

PPLA PARTICIPATIONS LTD.

(an exempted limited company, incorporated under the laws of Bermuda)

Admission to listing and trading on Euronext in Amsterdam of European Units

This prospectus (the "**Prospectus**") is published in connection with the admission to listing and trading (the "**Listing**") on Euronext in Amsterdam, a regulated market operated by Euronext Amsterdam N.V. ("**Euronext Amsterdam**") of 28,836,873 European units (the "**European Units**"), each such European Unit representing one Class A voting common share (each a "**Class A Share**") of PPLA Participations Ltd. (the "**Company**") and two Class B non-voting common shares of the Company (each a "**Class B Share**").

The Company is an exempted limited company, incorporated under the laws of Bermuda. The Company was incorporated on March 26, 2010 under registration number 44126. In this Prospectus, "we", "our" and "us", refer to the Company and the "**Group**" refers to the Company, PPLA Investments L.P. ("**PPLA Investments**") and their respective subsidiaries, collectively.

THIS PROSPECTUS IS NOT PUBLISHED IN CONNECTION WITH AND DOES NOT CONSTITUTE AN OFFER OF SECURITIES BY OR ON BEHALF OF US IN THE EUROPEAN ECONOMIC AREA AND HAS ONLY BEEN PREPARED FOR THE PURPOSE OF THE ADMISSION TO LISTING AND TRADING OF THE EUROPEAN UNITS ON EURONEXT AMSTERDAM.

Application has been made to list all European Units under the symbol "PPLA" and with the ISIN Code US69355L1098 on Euronext Amsterdam.

Trading in the European Units on Euronext Amsterdam is expected to start on or about 29 December 2017 (the "**First Trading Date**"). All dealings in European Units prior to the Listing are at the sole risk of the parties concerned. We, Euronext Amsterdam and our listing agent do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing or the (related) annulment of any transaction in European Units on Euronext Amsterdam.

Settlement of the European Units traded on Euronext Amsterdam is expected to take place on or about 29 December 2017 through the book entry systems of the Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

INVESTING IN THE EUROPEAN UNITS INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 18 OF THIS PROSPECTUS FOR A DESCRIPTION OF THE MATERIAL RISKS THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE EUROPEAN UNITS.

This document constitutes a prospectus for the purposes of Article 3 of the Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU to the extent implemented in the relevant European Economic Area member state ("**Prospectus Directive**") and has been prepared in accordance with Article 5:9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the "**FSA**"). This Prospectus has been approved by and filed with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**").

THIS INFORMATION DOCUMENT IS NOT DIRECTED AT PERSONS IN THE UNITED STATES OR OTHER U.S. PERSONS (AS DEFINED IN REGULATION S OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR PERSONS RESIDENT OR LOCATED IN ANY OTHER JURISDICTION WHERE SUCH ACCESS WOULD VIOLATE ANY APPLICABLE LAW OR REGULATION.

NOTHING IN THIS INFORMATION DOCUMENT CONSTITUTES AN OFFER OF EUROPEAN UNITS AND UNDERLYING SECURITIES (THE "SECURITIES") IN THE UNITED STATES AND ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) ABSENT REGISTRATION OR AN

APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS. THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

This Prospectus is dated 29 December 2017.

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SUMMARY

Summaries are made up of disclosure requirements known as "elements". The elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the elements required to be included in a summary for this type of security and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

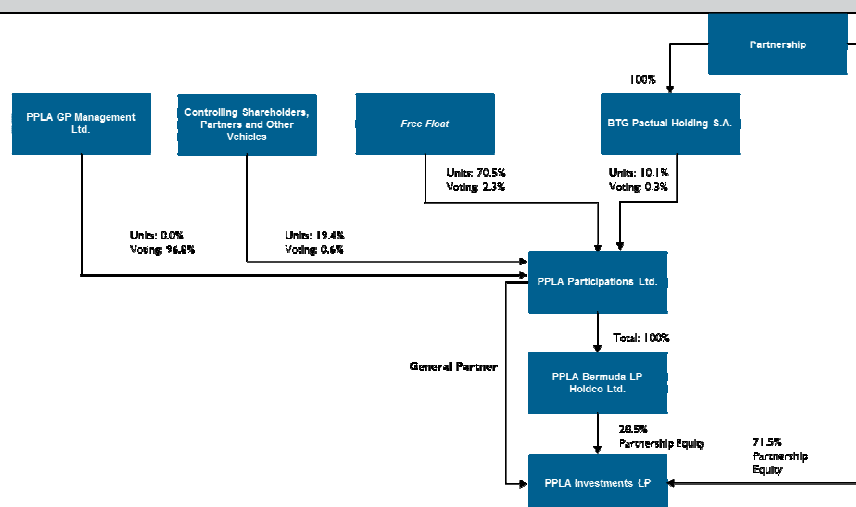
Even though such elements may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding such elements. In this case a short description of such elements is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to the prospectus (the "Prospectus") relating to the admission to listing and trading (the "Listing") of 28,836,873 European units (the "European Units") on Euronext in Amsterdam a regulated market of Euronext Amsterdam N.V. ("Euronext Amsterdam"), by PPLA Participations Ltd. (the "Company"), each such Unit representing one Class A voting common share in the Company (each a "Class A Share") and two Class B non-voting common shares (each a "Class B Share") in the share capital of the Company. Class A Shares have a par value of US\$0.0000000009 each and Class B Shares have a par value of US\$0.0000000009 each.</p> <p>Any decision to invest in any European Units should be based on a consideration of the Prospectus as a whole by the investor and not just the summary.</p> <p>Where a claim relating to the information contained in, or incorporated by reference into, the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus and any documents incorporated by reference therein before the legal proceedings can be initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the European Units.</p>

Section B – The Company		
B.1	Legal and commercial name of the Company	<p>PPLA Participations Ltd.</p> <p>The Company is the general partner of PPLA Investments L.P. ("PPLA Investments"), a vehicle with the single purpose of conducting proprietary investments across multiple asset classes, mostly in Brazil, for the Group.</p>

Section B – The Company		
		The Company and PPLA Investments and their subsidiaries are referred to as the " we ", " our ", " us ", or the " Group ."
B.2	Domicile, legal form, legislation and country of incorporation	The Company is an exempted limited company incorporated under the laws of Bermuda.
B.3	Current operations and principal activities	<p>The Company is the general partner of PPLA Investments, a vehicle through which investments are made.</p> <p>The Company is the general partner of PPLA Investments, a vehicle with the single purpose of conducting proprietary investments across multiple asset classes, mostly in Brazil, for the Group. Virtually all of these investments are managed by the asset management unit of Banco BTG Pactual S.A., a publicly held company, incorporated under the laws of Brazil (<i>sociedade por ações de capital aberto</i>) ("Banco BTG Pactual"), which receives arm's length fees and commissions in exchange for the services it provides to us. See "Business—Banco BTG Pactual's Asset Management."</p> <p>We make investments in a diversified range of financial instruments across multiple asset classes and geographic regions, mostly in Brazil.</p> <p>Our capital investments take on a variety of risks and devote substantial resources to benefit from this exposure. The investment teams of Banco BTG Pactual leverage their analyses of information in order to take advantage of perceived disparities in the value of assets in trading markets and of macroeconomic, company and industry-specific trends. The investment decisions made by the asset management unit of Banco BTG Pactual on our behalf are the product of rigorous, fundamental, situational and regulatory and legal analysis.</p>
B.4a	Significant recent trends affecting the Company and industries in which it operates	The Investment Entity Portfolio mainly follows the macroeconomic environment of Brazil. As the Brazilian economic develops and becomes more efficient, such development will be duly assessed by the Company. Alternatively, as the Brazilian economic faces a crisis or underperforms, such economic environment will directly affect the Company.
B.5	Description of the Group and the Company's position therein	The diagram below depicts the simplified ownership structure of the Group. For information regarding our principal subsidiaries, see "Business—Subsidiaries."

Section B – The Company



- (1) Percentages in the Company shown in the chart above reflect economic interests only through ownership of Class A Shares and Class B Shares. PPLA GP Management Ltd. ("PPLA GP") exercises control over the Company through the direct control of the Class C Share of the Company. The Controlling Shareholders, Partners and other vehicles also comprises the investments made by the investment vehicles related to the members of the Partnership. The free float also includes the investments made by Pacific Mezz Investco S.à r.l. and Sierra Nevada Investments LLC.

B.6 Shareholder of the Company

As of the date of this Prospectus, there are 91,010,619 shares of the Company issued and outstanding, consisting of 30,336,873 Class A Shares, 60,673,746 Class B Shares, 1 Class C Share and no Class D Shares.

Since the Class C Share and Class D Shares are voting-only shares and have no economic rights in the Company, the table below presents information relating to (i) the shareholders that have more than 3.0% of the economic ownership in the Company (represented by Class A Shares and Class B Shares), (ii) the beneficial owner of the Class C Share, (iii) each beneficial owner of 3.0% or more of the Class D Shares, (iv) Unit holders that have more than 3.0% of the economic ownership in the Company or large Unit holders that are otherwise known to the Company and (v) the Unit holders that are part of the remaining free float as a group. The table below does not account for the consummation of any transactions that may be affected pursuant to the Withdrawal Agreements. See "Withdrawal Agreements."

Principal Shareholders	Number of shares in the Company				% of Economics (Class A + Class B) ⁽³⁾
	Class A	Class B	Class C	Class D	
PPLA GP Management Ltd.	-	-	1	-	-
BBTGP Green Shoe Ltd. ⁽¹⁾	1,500,000	3,000,000	-	-	-
Free-float / Unit Holders					
BTGP Pactual Holding S.A.	4,320,409	8,640,818	-	-	14.98%
Investment vehicles related to members of the Partnership	2,632,672	5,265,344	-	-	9.13%

Section B – The Company

		Members of the Consortium:					
		(i) Pacific Mezz Investco S.à r.l. ⁽²⁾	610,755	1,221,510	-	-	2.12%
		(ii) Sierra Nevada Investments LLC ⁽²⁾	766,361	1,532,722	-	-	2.66%
		Treasury shares	690,200	1,380,400	-	-	2.39%
		Other free-float	19,816,476	39,632,952	-	-	68.72%
		Total	<u>30,336,873</u>	<u>60,673,746</u>	<u>1</u>	<u>-</u>	<u>100.00%</u>
		⁽¹⁾ The Class A Shares and Class B Shares issued by the Company and held by BBTGP Green Shoe Ltd. are not listed and traded as Brazilian Units and were issued at the time of initial public offering of Banco BTG Pactual and the Company.					
		⁽²⁾ Sierra Nevada Investments LLC, from the Santo Domingo Group of Colombia, and Pacific Mezz Investco S.à r.l., an affiliate of Government of Singapore Investment Corporation Pte Ltd, are investment vehicles related to the Members of the Consortium who invested in Banco BTG Pactual and PPLA Investments in December 2010.					
		⁽³⁾ The percentage of the economics applicable to the Class A Shares and Class B Shares issued by the Company refers exclusively to the total amount of Units issued by the Company.					
B.7	Selected consolidated financial information						

The tables below set forth certain of our selected financial information as of and for the periods indicated. You should read the information below in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Prospectus and the sections "Presentation of Financial and Other Information," "Selected Financial and Operating Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our consolidated balance sheet and income statement information as of and for the years ended December 31, 2014, 2015 and 2016 are derived from and should be read in conjunction with our audited consolidated financial statements and related notes prepared in accordance with IFRS as adopted by the International Accounting Standards Board included elsewhere in this Prospectus. Our consolidated balance sheet as of June 30, 2017 and consolidated income statement for the six months ended June 30, 2017 and 2016 are derived from and should be read in conjunction with our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.

We have translated some of the *real* amounts included in this Prospectus into U.S. dollars. You should not construe these translations as representations that the amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated the *real* amounts using a rate of R\$3.3082 to US\$1.00, the U.S. dollar selling rate as of June 30, 2017, published by the Central Bank of Brazil (*Banco Central do Brasil*) (the "**Central Bank**") on its electronic information system, SISBACEN, using transaction PTAX 800, option 5. The *real*/U.S. dollar exchange rate may fluctuate significantly, and the exchange rate as of June 30, 2017 may not be indicative of the future exchange rate. The *real*/U.S. dollar exchange rate has presented significant volatility since December 31, 2014 and is as of the date of this Prospectus considered materially different from the one used for the translations throughout this Prospectus. We have not updated the exchange rate translations throughout this Prospectus using a rate as of a more recent date as the foreign exchange translation has been performed solely for convenience and, therefore, should not be relied upon in making an investment decision. See "Important Information—Exchange rates."

Section B – The Company

Our consolidated balance sheets (IFRS)

	As of December 31, (audited)			June 30, (unaudited)	
	2014	2015	2016	2017	2017
	(in R\$ millions)			(in US\$ millions)	
Assets					
Cash and cash equivalent	1,299.1	-	0.1	-	-
Open market investments	8,795.8	-	-	-	-
Derivative financial instruments	1,581.7	-	-	-	-
Financial assets held for trading	33,047.8	-	-	-	-
Investment entity portfolio	-	723.8	722.5	323.3	97.7
Financial assets available for sale	1,474.1	-	-	-	-
Loans and receivables	2,193.9	-	-	-	-
Due from brokers	3,960.2	-	-	-	-
Non-current assets held for sale	-	-	-	-	-
Investment in associates and joint ventures	1,380.8	-	-	-	-
Investment properties	770.9	-	-	-	-
Other assets	789.4	-	-	3.5	1.0
Total assets	55,293.6	723.8	722.6	326.8	98.8
Liabilities and Shareholders' equity					
Open market funding	33,862.8	-	-	-	-
Derivative financial instruments	1,597.5	-	-	-	-
Financial liabilities held for trading	3,572.6	-	-	-	-
Financial liabilities at amortized costs	7,076.8	-	-	-	-
Due to brokers	2,039.8	-	-	-	-
Other liabilities	2,995.9	0.5	-	3.5	1.1
Non-controlling interest	3,113.8	-	-	-	-
Shareholders' equity	1,034.4	723.3	722.6	323.3	97.7
Total liabilities and shareholders' equity ..	55,293.6	723.8	722.6	326.8	98.8

Our consolidated income statement (IFRS)

	For the years ended December 31, (audited)			For the six months ended (unaudited)		
	2014	2015	2016	2016	2017	2017
	(in R\$ millions)			(in US\$ millions)		

Section B – The Company

Interest income	129.6	180.9	-	-	-	-
Interest expenses	(677.9)	(957.3)	-	-	-	-
Interest income/(expenses), net	(548.3)	(776.4)	-	-	-	-
Gains on financial instruments held for trading	237.6	174.2	-	-	-	-
Gains on financial assets designated at fair value through profit and loss	-	75.4	-	-	-	-
Equity pickup in associates and joint ventures, before change of status to investment entity	(274.3)	(117.7)	-	-	-	-
Gains/(losses) on financial assets available for sale						
Dividends received	-	16.2	-	-	-	-
Impairment losses	(29.0)	(188.5)	-	-	-	-
Gain on fair value of investment properties	364.4	-				
Gain (loss) on investment entity portfolio measured at fair value	-	(53.2)	108.3	(9.7)	(372.7)	(112.7)
Foreign exchange reclassification - Change in status	-	(818.3)	-	-	-	-
Other operating income/(expenses), net	293.1	46.2	0.2	0.7	-	-
Total operating income/(loss)	43.4	(1,642.0)	108.5	(9.0)	(372.7)	(112.7)
Administrative expenses	(272.0)	(157.2)	(0.2)	(0.3)	(0.1)	(0.0)
Other expenses	(176.2)	(300.2)	-	-	-	-
Net income/(loss) for the year / period	(404.8)	(2,099.5)	108.3	(9.2)	(372.8)	(112.7)
B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.				
B.9	Profit forecast	Not applicable. The Company does not present a profit forecast in this Prospectus.				
B.10	Historical audit report qualifications	The Company's financial statements included elsewhere in this Prospectus include emphasis paragraphs. Please refer to information under "Presentation of Financial and Other Information."				
B.11	Working capital	In the opinion of the Company, its working capital is sufficient for its present requirements for at least 12 months following the date of the Prospectus.				

Section C – Securities		
C.1	Type of and class, security identification number	Each Unit represents one Class A Share and two Class B Shares. Application has been made to list of all the European Units under the symbol PPLA on Euronext Amsterdam under ISIN code: US69355L1098.
C.2	Currency of the European Units	The European Units are denominated in and will trade in euro.
C.3	Number of European Units issued, nominal value per underlying share	As of the date of this Prospectus, there are 91,010,619 shares of the Company issued and outstanding, consisting of 30,336,873 Class A Shares, 60,673,746 Class B Shares, 1 Class C Share and no Class D Shares. The par value of each Class A Share is US\$0.0000000009. The par value of each Class B Share is US\$0.0000000009. The par value of the Class C Share is US\$10.00. The par value of each Class D Shares is US\$0.0000000009.
C.4	Rights attached to the European Units	<p>Voting rights</p> <p>The holders of Class A Shares and the class D shares of the Company ("Class D Shares") are entitled to vote one vote per share at any general meeting of shareholders of the Company as well as at any meeting at which the holders of the Class A Shares or the Class D Shares, respectively, are voting single class. European Unit Holders will be entitled to vote as if they were direct holders of the Class A Shares.</p> <p>No votes can be exercised on the Class B Shares.</p> <p>The class C share of the Company ("Class C Share") entitles its holder (currently, PPLA GP) to a number of votes equal to ten times the aggregate number of Class A Shares, Class B Shares and Class D Shares issued and outstanding at any given time. The holder of the Class C Share is entitled to vote at any general meeting of shareholders of the Company as well as at any meeting at which the holder of the Class C Share is voting as a single class.</p> <p>European Unit holders are entitled to one vote per the corresponding Class A Shares underlying the European Units held in accordance with the European Unit deposit agreement.</p> <p>Dividend</p> <p>Subject to certain Bermuda law limitations, the distribution of dividends to the Unit Holders will be made individually, from time to time, as proposed by the management of the Company and in accordance with its bye-laws (the "Bye-laws"). There is no history of payment of dividends or statutory obligation to pay dividends and these dividend distributions will not depend specifically on net income or any other performance indicator of the Company, as long as they are in compliance with the applicable legislation.</p> <p>Holders of Class A Shares and Class B Shares will share equally and ratably in any dividends as the board of directors may from time to time declare. The holder of the Class C Share and holders of the Class D Shares will not be entitled to receive any dividends.</p>

Section C – Securities

		<p>Economic rights</p> <p>Unit Holders will be entitled to receive the economic benefits they would receive if they were direct holders of the Class A Shares and the Class B Shares. Notwithstanding the below, the Unit depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any Unit Holders. We have no obligation to register European Units or other securities under the U.S. Securities Act of 1933, as amended (the "Securities Act"). We also have no obligation to take any other action to permit the distribution of any securities to Unit holders. This means that you may not receive the distribution we make on our securities or any value for them if it is illegal or impractical for us to make them available to you.</p> <p>Right upon liquidation</p> <p>In the event of the winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, (i) the holders of Class A Shares and Class B Shares are entitled to share equally and ratably in the surplus assets of the Company and (ii) the holder of the Class C Share is entitled to share in the surplus assets of the Company but only up to the amount of its paid in capital.</p> <p>Capital calls</p> <p>Unit Holders are not subject to any further capital calls by the Company.</p>
C.5	<p>Restrictions on free transferability of the European Units</p>	<p>We shall not be obligated to recognize any resale or other transfer of the European Units or underlying securities made other than in compliance with this Prospectus and applicable laws.</p> <p>We are not registered as an investment company under the U.S. Investment Company Act, and the European Units and underlying securities have not been registered under the Securities Act. They may not be offered or sold within the United States except in a transaction that:</p> <ul style="list-style-type: none"> (i) is in compliance with the registration requirements of the Securities Act and all applicable securities laws in the states of the United States; (ii) is exempt from, or is not subject to, the registration requirements of the Securities Act and any applicable securities laws of the states of the United States; and (iii) is neither prohibited by the Investment Company Act nor would require our company to register as an investment company under the Investment Company Act. <p>In addition, Unit Holders and holders of the underlying securities may not be able to exercise the preemptive rights or subscription rights relating to the shares of the Company, as well as receive securities distributed by us or vote on transactions that would result in the delivery of such securities, unless an exemption from the registration requirements of the Securities Act is available or a registration statement under the Securities Act is</p>

Section C – Securities

		<p>effective with respect to those rights. We are not obligated to file a registration statement with respect to any units, shares or rights distributed by us, and we may not file such a registration statement.</p> <p>Any person who purchases European Units, underlying securities or any interest therein on Euronext Amsterdam or B3 (or any other certified non-U.S. exchange), as well as through book-entry transfers of Euroclear Nederland, will be deemed to have represented, agreed and acknowledged as set forth in "Transfer Restrictions—Deemed representations of U.S. purchasers" or "Transfer Restrictions—Deemed representations of non-U.S. purchasers," as the case may be.</p> <p>In the event of a transfer or resale of any European Units, underlying securities or any interest therein which is not made (i) on Euronext Amsterdam or B3 or any other certified non-U.S. exchange) or (ii) through book-entry transfers of Euroclear Nederland, to a purchaser, such purchaser shall execute a U.S. Purchaser's Letter or Non-U.S. Purchaser's Letter, as the case may be, addressed to the Company and the relevant depositary, in which such purchaser (i) agrees not to deposit the European Units into an unrestricted American depositary receipt facility and (ii) represents, agrees and acknowledges to (A) as set forth in "Transfer Restrictions—Deemed representations of U.S. purchasers" or "Transfer Restrictions—Deemed representations of non-U.S. purchasers," as the case may be, and (B) as follows:</p> <ul style="list-style-type: none"> (i) the purchaser will not transfer the European Units, underlying securities or any interest therein to any person or entity, unless such person or entity could itself truthfully make the representations and covenants set forth in the U.S. Purchaser's Letter or the Non-U.S. Purchaser's Letter; and (ii) the purchaser will provide notice of the transfer restrictions to any subsequent transferees. <p>In the event that the Company or the transfer agent determines in good faith that a holder or beneficial owner of the European Units and underlying securities is in breach, at the time given, of any of the representations or agreements required, the Company or the transfer agent, as the case may be, may require such acquirer or beneficial owner to transfer such European Units and underlying securities or beneficial interests therein to a transferee acceptable to the Company, as the case may be, who is able to and who does make all of the representations and agreements set forth in these transfer restrictions.</p>
C.6	Listing and admission to trading	<p>We have applied for the European Units to be admitted to trading and listing on Euronext Amsterdam.</p> <p>The Brazilian Units are admitted to trading and listing on B3.</p>
C.7	Dividend policy	<p>The distribution of dividends of the Company will be made individually, from time to time, as proposed by the management of the company and in accordance with the Bye-laws. There is no history of payment of dividends or statutory obligation to pay dividends, and these dividend distributions will not depend specifically on net income or any other</p>

Section C – Securities		
		performance indicator of the Company, as long as they are in compliance with the applicable legislation.
C.13	Information about the underlying shares	Please refer to the information under C.1, C.2, C.3, C.4, C.5, C.6 and C.7 above.

Section D – Risks		
D.1	Risks relating to the Company and industry	<p>The following is a selection of key risks that relate to the Group, the Group's structure/shareholder structure, the European Units and the Listing. In making the selection, the Group has considered circumstances such as the probability of the risk materializing on the basis of the current state of affairs, the potential impact which the materialization of the risk could have on the Group's financial condition, results of operations, capital and liquidity needs, possible dividend payments and reputation, and the attention that management of the Group would on the basis of current expectations have to devote to these risks if they were to materialize. Investors should read, understand and consider all risk factors. An investment in the European Units involves substantial risks and uncertainties. These risks and uncertainties include, among others, those listed below:</p> <ul style="list-style-type: none"> • It is possible that the initiatives to return to profitability may not meet the expected results and that new capital injections will be required that could have a dilutive effect on our current shareholders. We may need to raise additional funds in the future in response to ongoing challenging financial and operating conditions and/or to repay our significant indebtedness. • A reduction in our credit ratings could adversely affect our liquidity and competitive position and increase our borrowing costs. Our borrowing costs and our access to the debt capital markets depends significantly on our credit ratings and that of Brazil. A reduction in our credit ratings could increase our borrowing costs and limit our access to the capital markets. This, in turn, could reduce our earnings and adversely affect our liquidity. • Our activities depend on continuous access to credit to finance our investments. Our inability to raise long-term or short-term debt, or to engage in repurchase agreements or securities lending, could have a substantial negative effect on our liquidity. Our access to credit in amounts adequate to finance our activities could be impaired by factors that affect us or the financial services industry in general. Our ability to borrow in the debt markets also could be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views about the prospects for the financial services industries generally. If we are unable to borrow in order to meet

Section D – Risks

		<p>our maturing liabilities, we may need to liquidate assets.</p> <ul style="list-style-type: none"> • Banco BTG Pactual and the Company no longer have the same shareholder base, which is expected to result in changes to certain business practices and management of Banco BTG Pactual and the Company and increase the risks of actual or potential conflicts of interest. In addition, Banco BTG Pactual and the Company can no longer allocate resources among themselves to the same extent as in the past, whether to effect dividend payments, among other things. Following the separation, the Company may suffer from a worsened credit perception and may experience an inability to obtain financing at the rates that it would have been able to obtain prior to the separation. • Banco BTG Pactual and the Company's agreements with each other relating to the separation of the Units BBTG11 may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of the agreements related to the new trading structure, including certain cost-sharing and services agreements to be executed in connection with the separation of the Units BBTG11, will not be negotiated among unaffiliated third parties. These terms may be less favorable to Banco BTG Pactual or to the Company than the terms that would result from arm's-length negotiations among unaffiliated third parties, and each such company potentially could have received better terms from unaffiliated third parties than the terms received under the current arrangements. • Certain companies that are part of our Investment Entity Portfolio operate in industries that have been disproportionately impacted by prolonged adverse conditions in the Brazilian macroeconomic environment, particularly those investments in the Brazilian retail and real estate industries, which has had a corresponding negative impact on our results of operations and financial condition. The political and economic deterioration in Brazil that has occurred, and which may persist in the future, particularly in the Brazilian retail and real estate segments in which we hold part of our Investment Entity Portfolio will require a continued assessment of the risks associated with our activities and the adjustment of our business and operating strategy accordingly. • We may incur significant losses from trading and capital investment activities due to market fluctuations and volatility. Market developments could impact hedging strategies in the future. In addition, we maintain substantial trading and investment positions that can be adversely affected by the level of volatility in the financial markets (i.e., the degree to which trading prices fluctuate over a particular period, in a particular market) regardless of market levels. • There is significant debt at our subsidiary level which could adversely affect our financial health and prevent us from fulfilling our debt obligations. This would reduce our ability to raise capital
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Section D – Risks

		<p>to finance our investments and operations and would adversely impact our ability to recover from economic changes. For example, it could: (i) require us to reserve a substantial part of our operational cash flows to pay principal and interest on our debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments; (ii) limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; (iii) limit our ability to borrow additional funds, obtain bank guarantees or collateral insurance and generally increase our borrowing costs; and (iv) place us at a competitive disadvantage compared to our competitors that have less debt.</p> <ul style="list-style-type: none"> • We are currently facing challenges with respect to our short-term liquidity. Our failure to comply with these obligations and/or other undertakings may have a material adverse effect on our business, results of operations and financial conditions. • There are ongoing anti-corruption investigations being conducted by several Brazilian public authorities in Brazil which may adversely affect us. A substantial portion of our business activity, including our investment activity, is conducted in Brazil and we believe that the investigations in Brazil have had, and may continue to have, an adverse effect on the Brazilian economy, the general business environment in which we operate and investor sentiment toward Brazil. We are not able to safely foresee the gravity or the subject of the adverse effects that such events will have in the Company. Further investigations, whether made in connection with the current anti-corruption investigations or otherwise, may arise in the future and such potential investigations could have an adverse effect on our business, results of operations and financial conditions. • The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us. Given that most of our investments are in Brazil, and that the asset management unit of Banco BTG Pactual, through which we make our investments, operates in Brazil (among other locations) we may be adversely affected by changes in Brazilian government policies, as well as general economic factors. • Brazil continues to experience political instability, which may adversely affect us. Brazil is currently recovering from a recession, and continued weaknesses in the Brazilian macroeconomic environment, including a low savings rate, a high interest rate spread and high public indebtedness, could adversely affect us. Brazil has experienced heightened economic and political instability derived from various currently ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal
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Section D – Risks

		<p>Prosecutor, including the largest such investigation, known as Lava Jato, which have negatively impacted the Brazilian economy and political environment and contributed to a decline in market confidence in Brazil.</p> <ul style="list-style-type: none"> • If we were deemed an "investment company" required to register as such under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of registered investment companies (or companies that should be but are not so registered). Operation of a complex financial services business within those rules is impracticable. We intend to manage our investments so that we will not be an investment company required to register as such under the Investment Company Act.
D.3	Risks relating to the Listing and the European Units	<p>The risks and uncertainties relating to the Listing and the European Units include, among others, those listed below:</p> <ul style="list-style-type: none"> • The interest of our controlling shareholder may differ from those of European Unit holders. The Controlling Partners may have different interests in relation to acquisitions, divestments, the sale of assets, partnerships, funding or similar transactions that may diverge from the interests of the European Unit holders. The interests of our Controlling Partners may not coincide with yours as a holder of European Units. • It may not be possible for European Unit holders to effect service of process or enforce judgements upon us, or other relevant persons, within the United States, the United Kingdom or other jurisdictions outside Brazil or Bermuda, as the case may be. In addition, awards of punitive damages brought in the United States or elsewhere may be unenforceable in Brazil or in Bermuda. • Prior to the Listing, there has been no public trading market for the European Units. There can be no assurance that an active trading market for the European Units will develop after the Listing, or if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could negatively affect the liquidity and price of the European Units, as well as increase their price volatility. Investors may not be in a position to sell their European Units quickly or at the market price if there is no active trading in European Units.

Section E – Offer		
E.1	Net proceeds and estimated expenses	Not applicable. We will not receive any proceeds in connection with the Listing.
E.2a	Reasons for the Offering and use of proceeds	Not applicable. We will not receive any proceeds in connection with the Listing.
E.3	Terms and conditions of the Offering	Not applicable.
E.4	Interests material to the Offering	Not applicable
E.5	Person or entity Offering to sell the European Units and lock-up arrangements	Not applicable.
E.6	Dilution	Not applicable.
E.7	Estimated expenses charged to the investor by the Company	Not applicable. There will be no charge to investors for the Listing.

RISK FACTORS

Risk factors

*Investing in European Units involves a high degree of risk. You should carefully consider all of the information set forth in this Prospectus, including the risks described below, before making an investment decision. If any of the following risks actually occurs, we will be adversely affected and you could lose all or part of your investment. The risks described below are those that we currently believe may adversely affect us, including, in some cases, through their impact on Banco BTG Pactual S.A., a publicly held company, incorporated under the laws of Brazil (sociedade por ações de capital aberto) ("**Banco BTG Pactual**") as asset manager of our investments and the Group as a whole. Additional risks and factors not currently known, or those that we currently deem to be immaterial, may also adversely affect us.*

For the purposes of this section, when it is stated that a risk, uncertainty or problem may, could or will have an "adverse effect" or "will adversely affect," it means that the risk, uncertainty or problem could have an adverse effect on the trading price of the European Units and/or our business, financial condition, results, cash flow, liquidity and/or prospects, including, in some cases, as a result of their impact on Banco BTG Pactual in its capacity as asset manager of our investments or the Group.

You should read the detailed information set out elsewhere in this Prospectus and should form your own view before making an investment decision with respect to any European Units. Furthermore, before making an investment decision with respect to any European Units, you should consult your own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the European Units and consider such an investment decision in light of your personal circumstances.

Risk relating to our business and industry

It is possible that the initiatives to return to profitability may not meet the expected results and that new capital injections will be required that could have a dilutive effect on our current shareholders.

We may need to raise additional funds in the future in response to ongoing challenging financial and operating conditions and/or to repay our significant indebtedness. We may issue additional equity or instruments convertible into equity in order to raise capital, including at or below book value. Any additional capital raised through distributing common shares or convertible securities may occur without preemptive rights for the holders of our shares, including those which invest in the Units. As a result, your percentage ownership and/or economic interest in the Group will likely be diluted by any such issuances.

A reduction in our credit ratings could adversely affect our liquidity and competitive position and increase our borrowing costs.

Our borrowing costs and our access to the debt capital markets depends significantly on our credit ratings and that of Brazil. These ratings are assigned by rating agencies, which may reduce or withdraw their ratings or place us on "credit watch" with negative implications at any time. Credit ratings are also important when competing in certain markets and when seeking to engage in longer-term transactions, including over-the-counter derivatives. A reduction in our credit ratings could increase our borrowing costs and limit our access to the capital markets. This, in turn, could reduce our earnings and adversely affect our liquidity.

For example, in 2016, the rating agencies, Moody's Investor Service ("**Moody's**"), Fitch Ratings Inc. ("**Fitch**") and Standard and Poor's ("**S&P**") downgraded certain of Banco BTG Pactual's securities and Fitch has also downgraded certain of PPLA Investments' securities reflecting the view that the BTG Pactual Group's profile had been lastingly weakened following the arrest of its former chairman and CEO. In addition, the rating agencies anticipated that recurring earnings would decline as a result of client defection in certain business lines compounded by a general deterioration in the

operating environment. In addition, the negative outlook of credit agencies' captured execution risks related to the sale of assets as well as concerns regarding stabilizing profits, funding and liquidity. While ratings for the BTG Pactual Group and the Group improved or were not subject to additional downgrades towards the end of 2016 and through 2017, with such shift in outlook attributable to BTG Pactual Group's efforts to address negative pressures facing the franchise and its financial profile, there is no guarantee that rating agencies will not further downgrade the Group's or Banco BTG Pactual's credit ratings and the ratings of its securities. Changes in circumstances, real or perceived, could result in material changes to credit ratings, which, in turn, could negatively impact our earnings and liquidity.

Our inability to access financing or to sell assets could impair our liquidity.

Our activities depend on continuous access to credit to finance our investments. An inability to raise long-term or short-term debt, or to engage in repurchase agreements or securities lending, could have a substantial negative effect on our liquidity. Our access to credit in amounts adequate to finance our activities could be impaired by factors that affect us or the financial services industry in general. For example, lenders could develop a negative perception of our long-term or short-term financial prospects and restrict our access to financing if we incurred large trading losses, if the level of our business activity decreased due to a market downturn, if regulatory authorities took significant action against us or if we discovered that any of our personnel had engaged in unauthorized or illegal activity. Our ability to borrow in the debt markets also could be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views about the prospects for the financial services industries generally.

If we are unable to borrow in order to meet our maturing liabilities, we may need to liquidate assets. In certain market environments, such as times of market volatility or uncertainty, overall market liquidity may decline. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may have to sell assets at depressed prices, which could adversely affect us. Our ability to sell our assets may be impaired by other market participants seeking to sell similar assets into the market at the same time. Also, the operational restructuring that certain subsidiaries are subject to may not be fully completed or partially completed, in a manner that those companies may be exposed to increased financing, adversely impacting our results.

After the separation of the Units BBTG11, independent trading of the Units BPAC11 and the Brazilian Units, Banco BTG Pactual and the Company no longer have the same shareholder base, which is expected to result in changes to certain business practices and management of Banco BTG Pactual and the Company and increase the risks of actual or potential conflicts of interest.

After the separation of the Units BBTG11, the Units BPAC11 and the Brazilian Units are traded independently, and unit holders, including the Partnership vehicles currently controlling both Banco BTG Pactual and the Company, may change their proportional equity interests in Banco BTG Pactual and/or the Company. Accordingly, this could create, or appear to create, potential conflicts of interest when Banco BTG Pactual's management and directors and the Company's management and directors face decisions that could have different implications for Banco BTG Pactual and the Company. In addition, we cannot ensure that Banco BTG Pactual and the Company's current management, which had operated on a combined basis, will be adequately suited to manage these entities on a standalone basis. Key managers or employees that have managed these companies on a combined basis may not be suited or effective at managing them on a standalone basis. In addition, Banco BTG Pactual and the Company can no longer allocate resources among themselves to the same extent as in the past, whether to effect dividend payments, among other things. For example, Banco BTG Pactual has, in the past, contributed a disproportionate percentage of overall dividends paid out on the Units BBTG11 due to weaker performance by the Company in certain fiscal years, which has effectively amounted to a transfer of resources from Banco BTG Pactual shareholders to the Company shareholders. Such arrangements will no longer be to the same extent under the new

trading structure, which could restrict both companies' ability to pay out dividends to their respective shareholders, especially that of the Company. In addition, the perception of the Company's credit may deteriorate following the separation. To a certain extent, the Company benefited from an improved credit perception on a combined Units BBTG11 basis than we believe the Company would have on a standalone basis. Following the separation, the Company may suffer from a worsened credit perception and may experience an inability to obtain financing at the rates that it would have been able to obtain prior to the separation. The Company currently also relies on Banco BTG Pactual to provide certain corporate and administrative services such as certain information technology, financial and human resource services. To the extent that the Company is unable to develop such capabilities in the future, it will continue to rely on Banco BTG Pactual to provide certain services for an undefined period of time pursuant to certain cost-sharing and services agreements to be executed in connection with the separation. These additional costs will reduce the Company's results of operations in the future. In addition, if Banco BTG Pactual is unable or unwilling to provide such services to the Company, or if the agreement is terminated, the Company may be unable to provide such services itself or it may have to incur additional expenditures to obtain such services from another provider.

Banco BTG Pactual and the Company's agreements with each other relating to the separation of the Units BBTG11 may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties.

The terms of the agreements related to the new trading structure, including certain cost-sharing and services agreements to be executed in connection with the separation of the Units BBTG11, will not be negotiated among unaffiliated third parties. Such terms have been or will be proposed by Banco BTG Pactual's and the Company's officers and other employees and approved by their respective board of directors. As a result, these terms may be less favorable to Banco BTG Pactual or to the Company than the terms that would result from arm's-length negotiations among unaffiliated third parties, and each such company potentially could have received better terms from unaffiliated third parties than the terms received under the current arrangements.

Our significant debt at the subsidiary level could adversely affect our financial health and prevent us from fulfilling our debt obligations, which would reduce our ability to raise capital to finance our investments and operations and would adversely impact our ability to recover from economic changes.

As of June 30, 2017 and December 31, 2016, our gross debt (consisting of loans, financings and debentures exclusively at the PPLA Investments level facing external parties) was R\$2.894 million and R\$2.666 million, respectively (of which R\$2.145 million and R\$514million, respectively, were short-term debt).

Our debt level and the composition of our debt could have important consequences to our business. For example, it could: (i) require us to reserve a substantial part of our operational cash flows to pay principal and interest on our debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and investments; (ii) limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; (iii) limit our ability to borrow additional funds, obtain bank guarantees or collateral insurance and generally increase our borrowing costs; and (iv) place us at a competitive disadvantage compared to our competitors that have less debt.

Significant deterioration in our short-term liquidity could materially affect our business, result of operations and financial condition.

We are currently facing challenges with respect to our short-term liquidity. If we fail to improve our short-term liquidity, we may face difficulties in fulfilling our obligations relating to financing agreements, and agreements with counterparties, among others. For example, as of June 30, 2017, our material contractual financial liabilities maturing in less than one year totaled R\$2,132 million (amortization and interest), while such obligations with maturities between one to two years totaled

R\$13 million. For a description of the financial agreements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations— Indebtdness." Our failure to comply with these obligations and/or other undertakings may have a material adverse effect on our business, results of operations and financial conditions.

Certain companies that are part of our Investment Entity Portfolio operate in industries that have been disproportionately impacted by prolonged adverse conditions in the Brazilian macroeconomic environment, particularly those investments in the Brazilian retail and real estate industries, which has had a corresponding negative impact on our results of operations and financial condition.

The political and economic deterioration in Brazil that has occurred, and which may persist in the future, particularly in the Brazilian retail and real estate segments in which we hold part of our Investment Entity Portfolio will require a continued assessment of the risks associated with our activities and the adjustment of our business and operating strategy accordingly.

Historically, the Brazilian retail and real estate segments have been subject to a general economic slowdown because of the reduction in consumer spending. The success of the retail and real estate segments depends, among others, of several factors related to consumer spending and/or factors related to his income, including the general situation of business, interest rates, inflation, credit availability, tax issues, consumer trust on the future economic conditions, employment levels and wages. Unfavorable situations in the Brazilian economy, or worldwide economy with an impact on the Brazilian economy, may considerably reduce the consumer spending capacity and his available income, specially the Class C consumer, with a lower access to credit than class A and class B, along with increased difficulty to refinance his debts and potentially more affected by the increase in unemployment. Such situations may adversely affect the sales, the operational results and the financial conditions of the companies that are part of our Investment Entity Portfolio and, subsequently, those of the Company.

Future developments in Brazilian federal government policies, including changes in the current policies in the Brazilian economy over which we have no control and which may have a resultant impact on consumer confidence, unemployment and overall consumer purchasing power, may have a material adverse effect on our investments in Brasil Pharma S.A., Lojas Leader and Brasil Brokers Participações S.A. and, in turn, our financial condition and results of operations.

We may incur significant losses from trading and capital investment activities due to market fluctuations and volatility.

We maintain large trading and investment positions in the fixed income, currency, commodity and equity markets – both in Brazil and elsewhere, including in Europe. To the extent that we have long positions in any of our assets in any of those markets, a downturn in those markets could result in losses from a decline in the value of those long positions. Conversely, to the extent that we have short positions in any of those markets, an upturn in those markets could expose us to potentially unlimited losses as we attempt to cover our short positions by acquiring assets in a rising market. We may from time to time have a trading strategy consisting of holding a long position in one asset (including large positions in the securities of a particular issuer or issuers in a particular industry, country or region) and a short position in another, from which we expect to earn revenues based on changes in the relative value of the two assets. Many of the hedging strategies applied to our capital investments are based on trading patterns and correlations. If, however, the relative value of the two assets changes in a direction or manner that is unanticipated or against which it is not hedged, we may realize a loss in those paired positions. Accordingly, our hedging strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Unexpected market developments could impact hedging strategies in the future. In addition, we maintain substantial trading and investment positions that can be adversely affected by the level of volatility in the financial markets (i.e., the degree to which trading prices fluctuate over a particular period, in a particular market) regardless of market levels.

We depend on our Senior Management Team and the departure of any member of this team could adversely affect our ability to execute our business strategies and investment policies and growth.

We are dependent on our Senior Management Team for the development and the execution of our business strategies and investment policies, including the management and operation of our businesses. Our future success depends to a significant extent on the continued service of our Senior Management Team. We also rely on the network of business contacts and the track records of these individuals.

Any member of our Senior Management Team may leave us to establish or work in businesses that compete with ours. In addition, if any member of our Senior Management Team joins an existing competitor or forms a competing firm, some of our clients could choose to use the services of that competitor. There is no guarantee that the compensation arrangements and non-competition agreements we have entered into with our Senior Management Team are sufficiently broad or effective to prevent them from resigning in order to join or establish a competitor or that the non-competition agreements would be upheld in a court of law if we were to seek to enforce our rights thereunder. See "Our Partnership—Partner non-competition agreements." We also do not maintain key man life insurance for any member of our Senior Management Team.

Our securities and derivative financial instruments are subject to market price and liquidity variations due to changes in economic conditions and may produce material losses that may adversely affect us.

Financial instruments and securities represent a significant amount of our total assets. Any realized or unrealized future gains or losses from these investments or hedging strategies could have a significant impact on our income. These gains and losses, which we account for when we sell or mark-to-market investments in financial instruments, can vary considerably from one period to another. For example, we enter into derivatives transactions to protect against decreases in the value of the *real* (or any other currency) or in interest rates, and if the *real* (or any other currency) instead increases in value or interest rates increase, we may incur financial losses. We cannot forecast the amount of gains or losses in any future period, and the variations experienced from one period to another, do not necessarily provide a meaningful forward-looking reference point. Gains or losses in our investment portfolio may create volatility in net revenue levels, and we may not earn a return on our consolidated investment portfolio, or on a part of the portfolio in the future. Any losses on our securities and derivative financial instruments could adversely affect us. In addition, any decrease in the value of these securities and derivatives portfolios may trigger violations of certain covenants in agreements to which we are a party, which could impair our ability to engage in certain activities at the levels we currently anticipate, and may also adversely affect our ability to continue to pursue our growth strategies.

The high liquidity risks which is inherent to the regular merchant bank activity, however, it is amplified as the Brazil's economy struggles and investors remain stoic in face of the current political turmoil. Overall, during the last years, the business environment in Brazil has been extremely adverse for many of our businesses and there can be no assurance that these conditions will improve in the near term. Until they do, we expect our results of operations to be adversely affected.

Our investments in long/short equity strategies and any other hedge funds or similar investment vehicles are subject to numerous additional risks.

Our investments in one or more hedge funds or other investment vehicles with similar characteristics are subject to numerous risks, including the following:

- Hedge funds may engage in short selling, which is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. A fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or

if the fund is otherwise unable to borrow securities that are necessary to hedge its positions.

- Hedge funds and investment vehicles with similar characteristics are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the fund to suffer a loss. Counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the fund has concentrated its transactions with a single or small group of counterparties. Generally, hedge funds and investment vehicles with similar characteristics are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the fund's internal consideration of the creditworthiness of their counterparties may prove insufficient. The absence of a regulated market to facilitate settlement may increase the potential for losses.
- Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This systemic risk may adversely affect the financial intermediaries (such as clearing agencies, clearing houses, banks, securities firms and exchanges) with which the hedge funds and investment vehicles with similar characteristics interact on a daily basis.
- The efficacy of investment and trading strategies depend largely on the ability to establish and maintain an overall market position in a combination of financial instruments. A hedge fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including systems failures or human error. In such event, the funds might only be able to acquire some but not all of the components of the position, or if the overall position were to need adjustment, the funds might not be able to make such adjustment. As a result, the funds would not be able to achieve the market position selected by the management company or general partner of such funds, and might incur a loss in liquidating their position.
- Hedge funds are subject to risks due to potential illiquidity of assets. Hedge funds may make investments or hold trading positions in markets that are volatile and which may become illiquid. Timely divestiture or sale of trading positions can be impaired by decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer positions in highly specialized or structured transactions to which they may be a party, and changes in industry and government regulations. It may be impossible or costly for hedge funds to liquidate positions rapidly in order to meet margin calls, redemption requests or otherwise, particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. In addition in a declining market or in the event fund investors otherwise demand greater liquidity, the pace of redemptions could accelerate requiring us to sell assets on unfavorable terms.

We are vulnerable to disruptions and volatility in the global financial markets as well as to government action intended to alleviate the effects of the recent financial crisis.

The performance of the Brazilian economy has been historically influenced by the national political scenario. In the past, political crises affected the trust of investors and of the public in general, resulting in the deceleration of the economy, adversely impacting the securities' market price of listed companies along with its costs and the funding availability. During the last years, Brazilian politicians have been accused of anti-ethical or illegal conducts. These accusations, currently being investigated by the Brazilian national congress, include campaign financing and violations of election practices,

influence by the Brazilian federal government authorities in exchange of political support and other alleged corruption accusations. The last presidential elections saw volatility in exchange rates, interest rates, inflation rates and the market price of securities issued by the Brazilian companies. The Brazilian senate voted for the impeachment of former president, Ms. Dilma Rousseff. All these events cause uncertainty and speculation concerning the measures adopted by the Brazilian federal government which may (i) influence the perception of local and foreign investors regarding risks and adversely affects the Company's access to such investors and (ii) have a significantly negative effect over the business and operations results of the Company and its payment capacities.

As a result of several investigations related to corruption and money laundering in Brazil, most of them known as *Lava-Jato*, several politicians, members of the Brazilian executive branch and executives of some of the most renowned companies in Brazil, including state-owned companies, resigned or were arrested while others were investigated of alleged anti-ethical and illegal conducts. Recently, new accusations of improper conduct against the current president, Mr. Michel Temer, have resulted in requests for impeachment or resignation. The matters that will and may arise as a result of or in connection with the *Lava-Jato* investigations and other related investigations have been adversely affecting the economy, the markets and Brazilian trading prices of bonds issued by Brazilian issuers.

