risk

The Company is exposed to floating interest rates, substantially: The variations of the CDI rate that are remunerated as financial Investments in Bank Deposit Certificates and Repurchase Agreement Backed Debentures denominated in Reais (R$); and interest on loans receivable contracted to IGPM +12% to 18% p.a. and CDI +2% to 3% p.a. The Company is also exposed to interest on bank loans contracted between CDI +1.35% p.a. and 5.83% p.a. and TR +11.02% p.a., loans contracted with the National Housing System

(SNH) between TR +8.3% p.a. and 12% p.a. and interest on the Debentures issued at CDI +0.9% p.a. and TR +8.75% p.a.

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 the entity is exposed on the closing date of each fiscal period.

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

In order to verify the sensitivity of the index in the financial investments to which the Company is exposed on the base date June 30, 2016, 03 different scenarios were defined. Based on the values of CDI in effect on June 30, 2016 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, 2016, with a one-year projection and checking the sensitivity of the CDI in each scenario.

Operation	CDI (Interbank Deposit Certificate) risk on balance at 06/30/2016	Probable scenario I	II	III
Investment funds - fixed income	14,321	14%	11%	7%
Projected income		2,024	1,518	1,012
Bank deposit certificates	93,146	14%	11%	7%
Projected income		13,161	9,871	6,581
Resale commitments and immediate liquidity operations	73,858	14%	11%	7%
Projected income		10,436	7,827	5,218
Total projected income		**25,621**	**19,216**	**12,811**

In order to verity the sensitivity of the index in the debts to which the Company is exposed on the base date June 30, 2016, 03 different scenarios were defined.

Based on the values of TR and CDI in effect on June 30, 2016, a likely scenario was defined for the next 12 months, on which basis changes from 25% to 50% on CDI and TR.

Operation	Risk	Risk on balance on June 30, 2016	Probable I	Scenario: scenario 25%	Scenario 50%
Loans and financing					
Rate subject to variation	CDI	2,994,912	202,810	253,512	304,215
Rate subject to variation	TR	1,395,878	76,990	96,238	115,485
Projected financial charges			**279,800**	**349,750**	**419,700**
Debentures					
Rate/index subject to variations	CDI	552,500	31,972	42,197	50,637
Balance of debentures	TR	176,647	2,165	2,707	3,248
Projected financial charges			**34,137**	**44,904**	**53,885**

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, 2016 and December 31, 2015, giving examples of its equity structure and obtained from third parties:

	06/30/2016	12/31/2015
Gross debt		
. Debt of Housing Financial System - SFH	1,238,689	1,660,077
. Other corporate debts	976,870	999,243
Total loans and financing	**2,215,559**	**2,659,320**
Debentures payable	935,195	958,829
Bank Credit Bills (CCBs) and co-obligations	2,290,002	2,536,829
Total gross debt	**5,440,756**	**6,154,978**
(-) Cash and cash equivalents and interest earning bank deposits	(270,622)	(604,093)
Net debt	**5,170,134**	**5,550,885**
(-) SHF debt	(1,238,689)	(1,660,077)
(-) CCB debt - Support to production *	(564,369)	(783,089)
(-) Debentures debt payable - Support to production *	(176,256)	(275,813)
Net debt less debt with support to production	**3,190,820**	**2,831,906**
Total consolidated shareholders' equity	**1,056,739**	**2,384,565**
Debt (without SFH and Support to production) / Shareholders' equity	301.9%	118.8%

*They are under the same agreement conditions of SFH (Housing Finance System):
a) Derived from credit lines obtained from the Government Severance Indemnity Fund (FGTS) and/or savings account;
b) Destined for real estate financing (residential or commercial real estate development);
c) Remunerated by reference interest rate variation + maximum interest rate of 12% per annum

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 has 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 Company's 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, 2016, 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.

20 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.

21 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 an adequate management program with the objective of limiting risk and searching the market for a coverage compatible with its size and operations.

Insurance coverage in amounts for June 30, 2016 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.	1,769,801
Guarantee of delivery of real estate property insurance	Ensures the delivery of properties to conditional buyers	146
Corporate	Material damage caused by electrical damages, fire, windstorm, riots, assuring the loss of rental income	27,202
D&O	Management's civil liability	70,000
		1,867,149

22 Share-based payment

a. Stock option plan

On January 9, 2007, the Board of Directors of the Company established the stock option plan through an Option Contact. 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 2016.

