

**São Paulo, May 08, 2013:** PDG Realty S.A. (PDGR3) announces **today** its results for the first quarter 2014. Founded in 2003, PDG develops projects for different segments and publics, operating in the development, construction and sale of residential and commercial units, as well as land development.

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### Conference Call

Date:  
Friday, May 09, 2014

#### > Portuguese

11:00 a.m. (Brasília)  
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10:00 a.m. (NY)  
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### Highlights and Recent Events

- ❖ **PDG recorded net income of R\$2.8 million in 1Q14**, versus a net loss of R\$73.8 million in 1Q13. (page 21)
- ❖ **The Net Debt variation came to R\$75 million**, 77% less than the variation of R\$331 million posted in 1Q13. (page 19)
- ❖ **Two projects with a joint PSV of R\$130 million were launched in the quarter**, with a highly satisfactory sales performance – launch PSV of 30%. (page 6)
- ❖ **Gross sales came to R\$563 million in 1Q14**, representing 2,627 units. Despite the few launches, the Company focused on inventory sales, especially those of completed units. (page 8)
- ❖ The Company continues to focus on reducing execution risk and operational complexity, which remain as planned in regard to cost and terms. **In 1Q14, we: (i) finalized works on 6,140 units**, reinforcing the assertiveness of our budgetary base; and **(ii) obtained occupancy permits (habite-se) for 17 projects**, representing 3,293 units and PSV of R\$944 million (PDG's share). (page 12 and 13)
- ❖ Excluding projects launched in 2013 and 1Q14, **the costs to be incurred from the legacy projects totaled R\$2.5 billion at the close of the first quarter, versus R\$3.0 billion at the end of 4Q13**. (page 18)
- ❖ **General and administrative expenses (G&A) fell by 28.4% year-on-year**, from R\$127 million, in 1Q13, to R\$91 million, reflecting the Company's continuing efforts to adjust the size of its operation to the established strategic guidelines. (page 17)
- ❖ The Company continued to receive demonstrations of support from its partner banks, subsequently reflected in April by the **contracting of new financing totaling R\$320 million from Banco do Brasil**. (page 19)

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**The first quarter of 2014 was marked by the consolidation of the measures implemented throughout the previous year, with a focus on reducing the execution risk and monetizing legacy projects. We also laid the foundations for a new investment cycle, prioritizing profitability and financial and operational discipline.**

With our management team now 100% complete, we continued to redesign the company's critical processes, strengthening our budget system and defining the annual targets, with a focus on short-term cash generation. The six indicators that will guide our activities in 2014 are: (1) operating cash flow; (2) the delivery of projects within cost and schedule; (3) sales, especially of completed inventory units; (4) reduced G&A; (5) client satisfaction; and (6) employee climate survey.

We believe we are on the right path in regard to all six. **Operating cash burn has been falling every quarter (excluding the impact from the sale of Domo Corporate in 4Q13) and we expect to record positive cash flows throughout the second half.**

On the operational front, we continued to reduce the number of ongoing construction sites, concluding works on 6,140 units in the quarter, with no additional budget reviews. The total cost of works to be incurred fell from R\$3.7 billion in 4Q13 to R\$3.1 billion in 1Q14, only R\$2.5 billion of which from projects launched up to 2012. **We obtained occupancy permits (habite-se) for 17 projects totaling 3,296 units and individualized 5,111 units. At the end of the process, we transferred 3,803 units.**

**Although we only launched two projects in 1Q14, with a joint PSV of R\$130 million, we achieved a successful sales performance with a launch PSV of 30% (especially considering that launches were made in the second half of the quarter).** We opted to postpone certain projects to the second quarter, either in order to reduce project risk or due to permit delays. In April, we launched two more important projects, tripling PSV to R\$404 million in the first four months.

Despite the relatively few launches and the more uncertain economic scenario, **inventory sales remained healthy, with gross contracted sales of R\$524 million**, in line with our internal target. Cancellations followed the same tendency as in 4Q13, keeping the resale speed at levels above 50%.

## Message from Management

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**As for expenses, we continued to reduce our G&A throughout the quarter,** thanks to stricter cost controls and a leaner workforce due to the reduction in ongoing construction works.

On the financial front, we continued to receive demonstrations of support from our partner banks, reflected, in April, by the **contracting of new financing totaling R\$320 million from Banco do Brasil to settle the portion of March and April CRIs that were not renegotiated.** We continue to negotiate the rollover of the remaining outstanding debt and contract new loans for maturities in subsequent months. We are confident that our improved operating performance, together with our active financial management, will allow us to begin a deleveraging cycle in the coming quarters.

### Corporate Events

On March 26, the Board of Directors approved the cancellation of all the 16,283,700 Company shares previously held in treasury, which had been acquired through the Share Buyback Program approved in 2011. The cancellation resulted in no change to the Company's capital stock, given that these shares had no par value. As a result, the number of Company shares now stands at 1,323,264,223.

The Annual Shareholders' Meeting of April 25 re-elected the members of the Board of Directors for a further term of office. The Fiscal Council was also reinstalled with only one change, with Renato Moritz replacing Roberto Leuzinger.

## Operating and Financial Indicators

❖ From this quarter on, PDG will also publish the operating results in IFRS10, in addition to the figures proportional to PDG stake. The financial information is in IFRS10 only.

Launches	1Q14	1Q13	1Q14 vs. 1Q13	4Q13	1Q14 vs. 4Q13	1Q14 (IFRS)
Total Launches - R\$ mm	130	1,096	-88%	1,138	-88.6%	130
PDG % Launches - R\$ mm	130	388	-66%	946	-86.3%	130
# of Launched Projects	2	6	-67%	10	-80.0%	2
# of Launched Units - PDG	258	1,766	-85%	2,249	-88.5%	258
Sales and Inventory	1Q14	1Q13	1Q14 vs. 1Q13	4Q13	1Q14 vs. 4Q13	1Q14 (IFRS)
Total Sales - R\$ mm	563	1,012	-44%	1,371	-58.9%	543
PDG % Sales - R\$ mm	418	881	-53%	1,196	-65.1%	398
# of Net Sold Units	1,956	3,363	-42%	4,201	-53.4%	1,769
Inventory at Market - R\$ mm	3,519	5,245	-33%	4,014	-12.3%	3,597
Operational Result <sup>(1)</sup>	1Q14	1Q13	1Q14 vs. 1Q13	4Q13	1Q14 vs. 4Q13	1Q14 (IFRS)
Net Operational Revenues - R\$ mm	1,120	1,325	-15.5%	1,779	-37.0%	
Gross Profit - R\$ mm	236	258	-8.6%	444	-46.8%	
Gross Margin - %	21.1	19.5	160 bps	25.0	0 bps	
Adjusted Gross Margin - %	28.8	27.2	160 bps	30.8	-200 bps	
EBITDA Margin - %	17.4	10.4	700 bps	19.5	-210 bps	
Net Earnings (Losses) - R\$ mm	2.8	(73.8)	n.m.	19.0	-85.3%	
Net Margin - %	0.2	(5.6)	n.m.	1.1	-90 bps	
Backlog Results (REF) <sup>(1)</sup>	1Q14	1Q13	1Q14 vs. 1Q13	4Q13	1Q14 vs. 4Q13	
Gross Revenues (REF) - R\$mm	3,308	5,805	-43.0%	3,839	-13.8%	
COGS - R\$ mm	(2,334)	(4,225)	-44.8%	(2,734)	-14.6%	
Gross Profit - R\$ mm	974	1,580	-38.4%	1,105	-11.9%	
Gross Backlog Margin - %	29.4%	27.2%	220 bps	28.8%	60 bps	
Balance Sheet <sup>(1)</sup>	1Q14	1Q13	1Q14 vs. 1Q13	4Q13	1Q14 vs. 4Q13	
Cash - R\$mm	1,035	1,833	-43.5%	1,353	-23.5%	
Net Debt -R\$mm	7,089	6,275	13.0%	7,014	1.1%	
Shareholders Equity -R\$mm	5,298	5,434	-2.5%	5,330	-0.6%	
Net Debt (ex. SFH) / Shareholder Equity (%)	67.9	55.0	n.m.	61.1	680 bps	
Total Assets - R\$ mm	16,589	16,828	-1.4%	16,799	-1.3%	

Obs: (1) Financial Results in IFRS.