The Company understands that negative impacts may continue in the near future while those investigations are occurring. The Company may not anticipate which reforms, if any, will be adopted by the new Brazilian government and the manner in which those reforms will affect the economy or the Company. Additionally, the Company may not anticipate if, or on which measure, the acting president or its government may be involved on ongoing corruption investigations and, if positive, the manner in which those eventual allegations will affect the popular support of the government, its reform agenda, the political and social stability. Any increase of the social, political or economic instability or negative impact of the reform agenda of the current government may adversely affect the Brazilian economy and, consequently, the Company. Additionally, any investigation of misconduct concerning the Company and/or the non-compliance with Brazilian anti-corruption regulation or those of countries in which the Company has business may damage the Company's reputation and impose fines as well as other applicable penalties. Similarly, the Company is also subject to the risk of members of the board of directors of the Company (each a "**Director**" and the "**Board of Directors**" respectively), employees or representatives of adopting measures that violate laws and anti-corruptions regulation applicable in Brazil or in other countries in which the Company holds business. In any of the above mentioned scenarios, the Company may be subject to an adverse impact concerning its image, business, operational results and financial situation.

Additionally, the European financial market faced volatility and was adversely affected by concerns with the increase of the external debt, decrease of credit ratings, and potential non-payment or restructuring of external debt. These events have caused an increase in the cost of funding (the cost to take loans in the stock market) and the default of loans increases the cost of acquiring of credit protection, mainly in respect to the countries of the euro zone. The governments of some member countries of the EU had suffered great public budget deficits, that have adversely affected the sovereign debt issued by these countries and may lead to the decrease of the value of the euro. Austerity programs implemented to address these concerns may lead to potential instability for these countries, affecting the European and global markets. Countries that have already adopted the euro may abandon the euro and return to their national currency, or the euro will cease to exist as a single currency in its current form, or both. The exit of the United Kingdom and of any other country of the European Union or the dismissal of the euro by any country would probably have an extremely destabilizing effect in all the countries of the euro zone and its economies and adversely affect the global economy. Such events can adversely affect our business opportunities in Europe and increase portfolio losses and other risks. Volatility and disturbances in the global financial markets could have increased negative effects on the economic and financial environment. Any disturbance or continuous reduction of the commercial activity may adversely affect us.

Changes in base interest rates by the Central Bank could adversely affect us.

The substantial majority of our principal investments are conducted in Brazil, where the Monetary Policy Committee (*Comitê de Política Monetária*, the "**COPOM**") of the central bank of Brazil (*Banco Central do Brasil*, the "**Central Bank**") establishes the target base interest rate for the Brazilian banking system, and uses changes in this rate as an instrument of monetary policy. The base interest rate is the benchmark interest rate payable to holders of certain securities issued by the Brazilian government and traded in the Special System for Settlement and Custody (*Sistema Especial de Liquidação e Custódia*, "**SELIC**"). In recent years, the base interest rate, or the SELIC rate, has fluctuated. During 2014, as a result of increased prospects of inflation and macroeconomic instability, the SELIC rate was increased by the Central Bank, reaching 11.75% as of December 31, 2014. The continuous political instability has been reflected on the SELIC rate, corresponding to 14.25% to 13.75% on December 31, 2015 and December 31, 2016, respectively. As of the date of this Prospectus, the SELIC rate was 8.25%, reflecting an adjustment on the monetary policy due to the decrease on the inflation rate.

Increases in the base interest rate could also adversely affect us by, among other effects, increasing our cost of funds and increasing the risk of counterparty default. Decreases in the base interest rate could also adversely affect us by, among other effects, decreasing the interest income we earn on our interest-earning assets and lowering margins.

We face enhanced risks as new business initiatives lead us to transact with a broader array of clients and counterparties, thus exposing us to new asset classes and new markets.

Strategic acquisitions and new business initiatives may bring us into contact, directly or indirectly, with individuals and entities that are not within our traditional counterparty base and expose us to new asset classes and new markets through our investments. Such activities may expose us to new and enhanced risks, including risks associated with dealing with governmental entities, reputational concerns arising from dealing with less sophisticated counterparties and investors or in connection with the manner in which these assets are being operated or held, greater regulatory scrutiny of these activities, and increased credit-related, sovereign and operational risks.

The market, credit and operational risk management policies, procedures and methods provided to assess our investments may not be fully effective in mitigating our exposure to unidentified or unanticipated risks.

The market and credit risk management techniques and strategies, including the use of Value at Risk ("**Var**"), and other statistical modeling tools, may not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate. Some of the qualitative tools and metrics used by the asset management team of Banco BTG Pactual for managing risk are based upon its use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. These qualitative tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors we did not anticipate or correctly evaluate in our statistical models. This would limit our ability to manage such risks. Our losses thus could be significantly greater than the historical measures indicate. In addition, our quantified modeling does not take all risks into account. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses. Other risk management methods depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible by us. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk management."

Although our credit exposure is regularly reviewed to specific counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud. We may also fail to receive full

information with respect to the trading risks of counterparties. Any of these factors would adversely affect our investments managed by us. In addition, in cases where we have extended credit against collateral, we may find that it is under secured, for example, as a result of sudden declines in market values that reduce the value of collateral.

Ongoing high profile anti-corruption investigations in Brazil may adversely affect us.

There are ongoing investigations being conducted by the Securities and Exchange Commission of Brazil (*Comissão de Valores Mobiliários*, the "**CVM**"), the Securities and Exchange Commission (the "**SEC**"), the U.S. Department of Justice (the "**DoJ**"), the Brazilian Federal Police and other Brazilian public authorities responsible for corruption and cartel investigations in connection with corruption allegations (the so called Lava Jato investigations) consisting, among other things, of illegal payments made by Brazilian companies to officers, directors and other employees of *Petróleo Brasileiro S.A.* a Brazilian state-controlled energy company, in order to influence commercial decisions.

A substantial portion of our business activity, including our investment activity, is conducted in Brazil and we believe that these investigations have had, and may continue to have, an adverse effect on the Brazilian economy, the general business environment in which we operate and investor sentiment toward Brazil. In addition, our portfolio of merchant banking investments includes companies which are directly connected to *Petróleo Brasileiro S.A.* See "Business—Main business segments of the Company." and "Business—Subsidiaries." Poor returns on these or other investments that are negatively affected by the Lava Jato investigations may adversely affect our business, results of operations and financial condition.

In 2015, André Esteves, then the CEO and chairman of the BTG Pactual Group, was temporarily taken into custody in Brazil in connection with allegations of obstruction of justice. Following such arrest, Banco BTG Pactual and the Group conducted an internal investigation coordinated by an independent committee in conjunction with external legal counsel and forensic and financial consultants, and "found no basis to conclude that the allegations of misconduct and corruption against Mr. Esteves, Banco BTG Pactual or its personnel that were the subject of the investigation are credible, accurate or otherwise supported by reliable evidence." On September 1, 2017, the Brazilian Federal Prosecutor's Office filed its closing arguments requesting the dismissal of all charges against Mr. Esteves, which request is awaiting court approval. While a conviction of Mr. Esteves in the pending judicial proceedings seems unlikely given recent developments, we cannot predict the ultimate outcome of the proceedings, or whether the Group, Banco BTG Pactual or any of its affiliates will in the future face any allegations of or be found liable for any misconduct. Should Mr. Esteves be found liable for any misconduct or should we or any of our affiliates be accused of or found responsible for any wrongdoing, there may be negative impact on our reputation, financial condition business, results of operations and financial condition.

We are not able to safely foresee the gravity or the subject of the adverse effects that such events will have in the Company. The Company may have to dedicate a significant time to deal with the resulting challenges of these allegations and with any future investigation or decision in connection with the current anticorruption investigations.

Further investigations, whether made in connection with the current anti-corruption investigations or otherwise, may arise in the future and such potential investigations could have an adverse effect on our business, results of operations and financial conditions.

Legal and regulatory risks are inherent and substantial in our business.

Substantial legal liability or a significant regulatory action against us could cause significant harm to our reputation or otherwise adversely affect us, which in turn could seriously harm our investment prospects, regardless of whether we are individually named in any particular proceeding. For example, we also face the possibility that counterparties in complex or risky trading and merchant banking transactions, including those taken through us or on our behalf, will claim that we failed to

disclose the risks or that they were not authorized or permitted to enter into these transactions with us and that their obligations to us are not enforceable.

Like other institutions that make proprietary investments and operate in the financial segments in which we operate, we face some litigation risks in our business, including potential litigation involving securities fraud and conflicts of interest, among others. Substantial legal liability or a significant regulatory action against any entity in the Group could cause significant harm to our reputation or otherwise adversely affect us, regardless of whether we are individually named in any particular proceeding. The Group is subject to extensive and evolving regulation in jurisdictions around the world. Firms in the financial services industry have been operating in a difficult regulatory environment. Recent market disruptions have led to numerous proposals for significant additional regulation of the worldwide financial services industry. These regulations could limit our investments or Banco BTG Pactual's asset management activities on our behalf, increase compliance costs and, to the extent the regulations strictly control the activities of financial services firms, make it more difficult for us to distinguish ourselves from our competitors. Substantial legal liability or a significant regulatory action against us or Banco BTG Pactual could have material adverse financial effects or cause us significant reputational harm, which in turn could seriously harm our business. We are generally subject to Bermudan laws (see "Regulatory Overview"). In addition, Banco BTG Pactual's asset management business, through which our principal investments are managed, is additionally subject to extensive regulation in multiple jurisdictions, including the United States, the United Kingdom, Hong Kong, Chile and Colombia. We are increasingly exposed to claims for engaging in unauthorized or excessive trading. During a prolonged market downturn, we would expect these types of claims to increase. See "Management Discussion and Analysis of Financial Condition and Results of Operations—Risk management—Legal and regulatory risk." For a discussion of other legal proceedings in which we are involved, see "Business—Legal matters."

Misconduct by our personnel is difficult to detect and deter and could harm us.

There have been a number of highly publicized cases involving fraud or other misconduct by individuals involved in the financial services industry in recent years. While we do not have any employees, other than our Directors and Officers, we nevertheless run the risk that misconduct of the employees of Banco BTG Pactual, particularly its asset management team, could occur and harm us, including as a result of the improper or poor management of our investments. Misconduct by individuals working for us, could occur in the future. For example, these risks could include binding us to transactions that exceed authorized limits or present unacceptable risks, or hiding from us unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. These risks could also include unauthorized breaches of the existing regulatory, tax and administrative procedures and processes or of the additional procedures and processes which we will implement for the purpose of addressing the standards and requirements applicable to public companies. Such misconduct could also involve the improper use or disclosure of confidential information, which could result in sanctions and serious reputational or financial harm. It is not always possible to deter such misconduct and the precautions we take to detect and prevent this activity may not be effective in all cases.

Defaults by other financial institutions could adversely affect financial markets generally and us specifically.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default by, one institution could lead to significant liquidity problems or losses in, or defaults by, other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis.

We may not be able to achieve the expected benefits from our acquisitions and divestments of assets.

As a result of the events occurring in 2015, we have been carrying out a divestment strategy. We have no strategy or opportunity for acquisitions, since our plan refers to the execution of measures to improve our liquidity and preserve our capital, with a prudent and conservative approach.

The remaining acquisitions previously implemented by the Company prior to the divestment strategy may expose us to obligations and contingency risks unknown to the company or assets acquired, incurred prior to the acquisition of such entities. The due diligence made by us to assess the legal and financial conditions of the acquired companies as well as any contractual guarantee or indemnification that we receive from the transferors of these companies or business can be insufficient to protect or to indemnify us from any contingency that may arise. Any important contingency that arises of the acquisitions may harm our activities and results.

The successful integration of our acquisitions executed prior to the divestment strategy is relevant to the execution of our business and the obtainment of profit. Our incapacity to obtain the benefits of any acquisition may arise a series of factors, including our inability (i) to implement our culture to the acquired company, (ii) to integrate our back-office operations, policies and operational and accounting procedures, as well as information systems, (iii) to improve the efficiency of the overlapping operations and the consolidation of subsidiaries, (iv) to retain the senior and intermediate management insofar as we deem necessary or to execute anticipated employees' dismissal, or (v) to generate sufficient income able to compensate the costs and expenses of the acquisitions. Additionally, the positive performance of any acquisition shall be, at least in part, subject to a series of economic factors and others that are not subject to our control. As result, the business, operational results and our financial conditions may be materially and adversely affected.

We are subject to potential contingencies that may have an adverse effect in our business.

We are subject to potential contingencies arising from the regular exercise of our activities. In case such potential contingencies are materialized, whether in an administrative or judicial court, and with a negative outcome to us, such matter may incur in a liability to which we did not have any provision and adversely impacting our business.

We are subject to risks as a result of the use of prime brokers, custodians, administrators and other agents.

Certain of our investments depend on the services of prime brokers, custodians, administrators and other agents to carry out certain securities transactions. In the event of the insolvency of a prime broker and/or custodian, such funds may not be able to recover equivalent assets in full as they will rank among the prime broker's and custodian's unsecured creditors in relation to assets which the prime broker or custodian borrows, lends or otherwise uses. In addition, such funds' cash held with a prime broker or custodian may not be segregated from the prime broker's or custodian's own cash, and our funds therefore may rank as unsecured creditors in relation thereto. The inability to recover assets from the prime broker or custodian could have a material adverse effect on the performance of our investments in such funds.

We are exposed to certain risks that are particular to investing in emerging and other markets.

In maintaining significant investment exposure, in Brazil, as well as other emerging markets, we are subject to political, economic, legal, operational and other risks that are inherent to operating and investing in these countries. These risks range from difficulties in settling transactions in emerging markets due to possible nationalization, expropriation, price controls and other restrictive governmental actions. We also face the risk that exchange controls or similar restrictions imposed by foreign governmental authorities may restrict our ability to convert local currency received or held by us in their countries into U.S. dollars or other currencies, or to take those dollars or other currencies out of those countries.

Risks relating to Brazil

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. This influence, as well as Brazilian political and economic conditions, could adversely affect us.

The Brazilian government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. The Brazilian government's actions designed to control inflation, stimulate growth and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imported goods and services. The Company cannot control or predict changes in policy or regulations that the Brazilian government might adopt in the future.

Given that most of our investments are in Brazil, and that the asset management unit of Banco BTG Pactual, through which we make our investments, operates in Brazil (among other locations) we may be adversely affected by changes in Brazilian government policies, as well as general economic factors, including, without limitation:

- economic, social and political instability, including allegations of corruption against political parties, elected officials or other public officials, such as those allegations made in relation to the Lava Jato investigation;
- expansion or contraction of the Brazilian economy, as measured by GDP growth rates;
- interest rate fluctuations;
- currency exchange rate fluctuations;
- inflation;
- volatility and liquidity of domestic capital and lending markets;
- tax policies;
- environmental policy;
- labor regulations;
- energy and water shortages and rationing;
- exchange controls and restrictions on remittances abroad, such as those restrictions that were briefly imposed in 1989 and early 1990; and
- other economic, political, and social developments in or affecting Brazil.

We cannot predict what future policies will be adopted by current or future Brazilian governments, or whether these policies will result in adverse consequences to the Brazilian economy or cause an adverse effect on us.

Brazil continues to experience political instability, which may adversely affect us. Brazil is currently recovering from a recession, and continued weaknesses in the Brazilian macroeconomic environment, including a low savings rate, a high interest rate spread and high public indebtedness, could adversely affect us.

Brazil is currently recovering from a recession, and material weaknesses and imbalances continue to threaten macroeconomic stability and the future prospects of the Brazilian economy. The persistence or intensification of the economic crisis in Brazil and the uncertainty over whether the Brazilian government will implement changes in policy or regulation in order to address the current economic challenges could adversely affect us.

Brazil's political environment has historically influenced, and continues to influence, the performance of the country's economy. Political crises have affected and continue to affect the

confidence of investors and the general public, which have historically resulted in economic deceleration and heightened volatility in the securities issued by Brazilian companies.

Brazil has experienced heightened economic and political instability derived from various currently ongoing investigations into allegations of money laundering and corruption being conducted by the Office of the Brazilian Federal Prosecutor, including the largest such investigation, known as Lava Jato, which have negatively impacted the Brazilian economy and political environment and contributed to a decline in market confidence in Brazil.

As a result of these investigations, a number of senior politicians, including members of Congress, and high-ranking executive officers of major corporations and state-owned companies in Brazil, have been arrested, convicted of various charges relating to corruption, entered into plea agreements with federal prosecutors and/or have resigned or been removed from their positions as a result of these Lava Jato investigations. These individuals are alleged to have accepted bribes by means of kickbacks on contracts granted by the government to several infrastructure, oil and gas and construction companies. The profits of these kickbacks allegedly financed the political campaigns of political parties forming the previous government's coalition that was led by former president Dilma Rousseff, which funds were unaccounted for or not publicly disclosed. These funds were also allegedly destined toward the personal enrichment of certain individuals.

Amidst this background of political and economic uncertainty, president Dilma Rousseff was suspended from office on May 12, 2016, when the Brazilian Senate voted to hold a trial on impeachment charges against her. President Rousseff was replaced by vice-president Michel Temer, who served as acting president until Ms. Rousseff was permanently removed from office by the Senate on August 31, 2016. President Temer's term of office is set to end in December 2018.

In May 2017, several motions for impeachment proceedings against president Temer were filed in Congress by opposition parties following the surfacing of allegations that Mr. Temer had appeared to endorse the bribing of a jailed politician. On June 29, 2017, the Brazilian Supreme Court referred to Congress the decision whether to open a criminal proceeding against president Temer. On August 2, 2017, Congress decided by a majority vote against criminally indicting president Temer on these charges. In an unrelated proceeding, in June 2017, the Brazilian Supreme Court decided that there was insufficient evidence to rule against president Temer and former president Rousseff on charges relating to illegal campaign financing during president Temer and former president Rousseff's 2014 election campaign. In September 2017, Brazil's chief prosecutor brought additional charges against president Temer which, if decided against president Temer, could result in his removal from office.

The potential outcome of Lava Jato as well as other ongoing corruption-related investigations is uncertain, but they have already had an adverse impact on the image and reputation of those companies that have been implicated as well as on the general market perception of the Brazilian economy, political environment and the Brazilian capital markets. The Company has no control over and cannot predict whether such investigations or allegations will lead to further political and economic instability or whether new allegations against government officials will arise in the future or will adversely affect us.

Any of the above factors may create additional political uncertainty, which could have a material adverse effect on the Brazilian economy and, consequently, on the Company.

The Brazilian economy and the Company may be negatively impacted by exchange rate instability.

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

The Brazilian currency has been historically volatile and has been devalued frequently over the past three decades. Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate

to float freely and during this period, the *real*/U.S. dollar exchange rate has experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. Throughout this period, the Brazilian government has implemented various economic plans and used various exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), exchange controls, dual exchange rate markets and a floating exchange rate system. Although long-term depreciation of the *real* is generally linked to the rate of inflation in Brazil, depreciation of the *real* occurring over shorter periods of time has resulted in significant variations in the exchange rate between the *real*, the U.S. dollar and other currencies. The Company cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market by returning to a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are substantial reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. The Company cannot assure you that such measures will not be taken by the Brazilian government in the future.

The *real*/U.S. dollar exchange rate reported by the Central Bank was R\$3.26 per U.S. dollar on December 31, 2016, a 98.2% appreciation in relation to the June 30, 2017 rate. In this period, the *real*/U.S. dollar exchange rate presented significant volatility, in average 15.4% per year, having significant depreciation (in 2013, 47.2%) and appreciation (in 2016, 16.4%). This volatility was mainly due to different outlooks for the Brazilian economy, increasing intervention of the Brazilian government, political and economic uncertainty, diminished investor confidence and the strengthening of the U.S. dollar worldwide.

Depreciation of the *real* could create inflationary pressures in Brazil and cause increases in interest rates, which could negatively affect the growth of the Brazilian economy as a whole, harm the Company, curtail access to financial markets and prompt government intervention, including recessionary governmental policies. Depreciation of the *real* can also, as in the context of the current global economic recovery, lead to decreased consumer spending, and reduced growth of the economy as a whole.

Because of the degree of volatility and the uncertainty of the factors that impact the Brazilian *real*'s exchange rate, it is difficult to predict future exchange rate movements. In addition, the Brazilian government may change its foreign currency policy, and any governmental interference in the exchange rate, or the implementation of exchange control mechanisms, could influence the *real*'s exchange rate.

An increase in inflation, as well as government efforts to combat inflation, may hinder the growth of the Brazilian economy and could adversely affect us.

In the past, Brazil has at times experienced extremely high rates of inflation. Inflation and some of the measures taken by the Brazilian government in an attempt to curb inflation have historically had significant negative effects on the Brazilian economy generally and on Brazil's capital markets. Inflation and certain actions taken by the Brazilian government to curb it have had negative effects on the Brazilian economy. In 2014, the inflation rate (the general market price or Índice Geral de Preços Mercado, "**IGP-M**") reached 3.69%, primarily due to inflationary pressures on consumer prices (6.76%), mainly in education, reading and recreation (9.84%), food (8.06%), health and personal care (7.11%) and construction costs (6.74%), which was pressured by materials, equipment and services (5.44%) and labor (7.93%). In 2015 and 2016, Brazil suffered a high inflationary pressure of 10.54% (IGP-M) and 7.17% (IGP-M), mainly due to the economic stress scenario held in Brazil. However, in June 30, 2017, the impacts of the economic crisis in Brazil were seen through a deflationary rate of -0.78%. Despite the current scenario, Brazil may experience high levels of inflation in the future.

Inflationary pressures may also adversely affect the Group's ability to access foreign capital markets, adversely affecting us. Conversely, more lenient government and Central Bank policies and

interest rate decreases have triggered and may continue to trigger increases in inflation, and, consequently, growth volatility and the need for sudden and significant interest rate increases, which could negatively affect the Group and increase its indebtedness.

Inflationary pressures may also lead the Brazilian government to intervene in the economy and introduce policies that could adversely affect us. In the past, the Brazilian government's interventions included the maintenance of a restrictive monetary policy with high interest rates. The government's high interest rate policies have historically restricted credit availability and reduced economic growth, and may reduce the Company's ability to execute its business and management plans and adversely affect us in the future.

The Brazilian government's inefficiencies or inability to implement critical reforms to improve the Brazilian tax system, labor laws and other areas key to macroeconomic vitality may negatively impact us.

Legislative rigidities, particularly in the goods and labor markets, continue to negatively impact the competitiveness and productivity of the Brazilian economy and hinder the allocation of resources to their most efficient use. Distortionary excise taxes, taxation on investments and a lack of flexibility in the Brazilian labor market are hindrances to continued and robust economic growth in Brazil. In addition, the Brazilian legal and administrative framework within which individuals, firms, and governments interact remains encumbered by bureaucratic constraints. Furthermore, a low confidence level in Brazilian government officials and in the rule of law continues to pose additional challenges. There can be no assurances that the Brazilian government will implement reforms adequately addressing these impediments to greater economic growth and, as a result, the Company may be adversely affected.

The Company could be adversely affected by any further downgrading of Brazil's credit rating.

Credit ratings affect investors' perceptions of risk and, as a result, the yields required on future debt issuances in the capital markets. Rating agencies regularly evaluate Brazil and its sovereign ratings, which are based on a number of factors including macroeconomic trends, fiscal and budgetary conditions, indebtedness metrics and the perspective of changes in any of these factors.

Rating agencies began the classification review of Brazil's sovereign credit rating in September 2015, and Brazil subsequently lost its investment grade condition by the three main rating agencies. S&P initially reduced Brazil's credit rating from BBB-minus to BB-plus and subsequently reduced it again from BB-plus to BB, and maintained its negative outlook on the rating, citing a worsening credit situation since the first downgrade. In December 2015, Moody's placed Brazil's Baa3 issuer and bond ratings on review for a downgrade, and subsequently downgraded Brazil's issuer and bond ratings to below investment grade, to Ba2 with a negative outlook, citing the prospect for further deterioration in Brazil's debt metrics in a low growth environment, in addition to challenging political dynamics. Fitch downgraded Brazil's sovereign credit rating to BB-plus with a negative outlook, citing the country's rapidly expanding budget deficit and worse-than-expected recession. As a result, Brazil lost its investment grade status from all three major rating agencies and consequently the trading prices of securities of the Brazilian debt and equity markets were negatively affected. In May 2017, despite all three credit rating agencies reaffirming their ratings of Brazil's sovereign debt, they stated that the risk of a downgrade has risen due to allegations of possible bribery and other corrupt practices involving president Michel Temer. A continuation of the current Brazilian recession and political crisis could lead to further ratings downgrades.

Any further downgrade of Brazil's sovereign credit ratings could heighten investors' perception of risk and could, adversely affect the Company.

Developments and the perception of risk in other countries, such as the recent developments in the global financial markets, and particularly in emerging market countries, may adversely affect the market price of Brazilian securities.

The market value of securities of Brazilian companies is affected to varying degrees by economic and market conditions in other countries, including other Latin American and emerging market countries. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Brazilian economy and resulted in considerable outflows of funds from Brazil and decreases in the amount of foreign investments in Brazil. Although economic conditions in these countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may have an adverse effect on the market value of securities, including the European Units. Such risks may also adversely impact our access to the financial markets and compromise our capacity of financing our operations through capital market's issues in favorable conditions or not.

Our counterparties' ability to make timely payments may be restricted by liquidity constraints in Brazil.

The Brazilian economy has been subject to a number of developments or conditions that have significantly affected the availability of credit. Starting in 2008, the economic crisis that affected developed markets in the United States and Europe (particularly in Greece, Spain, Italy and Portugal) markedly reduced investor confidence globally, as did the downgrade of the U.S. long-term sovereign credit rating by S&P on August 6, 2011 and the so-called fiscal cliff discussions in the U.S. Congress in 2012. Since then, economic indicators in developed markets have gradually been improving. Such incremental recovery, however, has been offset by various factors, including the tapering of the stimulative quantitative easing policy by the U.S. Federal Reserve (the "Fed") and the resulting decrease in liquidity in U.S. markets, the political crisis in Ukraine and other events in emerging markets which increase global economic uncertainty. In the case of Brazil, an increase in economic imbalances and sluggish economic growth, among other factors, led S&P to downgrade Brazil's sovereign debt on March 24, 2014. Although market participants were already contemplating some deterioration vis-à-vis 2013, the Brazilian inflation rate grew in comparison to that of the previous year. The year 2014 was marked by uncertainties on the electoral cycle and the mounting perception of needed macro adjustments by the following government. The year 2015 presented itself with signals of market deterioration, tougher credit standards from the banking system and fiscal and monetary adjustment. In 2014, the Central Bank continued its interest rate hiking cycle initiated in April of 2013. In the first quarter of 2015, exchange rate variations, a decline in commodities prices and sharp inflation persisted and continued to impact our results of operation. The rating downgrade was avoided in the first quarter of 2015 with S&P reaffirming a stable outlook for the Brazilian sovereign rating, signaling that Brazil would maintain an investment-grade rating for at least the next 12 months. In 2016, the main events were the election of Mr. Donald Trump as president of the U.S. and the "Brexit" victory in the United Kingdom. In the financial markets, the equity and commodities prices posted an increase overall, while the interest rate and the exchange rate markets were mixed. At the end of the year, more specifically, the economic activity in the developed economies accelerated on the back of the easing in financial conditions. In Brazil, the significant valuation of the asset prices in 2016 is explained by the reduction in the risk premium associated with the perspective and approval of structural reforms.

These ongoing events could negatively affect our ability and the ability of Brazilian banks to obtain financing in the global capital markets, as well as weaken the recovery and growth of the Brazilian and/or foreign economies and cause volatility in the Brazilian capital markets. In addition to control inflation in general, the Brazilian government has maintained a tight monetary policy, with associated high interest rates, and has constrained the growth of credit. The combination of these developments has made it difficult at times for certain companies and financial institutions in Brazil to obtain cash and other liquid assets and has resulted in the failure of a number of weaker financial

institutions in Brazil. In addition, concerns as to the stability of some financial institutions have caused significant transfers of deposits from smaller banks to larger banks since the beginning of 1995. No assurance can be given that developments in the Brazilian economy will not adversely affect the ability of certain of our counterparties to make timely payments on their obligations to us or otherwise adversely affect us.

Risks relating to the regulatory environment

If we were deemed an "investment company" required to register as such under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operation of registered investment companies (or companies that should be but are not so registered). Among other things, the Investment Company Act and the rules thereunder applicable to such companies limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. Operation of a complex financial services business within those rules is impracticable. We intend to manage our investments so that we will not be an investment company required to register as such under the Investment Company Act.

If we were deemed to be an "alternative investment fund" (alternatieve beleggingsinstelling) within the meaning of the FSA and AIFM Directive we may be required to obtain a license in the Netherlands or in another member state of the European Economic Area and need to comply with ongoing requirements applicable to licensed alternative investment funds.

We hold ourselves out as a diversified financial services firm and do not propose to engage primarily in the business of collective investing or to allow Unit Holders to indirectly receive proceeds from such investments, a key element to qualify as an alternative investment fund (an "AIF") as defined in the EC Alternative Investment Fund Managers Directive (Directive 2011/61/EC) (the "**AIFM Directive**"), which is reflected in Dutch law as of July 22, 2013. However, there is a risk that the equity investment activities of PPLA Investments, especially if viewed in isolation from other activities of PPLA Investments and its related companies, potentially could be considered those of an alternative investment fund subject to regulation (including a license requirement) under the FSA and the AIFM Directive. If part of our activities would be deemed to constitute an AIF, we may become subject to a license requirement as an alternative investment fund manager under the FSA, unless we are able to benefit from an exemption. If we would qualify as an alternative investment fund manager and we are unable to benefit from an exemption, or cannot or are unwilling to meet the license requirements which follow from the AIFM Directive, the trading and transferability of the European Units may be adversely affected and we may become subject to supervisory measures by the AFM (including possible penalties).

Risks relating to the Listing and European Units

We are controlled by our controlling shareholder, whose interests may differ from those of European Unit holders.

PPLA Partnerco Ltd., a company comprised of Messrs. Marcelo Kalim, Roberto Balls Sallouti, Antonio Carlos Canto Porto Filho, Renato Monteiro dos Santos and Guilherme da Costa Paes ("**Partnerco**"), (i) controls PPLA GP, which is the holder of the Class C Share that grants to PPLA GP the authority to control the most relevant decisions of the Company and, consequently, of PPLA Investments. The Controlling Partners directly and indirectly hold a certain amount of limited partnership interests in PPLA Investments and, subject to certain exemptions (see "Our Partnership—Shareholders' agreements—BTG GP shareholders' agreement"), have the right to determine the vote, at their sole discretion, of the general partner of PPLA Investments. The Controlling Partners, through Partnerco and PPLA GP, act as the controlling shareholders of the Company and the European Unit holders have limited voting rights. The Controlling Partners may have different interests in relation to acquisitions, divestments, the sale of assets, partnerships, funding or similar transactions that may diverge from the interests of the European Unit holders. The Controlling Partners will also be able to prevent, or cause, a change in control of the Group. The interests of our Controlling Partners may not coincide with yours as a holder of European Units. For example, the Controlling Partners may have an interest in undertaking expansions, acquisitions, divestitures, financings and other actions that, in their judgment, could enhance their equity investments, even though those actions might involve risks to you as a holder of the European Units.

European Unit holders may face difficulties in serving process on or enforcing judgments against us and other relevant persons.

The Company is an exempted limited company organized under the laws of Bermuda. Most Directors and executive officers and the employees of the Group and of BTG Pactual Group managing our investments as well as certain of our third-party advisers in connection with this Prospectus reside or are based in Brazil. As a result, it may not be possible for you to effect service of process upon us, or these persons, within the United States, the United Kingdom or other jurisdictions outside Brazil or Bermuda, as the case may be. It may be difficult for investors in the United States, the United Kingdom or other jurisdictions to enforce judgments obtained in United States or other courts against us, including judgments based on the civil liability provisions of securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the United States, against us or our Directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our Directors or officers under the securities laws of other jurisdictions. In addition, awards of punitive damages brought in the United States or elsewhere may be unenforceable in Brazil or in Bermuda.

An active and liquid market for the European Units may not develop and the price of the European Units may be volatile.

Prior to the Listing, there has been no public trading market for the European Units. There can be no assurance that an active trading market for the European Units will develop after the Listing, or if it does develop, that it will be sustained or liquid. If such market fails to develop or be sustained, this could negatively affect the liquidity and price of the European Units, as well as increase their price volatility. Investors may not be in a position to sell their European Units quickly or at the market price if there is no active trading in European Units. In addition, an illiquid market for the European Units may result in lower market prices and increased volatility, which could adversely affect the value of an investment in the European Units.

The market price of the European Units could fluctuate substantially due to various factors, some of which could be specific to the Company and its operations and some of which could be related to the industry in which the Company operates or equity markets generally. The Company cannot assure that the market price of the European Units will not decline, or that the European Units

will not trade at prices significantly below the market price, regardless of the Company's actual performance.

We may not pay dividends to Unit Holders.

As a holding company, we have, and will have, no independent means of generating income and no material assets other than the PPLA Investments limited partnership interests that we indirectly own through PPLA Bermuda LP Holdco Ltd, an exempted company incorporated under the laws of Bermuda ("**PPLA Bermuda Holdco**"). Accordingly, the Company will only distribute dividends to its shareholders if it receives dividends from PPLA Investments indirectly through PPLA Bermuda Holdco. Under the Limited Partnership Act 1883 of Bermuda (the "**Bermuda LP Act**"), PPLA Investments may not pay any share of its profits or other compensation by way of income to a limited partner from its assets or return any part of a limited partner's capital if, on the date the payment is to be effected, the general partner has reasonable grounds believing that PPLA Investments, after the payment, would be unable to pay its liabilities as they become due. In addition, as Bermuda companies, neither the Company nor PPLA Bermuda Holdco may pay out or declare a dividend or make a distribution unless it meets the statutory solvency test set forth in Section 54 of the Bermuda Companies Act. According to such test, PPLA Bermuda Holdco will only make dividend distributions to the Company, and as a result, Unit Holders will only receive dividends from the Company, if in each case, the respective board of directors has reasonable grounds for believing that the relevant company is, and after the payment of such dividends would be, able to pay its liabilities as they become due and the realizable value of its assets would thereby not be less its liabilities.

We may change or terminate the agreements governing the European Units by negotiating with the European Unit depositary without the consent of the European Unit Holders.

We may agree with the European Unit depositary to change or terminate the European Unit deposit agreement governing the European Units without the consent of the European Unit holders. In these cases, even if such amendment or termination is materially adverse to the rights of the European Unit holders, it will become effective within 30 days after delivery of a written notice given by the European Unit depositary to the European Unit holders, who will not be able to challenge such amendment or termination. The only option available to the European Unit holders in this case would be to cancel the European Units in order to hold directly the respective underlying shares. However, such cancellation is subject to a significant cancellation fee and no trading is expected to the develop with respect to the Class A Shares or Class B Shares.

In addition, at any time, we may replace the European Unit depositary with another depositary, or such depositary may resign from serving as the European Unit depositary, in each case without the consent of the European Unit holders. See "Description of Units and BDRs."

We may change or terminate the agreements governing the European Units and the BDRs by negotiating with the respective depositaries without the consent of the holders of European Units or BDRs, as applicable.

We may agree with the Unit depositaries or BDR depositary to change or terminate the agreements governing the Units and BDRs without the consent of the holders of Units or BDRs, as applicable. In these cases, even if such amendment is materially adverse to the rights of such holders, it will become effective within 30 days after delivery of a written notice given by the Unit depositaries or BDR depositaries, as applicable, to such holders, who will not be able to challenge such amendment. The only option available to such holders in this case would be to cancel the Units or BDRs, as the case may be, in order to hold directly the respective underlying securities. However, such cancellation is subject to a significant cancellation fee and no trading is expected to the develop with respect to the Class A Shares or Class B Shares.

In addition, at any time, we may replace the Unit depositaries or BDR depositaries with another depositary, or such depositaries may resign from serving as either s Unit depositary or BDR depositary, as applicable, in each case without the consent of holders of Units or BDRs, as applicable.

See "Description of Units and BDRs—The Brazilian Units—Amendment or termination of the Brazilian Unit Program," "Description of Units and BDRs—Brazilian depositary receipts (BDRs)—Amendment and termination of the BDR Deposit Agreement," "Description of Units and BDRs—The European Units—Amendment or termination of the European Unit Program."

European Unit holders will not be entitled to special tender offer rights provided in the Bye-laws at a price per share, which they would otherwise be entitled to receive if they held Brazilian Units.

The bye-laws of the Company ("**Bye-laws**") provide that holders of Class A Shares and Class B Shares shall have the right to participate in certain transactions involving a true change of control of the Company or PPLA Investments, but only if such shares are held as part of Brazilian Units that are deposited with the Brazilian Unit depositary at the moment the change of control transaction is publicly announced as described further in the Bye-laws. Pursuant to such provisions of Bye-laws, a third party acquiring control of the Company or PPLA Investments is required to make an offer to acquire 100% of the outstanding Class A Shares and Class B Shares that are held by the Brazilian Unit Depositary as part of a Brazilian Unit at the time of the public announcement of such change of control at a price per share that is at least 100% of the price per share (or limited partnership interest) and otherwise upon the same terms and conditions as are received by the Partners (directly or indirectly) in such transaction on account of their sale of Class A Shares, Class B Shares or PPLA Investments limited partnership interests, as applicable. See "Description of Capital Stock—Mandatory tender offer—Tender offer required in connection with transfer of control to third party control buyer."

European Unit holders will not be entitled to benefit from the special tender offer rights specified in the Bye-laws, as would be the case if such Unit holders held Brazilian Units. As a result, in the event of a change of control of the Company or PPLA Investments contemplated in the Bye-laws, a Brazilian Unit holder may receive 100% (or more) of the price per Class A Share, Class B Share or PPLA Investments limited partnership interest, as applicable, received by Partners, while a European Unit holder, as a consequence of the same transaction, would only be entitled to receive 80% of the price per share or limited partnership interest received by Partners.

You may face difficulties in exercising your voting rights or other rights relating to the European Units.

Brazilian Unit holders will only be able to exercise certain of their rights relating to the Class A Shares and Class B Shares by providing voting instructions to the BDR depositary in accordance with the BDR deposit agreement and custody agreement. Likewise, European Unit holders will only be able to exercise certain of their rights relating to (i) the Class A Shares and (ii) Class B Shares underlying the European Units by providing voting instructions to the Depositary in accordance with the Deposit Agreement.

As a result, Unit Holders may face difficulties in exercising their rights with respect to the underlying shares that would otherwise not exist if they held such shares directly. For example, a Unit Holder may not have sufficient or reasonable time to provide such voting instructions to the Depositary in accordance with the mechanisms set forth in the Deposit Agreement and the agreement concerning the European Units with the Unit custodian, and they will not be held responsible for failure to deliver such instruction. The ability of Unit Holders to hold us responsible for such failure is also limited.

In addition, investors may need to be an owner of record to have standing to pursue certain actions against us. Also, Unit depositaries may not allow Unit Holders to exercise preemptive or subscription rights, as well as to receive securities distributed by us or vote on transactions that would result in such delivery of securities, if the depositaries determine, at their exclusive discretion, that such exercise or distribution would require registration of the transaction with the SEC or the issuance of a European prospectus. Any of these factors could substantially limit the ability of the ability of Unit holders to fully exercise their rights as shareholders of the Company. Unit Holders may also have

difficulties to cancel the European Units in order to exercise those rights due to the amount of fees applicable to the cancellation of European Units. See "Description of Units and BDRs."

In addition, the Deposit Agreements expressly limit our obligations and those of the depositaries, thereby limiting your recourse in the event you are unable to, or experience delays in, exercising your rights. See "Description of Units and BDRs."

Your ability to invest in our European Units or to transfer any European Units that you hold may be limited by certain ERISA, Code and other considerations.

We intend to restrict the ownership and holding of our European Units, so that none of our assets will constitute "plan assets" of any Benefit Plan Investor (as defined in "Certain ERISA Considerations"). We intend to impose such restrictions based on deemed representations and written representations in certain circumstances. If the assets of us were deemed to be "plan assets" of any Benefit Plan Investor, pursuant to the Plan Asset Regulations (as defined in "Certain ERISA Considerations"), certain transactions that we or our subsidiaries may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**") and might have to be rescinded. Governmental plans, certain church plans and non-U.S. plans, while not subject to Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws.

Each purchaser and subsequent transferee of the European Units will be deemed to represent and warrant that either (i) it is not, and is not acting on behalf of or investing the assets of, a Benefit Plan Investor or (ii) it is an insurance company general account that is deemed to include the assets of an ERISA Plan and, at the time of acquisition and throughout the period it holds the European Units and underlying securities, (A) its purchase, holding and disposition of the European Units and underlying securities is not and will not be prohibited under Section 406 of ERISA or Section 4975 of the Code by reason of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60, (B) less than 25% of the assets of such general account are and will be (or represent) assets of Benefit Plan Investors and (C) it is not and will not be a person who has discretionary authority or control with respect to any assets of us, a person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of such a person, and any European Units and underlying securities held by such purchaser will not otherwise be disregarded for purposes of calculations under the Plan Asset Regulations, or (iii) it is a Governmental plan, church plan or non-U.S. plan, and the purchaser's purchase and holding of European Shares will not result in a violation of any Similar Laws. See "Transfer Restrictions" and "Certain ERISA Considerations" for a more detailed description of certain ERISA, Code and other considerations relating to an investment in the European Units.

IMPORTANT INFORMATION

Prospective investors are expressly advised that an investment in the European Units entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Prospective investors should also ensure that they read the whole of this Prospectus and not just rely on key information or information summarized within it. A prospective investor should not invest in the European Units unless it has the expertise (either alone or with a financial adviser) to evaluate how the European Units will perform under changing conditions, the resulting effects on the value of the European Units and the impact this investment will have on the prospective investor's overall investment portfolio. Furthermore, before making an investment decision with respect to investing in any European Units, prospective investors should consult their own financial, legal and tax advisers and carefully review the risks associated with an investment in the European Units and consider such an investment decision in light of the prospective investor's personal circumstances.

Responsibility statement

The Company accepts responsibility for the information contained in this Prospectus. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus.

Information not contained in this Prospectus

No person is or has been authorized to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus, and, if given or made, any other information or representations must not be relied upon as having been authorized by us. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implications that there has been no change in our affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since that date.

Listing Agent

No representation or warranty, express or implied, is made or given by or on behalf of the Listing Agent or any of its affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing contained in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Listing Agent or any of its affiliates as to the past or future.

ING Bank N.V., in its capacity as Listing Agent, does not accept any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Listing, the European Units, the Class A Shares or the Class B Shares. Accordingly, ING Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

Definitions

This Prospectus will be published in English only. The terms used in this Prospectus are defined in the section "Definitions" or within the text of this Prospectus.

Currency presentation

All references in this Prospectus to:

- "EUR", "euro" or "€" are to the lawful currency of the European Economic and Monetary Union;
- "USD", "U.S. dollar" or "US\$" are to the lawful currency of the United States of America; and

- "BRL", "real", "reais" or "R\$" are to the lawful currency of the Federal Republic of Brazil (*República Federativa do Brasil*).

Negative amounts

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

Exchange rates

Exchange rates for the *real* can be highly volatile. The *real*/U.S. exchange rate on December 31, 2016 was R\$3.26 per US\$1.00, a 98.2% appreciation in relation to the June 30, 2017 rate. In this period, the *real*/U.S. dollar exchange rate presented significant volatility, in average 15.4% per year, having significant depreciation (in 2013, 47.2%) and appreciation (in 2016, 16.4%). This volatility was mainly due to different outlooks for the Brazilian economy, increasing intervention of the Brazilian government, political and economic uncertainty, diminished investor confidence and the strengthening of the U.S. dollar worldwide.

The following table shows the *real*/U.S. Ptax 800 selling rate for U.S. dollars as published by the Central Bank for the periods and dates indicated:

Year ended	Closing selling rates of R\$ per US\$1.00			
	Low	High	Average ⁽¹⁾	Period end
December 31, 2010	1.66	1.88	1.76	1.67
December 31, 2011	1.78	1.88	1.84	1.88
December 31, 2012	1.70	2.11	1.95	2.04
December 31, 2013	1.95	2.45	2.16	2.34
December 31, 2014	2.20	2.74	2.35	2.65
December 31, 2015	2.58	4.19	3.34	3.90
December 31, 2016	3.12	4.16	3.48	3.26
June 2017	3.23	3.34	3.30	3.31
Month ended	Low	High	Average ⁽²⁾	Period end
October 2016	3.12	3.24	3.19	3.18
November 2016	3.20	3.44	3.34	3.40
December 2016	3.26	3.47	3.35	3.26
January 2017	3.13	3.27	3.20	3.13
February 2017	3.05	3.15	3.10	3.10
March 2017	3.08	3.17	3.13	3.17
April 2017	3.09	3.20	3.14	3.20
May 2017	3.09	3.38	3.21	3.24
June 2017	3.23	3.34	3.30	3.31
July 2017	3.13	3.32	3.21	3.13
Aug 2017	3.12	3.20	3.15	3.15
September 2017 (through September 30, 2017)	3.09	3.19	3.13	3.17

⁽¹⁾ Represents the average of exchange rates on each day of each respective month during the periods indicated.

⁽²⁾ Represents the average of the daily exchange rates during each day of each month.

Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. There can be no assurance that such measures will not be taken by the Brazilian government in the future. See "Risk Factors—Risks relating to Brazil—Exchange rate instability may adversely affect us."

Market, economic and industry information

All references to market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, organizations, analysts, publicly available information or our own knowledge of its sales and markets.

Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although we believe these sources are reliable, we cannot guarantee their accuracy and completeness as we do not have access to the information, methodology and other bases for such information and have not independently verified the information.

In this Prospectus, we make certain statements regarding our competitive and market position. We believe these statements to be true, based on market data, industry statistics and publicly available information. The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. We have not independently verified these data or determined the reasonableness of the assumptions used by their compilers, nor have data from independent sources been audited in any manner.

No incorporation of website

The contents of our website (<http://ri.pplaparticipations.com/>), including any websites accessible from hyperlinks on that website, do not form part of, nor are incorporated by reference into, this Prospectus.

Notice to investors

The distribution of this Prospectus and the acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the European Units may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the European Units in any jurisdiction in which such offer or invitation is not authorized or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. Each prospective investor should consult his own stockbroker, bank manager, auditor or other financial, legal or tax advisers before making any investment decision with regard to the European Units to consider such investment decision in light of the prospective investor's personal circumstances.

Notice to Investors in the United States

The securities referred to in this Prospectus have not been registered under the Securities Act and were offered and sold in the United States solely pursuant to an exemption for such registration requirements.

In reliance on Section 3(c)(7) under the Investment Company Act, or Section 3(c)(7), the Company has not registered as an investment company pursuant to the Investment Company Act. To rely on Section 3(c)(7), the Company must have a "reasonable belief" that all purchasers of the Units and underlying securities (including the initial purchasers and subsequent transferees) that are located in the United States are "*qualified purchasers*" within the meaning of Section 2(a)(51) of the Investment Company Act at the time of their purchase of such securities. The Company will establish

a reasonable belief for purposes of Section 3(c)(7) based upon (i) the representations deemed made by the purchasers of the securities as set forth in "Transfer Restrictions" below and (ii) the procedures and restrictions referred to in "Transfer Restrictions" below.

Forward-looking statements

This Prospectus contains estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). These statements appear throughout this Prospectus, principally in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business."

These estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends that affect or may affect our business, financial condition, results of operations, cash flow, liquidity, prospects and the trading price of our European Units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us.

