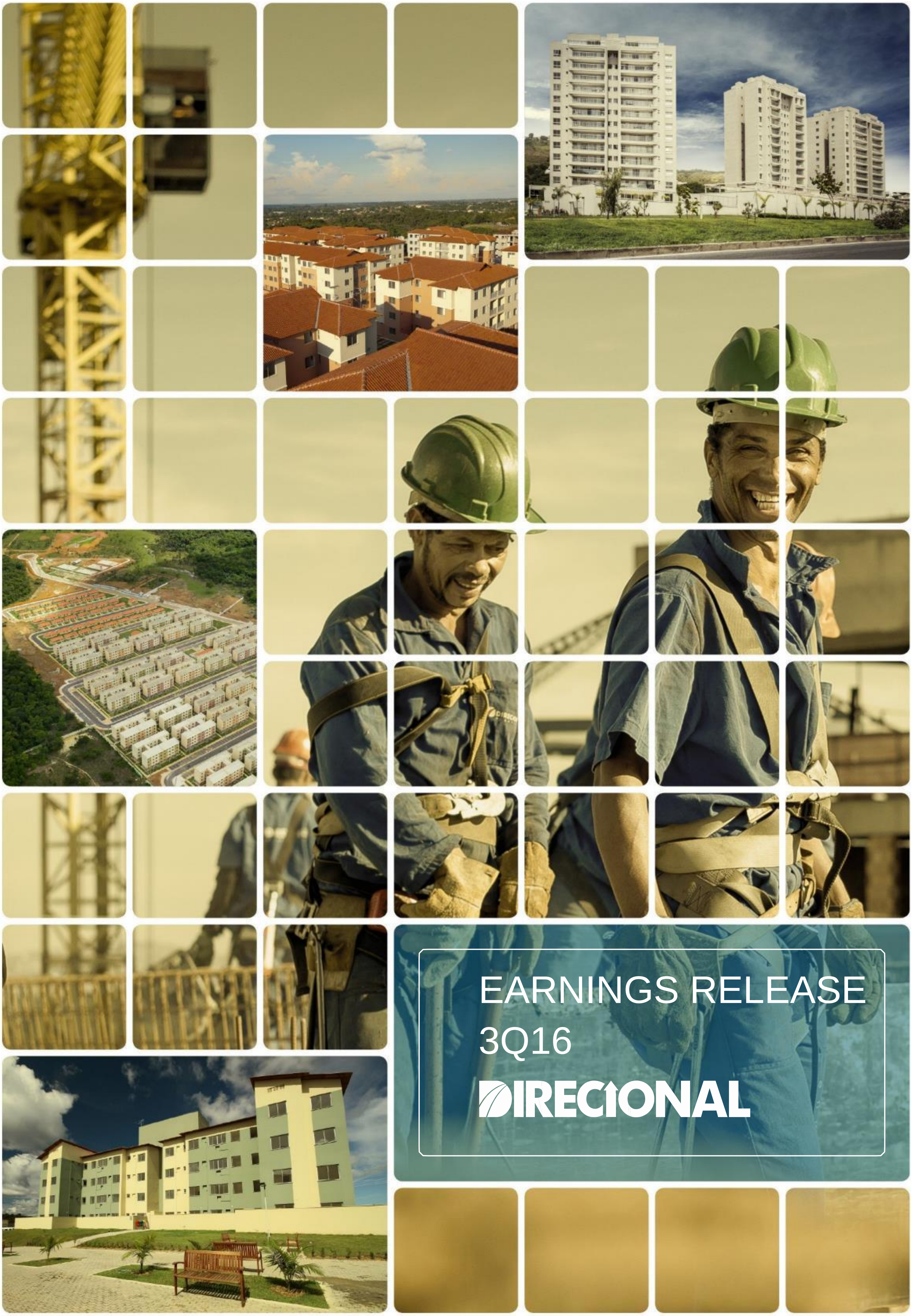


EARNINGS RELEASE
3Q16

Belo Horizonte, November 14, 2016 - Direcional Engenharia S.A., one of the largest homebuilders and real estate development companies in Brazil, focused on developing large scale low-income projects and operating in all regions of the Brazilian territory, discloses herein its operating and financial results for the third quarter of 2016 (3Q16)) and the accumulated for the first nine months of 2016 (9M16). Unless otherwise stated, all the amounts presented in this document are expressed in local currency (Brazilian reais - R$), and the Potential Sales Value (PSV) shows the Company's share (% Direcional). The Company's consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil, which are based on Brazilian Corporate Law and on the regulations issued by the Brazilian Securities Commission (CVM).

DIRECIONAL RELEASES 3Q16 AND 9M16 RESULTS.

9M16 - FINANCIAL AND OPERATING HIGHLIGHTS

- **Launches:** In 9M16, Direcional launched 9 projects totaling a PSV of R$ 452 million, a growth of 97% in relation to 9M15. Projects launched in the **MCMV 2 and 3**[1] segment totaled a PSV of R$ 291 million, growth of 131%;
- **Sales** Contracted net sales reached a PSV of R$ 279 million in 9M16, being R$ 125 million in the **MCMV 2 and 3** segment, a growth of 30% in relation to 9M15.
- **Sales Velocity (VSO):** In 9M16, VSO reached 19%. Highlights to the **MCMV 2 and 3** segment, that reached a VSO of 26%.
- **Purchase of land plots - MCMV 2 and 3:** In 9M16, fifteen land plots were acquired for the **MCMV 2 and 3** segment. The construction potential of these plots is 10,680 units and PSV of R$ 1.4 billion.
- **Delivery** of 17 projects/phases, totaling a PSV of R$ 1.0 billion and 11,451 units.
- **Mortgage transfers:** In 9M16, the amount transferred, through the cash inflow criteria, reached R$ 327 million, with an increase of 9% compared to 9M15. Highlight to the **"Associativo"** model, which reached R$ 106 million, an increase of 216%.
- **Net debt over equity** of 18.6%, representing one of the lowest gearing ratios of the industry.
- **Cash Generation**[2] of R$ 41 million, in 9M16.
- **Net revenue** of R$ 1.1 billion.
- **Gross Margin** (adjusted)[3] of 20.3%;

1 - MCMV 2 and 3: developments carried out under the Minha Casa Minha Vida Housing Program (MCMV) - Level 2 and 3;
2 - Cash generation: calculated by the net debt variation, adjusted by payment of dividends and share buyback;
3 - Gross Margin: Adjustment excluding interest on financing for construction.

TICKER: DIRR3	TELECONFERENCE	CONTACTS
Quotation on 11/11/2016: R$ 4.54	*(In Portuguese with simultaneous translation into English)*	Fernando Ramos – CFO | IRO
Number of shares (ex-treasury shares): 146,305,187	Date: 11/16/2016 – Wednesday	Investor relations team
Market value: R$ 696 million / US$ 205 million	Portuguese 10:00 a.m. – Brasilia time	(31) 3431-5509 | (31) 3431-5510 (31) 3431-5511
Free Float: 48%	English 07:00 a.m. – New York Time	www.direcional.com.br
Average daily volume 3Q16: 614 thousand shares R$ 3,607 thousand 1,460 negotiations	Contact telephone numbers:	ri@direcional.com.br www.direcional.com.br/ri
	Brazil: (+55 11) 3127 4971	Rua dos Otoni, 177 – 10th floor Belo Horizonte – MG CEP: 30.150-270
	Other countries: (+1) 516 300 1066	
	PASSWORD: Direcional	

CONTENTS

MESSAGE FROM MANAGEMENT

We hereby disclose the operating and financial results of Direcional Engenharia for the third quarter of 2016 (3Q16).

The third quarter of the year was marked by the stabilization of the national political scenario, with a positive impact on confidence levels and market expectations in relation to significant economic indicators, such as inflation and GDP. On the other hand, unemployment and income indicators kept deteriorating, reflecting the economic decline we have been facing in Brazil.

The adverse macroeconomic scenario continues to have significant impacts on our business segments.

In the **MUC segment (Middle Income, Upper-middle income and Commercial)**, the increase in unemployment and interest rates continued to promote withdrawals from real estate savings accounts (Brazilian System of Savings and Loans - SBPE), which, by the end of 9M16, presented accumulated net redemptions of approximately R$ 41 billion. In practice, this means that withdrawals from savings accounts have maintained the strong pace of 2015, when the volume totaled R$ 50 billion. Due to a reduced funding basis, banks maintained a more conservative policy for new credit concessions, and repeatedly increased interest rates adopted in real estate mortgages. Such approach from banks summed up to the low confidence levels have been causing negative impacts not only on the level of demand of this segment, but also on the number of canceled sales.

We continued acting extremely cautious in this segment. In 3Q16 we made two launches aimed at the Middle-Income population:

- Way Residence - 2nd Stage, located in Belo Horizonte (MG) with 112 units and PSV of R$ 43 million. In September, we launched a new phase, given that the previous phase has an advanced percentage of sale;
- Link Ipiranga, located in São Paulo (SP) with 228 units and PSV of R$ 64 million. It is worth mentioning that in this product, our clients can count on real estate financing in the “Pro Cotista” and "Associativo" models, which not only allow customers to contract a mortgage with more competitive interest rates, but also significantly reduces the probability of cancellation of the units sold.

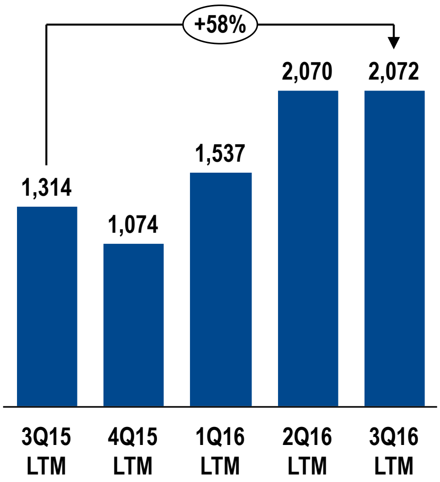
In 3Q16, net sales reached R$ 52 million for the MUC segment, representing an increase of 40% in relation to the prior quarter. The Northern Region accounted for almost 60% of net PSV sold in the quarter, despite the more sensitive competitive scenario we have seen in the region in recent quarters. This performance was benefited by a share sale transaction of a SPV company that had, among its assets, MUC segment units located in Manaus in the amount of R$ 24 million. In addition, in 3Q16, we sold two plots of land for the MUC segment, for the amount of R$ 10 million.

In 9M16, net contracted sales reached R$ 143 million, in line with the same period of the previous year. It is worth mentioning that the cancelled PSV decreased for the second quarter in a row, closing 3Q16 at R$ 54 million. In our understanding, this has been occurring due to the reduction of deliveries in the MUC segment up to 2Q16.

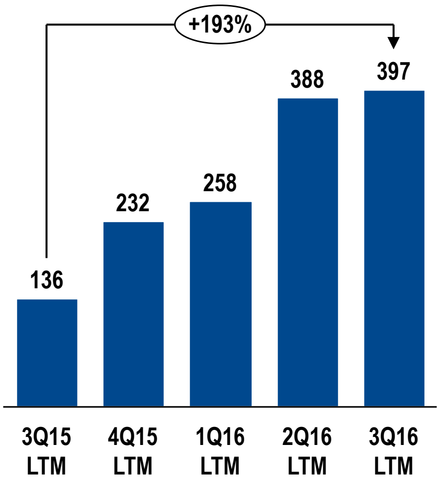
We maintain our positive view on the prospects of the **MCMV 2 and 3 development segment.** The strategy of increasing the representativeness of the products directed to the low-income population in our business is supported by three important pillars: (i) we adopt the same industrialized, low-cost construction model used in MCMV Level 1, (ii) customers can contract the “Associativo” financing model, which significantly reduces the likelihood of sales cancellations as well as the amount of own capital invested in these projects and (iii) the funding originates from the Government Severance Indemnity Fund for Employees (FGTS), which, currently, has funds to keep financing popular households.

In 3Q16, we launched the first stage of the Conquista Torquato Tapajós project in Manaus (AM), with 280 units and PSV of R$ 45 million. As a result, cumulative launches in 9M16 in the MCMV 2 and 3 segment totaled R$ 291 million, an increase of 131% over the same period of the previous year. In addition to the strong increase in the volume of launches, this strategic direction has brought important results in other operating indicators:

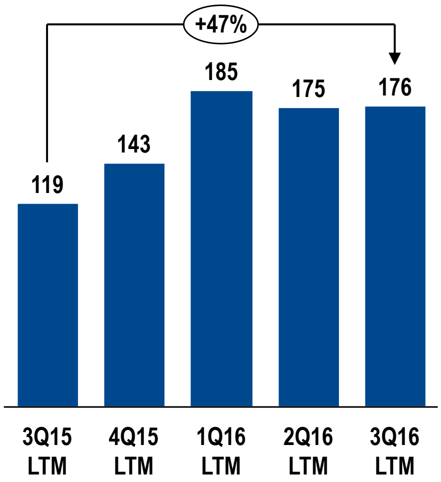
Acquisition of Land MCMV 2 and 3
(R$ million)



Launches MCMV 2 and 3
(R$ million)



Sales MCMV 2 and 3
(R$ million)



Even in an adverse macroeconomic scenario, the sales velocity in this segment remained at sound levels: in 9M16, VSO reached 26%. Despite the lower sales speed in 3Q16, due to the bank strike and to changes in the credit analysis process of clients promoted by a specific financial institution, in our opinion the level of demand remains solid, mainly due to (i) the favorable purchasing and financing conditions provided under the Minha Casa Minha Vida Housing Program (MCMV); (ii) the availability of funding, which, as regards this product, arises from the FGTS, and (iii) the significant decrease in the supply of products in this segment when compared to prior years.