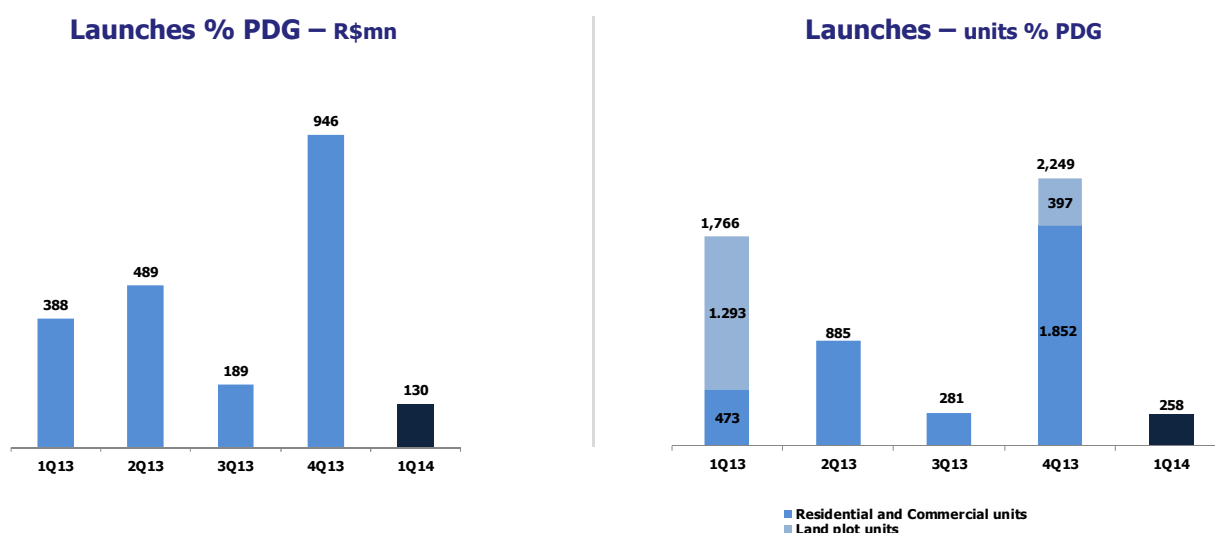
(2) Includes Partnerships and excludes TGLT.

(3) PSV PDG excludes partnerships.

(4) Gross Sales and Cancelled Sales exclude sales cancelled and resold during the 1Q14

## Operating Performance – Launches

- ❖ PDG launched two projects in 1Q14, the Residencial Meridiano and the second tower of DOM Offices, both in Rio de Janeiro, with a joint PSV of R\$130 million and 258 units.
- ❖ The DOM is a multi-use projects located in the north side of Rio de Janeiro, whose first phase was launched in 4Q13 and sold out on the first weekend. In February 2014, the Company launched the second commercial tower with a total PSV of R\$46.5 million and 230 units, 40% of which had been sold up to this date.
- ❖ The Residencial Meridiano, launched in March, is a high-income residential development located close to the Arpoador beach, with a total PSV of R\$83.5 million, 28 units and an average ticket of R\$3.0 million. By the end of April, 34% of the project had been sold.
- ❖ The Company opted to postpone certain projects initially scheduled for the first quarter to the second. In April, it launched two more projects, the Artisan in São Paulo and the first phase (commercial tower and shopping mall) of the Niemeyer Monumental in Rio de Janeiro, with a total PSV (PDG's share) of R\$273.8 million.
- ❖ The project pipeline for the coming quarters remains robust (the Niemeyer hotel tower and the second phase of the Jardim das Perdizes development, among others). The Company will continue to carefully analyze the best moment for their launch, taking into consideration both micro and macroeconomic conditions.

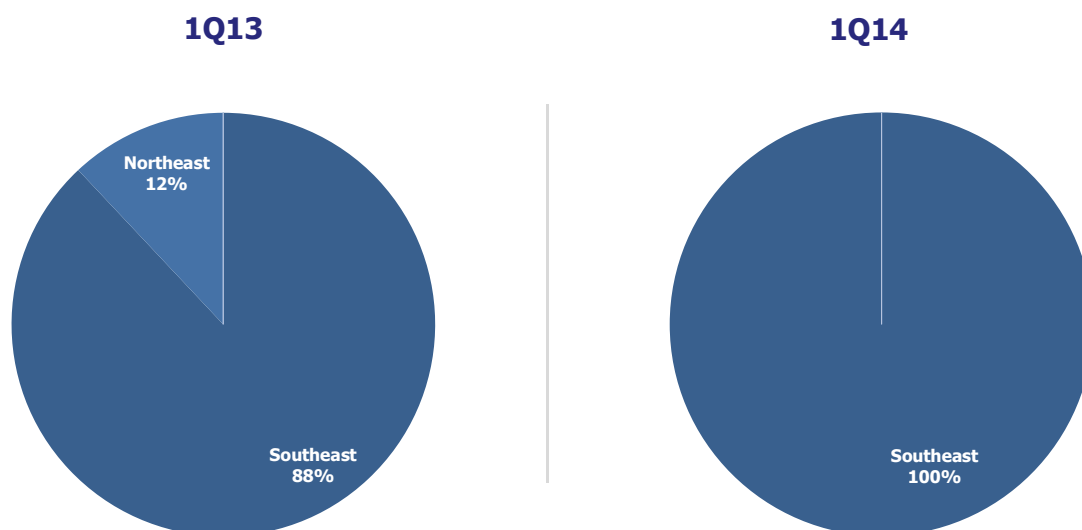


### Projects Launched

Launches							
Project	Launch	Region	Segment	Total PSV (R\$ mm)	PSV PDG (R\$ mm)	PDG Units	Average Price (R\$ thous)
DOM Offices (Torre 2)	1Q14	Rio de Janeiro	Commercial	46.5	46.5	230	202.1
Residencial Meridiano	1Q14	Rio de Janeiro	High Income	83.5	83.5	28	2,982.1
<b>Total 1Q14</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>130.0</b>	<b>130.0</b>	<b>258</b>	<b>503.8</b>
Artisan	april/14	São Paulo	High Income	74.2	74.2	48	1,544.8
Niemeyer (ex- Hotel)	april/14	São Paulo	Commercial	249.6	199.7	404	494.2
<b>Total april/14</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>323.7</b>	<b>273.8</b>	<b>452</b>	<b>605.8</b>
<b>Total 4M14</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>453.7</b>	<b>403.8</b>	<b>710</b>	<b>568.7</b>

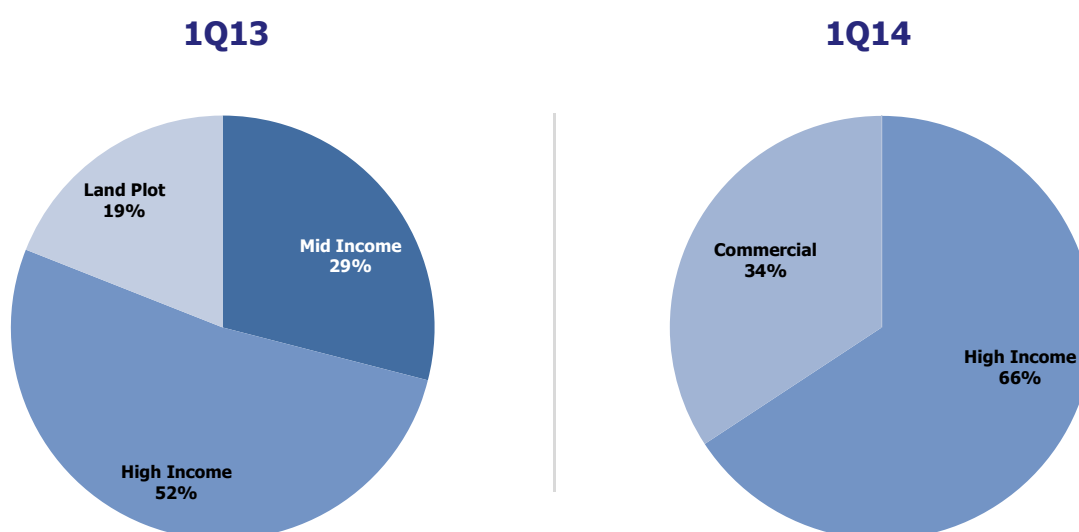
## Launches by Region % PDG – PSV

- Both 1Q14 launches were in Rio de Janeiro, the Residencial Meridiano in the Arpoador region, and Dom Offices in the Cachambi district.