Our estimates and forward-looking statements may be affected by the following factors, among others:

- the impact to the business of the Company resulting from the separation Banco BTG Pactual;
- the continuing impact of the worldwide financial and economic crisis in Brazil and the other markets in which we operate;
- general economic, political and business conditions both in Brazil and abroad;
- fluctuations in inflation, interest rates and exchange rates in Brazil and the other markets in which we operate;
- our ability to execute our business strategies;
- potential growth opportunities available to the Company's business to the extent they affect investment policies and opportunities available for us;
- credit and other risks of investing in debt securities and lending;
- our ability to obtain financing on reasonable terms and conditions;
- our ability to remain competitive in our industry;
- our ability to sustain and improve our performance;
- the impact of future legislation and regulation on our business;
- our level of capitalization;
- governmental intervention resulting in changes to the economy, applicable taxes or tariffs or the regulatory environment in Brazil and the other markets in which we operate;
- adverse legal or regulatory disputes, proceedings or investigations against us or the Group, regardless of whether we are individually named, to the extent of reputational harm or impact to the Group;
- the recruitment, compensation and retention of key personnel;
- *force majeure* events that affect Brazil and the other markets in which we operate;
- general economic, political and business conditions both in Brazil and abroad, including, in Brazil, developments and the perception of risks in connection with ongoing corruption investigations at state-owned Petróleo Brasileiro S.A. and other companies coupled with

the impact of a fiscal adjustment process that may negatively affect growth prospects in the Brazilian economy as a whole;

- the impact of future legislation and regulation on our business, including any legislative or regulatory changes that may impact our investments; and
- other risk factors discussed in this Prospectus under the caption "Risk Factors."

The words "believe," "understand," "will," "can," "may," "estimate," "continue," "anticipate," "intend," "expect," "seek," "should" and "could," among other similar words, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this Prospectus as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this Prospectus might not occur and our future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result you should not make any investment decision on the basis of the forward-looking statements contained herein.

Enforcement of judgments in Bermuda

We are a Bermuda exempted limited company. As a result, the rights of holders of our shares will be governed by Bermuda law and our memorandum of association and the Bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. It may be difficult for investors to enforce in the United States or in other jurisdictions judgments obtained in U.S. or other courts against us based on the civil liability provisions of foreign securities laws. Our registered office is located in Bermuda at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

We have been advised by our special Bermuda counsel that there is no treaty in force between the United States and Bermuda or Brazil and Bermuda providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, whether a U.S. judgment would be enforceable in Bermuda against us or our Directors and officers depends on whether the court that entered the judgment is recognized by a Bermuda court as having jurisdiction over us or our Directors and officers, as determined by reference to Bermuda conflict of law rules. The courts of Bermuda would recognize as a valid judgment, a final and conclusive judgment in personam obtained in a U.S. court pursuant to which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty). The courts of Bermuda would give a judgment based on such a U.S. judgment as long as:

- (i) the U.S. court had proper jurisdiction over the parties subject to the judgment;
- (ii) the U.S. court did not contravene the rules of natural justice of Bermuda;
- (iii) the U.S. judgment was not obtained by fraud;
- (iv) the enforcement of the U.S. judgment would not be contrary to the public policy of Bermuda;
- (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda;
- (vi) there is due compliance with the correct procedures under the laws of Bermuda; and
- (vii) the U.S. judgment is not inconsistent with any judgment of the courts of Bermuda in respect of the same matter.

In addition, and irrespective of jurisdictional issues, the Bermuda courts will not enforce a U.S. federal securities law that is either penal or contrary to Bermuda public policy. We have been advised

that an action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, is unlikely to be entertained by a Bermuda court. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies under U.S. federal securities laws, would not be available under Bermuda law or enforceable in a Bermuda court, as they are likely to be contrary to Bermuda public policy. Further, it may not be possible to pursue direct claims in Bermuda against us or our Directors and officers for alleged violations of U.S. federal securities laws because these laws are unlikely to have extraterritorial effect and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on us or our Directors and officers if the facts alleged and proved in the Bermuda proceedings constitute or give rise to a cause of action under the applicable governing law, not being a foreign public, penal or revenue law.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Applicable accounting standards and currency of financial statements

We maintain our books and records in U.S. dollars and prepare our consolidated financial statements in accordance with the International Financial Reporting Standards ("**IFRS**"), as adopted by the International Accounting Standards Board (the "**IASB**"). Pursuant to CVM Instruction No. 480/09, however, we are required to prepare consolidated financial statements in *reais*. Therefore, any reference to our consolidated financial statements (or line items that are included in or are derived from such consolidated financial statements, such as interest on equity or partners' equity) in this Prospectus are to our consolidated financial statements (or line items) prepared in *reais*. We converted our financial statements using (i) the year-end prevailing exchange rate for assets and liabilities; and (ii) monthly average exchange rates for income and expenses, and recorded a corresponding gain or loss from such translation against their respective net equity. See "Important Information—Exchange rates."

Financial statements

Auditors

Our consolidated financial statements as of and for the years ended December 31, 2013, 2014 and 2015 prepared in accordance with IFRS and have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, in accordance with International Standards on Auditing (ISA) as stated in their reports included elsewhere in this Prospectus.

Our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 included elsewhere in this Prospectus have been subject to a limited review, in accordance with Brazilian and international standards on review engagements by Baker Tilly Partners Auditores Independentes S.S., as stated in their report appearing herein. Accordingly, the degree of reliance on its report on such information should be restricted in light of the limited nature of the review procedures applied.

Emphasis paragraphs included in the Auditors' Reports

The auditors' report to our consolidated financial statements (i) as of and for the year ended December 31, 2015 included elsewhere in this Prospectus include an emphasis paragraph as follows: As indicated in Note 1 to the referred financial statements, the Company has been affected by a series of media news regarding its main shareholder and former key member of senior management. The referred Note also includes relevant information which impacts the Company's operations, the investigation process, and measures implemented to maintain liquidity related to dividend distributions, among other information. The audit opinion was not qualified with respect to this matter.

Selected balance sheets and income statements

Our consolidated balance sheet and income statement information as of and for the years ended December 31, 2014, 2015 and 2016 are derived from and should be read in conjunction with our audited consolidated financial statements and related notes prepared in accordance with IFRS included elsewhere in this Prospectus. Our balance sheet as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 are derived from and should be read in conjunction with our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.

Accounting changes

On September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of (i) the restructuring of the vehicles through which certain of its global capital markets investment activities had been carried out and (ii) a change in the way management conducts the business. As a result of the above, in accordance with IFRS

10.30 and IFRS 10.B101, the Company ceased to consolidate its subsidiaries at the date of the change in status, which it determined to be September 30, 2015. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—IFRS 10 Consolidated Financial Statements – Investment Entities."

The Company also decided to adopt early, and with prospective effects, IFRS 9, Financial Instruments, with the date of initial application of January 1, 2016. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment. Subsequent to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at fair value through profit or loss (the "FVTPL"), fair value through other comprehensive income (the "FVOCI") with or without recycling, or at amortized cost. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Early adoption of IFRS 9—Financial instruments."

As a result of the accounting changes discussed above, the financial statements for 2016 and 2015 are not directly comparable to the financial statements for 2014. In addition, in electing to report as an investment entity in accordance with IFRS 10, our financial statements consist now primarily of one line item, "Gain (loss) on investment entity portfolio measured at fair value." This may significantly limit the level of detail presented for all periods subsequent to September 30, 2015 in comparison to periods prior to September 30, 2015, which may impair full comparison of our results of operations.

Average balances

Unless the context requires otherwise, average balances of financial instruments were calculated for any full-year and three-month period by adding the initial balances of the period with the final balances of each quarter in the period in respect of which the average balance is being reported and dividing the sum of such balances by the sum of the relevant quarter plus one. These average balances are equally applicable to all financial information included in this Prospectus.

Merchant banking activities

When we make investments in funds and investment vehicles managed by Banco BTG Pactual, we refer to such activities as merchant banking activities. Merchant banking activities are part of the Group's principal investments business unit.

Assets under management

Assets under management ("AUM"), consists of Banco BTG Pactual's clients' assets (including us and its private wealth clients) that Banco BTG Pactual manages across a variety of asset classes, including fixed income, money market, multi-asset funds and private equity funds. In this Prospectus, we frequently present AUM together with AUA (as defined below) in accordance with the methodologies established by the management of the BTG Pactual Group.

Assets under administration

Assets under administration ("AUA"), represents all the financial properties and assets to which Banco BTG Pactual provides administration services, including our proprietary investments, third parties and wealth management funds and/or collective investment vehicles. These assets are not necessarily managed by Banco BTG Pactual's asset management unit.

Rounding

Certain percentages and other amounts included in this Prospectus, including the financial statements included herein, have been rounded off to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them.

Convenience translation

Solely for the convenience of the reader, we have converted certain amounts contained in "Summary," "Capitalization and Indebtedness," "Selected Financial and Operating Information," and elsewhere in this Prospectus from *reais* into U.S. dollars. Except as otherwise expressly indicated, the rate used to convert such amounts was R\$3.3082 to US\$1.00, which was the exchange rate in effect as of June 30, 2017, as published by the Central Bank on its electronic information system, SISBACEN, using transaction PTAX 800, option 5. The *real*/U.S. dollar exchange rate may fluctuate significantly, and the exchange rate as of June 30, 2017 may not be indicative of the future exchange rate. The *real*/U.S. dollar exchange rate has presented significant volatility since June 30, 2017 and is as of the date of this Prospectus considered materially different from the one used for the translations throughout this Prospectus. We have not updated the exchange rate translations throughout this Prospectus using a rate as of a more recent date as the foreign exchange translation has been performed solely for convenience and, therefore, should not be relied upon in making an investment decision. See "Important Information—Exchange rates" for information regarding the *real*/U.S. dollar exchange rates.

USE OF PROCEEDS

We will not receive any proceeds in connection with the Listing of the European Units on Euronext Amsterdam.

BUSINESS

Overview

The Company is the general partner of PPLA Investments, a vehicle with the single purpose of conducting proprietary investments across multiple asset classes, mostly in Brazil, for the Group.

Formed in 2008, we make proprietary capital investments in a wide range of financial instruments, mostly in Brazil, as well as financial investments in the global markets. Virtually all of these investments are managed by the asset management unit of Banco BTG Pactual, which receives arm's length fees and commissions in exchange for the services it provides to us. See "Business – Banco BTG Pactual's Asset Management".

Banco BTG Pactual is a global investment bank, asset manager, and wealth manager with a dominant franchise in Latin America, which has also established a successful international investment and distribution platform. The investment teams at Banco BTG Pactual responsible for the management of such investments are focused on both developed and emerging markets, allocating capital across various underlying strategies that include a mix of emerging markets and global macro themes, including fixed income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and credit instruments.

Our capital investments take on a variety of risks and devote substantial resources to benefit from this exposure. The investment teams of Banco BTG Pactual leverage their analyses of information in order to take advantage of perceived disparities in the value of assets in trading markets and of macroeconomic, company and industry-specific trends. The investment decisions made by the asset management unit of Banco BTG Pactual on our behalf are the product of rigorous, fundamental, situational and regulatory and legal analysis.

Since November, 2015, in response to challenging business and financial conditions, we shifted our main strategic focus from managing and searching for new investment opportunities (especially in relation to our merchant banking activities) to managing, streamlining and extracting greater value from our existing Investment Entity Portfolio. Concurrently, we ceased the majority of our investments in global markets. Our investment entity portfolio consists of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil as well as financial investments in the global markets. Our investments are generally made through privately negotiated transactions with a view to divestment within four to ten years. As of June 30, 2017, our Investment Entity Portfolio consists of three main areas: (i) the principal investments unit, which involves proprietary investments in diverse financial instruments mainly in Brazil through several assets and a limited number of real estate activities the ("**Principal Investments Unit**"); (ii) merchant banking activities, consisting mainly of our proprietary interests in Timberland & Agriculture and in FIP Principal Investments, including investments in oil and gas, mining and agriculture / ranching; and (iii) bonds, loans and receivables (each of (i), (ii) and (iii) together, the "**Investment Entity Portfolio**"). See "Business—Main business segments of the Company." Under such main business areas, we highlight the following transactions and operations:

- (i) investment of approximately R\$520 million, concentrated as perpetual bonds of Banco BTG Pactual S.A., which were trading at 93.75% of par value and yields 8.75% in US\$ per year,
- (ii) loans and receivables of R\$1.6 billion related loans extended to the Partners and R\$141 million of other loans, as of June 30, 2017, and
- (iii) merchant banking investments of approximately R\$2.2 billion, of which the two main assets are (A) R\$767 million of corporate loans to BR Pharma S.A. ("**BR Pharma**") and (B) R\$592 million of corporate loans to União de Lojas Leader ("**Lojas Leader**"), both companies are currently undergoing an operational restructuring. See "Risk

Factors—Risk relating to our business and industry—The industries in which certain of our companies part of Investment Entity Portfolio companies operate have been disproportionately impacted by prolonged adverse conditions in the Brazilian macroeconomic environment, particularly those investments in the Brazilian retail and real estate industries, which has had a corresponding negative impact on our results of operations and financial condition."

Our history

The Company was incorporated on March 26, 2010 in Bermuda as a limited liability company with an undetermined term with the purpose of being the investment vehicle of PPLA Investments, which was incorporated at the end of 2008.

On March 31, 2010, PPLA Investments then controlled by the Company through its affiliate Partners Alpha Investments LLC ("**BTG Alpha**") had shareholding interests in the following entities: (i) 12.4% in MMC Automotores do Brasil S.A., (ii) 50.0% in Farmais Franchising Ltda., (iii) 12.4% in Suzuki Veículos do Brasil S.A., (iv) 19.7% in Brazil Pharma S.A., 95.0% in All Park Empreendimentos Participações e Serviços S.A., and (vi) 51.0% on Derivados do Brasil S.A. These investments were then transferred to the BTG MB Investments L.P., which is owned by the Partners and directly owns BTG Alpha (the "**Merchant Banking Partnership**"), as described below.

On March 31, 2010, PPLA Investments, then controlled by the Company, transferred to BTG Alpha for the amount of R\$92.4 million to the Merchant Banking Partnership, held by the Partners. This transaction was implemented as a result of PPLA Investments' indirect shareholding of the majority of the assets held by the Merchant Banking Partnership. As a result of such, PPLA Investments should have then consolidated the assets, liabilities and operational results of such companies in its financial statements in case of maintaining such investments. Whereas none of such entities represented the main assets of the Group and such shareholdings should have eventually been subject to divestments, it was considered that such consolidation would be inconsistent with – as well as could limit – a due analysis of the business, financial conditions and operational results of PPLA Investments. The option adopted referred to the removal from the Group the investment in said companies.

On December 31, 2010, under the context of a private placement implemented along with Banco BTG Pactual, a consortium of international investors who invested in Banco BTG Pactual and the Company in December 2010 including: (i) Pacific Mezz Investco S.à r.l., an affiliate of Government of Singapore Investment Corporation Pte Ltd, (ii) China Investment Corporation (through Beryl County LLP), (iii) Ontario Teachers' Pension Plan Board (directly and through Classroom Investments Inc.), and (iv) Abu Dhabi Investment Council (through Hanover Investments (Luxembourg) S.A.), among others (together the "**Members of the Consortium**"), acquired, directly or indirectly, the Class D Shares and the Class D Partnership Interests of PPLA Investments, which represented, prior to the completion of the applicable offering, 16.0% of the partnership interest issued by PPLA Investments. As of June 30, 2017, all Class D Partnership Interest have been surrendered by such members of the Consortium or Participating Partners through (i) the cancellation of any or all of the PPLA Investments Class D partnership interests and (ii) for cancellation any or all of the Class D Shares, in each case, that are held by the Requesting Investor for Class A Shares and Class B Shares. See "Withdrawal Agreements-Consortium Withdrawal Agreements."

In July 25, 2011, the Central Bank approved a corporate restructuring through which the entities then controlled by PPLA Investments, responsible for the conduction of the international platforms of the Group and the BTG Pactual Group in London, New York and Hong Kong, were transferred to Banco BTG Pactual. Those transfers were implemented by book value in the total amount of US\$188.1 million.

In April 2012, the Company and Banco BTG Pactual completed their initial public offering of units (the "**IPO Units**") on the stock exchange located at São Paulo, Brazil formerly known as

BM&FBOVESPA, now B3 S.A. – Brasil, Bolsa, Balcão ("**B3**") and NYSE Alternext in Amsterdam, the multilateral trading facility operated by Euronext Amsterdam N.V. ("**Alternext**"). The IPO Units listed and traded on B3 comprised (i) one common share and class A preferred shares issued by Banco BTG Pactual and (ii) three Brazilian depositary receipt (a "**BDR**") each representing one Class A Share and two Class B Shares. The IPO Units listed and traded on Alternext comprised (i) three global depositary receipts each representing one common share and class A preferred shares issued by Banco BTG Pactual and (ii) one Class A Share and two Class B Shares.

As of October 2013, the IPO Units ceased being traded and listed on the Alternext and began being traded and listed on Euronext Amsterdam, through a migration previously agreed with the European regulators at the time of the initial public offering of the Company and Banco BTG Pactual, being certain that no shares or units would be offered or issued under such migration.

On November 2015, Mr. Andre Esteves resigned from his position as Chairman of the Board of Directors as well as from his position as Chief Executive Officer of the Company, being replaced by Mr. Persio Arida, as Chairman of the Board of Directors, and Marcelo Kalim and Robertos Ball Sallouti, as Co-Chief Executive Officers of the Company.

On December 2015, Partnerco, a company comprised of Messrs. Marcelo Kalim, Roberto Balls Sallouti, Antonio Carlos Canto Porto Filho, Renato Monteiro dos Santos and Guilherme da Costa Paes became the sole shareholder of PPLA GP, which is the holder of the Class C Share that grants to PPLA GP the authority to control the most relevant decisions of the Company and, consequently, of PPLA Investments. The transfer of control occurred from the transfer of the shares held by Mr. André Esteves in PPLA GP to Partnerco.

As disclosed to the market on February 14, 2017, we and Banco BTG Pactual permitted the breaking of our IPO Units without any fee and simultaneously created two new units programs (the "**New Units Programs**"), which began trading on B3 on February 16, 2017. The purpose of the New Units Programs was to permit the separate trading of the of the shares of Banco BTG Pactual in the following sections:

- (i) units comprised of one common share and class A preferred shares issued by Banco BTG Pactual (the "**Units BPAC11**") and
- (ii) units comprised of three BDRs each representing one Class A Share and two Class B Shares (the "**Brazilian Units**").

On August 21, 2017, the New Units Programs were completed through the full migration of the IPO Units to Units BPAC11 and Brazilian Units. As a result of this migration, there are no IPO Units traded or listed on B3.

The creation of the New Units Programs was in response to the downturn in the Brazilian economic scenario starting in 2015 that, due in part to the adverse effects on the Brazilian retail sector in which we hold a significant portion of our asset, had a corresponding negative impact on the results of the Group.

In this context, the creation of the New Units Programs was implemented as part of a broader corporate restructuring separating Banco BTG Pactual and the Company, with the overall effect of the following changes, among others:

- (i) the Board of Directors approved a new board of executive officers that is distinct from Banco BTG Pactual's board of executive officers;
- (ii) Banco BTG Pactual and the Company ceased presenting combined financial statements, thereby disclosing only (a) Banco BTG Pactual's financial statements and (b) the Company's financial statements separately and in accordance with their respective applicable accounting rules; and

(iii) Banco BTG Pactual and the Company began to disclose earnings releases in a segregated manner.

In an effort to mitigate investor confusion regarding the Units BPAC11 and the Units PPLA11, on September 6, 2017, the shareholders of the Company approved, among other matters, a change in the corporate name from BTG Pactual Participations Ltd. to PPLA Participations Ltd. as well as from BTG Investments L.P. to PPLA Investments L.P.

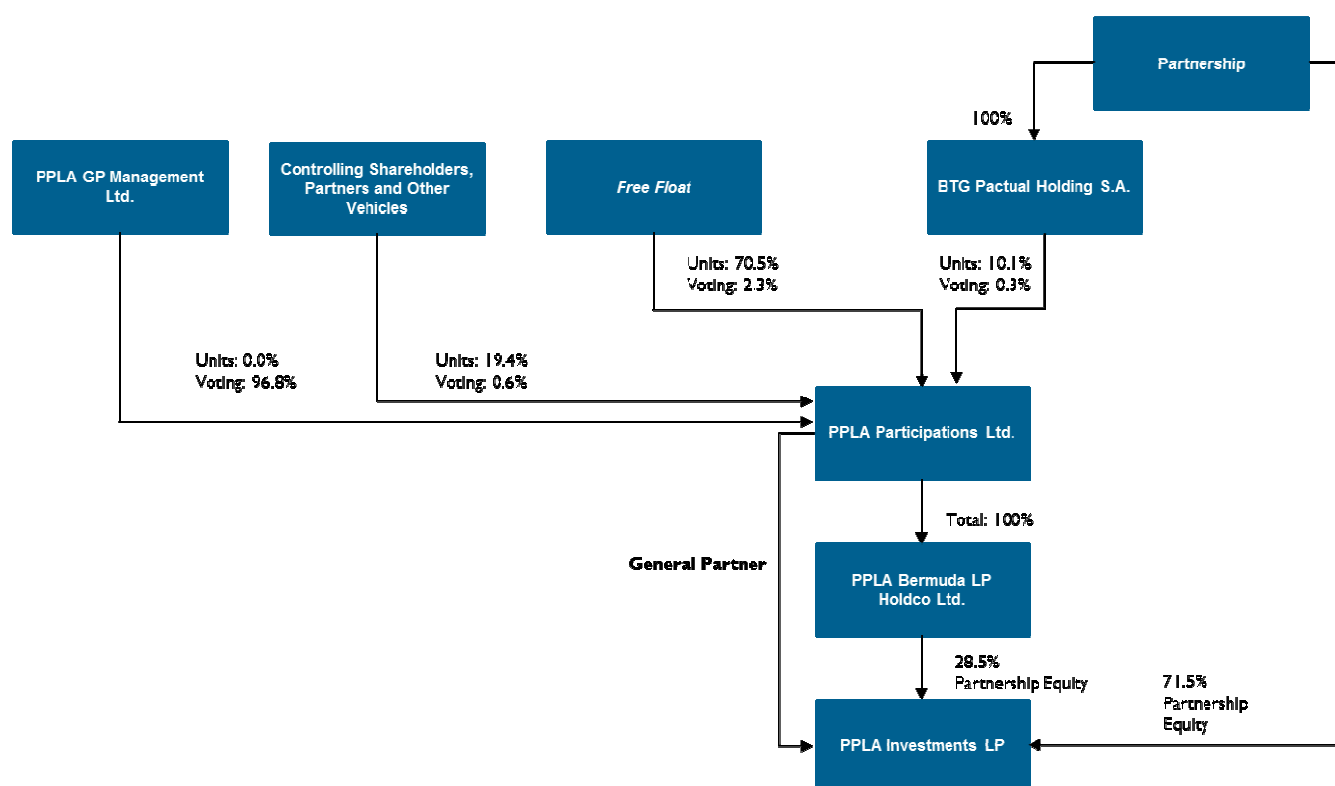
Our structure

The Company is controlled by PPLA GP, the holder of the Class C Share. The Class C Share of the Company entitles its holder (currently, PPLA GP) to a number of votes equal to ten times the aggregate number of Class A Shares, Class B Shares and Class D Shares issued and outstanding at any given time. The holder of the Class C Share is entitled to vote at any general meeting of shareholders of the Company as well as at any meeting at which the holder of the Class C Share is voting as a single class. The remaining voting rights are applicable to each Class A Share applicable to the European Units and the Brazilian Units.

PPLA GP, the holder of the Class C Share and controlling shareholder of the Company, is wholly owned by Partnerco. Partnerco is owned by the Controlling Partners, who are party to a shareholders' agreement, which governs the manner in which Partnerco and PPLAGP exercises its direct control of the Company and indirect control of PPLA Investments. The share capital of Partnerco consists of one class of common shares, owned by the Controlling Partners.

PPLA Investments is controlled by us, as its general partner. The general partner of an exempted limited partnership is a designated entity responsible for the management and conduction of the business said entity – hence, PPLA Investments.

The diagram below depicts the simplified ownership structure of the Group*:



* Percentages in the Company shown in the chart above reflect economic interests only through ownership of Class A Shares and Class B Shares. PPLA GP exercises control over the Company through the direct control of the Class C Share of the Company. The Controlling Shareholders, Partners and other vehicles also comprises the investments made by the

investment vehicles related to the members of the Partnership. The free float also includes the investments made by Pacific Mezz Investco S.à r.l. and Sierra Nevada Investments LLC.

Subsidiaries

The table below presents the direct and indirect interest of PPLA Investments in its subsidiaries that have been consolidated in the financial statement up to the change in status to the investment entity:

		Equity interest - %	
		June 30, 2017	December 31, 2016
Country			
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd.	UK	-	98.00
BTG Pactual Iberian Concessions Ltd.	UK	-	100.00
BTG Pactual Prop Feeder (1) S.à r.l.	Luxembourg	100.00	100.00
BTGI Investimentos Florestais S.A.	Brazil	83.52	85.86
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	70.00	70.00
A.Z.P.S.P.E Empreendimentos e Participações S.A. ⁽ⁱ⁾	Brazil	-	100.00
Timber XI SPE S.A. ⁽ⁱⁱ⁾	Brazil	22.27	22.90
Timber IX Participações S.A. ⁽ⁱⁱ⁾	Brazil	22.27	22.90
São Lourenço Empreendimentos Florestais Ltda. ⁽ⁱⁱ⁾	Brazil	21.77	22.38
Fazenda Corisco Participações S.A. ⁽ⁱⁱ⁾	Brazil	21.77	22.38
BTGI Santa Terezinha Holding S.A. ⁽ⁱⁱ⁾	Brazil	20.96	21.55
SCFlor Empreendimentos Agrícolas Ltda.	Brazil	-	22.38
Fazenda Santa Terezinha Participações S.A. ⁽ⁱⁱ⁾	Brazil	20.96	21.55
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
Investment funds			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII - FII Estoque Residencial Vitacon	Brazil	100.00	100.00

⁽ⁱ⁾ During the year ended on December 31, 2016, the remaining interest was transferred from FIP Iron (PPLA Investments' structure) to Turquesa Fundo de Investimento em Participação.

⁽ⁱⁱⁱ⁾ The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

Main business segments of the Company

Our Investment Entity Portfolio consists of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil as well as financial investments in the global markets. Our investments are generally made through privately negotiated transactions with a view to divestment

within four to ten years. As of June 30, 2017, our Investment Entity Portfolio consists of three main areas: (i) the Principal Investments Unit; (ii) merchant banking activities, consisting mainly of our proprietary interests in Timberland & Agriculture and in FIP Principal Investments, including investments in oil and gas, mining and agriculture / ranching; and (iii) bonds, loans and receivables.

The Principal Investments Unit and merchant banking activities undertakes different risks and provides substantial resources with the purpose of obtaining benefits from such investments, mainly leveraging through its solid analytic capacity and benefiting from the analysis of information, pursuing the benefits arising from the difference in the assets' value market value, macroeconomic and corporate tendencies as well as the specific segment tendencies. Our assets are exclusively managed by Banco BTG Pactual's asset management unit. Information about our business should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes thereto included in this Prospectus.

As of June 30, 2017, our most significant investments in the real estate segment consisted of the following companies (direct and indirect equity interest):

Company name	Description	Investment vehicle or entity	Our direct or indirect ownership stake
SPE Holding Beira Rio S.A.	The company's main activity is the construction, renovation and operation of future commercial areas of a soccer stadium in Brazil.	Other vehicles	50.00%
BTG Pactual Real Estate Development Fund I-B LP	RED is a Real Estate Fund focused on the development of investment properties in Brazil. The fund seeks to invest its total commitment mainly but not limited to investment properties as well as mixed use assets.	PPLA Investments	4.70%
BCRE Development Fund II	The fund is engaged to develop middle income residential properties. The VGV for the fund is around R\$400.0 million. The fund owns properties across several states in Brazil.	PPLA Investments	21.67%

The Company also acquired bonds, issued by Banco BTG Pactual, in the total amount of US\$562 million, consisting mainly of perpetual bonds. As of June 30, 2017, the bonds were traded at 93.75% of their face value.

The exposure of the Company to loans and receivables consists of R\$1.6 billion in loans to Partners and R\$141 million of other loans, as of June 30, 2017.

Our merchant banking activities consist mainly of our proprietary interests in Timberland & Agriculture and in FIP Principal Investments. Our merchant banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors) in a diversified group of portfolio companies predominantly located in Brazil and abroad. We make merchant banking investments generally through privately negotiated transactions with a view to divestment within four to ten years.

As of June 30, 2017, our Investment Entity Portfolio, through the merchant banking activities and/or the Principal Investment Unit, consisted of investments in the following companies (direct and indirect equity interest):

Company Name	Description	Investment Vehicle or Entity	Our Direct or Indirect Ownership Stake
BTGI Santa Terezinha Holding S.A. (SCFlor)	Timberland property in Minas Gerais with over 25,346 hectares, the asset is engaged on the management and commercial activities inherent to the eucalyptus plantation	Other vehicles	20.96%
Fazenda Corisco Participações S.A. (São Lourenço)	Timberland property in Minas Gerais with over 29,883 hectares, the asset is engaged on the management and commercial activities inherent to the Eucalyptus plantation	Other vehicles	22.27%
Timber IX Participações S.A. (Fazenda Princesa e Valor)	Fazenda Princesa and Valor are timberland properties located in São Paulo State, with 9,114 hectares and 3,094 hectares respectively. Both assets are engaged on the management and commercial activities inherent to the Eucalyptus plantation	Other vehicles	22.27%
Timber XI SPE S.A. (Monte Carlo)	Timberland property in Santa Catarina with 2,528 hectares, the asset is engaged on the management and commercial activities inherent to the Eucalyotus and Pine plantation	Other vehicles	22.27%
BRPEC Agro Pecuária S.A.	Farm that produces corn, soybeans and cultivates cattle	Other vehicles	100.00%
B&A Mineração	B&A is a mining company focused on the exploration and development of mining assets in fertilizer, iron ore and copper in Latin America.	Other vehicles	87.8%
Bravante Participações S.A.	Provider of marine support services, offshore logistics, construction and repair services and environmental protection solutions serving the oil and gas exploration industry.	FIP Principal Investments	3.53%
Auto Adesivos	Industry leader in adhesives, labels	FIP Principal	30.10%

Paraná S.A.	and specialty paper markets in Latin America. Auto Adesivos Paraná, formerly known as CCRR Participações S.A., is a result of the merger between Colacril, the largest adhesives plant in Latin America, and RR Etiquetas, responsible for the implementation of the barcode system in Brazil.	Investments	
Estre Ambiental S.A. (1)	One of the leaders in Brazilian waste collection, treatment and disposal sectors. Estre occupies a prominent position in managing landfills and developing diagnostic activities and integrated environmental solutions for waste management.	FIP Principal Investments and FIP Turquesa	10.00%
Brasil Pharma S.A.	Brasil Pharma is one of the largest pharmaceutical retail companies in Brazil (in terms of number of stores), with more than 1,400 points of sale throughout Brazil. Brasil Pharma's business model relies on the operation of drugstores it owns as well as a network of franchisees.	FIP Principal Investments and direct investment	0.18%
A! BodyTech Participações S.A.	BodyTech is a leading Brazilian fitness chain operating in both the high-end and low-end markets in Brazil, with 68 proprietary units in operation and 35 franchises.	FIP Principal Investments	10.30%
Universo Online S.A	UOL is Brazil's most popular web portal with 50 million unique visitors per month. It is also Brazil's leader in data center area and online alternative payments (through PagSeguro, the Brazilian equivalent of Paypal).	FIP Principal Investments	2.20%
Solstad Farstad ASA (Former Deep Sea)	Maritime transport and logistics services for the oil and gas sector, focused on the operation of off-shore supply vessels in Europe, Brazil, Australia and Asia.	FIP Principal Investments	0.38%
SETE Participações S.A.	SETE is a company created to procure, own and charter drilling rigs that will be used by Petrobras in the exploration of the deepwater	Infrastructure fund and other vehicles	0.50%

Pre-Salt layer oil discoveries. Based on the receivables from the existing contracts, it is considered one of the largest drilling companies in the world.

R&B Rastreabilidade S.A.	R&B Rastreabilidade S.A. not only offers the custody of data, but is also responsible for collecting and tracking data of the entire chain, from the laboratory to the dispersion in retail outlets, acting with speed and security.	Other vehicles	59.80%
Brasil Brokers Participações S.A.	Leading real estate brokerage and consulting firm in Brazil with over 15,000 brokers.	FIP Principal Investments	4.24%

⁽¹⁾ FIP Principal and FIP Turquesa have call options of 4.0% and 3.5%, respectively, of shares from Estre Ambiental S.A. owned by investors which are not disclosed on the table above.

Please also see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant acquisitions, divestitures and corporate restructuring affecting our result of operations."

Banco BTG Pactual's asset management

All PPLA Investments' investments are managed by Banco BTG Pactual through its asset management unit. Banco BTG Pactual has the same Controlling Shareholders as the Company. Banco BTG Pactual offers asset management services across major asset classes to Brazilian and international clients. Its investment products include fixed income, money market, equity, multi-asset and private equity funds (including funds wholly-owned by us) both in Brazil and abroad. Banco BTG Pactual's funds are tailored to meet its clients' needs. It has funds targeted at a broader public, such as those distributed by third party distribution channels, and also exclusive funds or funds restricted to a limited number of clients. In addition, Banco BTG Pactual provides fund administration services to third parties.

Banco BTG Pactual receives primarily management and performance fees from PPLA Investments and other co-investors according to their investment amount. Generally, management fees are paid on a quarterly basis and performance fees on redemption basis.

As of June 30, 2017, Banco BTG Pactual had combined AUM and AUA of R\$129.9 billion. In addition, according to the Brazilian Financial and Capital Markets Organization, (*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais*, "**ANBIMA**"), as of July 31, 2017, Banco BTG Pactual was the eighth largest financial institution in Brazil in terms of AUM, competing against large retail banks such as Banco do Brasil, Itaú Unibanco, Bradesco, Caixa and Santander, which are each supported by a large network of branches throughout Brazil.

PPLA Investments incurred administrative and performance fee expenses in the amount of R\$269.8 million, R\$9.24 million, R\$24.4 million and R\$8.2 million in the years 2014, 2015 and 2016 and for the six-month period ended June 30, 2017, respectively, in relation to Banco BTG Pactual's management of our investments.

Management of funds

BTG Pactual Global Asset Management Limited, a subsidiary of Banco BTG Pactual, is dedicated exclusively to providing asset management services through Banco BTG Pactual's

investment funds and managed portfolios. While BTG Pactual Global Asset Management Limited manages the majority of the Group's funds, Banco BTG Pactual has other subsidiaries that also provide asset management services. After our sale of BTG Alpha, virtually all of our merchant banking investments and investments in multi-asset funds are managed by BTG Pactual Gestora de Investimentos Alternativos Ltda. and BTG Pactual Global Asset Management Limited, respectively, Banco BTG Pactual's wholly owned subsidiaries. The portfolio of products offered by Banco BTG Pactual's asset management includes Latin American funds, emerging market funds and global funds, and it has specific products for a wide range of clients.

As of June 30, 2017, Banco BTG Pactual had combined AUM and AUA of R\$129.9 billion. In addition, according to ANBIMA, as of July 31, 2017, Banco BTG Pactual was the eighth largest financial institution in Brazil in terms of assets under management, competing against large retail banks such as Banco do Brasil, Itaú Unibanco, Bradesco, Caixa and Santander, which are each supported by a large network of branches throughout Brazil.

Banco BTG Pactual's investment products, in which we invest, include fixed income funds, equity funds, multi-asset funds, structured funds and private equity funds both in Latin America and globally.

Banco BTG Pactual's private equity business pursues long-term investments in equity and debt securities, mostly in privately held companies purchased in privately negotiated transactions. We invest in these private equity funds to take advantage of Banco BTG Pactual's strategy with respect to each private equity fund, which is to invest opportunistically and to build a portfolio of investments that is diversified by industry, product type and transaction structure and type. Banco BTG Pactual's private equity business seeks to leverage its long-standing relationships with companies, investors, entrepreneurs and financial intermediaries around the world to source potential investment opportunities. While potentially risky and frequently illiquid, Banco BTG Pactual's private equity activities, when successful, can yield substantial returns on capital for investors, including us.

Banco BTG Pactual's private equity activities include several professionals focusing on several key industries including consumer products, energy, healthcare, power, real estate, retail, technology and transportation. Its investment professionals identify, manage and sell investments on behalf of Banco BTG Pactual's private equity funds, in which we invest. In addition, its private equity professionals work closely with other BTG Pactual Group business units, where they can benefit from the expertise of specialists in debt and equity research, investment banking, leveraged finance and equity capital markets.

Banco BTG Pactual's real estate investment team identifies and executes investment opportunities in diverse projects and assets, including residential and commercial construction projects, shopping centers and commercial buildings for lease. The team is made up of experienced real estate and finance professionals, allowing a detailed analysis of the economic viability of each project or asset in order to be able to select the best investment opportunities.

Competition

We face competition for investment opportunities.

The financial services industry, including the investment management industry, is intensely competitive, and we expect it to remain so. In identifying and capitalizing on investments for us, the Company competes with investment banking and financial advisory firms, merchant banking and private equity firms and other financial institutions. We compete both globally and on a regional basis. We compete on the basis of a number of factors, including quality of investment personnel, transaction execution skills, investment track record, absence of conflicts, range of products and services, innovation, brand recognition and business reputation. Such competition may reduce the number of attractive investment opportunities available to us.

We believe that our main competitors (including their affiliates) for principal investments are: Banco do Brasil S.A., Banco Bradesco BBI S.A., Banco Merrill Lynch de Investimentos S.A., Banco

Citibank S.A., Banco Credit Suisse (Brasil) S.A., Deutsche Bank S.A. Banco Alemão, Goldman Sachs do Brasil Banco Múltiplo S.A., HSBC Bank Brasil S.A. Banco Múltiplo, Banco Itaú BBA S.A., Banco J.P. Morgan S.A., Banco Morgan Stanley S.A. and Banco Santander (Brasil) S.A.

Risk management

Our risk management is conducted by Banco BTG Pactual's asset management unit, which also provides investment advisory services to our proprietary funds and other investments.

In the ordinary course of our business, we are exposed to various risks inherent to investment activities. The way these risks are managed through Banco BTG Pactual directly affect our activities and operations and, consequently, results and financial condition. Some of the most significant risks to which we are exposed include market risk, liquidity risk, credit and counterparty risk, tax risk, operational risk and legal and regulatory risk.

The manner in which these risks are identified and managed is essential for our profitability. Banco BTG Pactual's management of these risks on our behalf involves different levels of Banco BTG Pactual's asset management team and encompasses a series of policies and strategies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk management."

Our risk management is facilitated through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, there are a number of committees specifically responsible for asset management risk management. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk management."

Information technology

The asset management unit of Banco BTG Pactual manages all of our investments. Accordingly, we do not invest in information technology, although we benefit from the systems maintained and developed by Banco BTG Pactual.

Information technology is an essential component of the business growth, and thus its information technology architecture has continuously been developed to increase the efficiency and reduce operational risk. Over the years, the BTG Pactual Group has developed a comprehensive and fully integrated system platform that supports all business lines, which we believe to be perfectly fitted to the Brazilian and international markets.

The BTG Pactual Group has data centers, which are configured to act as back-up sites to each other as well as two others in New York and London to support its international business operations locally as well as function as back-up sites globally.

We believe that the security policy is well-disseminated among and adhered by its personnel. This policy regulates the access and use of all the information technology resources by its personnel, and encompasses human, physical and logical security requirements, as well as encrypted resources.

Marketing

We believe that the strong recognition of the Group's brand is primarily the result of the strong and transparent image it has built with its clients. We believe that the Group's recognition will help increase the number of attractive investment opportunities available to us and signals the Group's expertise in the market. The Group's marketing efforts are usually limited to specific and focused marketing events. We do not engage in any independent marketing activities.

Human resources

Prior to the BTG Pactual Group's corporate restructuring in September 2011, we had employees in our subsidiaries that were previously responsible for conducting our international activities in London, New York and Hong Kong. Pursuant to the corporate restructuring of the BTG Pactual Group in September 2011, these employees were transferred to Banco BTG Pactual, and, as

a result, we do not have any employees. Banco BTG Pactual's asset management team is responsible for managing our investments.

Properties

As a result of the corporate restructuring of the BTG Pactual Group in September 2011, we no longer have operations or employees. Accordingly, we do not directly own or lease any real property.

Intellectual property

We do not own any intellectual property. All intellectual property owned in the Group's and BTG Pactual Group's activities is owned by Banco BTG Pactual.

Material agreements

Banco BTG Pactual manages the majority of our investments. Accordingly, we are a party to a very limited number of material agreements, among them are the material agreements relating to certain recent financing transactions and related guarantees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Financial liabilities at amortized cost—Loans with financial institutions" and "Related Party Transactions—BTG Pactual Holding's guarantees."

In addition, although a significant portion of our principal investments are made through funds managed by Banco BTG Pactual, we have also made a number of direct investments in certain portfolio companies of the Group. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations."

We have entered into several agreements related to investment opportunities, mainly in the private equity sector, pursuant to which we have provided unfunded commitments in our capacity as limited partners in private equity funds. We did not record any amounts relating to these commitments in our balance sheet for any period. In connection with these direct investments and unfunded commitments, we have entered into acquisition and sale agreements and related documents customary in the context of jointly controlled investments of this type. These agreements contain standard provisions, including among others, provisions related to tag along rights, veto rights related to relevant matters, such as change of control, merger and acquisitions and amendments to the bylaws. The companies in which we invest (and which we may investment in the future if our commitments are funded) are also required to comply with standard covenants and other obligations related to their operations (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Commitments").

For further information related to our material agreements, please see the sections entitled "The PPLA Investments Partnership Agreement" and "Related Party Transactions—Asset management services" included in this Prospectus.

Legal matters

We are not a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Group's financial position or profitability.

In December 2016, the Conselho Administrativo de Defesa Econômica ("CADE") notified Banco BTG Pactual that they had commenced an administrative proceeding against Banco BTG Pactual, one current employee and one former employee. The administrative proceeding arose from alleged anticompetitive practices in the FX spot and future markets (derivatives). They are related essentially to spot, forward and future operations conducted and settled in reais. According to CADE, the evidence identified communications among the companies that took place in Bloomberg's chat rooms and supposedly revealed attempts to coordinate exchange operations, exchange risk positions,

define prices to exchange and differential spreads, to share commercially sensitive information including negotiation activities, risk positions, and client information.

The administrative defense before CADE will be presented in January 2018. Due to the early stage of the investigation, Banco BTG Pactual was not in a position to opine on the risk of conviction and potential penalties.

Based on the facts aforementioned, CADE had sent a notice to the Central Bank informing the alleged irregularities. In December 2016, the Central Bank notified Banco BTG Pactual that it had commenced an administrative proceeding involving Banco BTG Pactual and two officers from Banco BTG Pactual, in their capacity as responsible officers, one of them a member of our Board of Directors, in order to investigate the same practices that were already under investigation before CADE, as well as the alleged insufficient internal control and risk management structures. In February 2017, Banco BTG Pactual filed an administrative defense and the administrative proceeding before the Central Bank is now expected to proceed to trial. For the same reasons described above, Banco BTG Pactual is not in a position to opine on the risk of conviction and potential penalties that could arise from this proceeding.

We are not a party to the administrative proceedings before CADE and the Central Bank and we do not regard such administrative proceedings as material to us.

CAPITALIZATION AND INDEBTEDNESS

The Company does not have any significant capitalization and indebtedness. Therefore, the table below presents PPLA Investments' consolidated capitalization and indebtedness as of September 30, 2017. Except as otherwise disclosed in this Prospectus, there has been no material change to our and PPLA Investments' capitalization and indebtedness since September 30, 2017.

You should read this table together with the sections "Presentation of Financial and Other Information," "Summary Financial Information," "Selected Financial and Operating Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our audited consolidated financial statements, and related notes thereto, included elsewhere in this Prospectus.

The information set forth below is derived from PPLA Investments' consolidated financial statements as of September 30, 2017, which has been prepared in accordance with IFRS.

Capitalization

	As at 30 September 2017 (in millions of Reais)
Total Current debt	
Unguaranteed/Unsecured	2,070,618
Total Non-Current debt (excluding current portion of long-term debt)	
Unguaranteed/Unsecured	737,606
Shareholder equity	
Share capital	2,941,989
Treasury Stock	(2,933)
Other Comprehensive Income	1,542,857
Accumulated losses	(3,524,681)
	957,232
Total capitalization	3,765,456
Total Current debt	
Unguaranteed/Unsecured	2,070,618
Total capitalization	3,765,456

Indebtedness⁽¹⁾

	As at 30 September 2017 (in millions of Reais)
Cash and cash equivalents	149,822
Investments at fair value through other comprehensive income	121,887
Liquidity	271,709
Loans and receivables	1,638,388
Current bank debt	(2,070,618)
Other current financial debt	(8,054)
Current financial debt.....	(2,078,672)
Net current financial indebtedness.....	(1,806,963)
Non-current bank loans	(737,606)
Non-current financial indebtedness	(737,606)
Net financial indebtedness	(901,181)

⁽¹⁾ Neither PPLA Participations Ltd. nor PPLA Investments LP has (i) indirect indebtedness, and (ii) contingent indebtedness, according to the parameters adopted in our financial statements.

SELECTED FINANCIAL AND OPERATING INFORMATION

The tables below set forth certain of our selected financial information as of and for the periods indicated. You should read the information below in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Prospectus and the sections "Presentation of Financial and Other Information," "Summary Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

On September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of (i) the restructuring of the vehicles through which certain of its global capital markets investment activities had been carried out, and (ii) a change in the way management conducts the business. As a result of the above, in accordance with IFRS 10.30 and IFRS 10.B101, the Company ceased to consolidate its subsidiaries at the date of the change in status, which it determined to be September 30, 2015. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Investment Entities."

The Company also decided to early adopt, and with prospective effects, IFRS 9, Financial Instruments, with the date of initial application of January 1, 2016. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment. Subsequent to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at FVTPL, FVOCI with or without recycling, or at amortized cost. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Early adoption of IFRS 9—Financial instruments." See "Presentation of Financial and Other Information—Accounting Changes." Our consolidated balance sheet and income statement information as of and for the years ended December 31, 2014, 2015 and 2016 are derived from and should be read in conjunction with our audited consolidated financial statements and related notes prepared in accordance with IFRS included elsewhere in this Prospectus. Our balance sheet as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 are derived from and should be read in conjunction with our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.

We have translated some of the *real* amounts included in this Prospectus into U.S. dollars. You should not construe these translations as representations that the amounts actually represent these U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated. Unless otherwise indicated, we have translated the *real* amounts using a rate of R\$3.3082 to US\$1.00, the U.S. dollar selling rate as of June 30, 2017, published by the Central Bank on its electronic information system, SISBACEN, using transaction PTAX 800, option 5. The *real*/U.S. dollar exchange rate may fluctuate significantly, and the exchange rate as of June 30, 2017 may not be indicative of the future exchange rate. The *real*/U.S. dollar exchange rate has presented significant volatility since June 30, 2017 and is as of the date of this Prospectus considered materially different from the one used for the translations throughout this Prospectus. We have not updated the exchange rate translations throughout this Prospectus using a rate as of a more recent date as the foreign exchange translation has been performed solely for convenience and, therefore, should not be relied upon in making an investment decision. See "Important Information—Exchange rates."