Also in line with the aforementioned strategy, in 3Q16 we concluded the process of acquisition of three plots of land eligible for the MCMV 2 and 3 in the states of Amazonas, Ceará and São Paulo. The construction potential of these plots is 2,487 units and PSV of R$ 281 million. In 9M16, 15 plots of land with potential PSV of R$ 1.4 billion and an average cost of 12.5% of the potential PSV were acquired, with 83% of the payment being through swaps. We continue to prioritize the use of swaps in land acquisition, since they (i) generate less impact on the cash balance in the short term; and (ii) optimize the return on capital in this type of development.

When considering the **Consolidated Financial Result**, gross revenue from real estate sales reached R$ 130 million in 3Q16 and R$ 504 million in 9M16, representing an increase of 14% when compared to the same period of the previous year. Accordingly, the real estate development segment was responsible for 39% of the total gross revenue appropriated in the quarter and 43% in 9M16.

With respect to the **MCMV Level 1 segment**, gross revenue from services totaled R$ 207 million in 3Q16, a decrease of 9% over 2Q16. Such movement results from the smaller volume of construction during the quarter, which may be attributed to the significant increase in the volume of deliveries and the fact that some projects are in their final construction stages, in which the velocity of revenues recognition naturally gets lower.

Net operating revenue totaled R$ 315 million in 3Q16 and R$ 1.1 billion in 9M16, a decrease of 6% in relation to the nine first months of the previous year. Adjusted gross margin[1] was 12.4% in 3Q16 and 20.3% in 9M16. The decrease in the gross margin in relation to the previous quarters is associated to:

- In the MCMV Level 1 segment, some works that had been having margins above the historical average were completed;
- Sales cancellations had a significant negative impact on the gross margin of the development segment, mainly due to (i) a reduction in the percentage of resale of the canceled units in the quarter, when compared to previous periods, and (ii) increase in the significance of the "Cancelled sales" line, which refers to the financial resources returned to the customer due to the cancellation, in relation to the gross revenue of incorporation, which reached the highest level of the last quarters:

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Canceled sales / Gross revenue from the development	**-7.5%**	**-9.9%**	**-12.8%**	**-10.7%**	**-13.6%**	**-15.0%**
Canceled sales (R$ '000) (a)	-12.4	-17.8	-20.9	-20.6	-24.8	-19.6
Gross revenue from the development (R$ '000) (b)	160.8	178.8	160.6	191.3	182.6	130.0

The decrease in gross margin has impacted the net income bottom line, which closed 3Q16 at R$ 1 million and 9M16 at R$ 53 million.

In 3Q16, we recorded cash burn[2] of R$ 25 million due to the strong decrease in the volume of mortgage transfers in 3Q16 when compared to the previous quarter (-36%). This change is directly associated with the longest strike of financial institution employees in recent years, which only finished at the beginning of October. During the strike period, many of our clients' real estate financing processes were paralyzed or had their speed drastically reduced.

We maintained a solid capital structure, with a leverage ratio of 18.6% (net debt over equity) by the end of 3Q16. It is worth remembering that during the quarter, we had the payment of dividends in the amount of R$ 40 million, which of course increased somewhat our degree of financial leverage. By the end of the quarter, cash and financial investments amounted to R$ 569 million while gross debt amounted to R$ 906 million, resulting in a net indebtedness of R$ 337 million.

We remain confident about **Direcional's perspectives** for the upcoming years. For the real estate development segment, our focus will be to intensify efforts to reduce inventories of MUC products and simultaneously speed up the launching of low-income projects, especially those eligible to MCMV 2 and 3, in which the demand remains resilient and we can leverage on our industrialized, low-cost construction model.

Lastly, we reaffirm full confidence in our business model and our commitment to maintain Direcional among the most efficient and solid companies in the market, focused on cash flow generation and value creation for our customers and shareholders.

Thank you.

The Management of Direcional Engenharia S.A.

1 - Adjustment excluding capitalized interest on financing for construction.

2 – Net debt variation, excluding dividends and expenditures with share repurchase programs.

MAIN INDICATORS

	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (c)	9M15 (d)	Δ % (c/d)
Financial indicators								
Net revenue (R$'000)	314,586	383,099	392,344	-17.9%	-19.8%	1,103,525	1,171,564	-5.8%
Gross profit (R$'000)	25,173	73,429	80,733	-65.7%	-68.8%	181,829	250,356	-27.4%
Gross margin	*8.0%*	*19.2%*	*20.6%*	-11.2 p.p.	-12.6 p.p.	*16.5%*	*21.4%*	-4.9 p.p.
Gross profit (adjusted)[1] (R$'000)	38,930	87,664	96,105	-55.6%	-59.5%	223,845	287,455	-22.1%
Gross margin (adjusted)[1]	*12.4%*	*22.9%*	*24.5%*	-10.5 p.p.	-12.1 p.p.	*20.3%*	*24.5%*	-4.3 p.p.
Adjusted EBITDA (R$'000)	19,503	51,416	61,833	-63.1%	-68.5%	130,725	195,080	-33.0%
Adjusted EBITDA margin	*6.2%*	*13.4%*	*15.8%*	-7.6 p.p.	-9.6 p.p.	*11.8%*	*16.7%*	-4.8 p.p.
Net income (R$'000)	1,116	22,195	28,804	-95.0%	-96.1%	52,949	92,823	-43.0%
Net margin	*0.4%*	*5.8%*	*7.3%*	-5.4 p.p.	-7.0 p.p.	*4.8%*	*7.9%*	-3.1 p.p.
Launches								
PSV launched - 100% (R$'000)	**169,575**	**209,545**	**72,428**	**-19.1%**	**134.1%**	**480,100**	**274,664**	**74.8%**
MCMV 2 and 3[2] (R$'000)	45,032	209,545	72,428	-78.5%	-37.8%	299,923	170,663	75.7%
MUC (R$'000)[3]	124,543	0	0	n/a	n/a	180,177	104,001	73.2%
PSV launched - % Direcional (R$'000)	**151,096**	**200,297**	**36,214**	**-24.6%**	**317.2%**	**452,373**	**230,079**	**96.6%**
MCMV 2 and 3 (R$'000)	45,032	200,297	36,214	-77.5%	24.3%	290,675	126,078	130.6%
MUC (R$'000)	106,064	0	0	n/a	n/a	161,698	104,001	55.5%
Units launched	**620**	**1,395**	**512**	**-55.6%**	**21.1%**	**2,503**	**1,408**	**77.8%**
MCMV 2 and 3	280	1,395	512	-79.9%	-45.3%	2,035	1,184	71.9%
MUC	340	0	0	n/a	n/a	468	224	108.9%
% Direcional – Average	*89.1%*	*95.6%*	*50.0%*	-6.5 p.p.	39.1 p.p.	*94.2%*	*83.8%*	10.5 p.p.
Average price (R$/unit)	273,508	150,211	141,461	82.1%	93.3%	191,810	195,074	-1.7%
Sales								
PSV contracted - 100% (R$'000)	**90,672**	**76,311**	**103,927**	**18.8%**	**-12.8%**	**291,709**	**267,559**	**9.0%**
MCMV 2 and 3 (R$'000)	36,823	33,237	41,262	10.8%	-10.8%	138,684	107,667	28.8%
MUC (R$'000)	53,848	43,073	62,665	25.0%	-14.1%	153,025	159,892	-4.3%
PSV contracted - % Direcional (R$'000)	**84,154**	**66,159**	**92,937**	**27.2%**	**-9.5%**	**268,721**	**240,642**	**11.7%**
MCMV 2 and 3 (R$'000)	32,488	29,252	35,801	11.1%	-9.3%	125,265	96,403	29.9%
MUC (R$'000)	51,666	36,907	57,136	40.0%	-9.6%	143,456	144,239	-0.5%
Units contracted	**347**	**360**	**425**	**-3.6%**	**-18.4%**	**1,286**	**1,072**	**20.0%**
MCMV 2 and 3	236	218	252	8.3%	-6.3%	857	705	21.6%
MUC	111	142	173	-21.8%	-35.8%	429	367	16.9%
Average price (R$/unit)	261,302	211,974	244,534	23.3%	6.9%	226,835	249,589	-9.1%
Consolidated VSO (% PSV)	*6.7%*	*5.6%*	*9.7%*	1.1 p.p.	-3.0 p.p.	*18.6%*	*22.4%*	-3.7 p.p.
Other indicators	**3Q16**	**2Q16**	**1Q16**	**4Q15**	**3Q15**	**2Q15**	**1Q15**	**4Q14**
Annualized ROE [4]	0.3%	5.3%	7.1%	7.6%	7.1%	6.8%	8.9%	15.1%
ROE LTM [5]	5.0%	6.7%	7.1%	7.6%	9.4%	10.9%	12.2%	13.1%
Cash and cash equivalents (R$'000)	568,799	660,047	560,802	499,165	504,281	563,428	685,361	665,209
Gross debt (R$'000)	905,522	931,907	893,308	836,451	873,064	855,476	914,950	948,397
Net debt (R$'000)	336,723	271,860	332,506	337,286	368,783	292,048	229,589	283,188
Total equity (R$'000)	1,809,401	1,834,904	1,810,880	1,777,485	1,753,454	1,763,919	1,765,626	1,735,531
Net debt/Equity	18.6%	14.8%	18.4%	19.0%	21.0%	16.6%	13.0%	16.3%
Net debt/EBITDA (12 months)	1.7X	1.2X	1.4X	1.3X	1.4X	1.0X	0.7X	0.9X
Deferred revenue (R$'000)	1,449,762	1,695,580	2,094,656	2,381,437	2,657,754	2,852,276	3,052,231	3,395,875
Deferred results (R$'000)	390,561	460,026	544,362	617,049	674,286	738,803	790,577	891,567
Deferred margin	26.9%	27.1%	26.0%	25.9%	25.4%	25.9%	25.9%	26.3%
Inventories - 100% (R$'000)	1,333,791	1,229,980	1,120,150	1,124,206	1,033,399	1,032,819	972,190	958,649
Inventories - % Direcional (R$'000)	1,194,840	1,103,330	989,638	988,694	897,113	924,577	854,933	846,151
Land Bank - 100% (R$'000)	12,787,634	12,799,649	12,343,696	11,759,865	11,421,123	10,918,758	11,165,126	11,101,527
Land Bank - % Direcional (R$'000)	10,563,138	10,637,343	10,219,501	9,770,212	9,415,408	9,050,773	9,332,323	9,261,045
Land Bank – Units	70,451	69,457	67,184	63,163	60,487	57,657	59,034	58,670

1. Adjustment excluding capitalized interest on financing for construction.
2. MCMV 2 and 3: developments carried out under the Minha Casa Minha Vida Housing Program (MCMV) - Level 2 and 3;
3. MUC: Comprises projects of the middle-income, upper-middle income and commercial segments;
4. Return on Equity (ROE): Annualized profit for the quarter/average equity for the period (excluding non-controlling interest in SCPs and SPEs);
5. ROE LTM: Profit for the last 12 months (LTM)/average equity for the last 12 months (excluding non-controlling interests in SCPs and SPEs).

LAUNCHES

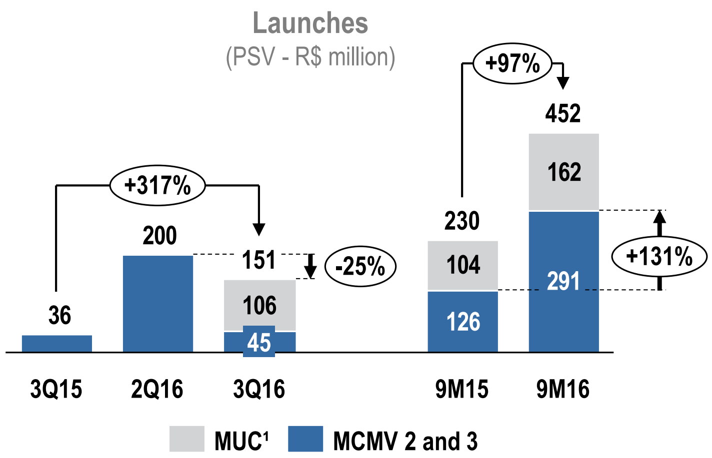
In 3Q16, Direcional launched three projects totaling 620 units and a PSV of R$ 151 million.

It is worth highlighting the launch of the **MCMV 2 and 3** project, Conquista Torquato Tapajós - 1st phase, located in the city of Manaus/AM and with PSV of R$ 45 million.

Direcional also launched two projects in the middle-income segment with PSV of R$ 106 million. It is important to emphasize that the Company continues to adopt a conservative approach in relation to launches in this segment, only maintaining projects in which it has greater confidence about the levels of demand and profitability.

In 9M16, consolidated launches totaled PSV of R$ 452 million, with an increase of 97% compared to 9M16. Launches within the **MCMV 2 and 3** segment totaled PSV of R$ 291 million, which represents 64% of the total and a growth of 131% in relation to the same prior-year period.