## Launches by Product % PDG – PSV

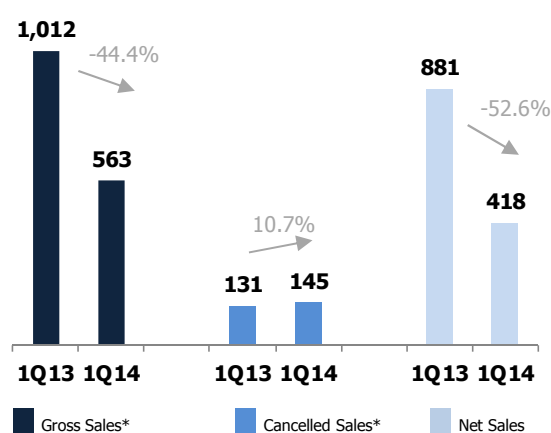
- In 1Q14, the high-income segment was represented by the launch of Residencial Meridiano, with a PSV of R\$83.5 million, and the commercial segment by the Niemeyer, with a PSV of R\$46,5 million.



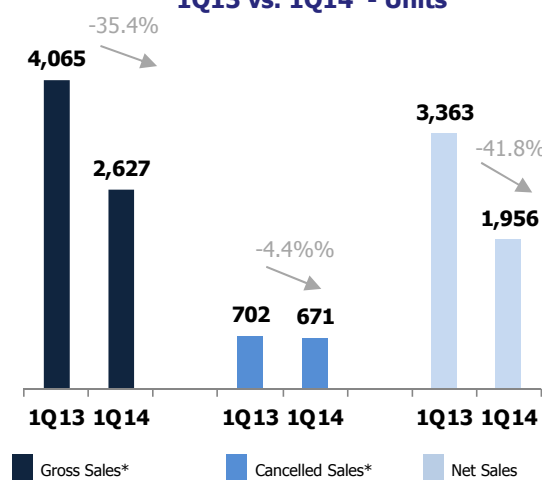
## Operating Performance – Sales

- ❖ Net sales totaled R\$418 million in 1Q14, representing 1,900 units, with inventory sales accounting for 91% of the total.
- ❖ Confirming the trend presented in the previous quarter, sales cancellations continue to march to normality. Cancellations, net of resales made in the same quarter, amounted to R\$145 million in 1Q14. Under this concept, cancellation totaled R\$131 million in 1Q13 and R\$175 million in 4Q13.
- ❖ It is worth noting that the sales of completed inventory units or units to be delivered in 2014 (inventory that generates immediate cash for the Company) represent 61% of total inventory sales.

1Q13 vs. 1Q14 – R\$m



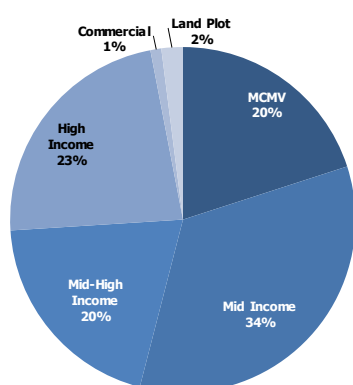
1Q13 vs. 1Q14 - Units



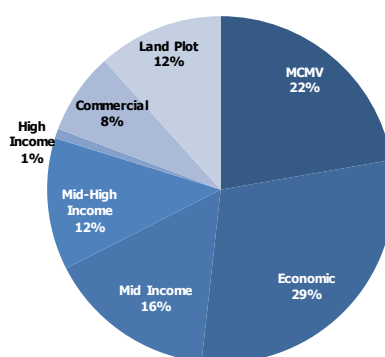
(\*) Gross sales and cancellations data are net of the resales made within the same quarter

## Net Sales by Product % PDG – psv

1Q13

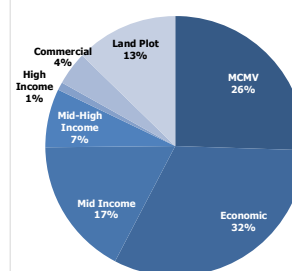


1Q14

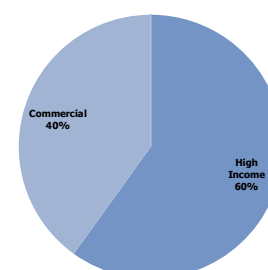


1Q14

Inventory Sales: 91%

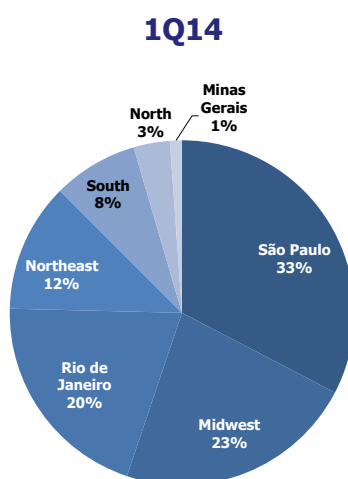
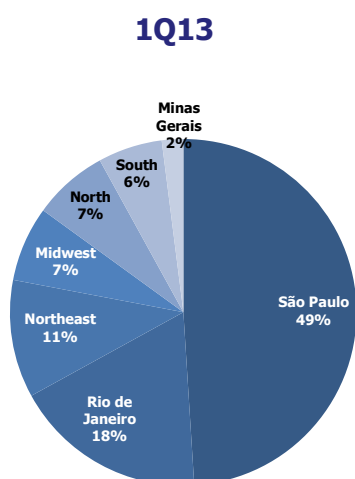


Launch Sales: 9%



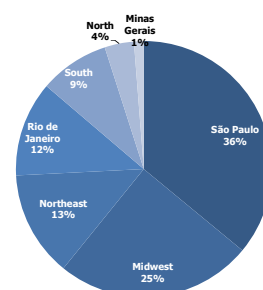


## Net Sales by Region - % PSV

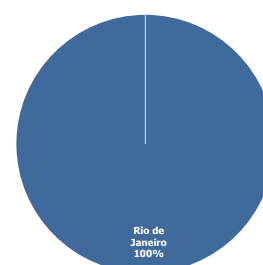


### 1Q14

#### Inventory Sales: 91%



#### Launch Sales: 9%



## Operating Performance – Cancellations and Resale

- ❖ Of total cancellations in 1Q14, 80% corresponded to projects with more than 80% of their units sold, i.e. cancellations are not occurring in projects with low commercial acceptance. Most cancellations (84%) continue to occur due to credit and income profiles and not through client desistance.
- ❖ Given the nature of the cancellations and the Company's efforts, we have managed to maintain a high rate of resale speed. As can be seen in the chart on the following page, the average resale curve reached 89% 12 months after cancellation.
- ❖ Considering the sales cancellations over the past 12 months, 53% were resold until the end of 1T14, reaching a price increase of 14% in comparison to the original sales price.

### Cancellations by Percentage of Resale and Year of Delivery

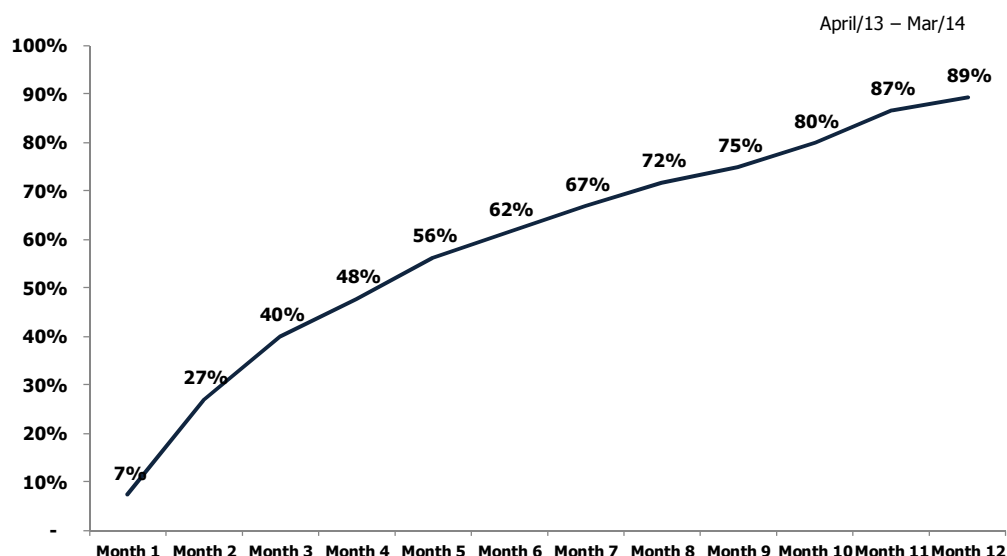
R\$ million

Percentage Sold	Built		2014 Delivery		2015 Delivery		Post 2015		TOTAL	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
20% or less	-	-	-	-	10	2.5	-	-	10	2.5
21% to 40%	-	-	-	-	-	-	4	0.7	4	0.7
41% to 60%	-	-	22	6.0	1	1.3	1	0.6	24	7.8
61% to 80%	8	1.6	52	10.3	26	9.3	8	3.0	94	24.2
81% to 99%	305	57.9	161	37.4	61	11.2	12	3.3	539	109.7
<b>TOTAL</b>	<b>313</b>	<b>59.6</b>	<b>235</b>	<b>53.6</b>	<b>98</b>	<b>24.2</b>	<b>25</b>	<b>7.5</b>	<b>671</b>	<b>144.9</b>