On June 30, 2016, the Company has no outstanding options for this plan, and the deadline for exercising the option expired and the options were canceled (December 31, 2015: 7,500 options after considering the reverse stock split that took place on October 08, 2015, in the ratio of 50 to 1 share on the 375,000 options of the shares at that date).

b. Long-term incentive plan

During the Special Shareholders' Meeting, was 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 CA, 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 its anniversary.

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.

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.

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 main characteristics of Company's stock option, corresponding to this plan on June 30, 2016, is as follows.

Characteristics of the issuances:	**1st issue**	**2nd issuance**	**3rd issuance**
Grant date	12/19/2013	12/19/2014	11/04/2015
Final year-end deadline	12/19/2018	12/19/2019	11/04/2018
Issued stock options [1]	1,874,639	484,130	2,589,082
Options canceled up to June 30, 2016:	(1,496,071)	(217,677)	-
Strike price [2]	91.00	53.00	2.48
Dividends	7.4%	6.5%	0.0%
Volatility	29.9%	25.1%	24.2%
Risk-free interest rate	11.6%	12.7%	13.8%
Maturity (in years)	5	5	3
% for exercise of the Options:			
. On the 1st stock option anniversary	-	-	33%
. On the 2nd stock option anniversary	20%	20%	33%
. On the 3rd stock option anniversary	20%	20%	33%
. On the 4th stock option anniversary	30%	30%	-
. On the 5th stock option anniversary	30%	30%	-
[1] Issued stock options:	**1st issue**	**2nd issuance**	**3rd issuance**
before grouping on October 8, 2015:	93,731,953	24,206,480	-
Grouped balance 50 shares to 1:	1,874,639	484,130	2,589,082
before grouping on October 8, 2015:	1.82	1.06	-
2 Equivalent in grouping 50x1	91.00	53.00	2.48

Here follows the movement of the stock options of the Company's shares and the dilution percentage of current beneficiaries in the event of full exercise of the options granted:

	ILP - Issued stock options balance				**Total outstanding shares**	**% Calculated dilution [1]**
	1st issue	**2nd issuance**	**3rd issuance**	**Total**		
Balance to be exercised as of December 31, 2013	**93,731,953**	-	-	**93,731,953**	**1,339,547,923**	**7.00%**
Issued stock options	-	24,206,480	-	24,206,480		
Canceled	(6,188,122)	-	-	(6,188,122)		
Balance to be exercised as of December 31, 2014	**87,543,831**	**24,206,480**	-	**111,750,311**	**1,323,264,223**	**8.45%**
Canceled	(66,249,387)	(8,954,578)	-	(75,203,965)		
	21,294,444	**15,251,902**	-	**36,546,346**	**2,459,627,859**	**1.49%**
Balance after Grouping of shares 50/1	425,889	305,038	-	730,927	49,192,557	
Issued stock options	-	-	2,589,082	2,589,082		
Balance to be exercised as of December 31, 2015	**425,889**	**305,038**	**2,589,082**	**3,320,009**	**49,192,557**	**6.75%**
Canceled	(47,321)	(38,585)	-	(85,906)		
Balance to be exercised as of June 30, 2016	**378,568**	**266,453**	**2,589,082**	**3,234,103**	**49,192,557**	**6.57%**

[1] Number of stock options to be exercised + outstanding shares on total outstanding shares

Until the settlement of the plan in 2019, the total amount of expense for stock options, considering cancellations occurring due employees leaving, will be R$ 16,351 (December 31, 2015: R$ 16,793, 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 period ended June 30, 2016, accumulated an expense appropriation, at the Company's result, in the amount of R$ 747 (R$ 2,775 as of June 30, 2015).