The chart below presents the evolution of launches.



1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

The table below shows information about the developments launched in 9M16:

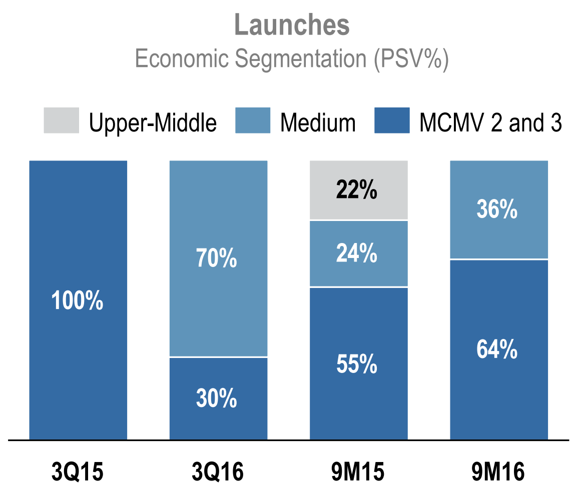
Developments launched	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Unit	Average Unit Price (R$ 000)	Segment
Supremo Residence	January	Belo Horizonte - MG	55,634	55,634	128	435	Medium
Conquista Itaboraí	March	Itaboraí - RJ	45,346	45,346	360	126	MCMV 2 and 3
Total 1Q16			**100,980**	**100,980**	**488**	**207**	
Conquista Alegria	May	Betim - MG	46,400	41,760	320	145	MCMV 2 and 3
Conquista Residencial Ville - 3° Phase	June	Luziânia - GO	15,360	10,752	128	120	MCMV 2 and 3
Conquista Campo Grande	June	Rio de January - RJ	74,850	74,850	499	150	MCMV 2 and 3
Setor Total Ville	June	Santa Maria - DF	72,935	72,935	448	163	MCMV 2 and 3
Total 2Q16			**209,545**	**200,297**	**1,395**	**150**	
Conquista Torquato Tapajós - 1ª Phase	August	Manaus - AM	45,032	45,032	280	161	MCMV 2 and 3
Link Ipiranga - 1ª Phase	September	São Paulo - SP	81,940	63,503	228	359	Medium
Way Residence – 2º Phase	September	Belo Horizonte - MG	42,603	42,560	112	380	Medium
Total 3Q16			**169,575**	**151,096**	**620**	**274**	
Total			**480,100**	**452,373**	**2,503**	**192**	

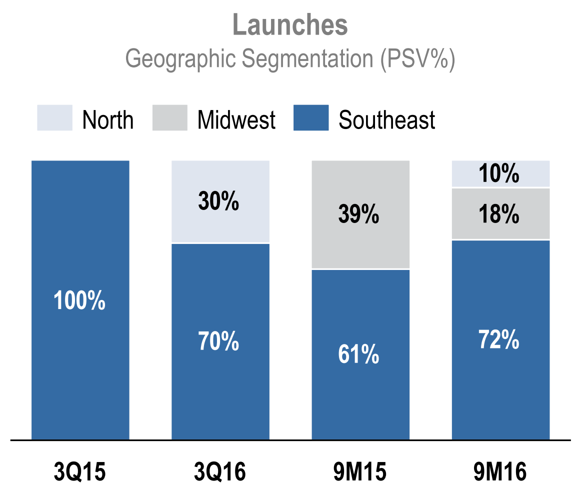
Launches breakdown

In 3Q16, 30% of the launches were in the **MCMV 2 and 3** segment. In the accumulated for 9M16, this segment was responsible for 64% of the total.

In addition, the Southeast region was responsible for 70% of the PSV launched in the quarter. In 9M16, that region was responsible for 72% of the total.

The chart below presents the breakdown of the launches.





CONTRACTED SALES

Contracted gross sales of units amounted to R$ 139 million in 3Q16, a decrease of 20% in relation to the same period of previous year and growth of 4% when compared to 2Q16. In 9M16, gross sales of units reached PSV of R$ 478 million, a growth of 11% in relation to 9M15.

Sales cancellations totaled R$ 54 million in 3Q16 and R$ 209 million in the accumulated for 9M16.

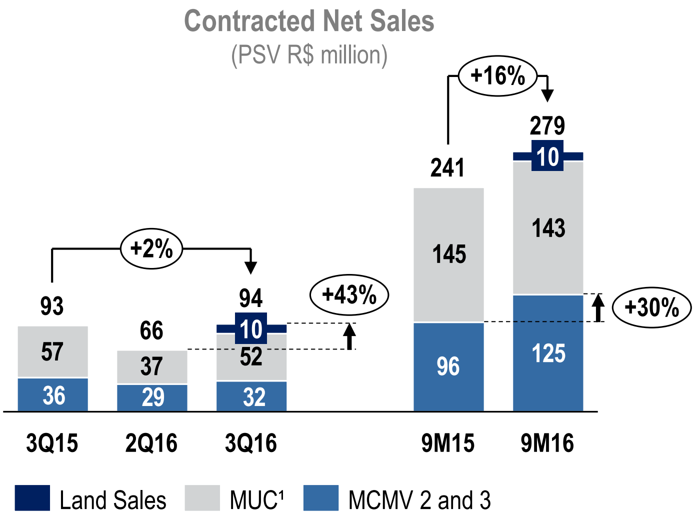
In addition, during 3Q16, two land plots of the MUC segment were sold for a total amount of R$ 10 million.

Therefore, contracted net sales totaled PSV of R$ 94 million in 3Q16, 2% above the performance in the same period of the previous year and 43% when compared to 2Q16.

Contracted sales of 3Q16 and 9M16 include the share sale transaction of a SPV company that had, among its assets, MUC segment units located in Manaus in the amount of R$ 24 million.

In the accumulated for 9M16, net sales totaled R$ 279 million, with an increase of 16% compared to 9M15.

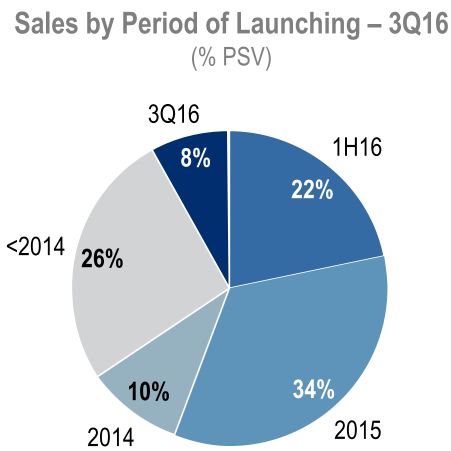
The chart below shows the evolution of the contracted net sales.



1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments

The adjacent chart presents net sales of units per launch date.

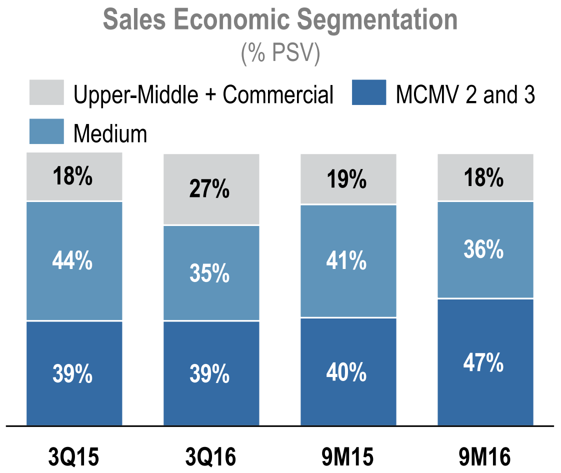
It should be noted that 36% of the sales volume refer to products launched in years prior to 2015, which confirms that Direcional has been able to sell units from older projects.

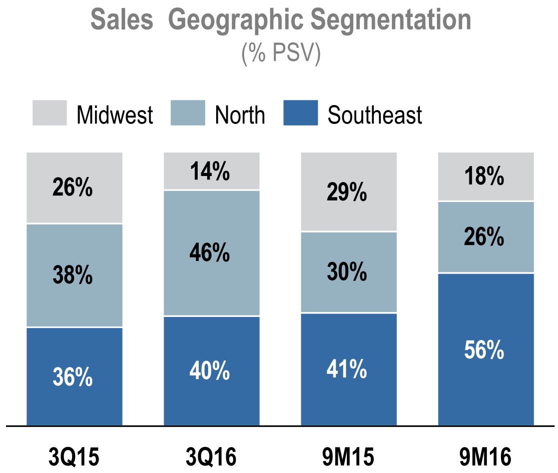


Net sales breakdown

Regarding economic segmentation, it is worth highlighting the increasing share of sales from the **MCMV 2 and 3** segment, which reached 47% of the PSV sold in 9M16, an increase of 7 p.p. in relation to the result reached in the same period of 2015, in line with the Company's strategy to increase the share of low-income developments in its business.

Considering the geographical segmentation, the Southeast region was responsible for 56% of total net sales in 9M16. Highlight to the Northern region, which was responsible for 46% of the total net sales in the 3Q16.





The chart below consolidates the sales information in 3Q16:

Contracted net sales	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Gross PSV Contracted - % Direcional (R$'000)	**138,553**	**133,098**	**173,226**	**4.1%**	**-20.0%**	**477,771**	**431,030**	**10.8%**
Canceled sales (R$'000)	-54,399	-66,939	-80,245	-18.7%	-32.2%	-209,051	-190,086	10.0%
Net PSV Contracted - % Direcional (R$'000)	**84,154**	**66,159**	**92,980**	**27.2%**	**-9.5%**	**268,720**	**240,944**	**11.5%**
MCMV 2 and 3 (R$'000)	32,488	29,252	35,802	11.1%	-9.3%	125,264	96,404	29.9%
MUC[1] (R$'000)	51,666	36,907	57,179	40.0%	-9.6%	143,456	144,540	-0.7%
Units contracted	**347**	**360**	**425**	**-3.6%**	**-18.4%**	**1,286**	**1,073**	**19.9%**
MCMV 2 and 3	236	218	252	8.3%	-6.3%	599	429	39.6%
MUC[1]	111	142	173	-21.8%	-35.8%	687	644	6.7%
Average price (R$/unit)	261,302	211,974	218,777	23.3%	19.4%	226,834	250,067	-9.3%
VSO (Sales over Supply) in PSV	*6.7%*	*5.6%*	*9.7%*	1.1 p.p.	-3.0 p.p.	*19.9%*	*22.4%*	-2.5 p.p.
Land	**10,249**	**0**	**0**	**n/a**	**n/a**	**10,249**	**0**	**n/a**

1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

Sales cancellations

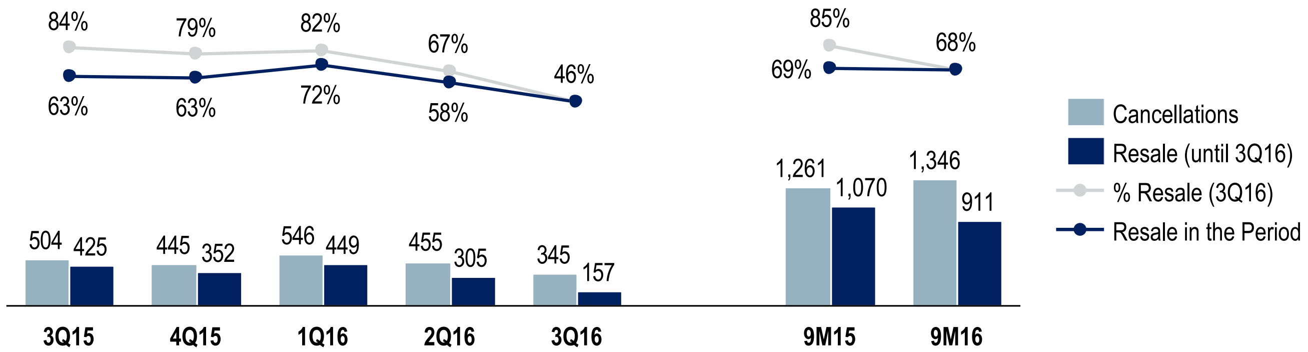
In 3Q16, sales cancellations amounted to R$ 54 million, a decrease of 19% in relation to 2Q16 and 32% when compared to the same period in the prior year.

In 9M16, sales cancellations totaled R$ 209 million, an increase of 10% compared to 9M15. The growth trend results mostly from the deteriorating credit outlook as well as the decrease in savings account balances (SBPE). These factors have negative effects on banks' appetite to supply mortgages for property buyers, as well as on interest rates adopted for this type of financing. As a result of this dynamic, the financing ability of customers is affected upon the delivery of the units.

Sales cancelations (% Direcional R$ 000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Sales cancellations	**-54,399**	**-66,939**	**-80,245**	**-18.7%**	**-32.2%**	**-209,051**	**-190,086**	**10.0%**
Gross PSV Contracted	**138,553**	**133,098**	**173,226**	**4.1%**	**-20.0%**	**477,771**	**431,030**	**10.8%**
% Sales Cancellations /Gross PSV Contracted	39.3%	50.3%	46.3%	-11.0 p.p.	-7.1 p.p.	43.8%	44.1%	-0.3 p.p.