## Operating Performance – Cancelled Sales and Resale

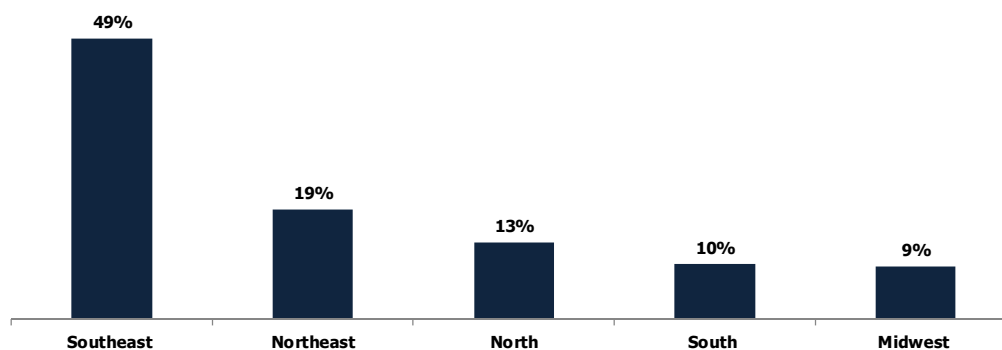


### Average Resale Aging - 12 months



## Operating Performance - Inventory

- ❖ Total inventory at market value closed 1Q14 at R\$3,519 million, represented by 12,078 units. This amount already includes the marginal discounts applied to our sales table during the period.
- ❖ The total number of inventory units fell by 13% over 4Q13, while the market value of the total inventory declined by 12%.
- ❖ The biggest reduction was in the sale of completed units or units to be delivered in 2014, which totaled R\$1,914 million in the quarter, 18% down on 4Q13, reflecting the Company's efforts to monetize its immediate-cash-generating inventory.
- ❖ Currently, 49% of the Company's inventory is concentrated in the Southeast region, as shown in the chart below:



## Operating Performance - Inventory



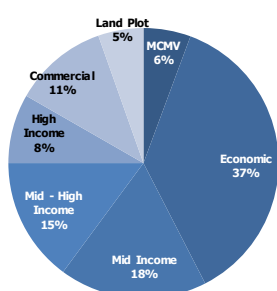
### Inventory by Percentage Sales and Geography

Region	20% or less		21% to 40%		41% to 60%		61% to 80%		81% to 99%		Inventory	
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV
Southeast	137	64.1	249	118	1,072	313.8	1,459	539.0	2,184	673.7	5,101	1,708.9
Northeast	473	114.5	543	41.3	435	186.8	372	154.8	507	189.1	2,330	686.5
Midwest	-	-	-	-	738	117.1	1,013	163.5	256	38.5	2,007	319.1
North	-	-	-	-	712	161.0	463	166.8	383	141.5	1,558	469.3
South	-	-	-	-	-	-	595	171.6	487	163.8	1,082	335.4
<b>TOTAL</b>	<b>610</b>	<b>178.5</b>	<b>792</b>	<b>159.6</b>	<b>2,957</b>	<b>778.7</b>	<b>3,902</b>	<b>1,195.7</b>	<b>3,817</b>	<b>1,206.7</b>	<b>12,078</b>	<b>3,519.2</b>

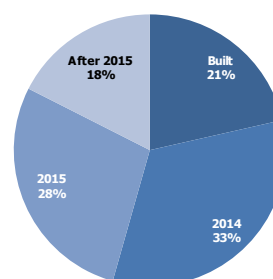
### Inventory by Percentage Sales and Year of Delivery

Percentage Sold	Built		2014 Delivery		2015 Delivery		Post 2015		TOTAL		%
	Units	PSV	Units	PSV	Units	PSV	Units	PSV	Units	PSV	
20% or less	137	64.1	-	-	473	114.5	-	-	610	178.5	5%
21% to 40%	-	-	543	41.3	-	-	249	118.3	792	159.6	7%
41% to 60%	581	69.8	1,340	328.5	324	174.9	712	205.5	2,957	778.7	24%
61% to 80%	680	172.8	1,326	315.8	1,393	473.8	503	233.3	3,902	1,195.7	32%
81% to 100%	1,754	448.2	1,214	473.2	710	226.9	139	58.4	3,817	1,206.7	32%
<b>TOTAL</b>	<b>3,152</b>	<b>754.9</b>	<b>4,423</b>	<b>1,158.8</b>	<b>2,900</b>	<b>990.1</b>	<b>1,603</b>	<b>615.5</b>	<b>12,078</b>	<b>3,519.2</b>	<b>100%</b>

### Inventory by Product - % PSV



### Inventory Delivery Schedule - % PSV



## Operating Performance - Sales Speed

- ❖ The sales speed in the last 12 months, represented by the sales over supply ratio, stood at 35%, 3 p.p. down on 4Q13, mainly due to the lower volume of sales in 1Q14, which recorded a total sales speed of 10%.
- ❖ Launch sales speed came to 30% in 1Q14, while the inventory sales speed stood at 9%.

	2Q13	3Q13	4Q13	1Q14	R\$ million VSO
<b>Initial Inventory</b>	<b>5,245</b>	<b>5,052</b>	<b>4,635</b>	<b>4,014</b>	<b>0</b>
<b>(-) Cancellations</b>	<b>180</b>	<b>484</b>	<b>178</b>	<b>-</b>	<b>0</b>
<b>= Effective Inventory</b>	<b>5,065</b>	<b>4,568</b>	<b>4,457</b>	<b>4,014</b>	<b>5,065</b>
<b>(+) Launches</b>	<b>489</b>	<b>189</b>	<b>946</b>	<b>130</b>	<b>1,754</b>
<b>(-) Net Sales</b>	<b>480</b>	<b>276</b>	<b>1,196</b>	<b>418</b>	<b>2,370</b>
<b>(+) Adjusts</b>	<b>-21</b>	<b>154</b>	<b>-193</b>	<b>-207</b>	<b>0</b>
<b>Final Inventory</b>	<b>5,052</b>	<b>4,635</b>	<b>4,014</b>	<b>3,519</b>	
<b>Sales Speed (12 mos.)</b>	<b>39%</b>	<b>33%</b>	<b>38%</b>	<b>35%</b>	<b>35%</b>

(1) Net sales considers sales from cancelled projects.