Our consolidated balance sheet (IFRS)

	As of December 31, (audited)			June 30, (unaudited)	
	2014	2015	2016	2017	2017
	(in R\$ millions)			(in US\$ millions)	
Assets					
Cash and cash equivalent	1,299.1	-	0.1	-	-
Open market investments	8,795.8	-	-	-	-
Derivative financial instruments	1,581.7	-	-	-	-
Financial assets held for trading	33,047.8	-	-	-	-
Investment entity portfolio	-	723.8	722.5	323.3	97.7
Financial assets available for sale	1,474.1	-	-	-	-
Loans and receivables	2,193.9	-	-	-	-
Due from brokers	3,960.2	-	-	-	-
Non-current assets held for sale	-	-	-	-	-
Investment in associates and joint ventures	1,380.8	-	-	-	-
Investment properties	770.9	-	-	-	-
Other assets	789.4	-	-	3.5	1.0
Total assets	55,293.6	723.8	722.6	326.8	98.8
Liabilities and Shareholders' equity					
Open market funding	33,862.8	-	-	-	-
Derivative financial instruments	1,597.5	-	-	-	-
Financial liabilities held for trading	3,572.6	-	-	-	-
Financial liabilities at amortized costs	7,076.8	-	-	-	-
Due to brokers	2,039.8	-	-	-	-
Other liabilities	2,995.9	0.5	-	3.5	1.1
Non-controlling interest	3,113.8	-	-	-	-
Shareholders' equity	1,034.4	723.3	722.6	323.3	97.7
Total liabilities and shareholders' equity	55,293.6	723.8	722.6	326.8	98.8

Our consolidated income statement (IFRS)

	For the years ended December 31, (audited)			For the six months ended (unaudited)		
	2014	2015	2016	2016	2017	2017
	(in R\$ millions)			(in US\$ millions)		
Interest income	129.6	180.9	-	-	-	-
Interest expenses	(677.9)	(957.3)	-	-	-	-
Interest income/(expenses), net	(548.3)	(776.4)	-	-	-	-
Gains on financial instruments held for trading	237.6	174.2	-	-	-	-
Gains on financial assets designated at fair value through profit and loss	-	75.4	-	-	-	-
Equity pickup in associates and joint ventures, before change of status to investment entity	(274.3)	(117.7)	-	-	-	-
Gains/(losses) on financial assets available for sale						
Dividends received	-	16.2	-	-	-	-
Impairment losses	(29.0)	(188.5)	-	-	-	-
Gain on fair value of investment properties	364.4	-	-	-	-	-
Gain (loss) on investment entity portfolio measured at fair value	-	(53.2)	108.3	(9.7)	(372.7)	(112.7)
Foreign exchange reclassification - Change in status	-	(818.3)	-	-	-	-
Other operating income/(expenses), net	293.1	46.2	0.2	0.7	-	-
Total operating income/(loss)	43.4	(1,642.0)	108.5	(9.0)	(372.7)	(112.7)
Administrative expenses	(272.0)	(157.2)	(0.2)	(0.3)	(0.1)	(0.0)
Other expenses	(176.2)	(300.2)	-	-	-	-
Net income/(loss) for the year / period	(404.8)	(2,099.5)	108.3	(9.2)	(372.8)	(112.7)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is the general partner of PPLA Investments, a vehicle with the single purpose of conducting proprietary investments across multiple asset classes, mostly in Brazil, for the Group.

Formed in 2008, we make proprietary capital investments in a wide range of financial instruments, mostly in Brazil, as well as financial investments in the global markets. Virtually all of these investments are managed by the asset management unit of Banco BTG Pactual, which receives arm's length fees and commissions in exchange for the services it provides to us. See "Business – Banco BTG Pactual's Asset Management".

Banco BTG Pactual is a global investment bank, asset manager, and wealth manager with a dominant franchise in Latin America, which has also established a successful international investment and distribution platform. The investment teams at Banco BTG Pactual responsible for the management of such investments are focused on both developed and emerging markets, allocating capital across various underlying strategies that include a mix of emerging markets and global macro themes, including fixed income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and credit instruments.

Our capital investments take on a variety of risks and devote substantial resources to benefit from this exposure. The investment teams of Banco BTG Pactual leverage their analyses of information in order to take advantage of perceived disparities in the value of assets in trading markets and of macroeconomic, company and industry-specific trends. The investment decisions made by the asset management unit of Banco BTG Pactual on our behalf are the product of rigorous, fundamental, situational and regulatory and legal analysis.

Since November, 2015, in response to challenging business and financial conditions, we shifted our main strategic focus from managing and searching for new investment opportunities (especially in relation to our merchant banking activities) to managing, streamlining and extracting greater value from our existing Investment Entity Portfolio. Concurrently, we ceased the majority of our investments in global markets.

Our investment entity portfolio consists of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil and, to a lesser extent, financial investments in the global markets. Our investments are generally made through privately negotiated transactions with a view to divestment within four to ten years. As of June 30, 2017, our Investment Entity Portfolio consists of three main areas: (i) the Principal Investments Unit; (ii) merchant banking activities, consisting mainly of our proprietary interests in Timberland & Agriculture and in FIP Principal Investments, including investments in oil and gas, mining and agriculture / ranching; and (iii) bonds, loans and receivables.

Macroeconomic environment

Most of our Investment Entity Portfolio is conducted in Brazil. Accordingly, we are significantly affected by the general economic environment in Brazil. In addition, we derive substantial revenues from non-Brazilian securities and are, therefore, also subject to global economic conditions and, in particular, fluctuations in worldwide financial markets.

Second quarter of 2017

The second quarter of 2017 was marked by a sequence of lower than expected inflation in the U.S., which coupled with the perspective that president Donald Trump would be able to deliver only a modest economic stimulus, explaining the dollar weakness in the second quarter. The U.S. consumer price index that excludes volatile components (food and energy) slowed down to 1.7% on a year-over-year basis in June 2017 from 2% in March 2017. Although in terms of magnitude the highlight was a decline in the wireless telephone services, the recent slowdown was broad based. The Fed hiked the

interest rate in June 2017, despite the low inflation, given that the labor market improved further. The chairman of the Fed, however, indicated that the monetary policy committee would monitor the inflation developments closely in the coming months to assess the timing of the next hike. The most likely scenario is that the Fed will announce the end of the balance sheet reinvestment policy until September 2017 and will hike in December 2017.

In this environment, the dollar index (the "**DX**") depreciated almost 5% in the second quarter. The highlight was the euro, which appreciated 7.3% against the U.S. dollar. The reduction of the political risk in Europe due to Emmanuel Macron's election as president in France also contributed to this movement. The Mexican peso appreciated 3.3% in the second quarter of 2017 as president Donald Trump's agenda on trade policies continued to moderate. Other than that, the Chilean peso depreciated 0.5%, the Colombian peso declined 5.6% (in part due to the decline in oil prices) and the *real* depreciated 5.6% due to the rise of political uncertainty.

On the rates side, the 10-year Treasury Yield in the U.S. fell 8 basis points ("**bp**") in the second quarter of 2017 as markets continued to price fewer hikes by the Fed due to the slowdown in inflation. In Germany, however, the 10-year Bund rate increased 14bp as the European Central Bank changed somewhat the stance of monetary policy by acknowledging the improvement in the economic activity and the reduction of downside risks. In Japan, the 10-year interest rate was roughly flat (+1bp). In Latin America, there was no clear trend.

In Brazil, the Interbank Deposit (*Depósitos Interfinanceiros*) contract (the "**DI contract**") expiring in January 2025 increased 20bp due to the decline in the social security reform approval (on the back of the political noise). In Mexico, the 10-year swap rate fell 25bp, in Colombia it declined 7bp and in Chile it was flat.

In the equity market, the S&P500 rose 3% and the Nikkei 6% based on the pickup of economic activity. On the other hand, the DAX index was flat as the increase in rates and the appreciation of the euro offset the improvement in the economic outlook. In Latin America, the equity prices declined 3% in Brazil and 1% in Chile. On the other hand, the equity prices rose 3% in Mexico, and 7% in Colombia.

Launched by the Office of the Brazilian Federal Prosecutor at the end of 2014, the ongoing Lava Jato investigation has probed members of the Brazilian federal government and other members of the legislative branch, as well as senior officers and directors of large state-owned as well as other companies in connection with allegations of political corruption. The resulting fallout from the Lava Jato investigation has contributed to the impeachment of Brazil's former president, Dilma Rousseff, and destabilized the Brazilian economy. More recently, new accusations of improper conduct have surfaced against Brazil's current president, Michel Temer, which have resulted in calls for his impeachment or resignation. Increasing levels of political instability or uncertainty resulting from the ongoing Lava Jato investigation or other investigations may create additional uncertainty in a number of sectors of the Brazilian economy. For more information, see "Risk Factors."

Recently, the Brazilian political and economic scenario has been characterized by high levels of volatility and instability, including a contraction of gross domestic product ("**GDP**"), sharp fluctuations of the real against the U.S. dollar and increased levels of unemployment. These are in part due to economic and political uncertainties resulting from a global decrease in commodities prices as well as to corruption investigations of Brazilian state-owned and private sector companies, politicians and business executives, some of which have led to the ouster and the arrest of several prominent politicians and that spurred the impeachment of former president Dilma Rousseff in August 2016.

Brazil experienced a real 0.1% growth of its economy in 2014 and a 3.8% contraction in 2015 followed by an additional contraction of 3.6% in 2016. The Central Bank estimates that the Brazilian economy is expected to return to positive growth in 2017, with current estimates of 0.49% GDP growth in 2017, and the IBGE currently estimates that the Brazilian economy will experience 2.39% GDP growth in 2018.

With respect to inflation, the 12-month IPCA, the official inflation index used as reference by the Central Bank to establish the goals of changes in price in Brazil (the "**IPCA**"), declined to 2.8% year-on-year in mid-July, symbolically below the lower bound of the inflation target tolerance band. Against this background and reflecting well-behaved inflation expectations, the National Monetary Council announced a reduction of the inflation target for 2019 and 2020, to 4.25% and 4%, respectively, setting the stage for a gradual convergence towards 'global standards'.

First quarter of 2017

The fear of Donald Trump's trade policy somewhat abated in the first quarter of 2017 as Donald Trump and his team were vocal on the potential negative effects of a strong dollar. In addition, Donald Trump's campaign promises seemed to be much more difficult to deliver than anticipated. As a result, markets started to slightly reduce the probability of a major tax reform that could boost significantly growth.

The major move in the first quarter of 2017 was in the FX market. The dollar weakened against the major currencies, especially due to the fact that Donald Trump's moderated the tone on trade policies and it also became clear that any trade negotiation would take longer to materialize. The highlight in FX was the appreciation of 10.7% of the Mexican peso, which would be the country to suffer the most from a change in the U.S. trade policy, as the U.S. is the destination of 80% of Mexican exports. Apart from that, the Japanese yen appreciated 5%, the Colombian Peso 4.4%, the *real* 4.1%, the Chilean peso 1.6% and the euro 1.3%. As for China, Donald Trump also toned down his campaign promises to label the country as a currency manipulator.

Although the Fed surprised the market by signaling and then raising the Fed Funds rate in March 2017, its forecast for the number of hikes in the year did not change, leaving the financial conditions at very stimulating levels. On the rates side, after a sharp rise in the fourth quarter of 2016 the 10-year Treasury Yield in the U.S. fell 8bp in the fourth quarter of 2017, increased 3bp in Japan and rose 12bp in Germany. In Latin America, there was a significant downward movement in the yield curve, especially in Brazil due to the expectation of approval of the structural reforms. The appreciation of the exchange rate and the easing policy by Latin American central banks also explain the movement. In Brazil, the DI contract expiring on January 2025 declined another 146bp. In Colombia, the 10-year swap rate declined 48bp and in Mexico it fell 53bp. In Chile, however, the 10-year swap rate was roughly flat (-4bp).

In the equity market, the S&P500 rose 5%, the Nikkei fell 1% and the DAX index rose 8%. The acceleration of global growth explains in part the improvement. In Japan, the small decline was driven by the appreciation of the currency, which is negative for the companies that depend on exports. Despite the disappointment in Trump's agenda, the S&P500 posted a solid rise. In Latin America, the equity prices rose 16% in Chile, 9% in Brazil, 6% in Mexico and 1% in Colombia.

In Brazil, the focus continues to be the voting of the social security reform. After some amendments to the original proposal, the voting schedule may face some delays, however the government still seems to be in a position to implement key changes to the social security system.

On the economic activity front, after contracting for eight consecutive quarters, GDP likely advanced in the first quarter of 2017. The intensification of the monetary easing cycle and the latest improvement in confidence indicators are also welcome news.

With respect to inflation, the 12-month IPCA print continued heading south. In March, headline inflation declined to 4.7% y/y from 6.3% y/y at the end of 2016. In fact, fundamentals signal strong disinflation ahead and the IPCA should drop to 3-handle territory by mid-year, reaccelerating a bit through the fourth quarter, but still clearly finishing 2017 below the target.

Finally, on the external sector, the current account deficit continued to improve in Q1. Such improvement is explained by the dramatic increase in the trade balance surplus, which is up roughly 78% compared to the same period last year.

2016

In 2016, there were several surprises on the political side across the globe. The main events were the election of Donald Trump for president of the United States and the "Brexit" victory in the United Kingdom. In the financial market, the equity and commodities prices posted a solid increase overall, while the interest rate and the exchange rate markets were mixed.

At the end of the year, more specifically, the economic activity in the developed economies accelerated on the back of the easing in financial conditions. On the inflation front, the increase in commodities prices, in part, due to the acceleration in the economic activity and in part due to the Organization of the Petroleum Exporting Countries' ("OPEC") decision to cut the oil production led to a rise in inflation expectations. The price of West Texas Intermediate Crude Oil ("WTI"), for instance, rose 12% in the fourth quarter of 2016. As a result of a stronger economic growth and higher inflation, the yield curve in developed market started to rise in the beginning of October 2016. The election of Donald Trump in the U.S. (November 2016) intensified this movement on the perspective that a potential fiscal stimulus would boost the GDP growth in that economy.

In the equity market, the S&P500 rose 3% in the fourth quarter of 2016 (9% in 2016), the DAX index in Germany rose 9% in the fourth quarter of 2016 (7% in 2016) and the Nikkei index rose 16% (flat in 2016). In Latin America, the equity prices rose 3% in Mexico (13% in 2016), declined 3% in Chile (or +6% in 2016), 1% in Colombia (17% in 2016) and 3% in Brazil (39% in 2016). In Brazil, the significant valuation of the asset prices in 2016 is explained by the reduction in the risk premium associated with the perspective and approval of structural reforms.

On the rates market, the 10-year Treasury Yield in the U.S. rose 88bp in the fourth quarter of 2016 (and 21bp in 2016), mainly after the U.S. election in November 2016, due to the upward revisions for the GDP growth and inflation. In Germany, the 10-year yield rose 37bp in fourth quarter of 2016 (or -35bp in 2016) and, in Japan, 13bp (or -23bp in 2016). In Brazil, however, the DI contract expiring on January 25th declined another 24bp (or -528bp in 2016) due to the approval of the spending cap measure that is necessary to stabilize the debt in the next decade. In Chile, the 10-year swap rate rose 6bp (-62bp in 2016), in Colombia, it rose 12bp (-85bp in 2016) and Mexico it rose 155bp (or 156bp in 2016). The sharp increase in the Mexican yield curve reflects the depreciation of the currency, which led the Central Bank to increase the interest rate by 100bp in the fourth quarter of 2016.

On the FX market, the DXY appreciated after the U.S. election on the expectations of a stronger U.S. economy. The Japanese yen depreciated 13.4% in the fourth quarter of 2016 against the U.S. dollar (or +2.8%, appreciation, in 2016), the euro depreciated 6.4% (or - 3.2%, depreciation, in 2016), the Mexican peso depreciated 6.5% (or -17% in 2016), the Chilean peso declined 2% (or +5.5% in 2016) and the Colombian peso 4%. On the other hand, the *real* appreciated 0.4% (or +22% in 2016) due to the approval of the spending cap measure. Another highlight of the year was the British pound which depreciated 16.3% in 2016 against the U.S. dollar due to the Brexit. In January, part of the dollar appreciation against the major currencies was reverted as the Fed signaled that they would remain cautious regarding the pace of interest hikes due to the uncertainty around the economic policies.

In Brazil, after the approval of the spending cap bill in congress in December 2016, the focus shifted to voting for the social security reform. Even if few amendments to the original proposal were likely to be accepted, the government seemed to be in a position to implement key changes to the social security system.

On the economic activity front, Brazil experienced a real 0.1% growth of its economy in 2014 and a 3.8% contraction in 2015 followed by an additional contraction of 3.6% in 2016. The Central Bank estimates that the Brazilian economy is expected to return to growth in 2017, with current estimates of 0.49% GDP growth in 2017, and the IBGE currently estimates that the Brazilian economy will experience 2.39% GDP growth in 2018.

Inflation rates in Brazil have been volatile in the past. According to IPCA, Brazilian inflation rates were 6.3% and 10.7% in 2016 and 2015, respectively. On June 30, 2017, the accumulated inflation over the immediately preceding 12-month period was 3.00%.

Finally, on the external sector, the current account deficit totaled US\$23.5 billion (1.3% of GDP) in 2016, less than half the 2015 print (US\$58.9 billion).

2015

In 2015, exchange rate variations, a decline in commodities prices and sharp inflation persisted and continued to impact our results of operation. The U.S. dollar appreciated 47% against the *real*, from R\$2.65 per US\$1.00 as of December 31, 2014 to R\$3.90 per US\$1.00 as of December 31, 2015. The relative strength of the U.S. dollar was also reflected in its appreciation against many other currencies worldwide, including the euro (11.3%), reflecting a more accommodative monetary policy, the Canadian dollar (15.73%) and the Australian dollar (12.02%).

2014

After a brief decline early in the year, IPCA inflation recorded another unfavorable figure in 2014. Although market participants were already contemplating some deterioration vis-à-vis 2013 (5.7%), there was room for additional disappointment, and the IPCA ended the year at 6.4%, just below the upper boundary of the inflation target. Inflation was already elevated in the first quarter of 2014 and remained high throughout the year. Among other bad news during the year was the pressure from services inflation, peaking during the FIFA World Cup, but remaining flat versus 2013 and above 8%. However, the main highlight was the performance of regulated prices (5.7%), beginning to accelerate after abnormally low prints in the previous two years.

The year 2014 was marked by uncertainties on the electoral cycle and the mounting perception of needed macro adjustments by the following government, while structural drivers (labor costs, poor infrastructure, etc.) continued to play a negative role. The drop in economic activity was stronger in industrial production (-3.2%) and in the construction sector. The services sector was more resilient, and also created more jobs than the other sectors. In 2014, business confidence dropped consistently; industry inventory levels increased; sales showed a slow performance; capacity utilization kept moving southbound; and production stoppages started being announced. Year-end GDP growth finished at a meager 0.1% expansion.

The trade balance in 2014 was worse than our already low initial projection. The trade balance posted a deficit of US\$4 billion (versus a surplus of US\$2.3 billion in 2013), the first negative print since 2000. Meanwhile, the current account ended 2014 with a deficit of US\$91 billion (versus US\$81 billion in 2013), and showed little sensitivity to currency depreciation. Despite the performance of the current account, the balance of payments still posted a surplus of US\$10.8 billion, due to short term loans, fixed income and equities portfolio investments.

The following table presents key data relating to the Brazilian economy for the years indicated:

	For the year ended December 31,			June 30,
	2014	2015	2016	2017
GDP growth	0.15%	-3.77%	-3.59%	-
CDI rate ⁽¹⁾	10.77%	13.18%	14.00%	5.61%
TJLP ⁽²⁾	5.50%	7.00%	7.50%	7.00%
SELIC rate ⁽³⁾	11.75%	14.25%	13.75%	10.25%
Appreciation (depreciation) of the <i>real</i> against the U.S. dollar ⁽⁴⁾	(13.25%)	(47.17%)	16.41%	(1.53%)
Selling exchange rate (at period end) R\$ per US\$1.00 ⁽⁵⁾	R\$2.65	R\$ 3.90	R\$ 3.26	R\$ 3.31

Average exchange rate R\$ per US\$1.00 ⁽⁶⁾	R\$2.35	R\$ 3.34	R\$ 3.48	R\$ 3.18
Inflation (IGP-M) ⁽⁷⁾	3.69%	10.54%	7.17%	-1.97%
Inflation (IPCA) ⁽⁸⁾	6.41%	10.67%	6.29%	1.18%

Sources: *BNDES, Central Bank, IBGE and Economática.*

- (1) The Interbank Deposit Certificate (*Certificado de Depósito Interbancário*, "CDI"), is the average daily interbank deposit rate in Brazil (at the end of the years).
- (2) *Taxa de Juros de Longo Prazo* ("TJLP") represents the long-term interest rate applied by BNDES for long-term financing (at the end of the years).
- (3) The benchmark interest rate payable to holders of some securities issued by the Brazilian government and traded on the SELIC (at the end of the years).
- (4) Calculated for 2014, 2015 and 2016 using the exchange rate for conversion of U.S. dollars into *reais* on December 31 as compared to January 1 of the same year.
- (5) The selling exchange rate at the end of the years.
- (6) Average of the selling exchange rates on the last day of each month during the years.
- (7) The IGP-M, as calculated by FGV.
- (8) The inflation rate is the Consumer Price Index, as calculated by the IBGE.

Principal factors affecting our financial condition and results of operations

We face a variety of risks that are substantial and inherent to our business, including market, liquidity, credit, operational, legal, regulatory and reputational risks. A summary of the more important factors that could affect our business follows below. For a further discussion of these and other important factors that could affect our business, see "Risk Factors—Risks relating to our business and industry" for a discussion of how the Company management of the Group seeks to manage some of these risks, see "—Risk management" below.

We do not have any employees and, as a result, the asset management unit of the BTG Pactual Group, which, through Banco BTG Pactual, provides investment advisory services to our proprietary funds and investments, is also responsible for our risk management.

Market conditions and market risk

The financial performance of our business is affected in various degrees by the environments in which we invest.

A favorable business environment in any particular market, including Brazil, is generally characterized by, among other factors, high and sustainable gross domestic product growth, transparent, liquid and efficient capital markets, low inflation, a high level of business and investor confidence, stable political and economic conditions and strong business earnings. Unfavorable or uncertain economic and market conditions mainly result from: (i) declines or volatility in economic growth, business activity or investor's confidence; (ii) limitations on the availability or increases in the cost of credit and capital; (iii) increases in inflation, interest rates, exchange rate volatility, default rates, commodity prices, capital controls or limits on the remittance of dividends; (iv) outbreaks of hostilities or other geopolitical instability; (v) corporate, political or other scandals, including with respect to corruption, that reduce investor's confidence; (vi) natural disasters, pandemics or acute climatic conditions, such as drought; (vii) nationalization or forced seizures by the government; or a combination of these or other factors. Our business and profitability have been and may continue to be adversely affected by market conditions in many ways, including the following:

- Our principal investment activities involve exposure to debt securities, loans, derivatives, mortgages, equities (including private equity) and other types of financial instruments. As a result, we commit large amounts of capital to maintain financial instruments in trading book. The majority of these long and short exposures to financial instruments are marked-to-market on a daily basis and, as a result, declines in asset values directly and immediately impact our earnings, unless we have effectively "hedged" the exposures to such declines. Even with respect to financial instruments that are not marked-to-market, declines in asset values may still eventually impact earnings, unless exposures to such

declines have also been "hedged." In certain circumstances (particularly in the case of private equities or other securities that are not freely tradable or lack established and liquid trading markets), it may not be possible or economically viable to hedge such exposures, and even to the extent that we do so, the hedge may be ineffective or may greatly reduce the ability to profit from increases in the values of the assets. Sudden declines and significant volatility in the prices in financial markets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces our ability to limit losses in such positions, which could require us, as the case may be, to maintain additional capital and increase funding costs.

- Our cost of obtaining long-term unsecured funding is directly related to our credit spreads, which in turn are influenced by the market perceptions of our creditworthiness. Widening credit spreads, as well as significant declines in the availability of credit, may adversely affect our ability to borrow. We fund operations by issuing medium-term debt and long-term debt, or by obtaining lines of credit, which, in the majority of cases, historically have been guaranteed by BTG Pactual Holding. We seek to finance assets, including less liquid assets, on a secured basis, including by entering into repurchase agreements and loans collateralized by interest in certain investments. Disruptions in credit and financial markets make it difficult and more expensive to obtain funding for our business. If available funding is limited or we are forced to fund operations at higher costs, these conditions may require us to curtail investment activities or increase our cost of funding, both of which could reduce profitability, particularly with respect to investing, lending and taking principal positions.
- In the recent past, our business has been, and may continue to be, adversely affected by challenging market conditions. For example, there can be no assurance that the market disruptions that have affected Europe and the United States since 2010, including the increased cost of funding for such countries' governments and financial institutions, will not continue to be problematic or spread, nor can there be any assurance that future financial assistance will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe. See Risk Factors—Risk relating to our business and industry—"We are vulnerable to disruptions and volatility in the global financial markets as well as to government action intended to alleviate the effects of the recent financial crisis." or elsewhere, including Brazil, which is currently facing a challenging economic and political scenario due in part to wide scale anti-corruption investigations, and other markets in which Banco BTG Pactual operates on our behalf, and in which we invest. See "Risk Factors—Risk relating to our business and industry—"We are vulnerable to disruptions and volatility in the global financial markets as well as to government action intended to alleviate the effects of the recent financial crisis."
- Certain of our principal investments activities, depend on market volatility to provide trading and arbitrage opportunities, and decreases in volatility may reduce these opportunities and adversely affect the results of these business units. However, while increased volatility can increase trading volumes and spreads, such volatility also increases risk as measured by VaR and may expose us to increased risks.

Liquidity risk

Liquidity is essential to our business. Our liquidity may be impaired by an inability to access secured and/or unsecured funding, an inability to access funds from subsidiaries or to sell assets or redeem investments, or by unforeseen outflows of cash or collateral. This situation may arise due to regulatory changes or circumstances that we may be unable to control, such as a general market disruption or an operational problem that affects third parties, or us, or even by the perception among market participants that we, or other market participants, as the case may be, are experiencing

liquidity constraints. Liquidity risk tends to increase to the extent that we hold a larger inventory or trade a broader range of financial instruments and invest in non-publicly traded companies, mainly via our private equity activities.

The financial instruments that we hold and the contracts to which we are a party often do not have readily available markets to access in times of liquidity stress, as in the case of loans and other types of credit instruments and other financial instruments not traded in organized markets (i.e., over the counter financial instruments). Further, our ability to sell assets or otherwise access debt markets may be impaired if other market participants seek to sell similar assets at the same time, as is likely to occur in a general liquidity or other market crisis. In addition, financial institutions with which we interact, may exercise set-off rights or the right to require additional collateral, including in difficult market conditions, which could further impair access to liquidity.

Our credit ratings are important to liquidity. A reduction in credit ratings could adversely affect our liquidity and competitive position, as applicable, increase borrowing costs, limit access to capital markets or trigger certain obligations under bilateral provisions in certain trading and collateralized financing contracts to which we are party. Under these provisions, counterparties could, for example, be permitted to terminate contracts with us, as the case may, or require us to post additional collateral. Termination of trading and collateralized financing contracts could cause us to sustain losses and impair our liquidity by requiring us, as the case may be, to find other sources of financing or to make significant cash payments or securities movements.

In addition, our businesses have been and may continue to be adversely affected by conditions in Brazil's financial markets, the instability in the political environment and economic conditions generally. By its nature, our business does not produce predictable earnings, and most of our assets are materially affected by conditions in the financial markets and economic conditions generally. In the past years, the economic conditions in Brazil have changed suddenly and negatively.

Our financial performance is highly dependent on the environment in which our portfolio companies operate. In general, a favorable business environment is characterized by a positive and predictable GDP of Brazil, by a transparent, liquid and efficient capital markets, low inflation, high business and investor confidence, stable political conditions, among others. In the later periods, our business has been struggling in unfavorable and uncertain market conditions, which were caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; exchange rate volatility, increase in default rates, unemployment or the price of basic commodities; political instability; corporate, political or other scandals that reduce investor confidence in capital markets.

Our portfolio is mainly composed of alternative assets in which we have "long" proprietary positions in equity and debt in different kinds of businesses. The companies in our portfolio operate in the real economy in different industries (such as household and fashion retailer, pharmaceutical retail, O&G and mining, and agriculture). These industries were materially and adversely affected by significant declines in the local economy. These assets are classified as "investment entities"; thus it is accounted for at fair value. The declines in the values of assets have had a direct and large negative impact on our earnings for the six-month period ended June 30, 2017.

On top of all the factors mentioned above, we add the high liquidity risk which is inherent to the regular merchant bank activity, however, it is amplified as the Brazil's economy struggles and investors remain stoic in face of the current political turmoil. Overall, during the last years, the business environment in Brazil has been extremely adverse for many of our businesses and there can be no assurance that these conditions will improve in the near term. Until they do, we expect our results of operations to be adversely affected.

Credit and counterparty risk

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations due to bankruptcy, lack of

liquidity, operational failure or other reasons. A failure of a significant market participant, or even concerns about a default by such an institution, could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us. We are also subject to the risk that certain rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations we hold, could result in losses and/or adversely affect our ability to use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of any of our counterparties could also have a negative impact. While in many cases we are permitted to require additional collateral by counterparties that experience financial difficulty, disputes may arise as to the amount of collateral we are entitled to receive and the value of pledged assets. Default rates, downgrades and disputes with counterparties as to the valuation of collateral increase significantly in times of market stress and illiquidity.

Although Banco BTG Pactual regularly reviews and manages our credit exposures to specific counterparties, industries, countries and regions, default risk may arise from events or circumstances that are difficult to detect or foresee, particularly as new business initiatives lead us to transact with a broader array of counterparties and expose us to new asset classes and new markets.

The credit risk analysis of transactions and counterparties is performed by a credit committee. Our approval forum is a Credit Risk Committee, through Banco BTG Pactual, where the consent of both business and control functions are required.

Operational risk

Banco BTG Pactual's asset management unit that manages our investments is highly dependent on the ability to process, monitor and settle, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. These transactions must often adhere to jurisdiction or other customized guidelines, as well as legal, tax and regulatory standards. We rely on proprietary and vendor systems to conduct business, and the integrity of these systems, including data protection and the avoidance of unauthorized access, is critical to our ability to conduct business. Accordingly, a disruption in the technology and infrastructure that supports our business and the communities in which they are located may adversely impact us. A disruption may involve unauthorized access, electrical failures, communications, internet, transportation or other services used by us, or third parties with whom business is conducted.

The interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses increases the risk that an operational failure at one institution may cause an industry-wide operational failure that could materially impact the ability to conduct Banco BTG Pactual's business.

Legal and regulatory risk

The Group is subject to extensive and evolving regulation in jurisdictions around the world. Firms in the financial services industry have been operating in a difficult regulatory environment. Recent market disruptions have led to numerous proposals for significant additional regulation of the worldwide financial services industry. These regulations could limit our investments or Banco BTG Pactual's asset management activities on our behalf, increase compliance costs and, to the extent the regulations strictly control the activities of financial services firms, make it more difficult for us to distinguish ourselves from our competitors. Substantial legal liability or a significant regulatory action against us or Banco BTG Pactual could have material adverse financial effects or cause us significant reputational harm, which in turn could seriously harm our business.

Like other institutions that make proprietary investments and operate in the financial segments in which we operate, we face some litigation risks in our business, including potential litigation involving securities fraud and conflicts of interest, among others. Substantial legal liability or a significant regulatory action against any entity in the Group could cause significant harm to our

reputation or otherwise adversely affect us, regardless of whether we are individually named in any particular proceeding.

We are generally subject to Bermudan laws (see "Regulatory Overview"). In addition, Banco BTG Pactual's asset management business, through which our principal investments are managed, is additionally subject to extensive regulation in multiple jurisdictions, including the United States, the United Kingdom, Hong Kong, Chile and Colombia.

Tax risk

Tax risk includes the risk of exposure to fines, penalties, judgments, damages and/or settlements in connection with regulatory assessment as a result of non-compliance with applicable legal and regulatory requirements.

We are subject to the tax laws of the various jurisdictions in which we conduct business. To determine the financial statement impact of accounting for taxes, including the provision for income tax expense and deferred tax assets, and to seek to comply with applicable tax law, we must make assumptions and judgments about how to apply these tax laws. However, many of these tax laws are complex, subject to different interpretations and are frequently under review by governmental authorities. These reviews frequently result in revisions to applicable laws, regulations and interpretations thereof, sometimes with retroactive effect.

For example, in recent years, tax authorities have paid closer attention to transfer pricing and have reviewed the allocation of income and loss, and taxes paid, to their respective jurisdictions. It is possible that tax authorities could require that items of income or loss be reallocated among, or disallowed for, our subsidiaries, or could levy tax assessments on our subsidiaries in a manner that adversely affects us.

In addition, disputes may occur regarding views with respect to tax positions. These disputes with the various taxing authorities may be settled by audit, administrative appeals or adjudication in the court systems of the tax jurisdictions in which such dispute arises. Banco BTG Pactual on our behalf regularly reviews whether we may be assessed additional taxes as a result of the resolution of these matters, and additional reserves may be recorded as appropriate. Additionally, Banco BTG Pactual may on our behalf revise its estimate of taxes due to changes in tax laws, regulatory instructions, legal interpretations and tax planning strategies, including on our behalf. It is possible that revisions in its estimate of taxes may materially affect us in any reporting period.

Banco BTG Pactual's tax department is accountable for managing our tax risk. All potential risks are promptly and clearly reported to the Senior Management Team.

Reputational risk

The success of our business is highly dependent on our reputation and the reputation of the Group as whole and, as result, we maintain principles and practices that we believe conform to the highest ethical standards. Banco BTG Pactual on our behalf through its asset management business unit carefully and selectively reviews transactions and services before it accepts an engagement in order to minimize any potential damage to the reputation of the BTG Pactual Group or the Group. We believe that reputational damage can arise from (i) doing business with controversial counterparties or clients, (ii) the social, environmental or public impact of a transaction performed or facilitated by us or another party in the Group, (iii) any action or decision that does not conform to the letter and spirit of the law and regulations to which we, or the BTG Pactual Group's and the Group's clients are subject and (iv) the perceptions of the BTG Pactual Group's and the Group's counterparties, investors and regulators, or the public in general, with respect to the foregoing. See "Risk Factors—Risk relating to our business and industry—Ongoing high profile anti-corruption investigations in Brazil may adversely affect us." To ensure the appropriate monitoring of reputational risks, the Group maintains a code of conduct, which sets forth its principles regarding ethical business standards. In addition, the Group

provides specific guidance on various topics in the form of internal policies and procedure manuals and offers extensive training for its entire staff.

Audited financial statements

Applicable accounting standards

We maintain our books and records in U.S. dollars and prepare our financial statements in accordance with IFRS. Pursuant to CVM Instruction No. 480/09, however, we prepare consolidated financial statements in *reais*. Therefore, any reference to our financial statements (or line items that are included in or are derived from such audited financial statements, such as interest on equity or partners' equity) in this Prospectus are to our financial statements (or line items) prepared in *reais*. We converted our consolidated financial statements using (i) the year-end prevailing exchange rate for assets and liabilities; and (ii) monthly average exchange rates for income and expenses, and recorded a corresponding gain or loss from such translation adjustment in the statement of other comprehensive income and in the shareholders' equity. See "Important Information—Exchange rates."

Selected balance sheets and income statements

Our consolidated balance sheet and income statement information as of and for the years ended December 31, 2014, 2015 and 2016 are derived from and should be read in conjunction with our audited consolidated financial statements and related notes prepared in accordance with IFRS included elsewhere in this Prospectus. Our balance sheet as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 are derived from and should be read in conjunction with our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.

Emphasis paragraphs included in the auditors' reports

The auditors' report to our consolidated financial statements as of and for the year ended December 31, 2015 included elsewhere in this Prospectus includes an emphasis paragraph as follows: As indicated in Note 1 to the referred financial statements, the Company has been affected by a series of media news regarding its main shareholder and former key member of senior management. The referred Note also includes relevant information which impacts the Company's operations, the investigation process, and measures implemented to maintain liquidity related to dividend distributions, among other information. The audit opinion was not qualified with respect to this matter.

Critical accounting policies

In connection with the preparation of financial statements presented elsewhere in this Prospectus, we were required to make judgments, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting periods. Our judgments are particularly relevant in the determination of fair values of financial assets and liabilities, allowance for loan losses and other receivables, provisions for recoverability of non-financial assets, realization of deferred income taxes, assets and liabilities and the assessment of the need for provisions for contingent liabilities. Although we believe that our judgment and estimates are based on reasonable assumptions and are made in light of information available to us, we are nevertheless subject to several risks and uncertainties and the actual results may differ from these judgments and estimates.

Set forth below is summarized information relating to the critical accounting policies used to prepare our financial statements in accordance with IFRS. See the notes to our financial statements included elsewhere in this Prospectus for further information on these critical accounting policies and other accounting policies.

The application of IFRS 10, Consolidated Financial Statements – Investment Entities (Amendment), as more fully described in the financial statements as of and for the year ended on

December 31, 2015 included elsewhere in this Prospectus, and the effects of the early adoption of IFRS 9, Financial Instruments, as of and for the year ended on December 31, 2016, described below represented a significant shift in our financial reporting, as more fully described below.

IFRS 10 Consolidated Financial Statements – Investment Entities

On September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of (i) the restructuring of the vehicles through which certain of its global capital markets investment activities had been carried out and (ii) a change in the way the Management conducts the business. The shift in self-designation as an investment entity caused significant changes in the presentation of our financial statements.

The objective of the restructuring that gave rise to the IFRS 10 accounting changes was initiated in early 2015 as means of reducing the operational costs of maintaining similar trading strategies in the funds in which we invested directly, BTG Pactual Absolute Return II LP ("**ARF II**") and BTG Pactual Absolute Return LP ("**ARF**"), and the fund in which BTG Pactual's other clients invest with similar strategies, BTG Pactual Global Emerging Markets and Macro Fund Limited ("**GEMM**"). Accordingly, PPLA Investments reduced the positions in ARF and ARF II, which were funds consolidated in our financial statements, and reallocated substantial portions of such proprietary capital to GEMM, an unconsolidated fund. While the restructuring caused a significant reduction in PPLA Investments' total assets, its economic exposure to the corresponding trading strategies remains substantially similar. Further, it became substantially a vehicle through which investment are made for returns from capital appreciation and investment income and which measures and evaluate the performance of substantially all its portfolio on a fair value basis.

Under IFRS 10, the criteria which define an investment entity are currently as follows:

- (i) an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (ii) an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (iii) an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

As a result of the above, in accordance with IFRS 10.30 and IFRS 10.B101, the Company ceased to consolidate its subsidiaries at the date of the change in status, which it determined to be September 30, 2015. The effects of this change are presented as "Foreign exchange reclassification – change in status" in the income statement. The Company has no subsidiaries that provide services that relate to its investment activities that would continue to be consolidated under IFRS 10.32. Despite the change in the presentation of the financial statement, the results of operation comprise the full year of 2015. The Company's investments in controlled entities, as well as investments in associates and joint ventures, are now measured at fair value through profit or loss, as shown in Note 8. The Company has derecognized the assets and liabilities of its subsidiaries from its balance sheet and recognized a gain or loss associated with the move to fair value accounting of these subsidiaries.

As at September 30, 2015, the major impacts due to the change in investment entity status are: (i) transfer of foreign exchange differences on translation of subsidiaries and fair value from available for sale financial instruments from current year and previous periods that had been recognized in other comprehensive income to the income statement in the amount of R\$818,337, (ii) recognition of positive fair value in the amount of R\$178,310 in the income statement related to the net position of both raised and contracted loans, (iii) significant change in presentation of the balance sheet due to several reclassifications to the investment entity portfolio line; and, (iv) no longer

presentation of non-controlling interest on the balance sheet; statements of changes in shareholders' equity and cash flows.

Prospective application of the amended standard resulted in the following changes to the balance sheet as of September 30, 2015:

	Consolidated	Adoption of IFRS 10 – Investment Entities	Investment entity
		<i>(in R\$ million)</i>	
Assets			
Cash at banks	1,435.6	(1,435.6)	-
Open market investments	228.3	(228.3)	-
Derivative financial instruments	73.6	(73.6)	-
Financial assets held for trading	5,136.5	(5,136.5)	-
Investment entity portfolio	-	912.4	912.4
Financial assets available for sale	3,861.8	(3,861.8)	-
Loans and receivables	2,985.8	(2,985.8)	-
Due from brokers	846.9	(846.9)	-
Investments in associates and joint ventures	1,352.1	(1,352.1)	-
Investment properties	824.2	(824.2)	-
Receivables from related parties	-	203.7	203.7
Other assets	752.5	(752.5)	-
Total assets	17,497.8	(16,381.6)	1,116.1
Liabilities			
Open market funding	1,934.2	(1,934.2)	-
Derivative financial instruments	212.9	(212.9)	-
Financial liabilities held for trading	110.4	(110.4)	-
Financial liabilities at amortized cost	8,511.8	(8,511.8)	-
Due to brokers	301.8	(301.8)	-
Payables to related parties	-	203.7	203.7
Other liabilities	2,879.5	(2,879.5)	-
Total liabilities	13,950.9	(13,747.2)	203.7
Non-controlling interest	2,510.5	(2,510.5)	-
Shareholders' equity	1,036.4	(123.9)	912.4
Total liabilities and shareholders' equity	17,497.852	(16,381.6)	1,116.1

Although the Company no longer consolidates any subsidiary, information relating to non-controlling interest has been provided in the statement of income and comprehensive income as it presents its results until September 30, 2015. Further, the Company has decided to present consolidated statement of income and comprehensive income for the periods and quarters ended September 30, 2015 because it understands the derecognition of subsidiaries should solely be recorded prospectively.

Early adoption of IFRS 9 – Financial Instruments

The Company decided to early adopt, and with prospective effects, IFRS 9 – Financial Instruments with the date of initial application of January 1, 2016 in order to reduce the complexity of its financial statements, volatility in the income statement of the gains and losses in fair value of its

financial assets, and to anticipate a change that will be mandatory as of January 1, 2018. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment.

Subsequent to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at fair value through profit or loss (the "FVTPL"), fair value through other comprehensive income (the "FVOCI") with or without recycling, or at amortized cost. The main characteristics of IFRS 9 are further described in the main accounting practices.

Apart from the aforementioned changes in classification, no significant impact was identified for the Company's financial statements for the year ended on December 31, 2016, as of January 1, 2016, date of the IFRS 9 early adoption.

Other critical accounting policies

Functional currency and presentation

Functional currency

The items included in the financial statements of each of the businesses of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency").

The Company's functional currency is the U.S. dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

Foreign currency translation

The financial statements of subsidiaries, whose functional currency is different from that adopted by the parent company, are translated into the functional currency of the parent using the criteria in IAS 21.

Monetary assets and liabilities denominated in currencies other than U.S. dollars are converted into U.S. dollar using exchange rates closing at the end of each period. The non-monetary assets and liabilities are translated using the historical rate date. Transactions during the end of the financial year, including purchases and sales of securities, income and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses on foreign currency transactions are included in "translation adjustments" in the statement of comprehensive income.

Presentation currency

The financial statements are presented using the Brazilian *real* ("*real*" or "*reais*" or "R\$"), the presentation currency, as its reporting currency exclusively to meet the specific requirements of the CVM.

The conversion of U.S. dollar functional currency into *reais* (presentation currency) was recorded pursuant to the methodology described in IAS 21 ("The effects of changes in exchange rates"), and is summarized below:

- The assets and liabilities for each balance sheet date were translated at the closing exchange rate at the balance sheet date. Income and expenses were translated using monthly average exchange rate.
- For assets and liabilities for each balance which IAS 21 does not establish a methodology for translation, the Company elected to translate balances using the closing rate of each balance sheet, and other movements in shareholders' equity were converted using monthly average rate, except those that correspond to a specific transaction with shareholders that were converted at the exchange rate at the transaction date.

- For the preparation of the statement of cash flows, the Company used the average annual rate for the conversion of balances of changes in assets and liabilities items of operational cash flows. For the remaining transactions, the Company used the historical rate.

All resulting translation differences are recognized directly in "translation adjustments" in the statement of other comprehensive income.

Revenue and expense recognition

Net gains with financial instruments

Amounts that arise from trading activity including all gains and losses from changes in the fair value and the interest and dividend income or expense of financial assets and liabilities held for trading.

Interest income (expense)

Interest income (expense) is recognized as incurred, using the effective interest rate method. The interest on financial instruments held for trading are recorded in "Gain (losses) on financial instruments held for trading."

Dividend income

For investments classified as fair value through profit and loss and available for sale, dividend income is recognized when the right to receive payment is established.

Dividends on financial instruments held for trading are recorded as "Gain (losses) on financial instruments held for trading", and dividends received on financial assets as available for sale are classified as "Gain (losses) on financial assets available for sale."

Financial instruments

This section describes the accounting practices adopted as a result of the early adoption of IFRS 9.

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets or liabilities that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Subsequently to the IFRS 9 early adoption without electing fair value option, the Company classified its financial assets as measured at the FVTPL, the FVOCI with or without recycling or at amortized cost.

Derivatives financial instruments

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the consolidated income statement "Net gains (losses) with financial instruments held for trading."

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in "Gains (losses) on financial instruments held for trading."

Included in this classification are: debt instruments, equities and short sale that have been acquired specifically for the purpose of short term trading or repurchase.

Financial assets and liabilities designated at fair value through profit and loss

Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit or loss on initial recognition is only possible when the following criteria are observed and the designation of each instrument is individually determined:

- designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways;
- assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- the financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in "Net gain on financial assets or liabilities designated at fair value through profit and loss."

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equities and debt instruments:

Equity instruments

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. If the Company makes such election, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognized in profit or loss, with all other gains and losses (including those related to foreign exchange) recognized in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. After derecognition of the investment, the Company may transfer the cumulative gain or loss retained in other comprehensive income to retained earnings.

Debt instruments

Debt instruments can be recognized under this category if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the debt instrument, the unrealized gains or losses, previously recognized in the statement of comprehensive income, are reclassified to the income statement, as "Gain (losses) on fair value through other comprehensive income."

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets are measured at amortized cost using the effective interest rate method.

Although the Company is not expected to sell a financial asset measured under this category, as it is expected to hold it to maturity to collect contractual cash flows, the Company need not hold all of those instruments until maturity and sales may occur.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Impairment of financial assets

Under IFRS 9, at initial recognition of a debt instrument, the Company needs to project its expected credit losses for the next 12 months and recognize it as an allowance for credit losses, even though no losses have yet occurred. This is a change of concept to an expected loss model, rather than an incurred loss model that was effective under IAS 39.

If the Company is expecting a significant deterioration in the credit quality of its counterparty, it should recognize an allowance equivalent to the lifetime expected credit losses of the instrument, rather than only the 12 month expected credit losses.

Measurement

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

If the assets are no longer performing (a credit event), despite considering the expected credit losses for the lifetime of the instrument, the Company should also recognize interest revenue based on the net carrying amount, which means that the allowance should be accounted for on interest recognition.

The main evidence of deterioration of the credit quality of the counterparty are:

- the significant decline in the fair value of any security for a prolonged year;

- non-compliance with contract terms for delay of principal or interest;
- deterioration in ability to pay and operational performance;
- breach of covenants;
- significant change in the performance of the counterparty market; and
- reduced liquidity of the asset due to financial difficulties the lender.

For impairment losses related to debt instruments through other comprehensive income, such losses will be recognized on the consolidated statements of income against other comprehensive income in an account called "accumulated impairment amount." However, if in a subsequent year occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The Company is required to reduce the gross carrying amount of its financial instruments when there is no reasonable expectation of recovering the contractual cash flows on the financial assets on its entirety or a portion thereof.

Valuation of investment entity portfolio

Investment entity portfolio is held at fair value with movements in fair value going through the profit and loss account. The investments held by PPLA Bermuda Holdco (through PPLA Investments) are defined as underlying investments. These underlying investments correspond substantially to an investment in GEMM and merchant banking investments which are generally made directly or through ownership in limited partnership funds. The merchant banking investments are comprised of equity ownerships, loans and convertible instruments which most of the risk and return are dependent on the fair value and characteristics of underlying equity. The Company may adjust these values if, in its view, the values do not reflect the price which would be paid in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act.