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

ILP - Total expenses with stock option issuances

Year	Gross amount		Recognized	Recognized	Residual
Ref. 1st issuance:					
2013	38,772		(385)	-	38,387
2014	-		(11,172)	-	27,215
2015	(27,215)	1	-	-	-
	11,557		**(11,557)**	**-**	
Ref. 2nd issuance:					
2014	4,352		(44)	-	4,308
2015	(853)	1	(1,283)	-	2,172
2016	(442)	1	(316)	(306)	1,108
2017	-		-	(533)	575
2018	-		-	(391)	184
2019	-		-	(184)	-
	3,057		**(1,643)**	**(1,414)**	
Ref. 3rd issuance:					
2015	1,737		(147)	-	1,590
2016	-		(431)	(431)	728
2017	-		-	(508)	220
2018	-		-	(220)	-
	1,737		**(578)**	**(1,159)**	
Balance at 06/30/2016	**16,351**		**(13,778)**	**(737)**	**1,836**
Balance at 12/31/2015	**16,793**		**(13,031)**	-	**3,762**
Balance at 12/31/2014	**43,124**		**(11,601)**	**-**	**31,523**

[1] Amount determined upon cancellation of stock options due to termination of employees

23 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.

24 Net operating income

Below follows a breakdown of the Company's net operating income in the periods ended June 30, 2016 and 2015:

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Real estate sales	8,473	7,819	5,784	15,307	121,728	261,527	486,643	1,153,511
Other operating income	120	2,431	12	14	22,793	52,695	39,044	68,411
(-) Deductions from income	(633)	(1,796)	(215)	(654)	(24,688)	(54,603)	(43,700)	(79,071)
Net operating income	**7,960**	**8,454**	**5,581**	**14,667**	**119,833**	**259,619**	**481,987**	**1,142,851**

25 Costs of units sold

Below follows a breakdown of the Company's properties sold in periods ended June 30, 2016 and 2015:

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	From 04/01/2016 to 06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Costs of units sold	(6,080)	(6,645)	(4,246)	(6,571)	(166,570)	(286,968)	(376,981)	(879,774)
Capitalized charges	(360)	(669)	(360)	(1,145)	(10,337)	(45,723)	(41,396)	(96,176)
Cost of properties sold	**(6,440)**	**(7,314)**	**(4,606)**	**(7,716)**	**(176,907)**	**(332,691)**	**(418,377)**	**(975,950)**

26 Financial income (loss)

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Financial income								
Yield from interest earning bank deposits	291	1,202	15,041	23,229	9,279	20,265	33,673	51,836
Fair value of debentures	-	-	1,989	1,989	-	-	1,989	1,989
Monetary variation, interest and fines	2,024	4,759	1,980	36,396	11,326	38,070	30,308	75,174
Other financial income	360	485	4,075	6,626	3,056	6,708	6,989	10,236
	2,675	**6,446**	**23,085**	**68,240**	**23,661**	**65,043**	**72,959**	**139,235**
Financial expenses								
Interest on loans	(151,418)	(321,606)	(135,255)	(266,619)	(214,144)	(446,328)	(306,151)	(542,373)
Bank expenses	(7)	(18)	(9)	(23)	(670)	(1,674)	(851)	(1,803)
Other financial expenses	(2,162)	(4,596)	(3,273)	(5,255)	(5,493)	(16,912)	(15,635)	(20,981)
Total financial expenses	**(153,587)**	**(326,220)**	**(138,537)**	**(271,897)**	**(220,307)**	**(464,914)**	**(322,637)**	**(565,157)**
Capitalized interest (note 6)	11	304	524	1,726	10,000	22,749	100,369	152,226
	(153,576)	**(325,916)**	**(138,013)**	**(270,171)**	**(210,307)**	**(442,165)**	**(222,268)**	**(412,931)**
Total financial income	**(150,901)**	**(319,470)**	**(114,928)**	**(201,931)**	**(186,646)**	**(377,122)**	**(149,309)**	**(273,696)**