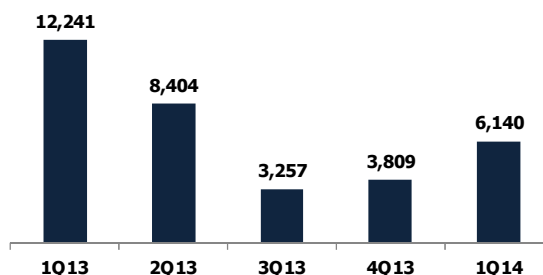
(2) The adjustment of R\$ 207mm is mainly due to the discount applied to the inventory

Sales Speed: Net sales in 12 months / (Effective Inventory 2Q13 + Launches in 12 months)



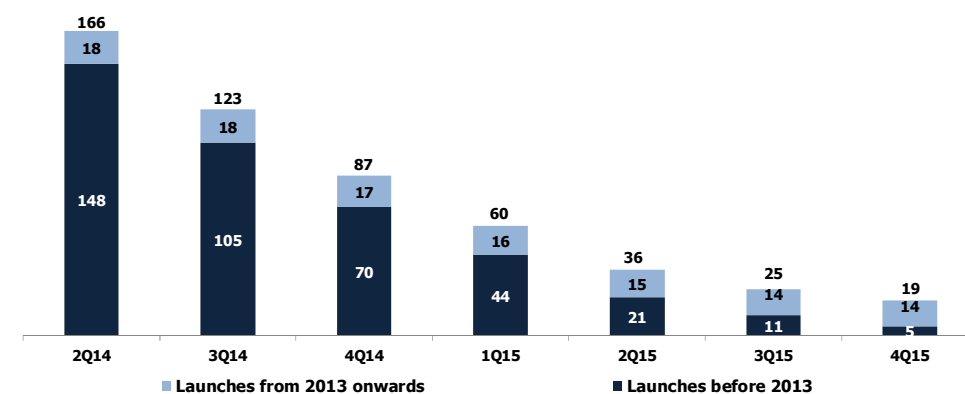
### Concluded works - units

- PDG concluded construction works of 6,140 units in 1Q14, higher than in previous quarters, with no additional budget adjustments.



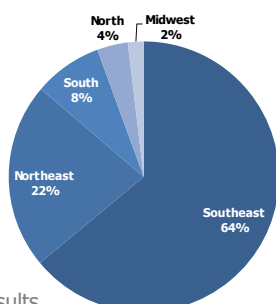
### Projects in progress – Occupancy Permit Schedule

- In 1Q14, we obtained occupancy permits for 3,293 units, comprising 17 projects with a total PSV of R\$944 million.
- Delivery of certain projects was postponed to subsequent quarters, but with no material impact on the year-end estimate.
- We began 2Q14 with 166 projects under construction, 148 of which begun by 2012. Most of these projects should be delivered by the end of 2015.
- The schedule below includes only those projects launched by March 31 and will be impacted by launches subsequent to this date. Note that this is an estimate, as the company does not adopt quarterly targets.

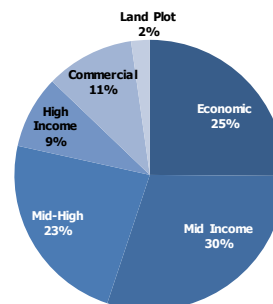


Note: Projects under PDG's management.

### Breakdown by Region (% PSV)



### Breakdown by Product (% PSV)



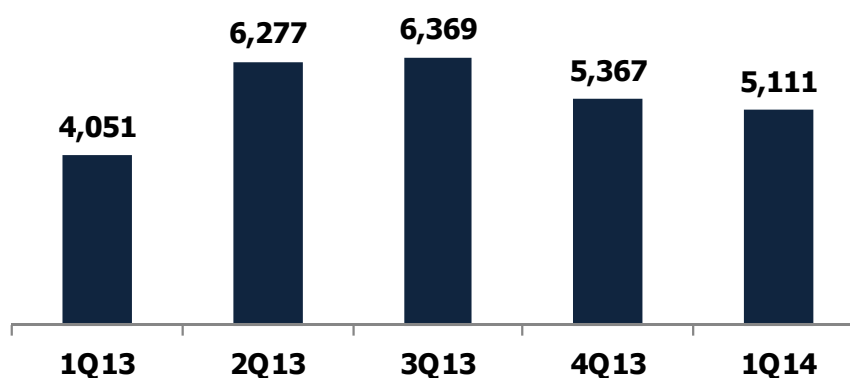
### Projects delivered with Occupancy Permit – 1Q14

1Q14 Deliveries- Occupancy Permit							
Project	Occupancy Permit	Region	Segment	Total PSV (R\$ mm)	PDG PSV (R\$ mm)	PDG Units	Average Price (R\$ thous)
VERT	1Q14	São Paulo	Mid-Income	65.7	32.8	108	304.0
PARQUE ANÁLIA FRANCO	1Q14	São Paulo	Mid-High	57.6	57.6	104	553.9
INSIDE PARK	1Q14	São Paulo	High	69.4	34.7	18	1,928.5
CONNECTION	1Q14	São Paulo	Mid-High	50.2	50.2	102	491.7
RESIDENCIAL SERRA DO JAMBEIRO	1Q14	São Paulo (Countryside)	Economic	34.4	34.4	180	191.2
DOT	1Q14	São Paulo (Countryside)	Economic	30.3	30.3	277	109.4
GREEN VIEW RESIDENCIAL	1Q14	São Paulo (Countryside)	Economic	59.2	59.2	300	197.5
RESIDENCIAL FLORES DO CERRADO	1Q14	Distrito Federal	Economic	45.2	45.2	420	107.7
RESIDENCIAL FASCINO	1Q14	São Paulo	Mid-Income	89.6	89.6	400	224.1
ARBORE	1Q14	Paraná	Mid-Income	34.5	34.5	118	292.7
PARQUE DOS PASSAROS - RESIDENCIAL SABIA	1Q14	São Paulo	Mid-Income	77.4	67.8	246	275.6
DOMO LIFE - FASE II	1Q14	São Paulo	Mid-High	115.5	115.5	224	515.5
DOMANI BROOKLIN	1Q14	São Paulo	High	122.2	122.2	72	1,696.9
AQUARELLA PARI II	1Q14	São Paulo	Mid-Income	76.7	76.7	296	259.0
JARDIM DAS ORQUÍDEAS	1Q14	Minas Gerais	Economic	20.8	20.8	132	157.7
NEO JUIZ DE FORA - FASE 8	1Q14	Minas Gerais	Mid-High	59.5	59.5	156	381.6
JARDIM TROPICAL	1Q14	Bahia	Economic	12.7	12.7	140	90.5
<b>TOTAL</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>1,021.0</b>	<b>943.7</b>	<b>3,293</b>	<b>-</b>

## Operating Performance – Title Individualization

### Title Individualization - units

- ❖ In 1Q14, 5,111 units were individualized, 26.2% more than in 1Q13. Management will remain focused on expediting individualizations throughout 2014.



### Launches, Projects Concluded and in Progress

- ❖ The 166 projects in progress represent 50,153 units under construction, 17,987, or 36% of which related to the Minha Casa Minha Vida housing program and the remaining 32,166, or 64%, financed by the National Housing Financing System (SFH).

	#Projects	# Total Units	# PDG Units
<b>Launches<sup>(1)</sup></b>	701	156,302	151,513
<b>Finished<sup>(2)</sup></b>	535	106,149	105,988
<b>Ongoing<sup>(3)</sup></b>	166	50,153	45,525

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

(2) Projects with Occupancy Permit until March 2014

(3) Ongoing projects until March 2014

\* Projects under PDG management.

Finished Projects	#Projects	# Total Units	# PDG Units
<b>SFH</b>	316	64,519	64,358
<b>MCMV</b>	219	41,630	41,630
<b>Total</b>	535	106,149	105,988

\* Projects under PDG management.

Ongoing Projects	#Projects	# Total Units	# PDG Units
<b>SFH</b>	114	32,166	31,718
<b>MCMV</b>	52	17,987	13,807
<b>Total</b>	166	50,153	45,525

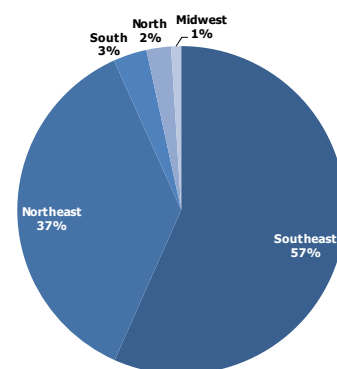
\* Projects under PDG management.