Investment entity portfolios are measured according to the fair value measurement hierarchy described below:

Level 1: Price quotations observed in active markets for the same instrument;

Level 2: Price quotations observed in active markets for instruments with similar characteristics or based on pricing model in which the relevant parameters are based on observable active market data; and

Level 3: Pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Company determines a reasonable level for the input. The valuation models are developed internally and are reviewed by the pricing team, which is independent from the revenue generating areas, they are updated whenever there is evidence of events that could have affected the assets' pricing. Investment entity portfolio primarily includes certain limited partnership interests in private equity funds mainly derived from our merchant banking activities and OTC derivatives which valuation depends upon unobservable inputs. No gain or loss is recognized on the initial recognition of an investment entity portfolio valued using a technique incorporating significant unobservable data.

Level 3 valuation assumptions

Asset	Valuation technique	Main assumptions
Private Equity Funds (unquoted investments)	Price of recent investments; Models based on discounted cash flows or earnings; Market and transaction (M&A) multiples.	Market and revenue growth, profitability and leverage expectations, discount rates, macro-economic assumptions such as inflation and exchange rates, risk premiums including market, size and country risk premiums.
Derivatives	Standard models and non- bidding quoted prices	Probability of default and recovery rates

In certain cases, data used to determine fair value may be from the different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments among the different levels of fair value measurement hierarchy.

Impairment of nonfinancial assets

Investments in associates and joint ventures and assets that have an indefinite life, such as goodwill are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are tested for impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment is recognized if the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and its recoverable value in use. For the purpose of evaluating the impairment amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units, "CGU").

Contingent assets and liabilities

Provisions are recognized when the Company has a current obligation (legal or constructive), as the result of a past event and it is probable that an outflow of resources which incorporates economic benefits shall be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense related to any allowance is presented in the income statement net of any reimbursement. The recognition, measurement and the disclosure of the assets and contingent liabilities are made pursuant to the criteria described below:

- **contingent assets:** not recognized in the financial statements, except when there is evidence that realization is virtually certain.
- **contingent liabilities:** recognized in the financial statements when, based on the opinion of legal advisors and management, the risk of loss of an action, judicial or administrative is deemed likely, with a probable outflow of resources to settlement of the obligations and when the amounts involved can be reasonably measured. Contingent liabilities classified as possible losses by the legal advisors are only disclosed in explanatory notes, while those classified as remote losses are neither provided for nor disclosed.

Significant acquisitions, divestitures and corporate restructurings affecting our results of operations

Divestment of BTG Alpha

Prior to March 31, 2010, BTG Alpha was our subsidiary which made certain merchant banking investments in Brazil, owning equity stakes in MMC Automotores do Brasil S.A., Farmais Franchising Ltda., All Park Empreendimentos, Participações e Serviços S.A., Suzuki Veículos do Brasil S.A., Brazil

Pharma S.A., or Brazil Pharma and Derivados do Brasil S.A. (the "**Partners' Merchant Banking Companies**"). The transfer of BTG Alpha in 2010 was implemented as a purchase and sale, for consideration substantially equivalent to the carry value of BTG Alpha in our books, equal to R\$92.4 million, and we derecognized the investment in BTG Alpha from our books as of such date. As a result of this transfer, the Partners' Merchant Banking Companies are no longer included in our Principal Investments Unit and BTG Alpha became a wholly-owned subsidiary of an exempted limited partnership established under the laws of Bermuda, BTG MB Investments L.P., or the Merchant Banking Partnership, that is owned solely by our Partners. On April 1, 2010, the Merchant Banking Partnership started to pay a management fee equal to 2.0% of the total AUM of the Merchant Banking Partnership and a performance fee equal to 20.0% of the return on the investments to the asset management unit of Banco BTG Pactual, which is serving as the investment advisor to such partnership. In addition, we made a series of loans, totaling R\$92.4 million, to the Merchant Banking Partnership to finance its acquisition of BTG Alpha. Such loans were repaid in full in November 2010. However, the terms of the loans continued to provide us with a portion of the profits made on certain of BTG Alpha's investments in the Partners' Merchant Banking Companies. In particular, with respect to certain designated investments that existed at the time of such loans (or that were purchased by means of the capital commitments made with the proceeds of such loans), the Merchant Banking Partnership was required to make a cash payment to us equal to 50% of the aggregate net profits on all such investments (the "**Merchant Banking Equity Kicker**"). The Merchant Banking Equity Kicker applied only to certain investments made in the past by PPLA Investments that were transferred to the Merchant Banking Partnership. It did not apply to any of our other merchant banking investments, including those made by our private equity funds. The Merchant Banking Equity Kicker was liquidated on May 21, 2015 pursuant to which we received US\$76.1 million.

Divestment from Banco BTG Pactual of ARF II and investment of the Company in ARF II

In December 2013, Banco BTG Pactual sold its interests in ARF II, to an independent third party for a total purchase price equal to the net asset value of such interests. On the same date, the third party entered into a separate binding agreement to sell such interests in ARF II to us.

The legal title to the interests in ARF II was transferred from Banco BTG Pactual to the third party (and from the third party to us) upon payment of the total purchase price for the transaction, paid in quarterly installments through December 2016. In December 2013, however, the transaction was considered for all relevant purposes to represent the immediate transfer of the risk and rewards from Banco BTG Pactual to the third party (and from the third party to us).

As a result of the transaction, Banco BTG Pactual continues to manage ARF II through its asset management unit and receive fees for such services. However, the assets, liabilities and capital gains (or losses, if any) of ARF II are now presented in our consolidated financial statements, not that of Banco BTG Pactual.

As of November 30, 2013, the day prior to our acquisition of interests in ARF II, ARF II represented R\$782.0 million in revenues at Banco BTG Pactual (including an estimated R\$198.0 million of implied management and performance fees that would have been earned if the transaction had occurred as of January 1, 2013), and R\$54.3 billion in total assets as of that date.

The acquisition of ARF II was presented in our financial statements as an acquisition of subsidiaries, net of cash acquired in the statements of cash flow. Up to December 2015, the acquisition mainly impacted the following items on our balance sheet: open market investments and open market funding, derivative financial instruments (assets and liabilities), and financial liabilities held for trading and due from/to brokers.

Divestment of ARFs and GEMM

In 2015, we proceeded with the restructuring of the vehicles through which certain of our global capital markets investment activities are carried out. The objective of the restructuring was to reduce the operational costs and regulatory burden of maintaining similar trading strategies in the

funds in which we invested directly, ARF II and ARF ("**ARFs**"), and the fund in which Banco BTG Pactual's other clients invest with similar strategies, GEMM. Accordingly, we reduced our proprietary positions in ARFs and have reallocated substantial portions of such proprietary capital to GEMM. As a result, our propriety investments are effectively migrating from funds we consolidate in our financial statements, ARFs, to an unconsolidated fund, GEMM. The restructuring reduced significantly our total assets, from R\$55.3 billion as of December 31, 2014, to approximately R\$17 billion as of September 30, 2015, following the restructuring and before we reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, described elsewhere in this Prospectus.

In addition, in December 2015, we began a divestment process from ARF, ARF II and GEMM in order to generate liquidity for the Company in response to severe liquidity constraints following the arrest of our former CEO. See "Risk Factors—Risk relating to our business and industry—Ongoing high profile anti-corruption investigations in Brazil may adversely affect us." As of June 30, 2017, our total investment in ARF II was US\$51 million and its assets comprised basically bonds issued by Banco BTG Pactual. On December 31, 2016 the amount was US\$187 million.

Divestment of BR Properties

On April 10, 2014, we sold 18.65% of our equity interest in BR Properties S.A. ("**BR Properties**") to Propertyco FIM CP IE, a fund owned by Banco BTG Pactual. This transaction was carried out through BM&FBOVESPA, now B3, based on the closing price of BR Properties shares on April 10, 2014.

Our equity interest in BR Properties was measured using the equity pick-up method for 2013 and 2014. In connection with our investment in BR Properties, we recorded equity pick up losses of R\$30.5 million and R\$6.4 million in 2013 and 2014, respectively.

In 2015, the Company sold its interest in BR Properties. Still in 2015, in connection with our investment in BR Properties, we recorded equity pick up gains of R\$8.5 million and received dividends in the amount of R\$1.9 million.

Investments in and by Timber Fund

The BTG Pactual Group has a comprehensive platform of management and investment in forestry assets. The BTG Pactual Group's current strategies focus on large assets in mature timberland markets aiming to obtain inflation-resistant returns, capital appreciation and strong annual cash yields, as well as diversified assets in rapidly developing emerging markets where we believe higher growth rates and strong domestic demand may offer higher returns. As part of this strategy, the BTG Pactual Group seeks to originate transactions from a broad range of sources including through Banco BTG Pactual's Brazil-based investment banking platform, the research and deal identification activities of the timberland investment team and its local presence on the ground managing commercial timberland.

As of June 30, 2017, the BTG Pactual Group is one of the largest timberland managers globally, and is the largest independent timberland manager in Latin America with US\$3.0 billion in assets and commitments, 1.8 million acres under management of which nearly 900,000 acres are located in Latin America, and geographic diversity with assets throughout the United States, Latin America, Eastern Europe and South Africa.

To complement Banco BTG Pactual's acquisition in 2013 of TTG Brasil Investimentos Florestais, one of the largest timberland investment management companies in Latin America, and Regions Timberland Group, a division of Regions Bank, we acquired a 100% interest in BTG Pactual SCFlor & São Lourenço Holding S.A. ("**SCFlor**") and a 55% interest in BTG Pactual Santa Terezinha Holding S.A. ("**StaTerezinha**") for a total amount of R\$263 million in 2013. These investments were comprised of standing eucalyptus timberland and bare land totaling 55,229 hectares in Minas Gerais State, Brazil.

In 2014, we sold 23.73% and 14.82% of our shares in SCFlor and StaTerezinha, respectively, to BTG Pactual Brazil Timberland Fund I, LP (the "**Timber Fund**"), a fund managed by Banco BTG Pactual which invests in a portfolio of privately negotiated equity and equity-related investments in timberland assets located primarily in Brazil across a diverse range of geographies, tree species, and end-markets. The total purchase price for our sale of interests in SCFlor and StaTerezinha to the Timber Fund reflected our proportional share of the total purchase price paid by us, as adjusted for inflation (equivalent to 111% of CDI). As a result of this sale, we recognized a slight loss in our financial statements. Prior to the sale, the results of StaTerezinha and SCFlor were recognized using the equity pickup method of accounting, while following such sale, StaTerezinha and SCFlor were fully consolidated in our financial statements until September 30, 2015 and after it was recorded at fair value, following the adoption of IFRS 10, described elsewhere in this Prospectus.

During the third quarter of 2015, we together with Timber Fund acquired through the company, Timber IX Participações S.A. ("**Timber IX**") a 12-year timber deed (Princesa), located in São Paulo State, with a total planted area of 9,114 hectares consisting mainly of pine across 37 properties for a total acquisition price of R\$126 million, whose share applicable to the PPLA Investments corresponded to R\$33.6 million.

In the fourth quarter of 2016, Timber IX acquired Project Valor for a total value of R\$50 million, which corresponds to the exploration rights of standing timber and associated lease of land. Project Valor consists of 3,094 hectares of standing high-quality pine and eucalyptus close to the Princesa's assets.

During the third quarter of 2016, we together with Timber Fund acquired through the company Timber XI SPE S.A., a timber deed in the region of Monte Carlo, Santa Catarina State, Brazil by a total purchase price of R\$ 29.8 million (approximately R\$8.27 million of BTGI Investimentos Florestais S.A.). The plantations comprise pine and eucalyptus on 2,528 hectares.

Investment in B&A Mineração

On July 12, 2012, we entered into a partnership agreement with AGN Agroindustrial, Projetos e Participações Ltda. ("**AGN**") to explore opportunities in the metals and mining industries by means of a new company referred to as B&A Mineração S.A. ("**B&A Mineração**"). We hold an 87.8% interest in B&A Mineração, with AGN holding the remaining 12.2% interest. B&A Mineração operates with a focus on exploration and development of fertilizer assets, iron ore and copper located in Latin America and Africa, also identifying opportunities in mining, metals, oil and gas around the world. Currently its main projects relate to (i) fertilizer assets, including the development of a phosphate project located in the state of Pará, Brazil and a potash project in the state of Sergipe, Brazil in addition to holding several other phosphate mineral rights and (ii) copper as a result of the acquisition of a mining project in Chile. As of June 30, 2017, December 31, 2016 and 2015, our total investment in B&A Mineração (which includes equity and debt investments) was equal to R\$215.7 million, R\$218.2 million and R\$261.5 million, respectively.

Divestment of Leader

On June 20, 2012, we, together with FIP Principal, a private equity fund managed by Banco BTG Pactual in which we are a co-investor, concluded the acquisition of a 40% interest of Leader Participações S.A. ("**Leader**"), for a total purchase price of R\$665.1 million. At the end of September 2012, we exercised a call option for an additional equity interest of 30% pursuant to which we paid an additional R\$335 million. Leader is a Brazilian retailer headquartered in the state of Rio de Janeiro with a focus on the clothing and apparel segment for consumers, primarily from the B and C economic classes in Brazil.

On April 12, 2016, we, together with FIP Principal, entered into a series of agreements through which we committed to dispose of 100% of our shares in Leader. The sale of Leader was concluded on July 28, 2016 and, consequently, we no longer have influence over the company's management. The sale price of the shares corresponded to a symbolic value, and PPLA Investments,

through one of its subsidiaries, purchased a portion of Leader's liabilities in the process of restructuring its debts. The repayment of the loans will derive from Leader's cash generation, including the cash proceeds from a potential sale by its current controlling shareholders.

As of June 30, 2017 we had outstanding loans amounting to R\$602 million, which includes the impairment balances of R\$718 million.

Divestment of ATLL

On November 27, 2012, we, Acciona S.A. ("**Acciona**"), and a consortium of investors were awarded the management concession for Aigues Ter Llobregat, the company that manages the upstream water supply for the city of Barcelona, for a period of 50 years. Following such sale, we and Acciona each held a 39% equity interest in a newly established company, ATLL Concessionaria de La Generalitat de Catalunya S.A. ("**ATLL**"), and had veto rights over certain significant matters. As of December 31, 2014, we had an investment in ATLL equivalent to R\$183.5 million measured using the equity pick up method. We also extended loans to ATLL, with a total outstanding amount of R\$198.2 million as of December 31, 2014. In addition, we provided a counter-guarantee of €11.7 million to ATLL to secure ATLL's guarantee to the local government entity in Barcelona in connection with the concession.

On December 8, 2015, we sold the totality of our interests in ATLL, through its subsidiary, Aigues de Catalunya Ltd. Ltd as follow: (i) sale of 95% of company's total interest in ATLL's equity for €19.34 million, being the receipt of the remaining balance subject to the fulfillment of precedent conditions, and (ii) liquidation of the credit agreement granted by Aigues de Catalunya Ltd. to ATLL in the amount of €54.76 million. As consequence of this sale, we registered a loss in the amount of €32.25 million.

Divestment of Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.

On December 28, 2012, we and Abertis Infraestructuras S.A. reached an agreement with the Catalanian government for the operation and maintenance of the Vallvidrera and Cadí tunnels. The objective of the agreement was to assume a €430 million concession fee through a newly established company, Tunels de Barcelona i Cadí ("**Tunels**"), in which we, via our subsidiary BTG Pactual Spanish Trading Holdings Ltd, and Abertis held equity interests of 65% and 35%, respectively. Tunels made an initial payment of €310 million to the Catalanian Government, 30% funded by shareholders' capital and 70% by loans. We expect that the remaining concession fee amount will be paid at the end of the concession agreement in 2037. Furthermore, Abertis has been engaged as the operator of the concession during the concession period of 25 years.

On November 20, 2014, we signed a binding agreement for the sale of our 65.0% share in Tunels, which obtained the regulatory approvals in May 2015. We recognized an estimated fair value gain of R\$287 million based on the purchase price of the binding agreement.

Divestment of CDR Pedreira

On March 21, 2016, A.Z.P.S.P.E. Empreendimentos e Participações S.A., PPLA Investments' subsidiary, entered into a share purchase and sale agreement with Gaia Ambiental Empreendimentos S.A, in which it committed to dispose of 100% of its shares in CDR Pedreira, for the amount of approximately R\$258 million, at carrying amount with no gains or losses recorded. The deal was concluded on March, 2017.

Divestment of ADS – Advanced Disposal Service

On June 30, 2016, the Company, through PPLA Investments' subsidiary, BTG Equity Investments LLC, sold its interest in ADS – Advanced Disposal Service to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for US\$94,347 (equivalent to R\$302,835 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

Divestment of LAP – Latin America Power

On July 29, 2016, the Company, through BTG Pactual Brazil Infrastructure Fund II LP, sold its interest in Latin America Power Holding B.V. to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for US\$60,454 (equivalent to R\$190,810 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

Divestment of BR Pharma

In 2016, PPLA Investments, through its subsidiary BTG Pactual Prop Feeder S.a.r.l, undertook a capital increase of approximately R\$400,000 in Brasil Pharma S.A.

During the quarter ended March 31, 2017, PPLA Investments entered into an agreement with Lyon Capital, a third party investor, where our participation in Sigma Cayman, a holding company which had 94.49% of BR Pharma S.A., was diluted from 100% to 0.01%. Thus, PPLA Investments has measured at nil its equity investment in the company. The deal was concluded on April 6, 2017, and, consequently, we no longer have significant influence over the company's management.

As part of the agreement above, during the first semester of 2017 we purchased a portion of the company's liabilities in the process of restructuring its debts. The repayment of the loans will derive from BR Pharma's cash generation, including the cash proceeds from a potential sale by its current controlling shareholders. As of June 30, 2017, we had outstanding loans that amount R\$769 million, which includes the impairment balances of R\$152 million.

Capital increase of the Company as a result of the Engelhart CTP reorganization

In April 8, 2016, Banco BTG Pactual decided to implement the separation of its commodity trading activities, with the exception of those activities carried out by the Brazil energy trading desk from the operational structure of Banco BTG Pactual and to rearrange the commodities platform under a new Luxembourg-based company named Engelhart Commodities Trading Partners ("**Engelhart CTP**"). The Commodities Platform currently operates separately from Banco BTG Pactual, with limited administrative and operational services to be provided by Banco BTG Pactual based on arm's length contracts in accordance with market practices, including cost sharing and infrastructure sharing agreements, until such services are fully assumed by Engelhart CTP. A portion of such equity is held by senior employees of Engelhart CTP under an incentive program. Up to five years after the completion of the separation, Engelhart CTP will have the option to acquire its remaining equity interest held by Banco BTG Pactual for its shareholders' equity value.

On July 14, 2016, Banco BTG Pactual resolved on the bonification of shares under the context of separation of its commodity trading activities carried out by the Brazil energy trading desk from the operational structure of Banco BTG Pactual, through the transfer to the shareholders of part of the shareholding interest held by Banco in Engelhart CTP. The shareholders of Banco BTG Pactual who decided not to timely receive the shareholding interest in Engelhart CTP and according to the applicable procedures should automatically receive Units BBTG11 according to a certain ratio of Class C preferred shares issued by Banco BTG Pactual. Since Banco BTG Pactual should obtain a total 59,457,673 Class A Shares and 118,913,346 Class B Shares issued by the Company with the purpose of forming BBTG11 Units and transferring to certain shareholders, the Board of Directors issued 46,200,273 Class A Shares and 94,400,546 Class B Shares to Banco BTG Pactual on the amount of US\$38,346,512.61.

Buyback program

On November 25, 2015 the board of directors of Banco BTG Pactual announced the units buyback program concerning Units BBTG11. Since the beginning of the program and until June 30, 2017, 92,742,230 Units BBTG11 have been repurchased in the total amount of R\$1,260,754,000 and 86,530,430 units had been cancelled, in the amount of R\$1,174,199,000. On June 30, 2017, 6,211,800 (December 31, 2016: 5,896,900) units are held in treasury.

On November 25, 2015, Banco BTG Pactual approved the opening of a repurchase program

of up to 23,051,312 Units BBTG11.

On December 13, 2015, the board of directors of Banco BTG Pactual authorized (i) the cancellation of 19,900,812 Units BBTG11 acquired based on the terms of the repurchase program approved at board of directors' meeting of November 25, 2015; (ii) the cancellation, without reducing Banco BTG Pactual's capital stock, of 19,900,812 common shares and 39,801,624 class A preferred shares issued by Banco BTG Pactual, already held in treasury, resulting from the acquisitions made under the repurchase program; and (iii) Banco BTG Pactual to acquire up to 21,061,230 units.

On December 13, 2015, due to the cancellation of 21,061,230 BBTG11 Units, the Board of Directors authorized the following: the Company received 19,900,812 voting common shares designated as class A and 39,801,624 non-voting common shares designated as class B, in each case of the Company that were held in the Company's treasury account and such shares were then cancelled without capital reduction.

On February 14, 2016, the board of directors of Banco BTG Pactual authorized (i) the cancellation of 19,925,230 Units BBTG11 acquired based on the terms of the repurchase program approved at board of directors' meeting of December 13, 2015; (ii) the cancellation, without reducing Banco BTG Pactual's capital stock, of 19,925,230 common shares and 39,850,460 class A preferred shares issued by Banco BTG Pactual, already held in treasury, resulting from the acquisitions made under the repurchase program; and (iii) Banco BTG Pactual to acquire up to 19,068,708 units, and the limit for maintaining treasury shares, as provided by ICVM 567.

On February 14, 2016, due to the cancellation of 19,925,230 BBTG11 Units, the Board of Directors authorized the following: the Company received 39,850,460 voting common shares designated as class A and 37,641,816 non-voting common shares designated as class B, in each case of the Company that were held in the Company's treasury account and such shares were then cancelled without capital reduction.

On July 14, 2016, the board of directors of Banco BTG Pactual authorized (i) the cancellation of 18,820,908 Units BBTG11 acquired based on the terms of the repurchase program approved at board of directors' meeting of February 14, 2016 and June 21, 2016; (ii) the cancellation, without reducing Banco BTG Pactual's capital stock, of 18,820,908 common shares and 37,641,816 class A preferred shares issued by Banco BTG Pactual, already held in treasury, resulting from the acquisitions made under the repurchase program; and (iii) Banco BTG Pactual to acquire up to 15,000,000 units, and the limit for maintaining treasury shares, as provided by ICVM 567.

On July 14, 2016, due to the cancellation of 18,820,908 Units BBTG11, the Board of Directors authorized the following: the Company received 18,820,908 voting common shares designated as class A and 37,641,816 non-voting common shares designated as class B, in each case of the Company that were held in the Company's treasury account and such shares were then cancelled without capital reduction.

On September 29, 2016, Banco BTG Pactual approved:

- (i) the cancellation of 13,257,400 Units BBTG11 acquired (already settled or pending settlement) pursuant to the buyback program approved in the meetings of this board of directors held on July 14, 2016, in accordance with the relevant deposit agreement;
- (ii) the cancellation, without reducing Banco BTG Pactual's capital stock, of 13,257,400 common shares and 26,514,800 class A preferred shares issued by Company, already held as the Company's treasury stock, resulting from the acquisitions made under the such buyback program; and
- (iii) the cancellation, without reducing Banco BTG Pactual's capital stock, of 11,074,800 class C preferred shares, credited to the shareholders as a stock dividend, also approved at the board of directors' meeting on July 14, 2016, in connection with the separation of its commodities trading activities (other than the activities relating to

Brazil's energy trading desk) (the "**Transaction**") and as a result of such approvals, authorize that the capital stock of Banco BTG Pactual be divided into 1,718,895,529 common shares, 431,840,524 class A preferred shares, 449,356,339 class B preferred shares and 806,451,683 class C preferred shares, all registered, in book entry form and with no par value, without prejudice to the subsequent conversion of such preferred shares class C for the creation of additional units or redemption in shares issued by Engelhart CTP Group S.A., according to the option of each shareholder regarding the Transaction. As a result of the cancellation, and without prejudice to the total acquisition limit of up to 93,860,181 units authorized in the board of directors' meeting held on November 25, 2015 – which for all purposes should have been adjusted as a result of the bonus within the scope of the Transaction –, the board of directors authorized Banco BTG Pactual to acquire up to 17,500,000 units – including the acquisition of the assets underlying to the units.

During the year ended December 31, 2016, Banco BTG Pactual accomplished the cancellation of Units BBTG11, due to the approved program of buyback of units, in the amount of R\$70,834,000, equivalent to 5,896,900 units.

On February 14, 2017, the Board of Directors approved a buyback program enabling it to efficiently allocate its available cash funds to the acquisition of the Company units. The Board of Directors authorized the Company to acquire up to 2,873,920 units.

On May 18, 2017, the board of directors of Banco BTG Pactual approved (a) the cancellation of 1,445,600 units comprised of one common share and class A preferred shares issued by Banco BTG Pactual ("**Units BPAC11**") and 14,626,080 Units BBTG11 acquired and paid in pursuant to the terms of the buyback program ratified at the board of directors' meeting of February 14, 2017; (b) the cancellation, without capital stock reduction, of 16,071,680 common shares and 32,143,360 class A preferred shares issued by Banco BTG Pactual, already held in treasury, resulting from the acquisitions made and paid in under the previous buyback program; and (c) the creation of a new buyback program to acquire up to 16,500,000 Units BPAC11 and/or up to 16,500,000 Units BBTG11. On May 18, 2017, due to the cancellation of 14,626,080 Units BBTG11, the Company received 14,626,080 voting common shares designated as class A and 29,252,160 non-voting common shares designated as class B, in each case of the Company that will be held in the Company's treasury account (that such shares shall be cancelled without capital reduction) with which also held 1,220,000 voting common shares designated as class A and 2,440,000 non-voting common shares designated as class B. As a result of such, the Board of Directors approved the cancellation of 15,846,080 Class A Shares and 31,692,160 Class B Shares.

During the semester ended in June 30, 2017, the Company approved the repurchase of 1,220,000 Class A Shares and 2,440,000 Class B Shares in the total amount of R\$ 3,546,000. The repurchase was made with funds that will be obtained from PPLA Investments, and in consequence of this financing, the Company had its percentage of ownership interest in the investee (PPLA Investments) diluted by approximately 0.58%.

The Company's consolidated income statement (IFRS)

As mentioned elsewhere in this Prospectus, the Company is the sole owner of PPLA Bermuda Holdco which is the general partner of PPLA Investments. As a consequence, the Company indirectly controls the financial and operating policies of PPLA Investments. Further, except for the results derived from the equity interest in PPLA Investments, the Company and BTG Holdco do not have any transactions of any nature and therefore the discussion and analysis presented in this section are a consequence of transactions carried by PPLA Investments in its normal course of business. The table below presents the indirect interest the Company had in PPLA Investments as of January 1, 2014, December 31, 2014, 2015 and 2016 and June 30, 2017:

Date	Indirect interest (%)
January 1, 2014	25.05
December 31, 2014	24.24
December 31, 2015	25.88
December 31, 2016	29.28
June 30, 2017	28.02

The changes in the indirect interest the Company had in PPLA Investments are a consequence mainly of the share repurchase programs and spin-off of commodities business carried by Banco BTG Pactual described elsewhere in this Prospectus.

As explained elsewhere in this Prospectus, on September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of (i) the restructuring of the vehicles through which certain of its global capital markets investment activities had been carried out, and (ii) a change in the way the management conducts the business. As a result of the above, in accordance with IFRS 10.30 and IFRS 10.B101, the Company ceased to consolidate its subsidiaries at the date of the change in status, which it determined to be September 30, 2015. As a result of these changes, our results of operations following the implementation of IFRS 10 investment entity guidance are not directly comparable with our results of operations from prior periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—IFRS 10 Consolidated Financial Statements – Investment Entities" and "Presentation of Financial and Other Information—Accounting Changes."

The following table sets forth Company's income statement and balance sheets as of and for the years ended December 31, 2014, 2015 and 2016 are derived from and should be read in conjunction with our audited consolidated financial statements and related notes prepared in accordance with IFRS included elsewhere in this Prospectus. Our balance sheet as of June 30, 2017 and income statement for the six months ended June 30, 2017 and 2016 are derived from and should be read in conjunction with our unaudited interim consolidated financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016.

Our consolidated income statement (IFRS)

	For the years ended December 31, (audited)			For the six months ended (unaudited)		
	2014	2015	2016	2016	2017	2017
	(in R\$ millions)			(in US\$ millions)		
Interest income	129.6	180.9	-	-	-	-
Interest expenses	(677.9)	(957.3)	-	-	-	-
Interest income/(expenses), net	(548.3)	(776.4)	-	-	-	-
Gains on financial instruments held for trading	237.6	174.2	-	-	-	-
Gains on financial assets designated at fair value through profit and loss	-	75.4	-	-	-	-
Equity pickup in associates and joint ventures, before change of status to investment entity	(274.3)	(117.7)	-	-	-	-
Gains/(losses) on financial assets						

available for sale						
Dividends received	-	16.2	-	-	-	-
Impairment losses.....	(29.0)	(188.5)	-	-	-	-
Gain on fair value of investment properties	364.4	-				
Gain (loss) on investment entity portfolio measured at fair value.....	-	(53.2)	108.3	(9.7)	(372.7)	(112.7)
Foreign exchange reclassification - Change in status	-	(818.3)	-	-	-	-
Other operating income/(expenses), net	293.1	46.2	0.2	0.7	-	-
Total operating income/(loss)	43.4	(1,642.0)	108.5	(9.0)	(372.7)	(112.7)
Administrative expenses	(272.0)	(157.2)	(0.2)	(0.3)	(0.1)	(0.0)
Other expenses	(176.2)	(300.2)	-	-	-	-
Net income/(loss) for the year / period	(404.8)	(2,099.5)	108.3	(9.2)	(372.8)	(112.7)

Interest income/expenses (net)

The Company recorded interest expenses of R\$548.3 million and R\$776.4 million in 2014 and 2015, respectively.

The Company's interest income consists primarily of: (i) interest charged with respect to open market transactions, and (ii) interest charges and, if applicable, foreign exchange results with respect to loans and receivables (consisting mainly of related party loans).

The Company's interest expenses consist primarily of (i) funding expenses, mainly interest expenses in connection with repurchase agreements in open market funding transactions and senior and medium term notes, (ii) interest PPLA Investments pays on loans and financing and (iii) foreign exchange losses in connection with PPLA Investments' loans and receivables (consisting mainly of related party loans denominated in currencies other than U.S. dollars).

The table below shows the composition of the Company's interest income for the periods indicated:

	For the years ended December 31, (audited)		
	2014	2015	2016
	(in R\$ millions)		
Loans and receivables.....	115.2	166.6	
Interest on open market investments	14.4	14.2	
Interest income	129.6	180.9	-
Interest on funding	(418.0)	(200.6)	
Foreign exchange	(188.4)	(693.9)	
Interest on loans and financing.....	(71.4)	(62.7)	
Interest expenses	(677.9)	(957.3)	-

2015 versus 2014

Interest income had increased from R\$129.6 million in 2014 to R\$180.9 million in 2015, due to: (i) increase of credit portfolio balance, of an average of R\$1,647.7 million in 2014 to approximately R\$2,257.1 million in 2015, and (ii) increase of interest rates, in particular the CDI, from 10.8% in 2014 to 13.2% in 2015, affecting the credit portfolio denominated in *reais*.

Interest expenses increased 41.2%, from R\$677.9 million in 2014 to R\$957.3 million in 2015, mainly due to increase of R\$501.2 million in foreign exchange variation, reflecting a higher depreciation of the *real* against the U.S. dollar in the period – 13.25% in 2014 compared to 47.17% in 2015, which was partially offset by: (i) decrease of R\$181.4 million in funding expenses, mainly due to reduction in the average balance of open market funding from ARF's portfolio, of an average balance of R\$33,389.3 million in 2014 to R\$16,931.1 million in 2015; and (ii) effects from the application of the investment entities guidance from IFRS 10 from September 30, 2015 onwards, which deconsolidated assets and liabilities and consequently their average portfolios.

Gains on financial instruments held for trading

The Company's gains (losses) on financial instruments held for trading consists of results from the Company's global markets activities, composed primarily of gains from the investments managed by Banco BTG Pactual's New York, Brazil and London asset management teams.

The table below shows the composition of the Company gains (losses) on financial instruments held for trading for the periods indicated:

	For the years ended December 31, (audited)		
	2014	2015	2016
	(in R\$ millions)		
Derivatives financial instruments	(652.4)	130.7	-
Financial assets and liabilities held for trading	889.9	43.5	-
Gains on financial instruments held for trading	237.6	174.2	-

2015 versus 2014

Gains on financial instruments held for trading decreased 26.7%, from R\$237.6 million in 2014 to R\$174.2 million in 2015, mainly due to: (i) losses in global strategies related to assets and U.S. agencies; and (ii) recognition of fair value movements of R\$286.9 million, related to the sale of our interest in Túnel de Cadí Barcelona i Concessionaria de La Generalitat de Catalunya AS. These losses were compensated by gains in global credit strategies, as well as Latam and Brazilian rates and foreign exchange rates strategies.

Gains on financial assets designated at fair value through profit and loss

In 2015, the Company restructured the vehicles, through which certain of its global capital markets investment activities had been carried out, which corresponded with a change in the way management conducts the business, as described elsewhere in this Prospectus. As a result, the Company became an investor of GEMM and classified it as financial assets designated at fair value through profit and loss.

GEMM is a hedge fund launched and managed by Banco BTG Pactual Asset Management. The fund invests in equity and fixed income markets. It primarily invests in global rates, global equities, U.S. mortgages and asset-backed securities, global credit and Latin America.

Gains on financial assets designated at fair value through profit and loss are related to investments in GEMM made during the first semester of 2015, and the changes in its net asset value as a result of its performance during the period, GEMM invests in diverse strategies including credit in developed emerging markets, changeable income, interest rates and exchange, as well as global products of securitization. In 2015, the liquid result with financial assets designated the value just was of R\$75.4 million. There was no investment in GEMM in 2014.

Equity pickup in associates and joint ventures, before change of status to investment entity

The table below shows the composition of the Company's Equity pickup in associates and joint ventures, before change of status to investment entity by each entity:

For the years ended December 31, (audited)			
	2014	2015	2016
	(in R\$ millions)		
B&A Mineração S.A.	(176.1)	(20.9)	-
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	7.6	-	-
ATLL Concessionaria de La Generalitat de Catalunya S.A.	5.0	8.2	-
União de Lojas Leader S.A.	(65.2)	(113.6)	-
SPE Holding Beira-Rio S.A.	(9.1)	(9.2)	-
BR Properties S.A.	(6.4)	8.5	-
Timber IX Participações S.A.	-	(0.1)	-
SIFR Holdings Ltd.	(14.2)	9.6	-
Others	(0.7)	(0.1)	-
Equity pickup in associates and joint ventures, before change of status	(274.3)	(117.6)	-

2015 versus 2014

The Company recognized losses of R\$274.3 million and R\$117.6 million for the years ended December 31, 2014 and 2015, respectively. The losses reflect the Company's proportional share of PPLA Investments' results derived mainly from its interest in B&A Mineração and União de Lojas Leader.

Gains/(losses) on financial assets available for sale

In the nine months ended September 30, 2015, the Company recognized losses totaling R\$188.5 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income. In 2014, the Company recognized losses totaling R\$29.0 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income. The recognition of losses was driven by the significant decrease in merchant banking investment carried by FIP Principal related to the oil and gas sector.

For the years ended December 31, (audited)			
	2014	2015	2016
	(in R\$ millions)		
Dividends received	-	16.2	-
Impairment losses.....	(29.0)	(188.5)	-
Total	(29.0)	(172.3)	-

Gain on fair value of investment properties

In 2014, the Company re-evaluated its investment properties, recognizing a gain of R\$389.3, before deferred income taxes in the amount of R\$24.9 million. The gain was due to increase in the price of land as well as timber. Due to the changes described in Note 10, the Company consolidated two new investment properties which totaled R\$127.4. As of December 31, 2014, the total amount of the Company's investment property was R\$770.7 and it is comprised of certain assets related to the timber business and BrPec Agro Pecuária S.A.

Gain (loss) on investment entity portfolio measured at fair value

As explained elsewhere in this Prospectus, on September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements – Investment Entities, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of the restructuring of the vehicles, through which certain of its global capital markets investment activities had been carried out, and change in the way management conducts the business. The change in status to investment entity caused significant changes, mainly to the presentation of the financial statements. See "Presentation of Financial and Other Information—Accounting Changes." As a consequence, the results of the Company for the year ended December 31, 2015 are presented as if it were not an investment entity until September 30, 2015 and thereafter as an investment entity. The results of the Company after September 30, 2015 are presented mainly on Gain (loss) on investment entity portfolio measured at fair value and Foreign exchange reclassification - change in status; while the results before the referred date are presented in all other lines of the income statements.

	For the years ended December 31, (audited)			For the six months ended June 30 (unaudited)	
	2014	2015	2016	2016	2017
	(in R\$ millions)				
Gain (loss) with financial assets measured at fair value	-	(231.5)	266.5	127.9	(392.7)
Fair value adjustment on loans.....	-	178.3	(158.2)	(137.6)	19.9
Gain (loss) on investment entity portfolio measured at fair value	-	(53.2)	108.3	(9.7)	(372.7)

The discussion and analysis below presents explanation from certain activities and business which were presented elsewhere in the income statement before the reassessment of IFRS 10, Consolidated Financial Statements – Investment Entities. The main changes were as follows:

As per the investment entity discussion and analysis below	Presentation before the application of the investment entity guidance – IFRS 10
Merchant banking activities	The merchant banking activities made through funds, such as Principal and Infra-Structure, were presented as financial assets available for sale. Other merchant banking activities where the Company had significant influence (generally more than 20% of equity interest) or was a joint venture and were not made through funds were presented as equity pickup in associates and joint ventures.
Investment in ARFs and GEMM	ARFs was consolidated by the Company and its results impacted broadly the income statement, mainly interest income and expense and instruments held for trading as well as operating income and expenses and administrative expenses. The Company became an investor in GEMM in 2015 and its results were presented on financial assets designated at fair value through profit and loss.
Timber assets and BrPec Agro Pecuária S.A.	Despite no significant variation noted in the years and periods presented below, the results of such investment were presented previously as fair value of

investment properties.

Six months ended June 30, 2017 versus Six months ended June, 2016

Results from financial assets measured at fair value varied from gains of R\$127.9 million to losses of R\$392.7 million for the six-month period ended June 30, 2016 and 2017, respectively. The movements represent mainly higher losses resulting from merchant banking investment, mainly from União de Lojas Leader and BrPharma reflecting the poor Brazilian economic environment and performance of the companies. In addition, fair value adjustment on loans varied from losses of R\$137.6 million to gains of R\$19.9 million for the six-month period ended June 30, 2016 and 2017, respectively, reflecting a significant decrease in interest rates during 2016 as well as movements in exchange rates, which depreciated 47.17% in 2015 versus 2014 compared to a appreciation of 16.41 in 2016 versus 2015.

2016 versus 2015

The Company recognized gains of R\$266.5 million resulting from its indirect investment in PPLA Investments. The gains are mainly due to the Company's proportional share of PPLA Investments' results derived mainly from (i) gains relating to investment in corporate bonds, mainly Banco BTG Pactual, (ii) gains relating to appreciation of the *real* against the U.S. dollar in the year (16.4%), (iii) losses on investment in ARFs and GEMM, (iv) losses resulting from merchant banking investment, mainly from União de Lojas Leader, B&A Mineração and BrPec Agro Pecuária S.A. reflecting the downturn in the Brazilian economic environment and performance of the companies. In addition, during the year 2016, the Company recognized losses of R\$158.2 million on the fair value adjustment of loans as a result of changes in interest rate and appreciation of the *real* against the U.S. dollar.

2015 versus 2014

The Company recognized losses of R\$231.5 million resulting from its indirect investment in PPLA Investments. The losses reflect the Company's proportional share of PPLA Investments' results derived mainly from (i) gains relating to investment in corporate bonds, mainly Banco BTG Pactual, (ii) gains relating to depreciation of the *real* against the U.S. dollar in the year (47.2%), (iii) losses on investment in ARFs and GEMM, (iv) losses resulting from merchant banking investment, mainly from União de Lojas Leader and B&A Mineração reflecting the downturn in the Brazilian economic environment and performance of the companies. In addition, during the year 2015, the Company recognized gains of R\$178.3 million on the fair value adjustment of loans as a result of changes in interest rate and depreciation of the *real* against the U.S. dollar.

Foreign exchange reclassification – Change in status

As explained elsewhere in this Prospectus, on September 30, 2015, as a result of the Company's reassessment of the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements – Investment Entities, the Company transferred foreign exchange differences on translation of subsidiaries and fair value from available from sale financial instruments from current year and previous periods that had been recognized in other comprehensive income to the income statement in the amount of R\$818.3. Considering this effects is solely upon the reassessment of the guidance above, there is no effects in other years and periods presented.

Other operating income/(expenses), net

Other operating income/(expenses), net, consists primarily of income associated with our investment in insurance risks, as well as operating income not otherwise classified as part of the other income line items described above, including the recognition of equity kicker fees accrued on PPLA Investments' investments transferred to the Merchant Banking Partnership (see "—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations—Divestiture of BTG Alpha") and in connection with the revaluation of certain other investments.

2015 versus 2014

Other operating income decreased from R\$293.1 million in 2014 to R\$46.2 million in 2015, primarily as a result of R\$214.8 million increase in equity kicker fees accrued during 2014 on certain of PPLA Investments' investments transferred to the Merchant Banking Partnership (see "—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations—Divestiture of BTG Alpha") and gains recorded in 2014 associated with reevaluation of timber assets of R\$91.1 million.

Total operating income/(loss)

As a result of the foregoing, the Company's total operating income (loss) varied from gains of R\$43.4 million in 2014 to losses of R\$1,642.0 million in 2015 and varied again to gains of R\$108.5 million in 2016. In addition, total operating losses decreased from R\$372.7 million in the six-month period ended June 30, 2016 to R\$112.7 million in the same period of 2017.

Administrative expenses

The administrative expenses include the following costs and expenses:

	For the years ended December 31, (audited)			For the six months ended June 30 (unaudited)	
	2014	2015	2016	2016	2017
	(in R\$ millions)				
Professional fees	(249.5)	(138.1)	(0.2)	(0.3)	(0.1)
Expenses related to the financial market.....	(21.0)	(18.9)	-	-	-
Other administrative expenses	(1.4)	(0.3)	-	-	-
Administrative expenses	(272.0)	(157.2)	(0.2)	(0.3)	(0.1)

2016 versus 2015

The administrative expenses decreased from of R\$157.2 million in 2015 to R\$0.2 million in 2016, mainly due to adoption of the investment entity that deconsolidation investments in subsidiary in 2015. In addition, the volume of activities in the funds (ARFs) have reduced significantly reflecting also in a decrease of such expenses in PPLA Investments.

2015 versus 2014

The administrative expenses decreased from R\$272.0 million in 2014 to R\$157.2 million in 2015, mainly due to (i) mainly due to adoption of the investment entity that deconsolidation investments in subsidiary in the last quarter of 2015, and (ii) decrease on our investments in ARFs as a result of the restructuring initiated in early 2015 as mentioned elsewhere in this Prospectus.

Other expenses

Other expenses generally include (i) expenses related with exchange rates, (ii) tax expenses, basically related to the IOF on financial transactions in the remittance of foreign currency to Brazil, and (iii) interest expenses related the acquisition of interest in subsidiaries, associates and joint ventures.

2015 versus 2014

Other expenses increased from R\$176.2 million in 2014 to R\$300.2 million in 2015, reflecting increase in the expenses mainly related the losses with foreign exchange variation due to depreciation of the *real* against the U.S. dollar (47.2% in 2015 compared with 13.2% in 2014).

Net income/(loss)

As result of the circumstances described on the above sections, including but not limited to, concerning to changes on other expenses, administrative expenses, total operating income/(loss),

other operating income/(expenses), net, foreign exchange reclassification and gain (loss) on investment entity portfolio measured at fair value, the Company's net losses increased from losses of R\$404.8 million in 2014 to R\$2,099.5 million in 2015 and then varied to gains of R\$108.3 million in 2016. In addition, total operating losses decreased from R\$372.8 million in the six-month period ended June 30, 2016 to R\$112.7 million in the same period of 2017.

Other comprehensive income/(loss) to be reclassified to profit or loss:

2015 versus 2014

The Company registered losses of R\$206.0 million and R\$251.5 million in 2014 and 2015, respectively, which can be explained mainly by: (i) effects from the reassessment of the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements – Investment Entities, identified as change in status, which had a positive effect of R\$749.7 million in 2015 without similar effect in 2014, (ii) a negative impact of R\$602.7 million in 2015 (R\$98.8 million in 2014) due to the fact that its presentation currency (*reais*) is different from PPLA Investments' functional currency (U.S. dollars) and considering the appreciation (depreciation in 2014) of the *real* against the U.S. dollar in 2015, and (iii) a further decrease of R\$353.0 million as a result of de-recognition of non-controlling interest also from the reassessment of the application of the investment entities guidance.

Currency translation adjustments

PPLA Investments' currency translation adjustments varied in the period as a result of changes in PPLA Investments' average shareholders' equity and the variance in foreign exchange rates. The exchange rates of the *real* against the U.S. dollar and the final shareholders' equity were as follows:

	For the years ended December 31, (audited)			For the six months ended (unaudited)	
	2014	2015	2016	2016	2017
	(in R\$ millions)				
Shareholders' equity at the end of the period	3,934.5	723.3	722.6	575.6	323.3
Depreciation (appreciation) of the <i>real</i> against the U.S. dollar .	13.2%	47.2%	(16.4%)	(17.7%)	1.5%
Currency translation adjustments	664.8	1,397.4	(177.7)	(111.1)	3.0

Depreciation of the *real* against the U.S. dollar generates gains on currency translation and the appreciation generates losses.

Total comprehensive gain (loss)/income for year/period

As result of the foregoing, the Company's total comprehensive results varied from gains of R\$8.5 million in 2014 to losses of R\$908.1 million and R\$69.4 million in 2015 and 2016, respectively. In addition, total comprehensive losses increased from R\$120.2 million in the six-month period ended June 30, 2016 to R\$369.7 million in the same period of 2017.

Our consolidated balance sheets (IFRS)

	As of December 31, (audited)			June 30, (unaudited)	
	2014	2015	2016	2017	2017
	(in R\$ millions)				(in US\$ millions)
Assets					
Cash and cash equivalent	1,299.1	-	0.1	-	-
Open market investments	8,795.8	-	-	-	-
Derivative financial instruments	1,581.7	-	-	-	-
Financial assets held for trading	33,047.8	-	-	-	-

Investment entity portfolio	-	723.8	722.5	323.3	97.7
Financial assets available for sale.....	1,474.1	-	-	-	-
Loans and receivables	2,193.9	-	-	-	-
Due from brokers	3,960.2	-	-	-	-
Non-current assets held for sale	-	-	-	-	-
Investment in associates and joint ventures	1,380.8	-	-	-	-
Investment properties	770.9	-	-	-	-
Other assets	789.4	-	-	3.5	1.0
Total assets	55,293.6	723.8	722.6	326.8	98.8
Liabilities and Shareholders' equity					
Open market funding	33,862.8	-	-	-	-
Derivative financial instruments	1,597.5	-	-	-	-
Financial liabilities held for trading	3,572.6	-	-	-	-
Financial liabilities at amortized costs	7,076.8	-	-	-	-
Due to brokers	2,039.8	-	-	-	-
Other liabilities	2,995.9	0.5	-	3.5	1.1
Non-controlling interest	3,113.8	-	-	-	-
Shareholders' equity.....	1,034.4	723.3	722.6	323.3	97.7
Total liabilities and shareholders' equity	55,293.6	723.8	722.6	326.8	98.8

As explained in "—Critical accounting policies" and elsewhere in this Prospectus, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity pursuant to the IFRS 10 as a result of the restructuring of the vehicles through which certain of our global capital markets investment activities had been carried out, and change in the way management conducts the business. The change in status to investment entity caused significant changes, mainly to the presentation of the financial statements. As a result of the above, there were significant changes in presentation of the balance sheet due to several reclassifications to the investment entity portfolio line and no longer a presentation of non-controlling interest on the balance sheet; statements of changes in shareholders' equity and cash flows. From 2015 onwards, the changes in the balance sheet can be explained by the Company's proportional share of PPLA Investments' results which impacts the investment entity portfolio line.