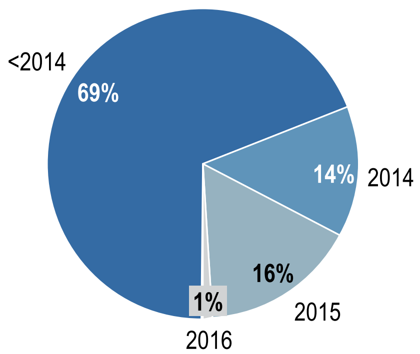
The following chart shows the evolution in units from canceled sales and respective resales. In 3Q16, 46% of the units arising from canceled sales were resold during that same quarter.

Sales Cancellations and Resale of Cancelled Units
(Units)

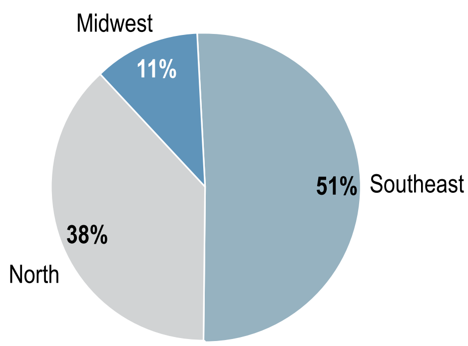


The charts below show canceled sales broken down by launch date and region. It is possible to observe the concentration of canceled sales in projects launched prior to 2014 (69% of the total amount).

Sales Cancellations by Period of Launching – 3Q16
(% Units)



Sales Cancellations by Region – 3Q16
(% Units)

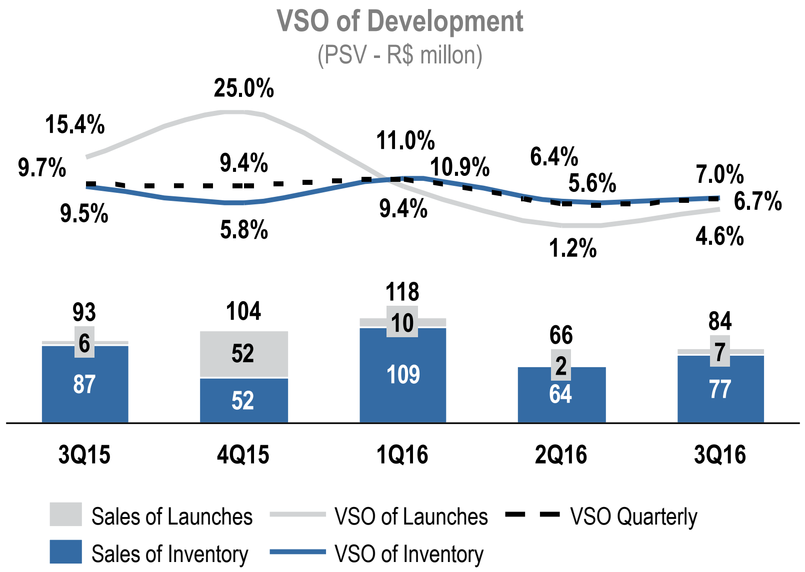


In PSV canceled, the transfers of customer credit from the unit originally acquired to another unit of our inventory are not considered.

SALES VELOCITY (VSO)

Sales velocity in 3Q16, measured by the VSO (Sales over Supply) ratio, reached 6.7%, 1.1 p.p. above the 2Q16 level. This indicator was impacted by the increase in the speed of sales of launches, in which VSO reached 4.6%. It is important to mention that the sales performance of the quarter was impacted negatively by the bank strike that occurred during the month of September.

The charts below detail the evolution of the VSO ratio in the last quarters:



VSO = Net Sales for the Period / (Initial Inventory + Launches for the Period).
VSO regarding units in inventory: Net Sales of Inventory Units/Initial Inventory.
VSO regarding launches: Net Sales of Launches for the Period/Launches for the Period.

Own sales force ("Direcional Vendas")

Currently with 479 brokers, Direcional Vendas, the Company's own sales force, was responsible for 57% of the units sold in 9M16. The Company's own sales force has an extremely significant role in the sale of units in inventory or arising from canceled sales, since the concentration of commercial efforts complies with the strategy defined by management.

INVENTORIES

Direcional closed 3Q16 with 4,533 units in inventory, totaling a PSV of R$ 1.2 billion.

The table below presents the breakdown of inventories at market value by construction stage and type of product. The **MCMV 2 and 3** segment has only R$ 4.9 million in PSV of units completed, representing less than 1% of the total inventory.

Inventory at market value (% Direcional – PSV R$ 000)	MCMV 2 and 3	MUC[1]	Total (% Direcional)	Total (100%)
Under construction	362,558	535,750	898,308	965,470
% Total	*30%*	*45%*	*75%*	*72%*
Completed	4,907	291,625	296,532	368,321
% Total	*0.4%*	*24%*	*25%*	*28%*
Total	**367,465**	**827,375**	**1,194,840**	**1,333,791**
% Total	*31%*	*69%*	*100%*	*100%*
Total Units	**2,573**	**1,960**	**4,533**	**4,533**
% Total Units	*57%*	*43%*	*100%*	*100%*

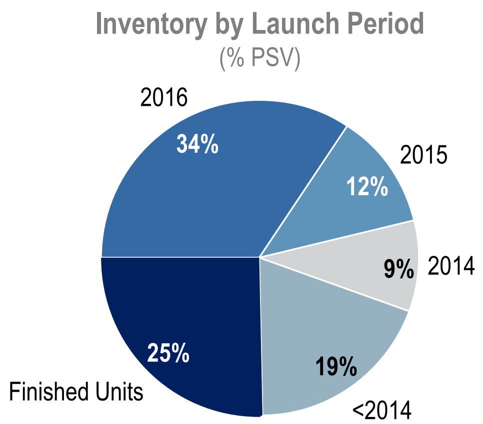
The tables below shows the evolution of Direcional's inventory by segment and region during 9M16. The performance of the **MCMV 2 and 3** segment, which presented VSO of approximately 26% in the period, stands out.

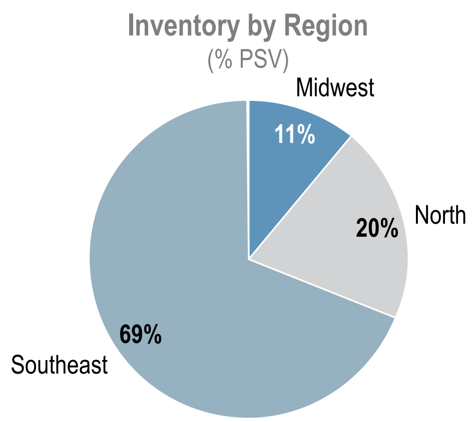
Inventory Evolution by Segment (% Direcional – PSV R$ 000)	Inventory in 2015	Launches 9M16	Sales 9M16	Adjustment[2]	Inventory 9M16	VSO %
MCMV 2 and 3	187,628	290,675	125,264	14,426	367,465	26%
MUC[1]	801,066	161,698	143,456	8,067	827,375	15%
Total	**988,694**	**452,373**	**268,270**	**2,293**	**1,194,840**	**19%**

Inventory Evolution by Region (% Direcional – PSV R$ 000)	Inventory in 2015	Launches 9M16	Sales 9M16	Adjustment[2]	Inventory 9M16	VSO %
Southeast	630,622	323,654	150,544	13,424	817,156	16%
Midwest	102,449	83,687	49,068	-2,670	134,397	26%
North	255,623	45,032	69,108	11,739	243,286	23%
Total	**988,694**	**452,373**	**268,720**	**22,493**	**1,194,840**	**19%**

1 - MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.
2 - Adjustments for sales prices update and swaps.

The charts below show the inventories broken down by launch period and region.





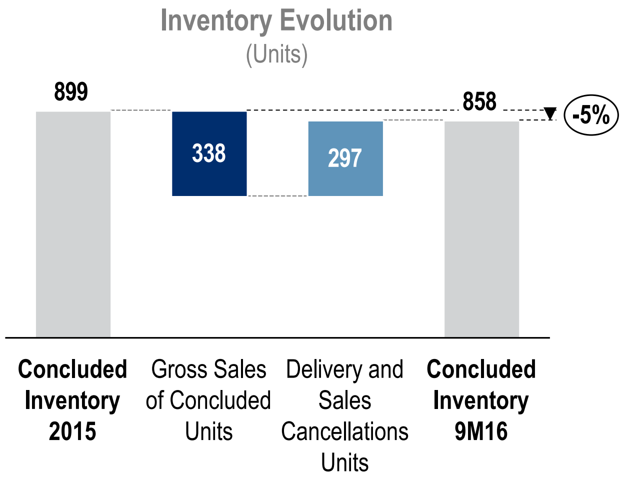
Inventory - finished units

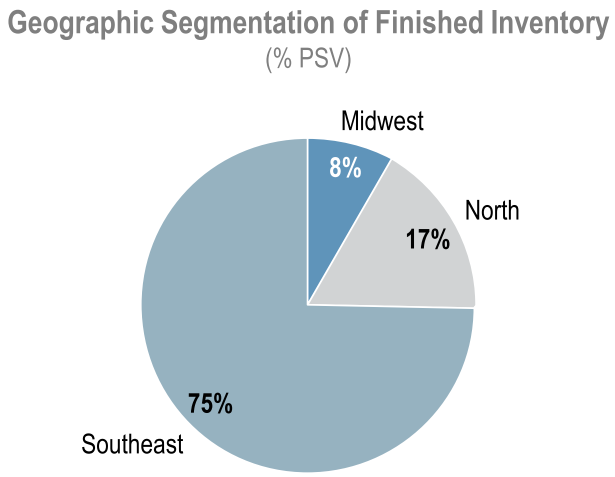
By the end of 3Q16, Direcional had 858 finished units, which represent 19% of the total inventory and have a market value of R$ 297 million.

During 9M16, Direcional sold 38% (338 units) of the units finished at the end of 2015, which reinforce its ability to sell such units. This performance was partially offset by the new deliveries and canceled sales from finished projects that were sold before the beginning of the year, totaling 297 units. Accordingly, the inventory of finished units totaled 858 units at the end of 9M16, representing a decrease of 5% in relation to the end of 2015. The adjacent chart presents the evolution of the inventory of finished units during 9M16.

Lastly, the inventory of finished units is concentrated in the Southeast region (75% of the total).

Approximately 26% of the inventory of finished units comprise hotel units, located in the City of Belo Horizonte, State of Minas Gerais. Such units have a low carrying cost, since the hotel units are in operation and generate revenue.





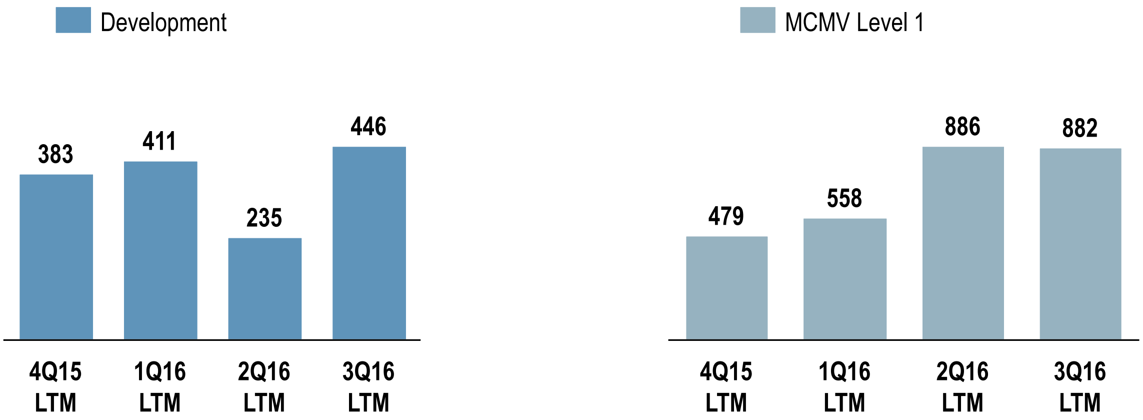
PROJECTS DELIVERED

Direcional delivered eight projects/phases in 3Q16, totaling 4,638 units and PSV of R$ 489 million, three of which were in the MCMV Level 1 segment, which represented 44% of the total volume.