## Operating Performance - Landbank

### Landbank by Unit and PSV

Product	Units	%	PSV PDG (R\$ mm)	%	PSV (R\$ mm)	%	Average Price (R\$)
High Income	3,549	6.5%	3,348	18.3%	4,998	22.8%	1,408,442
Mid-High Income	3,802	7.0%	2,356	12.9%	3,161	14.4%	831,312
Mid Income	8,900	16.3%	4,402	24.1%	4,725	21.6%	530,889
Economic	19,184	35.2%	4,227	23.1%	4,397	20.1%	229,196
<b>Residential</b>	<b>35,435</b>	<b>65.0%</b>	<b>14,334</b>	<b>78.4%</b>	<b>17,281</b>	<b>78.8%</b>	<b>487,670</b>
<b>Commercial</b>	<b>3,188</b>	<b>5.8%</b>	<b>912</b>	<b>5.0%</b>	<b>1,565</b>	<b>7.1%</b>	<b>490,937</b>
<b>Land Plot</b>	<b>15,878</b>	<b>29.1%</b>	<b>3,027</b>	<b>16.6%</b>	<b>3,072</b>	<b>14.0%</b>	<b>193,471</b>
<b>Total</b>	<b>54,501</b>	<b>-</b>	<b>18,273</b>	<b>-</b>	<b>21,918</b>	<b>-</b>	<b>402,152</b>

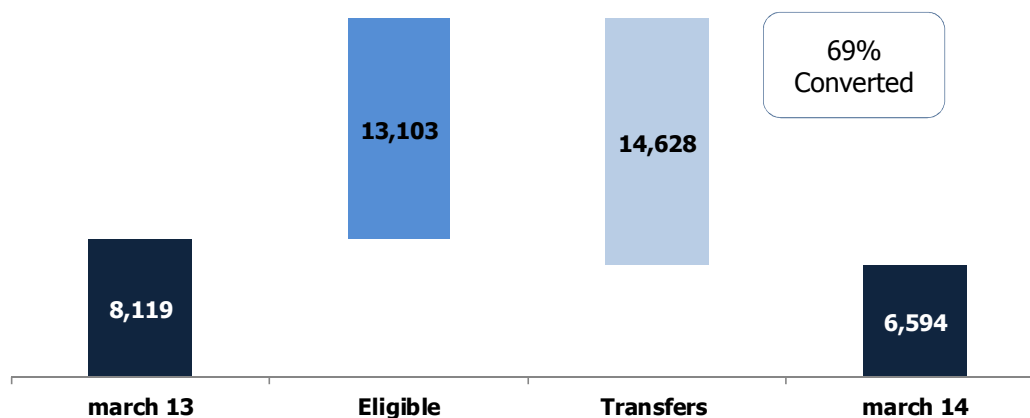
### Landbank by Region - %PSV



## Operating Performance – Mortgage Transfers

- ❖ In 1Q14, 3,803 units were transferred to the banks, in line with our internal targets, and 14% above the 1Q13 figure of 3,339 units.
- ❖ In the 12 months through March, 14,628 units were transferred, corresponding to 69% of transferrable units.
- ❖ In 2014 as a whole, we still expect to transfer between 18,000 and 20,000 units, with the pace picking up in the coming quarters

### Transfer Evolution – units (12 months)



## Gross Margin

- The 1Q14 gross margin stood at 21.1%, 1.6 p.p. up on the 19.5% recorded in 1Q13.

R\$ million - IFRS				
Gross Margin	1Q14	1Q13	(%)	Var.
Net Revenues	1,120	1,325	#VALOR!	
Cost	(884)	(1,067)		-17%
Gross Profit (Loss)	1,120	1,325		-15%
(+) Capitalized Interest	84	88		-5%
(+) Goodwill	2	14		-86%
Adjusted Profit (Loss)	320	346		-11%
<b>Gross Margin</b>	<b>21.1%</b>	<b>19.5%</b>		<b>1.6 pp</b>
<b>Adjusted Gross Margin</b>	<b>28.8%</b>	<b>27.2%</b>		<b>1.6 pp</b>

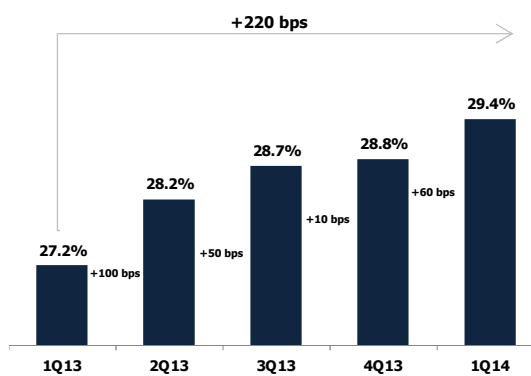
## Backlog Result (REF)

- On March 31, 2014, the backlog gross profit stood at R\$974 million, with a margin of 29.4%, 6 p.p. up on the 28.8% posted in the previous quarter. This upward tendency should continue as the share of legacy projects, with lower margins, decreases and the share of new projects, with higher margins, increases.
- The backlog recognition schedule is estimated at 64.0% in 2014, 26.4% in 2015, 7.8% in 2016 and 1.8% in 2017.

R\$ million in IFRS				
Backlog Results (REF)	1Q14	4Q13	1Q13	
Gross Revenues	3,402	3,956	6,036	
(-) Taxes *	(94)	(117)	(231)	
Net Revenues - REF	3,308	3,839	5,805	
(-) COGS	(2,334)	(2,734)	(4,225)	
Gross Profit - REF	974	1,105	1,580	
<b>Gross Backlog Margin</b>	<b>29.4%</b>	<b>28.8%</b>	<b>27.2%</b>	
Capitalized Interest	193	197	228	
Agre Goodwill	63	65	74	
<b>Adjusted Gross margin **</b>	<b>21.7%</b>	<b>22.0%</b>	<b>22.0%</b>	
* Estimate				
** Backlog margin differs from reported margin in that it does not include capitalized interest effect, future guarantees and goodwill amortization				
Backlog result recognition schedule	2014	2015	2016	2017
	<b>64.0%</b>	<b>26.4%</b>	<b>7.8%</b>	<b>1.8%</b>

## Backlog Margin Trends (REF)

- As announced by the Company in the budgetary review, the gross backlog margin has been increasing every quarter, having widened by 220 bps between 1Q13 and 1Q14.





## Backlog Result (REF) – pre and post 2013

- The projects launched after 2012, with an average gross margin of 31.2%, represent 18.9% of total gross backlog profit and will account for a larger share as projects launched before 2013 are delivered in 2014 and 2015

Backlog Results (REF) (pre and post 2012 projects)	R\$ million in IFRS		
	until 2012	post 2012	1Q14
Net Revenues - REF	2,719	589	3,308
(-) COGS	(1,929)	(405)	(2,334)
Gross Profit - REF	790	184	974
<b>Gross Backlog Margin</b>	<b>29.1%</b>	<b>31.2%</b>	<b>29.4%</b>
Capitalized Interest	192	1	193
Agre Goodwill	63	-	63
<b>Adjusted Gross margin</b>	<b>19.7%</b>	<b>31.1%</b>	<b>21.7%</b>

## Selling, General and Administrative Expenses (SG&A)

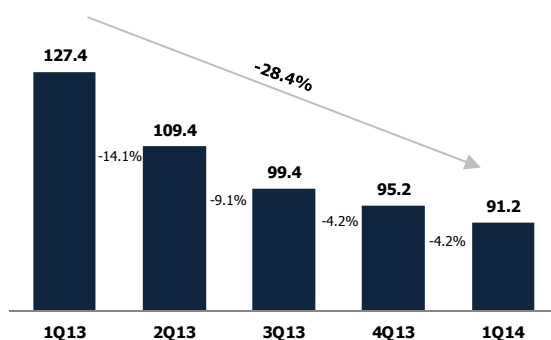
- The 28% reduction in G&A expenses, which declined from R\$ 127.4 million in 1Q13 to R\$91.2 million in 1Q14, reflects the Company's continuous efforts to improve operating efficiency and adjust the size of the operation to the medium- and long-term strategic guidelines.
- In addition to the decline in operating and administrative expenses, selling expenses fell by 6%, from R\$44.9 million, in 1Q13, to R\$42.2 million.

Commercial Expenses	R\$ million in IFRS		
	1Q14	1Q13	(%) Var.
<b>Total Commercial Expenses</b>	<b>42.2</b>	<b>44.9</b>	<b>-0.1</b>
G&A Expenses	R\$ million in IFRS		
	1Q14	1Q13	(%) Var.
Salaries and Benefits	43.4	69.3	-37%
Profit Sharing and Stock Options	15.3	10.0	53%
Third Party Services	15.4	26.3	-41%
Other Admin. Expenses	17.1	21.8	-22%
<b>Total G&amp;A</b>	<b>91.2</b>	<b>127.4</b>	<b>-28%</b>
<b>Total SG&amp;A</b>	<b>133.4</b>	<b>172.3</b>	<b>-23%</b>

## General and Administrative Expenses (G&A)

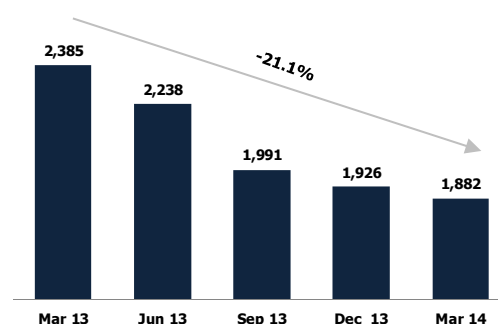
### Trends – R\$mn

- According to Management, G&A expenses are falling at an average monthly rate of 8%, having recorded a 28.4% decline between 1Q13 and 1Q14.