December 31, 2015 versus 2014

The changes to the financial condition from 2014 to 2015 are explained below in two stages, being the first one from December 31, 2014 to September 30, 2015, the date of the investment entities guidance from IFRS 10; and the second one from September 30, 2015 to December 31, 2015.

a) December 31, 2014 to September 30, 2015

	December 31, 2014	September 31, 2015⁽¹⁾
	(in R\$ million)	
Assets		
Cash at banks	1,299.1	(1,435.6)
Open market investments	8,795.8	(228.3)
Derivative financial instruments.....	1,581.7	(73.6)
Financial assets held for trading.....	33,047.8	(5,136.5)
Investment entity portfolio		912.4
Financial assets available for sale.....	1,474.1	(3,861.8)
Loans and receivables	2,193.9	(2,985.8)
Due from brokers.....	3,960.2	(846.9)
Investments in associates and joint ventures	1,380.8	(1,352.1)
Investment properties.....	770.9	(824.2)
Receivables from related parties		203.7
Other assets.....	789.4	(752.5)
Total assets	55,293.6	(16,381.6)

Liabilities		
Open market funding	33,862.8	(1,934.2)
Derivative financial instruments	1,597.5	(212.9)
Financial liabilities held for trading	3,572.6	(110.4)
Financial liabilities at amortized cost	7,076.8	(8,511.8)
Due to brokers	2,039.8	(301.8)
Payables to related parties		203.7
Other liabilities	2,995.9	(2,879.5)
Total liabilities	13,950.9	(13,747.2)
Non-controlling interest	3,113.8	(2,510.5)
Shareholders' equity	1,036.4	(123.9)
Total liabilities and shareholders' equity	55,293.6	(16,381.6)

(1) *Effects from the application of application of the investment entities guidance from IFRS 10, Consolidated Financial Statements.*

The divestments of ARFs and GEMM are the main reasons to reduce significantly several balances such as Open market investments, Derivative financial instruments assets and liabilities, Financial assets held for trading, Due from brokers, Open market funding, Financial liabilities held for trading, Due to brokers, Other liabilities and Non-controlling interest. As a result of the divestment, assets and liabilities reduced c. R\$16.3 billion. While the divestment caused a significant reduction in PPLA Investments' total assets, its economic exposure to the corresponding trading strategies remains substantially similar.

b) *September 30, 2015 to December 31, 2015*

	September 31, 2015 ⁽¹⁾	December 31, 2015
	(in R\$ million)	
Assets		
Investment entity portfolio	912.4	723.8
Other assets	203.7	-
Total assets	1,116.1	723.8
Liabilities		
Payables to related parties	203.7	-
Other liabilities	-	0.5
Shareholders' equity	912.4	723.3
Total liabilities and shareholders' equity	1,116.1	723.8

(1) *After the effects from the application of application of the investment entities guidance from IFRS 10, Consolidated Financial Statements.*

The decrease in investment entity portfolio was due to decrease in fair value on investment in ARFs and GEMM and losses resulting from merchant banking investment, mainly from União de Lojas Leader and B&A Mineração.

Shareholders' equity from varied from R\$1.036.4 million in December 31, 2014 to R\$723.8 million in December 31, 2015 reflecting mainly the losses on investment entity portfolio, share repurchase program in the amount of R\$112.6 million and positive foreign exchange effects due to the translation of the financial statements in the amount of R\$213.8 million.

December 31, 2016 versus 2015

Total assets and liabilities maintained relatively stable from 2015 to 2016. The main changes in investment entity portfolio were derived from losses resulting from merchant banking investment, mainly from União de Lojas Leader, B&A Mineração and BrPec Agro Pecuária S.A.; and gains on investment in corporate bonds, mainly Banco BTG Pactual.

Shareholders' equity changes are mainly due to acquisition of R\$107.2 million in its own shares as part of the share repurchase program, capital increase of R\$175.9 million due to conversion

of shares acquired and capital increase made by Banco BTG Pactual, net income of R\$108.3 million and positive foreign exchange effects due to the translation of the financial statements in the amount of R\$177.7 million.

June 30, 2017 versus December 31, 2016

Total assets and liabilities decrease significantly from December 31, 2016 to June 30, 2017 mainly as a result of higher losses resulting from merchant banking investment, mainly from União de Lojas Leader and BrPharma reflecting the poor Brazilian economic environment and performance of the companies.

Shareholders' equity changes are mainly due to acquisition of R\$29.6 million in its own shares as part of the share repurchase program and the losses from merchant banking investments, explained above.

Restructuring of certain principal investments

The above discussion of PPLA Investments' balance sheet does not reflect the impact of the ongoing restructuring of certain of its capital markets investment activities, which it initiated in March 2015 and expects to conclude by the end of 2015, pursuant to which it anticipates shifting a significant portion of its proprietary positions in ARF and ARF II, whose results are currently consolidated into its financial statements, to GEMM, a fund that is not consolidated into its financial, such that its investments and the investments of Banco BTG Pactual's other clients will be managed in the same fund for certain strategies. PPLA Investments expects the restructuring, once completed, to cause a significant reduction of PPLA Investments' total assets, to approximately R\$20.0 billion. For additional information, see "—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations—Divestment from Banco BTG Pactual of ARF II and investment of the Company in ARF II."

Liquidity

Liquidity management for our proprietary funds and other investments is conducted by the asset management unit of the BTG Pactual Group, which, through Banco BTG Pactual, provides investment advisory services to such funds and investments.

One of the objectives of Banco BTG Pactual's asset management team in managing our proprietary investments is to provide us with a highly liquid portfolio. We believe such liquidity affords a high degree of portfolio agility, enabling the capacity to shift resources quickly and effectively out of less promising investments into more attractive ones, as well strategic agility, consisting of the ability to identify and seize opportunities which may arise in stress situations.

The liquidity of our portfolio is closely monitored by Banco BTG Pactual's asset management team, and daily calculations are made with respect to market risk. Our liquidity is also managed through average daily traded volume, a method by which the average amount of securities traded in a day or a specified period of time is monitored as an indicator of how liquid a security is. In addition, Banco BTG Pactual's asset management team receives frequent reports indicating the risk exposure for each asset in our portfolio and suggest hedging strategies using high liquid assets.

Banco BTG Pactual has developed an internal system through which it is possible to optimize and anticipate the margins required by the B3 (with respect to futures, options and swaps) and the Brazilian Clearing and Depository Corporation (with respect to options, forward and leases) ("PATROL"). In this way, we believe PATROL facilitates the efficient management of cash flow and helps to mitigate liquidity risks affecting our portfolio, particularly through making available on-line simulations of fund margins. PATROL's systems replicate the methodology used by other stock markets and is completely integrated into the other systems of the BTG Pactual Group.

Liquidity management of our investments additionally contemplates stress scenarios and the related impact on redemption. Such analysis tests different scenarios of asset reduction so that Banco BTG Pactual's asset management team may estimate, based on liquidity and anticipated sales

volume, the time necessary to liquidate assets, while operating within predetermined risk limits.

The design and maintenance of systems and models enabling data interpretation is a critical component of the proper functioning of any activity operating within the financial markets. In managing our liquidity profile, Banco BTG Pactual's asset management team strives to achieve an "efficient portfolio" based on modern portfolio theory. For additional information regarding the modeling and systems used by Banco BTG Pactual's asset management team, see "—Risk management—Market risk" below.

We also hold investments, mainly through our merchant banking activities, which are inherently illiquid as a function of investing private companies not traded on any stock exchanges. We expect significant liquidity constraints if we decide to sell these assets. However, we have been able to use such assets to collateralize other fundraising transactions. See "—Indebtedness—Loans with financial institutions" below.

Indebtedness

As of June 30, 2017, the Company on an individual basis, did not have any indebtedness. However, its subsidiaries had the following indebtedness which consist mainly of loans with financial institutions in Brazil and medium-term notes. As we do not expect our subsidiaries to breach the covenants, we consider these covenants not to be a material restriction to our subsidiaries' operations and consequently to us.

The indebtedness of the subsidiaries contains customary covenants restrictions covering liens on certain assets, the increase of the indebtedness, transactions with related parties that would be expected to have material adverse effect, change of control in PPLA Investments or in Banco BTG Pactual.

Loans with financial institutions

US\$220 million credit agreement with Banco Bradesco S.A., New York Branch. On April 29, 2016, BTG Pactual Proprietary Feeder (1) Limited, our subsidiary, entered into a secured credit agreement with Banco Bradesco S.A. in the aggregate principal amount of US\$220.0 million, which is unconditionally and irrevocably guaranteed by BTG Pactual Holding and BTG Pactual G7 Holding S.A. This loan is indexed to one year LIBOR plus 4.80% per year and matures on March 20, 2018.

US\$250 million credit agreement with Banco do Brasil S.A. On May 31, 2016, PPLA Investments entered into a unsecured credit agreement with Banco do Brasil S.A. in the aggregate amount of US\$250.0 million, which is unconditionally and irrevocably guaranteed by BTG Pactual Holding. This loan is indexed to three-month LIBOR plus 5.30% per year, and matures on August 31, 2020. Principal and interest on the loan are payable in 17 quarterly installments, commencing in August 2016.

R\$113.3 million credit agreement with Itau Unibanco S.A. On August 4, 2016, Harpia Omega Participacoes S.A., our subsidiary, entered into an unsecured credit agreement with Banco Bradesco S.A. in the aggregate principal amount of R\$113.3 million, which is unconditionally and irrevocably guaranteed by BTGI VII Participacoes S.A., BTG Pactual Holding and BTG Investments LP. The interest rate on this loan is 112% of CDI and matures July 9, 2021.

R\$250 million credit agreement with Banco Bradesco S.A. On April 22, 2016, Harpia Omega Participacoes S.A., our subsidiary, entered into an unsecured credit agreement with Banco Bradesco S.A. in the aggregate principal amount of R\$250 million, which is unconditionally and irrevocably guaranteed by BTG Pactual Holding and BTG Pactual G7 Holding. The interest rate on this loan is 112% of CDI and matures April 22, 2021. Principal is payable at maturity and interest is payable in five installments commencing May 22, 2017.

R\$360 million credit agreement with Banco Bradesco S.A. On January 11, 2017, Harpia Omega Participacoes S.A., our subsidiary, entered into an unsecured credit agreement with Banco

Bradesco S.A. in the aggregate principal amount of R\$360 million, which is unconditionally and irrevocably guaranteed by BTG Pactual Holding and Partners Beta Participacoes S.A. The interest rate on this loan is 121% of CDI and matures June 9, 2023. Principal and interest are payable in nine installments commencing January 8, 2018.

R\$150 million credit agreement with Banco Bradesco S.A. On January 11, 2017, Harpia Omega Participacoes S.A., our subsidiary, entered into an unsecured credit agreement with Banco Bradesco S.A. in the aggregate principal amount of R\$150 million, which is unconditionally and irrevocably guaranteed by BTG Pactual Holding and Partners Beta Participacoes S.A. The interest rate on this loan is 114% of CDI and matures June 9, 2023. Principal and interest are payable in nine installments commencing June 9, 2023.

R\$172.5 million non-convertible debentures issued to BTG Pactual Holding. On April 26, 2016, BTG VII Participacoes S.A., our subsidiary, issued R\$172.5 million in non-convertible debentures to BTG Pactual Holding. The interest rate on this loan is 114% of CDI and matures April 26, 2021. Principal is due in one payment at maturity and interest is payable in semi-annual installments commencing October 26, 2016. As June 30, 2017 the outstanding balance of debentures was R\$33.6 million.

R\$513 million non-convertible debentures issued to BTG Pactual Holding. On January 12, 2017, BTG VIII Empreendimentos e Participacoes S.A., our subsidiary, issued R\$513 million in non-convertible debentures to BTG Pactual Holding. The interest rate of on these debentures is 119.6% of CDI and matures January 12, 2032. Principal and interest are payable in eleven installments commencing on January 12, 2022. As June 30, 2017 the outstanding balance of debentures was R\$214 million.

R\$650 million in different credits. BrPec Agro Pecuária S.A., our subsidiary, issued credits, such as Certificate of Real Estate Receivables (Certificado de Recebíveis Imobiliários, CRI), Agribusiness Receivables Certificates (Certificado de Recebíveis do Agronegócio, CRA), Funding for Machines and Equipment (Financiamento de Máquinas e Equipamentos, Finame). The interest rate on these credits varies from 100% of CDI to 9% per annum and matures from one to seven years. As June 30, 2017 the outstanding balance of debentures was R\$906.5 million.

Guaranteed medium-term note programme

Through our US\$3.0 billion medium-term note programme guaranteed by Banco BTG Pactual established in April 2013, PPLA Investments issued medium-term notes in multiple series on a regular basis. On April 17, 2013, simultaneous with the establishment of PPLA Investment's guaranteed medium-term note programme, it issued an aggregate amount of US\$700.0 million medium-term notes through the programme, to both U.S. and non-U.S. investors. These notes are listed on the Luxembourg Stock Exchange and are unconditionally and irrevocably guaranteed by BTG Pactual Holding. The notes were issued with a 99.256% discount to its face value and bear interest at a rate equal to 4.5% per year, maturing on April 17, 2018. The outstanding balance of guaranteed medium-term notes as June 30, 2017 was approximately US\$512 million and during the semester, gains in the amount of approximately US\$4.9 million, relating to notes acquired, were recognized by PPLA Investment. Also, under our US\$2.0 billion global medium-term note not guaranteed programme established in June 2015, PPLA Investments may from time to time issue medium-term notes. From June 2, 2017 to June 30, 2017, PPLA Investments issued three series of medium-term notes under our global medium-term note not guaranteed programme in an aggregate amount of US\$125 million. The aggregate amount for each series ranges from US\$10 million to US\$85 million, bearing interest at rates varying from 1.5% to 1.85% per year and with maturity dates before December 2017. The outstanding balance of unguaranteed medium-term notes as June 30, 2017 was approximately US\$208 million.

Dividends and other distributions

We did not distribute any dividends in 2014, 2015 and 2016 and until June 30, 2017.

Use of funds

We mainly use funds to manage our merchant banking activities and, in the past, for principal investment activities. The investment in merchant banking activities are described elsewhere in this Prospectus. We also provide loans to the partners. (see "Our Partnership—Partnership loan transactions"). We offer financing to certain of our investment in merchant banking activities, as the loan to BR Pharma, Leader, Legion Holdings (the current controlling shareholders of Leader), promissory notes and debenture to B&A, loan to BPMB Parnaíba and debenture to DSB Serviços de Óleo e Gás (the vehicle through which we invest in Bravante S.A) and Seaquake. As of June 30, 2017, we had the following loans to portfolio companies:

As of June 30, 2017			
Company	Outstanding (in R\$ millions)	Annual Interest	Maturity
Brasil Pharma	768.4	100% to 119.6% of CDI	Apr 30, 2047
Leader	499.7	CDI + 4.0% to 4.9%	Apr 26, 2021
Legion Holdings	102.8	CDI + 4.0%	Nov 22, 2021
B&A	94.5	CDI + 6.0%	Mar 31, 2021
BPMB Parnaíba	50.4	CDI + 3.5%	Dec 5, 2018
DSB Serviços de Óleo e Gás	213.7	CDI + 2.0%	Dec 21, 2018
Seaquake	128.1	4%	Feb 04, 2022

Contractual obligations

The Company does not have contractual obligations. However, its subsidiaries have and are described in "—Indebtedness."

Off-balance sheet transactions

As of June 30, 2017 and December 31, 2016, we did not provide any co-obligations or bank guarantees, and we do not have any transactions in which there is exposure to credit risk other than those presented on our balance sheet.

Risk management

In the ordinary course of our business, we are exposed to various risks inherent to investment activities. The way these risks are managed through Banco BTG Pactual directly affect our investment activities and operations and, consequently, results. Some of the most significant risks to which we are exposed are the following:

- market risk;
- credit risk and counterparty risk;
- liquidity risk;
- operational risk;
- reputational risk;
- tax risk; and
- legal and regulatory risk.

The manner in which these risks are identified and managed is essential for our profitability. Banco BTG Pactual's management of these risks on our behalf involves different levels of Banco BTG Pactual's asset management team and encompasses a series of policies and strategies.

Our risk management is conducted by Banco BTG Pactual's asset management unit, which also provides investment advisory services to our proprietary funds and other investments. For additional information regarding Banco BTG Pactual's asset management unit, see "Business—Banco BTG Pactual's asset management."

As further described below, our risk management is facilitated through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems.

In addition, there are a number of committees, through Banco BTG Pactual, specifically responsible for asset management risk management, including the following:

- *Fund Management Committee*, which evaluates the macroeconomic scenario, analyzes fund positions and determines fund investment strategy;
- *Credit Committee*, which (i) establishes policies and procedures to identify, evaluate and control credit risks, (ii) analyzes the credit fundamentals of various issuers and other counterparties, taking into consideration sector and macroeconomic perspectives, (iii) tracks the credit profiles of issuing companies and other counterparties and (iv) defines credit limits; and
- *Pricing Committee*, which is an independent team that conducts valuation of complex instruments and confirms valuation conducted by other parties.

Market risk

Banco BTG Pactual is responsible for identifying our market risk, which it does by assessing the impact of variations in market risk factors (such as interest rates, exchange rates, underlying prices and indexes) on the value of our assets and liabilities. Since most of our assets and liabilities are subject to market risk, Banco BTG Pactual has developed its own tools to make it possible to carry out real-time analysis of the exposures on our portfolio. These tools enable Banco BTG Pactual to perform analysis of the impact of different scenarios on our portfolio, taking into consideration severe market movements observed in distressed markets in the past, or its projected stress scenarios. These analyses are integral to our risk management. Banco BTG Pactual measures our market risk exposure using several methodologies of VaR, Stress Test, sensitivity analysis, which are consistently applied to all positions in our inventory, allowing the comprehensive assessment of market risks across different portfolios. Banco BTG Pactual produces risk reports tailored to better support the management of risk exposure and to allow proper senior management awareness of all relevant risk to which we are exposed. Banco BTG Pactual, on our behalf, uses a rigorous set of risk limits to manage overall risks and to control the risk levels of our business by implementing portfolio limits (VaR and Stress Test), concentration limits (risk factor, regional, issuer) and operational limits (control or liquidity restrictions). These limits are periodically reviewed by Banco BTG Pactual's Risk Committee and usage is tracked and reported on a daily basis.

Market risk exposure can arise as a result of proprietary trading and investment activities. Categories of market risk include exposures to interest rates, equity prices and currency rates. A description of each market risk category is set forth below:

- interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates, mortgage prepayment speeds and credit spreads;
- equity price risks result from exposures to changes in prices and volatilities of individual equities, equity baskets and equity indexes; and
- currency rate risks result from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The market risk and quantitative research area within Banco BTG Pactual's asset management unit aims to provide analysis tools to assist in investment decisions made with our funds. The design and maintenance of systems and models enabling data interpretation is a critical component of the proper functioning of any activity operating within the financial markets. To serve this goal, the market risk and quantitative research area's systems and modeling relies on (i) the concept of the "efficient frontier" based on modern portfolio theory and (ii) risk factor estimates for rates and other indexes. The market risk and quantitative research area is also responsible for preparing customized risk reports on specific markets, which include technical knowledge on assets and market

behavior that help structure specific operations and detect market opportunities.

While Banco BTG Pactual's asset management unit has its own research team, it also relies on research developed by other business units of the BTG Pactual Group as well as by other banks and brokers. Such third-party materials are selected based on the quality of the content and degree of specialization. A dedicated research team works exclusively on managing our funds and our investment portfolio.

We believe the distinctive organizational structure of Banco BTG Pactual's asset management unit assists in the efficient management of market risk. Instead of a portfolio of funds or investment portfolio being delegated to individual managers under the responsibility of a management team (which is generally the case at other investment management companies), Banco BTG Pactual's asset management teams are organized according to areas of market expertise. In this way, each specialized team provides their expertise across all funds and investment portfolios. Investment strategies are allocated based on their risk profiles and profitability goals. Banco BTG Pactual's asset management teams are not allowed to enter into transactions where the counterparties are also managed by Banco BTG Pactual, thus avoiding structural positions opposed among funds.

Banco BTG Pactual's asset management business unit measures funds' market risk exposure using several methodologies of VaR (as described in greater detail under "—VaR" below) as well as through the following processes:

- *Stress test.* Stress test is performed by Banco BTG Pactual's market risk area in order to estimate the behavior of a fund in stress periods using one of the two models: (i) historical simulation, which identifies the behavior of the portfolio based on market oscillations in the past; and (ii) by scenarios, which simulates the behavior of the portfolio assuming a hypothetical oscillation in the market. There are five optimistic stress scenarios and five pessimistic stress scenarios. The scenarios are created jointly with Banco BTG Pactual risk and macroeconomic areas.
- *Back test.* The back test is regularly performed in order to compare the performance of a fund with its estimated VaR for a specified period. The number of days on which returns are inferior to the estimated VaR must be verified to ensure such variances are within the reliance level defined by a fund's VaR. Cases in which performance exceeds the fund's estimated amount must also be verified.
- *Stop loss.* All positions have stop loss level that is set forth by Banco BTG Pactual's asset management team and monitored by the market risk area.

Banco BTG Pactual's asset management team has autonomy, according to the mandates of the various funds and allocations defined by the asset management committee, to liquidate all positions within such funds. Once a fund begins to operate on the market, the activities of fund managers are monitored by an on-line risk team, who is responsible for verifying that funds are operating within predefined risks limits.

In the event it is detected that a fund is not operating within risk limits (which we call a "declassification"), Banco BTG Pactual's asset management team and the asset management committee are simultaneously notified so that the activities causing such contravention are reversed. Following such reversal, a fund is "reclassified." If a manager refuses to obey any mandate to undertake the necessary activity so that a fund may be "reclassified" and the fund administrator has authority to reverse the necessary positions. As of the date of this Prospectus, circumstances have never required a fund administrator to act in such capacity.

VaR

VaR is a measure of the potential loss in value of trading positions due to adverse market movements over a defined time horizon with a specified confidence level. Along with stress testing, VaR is used to measure the exposure of our positions to market risk. Banco BTG Pactual's asset

management unit uses historical simulation with full re-pricing of positions for the VaR computation, preserving real distributions and correlation between assets, not making use of Greek approximations and normal distributions. VaR can be measured and reported according to different time horizons, historical look-back windows and confidence levels. The accuracy of the risk system is tested through daily back-testing procedure that compares the adherence between VaR estimations and realized profits and losses.

Banco BTG Pactual's asset management business unit monitors our funds exposure to market risk through the use of VaR strictly applied to each asset in a fund's portfolio. VaR with a one-day time horizon and confidence level of 95% to 99% is presented as a function of the asset liquidity of a portfolio (i.e., it is established with a probability of 95% to 99% probability that the revenues will fall within the VaR estimated). This calculation is made using the historical simulation model, and thus no hypothesis regarding the statistical distribution of events is made. Given its reliance on historical data, the accuracy of VaR is inherently limited in its ability to accurately predict future market risk, and, as a result, funds may experience higher losses than risk reports based on VaR may indicate.

In addition, some of the funds managed by the BTG Pactual Group's asset management business unit have pre-established maximum VaR limits, which are imposed by Banco BTG Pactual's risk management area based on the profile of the product and of the target client. If this limit is above that previously established, the positions are reviewed. Throughout the day, exposures are monitored by Banco BTG Pactual's asset management team, and on-line risk managers are responsible for simulating positions in terms of risk.

The following table sets forth the Company's average daily VaR for the years indicated:

	For the year ended and as of December 31,			
	2014	2015	2016	June 30, 2017
Average daily VaR as % of average equity	42.1	37.0	0.7	0.8

Our total average daily VaR decreased significantly as a result of the divestures from our principal investment activities, carried through ARFs and GEMM.

Credit risk

Credit risk represents the loss that we would incur if a counterparty or an issuer of securities or other instruments we hold fails to perform under its contractual obligations, or upon a deterioration in the credit quality of third parties whose securities or other instruments, including over-the-counter derivatives, we hold.

The credit risk management of our portfolio is conducted by Banco BTG Pactual's asset management unit, which also provides investment advisory service to our proprietary funds and other investments.

Banco BTG Pactual's asset management unit analyzes credit risk limits per issuer primarily through its Credit Committee. The process of credit risk analysis for a particular asset and the establishment of limits mainly considers the counterparty's ability to pay but also considers reputational consequences and custody capabilities. There is no formal deadline for credit analysis. Credits in any given portfolio are constantly monitored and evaluated in light of pertinent news related to an issuer or other counterparty, such as a company's results and operating segment as well as macroeconomic conditions, among other factors.

New credit operations are analyzed individually through studies made by credit analysts in Banco BTG Pactual's asset management unit, taking into account macroeconomic, sector-specific and other factors relevant to a particular issuer or other counterparty. Such analysis seeks to assess the operational and financial capacity of the issuing company, as well as its asset structure. After this analysis, the Credit Committee within Banco BTG Pactual's asset management unit meets to define

the approval and pricing of a credit asset.

In the event of default (or the imminence of default), each case is analyzed separately, first by Banco BTG Pactual's asset management team to understand the reason for such default and, next, by the Credit Committee to re-evaluate the structure of the asset considering the actual condition of the issuing company at that moment. Banco BTG Pactual's asset management team jointly with the Credit Committee makes a decision regarding the appropriate course of action. In general, Banco BTG Pactual will exercise its rights to impose penalties, including fines and payments of interest, and also may file the defaulting company's name with Brazil's credit risk bodies. A second step would be pursuing legal action in court.

As of June 30, 2017, our main credit risk exposures were to certain of our investment in merchant banking activities, as the loan to BR Pharma, Leader, Legion Holdings (the current controlling shareholders of Leader), promissory notes and debenture to B&A, loan to BPMB Parnaíba and debenture to DSB Serviços de Óleo e Gás (the vehicle through which we invest in Bravante S.A) and Seaquake. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Use of funds."

Derivative contracts

Derivative contracts are financial instruments, such as futures, forwards, swaps or option contracts, which derive their value from underlying assets, indexes, reference rates or a combination of these factors. Derivative instruments may be entered into privately negotiated contracts, which are often referred to as over-the-counter derivatives, or they may be listed and traded on an exchange.

Until December 2015, we actively entered into derivative transactions with counterparties in different markets in Brazil and abroad. The use of derivatives facilitated trading activities, as these instruments typically permit the efficient transference and hedging of risks, a feature that is especially desirable given the dynamism of the markets in which we operate. We used derivatives because we believed that the associated market risk could only be understood relative to the underlying assets or risks being hedged, or as part of a broader trading strategy. Accordingly, the market risk of derivative positions was managed in conjunction with all of BTG Pactual Group's other non-derivative risk.

In addition, we used to hold collateral against these over-the-counter derivative exposures. Collateral consisted predominantly of cash and government bonds and was usually received under agreements entitling us to require additional collateral upon specified increases in exposure or the occurrence of negative credit events.

In addition to obtaining collateral and seeking netting agreements, we attempted to mitigate default risk on derivatives by entering into agreements that enabled us to terminate or reset the terms of transactions after specified time periods or upon the occurrence of credit-related events, and by seeking third party guarantees of the obligations of some counterparties. Derivatives transactions may also involve the legal risk that they are not authorized or appropriate for a counterparty for which documentation has not been properly executed or that executed agreements may not be enforceable against the counterparty. We attempted to minimize these risks by obtaining advice of counsel on the enforceability of agreements as well as on the authority of a counterparty to effect the derivative transaction.

The divestment process from ARFs and GEMM, described elsewhere in this Prospectus, reduced significantly the volume of our derivatives. As of June 30, 2017, our main derivatives were to hedge our exposure to assets denominated in currencies other than reais.

Liquidity and funding risk

One of the objectives of Banco BTG Pactual's asset management team in managing our proprietary investments is to provide us with a highly liquid portfolio. We believe that liquidity is of critical importance to companies in the financial services sector. Most failures of financial institutions have occurred in large part due to insufficient liquidity resulting from adverse circumstances.

Accordingly, we have in place a comprehensive set of liquidity and funding policies that are intended to maintain significant flexibility to address both specific and broader industry or market liquidity events. Our principal objective is to be able to fund ourselves and to enable our core business to continue to generate revenues, even under adverse circumstances. For more details, see "—Liquidity."

Reputational risk

We are also subject to reputational risks. If we or any entity in the BTG Pactual Group is impacted somehow by any reputational risk factor, our business may be materially impacted. For a description of such risks, see "—Principal Factors Affecting Our Financial Condition and Results of Operations Reputational Risk" and "Risk Factors."

Operational risk

Operational risk relates to the risk of loss arising from shortcomings or failures in internal processes, people or systems, or from external events. Operational risk can arise from many factors ranging from routine processing errors to potentially costly incidents related to, for example, major systems failures. Operational risk may also cause reputational harm. Thus, efforts to identify, manage and mitigate operational risk must be equally sensitive to the risk of reputational damage as well as the risk of financial loss.

Banco BTG Pactual manages our operational risk through the application of long standing, but continuously evolving, firm-wide control standards which are supported by the training, supervision and development of its people; the active participation and commitment of senior management in a continuous process of identifying and mitigating key operational risks across the BTG Pactual Group; and a framework of strong and independent control departments that monitor operational risk on a daily basis. Together, we believe these elements form a strong firm-wide control culture that serves as the foundation of the BTG Pactual Group's efforts to minimize operational risk exposure.

Operational Risk Control, a risk management group independent from the BTG Pactual Group's revenue-producing units, is responsible for developing and implementing a formalized framework to identify, measure, monitor, and report operational risks to support active risk management across the BTG Pactual Group. This framework, which evolves with the changing needs of its businesses and regulatory guidance, incorporates analysis of internal and external operational risk events, business environment and internal control factors, and scenario analysis. The framework has the ultimate goal of ensuring that the BTG Pactual Group always operates under the highest standards of quality in its business processes, protecting its earnings and reputation, providing regular reporting of its operational risk exposures to our board of directors, risk committees and senior management.

Our specific operational risk is managed through Banco BTG Pactual's asset management unit, which provides investment advisory services to our proprietary funds. The operational risk area of Banco BTG Pactual's asset management unit aims to facilitate the easy identification of potential operational failures and to mitigate such risks through early detection and prearranged responses. The evaluation of processes, self-certification of controls and external and internal auditing all assist in identifying possible risks. Banco BTG Pactual's asset management unit's operational risk team reports directly to Banco BTG Pactual's Chief Operations Officer and is deeply involved with all facets of Banco BTG Pactual's asset management activities, including its daily operations as well as the launch of new products and services.

Tax risk

Tax risk includes the risk of exposure to fines, penalties, judgments, damages and/or settlements in connection with regulatory assessment as a result of non-compliance with applicable legal and regulatory requirements. See "—Principal factors affecting our financial condition and results of operations—Tax risk."

Legal and regulatory risk

We are subject to significant legal and regulatory risks. See "Risk Factors—Risk relating to our business and industry." Banco BTG Pactual's legal and compliance departments are responsible for mapping, controlling and preventing our risks by supporting our business units. Banco BTG Pactual's legal department has several professionals, including lawyers specialized in asset management and principal investments trading. Banco BTG Pactual's compliance department has 26 professionals who are responsible for the development and maintenance of the BTG Pactual Group's internal controls regarding regulatory matters such as anti-money laundering, information barriers and securities trading restrictions. The most important risks that we face are managed with the involvement of two or more members of the Senior Management Team. Our specific legal and regulatory risks are managed by compliance and legal personnel devoted to Banco BTG Pactual's asset management and principal investments units.

Working Capital

In the opinion of the Company, its working capital is sufficient for its present requirements for at least 12 months following the date of the Prospectus.

MANAGEMENT AND EMPLOYEES

The Company directly controls PPLA Investments L.P., an exempted limited partnership established under the laws of Bermuda, and its subsidiaries, as general partner and owns all of the capital stock of PPLA Bermuda Holdco, an exempted company incorporated under the laws of Bermuda.

There are no family relationships among the members of the Board of Directors and the Company is not aware of any conflicts of interest between any duties owed to the Company by the Board of Directors and their respective private interests.

Board of Directors

General

The Company's business is to be managed and conducted by the Board of Directors, subject to any required approvals of the holder of the Class C Share or holders of Class A Shares, Class B Shares or Class D Shares, as applicable, in each case, as specified below. There is no requirement in the Bye-laws or Bermuda law that Directors hold any shares or that Directors must retire at a certain age. The Bye-laws provide that the Board of Directors will consist of between five and eleven members. Actions must be approved by a majority of the Directors present and entitled to cast votes at a properly convened meeting of the Board of Directors. A majority of the Directors then in office constitutes a quorum; provided that the holder of the Class C Share may require the attendance of a specific Director in order to achieve a quorum.

As of the date of this Prospectus, the Board of Directors is composed of seven members, two of whom are independent Directors. The table below shows the names, position and date of election of each member elected to the Board of Directors as of the date of this Prospectus:

Name	Position	Election date ⁽¹⁾
Marcelo Kalim	Director, chairman	April 27, 2017
John Huw Gwili Jenkins	Director, vice-chairman	April 27, 2017
Cláudio Eugênio Stiller Galeazzi	Director	April 27, 2017
Nelson Azevedo Jobim	Director	April 27, 2017
Mark Clifford Maletz	Director	April 27, 2017
Guillermo Ortiz Martínez	Director	April 27, 2017
Roberto Balls Sallouti	Director	April 27, 2017

⁽¹⁾ Refers to date of most recent election.

Below is a summary of the business experience and other biographical information of each Director:

Marcelo Kalim is a non-independent member and chairman of the Board of Directors. Mr. Kalim is Senior Vice President of Banco BTG Pactual. Mr. Kalim joined the BTG Pactual Group in 1996 (and became a partner in 1998). Mr. Kalim served as chief investment officer of Banco BTG Pactual from 2006 to 2008, where he was responsible for investment decisions in the funds managed by Banco BTG Pactual. Mr. Kalim began his career at Banco BTG Pactual as a fixed-income trader and served as head fund manager and co-head of BTG Pactual Asset Management. Mr. Kalim received his bachelor's degree in economics from the University of São Paulo and his MBA from the Massachusetts Institute of Technology Sloan School of Management.

John Huw Gwili Jenkins is a non-independent member and vice-chairman of the Board of Directors. Prior to joining BTG Pactual Group in 2008, Mr. Jenkins worked at UBS AG from 1996 to 2008, where he held several positions, including chief executive officer, global head of equities, head

of equities for the Americas and head of Asia-Pacific equities. Prior to joining UBS AG, Mr. Jenkins worked at BZW Investment Management from 1986 to 1996 and Hill Samuel in 1986. Mr. Jenkins has spent most of his career based in Asia and the United States. Mr. Jenkins received his bachelor's degree with honors in sociology and psychology from the University of Liverpool, his MBA from the London Business School and has recently participated in the Executives in Residence program at the London Business School.

Cláudio Eugênio Stiller Galeazzi is an independent member of the Board of Directors. Mr. Galeazzi is based in São Paulo. Mr. Galeazzi joined BTG Pactual Group in August 2010 as a partner. He developed a solid career in consulting, restructuring, turnaround, interim management and managing well-known companies in the real economy. He held senior position in several companies such as Commercial VP of British Petroleum mining company in Brazil, and was the chief executive officer of following companies: Cia Estanifera do Brasil (CESBRA), Vila Romana and VR, Laticineos MOCOCA, ARTEX, LOJAS AMERICANAS, SENDAS, CBD (Grupo Pão de Açúcar) and CEO of CECRISA. Mr. Galeazzi is a Certified Public Accountant. He served as President of the Conselho Nacional do Sesi during 5 years in Brasília, director of Instituto Euvaldo Lodi, director of FIESP (Federação das Industrias de SP), vice president of ANFAC (Associação Nacional de Factoring), and is currently a director of MAM (Museu de Arte Moderna de SP). He served as board member and consultant of several companies and is the founder of Galeazzi Associados.

Nelson Azevedo Jobim is a non-independent member of the Board of Directors. Mr. Jobim received his bachelor in law and social sciences from the Universidade Federal do Rio Grande do Sul in 1968. Mr. Jobim served as member and President of the Federal Supreme Court from 1997 to 2006, Minister of Justice, Minister of Defense, President of the National Council of Justice and President of the Electoral Superior Court. Mr. Jobim acted as lawyer from 1969 to 1994; from 2006 to 2007; and from 2011 until 2016.

Mark Clifford Maletz is an independent member of the Board of Directors. Mr. Maletz is a senior fellow at the Harvard Business School and an internationally recognized expert in the areas of strategy, leadership development and organizational transformation. Prior to his time at Harvard Business School, he was a partner at McKinsey & Company where he worked in the organization practice. Mr. Maletz was also previously a professor at Babson College. Mr. Maletz is a founder of the Center for Research on Corporate Performance, the chairman emeritus of the EastWest Institute and a member of the board of Global Capacity. Mr. Maletz received his Bachelor of Arts degree from Dartmouth College and received a Master Degree in Cognitive Science, a Master in Computer, Information and Control Engineering and a PhD in Computer and Communication Sciences from the Industrial Technology Institute of the University of Michigan.

Guillermo Ortiz Martínez is a non-independent member of the Board of Directors. Mr. Martínez holds a bachelor's degree in Economics from Universidad Nacional Autónoma de México and a Master's degree and a PhD in Economics from the Stanford University. He is currently chairman of the board of directors of BTG Pactual Casa de Bolsa México, and a board member of Weatherford International (a large oil and equipment company based in Geneva) and several Mexican companies (including Mexichem, ASUR, the Chedraui Commercial Group and VITRO). He has held important positions as executive officer in the International Monetary Fund (IMF) between 1984 and 1988, and as President of the Bank of Mexico between 1998 and 2009.

Roberto Balls Sallouti is a non-independent member of the Board of Directors. Mr. Sallouti is the chief executive officer of Banco BTG Pactual. and a member of the board of directors of Banco BTG Pactual. Mr. Sallouti joined BTG Pactual Group in 1994, and became a partner in 1998. He was named chief operating officer in 2008, having previously been responsible for the firm's Fixed Income Division. He was named Chief Executive Officer in 2015. Mr. Sallouti holds a bachelor of science degree in economics, with concentrations in finance and marketing, from The Wharton School - University of Pennsylvania.

The business address of each Director is Clarendon House 2 Church Street, Hamilton HM 11, Bermuda and Avenida Brigadeiro Faria Lima, 3.477, 14th Floor, São Paulo – SP, Brazil, CEP 04538-133.

During the last five years, none of the Directors except for a member of our Board of Directors: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer. For a discussion of the legal proceedings in which a member of our Board of Directors is involved, see "Business—Legal matters."

Remuneration information

The Company paid the aggregate gross amount of R\$373,438.00 to its Board of Directors as compensation for the year 2016. Our home country does not require us to disclose individual compensation, pension, retirement or similar benefits paid to our Directors and officers and we do not make such disclosures.

Board of Directors responsibilities

The Board of Directors is responsible for, among other things and to the provisions of the By-laws:

- (i) electing and removing the executive officers and supervising the other members of the Company's management;
- (ii) by power of attorney, appointing any company, firm, person or body of persons, whether nominated directly or indirectly by the Board of Directors, to be an attorney of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board of Directors may think fit and may also authorize any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;
- (iii) procuring that the Company pays all expenses incurred in promoting and incorporating the Company;
- (iv) delegating any of its powers (including the power to sub-delegate) to a committee appointed by the Board of Directors which may consist partly or entirely of non-directors, provided that every such committee shall conform to such directions as the Board of Directors shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by the provisions of the bylaws regulating the meetings and proceedings of the Board of Directors, so far as the same are applicable and are not superseded by directions imposed by the Board of Directors;
- (v) presenting any petition and make any application in connection with the liquidation or reorganization of the Company;
- (vi) in connection with the issue of any share, paying such commission and brokerage as may be permitted by applicable law;
- (vii) authorizing any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company;
- (viii) purchasing as it shall think fit its own shares for cancellation or acquire them as treasury shares in accordance with the provisions of the applicable law as well as exercising all such

powers to purchase or acquire all or any part of its own shares in accordance with the law; and

- (ix) providing for the issuance of preference shares in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations, or restrictions thereof (and, for the avoidance of doubt, such matters and the issuance of such preference shares shall not be deemed to vary the rights attached to the shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares).

Under Bermuda law, at common law, the directors of a Bermuda company owe their fiduciary duty to the company rather than to the shareholders. In addition, the Bermuda Companies Act imposes a specific duty on directors and officers of a Bermuda company to act honestly and in good faith with a view to the best interests of the company and requires them to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Bermuda Companies Act also imposes various duties on officers of a company with respect to certain matters of management and administration of the company.

Composition of the Board of Directors

The Board of Directors consists of between five and eleven members, with such number being determined by the holder of the Class C Share and is elected for a term of one year with re-election being permitted. Pursuant to the Bye-laws, the members of the Board of Directors are elected and may be removed at any time by the holder of the Class C Share. See "—Consortium Shareholders Agreement—Board representation and related matters" regarding the right of the representative of the Members of the Consortium to designate one director to the Board of Directors. Pursuant to the Bye-laws, Directors are elected and removed by the holder of the Class C Share voting as a single class (but see "Consortium Shareholders Agreement—Board representation and related matters" regarding the right of the representative of the Members of the Consortium to nominate one Director so long as they hold the Requisite Ownership Percentage).

Directors shall be vacated if the Director: (i) is removed from office pursuant to the Bye-laws or is prohibited from being a Director by applicable law; (ii) is or becomes bankrupt, or makes any arrangement or composition with his or her creditors generally; (iii) is or becomes of unsound mind or dies; or (iv) resigns his or her office by notice in writing to the Company. In case of any vacancies on the Board of Directors occur, the holder of the Class C Share voting as a single class shall have the sole and exclusive right to fill such vacancy.

Executive officers

The Group has a team of highly talented professionals with a strong reputation in the Brazilian and international financial markets. These people were selected based on their success histories and on the Group's belief that they would share our unique business culture and serve as milestones in the implementation of this culture in their international offices and future businesses as a whole. The Board of Directors may appoint such officers as it may determine. The officers have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board of Directors from time to time. Below is a summary of the business experience and other biographical information of the executive officers so appointed:

José Octavio Mendes Vita is the CEO of the Company and a MD partner of the BTG Pactual Group and a member of the Brazil Management Committee. He is based in our São Paulo office. He is the former co-head of investment banking of Banco BTG Pactual. Mr. Vita joined BTG Pactual in 1989 and became partner in 1993. Prior to joining Banco BTG Pactual, he worked in corporate finance at Bankers Trust Company of Brazil and at Morgan Guaranty Trust Company of New York. Mr. Vita graduated in Business Administration from Fundação Getúlio Vargas and obtained an MBA from Wharton Business School.

Renata Gomes Santiago Broenn is the investor relations officer of the Company and a BTG Pactual Group associate partner since 2009, based in our Rio de Janeiro office, and currently the senior management's business manager. Renata acted as a lawyer at Banco Icatu S.A. from 1994 to 2000, mainly focused in asset management business when then she joined BTG Pactual Group to lead the legal department to support the asset management area at Banco BTG Pactual, being part of several activities, including structuring financials products, such as private equity funds, investments fund in emerging companies and investment funds in general. In 2007, she was nominated head of human resources Brazil of UBS Pactual. In 2009, she moved to the role of global head of human resources of BTG Pactual. In 2009, she was nominated as the global head of human resources for Banco BTG Pactual. Renata graduated in Law at Universidade Federal do Rio de Janeiro in 1996, and in 2001, concluded an MBA in Business Law at IBMEC Business School – Rio de Janeiro.

Corporate governance

We believe that the Company maintains corporate governance structures and has processes in place that are in compliance with their respective local regulatory requirements the Company does not have audit, compensation or selection and appointment committees.

OUR PARTNERSHIP

The Company partnership

The discussion below relates to the partnership model of the Group and BTG Pactual Group as a whole, as we believe such discussion enhances understanding of the overall function of the partnership structure.

Description of partnership model

Partners have been admitted to and left the PPLA partnership by purchasing and selling equity interests in PPLA Investments, Banco BTG Pactual and BTG Pactual Holding ("**Partnership Equity**"). As described below, the partnership has the right to purchase all or part of any Partner's Partnership Equity at any time and for any reason, without the consent of the affected Partner. In addition, any Partner leaving his or her full time employment at the Group has the right to sell all of its Partnership Equity to certain entities that are wholly-owned by the Partners but may not sell to any other third party except as described below. These transactions were effected at the book value of such interests at the time of the relevant transaction.

The purchase and sale of Partnership Equity occurs in a number of circumstances, including, but not limited to, a review of the performance of Partners and employees in its organization and determines to reallocate the Partnership Equity among its Partners to promote certain high performing employees, who previously did not own Partnership Equity, to Partner status, simultaneously reducing the Partnership Equity held by certain other Partners (the "**Reallocation Transfers**"), admission of individuals as new Partners in connection with the commencement of their activities as executives within the Group, following a meritocratic basis.

The entities that will be utilized as the purchaser of the Partnership Equity transferred in the circumstances described above are BTG Pactual Holding (with respect to the Partnership Equity that consists of shares of BTG Pactual Holding) and the Merchant Banking Partnership (with respect to the Partnership Equity that consists of PPLA Investments limited partnership interests). The purchasing entities are wholly-owned by the Group's Partners. Partners entering the partnership or increasing their interest through the allocation and purchase of new interests can receive financing for such purchases from us to the extent they did not have the resources available to effect such purchases. See "—Partnership Loan Transactions."

Continuation of purchase/sale right

The Group has the right to cause its current and future Partners to sell all or a portion of their Partnership Equity (at any time and for any reason). This arrangement allows the Group to continue the practice of reallocating Partnership Equity among Partners and to new individuals who become Partners on a meritocratic basis which we believe substantially enhances the Group's ability to attract and retain talented executives. In addition, any Partner leaving his or her full time employment with the Group will have the right to sell all of its Partnership Equity to the entities (and only to such entities) wholly-owned by the Partners as described above. Certain of the individuals who purchase Partnership Equity may require loans to purchase such equity interests to the extent they do not have the resources available to effect such purchases. PPLA Investments may make loans to such individuals.

Restrictions on sales of Partnership Equity

The Partnership Equity is subject to substantial transfer restrictions. These restrictions are primarily designed to maintain the Group partnership by preventing Partners from selling their Partnership Equity other than as described above with respect to sales among Partners (through BTG Pactual Holding and the Merchant Banking Partnership), subject to certain limited exceptions described below. In addition, such transfer restrictions do not apply to any of the Group's equity securities that have been (or may in the future be) subsequently purchased in the market or from third parties who are not Partners or affiliates of Partners.

The Partnership Equity may not, directly or indirectly, be transferred or otherwise sold by any Partner, except for the permitted partner transfers which are limited to transfers, including, but not limited to: certain related parties that are Permitted Transferees (as defined below) of the transferring Partner; pursuant to Reallocation Transfers as described above; in connection with a Change of Control (as defined below), including pursuant to a mandatory tender offer initiated by the person or group that is acquiring control of the Group in connection therewith, provided that any such Change of Control will require the approval of the Group's controlling shareholder; to a lender in connection with the foreclosure by such lender on a loan that created a lien on such Partnership Equity, provided that such transaction has been approved by the Group's controlling shareholder; and pursuant to a certain Partner withdrawal agreement to the extent necessary to facilitate any of the foregoing permitted transfers (see "**Withdrawal Agreements**").

The Group currently intends to keep these provisions in place with respect to all of the Partnership Equity for the foreseeable future, and we are not aware of any conditions that would cause us to believe that there is any likelihood that the Group will modify such provisions. However, from time to time the Group considers the specific provisions of its partnership and believes it is important to retain the flexibility to implement changes that it believes to be in the best interests of its business. In the event the Group determines to modify such provisions, it anticipates that a reasonable time in advance of making such change effective, it will notify the market that the rules regarding the restrictions on Partnership Equity described herein will change.