27 Administrative expenses

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Salaries and payroll charges	163	(669)	(180)	(805)	(21,356)	(43,771)	(38,970)	(74,868)
Management compensation	(8,947)	(16,871)	(1,661)	(2,736)	(8,905)	(16,874)	(1,661)	(2,736)
Stock options	(372)	(747)	312	(2,775)	(372)	(747)	312	(2,775)
Profit sharing	-	-	-	-	(6,000)	(11,005)	(2,500)	(5,000)
Salaries and payroll charges	**(9,156)**	**(18,287)**	**(1,529)**	**(6,316)**	**(36,633)**	**(72,397)**	**(42,819)**	**(85,379)**
Lawyers' fees and court costs	(232)	(1,277)	(517)	(809)	(1,038)	(5,448)	(3,559)	(8,003)
IT maintenance	(1,414)	(3,672)	361	(2,112)	(2,464)	(5,251)	(953)	(4,981)
Consulting	(2,675)	(2,880)	(738)	(2,012)	(3,475)	(5,307)	(3,288)	(6,707)
Other services	93	-	(8)	(25)	(2,146)	(3,798)	(2,486)	(5,559)
Rendering of services	**(4,228)**	**(7,829)**	**(902)**	**(4,958)**	**(9,123)**	**(19,804)**	**(10,286)**	**(25,250)**
Traveling	-	-	-	-	(570)	(1,100)	(1,441)	(2,453)
Telecommunications and Internet	(961)	(1,522)	(49)	(273)	(1,404)	(3,492)	(1,513)	(3,376)
Rental and renewal of real estates	-	(68)	129	(182)	(4,832)	(8,226)	(6,546)	(12,497)
Other expenses	(143)	(920)	(24)	(532)	(2,758)	(5,085)	(3,286)	(7,005)
Other administrative expenses	**(1,104)**	**(2,510)**	**56**	**(987)**	**(9,564)**	**(17,903)**	**(12,786)**	**(25,331)**
Total	**(14,488)**	**(28,626)**	**(2,375)**	**(12,261)**	**(55,320)**	**(110,104)**	**(65,891)**	**(135,960)**

28 Sales expenses

	Parent company				Consolidated			
	04/01/2016-06/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015	04/01/2016-16/30/2016	01/01/2016-06/30/2016	04/01/2015-06/30/2015	01/01/2015-06/30/2015
Advertising, publicity and others	(675)	(1,118)	(656)	(1,106)	(20,687)	(36,192)	(25,383)	(45,090)
Commissions and bonuses on sales	(231)	(467)	(189)	(343)	(9,048)	(15,968)	(16,840)	(25,470)
Sales Stand	(10)	(21)	(19)	(54)	(1,586)	(3,632)	(4,347)	(8,496)
Total	**(916)**	**(1,606)**	**(864)**	**(1,503)**	**(31,321)**	**(55,792)**	**(46,570)**	**(79,056)**

29 Independent Auditors

KPMG Auditores Independentes (KPMG) was contracted by PDG Group in 2014 for provision of external audit services in relation to the audit of its annual Financial Statements and reviews of its quarterly information. There are no other services provided in 2016 by KPMG for the Company.

30 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 Fiscal Council's 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 06/2016 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	**(X) Management Board**		**( ) Director**	**( ) Fiscal Council**		**( ) Technical or advisory committees**	
Inicial Balance							
Securities/Derivative	Securities Characteristiscs			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			10,673,475		21.70%	21.70%
PDGRD81*	Debenture			16,412,673		8.25%	8.25%
PDGR11*	Subscription Bonus			130,396,226		28.69%	28.69%
Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)							
Securities/Derivative	Securities Characteristiscs	Intermediate	Transaction	Day	Amount	Price (R$)	Volume (R$)
				TOTAL	**0**		**R$ -**
PDGR11	Subscription Bonus			**TOTAL**	**0**		**0,00**
Final Balance							
Securities/Derivative	Securities Characteristiscs (2)			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			10,673,475		21.70%	21.70%
PDGRD81*	Debenture			16,412,673		8.25%	8.25%
PDGR11*	Subscription Bonus			130,396,226		28.69%	28.69%

* Including directly and indirectly interest in PDG.