## Administrative Headcount

- Management continues to adjust the size of the Company in accordance with operational needs and long-term strategic guidelines. Between March 2013 and March 2014, the administrative headcount fell by 21.1%.



### On and Off Balance Sheet Receivables

- ❖ We closed 1Q14 with accounts receivables net of cost to be incurred of R\$8.6 billion, 3% up on the previous three months, mainly reflecting the 15% period reduction in total costs to be incurred.
- ❖ Excluding projects launched after 2012, legacy costs to be incurred ended the first quarter at R\$2.5 billion, versus R\$3.0 billion in 4Q13 and R\$ 7.1 billion in 4Q12.

R\$ million in IFRS

On and Off Balance Receivables (R\$ mm)	1Q14	4Q13	(%) Var.
Receivables	8,481	8,300	2%
Gross Backlog Revenues - REF	3,402	3,956	-14%
Advances from Clients	(211)	(206)	2%
<b>Total Receivables (a)</b>	<b>11,672</b>	<b>12,050</b>	<b>-3%</b>
Cost to be Incurred - Sold Units	(2,334)	(2,734)	-15%
Cost to be Incurred - Inventory Units	(774)	(933)	-17%
<b>Total Costs to be Incurred (b)</b>	<b>(3,108)</b>	<b>(3,667)</b>	<b>-15%</b>
	-	-	0%
<b>Total Net Receivables (a + b)</b>	<b>8,564</b>	<b>8,383</b>	<b>2%</b>
ST	5,613	5,460	3%
LT	2,868	2,840	1%
<b>Total Receivables - in balance</b>	<b>8,481</b>	<b>8,300</b>	<b>2%</b>

### Financial Result

- ❖ The increase in the 1Q14 financial result was chiefly due to the 13.0% increase in the Company's net debt position in the previous 12 months to R\$7.1 billion.
- ❖ The mark-to-market of options pegged to the convertible debentures issued in 2012 (PDGR-D81) generated financial revenue of R\$2.0 million in 1Q14, versus financial expenses of R\$35.8 million in 1Q13.

R\$ million in IFRS

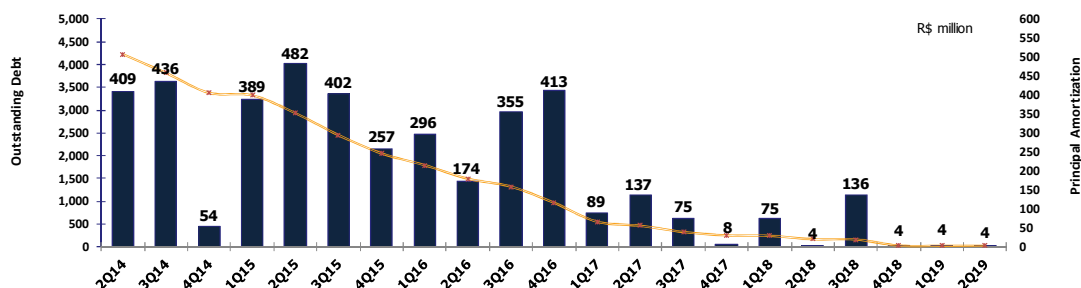
Financial Results (R\$ mm)	1Q14	1Q13	(%) Var.
Investment Income	19.6	11.8	66%
Debentures - fair value	2.0	-	0%
Interest and fines	40.1	21.3	88%
Other financial revenue	17.0	7.2	136%
<b>Total financial revenues</b>	<b>78.7</b>	<b>40.3</b>	<b>95%</b>
Interest	(209.8)	(163.2)	29%
Debentures - fair value	-	(35.8)	-100%
Bank Expenses	(1.1)	(3.1)	-65%
Other	(8.5)	(7.3)	16%
<b>Gross Financial Expenses</b>	<b>(219.4)</b>	<b>(209.4)</b>	<b>5%</b>
Capitalized Interest on Inventory	80.4	84.6	-5%
<b>Total Financial Expenses</b>	<b>(139.0)</b>	<b>(124.8)</b>	<b>11%</b>
<b>Total Financial Result</b>	<b>(60.3)</b>	<b>(84.5)</b>	<b>-29%</b>

## Indebtedness and Corporate Debt Amortization Schedule

- ❖ The Company closed 1Q14 with net debt of R\$7.1 billion, R\$75 million higher than in the previous quarter.
- ❖ Corporate debt (including debentures) edged up by 0.5% in the quarter to R\$4.6 billion, reflecting the Company's success in financing the debt maturing in the period. We managed to roll over around 33% of the CRIs scheduled for renegotiation in March and April (total of R\$320 million).
- ❖ In April, the Company contracted a new R\$320 million credit line from Banco do Brasil as part of the SFI (Real Estate Financing System), with a three-year tenor and a 18-months grace period.
- ❖ The Company continues to negotiate the rollover of existing debt and contract new loans for maturities in subsequent months, especially the R\$250 million in CRIs due for renegotiation in June.

Indebtedness	R\$ million in IFRS		
	1Q14	4Q13	(%) Var.
<b>Cash</b>	<b>1,035</b>	<b>1,353</b>	<b>-24%</b>
<b>Gross Debt</b>	<b>8,124</b>	<b>8,367</b>	<b>-3%</b>
Project Finance (SFH)	3,494	3,759	-7%
Debentures	1,360	1,460	-7%
Other Corporate Debt	3,270	3,148	4%
<b>Net Debt</b>	<b>7,089</b>	<b>7,014</b>	<b>1%</b>
<b>Net Debt (ex. SFH)</b>	<b>3,595</b>	<b>3,255</b>	<b>10%</b>
<b>Shareholders Equity (1)</b>	<b>5,298</b>	<b>5,330</b>	<b>-1%</b>
<b>Net Debt (ex. SFH)/Equity</b>	<b>67.9%</b>	<b>61.1%</b>	<b>6.8 pp</b>

(1) Includes non-controlling equity



## Net Debt Variation

- ❖ The net debt variation stood at R\$75 million in 1Q14, 77% less than the R\$331 million recorded in 1Q13.

Net Debt Variation (R\$ mm)	R\$ milhões em IFRS					
	1Q13	2Q13	3Q13	4Q13	2013	1Q14
<b>Availability</b>	<b>1,833</b>	<b>2,007</b>	<b>1,525</b>	<b>1,353</b>	<b>1,353</b>	<b>1,035</b>
Cash Variation	12	174	(482)	(172)	(468)	(318)
<b>Debt</b>	<b>8,108</b>	<b>8,714</b>	<b>8,522</b>	<b>8,367</b>	<b>8,367</b>	<b>8,124</b>
SFH Debt	3,287	3,672	3,827	3,759	3,759	3,494
Debentures	1,679	1,650	1,456	1,460	1,460	1,360
Other Corporate Debt	3,142	3,392	3,239	3,148	3,148	3,270
Var. Net Debt	343	606	(192)	(155)	602	(243)
<b>Net Debt Variation</b>	<b>(331)</b>	<b>(432)</b>	<b>(290)</b>	<b>(17)</b>	<b>(1,070)</b>	<b>(75)</b>
<b>Adjustments</b>	<b>36</b>	<b>(66)</b>	<b>(26)</b>	<b>(30)</b>	<b>(86)</b>	<b>(2)</b>
Mark to market of PDGR D&I (warrant)	36	(66)	(26)	(30)	(86)	(2)
<b>Net Debt Variation (+adjustments)</b>	<b>(295)</b>	<b>(498)</b>	<b>(316)</b>	<b>(47)</b>	<b>(1,156)</b>	<b>(77)</b>

### REP

- ❖ Our subsidiary REP continues implementing the new strategic guidelines in the pursuit of improved governance and heightened operational discipline, a process that began in 2013. The company currently has 24 operations, comprising five traditional malls, five built-to-suit enterprises and 14 strip malls, with total GLA of 116,381 sq.m. and own GLA of 60,723 sq.m.
- ❖ As a result of its restructuring process, the company has been able to achieve increased productivity over its current assets, quarter after quarter. In 1Q14, net revenues increased 79% compared to the same quarter last year, to R\$10.4 million, with an EBITDA margin of 47%, compared to 11% in 1Q13.
- ❖ Within its strategic plan for 2014, REP should inaugurate in the 2Q14 a new shopping mall in Botucatu (SP), adding 26,000 sq.m. of total GLA and 15,600 sq.m. of own GLA. It is also moving ahead with the remodeling and redevelopment projects for the Bay Market and Valinhos malls, respectively, whose works will begin shortly. It has also begun studies into expansions and project developments in the Hortolândia and Mogi-Guaçu malls.
- ❖ On the financial front, the Company continues concentrating its efforts on improving its capital structure and should reduce its leverage with the inauguration of Shopping Botucatu and potential sale of its landbank.