For purposes solely of the foregoing:

- "**Change of Control**" means a transaction or series of related transactions (other than Reallocation Transfers) pursuant to which the Group's current or future Partners (including any entity that is wholly-owned by such Partners as a group) dispose of or sell, whether directly or indirectly, more than 50% of Banco BTG Pactual's common shares to any person or group of persons that is or are not prior to the time of such transaction or the beginning of the series of related transaction, and will not in connection with such transaction or series of related transaction, become, employees, officers, consultants, Partners or other individuals that provide similar full-time services to the Group;
- "**Transferee**" of a Partner means (i) any spouse (current or former), sibling, lineal descendants, ancestors, heirs, testamentary trustees or legatees of such Partner or of any spouse of such Partner, (ii) any entity that is controlled and wholly-owned by such Partner or any person described in clause (i) above, for so long as it remains such or (iii) any trust (including a charitable remainder trust) or similar arrangement of which such Partner (or any distributee of such trust if such distributee is a person described in clause (i) above) is the primary beneficiary or has an interest; and
- "**Strategic Investor**" means any *bona fide* third party investor that is unaffiliated with the Group if BTG Pactual Holding and PPLA GP jointly and reasonably determine in good faith that the inclusion of such investor as a holder of the Group's equity securities can reasonably be expected to enhance the earnings, customer base, business reputation, distribution network or prospects of, or products offered by, the Group.

Partner non-competition agreements

- Each of the members of the Senior Management Team have entered into restrictive covenant agreements and for a period of 12 months following the date such member of the Senior Management Team is no longer providing full-time services to, or acting in a similar capacity with respect to, the Group, such member of the Senior Management Team has agreed to the following restrictions, among other customary restrictions (including those relating to treatment of confidential information and non-disparagement), any of which may be waived by the Group at any time: (i) non-competition restrictions; (ii)

non-solicitation of employees; and (iii) the non-solicitation of clients.

Shareholders' agreements

PPLA GP shareholders' agreement

PPLA Investments is controlled by us as its general partner. The Company is controlled by PPLA GP, the holder of the Class C Share. PPLA GP, the holder of the Class C Share, is wholly owned by Partnerco. Partnerco is owned by the Controlling Partners, who are party to a shareholders' agreement, which governs the manner in which Partnerco and PPLA GP exercises its direct control of the Company and indirect control of PPLA Investments. The share capital of Partnerco consists of one class of common shares, owned by the Controlling Partners.

The shareholders' agreement provides that PPLA GP may not conduct any business or engage in any activities of any nature, including incurring indebtedness or liabilities, other than owning the Class C Share and providing its consent and approval with respect to certain defined Class C approval matters or otherwise directing the actions taken by the Company (or, indirectly, PPLA Investments), and taking actions in connection with the foregoing.

PPLA GP is managed by a board of directors, which consists of two members, elected and removed by Partnerco. Although the board of directors of PPLA GP is generally responsible for the management of the company, the shareholders' agreement provides that PPLA GP may not take certain actions, or permit PPLA Participations to take certain actions.

The Partnerco shareholders' agreement provides that (i) BTG Partnerco will be entitled to appoint and remove all directors of PPLA GP and (ii) any veto matters will be subject to the affirmative approval of the majority of the equity interests held by the Controlling Partners (the "**Veto Matters**").

The PPLA Investments partnership agreement

The partnership agreement of PPLA Investments (the "**PPLA Investments Partnership Agreement**") was entered into by the Company, as the general partner, and the Partners (including the Participating Partners, in respect of their PPLA Investments Class D partnership interests) and Members of the Consortium, as limited partners. The following is a summary of certain of the material provisions of the PPLA Investments Partnership Agreement.

Management

The business and affairs of PPLA Investments are managed exclusively by the Company, its general partner. The Company (i) does not engage in any other business activity, (ii) owns all of the issued shares capital of PPLA Bermuda Holdco and (iii) is the indirect holding company of all of the PPLA Investments Class C partnership interests, including those indirectly purchased by unit holders in the initial public offering of BTG Pactual in April 2012, subsequent purchasers of units and Members of the Consortium. The limited partners, in their capacity as limited partners, have no part in the management of PPLA Investments and have no authority or right to act on behalf of PPLA Investments or bind PPLA Investments in connection with any matter.

Partnership interests

The PPLA Investments limited partnership interests are designated as either PPLA Investments Class A partnership interests, PPLA Investments Class B partnership interests, PPLA Investments Class C partnership interests or PPLA Investments Class D partnership interests. Except as expressly provided in the PPLA Investments Partnership Agreement, the PPLA Investments Class A partnership interests and PPLA Investments Class B partnership interests entitle the holders thereof to equal rights and are held exclusively by our Partners. PPLA Investments Class C partnership interests are held exclusively by PPLA Bermuda Holdco. PPLA Investments Class D partnership interests are held exclusively by the Members of the Consortium and the Participating Partners, and the executives who were the former owners of Celfin.

From time to time, the general partner may establish other classes or series of limited partnership interests of PPLA Investments with such designations, preferences and relative, participating, optional or other special rights, powers and duties (including rights, powers and duties that may be senior or otherwise entitled to preference over existing PPLA Investments limited partnership interests) as shall be determined by the general partner in its sole discretion.

Distributions

Subject to the terms of any additional classes or series of interests established by the general partner, distributions will be made as and when determined by the general partner, to the partners in accordance with their respective PPLA Investments limited partnership interests. The holder of PPLA Investments limited partnership interests are entitled to participate pro rata in dividends or distributions, in accordance with their relative ownership percentages. The PPLA Investments general partnership interest held by the Company will not entitle the general partner to receive any distributions. The general partner may cause PPLA Investments to make distributions of cash, interests or other assets or property of PPLA Investments. Except for required distributions, no limited partner has the right to demand that PPLA Investments make any distributions to such limited partner. Under the Bermuda LP Act, PPLA Investments may not pay any share of its profits or other compensation by way of income to a limited partner from its assets if, on the date the payment is to be effected, the general partner has reasonable grounds believing that PPLA Investments, after the payment, would be unable to pay its liabilities as they become due.

Splits, distributions of shares and recapitalizations

PPLA Investments shall not in any manner subdivide (by split, distribution, reclassification, recapitalization or otherwise) or combine (by reverse split, reclassification, recapitalization or otherwise) the outstanding PPLA Investments limited partnership interests unless an identical event is occurring with respect to the Class A Shares and Class B Shares, in which event the PPLA Investments limited partnership interests shall be subdivided or combined concurrently with and in the same manner as such shares.

Issuance of Class A Shares and Class B Shares

At any time the Company issues any Class A Shares or Class B Shares, (i) the net proceeds, if any, received by the Company with respect to such shares shall be concurrently contributed through PPLA Bermuda Holdco to PPLA Investments and (ii) PPLA Investments shall issue to PPLA Bermuda Holdco one PPLA Investments Class C partnership interest for each such issued Class A Share or Class B Share.

Transfer restrictions

See "Our Partnership—Restrictions on sales of partnership equity" for a description of the transfer restrictions that apply to the PPLA Investments limited partnership interests held by our Partners (excluding the Participating Partners in respect of the PPLA Investments Class D partnership interests).

PPLA Bermuda Holdco is not permitted to transfer its PPLA Investments Class C partnership interests except to the Company or another wholly-owned subsidiary of the Company or otherwise with the consent of the general partner.

Transfer of general partnership interest—premium sharing principle

The general partner may not directly transfer the PPLA Investments general partnership interest to any person unless such transfer is for nominal value or, if compensation is paid in excess of nominal value, such compensation is paid pro rata to each limited partner of PPLA Investments based on its relative ownership percentage in PPLA Investments, which we call the "premium sharing principle."

Limitation on partner liability

Except as required by applicable law, no limited partner will have any personal liability in its capacity as a limited partner of PPLA Investments for the debts, liabilities or other obligations of PPLA Investments; and, except as specifically set forth in the PPLA Investments Partnership Agreement or any other applicable agreement or as required by applicable law, no limited partner in its capacity as a limited partner of PPLA Investments shall have any liability or obligations to PPLA Investments or any other partner of PPLA Investments.

Indemnification and exculpation

PPLA Investments shall, to the maximum extent permitted by applicable law, indemnify and hold harmless the general partner and any officer, director, stockholder, member, partner, employee, agent or assign of the general partner or PPLA Investments, from and against any and all liabilities, losses, fees, penalties, damages, costs and expenses, which arise out of, relate to or are in connection with the PPLA Investments Partnership Agreement or the management or conduct of the business or affairs of PPLA Investments, except to the extent such damages are finally determined by an arbitration award to have resulted from the gross negligence or willful misconduct of the person seeking indemnification.

Neither the general partner nor any officer, director, stockholder, member, partner, employee, agent or assign of the general partner or PPLA Investments shall be liable, responsible or accountable, whether directly or indirectly, in contract or tort or otherwise, to PPLA Investments, any limited partner, any former limited partner or any affiliate of the foregoing for any liabilities, losses, fees, penalties, damages, costs and expenses asserted against, suffered or incurred by PPLA Investments, any limited partner, any former limited partner or any such affiliate arising out of, relating to or in connection with any act or failure to act pursuant to the PPLA Investments Partnership Agreement or otherwise with respect to the management or conduct of the business and affairs of PPLA Investments, except to the extent such damages are finally determined by an arbitration award to have resulted from the gross negligence, fraud or willful misconduct of such person.

Dissolution

PPLA Investments will be dissolved and our affairs will be wound up upon the first to occur of (i) the occurrence of a bankruptcy or dissolution of the Company, as the general partner, unless the holders of the majority of all the PPLA Investments limited partnership interests appoint a new general partner within 90 days of the occurrence of such event, (ii) the occurrence of a disabling event with respect to the last remaining limited partner, unless a new limited partner is admitted by the general partner within 90 days of the occurrence of such event and (iii) the determination of the general partner to dissolve us. Except as set forth above, the removal, death, disability, resignation, bankruptcy, dissolution, incapacity or adjudication of incompetence of a limited partner shall not dissolve PPLA Investments.

Upon the winding up of PPLA Investments, after payment in full of all amounts owed to PPLA Investments' creditors and all liquidation expenses, and after the establishment of any reserves that the general partner deems reasonably necessary for any contingent or unforeseen liabilities or obligations of PPLA Investments, if any, the holders of PPLA Investments limited partnership interest will be entitled to receive the remaining assets of PPLA Investments available for distribution in accordance with and to the extent of positive balances in the respective capital accounts of such holders after taking into account certain adjustments.

Amendments

The PPLA Investments Partnership Agreement may be amended by the general partner in its sole discretion, except that certain amendments, as set forth in the PPLA Investments Partnership Agreement, require the consent of the holders of the PPLA Investments Class A partnership interests and PPLA Investments Class B partnership interests or holders of PPLA Investments Class D partnership interests, as applicable. In addition, no amendment:

- may increase the obligations or liabilities of a limited partner in a manner not contemplated by the PPLA Investments Partnership Agreement without the consent of such limited partner;
- to the provisions providing for the appointment by the holders of a majority of the PPLA Investments limited partnership interests of a replacement tax matters partner, in the case the general partner resigns from such position, may be made without the consent of the holders of a majority of the PPLA Investments limited partnership interests; or
- to the provisions providing for appointment by the holders of a majority of the PPLA Investments limited partnership interests of a replacement general partner, in the case of the bankruptcy or dissolution of the general partner, may be made without the consent of the holders of a majority of the PPLA Investments limited partnership interests.

CONSORTIUM SHAREHOLDERS AGREEMENT

Banco BTG Pactual, PPLA Investments, the Company and PPLA Bermuda Holdco have entered into a shareholders agreement with the Members of the Consortium, the Participating Partners, BTG Pactual Holding, the Partners and certain other parties (together the "**Consortium Shareholders Agreement**"). The Consortium Shareholders Agreement provides the Members of the Consortium with certain rights with respect to the designation of a nominee to serve on the Board of Directors.

Board representation and related matters

The Consortium Shareholders Agreement provides that the Board of Directors shall consist of between five and eleven directors, as determined by PPLA GP.

The Consortium Shareholders Agreement requires that so long as the Members of the Consortium continue to hold, in the aggregate, directly or indirectly, securities of PPLA Investments and Banco BTG Pactual that represent at least 5.0% of the total outstanding securities of PPLA Investments and Banco BTG Pactual (the "**Requisite Ownership Percentage**"), the Board of Directors and the board of directors of Banco BTG Pactual shall nominate one individual designated by the representative of the Members of the Consortium such that the Members of the Consortium will have one designee on each such board. Except for any directors nominated by Unit Holders or subsequent purchasers of European Units, all other members of each such board of directors (including any vacancies) will be nominated by PPLA GP. Subject to certain limited exceptions set forth in the Consortium Shareholders Agreement, for so long as the representative of the Members of the Consortium has the right to nominate a director pursuant to the foregoing, the representative of the Members of the Consortium shall have the exclusive right to remove the director designated by such representative and to nominate an individual to fill the vacancy created by such removal.

In addition, the parties to the Consortium Shareholders Agreement agreed, for so long as the Members of the Consortium hold, in the aggregate, the Requisite Ownership Percentage, to (i) refrain from requesting the adoption of the cumulative voting procedure (*voto múltiplo*) or the election by separate ballot procedure (*eleição em separado*) set forth in Brazilian Corporations Law, and (ii) in case such voting procedures are used in any election of directors of Banco BTG Pactual, cast their votes in that connection in a manner consistent with the Consortium Shareholders Agreement.

Subject to restrictions that may be imposed under applicable law, for so long as the Members of the Consortium in the aggregate continue to hold the Requisite Ownership Percentage, the representative of the Members of the Consortium has the right to designate one non-voting observer to attend meetings of the Board of Directors.

PRINCIPAL SHAREHOLDERS AND UNIT HOLDERS

As of the date of this Prospectus, there are 91,010,619 shares of the Company issued and outstanding, consisting of 30,336,873 Class A Shares, 60,673,746 Class B Shares, 1 Class C Share and no Class D Shares.

Since the Class C Share and Class D Shares are voting-only shares and have no economic rights in the Company, the table below presents information relating to (i) the shareholders that have more than 3.0% of the economic ownership in the Company (represented by Class A Shares and Class B Shares), (ii) the beneficial owner of the Class C Share, (iii) each beneficial owner of 3.0% or more of the Class D Shares, (iv) Unit Holders that have more than 3.0% of the economic ownership in the Company or large Unit Holders that are otherwise known to the Company and (v) the Unit Holders that are part of the remaining free float as a group. The table below does not account for the consummation of any transactions that may be affected pursuant to the Withdrawal Agreements. See "Withdrawal Agreements."

Principal Shareholders	Number of shares in the Company by Class				% of Economics (Class A + Class B) ⁽³⁾
	Class A	Class B	Class C	Class D	
PPLA GP Management Ltd.	-	-	1	-	-
BBTGP Green Shoe Ltd. ⁽¹⁾	1,500,000	3,000,000	-	-	-
Free-float / Unit Holders					
BTG Pactual Holding S.A.	4,320,409	8,640,818	-	-	14.98%
Investment vehicles related to members of the Partnership	2,632,672	5,265,344	-	-	9.13%
Members of the Consortium:					
(i) Pacific Mezz Investco S.à r.l. ⁽²⁾	610,755	1,221,510	-	-	2.12%
(ii) Sierra Nevada Investments LLC ⁽²⁾	766,361	1,532,722	-	-	2.66%
Treasury Shares	690,200	1,380,400	-	-	2.39%
Other free-float	19,816,476	39,623,952	-	-	68.72%
Total	<u>30,336,873</u>	<u>60,673,746</u>	<u>1</u>	<u>-</u>	<u>100.00%</u>

⁽¹⁾ The Class A Shares and Class B Shares issued by the Company and held by BBTGP Green Shoe Ltd. are not listed and traded as Brazilian Units and were issued at the time of initial public offering of Banco BTG Pactual and the Company.

⁽²⁾ Sierra Nevada Investments LLC, from the Santo Domingo Group of Colombia, and Pacific Mezz Investco S.à r.l., an affiliate of Government of Singapore Investment Corporation Pte Ltd, are investment vehicles related to the Members of the Consortium who invested in Banco BTG Pactual and PPLA Investments in December 2010.

⁽³⁾ The percentage of the economics applicable to the Class A Shares and Class B Shares issued by the Company refers exclusively to the total amount of Units issued by the Company.

PARTNERSHIP LOAN TRANSACTIONS

We engage in a series of loan transactions with our Partners in order to facilitate the purchase of their Partnership Equity and the implementation of our partnership model. These transactions are entered into as part of our ordinary commercial operations, particularly on an annual basis in connection with the annual reallocation of the Partnership Equity. See "Our Partnership."

Partner Loans

From time to time, including in connection with our formation, and in connection with the purchase of the PPLA Investments limited partnership interests as part of Reallocation Transfers (see "Our Partnership"), we made loans available to certain Partners (the "**Partner Loans**"), acting in their capacity as debtors (the "**Debtor Partners**"), the proceeds of which were used to fund all or a portion of their investment in the PPLA Investments limited partnership interests. The Partner Loans mature 20 years after the date of the loan, unless otherwise accelerated as provided below. As of June 30, 2017, the aggregate original principal amount that remained outstanding under such loans (excluding any adjustments to such principal based on the Prevailing CDI Rate and the Prevailing Libor Rate (each as described below) was approximately R\$596 million and US\$5 million. See "Our Partnership—Continuation of purchase/sale right."

The Partner Loans are denominated in *reais* and in U.S. dollar. The outstanding principal of the Partner Loans will be adjusted from time to time based on a percentage that corresponds to (i) the accumulated variation of the Brazilian interbank rate for 1-day certificate of deposits as calculated and disclosed by CETIP - Balcão Organizado de Ativos e Derivativos, during any given period as specified in such Partner Loans (the "**Prevailing CDI Rate**"); or (ii) the accumulated variation of the 6 month LIBOR plus spread of 2% per annum, which shall automatically re-set as of each of six-month anniversary of the date of the Partner Loan (the "**Prevailing Libor Rate**"). The outstanding principal of the Partner Loans is adjusted by the Prevailing CDI Rate or by the Prevailing Libor Rate on each date that a voluntary or mandatory prepayment is made (or is required to be made). The Debtor Partners must make mandatory prepayments on the outstanding amounts of the Partner Loans if any cash distributions or other cash payments are made to the Debtor Partners pursuant to the Partnership Agreement or if the Debtor Partners receive any proceeds from the sale or other disposition of their PPLA Investments limited partnership interests. The Debtor Partners may also voluntarily prepay the Partner Loans without penalty or premium. In addition, in connection with the payment of annual cash bonuses to Partners, the Group has generally determined the amount of such bonus that the Debtor Partners are permitted to retain and required Debtor Partners to use the remainder of such bonus, on an after-tax basis, to pay down outstanding amounts due under their respective Partner Loans. The amount of such bonuses that may be retained by the Debtor Partners is generally applied equally among all the Debtor Partners of the same class (determined based upon the country in which they are based and the ownership interest they hold in us), although exceptions have been made on a case by case basis for Partners demonstrating specific liquidity needs. Although the use of bonuses to pay down outstanding loan balances is not required by the terms of the Partner Loans, a Partner who fails to comply with such policy understands that as a result of such failure, the Merchant Banking Partnership may exercise its rights to repurchase the PPLA Investments limited partnership interests owned by such Partner at book value. See "Our Partnership."

The Partner Loans contain events of default, such as payment defaults, bankruptcy and insolvency, and if the Debtor Partner grants a lien or other encumbrance on its PPLA Investments limited partnership interests (other than permitted liens or encumbrances) or ceases to own any of PPLA Investments limited partnership interests. In the case of an event of default, we may, among other things, and subject to certain limitations, declare any amounts outstanding under the Partner Loans immediately due and payable.

Our Partner Tax Loans

Prior to the our initial public offering in 2013, the PPLA Investments Partnership Agreement provided that each fiscal quarter, we would make distributions to all Partners pro rata in an amount sufficient to satisfy their individual tax liability, if any, on PPLA Investments income or gain allocated to the Partners for such fiscal quarter. The amount distributed per PPLA Investments limited partnership interest was the same for all Partners and was calculated (i) at the highest tax rate then in effect for residents of London, New York City, São Paulo or Rio de Janeiro, and (ii) assuming that income and/or gain is being taxed under applicable U.S., U.K., or Brazilian tax principles, whichever computation results in the highest income and/or gain being taxed in the hands of a Partner. However, given the relatively small number of Partners that have been required to pay taxes to date on our underlying earnings, PPLA Investments determined, in lieu of making such distributions (which, as described above, would be made on a pro rata basis to all Partners and therefore substantially reduce our capitalization), to make loans available to certain Partners (the "**Partner Tax Loans**"), acting in their capacity as debtors (the "**Tax Debtor Partners**"), the proceeds of which are used to fund the taxes payable by such Tax Debtor Partners in connection with their ownership of the PPLA Investments limited partnership interests. The Partner Tax Loans mature 20 years after the date of the loan, unless otherwise accelerated as provided below. As of June 30, 2017, the aggregate amount outstanding under such loans (including principal and accrued but unpaid interest) was approximately R\$10.2 million, US\$8.7 million and £3.2 million.

The Partner Tax Loans are denominated in U.S. dollars. The outstanding principal of the Partner Tax Loans bears (i) no interest rate; or (ii) interest at a rate per annum equal to the greater of LIBOR and the applicable Federal rate as in effect under §1274(d) of the U.S. Internal Revenue Code for short-term loans, compounded semi-annually. Accrued and unpaid interest since the date of issuance of the applicable Partner Tax Loan (but not including such date) is automatically capitalized and becomes part of the outstanding principal of the Partner Tax Loans.

Tax Debtor Partners must make mandatory prepayments on the outstanding amounts of the Partner Tax Loans if any cash distributions or other cash payments are made to the Tax Debtor Partners pursuant to the PPLA Investments Partnership Agreement or if the Tax Debtor Partner receives any proceeds from the sale or other disposition of its PPLA Investments limited partnership interests. Tax Debtor Partners may also voluntarily prepay the Tax Loans without penalty or premium.

Partner Tax Loans contain events of default, such as payment defaults, bankruptcy and insolvency, and if the Tax Debtor Partner grants a lien or other encumbrance on its PPLA Investments limited partnership interests (other than permitted liens or encumbrances) or ceases to own any of PPLA Investments limited partnership interests. In the case of an event of default, PPLA Investments may, among other things, and subject to certain limitations, declare any amounts outstanding under the Partner Tax Loan immediately due and payable.

WITHDRAWAL AGREEMENTS

Consortium Withdrawal Agreement

We, PPLA Bermuda Holdco and each Member of the Consortium and the Participating Partners that hold PPLA Investments Class D partnership interests have entered into a withdrawal agreement (the "**Consortium Withdrawal Agreement**"), pursuant to which, subject to certain procedures and restrictions (including the applicable transfer restrictions and lock-up arrangements relating to such PPLA Investments limited partnership interests under the Consortium Shareholders Agreement), such member of the Consortium or Participating Partner that is party thereto, in such capacity referred to herein as a requesting investor (a "**Requesting Investor**"), may surrender (i) to us for cancellation any or all of the PPLA Investments Class D partnership interests and (ii) to the Company for cancellation any or all of the Class D Shares, in each case, that are held by such Requesting Investor for Class A Shares and Class B Shares, as described below.

Partner Withdrawal Agreement

The PPLA Investments limited partnership interests held by our Partners as part of the Partnership Equity are subject to substantial transfer restrictions (see "Our Partnership"). However, to the extent such Partnership Equity is no longer subject to such transfer restrictions, in order to facilitate a transfer that is permitted, PPLA Investments, PPLA Bermuda Holdco and each Partner that holds PPLA Investments Class A partnership interests or PPLA Investments Class B partnership interests expect to enter into a withdrawal agreement (the "**Partner Withdrawal Agreement**", and collectively with the Consortium Withdrawal Agreement, the "**Withdrawal Agreements**"), pursuant to which, subject to certain procedures and restrictions (including the applicable transfer restrictions and lock-up arrangements relating to such PPLA Investments limited partnership interests under the PPLA Investments Partnership Agreement, the Consortium Shareholders Agreement and as further described under "Our Partnership"), such Partner that is party thereto (the "**Requesting Partner**"), may surrender to PPLA Investments for cancellation any or all of the PPLA Investments Class A partnership interests and PPLA Investments Class B partnership interests that are held by such Requesting Partner for Class A Shares and Class B Shares, as described below.

RELATED PARTY TRANSACTIONS

We engage in related party transactions with certain of our affiliates in the ordinary course of our business, including financing facilities and commercial and services agreements. We believe that these transactions are carried out on an arms-length basis, in accordance with ordinary market practices. The related party transactions represent less than 1% of the total interest income of the Company for the years ended December 31, 2014, 2015 and 2016, based on the Prospectus Regulation.

Summarized below are the material agreements entered into by us with related parties

Our business in Banco BTG Pactual as counterparty

In the ordinary course of our business, PPLA Investments maintains bank accounts with, and have invested in certain financial products offered by, Banco BTG Pactual and certain of its subsidiaries, including medium-term notes (acquired in the secondary market), demand deposits and time deposits. In addition, we have entered into several financial derivative contracts with Banco BTG Pactual, which have been terminated or matured. Also, PPLA Investments' investments are managed by Banco BTG Pactual through its asset management unit. As of June 30, 2017, we did not hold exposure with respect to such activities.

BTG Pactual Holding's guarantees

We entered into a number of financing agreements with both Brazilian and U.S. financial institutions, which have been unconditionally and irrevocably guaranteed by BTG Pactual Holding. As of June 30, 2017, the total outstanding amount under these agreements was US\$595 million. For further information and details on each of these agreements, please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Financial liabilities at amortized cost—Loans with financial institutions."

In addition, we have entered into a guarantee agreement with BTG Pactual Holding in connection with our separate US\$3.0 billion medium-term note programme established in 2013. All notes issued under that programme are unconditionally and irrevocably guaranteed by BTG Pactual Holding. As of June 30, 2017, we had issued US\$1,522.3 million under that medium-term note programme guaranteed by BTG Pactual Holding.

PPLA Investments guarantee to Banco BTG Pactual loans

Our former subsidiary BTGI Stigma Participações S.A. held an ownership interest in STR Projetos e Participações em Recursos Naturais. We sold our equity stake in BTGP Stigma Participações S.A. for R\$699 million in a transaction executed on July 4, 2012 on the Brazilian stock exchange. Concurrently with this transaction, we guaranteed certain payment obligations of Petra Energia S.A. (a company belonging to the STR Group) under loans granted by Banco BTG Pactual. This guarantee was effected through credit default swaps (CDS), which as of June 30, 2017 had an outstanding balance of R\$277 million.

Transfer of ARF II to PPLA Investments

In December 2013, Banco BTG Pactual sold its interests in ARF II to an independent third party for a total consideration equal to the net asset value of such interests. On the same date, the third party entered into a separate binding agreement to sell such interests in ARF II to PPLA Investments. In addition, in 2015, we initiated a corporate restructuring of certain of our proprietary investments which we expect to conclude by the end of 2015, pursuant to which we expect to shift a significant portion of our proprietary positions in ARF and ARF II, whose results are currently consolidated into our financial statements, to GEMM, a fund that is not consolidated into our financial statements, such that our investments and the investments of Banco BTG Pactual's other clients will be managed in the same fund.

Banco BTG Pactual's sales of BR Properties to PPLA Investments

On November 21, 2013, Banco BTG Pactual sold 21.4% of its 24.5% equity interest in BR Properties to PPLA Investments for a total amount of R\$1,261.4 million. The sale price for the transaction was based on the opening trading price of BR Properties shares that day. On April 10, 2014, we sold 18.65% of our equity interest in BR Properties to Propertyco FIM CP IE, a fund owned by Banco BTG Pactual. This transaction was carried out through B3 based on the closing price of BR Properties shares on April 10, 2014. In 2015, the Company sold its remaining interest in BR Properties. Please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations—BR Properties.")

Lending to portfolio companies

We offer financing to certain of our portfolio companies, primarily our loan to ATLL and promissory notes to DSB Serviços de Óleo e Gás II S.A., the vehicle through which we invest in Bravante S.A., which we refer to as the Bravante Notes. As of December 31, 2014, we had R\$198.2 million outstanding under our loan to ATLL and R\$219.7 million outstanding under the Bravante Notes. Our loan to ATLL accrues interest at a rate of 4.25% per year and matures on August 3, 2016, while our promissory notes accrue interest at a rate of 2.75% plus CDI, with maturity up to 180 days for each note.

Sale of assets to the Timber Fund

In 2014, we sold 23.73% and 14.82% of our shares in SCFlor and StaTerezinha, respectively, to BTG Pactual Brazil Timberland Fund I, LP, or the Timber Fund, a fund managed by Banco BTG Pactual which invests in a portfolio of privately negotiated equity and equity-related investments in timberland assets located primarily in Brazil across a diverse range of geographies, tree species, and end-markets. While we have R\$32.3 million in unfunded commitments to invest directly in the Timber Fund, we maintain the majority of our proprietary timberland investments in parallel to the Timber Fund. The total purchase price for our sale of interests in SCFlor and StaTerezinha to the Timber Fund reflected our proportional share of the total purchase price paid by us, as adjusted for inflation (equivalent to 111% of CDI). Please see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant acquisitions, divestitures and corporate restructurings affecting our results of operations—Investments in and by Timber Fund."

Other related party transactions

Please see the following sections entitled: "Partnership Loan Transactions", "Withdrawal Agreements", "Our Partnership", "Our Partnership—Partner non-competition agreements" and "Consortium Shareholders Agreement" for a description of these transactions.

INDUSTRY OVERVIEW

Overview

Many of the Group's operations are conducted in Brazil, including the majority of our merchant banking investments and many of asset management activities on our behalf executed by BTG Pactual Group. Accordingly, we are significantly affected by the general economic environment in Brazil. In addition, we derive revenues from non-Brazilian securities and, therefore, are also subject to global economic conditions, and in particular, fluctuations in worldwide financial markets. For further details regarding recent macroeconomic trends please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Macroeconomic environment."

PPLA Investments is an investment vehicle that we act as general partner, incorporated with the purpose of implementing proprietary investments, including investments abroad and in Brazil, without any operational activity or employees. The PPLA Investments' assets are managed by the asset management unit of BTG Pactual Group. PPLA Investments pays a fee to BTG Pactual Group for the provision of these services.

Investment entity portfolio

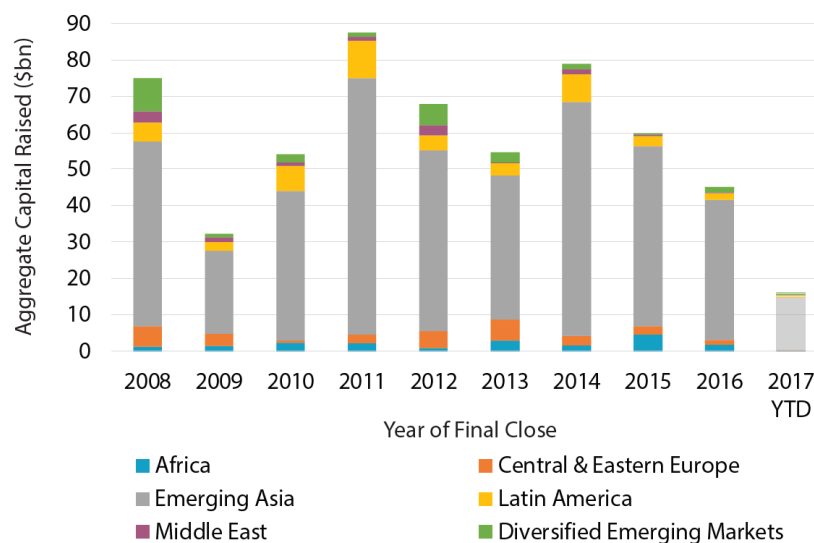
The investment period in companies, mainly represented through private equity funds, including those in which we invest as part of our principal investment activities, is usually mid to long-term. Returns on the investment entity portfolio, such as in private equity investments, are generated through one, or a combination of, the following three factors: (i) accumulation of cash flows from operations; (ii) improvement of earnings over the life of the investment; and (iii) sale of a business for a higher multiple of earnings than the original purchase price. Exit strategies used include initial public offerings and selling a business to new investors.

The potential growth opportunities in a determined market may be seen through the development of private equity. In this regard, the private equity industry in Brazil has expanded in recent years, partially leveraging from an earlier period of private growth from 1994 to 2000. Although Brazil has had a large inflow of capital into private equity investments in recent years, the Brazilian market remains under penetrated compared to other BRIC countries, and especially compared to the United States.

The amount raised by private equity fund has been subject to increased volatility since the financial crisis occurred on late 2008, reaching a strong growth by 2011, mainly focused on the emerging markets of Asia. Latin America has faced stability in the amount raised by private equity funds, since 2012.

As a result of such scenario, on December 31, 2016, such segment raised a total of approximately US\$40 billion in private equity funds worldwide. The amount raised by private equity funds also increased to other emerging markets. The table below shows, for the periods indicated, fundraising activity in selected emerging market economies:

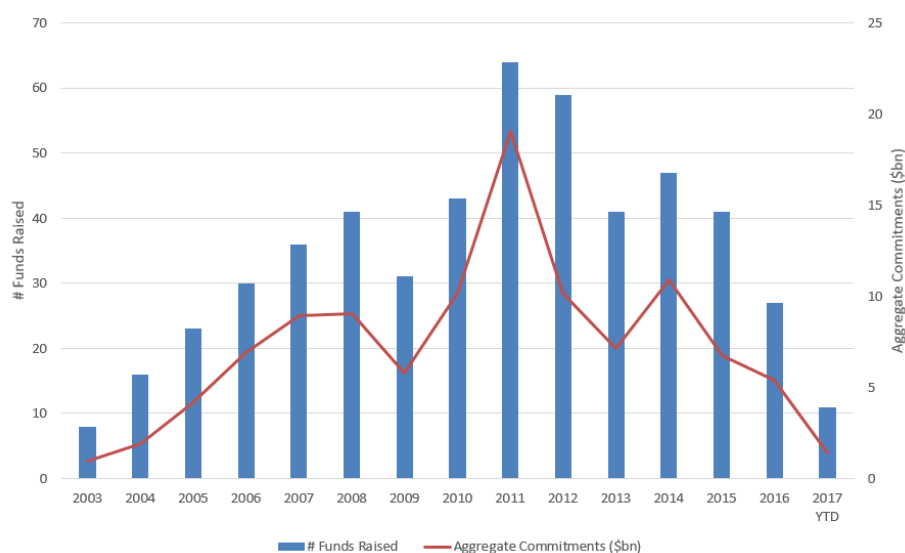
Private equity fundraising totals by select markets, 2008–2017



Source: Preqin Special Report: PE in Emerging Markets June 2017

Since 2013, the number of funds focused on Latin America demonstrated a strong perception of the private equity funds and the inherent opportunities related to such market, as per the approximate 50 funds raised on 2014 with an aggregate commitment of US\$10 billion. The depressing economic scenario that the Latin American countries faced since early 2016 has reflected on a relevant decrease of the funds raised and the correspondent aggregate commitments corresponding to 30 funds raised and approximately US\$10 billion aggregate commitments on December 31, 2016.

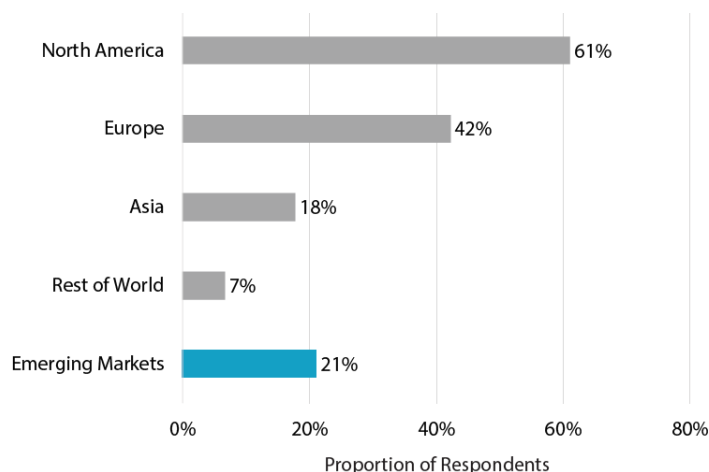
Annual fundraising funds focusing on Latin America, 2008–2017



Source: Preqin Special Report: PE in Emerging Markets June 2017

In addition to an increase in fundraising in recent years, private equity investments have increased over time and, despite the adverse impact of recent market developments, the interest of private equity funds in Brazil has remained considerable not only in Latin America, but also in Brazil due to the expected developments of the most diverse markets.

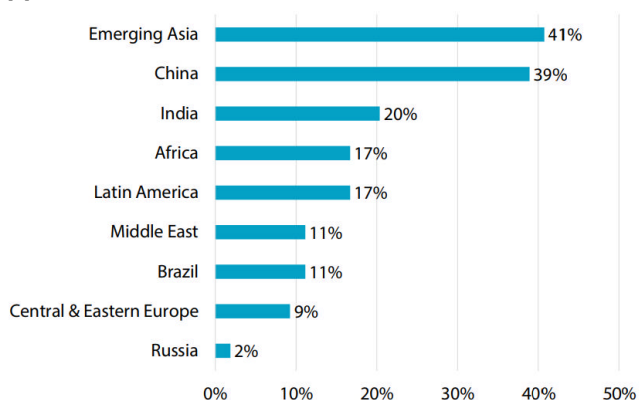
Investors view of regions presenting the 'best opportunities'



Source: Preqin Special Report: PE in Emerging Markets December 2016

As demonstrated below, 11% of the investors view Brazil as one of the best investment opportunities worldwide, especially when compared with other relevant areas, such as Central and Eastern Europe.

Countries and regions within emerging markets that investors view as presenting the 'best opportunities', 2016



Source: Preqin Special Report: PE in Emerging Markets December 2016

Significant trends

We believe that the following non-exhaustive selection of key trends may have a significant impact on the industry at large, as well as on the Company's position within the industry:

Investment entity portfolio

Our investment entity portfolio mainly follows the macroeconomic environment of Brazil. As the Brazilian economic develops and becomes more efficient, such increase will be jointly assessed on the Company. Alternatively, as the Brazilian economic faces a crisis or underperforms, such economic environment will directly affect the Company.

REGULATORY OVERVIEW

Bermuda's legal system

We are a Bermuda company and subject to Bermuda laws. Bermuda is a self-governing dependent territory of the United Kingdom. Bermuda's legal system is based upon the English legal system. Bermuda has its own legislature which enacts legislation for Bermuda. In addition, certain United Kingdom legislation is extended to Bermuda by the United Kingdom legislature and is effective in Bermuda.

Bermuda courts frequently cite and apply English case law. Decisions of the English Supreme Court and Court of Appeal are regarded as highly persuasive and are generally followed by Bermuda courts. Decisions of English trial courts and Commonwealth courts are also cited in Bermuda. Their persuasiveness depends on the strength of the judicial reasoning and the standing of the judge who issued the decision. The Judicial Committee of the Privy Council sitting in London is the highest appellate court for Bermuda and decisions of that Committee are formally binding upon Bermuda courts.

Insolvency

Bermuda law recognizes the rights of secured creditors to enforce security given by a Bermuda company over its property. Secured creditors may appoint receivers if this right is expressly given in the relevant charge document or a Bermuda court may do so in its discretion. Bermuda's insolvency regime is otherwise premised upon the concept of *pari passu* distribution of assets amongst the creditors of the insolvent company. An insolvent Bermuda company may be the subject in Bermuda of liquidation proceedings. In the context of insolvency, the other proceedings that may be used in Bermuda are a scheme of arrangement or receivership, but these are not exclusive to insolvency.

Insolvency proceedings to which a Bermuda company may be subject in Bermuda are (i) liquidation and (ii) receivership. Two additional reorganization processes under Bermuda law not necessarily related to the insolvency of the party are (i) winding up on just and equitable grounds and (ii) schemes of arrangement.

There are two types of insolvent liquidations in Bermuda – voluntary and compulsory. The former is usually referred to as a "creditors voluntary," commenced by the company itself, while a compulsory liquidation is commenced by way of a petition presented to the Supreme Court in Bermuda by creditors or shareholders upon which the Supreme Court will be requested to make a winding up order. There are a number of circumstances provided for in Section 161 of the Bermuda Companies Act in which a Bermuda company may be wound up by the Supreme Court, the most common of which is when the company is insolvent.

In the case of insolvency, the petition can be presented by the company, a creditor or shareholder, and for this purpose "creditor" includes a contingent or prospective creditor. The petitioner must show that the company is insolvent, which can be proved in one of three ways:

- commercial insolvency, whereby the company is unable to pay its debts as they fall due;
- balance sheet insolvency, whereby assets do not exceed liabilities; or
- if a statutory demand for a liquidated sum is served on the company and remains unpaid, without reasonable excuse, for at least three weeks.

Upon granting the appointment of a liquidator, the rights and duties of the directors of an insolvent Bermuda company cease, subject to any order of the Supreme Court of Bermuda. If we become insolvent, an unpaid creditor could petition to wind us up. The liquidator is required to collect the assets of the company and distribute them *pari passu* amongst unsecured creditors. There are no bankruptcy treaties in force under the laws of Bermuda.

A Bermuda court may make an order in a Bermuda liquidation proceeding that will aid insolvency proceedings involving assets of a Bermuda company located outside Bermuda. Such an order may include: (i) making orders or granting such relief as may be appropriate to facilitate or implement arrangements to coordinate Bermuda insolvency proceedings with foreign insolvency proceedings; (ii) appointing a provisional liquidator in respect of any property of the debtor; (iii) staying or terminating or making any order in relation to Bermuda insolvency proceedings as the court considers appropriate; and (iv) making such orders or granting such other relief as the court considers appropriate.

Under Bermuda law, certain transactions may be set aside or otherwise be varied or amended by order of a Bermuda court when an insolvent Bermuda company goes into liquidation. This primarily occurs when there is an impugned transaction is (i) a fraudulent preference; or (ii) a transaction which is a fraud on creditors.

Section 237 of the Bermuda Companies Act provides that transactions involving payments to creditors within six months prior to a petition for insolvent liquidation being presented, may be set aside if made with the dominant intention of preferring those creditors over others.

Under the Bermuda Conveyancing Act, as amended, certain dispositions of a Bermuda company's property are voidable if (i) the disposition was made with the dominant purpose of putting the property out of the reach of creditors and (ii) an obligation to the person seeking to set the disposition aside existed at the time of the disposition or was reasonably foreseeable at that time. The limitation period on such dispositions is six years from the transfer or, if later, from the time when the obligation arose or cause of action accrued. Transactions entered into on an arm's length basis are unlikely to constitute transactions which are capable of being avoided under this statute.

Under Section 166 of the Bermuda Companies Act, any disposition of the company's property made after the commencement of the winding-up is, unless the court orders otherwise, void. Directors and officers may be personally liable for debts of the company if it is determined that they carried on the business of the company knowing it was insolvent and with the intent to defraud creditors (Section 246 of the Bermuda Companies Act). A liquidator has power to investigate the affairs of an insolvent company and to determine and, if felt necessary, take action against directors for breach of duty.

Any floating charge created within 12 months immediately preceding commencement of a winding-up shall, except to the amount of any cash paid to the company at the time of or after the creation of, and in consideration for, the charge (together with interest thereon at a rate prescribed by statute), be invalid unless it is proved that the company was solvent immediately after the creation of the charge.

Set-off in respect of debts is permissible provided there exists mutuality and the sum in question is a debt as at the date of liquidation.

A final and conclusive judgment in the superior courts of the United Kingdom against us under which a sum of money is payable (not being in respect of multiple damages, or a fine, penalty, tax or other charge of similar nature) would, on registration in accordance with the provisions of The Judgments (Reciprocal Enforcement) Act 1958 of Bermuda, be enforceable in the Supreme Court of Bermuda against a Bermuda company without the necessity of any retrial of the issues subject of such judgment or any re examination of the underlying claims; however, where such foreign judgment is expressed in a currency other than Bermuda dollars, the registration will involve the conversion of the judgment debt into Bermuda dollars on the basis of the exchange rate prevailing at the date of such judgment as is equivalent to the judgment sum payable. The present policy of the Bermuda Monetary Authority is to give consent for the Bermuda dollar award made by the Supreme Court of Bermuda to be paid in the original judgment currency.

Exemption from authorization

PPLA Investments has received an exemption from the Bermuda Monetary Authority pursuant to Section 7 of the Investment Funds Act 2006, as amended (the "IFA") from the requirement of

authorization under the IFA. As an exempt fund, PPLA Investments is required, among other things, to pay an annual fee and appoint a recognized administrator and auditor.

Regulations in Brazil

Reporting and Disclosure Obligations

According to Brazilian Corporations Law, securities regulations of the CVM and the rules and regulations of the B3, the Company is subject to certain disclosure and reporting requirements.

Disclosure of occasional and periodic information

Pursuant to the requirements of Brazilian Corporations Law, the rules issued by the CVM and the requirements of B3, the Company, as publicly held companies in Brazil, is required to disclose the following periodic information, among others:

- a registration form (*formulário cadastral*), which must be updated within seven business days if any of the information contained therein is modified;
- a reference form (*formulário de referência*) filed within five months from the end of each fiscal year, which must be updated within seven business days if certain of the information contained therein is modified;
- financial statements (together with the related management's report (*relatório da administração*), an independent auditor's auditing opinion (*parecer do auditor independente*) and representations from its officers that they have reviewed, discussed and approved the financial statements and agree with the independent auditors' auditing opinion), within four months from the end of each fiscal year and on the date on which they are made available to the public, whichever occurs first;
- a report on a standard form containing information derived from its financial statements (*formulário de demonstrações financeiras padronizadas*, "DFP") within four months from the end of each fiscal year;
- a quarterly report on a standard form containing its relevant quarterly corporate, business and financial information (*formulário de informações trimestrais*, "ITR") within 45 days from the end of each quarter;
- notices of its annual shareholders' meetings (*assembleias gerais ordinárias*), which must be filed 15 days prior to the date of such meetings or on the same date that shareholders are called to attend, whichever occurs first;
- all documents necessary for shareholders to exercise their voting rights at its annual shareholders' meetings, pursuant to applicable Brazilian laws and regulations;
- minutes of its annual shareholders' meetings within seven business days from the date of such meetings; and
- reports prepared on a consolidated basis stating the quantity and characteristics of its securities and any subsequent trades or changes in previously disclosed holdings of its issued securities and each of its derivatives that are held by the controlling shareholder and related parties, his/her spouse or common law spouse and dependents and companies directly or indirectly controlled by each of them.

In addition to the foregoing, Brazilian laws and regulations also require the Company to present to both the CVM and B3 the following additional information, among others:

- notices to shareholders informing them of extraordinary or special shareholders' meetings (*assembleias gerais extraordinárias e especiais*) filed on the same date as the shareholders are called to attend;
- all documents necessary for shareholders to exercise their voting rights at extraordinary or special shareholders' meetings, pursuant to applicable Brazilian laws and regulations;

- minutes of extraordinary or special shareholders' meetings within seven business days from the date such meetings take place;
- minutes of its board of directors' meetings, within seven business days from the date such meetings occurred, if the board members decided on matters affecting third parties;
- a copy of any shareholders' agreements within seven business days from their filing at its head office;
- any material developments (*ato ou fato relevante*), on the same date a notice to the market on these developments is published (see "—Disclosure of material act or fact" below);
- appraisal reports produced in accordance with Brazilian Corporations Law if it decides to go private;
- appraisal reports produced in accordance with Brazilian Corporations Law if any shareholders decide to pay for their respective stakes in the share capital of the Company with assets or rights that are subject to valuation;
- Bye-Laws within seven business days from any shareholders' meeting approving modifications or amendments thereto;
- rating reports, including any updates, on the same day they are made public;
- information with respect to shareholders' agreements that its controlling shareholders are party to, as well as any shareholders' agreement that its controlling shareholders' controlled companies are party to and that companies in which the controlling shareholders hold at least 10% are party to, to the extent such shareholders' agreements may effect the voting rights or transfer of the shares of the Company;
- information regarding any change in the composition of its audit committee within seven business days from the date such change occurs;
- the approvals of any internal ruling of its audit committee (and any changes thereto) within seven business days from the date it occurs;
- the trading policy for the securities issued by it, which shall apply, at least, to the Company, its direct or indirect controlling shareholders, directors and fiscal council members (when operating), and/or the officers and members of any technical or advisory bodies established in the bye-laws; and
- information regarding the replacement of its legal representative in Brazil upon such representative's resignation, death, or the existence of conditions that impede the exercise of its duties, within 15 business days of such replacement, so long as the Company qualifies as a foreign issuer pursuant to the Brazilian laws and regulations.