CONSOLIDATED FORM

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

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<table>
<tr><th colspan="8">Company Name: PDG Realty S.A. Empreendimentos e Participações</th></tr>
<tr><th>Group and related parties</th><th>( ) Management Board</th><th colspan="2">(X) Director</th><th colspan="2">( ) Fiscal Council</th><th colspan="2">( ) Technical or advisory committees</th></tr>
<tr><th colspan="8">Inicial Balance</th></tr>
<tr><td rowspan="2">Securities/Derivative</td><td colspan="3" rowspan="2">Securities Characteristiscs</td><td colspan="2" rowspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">10</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGRD81*</td><td colspan="3">Debenture</td><td colspan="2">0</td><td>0.00%</td><td>0.00%</td></tr>
<tr><td>PDGR11*</td><td colspan="3">Subscription Bonus</td><td colspan="2">0</td><td>0.00%</td><td>0.00%</td></tr>
<tr><th colspan="8">Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)</th></tr>
<tr><td>Securities/Derivative</td><td>Securities Characteristiscs</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>Ordinary</td><td></td><td></td><td>TOTAL</td><td>-</td><td></td><td>-</td></tr>
<tr><td>PDGR11</td><td>Subscription Bonus</td><td></td><td></td><td>TOTAL</td><td>0</td><td></td><td>0,00</td></tr>
<tr><th colspan="8">Final Balance</th></tr>
<tr><td rowspan="2">Securities/Derivative</td><td colspan="3" rowspan="2">Securities Characteristiscs (2)</td><td colspan="2" rowspan="2">Amount</td><td colspan="2">% of participation</td></tr>
<tr><td>Same Species/Class</td><td>Total</td></tr>
<tr><td>Shares*</td><td colspan="3">Ordinary</td><td colspan="2">10</td><td>0.00%</td><td>0.00%</td></tr>
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</table>

* Including directly and indirectly interest in PDG.

CONSOLIDATED FORM

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

In 06/2016 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 Balance							
Securities/Derivative	Securities Characteristiscs			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			16,663		0.03%	0.03%
PDGRD81*	Debenture			52,938		0.03%	0.03%
PDGR11*	Subscription Bonus			204,652		0.05%	0.05%
Montly movement– discriminating each purchase or sale transaction within the month (day, quantity, price and volume)							
Securities/Derivative	Securities Characteristiscs	Intermediate	Transaction	Day	Amount	Price (R$)	Volume (R$)
Shares	Ordinary						
				TOTAL	**0**		**0,00**
PDGR11	Subscription Bonus						
				TOTAL	**0**		**0,00**
Final Balance							
Securities/Derivative	Securities Characteristiscs (2)			Amount		% of participation	
						Same Species/Class	Total
Shares*	Ordinary			16,663		0.03%	0.03%
PDGRD81*	Debenture			52,938		0.03%	0.03%
PDGR11*	Subscription Bonus			204,652		0.05%	0.05%

*** Including directly and indirectly interest in PDG.**

Shareholders		Nº Shares
Vinci Equities Gestora de Recursos Ltda	22.38444%	11,011,480
Orbis Investment Management Limited	15.11313%	7,434,535
Vinci Capital Gestora de Recursos Ltda	11.66260%	5,737,130
Director	0.00002%	10
Others	50.83981%	25,009,402
Total number of shares issued	**100%**	**49,192,557**

Fiscal Council Opinion

Board of Directors’ members unanimously approved without any qualification or restriction the following opinion: “The Board of Directors of PDG Realty S.A. Empreendimentos e Participações, exercising the powers conferred upon him by law, in a meeting held on August 9, 2016, analyzed Management Report and Financial Statements referring to the period ended June 30, 2016, including balance sheet, statement of income, statement of changes in shareholders' equity, statement of cash flow, statement of value added and notes. Based on conducted reviews and on clarifications provided by Management, Supervisory Board concluded that said management report and financial statements, in all its relevant respects, are fairly presented and in compliance with applicable laws.

Statement of the Executive Officers on the Financial Statements

DECLARATION FOR THE PURPOSE OF ARTICLE 25, ITEM VI, 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, Avenida Dr. Cardoso de Melo, n° 1.955, 10º andar, CEP 04548-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the "Company"), pursuant to the terms of item VI 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, 2016.

São Paulo, August 10, 2016.

MÁRCIO TABATCHNIK TRIGUEIRO
CEO

MAURÍCIO FERNANDES TEIXEIRA
Financial CEO

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, Avenida Dr. Cardoso de Melo, n° 1.955, 10º andar, CEP 04548-005, enrolled with CNPJ/MF under no. 02.950.811/0001-89 (the "Company"), pursuant to the terms of item VI 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) regarding the Company's financial statements for the period ended June 30, 2016.

São Paulo, August 10, 2016.

MÁRCIO TABATCHNIK TRIGUEIRO
CEO

MAURÍCIO FERNANDES TEIXEIRA
Financial CEO