Thus, in 9M16, deliveries totaled a PSV of R$ 1.0 billion, with the MCMV Level 1 segment accounting for 65% of the total. The table below provides more information on the projects delivered:

Deliveries - Track Record

(PSV - R$ million)

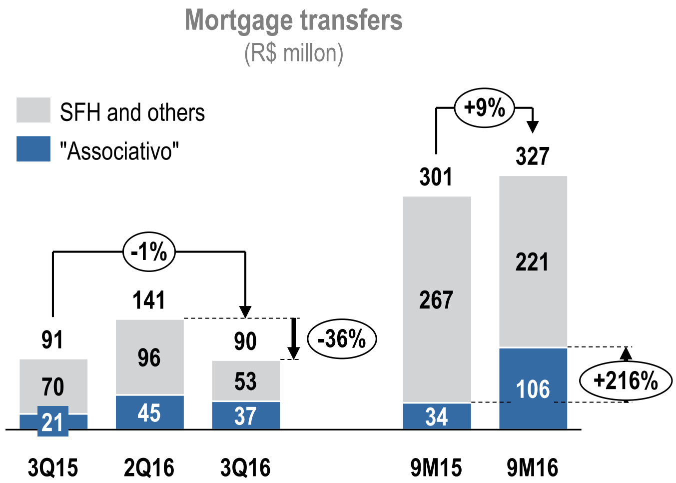


Developments Delivered	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Unit	Segment
Emotion Residence Caiçara	February	Belo Horizonte - MG	46,040	45,994	76	Upper Middle
Terraço Vistas do Horizonte	February	Belo Horizonte - MG	12,182	6,091	32	Upper Middle
Residencial Bella Toscana	March	Belo Horizonte - MG	42,481	21,241	78	Upper Middle
Bosque Azul	March	Macaé - RJ	119,340	119,340	1,728	MCMV Level 1
Total 1Q16			**220,043**	**192,666**	**1,914**	
Up Life São Paulo	April	São Paulo - SP	8,816	6,832	27	Commercial
Colônia Carioca	May	Rio de January - RJ	8,820	8,820	120	MCMV Level 1
Parque Paranoá	June	Paranoá - DF	165,685	165,685	2,304	MCMV Level 1
Viver Melhor Sorocaba	June	Sorocaba - SP	33,355	23,348	416	MCMV Level 1
Alameda dos Palmeiras	June	Fortaleza - CE	129,563	129,563	2,032	MCMV Level 1
Total 2Q16			**346,239**	**334,249**	**4,899**	
Del Rey - Monterey - Commercial	July	Belo Horizonte - MG	99,614	79,691	342	Commercial
Verano Residencial Clube - 3ª Phase	August	Marituba - PA	21,546	21,534	92	Medium
Up Life Residence	July	Guará - DF	78,147	78,068	148	Upper Middle
Up Life São Paulo	August	São Paulo - SP	101,869	78,949	312	Medium
Unique Residence	August	Belo Horizonte - MG	15,201	15,201	36	Upper Middle
Orgulho do Madeira	September	Porto Velho - RO	150,213	150,213	2,320	MCMV Level 1
Viver Melhor Rio Claro II	August	Rio Claro - SP	97,950	48,975	1,168	MCMV Level 1
Colônia Carioca	August	Rio de January - RJ	16,170	16,170	220	MCMV Level 1
Total 3Q16			**580,711**	**488,802**	**4,638**	
Total			**1,146,993**	**1,015,717**	**11,451**	

MORTGAGE TRANSFERS

In 3Q16, the volume of mortgage transfers totaled R$ 90 million, a decrease of 1% in relation to the same period of previous year and 36% when compared to 2Q16. This performance was impacted by the bank strike during the quarter, which made it impossible to complete part of the mortgage transfer processes.

The growing trend of the mortgage transfer in 9M16, when compared to the 9M15 figure, is attributed to the "Associativo" transfer model, with a growth of 216% in relation to the same period of the previous year. As from 2014, Direcional resumed the launching of projects eligible to this model, which should lead to the continuous growth in the volume of “Associativo” mortgage transfers over the next periods, followed by the evolution of sales and the construction of these projects.



The table below consolidates information on the mortgage transfers:

Mortgage transfers (R$ 000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Total mortgage transfers	**90,007**	**141,379**	**90,968**	**-36.3%**	**-1.1%**	**327,069**	**300,710**	**8.8%**
"Associativo" transfer	37,151	45,390	20,928	-18.2%	77.5%	106,209	33,661	215.5%
SFH and others	52,856	95,989	70,039	-44.9%	-24.5%	220,860	267,049	-17.3%

LAND BANK

By the end of 3Q16, Direcional's land bank had a development potential of 69.923 units and a PSV of R$ 10.5 billion. The average cost of acquisition of the land bank corresponded to 11% of the potential PSV, 82% of the payments will be carried out through swaps, which do not affect the Company's cash position in the short term.

Land Bank Evolution (% Direcional – PSV R$ million)	Land Bank 2015	Acquisition of Land 9M16	Launches 9M16	Adjustments¹	Land Bank 9M16	% PSV	Units	% Units
MCMV 2 and 3	3,752	1,443	291	-76	4,828	46%	49,650	71%
MUC²	6,019	0	162	-196	5,661	54%	20,273	29%
Total	**9,771**	**1,443**	**452**	**-272**	**10,489**	**100%**	**69,923**	**100%**

1- Adjustment: review of the assumptions regarding prices and projects, land plots sold/canceled.
2- MUC: Comprises projects of the middle-income, upper-middle income and commercial segments

Geographic Breakdown (% Direcional – PSV R$ million)	MCMV 2 and 3	Medium	Upper Middle	Commercial	Land Bank 9M16	% PSV	Units	% Units
Southeast	1,998	3,022	422	692	6,134	59%	30,835	44%
Midwest	1,807	302	463	74	2,646	25%	27,215	39%
North	913	633	53	0	1,600	15%	10,345	15%
Northeast	108	0	0	0	108	1%	1,528	2%
Total	**4,828**	**3,958**	**938**	**766**	**10,489**	**100%**	**69,923**	**100%**

Purchase of new land plots

In 3Q16, three land plots were acquired for the **MCMV 2 and 3** segment, with a construction potential of 2,487 units and PSV of R$ 281 million (% Direcional). These plots of land are located in the states of Amazonas, Ceará and São Paulo. The average cost of acquisition corresponded to 7.7% of the potential PSV, 61% of the payments will be carried out through swaps, which do not affect the Company's cash position in the short term. It should be mentioned that the higher cash payment volume was due to specific negotiations and does not reflect any change in the company's medium and long-term strategy.

In 9M16, fifteen land plots were acquired for the MCMV 2 and 3 segment. The construction potential of these plots is 10,680 units and PSV of R$ 1.4 billion. The average cost of acquisition corresponded to 12.5% of the PSV, and the payment will be carried out through swaps for 83% of the amount due.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross operating revenue

The Company's gross revenue amounted to R$ 337 million in 3Q16, a decrease of 18% in relation to the R$ 411 million of 2Q16, and 19% lower than the R$ 415 million in 3Q15. As detailed below, this performance was a result of the lower volume of gross revenue appropriation in both segments.

In 9M16, gross revenue totaled R$ 1,2 billion, 4% below 9M15.

Gross revenue (R$'000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Gross operating revenue	**336,995**	**411,047**	**415,056**	**-18.0%**	**-18.8%**	**1,179,034**	**1,232,743**	**-4.4%**
Services revenue	206,952	228,466	236,236	-9.4%	-12.4%	675,060	791,322	-14.7%
Real estate development	130,043	182,581	178,820	-28.8%	-27.3%	503,974	441,421	14.2%

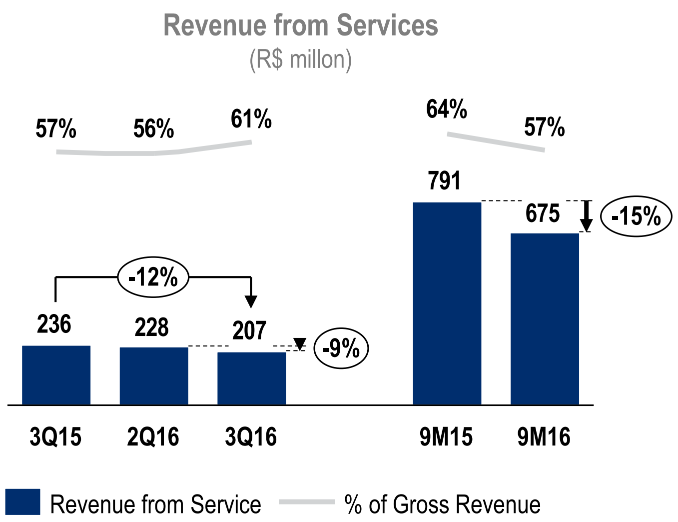
- **Revenue from services:**

Gross revenue from services, which accounted for 61% of total revenue recognized in 3Q16 and 57% in 9M16, is mainly comprised of MCMV Level 1 projects.

In 3Q16, this segment presented an accumulated revenue of R$ 207 million, 12% lower than 3Q15 and 9% in relation to 2Q16.

In 9M16, this segment presented an accumulated revenue of R$ 675 million, 15% lower in relation to 9M15. This decrease results from the smaller volume of construction during the quarter, which is attributed by the significant increase in the volume of deliveries and the fact that some projects are in the final stage, in which the velocity of revenues recognition naturally gets lower.

The chart below presents the evolution of revenue from services.



- **Revenue from sale of real estate properties:**

Gross revenue from the development segment totaled R$ 130 million in 3Q16, 29% lower than the 2Q16 figure. When compared to the same period of the previous year, the decrease reached 27%. This segment represented 39% of the total gross revenue recognized in 3Q16.

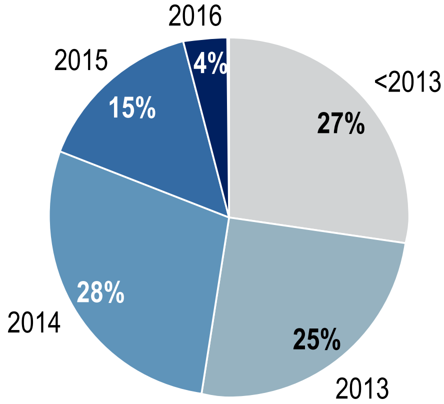
In 9M16, gross revenue recognized in this segment reached R$ 504 million, 14% higher than the same period of the previous year. It represented 43% of the total revenue recognized throughout the period, as compared to 36% in 9M15.

It´s worth mentioning that if the share sale transaction of a SPV, which had among its assets a land plot and real estate development units from the MUC segment located in Manaus, had been booked in the gross revenue top line, as opposed to the “other revenues” line, the gross revenue from the development segment would have reached R$ 162 million in 3Q16 and R$ 536 million in 9M16.

The increase in the volume of revenue recognized compared to 9M15 is mainly due to higher net sales, especially units in inventory with an advanced stage of completion, as well as units of the MCMV 2 and 3 segment, still in the initial phase of the construction cycle. Accordingly, it is worth mentioning that, according to current accounting standards, the recognition of revenue is proportional to the percentage of completion (PoC) of the respective project.

The adjacent chart shows the breakdown of the revenue from the sale of real estate, recognized during 9M16, according to the year when the developments were launched. 52% refers to projects that had been launched up to 2013, as a result of the sales of units in old inventories. Lastly, it is worth mentioning that the projects launched up to 2013 have shown lower margins than the other ones, due to the volume of sales cancellations recorded at the end of the development cycle, which negatively affects the Company’s consolidated gross margin.

Breakdown of Gross Revenue by Period of Launching
(9M16)



Revenue deductions

In 3Q16, revenue deductions totaled R$ 22 million, a volume 20% higher than that presented in 2Q16 and 1% lower than that presented in the same period of the previous year.

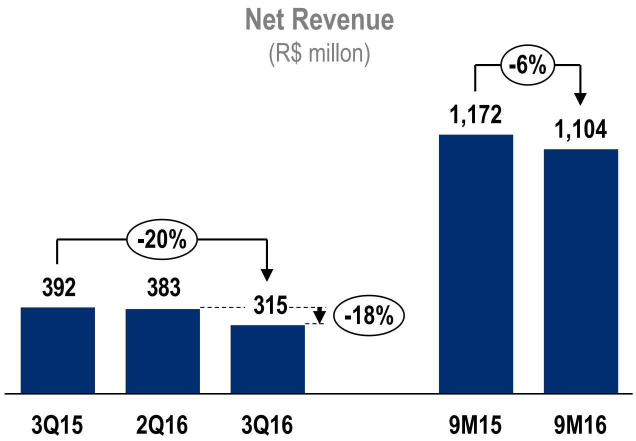
The reduction in revenue deductions is mainly due to the decrease in the amount paid to customers for canceled sales (cancellations), due to the reduction in the cancelled volume that occurred in the last two quarters. In this case, it is important to point out that the amount returned to customers is recorded considering the negotiation carried out in each case, and such return may occur in a quarter different than the quarter when the cancellation was settled. As a consequence, the changes in the volume of canceled sales may not be immediately reflected in this account.

In the accumulated for 9M16, revenue deductions totaled R$ 76 million, with an increase of 23% compared to the same period of the previous year.

Revenue deductions (R$’000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Revenue deductions	**-22,409**	**-27,948**	**-22,712**	**-19.8%**	**-1.3%**	**-75,509**	**-61,179**	**23.4%**
Adjustment to present value	1,696	665	301	155.0%	463.5%	3,312	-491	n/a
Taxes on sales	-4,545	-3,824	-5,221	18.9%	-12.9%	-13,921	-14,931	-6.8%
Canceled sales	-19,560	-24,789	-17,792	-21.1%	9.9%	-64,900	-45,757	41.8%

Net operating revenue

As a result of the recognition of gross revenue mentioned above, in 3Q16 net revenue totaled R$ 315 million, a decrease of 20% in comparison with 3Q15 and a decrease of 18% in comparison with 2Q16. In 9M16, net revenue totaled R$ 1.1 billion, 6% lower than in the same period of the prior year.