## Income Statements



### Quarters ended March 31, 2014 and 2013

Income Statements (R\$ '000) - IFRS			
	1Q14	1Q13	(%) Var.
<b>Operating Gross Revenue</b>			
Real State sales	1,139,370	1,335,915	-15%
Other Operating Revenues	18,715	23,850	-22%
(-) Revenues Deduction	(37,726)	(34,581)	9%
<b>Operating Net Revenue</b>	<b>1,120,359</b>	<b>1,325,184</b>	<b>-15%</b>
Cost of Sold Units	(797,747)	(965,256)	-17%
Interest Expenses	(84,459)	(88,289)	-4%
Recognition of goodwill of identifiable assets in the acquisition of Agre	(1,726)	(13,374)	-87%
<b>Cost of sold properties</b>	<b>(883,932)</b>	<b>(1,066,919)</b>	<b>-17%</b>
<b>Gross Income</b>	<b>236,427</b>	<b>258,265</b>	<b>-8%</b>
<b>Gross margin</b>	<b>21.1%</b>	<b>19.5%</b>	<b>1.6 pp</b>
<b>Adjusted gross margin (1)</b>	<b>28.8%</b>	<b>27.2%</b>	<b>1.6 pp</b>
<b>Operating Revenues (expenses):</b>			
Equity Income	9,240	27,709	-67%
General and Administrative	(91,229)	(127,434)	-28%
Commercial	(42,226)	(44,869)	-6%
Taxes	(1,787)	(3,342)	-47%
Depreciation & Amortization	(10,099)	(9,468)	7%
Other operational expenses	(7,606)	(56,423)	-87%
Financial Result	(60,337)	(84,476)	-29%
<b>Total operating revenues (expenses)</b>	<b>(204,044)</b>	<b>(298,303)</b>	<b>-32%</b>
	-	-	0%
<b>Income before taxes</b>	<b>32,383</b>	<b>(40,038)</b>	<b>-181%</b>
	-	-	0%
Income Taxes and Social Contribution	(16,536)	(21,226)	-22%
	-	-	0%
<b>Income before minority stake</b>	<b>15,847</b>	<b>(61,264)</b>	<b>-126%</b>
Minority interest	(13,094)	(12,548)	4%
<b>Net Income (loss)</b>	<b>2,753</b>	<b>(73,812)</b>	<b>-104%</b>
<b>Net margin</b>	<b>0.2%</b>	<b>-5.6%</b>	<b>5.8 pp</b>

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

EBITDA			
	1Q14	1Q13	(%) Var.
Income (loss) before taxes	32,383	(40,038)	-181%
(-/+ ) Financial Result	60,337	84,476	-29%
(+) Depreciation and Amortization	10,099	9,468	7%
(+) Profit Sharing and Stock Option Plan	15,285	10,021	53%
(+) Interest Expenses - Cost of Sold Units	84,459	88,289	-4%
(+) Recognition of goodwill of identifiable assets in the acquisition of Agre	1,726	13,374	-87%
(-/+ ) Equity Income result	(9,240)	(27,709)	-67%
<b>EBITDA</b>	<b>195,049</b>	<b>137,881</b>	<b>41%</b>
<b>EBITDA Margin</b>	<b>17.4%</b>	<b>10.4%</b>	<b>7.0 pp</b>

R\$ million



## Consolidated Balance Sheet - ASSETS



March 31, 2014 and December 31, 2013

ASSET (R\$ '000) - IFRS			
	1Q14	4Q13	(%) Var.
<b>Current Assets</b>			
Cash, cash equivalents and short-term investments	1,035,196	1,353,348	-24%
Accounts receivable	5,613,434	5,460,048	3%
Properties held for sale	2,432,820	2,486,329	-2%
Prepaid expenses	24,794	29,328	-15%
Accounts with related parties	60,061	54,410	10%
Taxes to recover	114,985	105,842	9%
Deferred income and social contribution taxes	304	17,841	-98%
Others credits	246,902	226,951	9%
<b>Total Current Assets</b>	<b>9,528,496</b>	<b>9,734,097</b>	<b>-2%</b>
<b>Noncurrent Assets</b>			
<b>Long-Term</b>			
Accounts receivable	2,867,739	2,840,197	1%
Properties held for sale	2,314,352	2,370,859	-2%
Accounts with related parties	270,080	260,612	4%
Others credits	31,959	37,712	-15%
<b>Total Long-Term Assets</b>	<b>5,484,130</b>	<b>5,509,380</b>	<b>0%</b>
<b>Permanent Assets</b>			
Investments	434,915	427,653	2%
Investment properties	493,491	462,574	7%
Property and equipment	54,702	67,877	-19%
Intangible	592,769	597,274	-1%
<b>Total Permanent Assets</b>	<b>1,575,877</b>	<b>1,555,378</b>	<b>1%</b>
<b>Total Noncurrent Assets</b>	<b>7,060,007</b>	<b>7,064,758</b>	<b>0%</b>
	-	-	0%
<b>Total Assets</b>	<b>16,588,503</b>	<b>16,798,855</b>	<b>-1%</b>



## Consolidated Balance Sheet - LIABILITIES



March 31, 2014 and December 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY (R\$ '000) - IFRS			
	1Q14	4Q13	(%) Var.
<b>Current</b>			
Loans and financings	1,380,868	1,487,165	-7%
Debentures	250,324	196,502	27%
Obligation for the issuance of CCB & CCI	1,098,531	1,233,046	-11%
Co-obligation for the issuance of CRI	33,128	36,134	-8%
Suppliers	192,800	177,722	8%
Property acquisition obligations	453,923	506,449	-10%
Advances from clients	489,866	404,857	21%
Taxes and contributions payable	170,584	169,197	1%
Deferred taxes	332,373	380,965	-13%
Income and social contribution taxes	32,355	45,798	-29%
Accounts with related parties	35,215	34,008	4%
Other obligations	119,163	159,585	-25%
<b>Total Current</b>	<b>4,589,130</b>	<b>4,831,428</b>	<b>-5%</b>
<b>Long-Term</b>	0%		
Loans and financings	2,394,217	2,417,460	-1%
Debentures	1,109,205	1,263,894	-12%
Obligation for the issuance of CCB & CCI	1,471,192	1,335,948	10%
Co-obligation for the issuance of CRI	386,117	396,784	-3%
Property acquisition obligations	223,806	216,927	3%
Advances from clients	415,986	357,938	16%
Deferred taxes	155,564	151,470	3%
Other Provisions	173,444	183,068	-5%
Other obligations	372,262	313,885	19%
<b>Total Long-Term</b>	<b>6,701,793</b>	<b>6,637,374</b>	<b>1%</b>
<b>Shareholders' equity</b>			
Subscribed capital	4,907,843	4,907,843	0%
Capital reserve	735,350	838,296	-12%
Equity valuation adjustments	(68,426)	(62,822)	9%
Treasury Stock	-	(105,740)	-100%
Accumulated losses	(871,195)	(873,948)	0%
	-	-	0%
<b>Minority interest</b>	<b>594,008</b>	<b>626,424</b>	<b>-5%</b>
<b>Total Shareholders' equity</b>	<b>5,297,580</b>	<b>5,330,053</b>	<b>-1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,588,503</b>	<b>16,798,855</b>	<b>-1%</b>