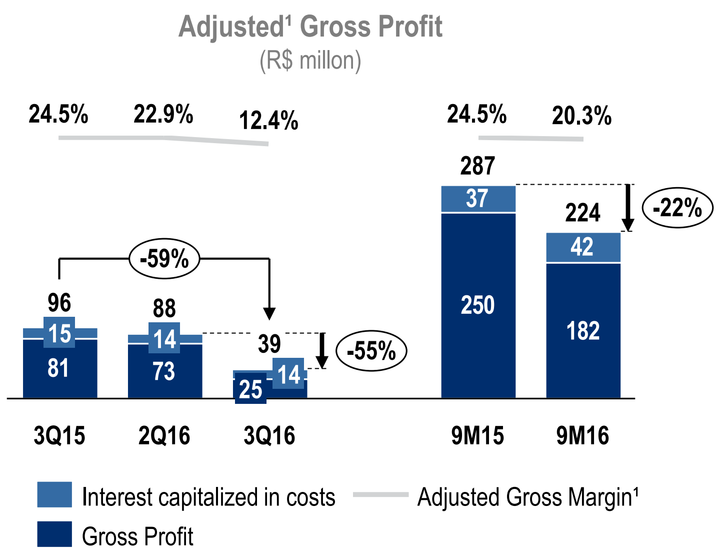
Gross profit

In 3Q16, adjusted gross profit[1] totaled R$ 39 million, a decrease of 59% in comparison with the same prior-year quarter, and 55% in comparison with 2Q16, resulting in an adjusted[1] gross margin of 12.4% in the quarter.

In 9M16, gross profit was R$ 224 million, with adjusted gross margin of 20.3%, 4.2 p.p. below 9M16. The decrease in the gross margin in relation to the previous quarters is associated to:

- In the MCMV Level 1 segment, some works that had been having margins above the historical average were completed;
- Sales cancellations had a significant negative impact on the gross margin of the development segment, mainly due to (i) a reduction in the percentage of resale of the canceled units in the quarter, when compared to previous periods, and (ii) increase in the significance of the “Cancelled sales” line, which refers to the financial resources returned to the customer due to the cancellation, in relation to the gross revenue of this segment.

Finally, it´s worth noting that if the share sale transaction of a SPV, which had among its assets a land plot and real estate development units from the MUC segment located in Manaus, had been booked in the gross revenue top line, as opposed to the “other revenues” line, the gross profit would have reached R$ 52 million in 3Q16 and R$ 238 million in 9M16, with adjusted gross margins of approximately 15,2% and 20.9%, respectively.

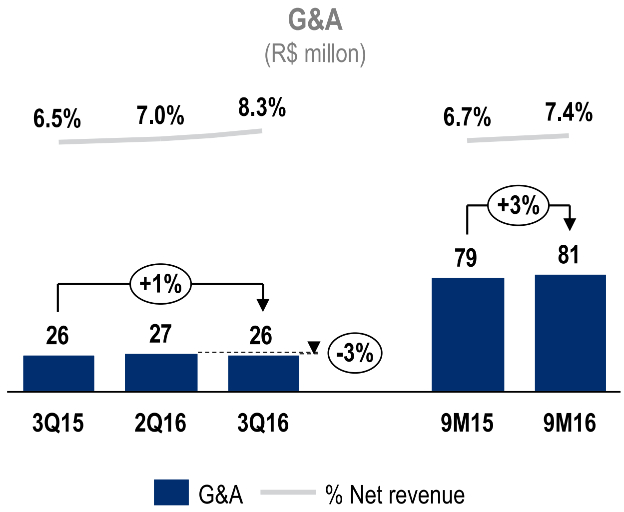


1 - Adjustment excluding capitalized interest on financing for construction.

General and administrative expenses (G&A)

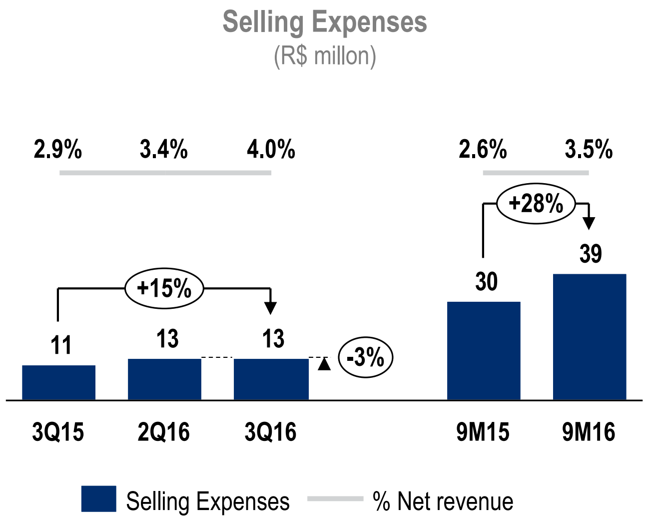
General and administrative expenses totaled R$ 26 million in 3Q16, a decrease of 3% in relation to 2Q16 and 1% higher than in the same period of the previous year. The G&A/net revenue indicator reached 8.3%, 1.3 p.p. higher than in 2Q16, reflecting the lower dilution of expenses impacted by the reduction in the volume of revenue appropriation.

In 9M16, general and administrative expenses totaled R$ 81 million, representing a nominal increase of 3% when compared to the same period of the previous year.



Selling expenses

In 3Q16, selling expenses totaled R$ 13 million, in line with the previous quarter. In the comparison with the same period of the previous year, the nominal increase was 10%. This performance may be explained by the increase in the volume of launches and sales, which generates an increase in marketing expenses and sales commissions. These factors also affected the amount accumulated in 9M16, in which the selling expenses totaled R$ 39 million, a nominal increase of 28% in relation to the same period in the previous year.



Other Operating Revenues and Expenses

Other Operating Revenues and Expenses totaled a positive net result of R$ 14 million in 3Q16, compared to negative net results of R$ 2 million in 2Q16 and R$ 4 million in 3Q15. Such result was positively impacted by a share sale transactions of a SPV that had, among its assets, a land plot and real estate development units from the UC segment located in Manaus (AM).

EBITDA

In 3Q16, Adjusted Ebitda[1] reached R$ 20 million, 68% below 3Q15. The EBITDA margin was 6.2%, a decrease of 9.6 p.p. in relation to 3Q15.

In 9M16, adjusted Ebitda was R$ 131 million, 33% lower than the same period of the previous year.

EBITDA was impacted mainly by (i) lower volume of revenue and (ii) decrease in gross margins.

Breakdown of EBITDA (R$'000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Profit for the period	**1,116**	**22,195**	**28,804**	**-95.0%**	**-96.1%**	**52,949**	**92,823**	**-43.0%**
(+) Depreciation and amortization	4,711	7,424	7,539	-36.5%	-37.5%	19,077	35,131	-45.7%
(+) Income tax and social contribution	4,747	5,585	5,900	-15.0%	-19.5%	16,781	18,017	-6.9%
(+) Non-controlling interest	306	6,918	8,275	-95.6%	-96.3%	12,039	25,014	-51.9%
(+/-) Finance result	-5,133	-3,529	-4,057	45.5%	26.5%	-12,136	-13,004	-6.7%
(+) Cost of financing agreements for construction	13,757	14,235	15,372	-3.4%	-10.5%	42,016	37,099	13.3%
Adjusted EBITDA	**19,504**	**52,828**	**61,833**	**-63.1%**	**-68.5%**	**130,726**	**195,080**	**-33.0%**
Adjusted EBITDA margin[1]	**6.2%**	**13.8%**	**15.8%**			**11.8%**	**16.7%**	

1 - Adjustment excluding capitalized interest on financing for construction.

Net Profit

As a result of the aforementioned performance, net profit in 3Q16 was R$ 1 million. In 9M16, net profit amounted to R$ 53 million, with a net margin of 4.8%.

Considering the revenue consolidation rule applicable to projects developed with partners, the Company believes that the net margin should be analyzed based on the net profit adjusted by the non-controlling interests in SCPs and SPEs and the equity in the results of investees, according to the table below.

Accordingly, in 3Q16, adjusted profit amounted to R$ 1.3 million. In 9M16, adjusted profit amounted to R$ 66 million, with an adjusted net margin of 6.0%.

The table below presents the Company's adjusted profit:

Net result	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (a)	9M15 (b)	Δ % (a/b)
Profit	**1,116**	**22,195**	**28,804**	**-95.0%**	**-96.1%**	**52,949**	**92,823**	**-43.0%**
(-) Result from interest in SCPs and SPEs (a)	-306	-6,918	-8,275	-95.6%	-96.3%	-12,039	-25,014	-51.9%
(-) Equity in the results of investees (b)	127	-713	-248	-117.8%	-151.2%	-1,174	-941	24.8%
Profit adjusted for (a) and (b)	**1,295**	**29,826**	**37,327**	**-95.7%**	**-96.5%**	**66,162**	**118,778**	**-44.3%**
Adjusted net margin	**0.4%**	**7.8%**	**9.5%**	**-7.4 p.p.**	**-9.1 p.p.**	**6.0%**	**10.1%**	**-4.1 p.p.**

Deferred results

By the end of 3Q16, deferred revenue totaled R$ 1.4 billion; most of which (83%) refers to MCMV Level 1 projects.

From the balance of R$ 1.2 billion of deferred revenue of the services segment, approximately R$ 0.9 billion corresponds to projects that have not started yet. At this point in time, the Company is working to adjust commercial parameters, execute bureaucratic procedures related to grant all the approvals required for these projects and renegotiate their construction schedule

The following table presents the evolution of deferred results:

Deferred results	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)
Deferred income	**1,449,762**	**1,695,580**	**2,657,754**	**-14.5%**	**-45.5%**
Real estate properties sold	252,081	295,977	448,774	-14.8%	-43.8%
Services revenue	1,197,681	1,399,603	2,208,980	-14.4%	-45.8%
Consolidated deferred results	**390,561**	**460,026**	**674,286**	**-15.1%**	**-42.1%**
Deferred income margin	**26.9%**	**27.1%**	**25.4%**	**-0.2 p.p.**	**1.6 p.p.**

BALANCE SHEET HIGHLIGHTS

Cash and cash equivalents and financial investments

By the end of 3Q16, Direcional had a balance of cash and cash equivalents and financial investments of R$ 569 million, a decrease of 14% in relation to the R$ 660 million in 2Q16 and 13% in relation to the same period of the previous year.

Cash, cash equivalents and financial investments (R$ 000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)
Cash and banks	66,949	62,775	85,214	6.6%	-21.4%
Financial investments	501,850	597,272	419,067	-16.0%	19.8%
Total	**568,799**	**660,047**	**504,281**	**-13.8%**	**12.8%**

Trade receivables

Direcional closed 3Q16 with a balance of accounts receivable totaling R$ 1.2 billion, that is, 5% below the balance by the end of 2Q16.

The balance of accounts receivable from services decreased by 11% in relation to 2Q16, even considering the higher volume projects in the final stage, in which the collections equivalent to 5% of the total contract amount are temparialy retained, until the completion of the project and approval by the applicable bodies (municipal governments, financing bank, etc.).

Accounts receivable (R$ 000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)
Sale of real estate	910,938	933,641	962,402	-2.4%	-5.3%
Services revenue	263,570	296,733	364,492	-11.2%	-27.7%
Total	**1,174,508**	**1,230,374**	**1,326,894**	**-4.5%**	**-11.5%**
Current portion	1,012,434	1,087,512	1,184,259	-6.9%	-14.5%
Non-current portion	162,074	142,862	142,635	13.4%	13.6%

Accounts receivable (R$ 000)	
Up to Sep/17	1,012,434
Up to Dec/17	41,543
Up to Dec/18	41,835
After Dec/18	78.696
Total	**1,174,508**

According to current accounting standards, the recognition of accounts receivable is proportional to the percentage of completion (PoC) of the respective project. Accordingly, the balance of accounts receivable from development units sold and not yet completed is not fully reflected in the financial statements. Within this context, the total balance of the Company's accounts receivable at the closing of 3Q16 was R$ 1.4 billion.

1. Short-term accounts receivable comprise the customers' debt balances adjusted and recognized in the result, proportionately to the Percentage of Completion (PoC), considering the date when the certificate of occupancy was issued as the date of payment by customers of the financing to Direcional, plus the recognized revenue from construction contracts.

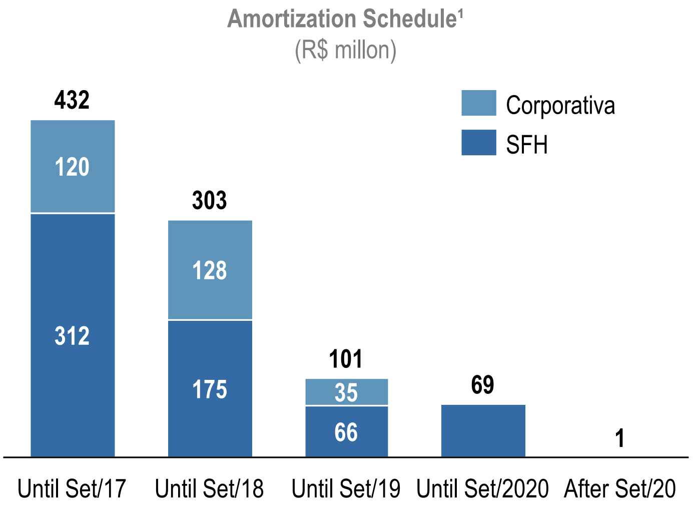
Indebtedness

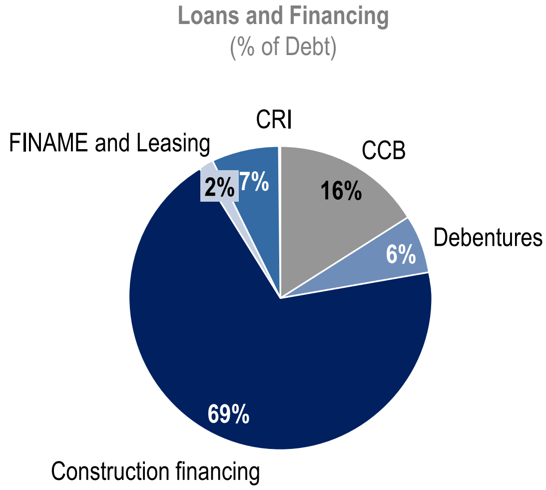
In 3Q16, as presented below, Direcional closed the quarter with a net debt over equity of 18.6%, representing one of the lowest gearing ratios of the industry.

In 3Q16, gross debt decreased 3% in relation to the previous quarter and 4% when compared to the same period of the previous year.

The tables and charts below show the breakdown of indebtedness, as well as its repayment schedule.

Indebtedness (R$ 000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)
Borrowings	**905,522**	**931,907**	**873,064**	**-2.8%**	**3.7%**
Construction financing	622,921	614,098	601,777	1.4%	3.5%
Certificate of Real Estate Receivables (CRI)	63,378	61,106	83,868	3.7%	-24.4%
FINAME and Leasing	16,313	18,713	32,233	-12.8%	-49.4%
Bank Credit Note – Real Estate (CCB)	146,972	158,127	3,463	-7.1%	4144.1%
Debentures	55,938	79,863	151,723	-30.0%	-63.1%
Cash and cash equivalents	**568,799**	**660,047**	**504,281**	**-13.8%**	**12.8%**
Net debt	336,723	271,860	368,783	23.9%	-8.7%
Net debt/Equity	**18.6%**	**14.8%**	**21.0%**	**3.8 p,p,**	**-2.4 p,p,**
Borrowings by index	**905,522**	**931,907**	**873,064**	**-2.8%**	**3.7%**
Referential Interest Rate (TR)	622,921	614,098	601,777	1.4%	3.5%
Interbank Deposit Certificate (CDI)	280,025	314,311	258,376	-10.9%	8.4%
Other	2,575	3,498	12,911	-26.4%	-80.1%

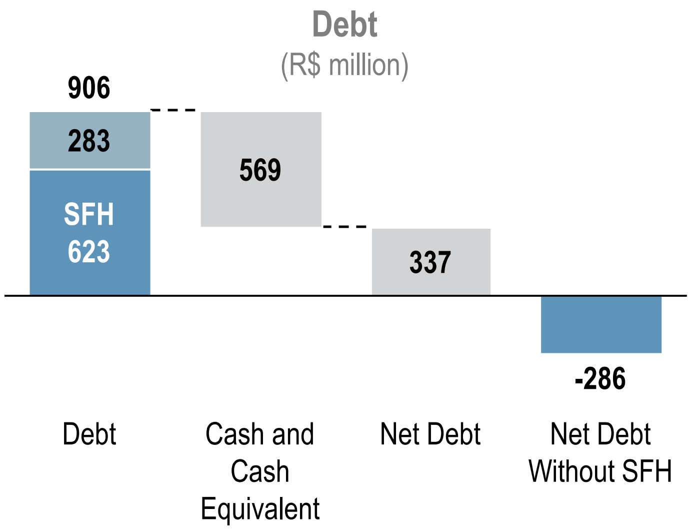




1. The debt repayment schedule is exclusively based on the terms established in the financing agreements signed with the banks. In practice, the settlement of the financing agreements may be anticipated, as the customers financing installment is transferred to the financing banks.

Lastly, considering the dynamic of the construction financing, in which the debt is generally contracted according to the evolution of the work and repaid with the customers' mortgage transfer to the financing bank, the Company's indebtedness adjusted by this debt should be analyzed.

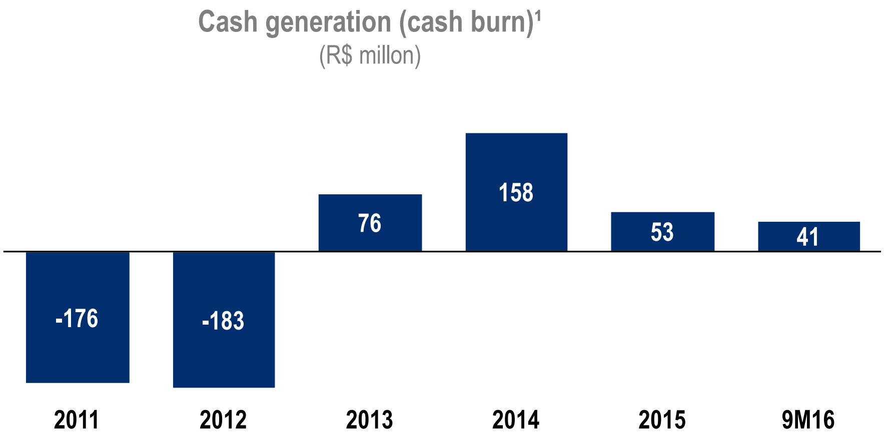
At the end of 3Q16, Direcional's gross debt and cash amounted to R$ 906 million and R$ 569 million, respectively, which resulted in a net debt of R$ 337 million and consequent gearing ratio (net debt over equity) of 18.6%. If the financing for construction (Financial Housing System - SFH), which totaled a debt balance of R$ 623 million in 3Q16, were excluded, Direcional would have closed the quarter with a net cash of R$ 286 million. The adjacent chart shows the breakdown of Direcional's gross and net debt at the end of 3Q16.



Cash Generation[1]

In 3Q16, Direcional presented a cash burn[1], measured by the change in net debt, of R$ 25 million. This result was mainly due to the lower volume of mortgage transfers, 36% below the 2Q16, impacted, mostly, by the bank strike.

In 9M16, the cash generation[1] totaled R$ 41 million.



1 - Cash generation (Cash Burn) adjusted by payment of dividends and buyback of shares;

DIVIDENDS

In the meeting held on July 4, 2016, the Board of Directors approved the distribution of dividends in the amount of R$ 40,000,000.00 (forty million reais), corresponding to R$ 0.27340523 per share (disregarding the treasury shares held by the Company).

The Company's stockholders who were entitled to receive dividends were those who held shares on the base date July 7, 2016, and common shares issued by the Company started to be traded with no right to receive dividends (ex-dividends) as from July 8, 2016.

Funds from dividends were made available to the stockholders on July 19, 2015, within the payment term of 60 days approved by the Board of Directors.

SUBSEQUENT EVENT

In accordance with the Material Fact released on October 24, 2016, it filed with the CVM, on October 24, 2016, in accordance with CVM Instruction 400 of December 29, 2003 and CVM Instruction 414 of December 30, 2004, as amended (“CVM Instruction 400” and “CVM Instruction 414”, respectively), the registration of the 379th issue of certificates of real estate receivables of Brazilian Securities Companhia de Securitização (“CRI” and “Brazilian Securities”) for public distribution, of the 379th Series of the 1st Issue of Brazilian Securities (“Issue”), with a unit value of one thousand reais (R$1,000.00) on the Issue date, initially totaling up to one hundred and twenty million reais (R$120,000,000.00). The number of the CRI and the Issue value may eventually be increased by up to thirty-five percent (35%) in the case of an additional and supplementary lot (hot issue and green shoe, respectively), in accordance with Article 14, paragraph 2 and Article 24 of CVM Instruction 400, respectively, under the coordination of Banco Itaú BBA S.A. and XP Investimentos Corretora de Câmbio Títulos e Valores Mobiliários S.A.

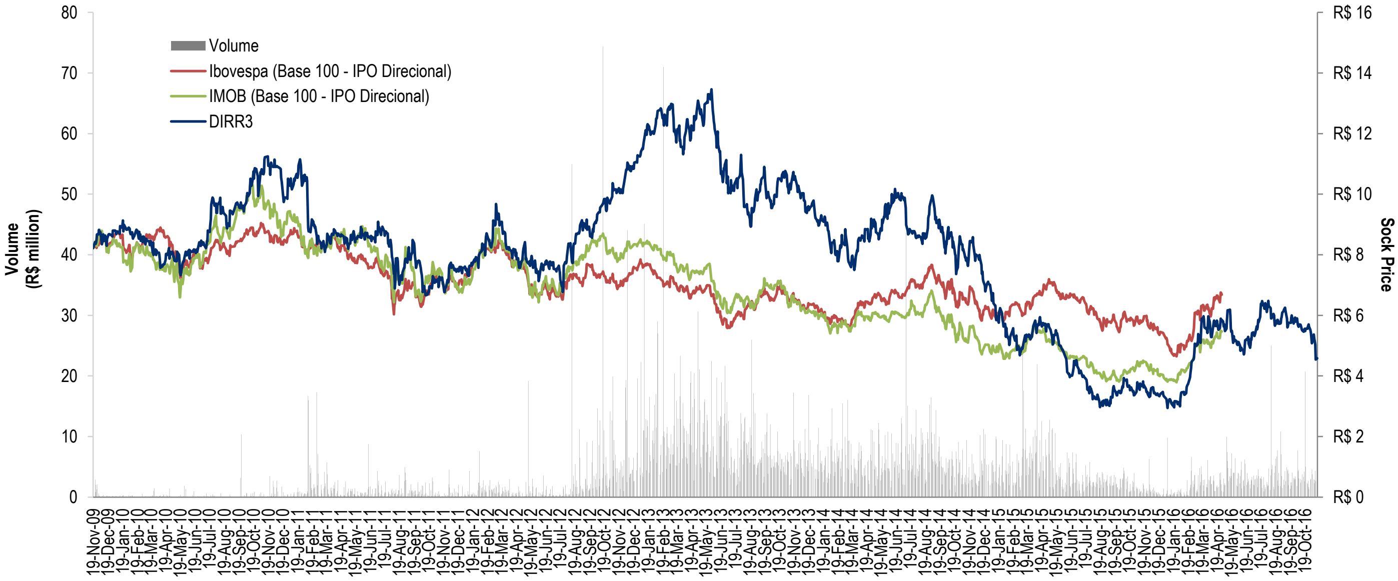
The CRI will be guaranteed by one (1) Real Estate Credit Note to be issued by Itaú Unibanco S.A. (“CCI”), based on a Bank Credit Note to be issued in the amount of up to one hundred and sixty two million reais (R$162,000,000.00) (“CCB”), corresponding to 100% of the real estate credits to be assigned by Itaú Unibanco S.A. to the Company. The Company will use these real estate credits to finance, either directly or through an interest in specific purpose companies controlled directly or indirectly by the Company, the development of the housing projects for residential purposes listed in the CCB. The issue of the CCB was authorized by the Company’s Board of Directors Meeting held on October 24, 2016.

The Company is participating in the Issue as a real estate credit debtor, fully represented by the CCI, which will guarantee the CRI.

The Issue was authorized by the Brazilian Securities’ Board of Directors Meeting held on June 26, 2014, which decided about the maximum amount of issues of certificates of real estate receivables by Brazilian Securities, which is twenty five billion reais (R$25,000,000,000.00), generically to all issues, registered with the Registry of Companies of the State of Sao Paulo on July 25, 2014, under # 271.146/14-0.

The Issue will depend on favorable market conditions. A notice to the market will be published at an opportune time, pursuant to Article 53 and Article 54-A of CVM Instruction 400, featuring information on: (i) the other characteristics of the Issue; (ii) where to obtain the Issue’s preliminary prospectus; (iii) the estimated dates and locations for the disclosure of the Issue; and (iv) the conditions, procedures and the dates of the bookbuilding process. The Issue will begin after the respective registration granted by the CVM, the publication of the announcement of commencement, pursuant to Article 52 and Article 54-A of CVM Instruction 400 and the publication of the final prospectus for investors..

SHARE PRICE



This presentation contains certain forward-looking statements concerning the business prospects, projections of operating and financial results and growth potential of the Company, which are based on management's current expectations and estimates of the Company's future performance. Although the Company believes that such expectations are based on reasonable assumptions, it can give no assurance that they will be achieved. Expectations and estimates that are based on the future prospects of the Company are highly dependent upon market behavior, Brazil's political and economic situation, existing and future regulations of the industry and international markets and, therefore, are subject to changes that are beyond the Company's and management's control. The Company undertakes no obligation to update or revise any expectations, estimates or projections contained herein as a result of new information or future events.

CONSOLIDATED BALANCE SHEET

IFRS

ASSETS	09/30/2016	12/31/2015
CURRENT ASSET		
Cash and cash equivalents	485,103	436,624
Financial investments	83,696	62,541
Trade receivables - real estate development	748,863	788,169
Trade receivables - services rendered	263,571	334,219
Land to be developed	176,721	169,224
Completed real estate units	142,297	119,951
Real estate units under construction	449,895	367,115
Related parties	72,450	50,104
Taxes recoverable	21,600	26,814
Accounts receivable from share sale transaction	34,102	0
Other receivables	67,657	80,102
Total Current Assets	**2,545,955**	**2,434,863**
NONCURRENT ASSET		
Trade receivables - real estate development	162,074	152,137
Land to be developed	1,237,141	1,134,083
Related parties	9,185	13,249
Other receivables	27,947	25,529
	1,436,347	**1,324,998**
Investments	51,964	37,783
Property and equipment	73,530	87,086
Intangible assets	3,156	2,722
	128,650	**127,591**
Total non-current assets	**1,564,997**	**1,452,589**
Total assets	**4,110,952**	**3,887,452**

LIABILITIES AND SHAREHOLDER'S EQUITY	09/30/2016	12/31/2015
CURRENT LIABILITIES		
Loans and Financing	431,969	371,584
Trade payables	104,975	107,802
Labor obligations	50,284	43,956
Tax liabilities	39,654	45,756
Property commitments payable	44,232	36,266
Advances from customers	10,563	28,742
Proposed Dividends	-	46
Other payables	63,588	25,682
Related parties	14,501	8,549
Total Current Liabilities	**759,766**	**668,383**
NONCURRENT LIABILITIE		
Loans and Financing	473,553	464,867
Trade payables	7,866	7,866
Provision for warranty	31,862	29,190
Tax liabilities	6,715	7,126
Property commitments payable	471,160	324,130
Advances from Customers	489,202	546,792
Provision for tax, labor and civil contingencies	35,427	35,595
Other payables	26,000	26,000
Related parties	-	18
Total non-current liabilities	**1,541,785**	**1,441,584**
Capital	752,982	752,982
Treasury shares	-41,573	-41,791
Capital reserves	207,657	207,832
Stock options granted	2,620	2,151
Equity valuation adjustment	-20,976	-20,868
Income reserves	705,235	745,235
Retained earnings	52,949	-
Equity	**1,658,894**	**1,645,541**
Non-controlling interests	**150,507**	**131,944**
Total Equity	**1,809,401**	**1,777,485**
Total liabilities and equity	**4,110,952**	**3,887,452**

CONSOLIDATED INCOME STATEMENT

IFRS

CONSOLIDATED STATEMENT OF INCOME (R$'000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (a/b)	Δ % (a/c)	9M16 (d)	9M15 (e)	Δ % (d/e)
Real Estate Sales Revenues	130,043	182,581	178,820	-28.8%	-27.3%	503,974	441,421	14.2%
Services Revenues	206,952	228,466	236,236	-9.4%	-12.4%	675,060	791,322	-14.7%
Gross Revenues	**336,995**	**411,047**	**415,056**	**-18.0%**	**-18.8%**	**1,179,034**	**1,232,743**	**-4.4%**
Deductions from Gross Revenues	-22,409	-27,948	-22,712	-19.8%	-1.3%	-75,509	-61,179	23.4%
Operating net revenue	**314,586**	**383,099**	**392,344**	**-17.9%**	**-19.8%**	**1,103,525**	**1,171,564**	**-5.8%**
Cost of real property sale and services rendered	-289,413	-309,670	-311,611	-6.5%	-7.1%	-921,696	-921,208	0.1%
Gross Profit	**25,173**	**73,429**	**80,733**	**-65.7%**	**-68.8%**	**181,829**	**250,356**	**-27.4%**
General and Administrative Expenses	-25,955	-26,819	-25,697	-3.2%	1.0%	-81,295	-79,047	2.8%
Selling expenses	-12,696	-13,056	-11,455	-2.8%	10.8%	-38,799	-30,299	28.1%
Equity in the results of investees	127	-713	-248	-117.8%	-151.2%	-1,174	-941	24.8%
Other operating income and expenses	14,387	-1,672	-4,411	-960.5%	-426.2%	9,072	-17,219	-152.7%
Operating income (expenses)	**-24,137**	**-42,260**	**-41,811**	**-42.9%**	**-42.3%**	**-112,196**	**-127,506**	**-12.0%**
Financial expenses	-14,181	-14,451	-12,279	-1.9%	15.5%	-38,763	-36,542	6.1%
Financial income	19,314	17,980	16,336	7.4%	18.2%	50,899	49,546	2.7%
Financial results	**5,133**	**3,529**	**4,057**	**45.5%**	**26.5%**	**12,136**	**13,004**	**-6.7%**
Income before Income and social contribution taxes	**6,169**	**34,698**	**42,979**	**-82.2%**	**-85.6%**	**81,769**	**135,854**	**-39.8%**
Income and social contribution taxes	-4,747	-5,585	-5,900	-15.0%	-19.5%	-16,781	-18,017	-6.9%
Net income for the period before Minority Interest	**1,422**	**29,113**	**37,079**	**-95.1%**	**-96.2%**	**64,988**	**117,837**	**-44.8%**
Non-controlling interest in SPEs and SCPs	-306	-6,918	-8,275	-95.6%	-96.3%	-12,039	-25,014	-51.9%
Net Income for the period	**1,116**	**22,195**	**28,804**	**-95.0%**	**-96.1%**	**52,949**	**92,823**	**-43.0%**
Gross Margin	**8.0%**	**19.2%**	**20.6%**	**-11.2 p.p.**	**-12.6 p.p.**	**16.5%**	**21.4%**	**-4.9 p.p.**
Adjusted Gross Margin[1]	**12.4%**	**22.9%**	**24.5%**	**-10.5 p.p.**	**-12.1 p.p.**	**20.3%**	**24.5%**	**-4.3 p.p.**
Net Margin	**0.4%**	**5.8%**	**7.3%**	**-5.4 p.p.**	**-7.0 p.p.**	**4.8%**	**7.9%**	**-3.1 p.p.**

RECOMPOSITION OF EBITDA

IFRS

EBITDA BREAKDOWN (R$'000)	3Q16 (a)	2Q16 (b)	3Q15 (c)	Δ % (c/a)	Δ % (c/a)	9M16 (d)	9M15 (e)	Δ % (c/d)
Net Income	**1,116**	**22,195**	**28,804**	**-95.0%**	**-96.1%**	**52,949**	**92,823**	**-43.0%**
(+) Depreciation and Amortization	4,711	7,424	7,539	-36.5%	-37.5%	19,077	35,131	-45.7%
(+) Income Tax and Social Contribution	4,747	5,585	5,900	-15.0%	-19.5%	16,781	18,017	-6.9%
(+) Minority Interest	306	6,918	8,275	-95.6%	-96.3%	12,039	25,014	-51.9%
(+/-) Financial Results	-5,133	-3,529	-4,057	45.5%	26.5%	-12,136	-13,004	-6.7%
(+) Cost of production financing	13,757	14,235	15,372	-3.4%	-10.5%	42,016	37,099	13.3%
Adjusted[1] EBITDA	**19,504**	**52,828**	**61,833**	**-63.1%**	**-68.5%**	**130,726**	**195,080**	**-33.0%**
Adjusted EBITDA Margin	**6.2%**	**13.8%**	**15.8%**			**11.8%**	**16.7%**	

1 - Adjustment excluding capitalized interest on financing for construction.

STATEMENT OF CONSOLIDATED CASH FLOWS

IFRS

CONSOLIDATED CASH FLOW STATEMENTS (R$'000)	9/30/2016	9/30/2015
From operating activities		
Income before income and social contribution taxes	**81,769**	**135,854**
Adjustments to reconcile the profit with cash from operations:		
Depreciation and amortization	19,077	35,131
Equity in the results of investees	1,174	941
Provision for warranties	2,672	5,739
Interest on fees and funding	72,545	68,954
Provision for tax, labor and civil risks	-168	7,413
Results with Physical Swap	-9,769	-13,790
Taxes	-1,948	-2,363
Adjustment to present value on accounts receivable	-3,312	491
Provision for stock options plan	469	-2,999
Decrease (increase) in assets		
Accounts receivable	103,329	85,846
Inventories	-49,037	-94,946
Sundry receivables	-24,075	-3,640
Related Parties	-18,282	-5,373
Taxes recoverable	5,214	-4,603
(Decrease)/increase in liabilities		
Trade payables	-2,827	-22,913
Labor obligations	6,328	8,244
Tax obligations	-3,300	-3,699
Property commitments payable	-69,750	-26,993
Advances from customers	-359	-19,039
Accounts payable	4,961	-23,023
Related parties	5,977	13,013
Net cash (used in) provided by operations	**120,688**	**138,245**
Income and social contribution taxes paid	-18,046	-19,626
Net cash (used in) provided by operating activities	**102,642**	**118,619**
Cash flow from investing activities		
Increase in investments (SPCs and SPEs)	12,386	-5,190
Dividends received	5,204	5,223
Additions to property and equipment	-3,678	-15,928
Increase in intangible assets	-1,166	-1,019
Financial investments	-21,155	-33,792
Net cash (used in) provided by investing activities	**-8,409**	**-50,706**
Cash flow from financing activities		
Treasury shares	-	-40,493
Transactions with non-controlling	-108	849
Dividends paid	-40,046	-66,873
Inflows of Loans	359,342	154,930
Amortizations of loans	-301,966	-236,914
Interest paid	-69,500	-68,505
Capital increase - non-controlling stockholders	6,524	-5,627
Net cash from (used in) financing activities	**-45,754**	**-262,633**
Increase (decrease) in cash and cash equivalents	**48,479**	**-194,720**
At the beginning of the period	436,624	636,110
At the end of the period	485,103	441,390

STATEMENT OF VALUE ADDED

IFRS

STATEMENT OF VALUE ADDED	9/30/2016	9/30/2015
Revenue	**1,191,418**	**1,215,033**
Sales of properties and services	1,182,346	1,232,252
Other revenues	9,072	(17,219)
Bought-in materials and services	**-709,827**	**-648,806**
Raw materials used	(652,709)	(607,844)
Materials, electricity, outsourced services and other operating expenses	(13,352)	(16,311)
Other	(43,766)	(24,651)
Gross wealth	**481,591**	**566,227**
Depreciation and amortization, net	19,077	(35,131)
Net value added generated by the Company	**500,668**	**531,096**
Value added received through transfer	**49,725**	**48,605**
Equity in the results of investees	(1,174)	(941)
Financial income	50,899	49,546
Total value added to distribute	**550,393**	**579,701**
Distribution of value added		
Personnel	270,870	309,518
Taxes and duties	95,602	78,705
Remuneration of third-party capital	80,779	73,641
Retained earnings	52,949	92,823
Profit attributed to non-controlling interests	12,039	25,014
To distribute to	**512,239**	**579,701**

GLOSSÁRIO

Land Bank (*Landbank*) – land held in inventory with the estimate of its future PSV.

Classification of projects by Direcional, according to the economic segment to which they are intended:

MCMV Level 1	Low-income projects under construction contracts regarding the Minha Casa Minha Vida Housing Program, contracted directly with the Financing Agent, for families with monthly income of up to R$ 1,600.00. The properties of this segment have the final price determined by the Financing Agent, under Ordinance 435/2012 of the Ministry of Cities, and their purchase may be conditionally subsidized by the government.
MCMV 2 and 3	Residential developments with average price of up to R$ 225.0 thousand per unit, included in “Levels 2 and 3 of the MCMV Program”. Until 3Q15, projects of this profile had been called "Popular".
Middle income	Residential developments with average price per unit above R$ 500.0 thousand, which is the limit for the MCMV program.
Upper-middle income	Residential developments with average price per unit above R$ 500.0 thousand.
MUC	Comprises projects of the middle-income, upper-middle income and commercial segments.

Adjusted EBITDA- Adjusted EBITDA is equal to EBITDA (earnings before interest, taxes included in the cost of properties sold, Income tax and Social contribution, depreciation and amortization) less non-controlling interests and the expenditures with stock option program. We believe that adjusting the present value of accounts receivable of units sold and not delivered recorded as gross operating income (expense) is part of our operational activities and, therefore, we do not exclude this income (expense) from the calculation of Adjusted EBITDA. Adjusted EBITDA is not a financial performance measure according to the Accounting Practices Adopted in Brazil, and should not be considered separately, or as an alternative to profit, as an operating performance index, or as an alternative to operating cash flows or liquidity. Adjusted EBITDA is an indicator of our general economic performance, which is not affected by fluctuations in interest rates, changes in the tax burden of income tax and social contribution or depreciation and amortization levels.

Adjusted profit– The profit calculated after the reversal, in the line item "General and administrative expenses", of the administrative expenses related to the Stock Option Plan.

PoC Method – Under the International Financial Reporting Standards (IFRS), revenue, costs and expenses related to real estate developments are appropriated based on the incurred costs, by measuring the progress of the works through the actual costs incurred versus the total budgeted expenditures for each phase of the project.

New Market – A special listing segment of BOVESPA, where companies adopt differentiated practices of corporate governance, which exceed the traditional segment requirements. Direcional joined the New Market segment on November 19, 2009.

Swap – a method for acquiring land in which the owner of the land receives a certain number of units of the project to be developed on the property.

SFH Funds– funds under the Housing Financing System (SFH) originated from the Government Severance Indemnity Fund for Employees (FGTS) and from savings account deposits.

Special Taxation Regime - 1% (RET1): taxation regime applicable to projects with housing units with sales value up to R$ 100.0 thousand, in which case the tax rate is 1% of gross revenue.

Deferred results– result of the balance of property sales transactions already contracted (for buildings under construction) and their respective budgeted costs to be incurred.

Contracted net sales– PSV arising from all real estate sales contracts entered into in a given period, including the sale of units launched in the period and the sale of units in inventory, net of cancellations.

PSV – Potential Sales Value - the total value potentially obtained for the sale of all units of a given real estate development at the launch price. There is a possibility that the PSV launched is not realized or differs significantly from the Contracted Sales value, since the amount of units effectively sold may be different from the amount of units launched and/or the actual selling price of each unit may differ from the launch price.

PSV launched: Potential Sales Value (PSV) of units launched over a given period.