In addition, generally, any information or communications to shareholders or otherwise made publicly available by the Company (whether under the laws and regulations of Bermuda, the Netherlands or elsewhere) must be translated into Portuguese and made publicly available in Brazil preferably at the same time as such information or communications are made publicly available elsewhere.

Disclosure of trading by Directors, board of officers and fiscal council members

CVM regulations require the directors, officers, members of the fiscal council, when installed, and members of any technical or advising body of the Company, to disclose to the Company, as applicable, the ownership and the trading of securities issued by it or by listed companies under its control or controlled by it (if applicable), including derivatives referenced in such securities that are held by each of them as well as any change in such investment. In the case of individuals, such

information shall also include securities held by such individual's spouse, companion or dependents, included in their annual income tax statement, and held by companies controlled directly or indirectly by such person(s). However, these requirements only generally apply to the Company, its directors, officers, members of the fiscal council, when installed, and members of any technical or advising body of the Company to the extent such requirements do not contradict with any disclosure or reporting requirements under the applicable laws and procedures of Bermuda.

The communication shall include, at least, the following information:

- the name and qualification of the person providing the information;
- the issuer, amount, by type and/or class, in the case of shares, and other characteristics in the case of other securities, as well as the remaining balance held before and after the trade; and
- the form, price and date of the transactions.

Such information must be sent (i) on the first business day after their appointment or (ii) at the submission of the request to register the Company, as a publicly held company and (iii) within five days of any applicable transaction.

The Company must send the abovementioned information to the CVM and B3, within ten days after the end of the month when changes in the positions held occurred or the month when the above-mentioned people were elected.

The above-mentioned information must be provided on an individual and consolidated basis, and the consolidated information will remain available on the CVM website.

The investor relations officer is responsible for transmitting to the CVM and B3 the information received by the Company, pursuant to the above.

Whenever controlling shareholder(s), either directly or indirectly, and any other shareholders who elect the members of the board of directors or fiscal council of the Company, as well as any individual or legal entity, or group of people working jointly or representing the same interest with respect to the Company, reaches a level of ownership that represents, either directly or indirectly, 5% or more of a type or class of shares of the Company, those shareholders or group of shareholders shall provide B3 and the CVM with the following information:

- name and position of those acquiring the shares, noting the National Registry of Legal Entities (Cadastro Nacional de Pessoa Jurídica), or CNPJ, or the Individual Registry (Cadastro de Pessoa Física), or CPF, numbers;
- purpose for the acquisition and purchase amount including, if necessary, a statement from the person acquiring the shares that the purpose of the acquisition is not to alter the administrative structure or the control structure;
- number of shares, subscription bonuses, as well as rights to subscribe shares and share purchase options, as per type, class, debentures convertible into shares already owned, either directly or indirectly, by the acquirer or by a person related to the acquirer; and
- any agreement or contract governing the exercise of the right to vote or purchase and sale of securities issued by the Company, as applicable.
- Such communication is also compulsory whenever the ownership of any reporting person or group of persons of any type or class of shares, as applicable, increases or decreases by 5%.

Disclosure of material act or fact

CVM Rule No. 358 defines requirements regarding the disclosure of information regarding material acts or facts concerning publicly traded companies, including:

- defining "material fact" to include any decisions made by a controlling shareholder, resolutions from general shareholders' meetings or decisions made at the management meetings of listed companies, as well as any other act or fact of a political-administrative, technical, business, or economic-financial nature concerning the business the Company that may measurably impact: (i) the value of its publicly held shares; (ii) investors' decisions to buy, sell or hold shares; and (iii) investors' decisions to exercise their rights as holders of company's shares;
- providing as examples of potentially material acts or facts, among others, agreements or contracts to transfer control, addition or removal of a partner with whom the Company maintains a contract or operational, financial, technological or administrative relationship, or an incorporation, merger or split involving us or the affiliates of the Company, as applicable;
- requiring the investor relations officer, or, as the case may be, the controlling shareholder, the board members, officers, fiscal council members, if the latter is in place, and members of any technical or consulting committees to communicate any material facts to the CVM and B3;
- requiring the simultaneous disclosure of material facts in all markets where the shares are traded;
- requiring the buyer of controlling shares of a listed company to disclose certain information with the acquisition of the controlling stake, including whether it has the intention to cancel registration as a publicly traded company, within one year of acquisition;
- establishing rules concerning disclosure of acquisition or disposal of relevant interests in a publicly traded company; and
- establishing limits on the use of privileged information.

The Company is not obligated to adhere to the requirements listed above to the extent they may contradict with any disclosure or reporting requirements under the applicable laws and procedures of Bermuda.

In addition, under the terms of CVM Rule No. 358, the Company may, under exceptional circumstances, submit a request for confidential treatment to the CVM concerning a material act or fact when its controlling shareholder, members of its board and officers consider such disclosure to be prejudicial to a legitimate interest of the Company, as the case may be.

Trading on the Brazilian Stock Exchange

The Brazilian Units trade on B3, which is a publicly held corporation incorporated under the laws of Brazil. Trading on B3 is limited to member brokerage firms and a limited number of authorized non-members.

The CVM and B3 have discretionary authority to suspend trading of a particular issuer's securities under certain circumstances. Trading in securities listed on B3 may be effected off the exchanges in the unorganized over-the-counter market in certain circumstances.

The shares of all companies listed on B3 are traded together.

Settlement of equity transactions occurs three business days after the trade date. Delivery of and payment for shares is made through the facilities of separate clearing houses for each exchange,

which maintain accounts for member brokerage firms. The seller is ordinarily required to deliver the shares to the clearing house on the third business day following the trade date. The clearing house for B3 is the CBLC.

In order to reduce volatility, B3 has adopted a "circuit breaker" system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever specified indices of B3 fall below the limits of 10% and 15%, respectively, in relation to the index levels for the previous trading session.

Trading on the Brazilian stock exchange by non-residents of Brazil is subject to registration procedures. See "—Investment in our Brazilian Units by non-residents of Brazil."

Regulation of Brazilian Securities Markets

The Brazilian securities markets are principally governed by Law No. 6,385 enacted on December 7, 1976, as amended, and Brazilian Corporations Law, each as amended and supplemented, and by regulations issued by the CVM, which has authority over stock exchanges and the securities markets generally, and the National Monetary Council and the Central Bank, which have among other powers, licensing authority over brokerage firms and regulatory authority over foreign investments and foreign exchange transactions.

These laws and regulations, among others, provide for licensing and oversight of brokerage firms, governance of the Brazilian stock exchanges, disclosure requirements applicable to issuers of traded securities, sanctions for price manipulation and protection of minority shareholders. They also provide for restrictions on insider trading. However, the Brazilian securities markets are not as highly regulated and supervised as the U.S. securities markets or securities markets in some other jurisdictions. Accordingly, any trades or transfers of Banco BTG Pactual equity securities by its officers, directors and controlling shareholder or any of the officers and directors of Banco BTG Pactual's controlling shareholder must comply with the regulations issued by the CVM, in particular Instruction No. 358. See "Description of Capital Stock."

Under Brazilian Corporations Law, a corporation is either publicly held (*companhia aberta*), as we will be upon approval of our registration statement by the CVM, or closely held (*companhia fechada*). All publicly held companies are registered with the CVM and are subject to reporting requirements.

We have the option to ask that trading in securities on B3 be suspended in anticipation of a material announcement. Trading may also be suspended on the initiative of B3 or the CVM, based on or due to, among other reasons, a belief that a company has provided inadequate information regarding a material event or has provided inadequate responses to inquiries by the CVM or B3.

The Brazilian over-the-counter market consists of direct trades between individuals in which a financial institution registered with the CVM serves as intermediary. No special application, other than registration with the CVM, is necessary for securities of a publicly held company to be traded in this market. The CVM requires that it be given notice of all trades carried out in the Brazilian over-the-counter market by the respective intermediaries.

Investment in our Brazilian Units by non-residents of Brazil

Investors residing outside Brazil, including institutional investors, are authorized to purchase equity instruments, including the Brazilian Units, on B3 provided that such investors comply with the registration requirements set forth in Resolution No. 4,373 and Instruction No. 560, as amended.

Under Resolution No. 4,373, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled. In accordance with Resolution No. 4,373, the definition of a foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered abroad.

In order to become a Resolution No. 4,373 investor, a foreign investor must:

- (i) appoint at least one representative in Brazil, with powers to perform actions relating to its investment;
- (ii) appoint an authorized custodian in Brazil for its investments, which must be a financial institution or entity duly authorized by the Central Bank or CVM;
- (iii) appoint a tax representative in Brazil;
- (iv) through its representative in Brazil, register itself as a foreign investor with the CVM; and
- (v) through its representative in Brazil, register its foreign investment with the Central Bank.

In addition, an investor operating under the provisions of Resolution No. 4,373 must be registered with the Receita Federal do Brasil (the Brazilian Internal Revenue Service), or the RFB, pursuant to RFB Normative Instruction No. 1,548 of February 13, 2015, and RFB Normative Instruction No. 1,634 of May 6, 2016.

With certain limited exceptions, Resolution No. 4,373 investors are permitted to carry out any type of transaction in the Brazilian financial capital market involving a security traded on a Brazilian stock, futures or organized over-the-counter market. Investments and remittances outside Brazil of gains, dividends, profits or other payments derived from our common shares are made through the foreign exchange market. Securities and other financial assets held by foreign investors pursuant to Resolution No. 4,373 must be registered or maintained in deposit accounts or in the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading by foreign investors is generally restricted to transactions involving securities listed on the Brazilian stock exchanges or traded in organized over-the-counter markets licensed by the CVM.

Regulations in the Netherlands

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*) (the "**FRSA**"), the AFM supervises the application of financial reporting standards by, among others, companies without a corporate seat in the Netherlands but whose securities are listed on a regulated Dutch stock exchange, such as the Company.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards if, based on publicly known facts or circumstances, the AFM has reason to doubt that the Company's financial reporting meets such standards and (ii) recommend the Company to make available further explanations. If the Company does not comply with such request or recommendation, the AFM may request the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") to order the Company to (i) provide an explanation of the way it has applied the applicable financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

Obligations to disclose holdings

European Unit holders may be subject to notification obligations under the FSA.

Obligations of European Unit holders to disclose holdings

Pursuant to the FSA, any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a listed company must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in a listed company's total outstanding share capital or voting rights. Such notification must be made no later than the fourth trading day after the AFM has published the listed company's notification of the change in its outstanding share capital. The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest at 31 December at midnight has a different composition than in a previous notification to the AFM must notify the AFM within four weeks.

Controlled entities, within the meaning of the FSA, do not have notification obligations under the FSA, as their direct and indirect interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the FSA, including a natural person. A person who has a 3% or larger interest in the Company's share capital or voting rights and who ceases to be a controlled entity for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the FSA will become applicable to the former controlled entity.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, *inter alia*, be taken into account:

- (i) shares and voting rights directly held (or acquired or disposed of) by any person;
- (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement;

- (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment;
- (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares;
- (v) shares that determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps;
- (vi) shares that must be acquired upon exercise of a put option by a counterparty; and
- (vii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Special attribution rules apply to shares and voting rights that are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) such as convertible bonds, and (iv) options for acquiring the instruments under (i) or (ii).

Notification of short positions

Each person holding a gross short position in relation to the issued share capital of a listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10 %, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give written notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person must make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Obligations of persons discharging managerial responsibilities, as well as persons closely associated with them

Pursuant to the FSA, each Director must notify the AFM: (i) immediately following the admission to trading and listing of the European Units of the number of European Units he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital, and (ii) subsequently of each change in the number of European Units he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Director has notified a transaction to the AFM under the FSA as described under "—Obligations of European Unit holders to disclose holdings" above, such notification is sufficient for purposes of the FSA as described in this paragraph.

Furthermore, pursuant to article 19 Market Abuse Regulation ((EU) No 596/2014) ("**MAR**"), persons discharging managerial responsibilities must notify the AFM and the Company of any transactions conducted for his or her own account relating to European Units or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

In addition, pursuant to the MAR and the regulations promulgated thereunder, certain persons who are closely associated with persons discharging managerial responsibilities, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to European Units or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The MAR and the regulations promulgated thereunder cover, inter alia, the following categories of persons:

- (i) the spouse or any partner considered by national law as equivalent to the spouse;
- (ii) dependent children;
- (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and
- (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the MAR apply when the total amount of the transactions conducted by a person discharging managerial responsibilities or a person closely associated to a person discharging managerial responsibilities reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). When calculating whether the threshold is reached or exceeded, persons discharging managerial responsibilities must add any transactions conducted by persons closely associated with them to their own transactions and vice versa. The first transaction reaching or exceeding the threshold must be notified as set forth above. The notifications pursuant to the MAR described above must be made to the AFM and the Company no later than the third business day following the relevant transaction date.

Non-compliance

Non-compliance with the notification obligations MAR set out in the paragraphs above is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. In addition, non-compliance with some of the notification obligations set out in the paragraphs above may lead to civil sanctions, including suspension of the voting rights relating to the shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the general meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring shares and/or voting rights in shares.

Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the FSA on its website www.afm.nl. Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of shareholders

Listed companies may request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of their shareholders. Such requests may only be made during a period of 60 days up to the day on which the general meeting of shareholders will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) the forty-second day before the day on which the general meeting will be held.

Market abuse regime

The regulatory framework on market abuse is laid down in the Market Abuse Directive (2014/57/EU) as implemented in Dutch law and the MAR which is directly applicable in the Netherlands.

Pursuant to the MAR, no natural or legal person is permitted to: (i) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the European Units, (ii) recommend that another person engages in insider dealing or induce another person to engage in insider dealing or (iii) unlawfully disclose inside information relating to the European Units or the Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

The Company is required to inform the public as soon as possible and in a manner that enables fast access and complete, correct and timely assessment of the information, of inside information which directly concerns the Company. Pursuant to the MAR, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities (i.e. information a reasonable investor would be likely to use as part of the basis of his or her investment decision). An intermediate step in a protracted process can also be deemed to be inside information. The Company is required to post and maintain on its website all inside information for a period of at least five years. Under certain circumstances, the disclosure of inside information may be delayed, which needs to be notified to the AFM after the disclosure has been made. Upon request of the AFM, a written explanation needs to be provided setting out why a delay of the publication was considered permitted.

A person discharging managerial responsibilities is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to European Units or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of a half-yearly report or an annual report of the Company.

In accordance with the MAR, the AFM has the power to take appropriate administrative sanctions, such as fines, and/or other administrative measures in relation to possible infringements. Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrift*) and could lead to the imposition of administrative fines by the AFM. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and vice versa.

The AFM shall in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the MAR.

The Company and any person acting on its behalf or on its account is obligated to draw up an insiders' list, to promptly update the insider list and provide the insider list to the AFM upon its request. The Company and any person acting on its behalf or on its account is obligated to take all reasonable

steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information.

Dutch takeover regulations

In general, under the takeover provisions of the FSA, third parties are prohibited from launching a public bid for securities that are admitted to trading on a regulated market, such as our European Units upon their admission to trading on Euronext Amsterdam, unless an offer document has been approved by the AFM and has subsequently been published. These public bid rules are intended to ensure that in the event of such a public bid, sufficient information will be made available to the holders of our securities, that the holders of our securities will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely bid period. As non-Dutch companies not having their corporate seats in the Netherlands, the provisions in the FSA regarding mandatory takeover bids will not be applicable to us. Also, in the event that our securities would no longer be listed and admitted to trading on Euronext Amsterdam, the provisions described above will cease to apply.

DESCRIPTION OF SHARE CAPITAL

The following description of the share capital of the Company summarizes certain provisions of the Company's memorandum of association and the Bye-laws. Such summary does not purport to be a complete overview of such memorandum of association and the Bye-laws or all applicable provisions of Bermuda law and is subject to, and is qualified in its entirety by reference to, all of the provisions of such memorandum of association and bye-laws and the Bermuda Companies Act. This summary should not be considered as legal advice regarding these matters. Prospective investors are urged to carefully review Company's memorandum of association and the Bye-laws in their entirety as they, and not this description, control the rights of a registered holder of shares of the Company.

The Company is an exempted limited company incorporated under the laws of Bermuda. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda. The commercial name of the Company is "PPLA Participations." The Company was incorporated on March 26, 2010 under registration number 44126, and is subject to the Companies Act of 1981 of Bermuda, as amended.

The rights of holders of BDRs are governed by the deposit agreements, and such rights differ in several important respects from the rights of registered holders of Class A Shares and Class B shares. See "Description of Units and GDSs."

Share Capital

The authorized share capital of the Company is US\$7,000.00 and includes Class A Shares, par value US\$0.0000000009 per share, Class B Shares, par value US\$0.0000000009 per share, one Class C share, par value of US\$10.00 (the "**Class C Share**"), and Class D Shares, par value US\$0.0000000009 per share (a "**Class D Share**").

There are 28,836,873 fully paid Class A Shares issued and outstanding, 57,673,746 fully paid Class B shares issued and outstanding, and one fully paid Class C share issued and outstanding. See "Principal Shareholders and Unit Holders".

Voting

The Class C Share entitles its holder (currently PPLA GP) to a number of votes equal to ten times the aggregate number of Class A Shares, Class B Shares and Class D Shares issued and outstanding at any given time. The holder of the Class C Share is entitled to vote at any general meeting of shareholders as well as at any meeting at which the holder of the Class C Share is voting as a single class.

The Company (or any Director or officer of the Company) may not take, or permit PPLA Bermuda Holdco to take, or provide its consent for PPLA Investments (including any investment vehicle in which PPLA Investments owns a majority of the economic interests) to take, any of the following actions or consummate any of the following transactions (a "**Class C Approval Matter**"), in each case, without the affirmative vote (or written consent) of the holder of the Class C Share voting as a single class:

- (i) any amendment to any of the provisions of the Bye-laws or memorandum of association of the Company, the PPLA Investments Partnership Agreement, the Consortium Shareholders Agreement, or the Withdrawal Agreements;
- (ii) any issuance, repurchase, redemption, cancellation or other acquisition of an equity interest of the Company, PPLA Bermuda Holdco or PPLA Investments, other than (i) as required in connection with the consummation of the transactions contemplated by the Withdrawal Agreements (see "Withdrawal Agreements") or (ii) transactions between (x) the Company and PPLA Bermuda Holdco or (y) PPLA Investments and a wholly-owned subsidiary of PPLA Investments (or between two wholly-owned subsidiaries of PPLA Investments);

- (iii) any consent, as the general partner of PPLA Investments, to a transfer of PPLA Investments limited partnership interests by any Partner to the extent such transfer is not otherwise permitted to be made without obtaining such approval (See "The PPLA Investments Partnership Agreement");
- (iv) the declaration or payment of any dividends or other similar distributions by PPLA Investments or the Company, other than any dividend that the Company is required to pay pursuant to the Bye-laws (See "Dividends and Dividend Policy");
- (v) any (x) sale or series of related sales of assets or (y) acquisition or series of related acquisitions, in each case, by PPLA Investments or its subsidiaries with a value greater than US\$300,000,000 (in each case, outside of the ordinary course of the investment banking, commercial banking, securities, commodities or energy trading businesses or securities or commodities brokerage services of the relevant entity), or any business combination involving any such entity, in each case, except for any transactions between PPLA Investments and a wholly-owned subsidiary of PPLA Investments (or between two wholly-owned subsidiary of PPLA Investments);
- (vi) any business combination involving the Company or any other member of the Group, except for any such transaction between a wholly-owned (directly or indirectly) subsidiary of the Company, on the one hand, and the Company or another wholly-owned (directly or indirectly) subsidiary of the Company, on the other hand;
- (vii) the entering into of any new business lines by PPLA Investments;
- (viii) the incurrence by PPLA Investments or its subsidiaries in one transaction or series of related transactions, of any indebtedness or guarantee, or generally the incurrence of liabilities, which, in any such case, has a value greater than US\$300,000,000 and occurs outside the ordinary course of business;
- (ix) the determination by PPLA Investments of the aggregate amount and distribution of bonuses for all employees of PPLA Investments and its subsidiaries, and all actions directly or indirectly related to the determination of compensation relating to, among others, any employee of PPLA Investments and its subsidiaries with total annual compensation greater than US\$1,000,000;
- (x) any transaction between the Company, PPLA Bermuda Holdco, or PPLA Investments or its subsidiaries, on the one hand, and any of the Partners or any of their affiliates or family members, on the other hand, unless such transaction is entered into in the ordinary course of business and is in all material respects on an arms' length basis;
- (xi) any direct transfer by the Company of the general partnership interest in PPLA Investments;
- (xii) the commencement of a bankruptcy, reorganization, liquidation, dissolution, winding up or other similar proceeding of the Company, PPLA Bermuda Holdco or PPLA Investments;
- (xiii) the exercise by the Company, as the general partner of PPLA Investments, of its right to cause any Partner to transfer PPLA Investments limited partnership interests to a third party; and
- (xiv) providing its consent, as the general partner of PPLA Investments, to any transfer of a Units for consideration other than cash to the extent that such person is required to dispose solely for cash pursuant to the terms of any contract between such person and the Company.

Holders of Class A Shares and Class D Shares are entitled to vote at any meeting of shareholders at which the holders of all voting shares of the Company are entitled to vote or which requires the approval of the Class A Shares or Class D Shares, as applicable, to vote as a single

class. On any such matter each Class A Share or Class D Share shall entitle its holder to one vote per share.

Pursuant to the Bye-laws, any amendment, alteration, rescission or other modifications (or any adoption of a new by-law which would have such effects) to the following provisions of the Bye-laws will require the affirmative approval of a majority of the votes cast by the holders of the Class A Shares and Class D Shares, each voting as a single class:

- (i) restrictions on the business activities of the Company or PPLA Bermuda Holdco (see "—Business Restrictions");
- (ii) requirement of the Company to declare a dividend to holders of Class A Shares and Class B Shares of any amounts that the Company receives from PPLA Bermuda Holdco and requirement of PPLA Bermuda Holdco to distribute to the Company any dividends that it receives from PPLA Investments;
- (iii) requirements that the Company cause all proceeds that it receives upon the issuance of its equity securities to be indirectly contributed to PPLA Investments (see "—Use of Proceeds");
- (iv) prohibitions on the ability of (a) the Company to transfer any shares that it holds in PPLA Bermuda Holdco or (b) PPLA Bermuda Holdco to transfer any PPLA Investments limited partnership interests that it holds (see "—Transfer of Shares");
- (v) provisions establishing the voting rights of the Class A Shares or Class D Shares, as applicable; and
- (vi) required approvals for varying the rights attaching to any class of shares of the Company.

In addition, any amendment, alteration, rescission or other modifications (or any adoption of a new bye-law which would have such effects) to the Bye-laws establishing the rights of the Class A Shares and Class B Shares will require the affirmative approval of a majority of the Class D Shares voting as a single class.

Holders of Class A Shares are entitled to vote as a single class if PPLA Bermuda Holdco, as a limited partner of PPLA Investments, votes with respect to the appointment of a replacement general partner or tax matters partner or consents to the adoption of any amendment to the PPLA Investments Partnership Agreement relating to the approval required to appoint the replacement general partner or tax matters partner. In any such case, PPLA Bermuda Holdco shall vote a number of PPLA Investments limited partnership interests in favor of such appointment or proposal equal to the amount obtained by multiplying (i) the total number of PPLA Investments limited partnership interests held by PPLA Bermuda Holdco and (ii) a fraction, the numerator of which is the total number of Class A Shares voting in favor of the appointment or proposal and the denominator of which is the total number of Class A Shares outstanding. In addition, holders of Class A Shares are entitled to vote as a single class if PPLA Bermuda Holdco proposes to consent to any amendment to the PPLA Investments Partnership Agreement which would increase the obligations or liabilities of PPLA Bermuda Holdco thereunder or if the Company proposes to amend any provisions in its bye-laws with respect to requirements to commence a mandatory tender offer to acquire Class A Shares and Class B Shares in the case of certain transfers of Partnership Equity (see "—Mandatory tender offer" below).

Holders of Class B Shares will have no voting rights, and are not entitled to attend and vote at any meeting of shareholders of the Company, except as otherwise required by Bermuda law, as described below, or with respect to any action that varies the rights of the holders of Class B Shares as a class, in which case the holders of Class B Shares shall vote as a single class. Pursuant to the Bye-laws, holders of Class B Shares are entitled to one vote per share on any such matter.

Unless a different majority is required by Bermuda law or by the Bye-laws, resolutions to be approved at a general meeting of shareholders, including any such meeting at which all shareholders are entitled to vote on a combined basis, require approval by a simple majority of votes cast at a

meeting at which a quorum is present (see "—Bermuda Law—Meetings of Shareholders" for a description of quorum requirements), and resolutions to be approved by holders of a class of shares voting as a single class require approval by a simple majority of votes of such class of shares cast at a meeting at which a quorum is present. Subject to the terms of the BDR deposit agreement, a holder of BDRs will have the right to direct the depositary to vote the Class A Shares and, if applicable, the Class B Shares represented by the BDRs held by such holder. See "Description of Units and BDRs—Brazilian depositary receipts (BDRs)—Voting of Deposited Securities."

Economic rights

In the event of the winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, (i) the holders of Class A Shares and Class B Shares are entitled to share equally and ratably in the surplus assets of the Company and (ii) the holder of the Class C Share is entitled to share in the surplus assets of the Company but only up to the amount of its paid in capital. Holders of the Class D Shares are not entitled to any such surplus assets and have no economic rights.

Dividends

See "Dividends and Dividend Policy."

Preference shares

Pursuant to Bermuda law and the Bye-laws, the Board of Directors is authorized to establish by resolution one or more series of preference shares having such number of shares, designations, dividend rates, relative voting rights, conversion or exchange rights, redemption rights, liquidation rights and other relative participation, optional or other special rights, qualifications, limitations or restrictions as may be fixed by the board of directors. Such rights, preferences, powers and limitations as may be established could also have the effect of discouraging an attempt to obtain control of the Company. The Company currently has no preference shares issued and outstanding. The Company has no present plans to issue any preference shares. See "Risk Factors—Risks relating to the listing and our Units—You may face difficulties in exercising your voting rights or other rights relating to the Units."

Splits, distributions of shares and recapitalizations

The Bye-laws provide that it shall not in any manner subdivide or combine (by any share split, reverse share split, distribution of shares, reclassification, recapitalization or otherwise) its Class A Shares, Class B Shares, or Class D Shares, unless an identical event is occurring with respect to the PPLA Investments limited partnership interests, in which event the Class A Shares, Class B Shares and Class D Shares shall be subdivided or combined concurrently with and in the same manner as the PPLA Investments limited partnership interests.

Transfers of Shares

The Board of Directors shall not register a transfer of shares of the Company unless the transfer is permitted by and complies with the Bye-laws and all applicable consents of any governmental or regulatory body required to be obtained have been obtained. The Bye-laws require that any transfer of a Class A Share must be made with corresponding Class B Shares to form a Unit. These restrictions on transfer will not apply if Class A Shares and Class B Shares are separately listed for trading on a stock exchange appointed under the Bermuda Companies Act, which includes Euronext Amsterdam. Subject to these restrictions and exception, a holder of shares of the Company may transfer the title to all or any of his or her shares by completing a form of transfer in the form set out in the Bye-laws (or as near thereto as circumstances admit) or in such other common form as the Board of Directors may accept. The instrument of transfer must be signed by the transferor and transferee, although in the case of a fully paid share the Board of Directors may accept the instrument signed only by the transferor. In addition, Class A Shares and Class B Shares that are held by Partners, the Members of the Consortium or the Participating Partners following the consummation of

the transactions contemplated by the Withdrawal Agreements and Class D Shares are subject to certain contractual transfer restrictions (See "Our Partnership—Partnership model following initial public offering—Restrictions on sales of Partnership Equity"; and "Our Partnership—Shareholders Agreements—Partner Brazil Shareholders Agreement").

Variation of rights

If at any time the Company has more than one class of shares, the rights attaching to any class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of 75% of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a general meeting of holders of such class at which a quorum consisting of at least two persons holding or representing one-third of the issued shares of such class is present. The Bye-laws specify that the creation or issue of shares ranking equally with or in priority to existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of new preference shares will not be deemed to vary the rights attached to Class A Shares, Class B Shares or Class D Shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares.

Company Activities

The objects of our business are unrestricted, and the Company has the capacity of a natural person. However, pursuant to the Bye-laws, the Company may not conduct any business or engage in any activities of any nature including Incurring Indebtedness or Liabilities (other than any Liabilities which do not arise from any intentional action or intentional failure to act by the Company) or holding any assets, other than (i) its ownership, directly or indirectly, of any member of the Group or the Partnership (through the BTG Group's ownership of Partnership Class C Interests), and activities directly relating to such ownership, (ii) its ownership of the general partnership interest of the Partnership or any similar interest with respect to any of the Partnership's Subsidiaries and acting as the general partner of the foregoing, (iii) taking any actions in connection with or as otherwise contemplated by these Bye-laws, including with respect to a Withdrawal Transaction or the issuance or registration of any Equity Interests, (iv) performing actions necessary as a result of its status as a publicly held company or administrative functions required under the Act or other applicable Law, (v) temporarily holding proceeds of dividends or similar distributions received from PPLA Bermuda Holdco (or another member of the Group, as applicable) prior to distributing such proceeds to the holders of Class A Shares and Class B Shares in accordance with Bye-law 5, (vi) temporarily holding proceeds received by the Company upon the issuance of its shares or other Equity Interests prior to contributing such proceeds to PPLA Bermuda Holdco (or another member of the Group, as applicable) in accordance with Bye-law 4, (vii) holding de minimis amounts of cash or cash equivalents held for administrative activities in accordance with Bye-law 7 and (viii) activities incidental to the foregoing.

Business restrictions

The Bye-laws provide that the Company cannot, directly or indirectly, conduct any activities or any business or engage in any activities of any nature including incurring indebtedness or liabilities (other than any liabilities which do not arise from any intentional action or intentional failure to act) or holding any assets, other than:

- (i) directly or indirectly owning the PPLA Investments limited partnership interests and activities directly relating to such ownership,
- (ii) directly owning the PPLA Investments general partnership interest and acting as the general partner of PPLA Investments,
- (iii) performing actions necessary as a result of its status as a publicly held company or administrative activities required by law,

- (iv) taking any actions in connection with or as otherwise contemplated by its bye-laws, including taking actions in connection with transactions contemplated by the Withdrawal Agreements or in connection with the issuance or registration of any of its equity interests,
- (v) temporarily holding proceeds of dividends received by PPLA Bermuda Holdco prior to distributing such dividend to its shareholders,
- (vi) temporarily holding proceeds from any equity issuance prior to contributing such funds to PPLA Bermuda Holdco,
- (vii) holding *de minimis* amounts of cash to comply with administrative functions, and
- (viii) any activities incidental to the foregoing.

The Bye-laws contain similar restrictions with respect to the activities and business of PPLA Bermuda Holdco. As set forth in Article 2 of the Bye-laws, the Company is a holding company and may not conduct any business or engage in any activities of any nature, other than its ownership, directly or indirectly, of any member of BTG Group or the Partnership and activities directly relating to such ownership, its ownership of the general partnership interest of the Partnership or any similar interest with respect to any of the Partnership's subsidiaries, other activities incidental to its ownership of such interests enumerated in Article 2 of the Bye-laws, and taking any actions in connection with or as otherwise contemplated by the Bye-laws.

In addition, the Company is not permitted to transfer any of the shares that it holds in PPLA Bermuda Holdco or permit PPLA Bermuda Holdco to transfer any PPLA Investments limited partnership interests that it holds other than to the Company or one of its wholly-owned subsidiaries.

Use of proceeds

The Bye-laws provide that as soon as practicable following the receipt of any proceeds from the sale or issuance by the Company of its shares or other equity interests (other than with respect to issuances made pursuant to the Withdrawal Agreements or any employee compensation, incentive or other equity plan), the Company shall, as permitted by applicable law, contribute the net proceeds so received to PPLA Bermuda Holdco, and shall cause PPLA Bermuda Holdco to contribute all such proceeds to PPLA Investments in exchange for PPLA Investments Class C partnership interests.

Mandatory tender offer

Tender offer required in connection with transfer of control to third party control buyer

The Company has elected to include provisions in the Bye-laws that provide holders of Class A Shares and Class B Shares that are held as part of a unit representing BDRs tradable on B3 (a "**Brazilian Unit**") the right to participate in certain transactions involving a "Bermuda Change of Control," as described below, but only if such shares are held as part of Brazilian Units that are deposited with the Brazilian Unit depository at the moment the change of control transaction is publicly announced. European Unit holders will not be entitled to these special tender offer rights, including if they exchange their European Units for Brazilian Units following the announcement of such transaction. In addition, if any Brazilian Units are voluntarily cancelled by any holder after the announcement of the Bermuda Change of Control, the underlying Class A Shares and Class B Shares will not be entitled to these special tender offer rights, except in the case that the Company notifies the Brazilian Unit depository of the Brazilian Units that such cancellation is actually necessary in order for the underlying shares held as part of the Brazilian Unit to participate in the 100% Bermuda Tender Offer (as described below) in the event that the transaction giving rise to the 100% Bermuda Tender Offer does not also involve a Change of Control Triggering 100% Tender Offer Transaction.

These provisions of the Bye-laws may not be amended or modified, without the approval of a majority of the holders of Class A Shares voting as a single class, which approval must include the affirmative consent of a majority of the Class A Shares that are not held directly or indirectly by Partners. Below is a summary of such provisions:

For purposes of the Bye-laws relating to the required offer:

- "Bermuda Change of Control" means a transaction or series of related transactions pursuant to which any Third Party Control Buyer acquires, whether directly or indirectly, "Control" of the Company or PPLA Investments (including by means of the acquisition of the Class C Share) from our current or future Partners (including any Partner Holding Company);
- "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise;
- "Partner Holding Company" means any entity that is wholly-owned by the Partners as a group; and
- "Third Party Control Buyer" means any person or group that is or are not employees, officers, consultants, Partners or other individuals that provide full-time services to BTG Group.

Pursuant to the terms of the Bye-laws (and without limiting the shareholders' rights to participate in a "Tender Offer Required in Connection with a Statutory Tender Offer Required under Brazilian Law," as described below), our current or future Partners (including any Partner Holding Company) may not, in any transaction or series of related transactions with a Third Party Control Buyer, effect a Bermuda Change of Control, unless as a condition subsequent to the effectiveness of any such Bermuda Change of Control, the Third Party Control Buyer agrees to make an irrevocable tender offer (which we refer to as the "100% Bermuda Tender Offer") to acquire 100% of the outstanding Class A Shares and Class B Shares that are held as part of a Brazilian Unit at the relevant time as described above at a price per share that is at least 100% of the price per share (or limited partnership interest) paid by the Third Party Control Buyer, and, as described in more detail below, otherwise upon the same terms and conditions as are received by the Partners, directly or indirectly, with respect to the Class A Shares, Class B Shares or PPLA Investments limited partnership interests, in each case, which are sold in such Bermuda Change of Control by the Partners. Such 100% Bermuda Tender Offer must be commenced within 30 days after the consummation of the Change of Control in which the Third Party Control Buyer actually acquired Control of PPLA Investments or the Company, as applicable, from the Partners or any Partner Holding Company.

If the Bermuda Change of Control was consummated through a single transaction (and not a series of related transactions), then, subject to the following paragraphs, the 100% Bermuda Tender Offer shall be made for a price per share that is equal to the price per share (or limited partnership interest) paid by the Third Party Control Buyer to the Partners in the Bermuda Change of Control. However, if the Bermuda Change of Control involved a series of related transactions, then the price that must be offered by the Third Party Control Buyer in the 100% Bermuda Tender Offer shall, subject to the following paragraphs, equal the weighted average price per share (or limited partnership interest) that such Third Party Control Buyer paid to the Partners in all such transactions that occurred within one year prior to and including the date of the transaction that triggered the requirement to make a 100% Bermuda Tender Offer.

If the Third Party Control Buyer acquires Class A Shares, Class B Shares or PPLA Investments limited partnership interests indirectly from the Partners by purchasing equity securities in a Partner Holding Company, then the price required to be offered by the Third Party Control Buyer in the 100% Bermuda Tender Offer shall be equitably adjusted to account for, among other things, any assets (other than the equity securities of PPLA Investments or the Company held by such Partner Holding company) or liabilities of the Partner Holding Company.

Pursuant to the terms of the Bye-laws, the price per share paid by the Third Party Control Buyer to the Partners in the Bermuda Change of Control will not include any consideration (including the value of any retention package or non-compete payments) received, directly or indirectly, by any Partner related to his or her status as an employee, officer, consultant, director or other similar position with BTG Group that involves such Partner providing services to BTG Group or refraining from

providing services to any other party, even if such consideration is received in connection with the transaction that triggered the 100% Bermuda Tender Offer, which consideration shall be deemed to be independent of the consideration paid for the equity securities transferred to such Third Party Control Buyer by the Partners.

Tender offer required in connection with statutory tender offer required under Brazilian law

Pursuant to the Bye-laws, the Board of Directors will not register any transfer of Class A Shares, Class B Shares or the Class C Share, (including any such Class A Share or Class B Share which may be received in connection with the transactions contemplated by the Withdrawal Agreements) to a statutory bank control buyer or any affiliate thereof unless as a condition subsequent to the effectiveness of any such transfer, the statutory bank control buyer or such affiliate agrees to make an irrevocable offer to purchase, within 30 days of the closing of the transfer, all of the outstanding Class A Shares and Class B Shares (including any shares that may be issued pursuant to the Withdrawal Agreements) at a purchase price per share at least equal to 80% of the price per share paid by the statutory bank control buyer to the transferor in such transaction on account of the transfer of Class A Shares and Class B Shares.

Bermuda law

We believe that it is of primary importance that our shareholders are treated fairly and have proper access to and recourse against the Company. Bermuda was chosen as the place of incorporation of the Company for several reasons, including its acceptability to our Partners, who are domiciled around the world, as well as potential investors. We believe Bermuda's established corporate law, coupled with the provisions of the Bye-laws, provides shareholders with an appropriate level of protection and rights. The Company is an exempted company organized under the Bermuda Companies Act. The rights of the shareholders of the Company and of those persons who will become holders of BDRs are governed by Bermuda law and the Company's memorandum of association and the Bye-laws. These provisions of the Bye-laws may not be amended or modified, without the resolution of the Board of Directors and a resolution of shareholders entitled to vote and the resolution of the holder of the Class C Share voting as a single class. Certain provisions of the Bye-laws, as set out above, may not be amended or modified without the approval of a majority of the holders of Class A Shares voting as a single class.

The following is a summary of material provisions of Bermuda law and the organizational documents of the Company not discussed above.

Meetings of shareholders

Under Bermuda law, a company is required to convene at least one shareholders' meeting each calendar year, unless the shareholders elect to dispense with such requirement. Bermuda law provides that a special general meeting may be called by the board of directors and must be called upon the request of shareholders holding not less than 10.0% of the paid-up share capital of the company carrying the right to vote. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. The Bye-laws provide that the board of directors may convene an annual general meeting or a special general meeting. Under the Bye-laws, each shareholder must receive at least five days' notice of the annual general meeting and at least five days' notice of any special general meeting. Under Bermuda law, the number of shareholders constituting a quorum at any general meeting of shareholders is determined by the bye-laws of a company. The Bye-laws provide that the presence in person or by proxy of the holder of the Class C Share constitutes a quorum at any general meeting of shareholders, except with respect to any matter which requires the approval of the holders of Class A Shares, Class B Shares or Class D Shares, in each case, voting as a single class, in which case two or more persons present in person at the start of the meeting and representing in person or by proxy in excess of 50.0% (or one-third in the case of any vote with respect to the variation of rights attaching to any class of shares, as described above) of

the total issued Class A Shares, Class B Shares or Class D Shares, as applicable, shall form a quorum for the transaction of business.

The holders of not less than 5.0% of the total voting rights of all shareholders or 100 shareholders, whichever is the lesser, may require the directors to include in the notice for the next annual general meeting of a company any resolution which may properly be moved and is intended to be moved. In addition, such persons may also require the directors to circulate to the other shareholders a statement on any matter which is proposed to be considered at any general meeting.

Access to books and records and dissemination of information

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include a company's memorandum of association, including its objects and powers, and any alteration to its memorandum of association. Shareholders have the additional right to inspect the certificate of incorporation, bye-laws of the company, minutes of general meetings and the company's audited financial statements. The register of members of a company is also open to inspection by shareholders and members of the general public without charge. A company is required to maintain its register of members in Bermuda but may, subject to the provisions of Bermuda law, establish a branch register of members outside Bermuda. The Company maintains its share register of members at its registered office in Hamilton, Bermuda. A company is required to keep at its registered office a register of its directors and officers that is open for inspection for not less than two hours each day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Amendment of memorandum of association and the Bye-laws

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. The Bye-laws provide that no by-law shall be rescinded, altered or amended, and no new by-law shall be made, unless it shall have been approved by a resolution of the Board of Directors, a resolution of the shareholders entitled to vote, and by a resolution of the holder of the Class C Share. The rescission, alteration or amendment of certain bye-laws also requires the affirmative vote of a majority of votes cast by the holders of Class A Shares and/or Class D Shares voting as a single class, as described above.

Under Bermuda law, the holders of an aggregate of no less than 20.0% in par value of a company's issued share capital or any class of issued share capital have the right to apply to the Supreme Court of Bermuda for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment that alters or reduces a company's share capital. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Supreme Court of Bermuda. An application for the annulment of an amendment of the memorandum of association or continuance must be made within 21 days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of the persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No such application may be made by persons voting in favor of the amendment.

Discontinuance

Under Bermuda law, an exempted company may be discontinued and be continued in a jurisdiction outside Bermuda as if it had been incorporated under the laws of that other jurisdiction. The Bye-laws provide that the Board of Directors may exercise all powers to discontinue to another jurisdiction without the need of any approval of the holders of Class A Shares, Class B Shares or Class D Shares.

Acquisitions of shares

A Bermuda exempted company may acquire the business of another Bermuda exempted company or a company incorporated outside Bermuda when the business of the target company is within the acquiring company's objects as set forth in its memorandum of association.

The amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Each share of the company shall carry the right to vote in respect of such transactions whether or not it otherwise carries the right to vote. Subject to the foregoing and to the bye-laws, the approval of 75% of the shareholders voting at a general meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two persons holding or representing more than one-third of the issued shares of the company. A separate class vote will be required if the proposed amalgamation will constitute a variation of the rights of any such class of shares.

Under Bermuda law, in the event of an amalgamation or merger of a Bermuda company with another company or corporation, a registered shareholder of the Bermuda company who did not vote in favor of the amalgamation or merger and who is not satisfied that fair value has been offered for such shareholder's shares may, within one month of notice of the shareholders meeting, apply to the Supreme Court of Bermuda to appraise the fair value of those shares.

The Bermuda Companies Act allows the Supreme Court of Bermuda to approve a scheme of arrangement between a company and its members or class of members or between a company and its creditors or a class of creditors. A scheme of arrangement could be effected by obtaining the agreement of the company and of holders of any shares or the creditors representing in the aggregate a majority in number and at least three-fourths in value of the holders of shares or of the creditors present and voting at a court-ordered meeting held to consider the scheme of arrangement. The scheme of arrangement must then be sanctioned by the Supreme Court of Bermuda which may include provisions for any persons to dissent from the scheme of arrangement, within such time and such manner as the Supreme Court of Bermuda directs. If a scheme of arrangement receives all necessary agreements and sanctions, upon the filing of the court order with the Registrar of Companies in Bermuda, all holders of shares could be compelled to sell their shares under the terms of the scheme of arrangement.

Bermuda law provides that where a tender offer is made for shares of a company and, within four months of the tender offer, the holders of not less than 90.0% of the shares which are the subject of the tender offer (other than shares already held at the date of the offer by or by a nominee for the offeror or its subsidiaries) accept, the offeror may by notice within two months of the approval require the non-tendering shareholders to transfer their shares on the terms of the offer. Dissenting shareholders may apply to the Supreme Court of Bermuda within one month of the notice objecting to the transfer.

Under Bermuda Law, where one or more parties holds not less than 95.0% of the shares or a class of shares of a company, such holders may, pursuant to a notice given to the remaining shareholders or class of shareholders, acquire the shares of such remaining shareholders or class of shareholders. When this notice is given, the acquiring party is entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder, within one month of receiving such notice, applies to the Supreme Court of Bermuda for an appraisal of the value of their shares. This provision only applies where the acquiring party offers the same terms to all holders of shares whose shares are being acquired.

Shareholder suits

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in violation of the company's memorandum of association or continuance or bye-laws. Furthermore, consideration would be given by the Bermuda courts to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda courts for an order regulating the company's conduct of affairs in the future or compelling the purchase of the shares of any shareholder, by other shareholders or by the company.

Transfer agent and registrar

A register of holders of the Company's shares will be maintained by Conyers Corporate Services (Bermuda) Limited in Bermuda.

DESCRIPTION OF UNITS AND BDRS

Set forth below is a summary describing the material terms of the rights, including limitations of those rights, and procedure for the exercise of those rights attached to: (i) the European Units, (ii) the Brazilian Units and (iii) the BDRs underlying the Brazilian Units, as well as the material rights of holders thereof.

Because this is a summary, it may not contain all of the information that is important to you. For additional information, you should read (i) Bye-laws, (ii) the European Unit deposit agreement, (iii) the Brazilian Unit deposit agreement, (iv) the BDR deposit agreement and the BDR custody agreement, and (vii) the rules and regulations of the Netherlands and Brazil applicable to the Units and BDRs, as the case may be. The Bank of New York Mellon shall hold copies of the European Unit deposit agreement for your review.

For purposes of this section, (i) "Units agreements" refer to the European Unit deposit agreements and the Brazilian Unit deposit agreement; (ii) "European Unit depositary" and "BNY Mellon" are used interchangeably and refer to The Bank of New York Mellon acting as the Unit depositary in the European Unit program; (iii) "Brazilian Unit depositary" and "Bradesco" are used interchangeably and refer to Banco Bradesco S.A. acting as the Unit depositary in the Brazilian Unit program; (vi) "BDR depositary" and "Bradesco" are used interchangeably and refer to Banco Bradesco S.A. acting as the BDR depositary in the BDR program, and (vi) "European custodian" and "BNY Mellon" are used interchangeably and refer to The Bank of New York Mellon acting as the custodian of the Class A Shares and Class B Shares under the BDR program. The other documents are available for review at our head offices, upon request.

General

In connection with the European Units, BNY Mellon acts as European Unit depositary under the terms and conditions of the European Unit deposit agreement among the Company, BNY Mellon and the owners and holders of European Units. There are differences between holding the European Units and their respective underlying securities.

In connection with the Brazilian Units, Bradesco acts as the Brazilian Unit depositary under the terms and conditions of the Brazilian Unit deposit agreement among the Company and Bradesco and (ii) BDR depositary under the terms and conditions of a BDR deposit agreement between the Company and Bradesco. BNY Mellon acts as European custodian of the Class A Shares and Class B Shares underlying the BDRs pursuant to a Brazilian custody agreement between BNY Mellon, in its capacity as European custodian, and Bradesco, in its capacity as BDR depositary. There are differences between holding Brazilian Units, BDRs and their respective underlying securities.

The European Units

Application has been made to list 28,836,873 European Units under the symbol PPLA and with the ISIN Code US69355L1098 on Euronext Amsterdam. Each European Unit represents one Class A Share (ISIN Code BMG7209L1000) and two Class B Shares (ISIN Code BMG7209L1182).

The European Units will be eligible for trading on Euronext Amsterdam on the First Trading Date, which is expected to be on or about 29 December 2017. The European Units will be traded in euro.

It is not expected that the underlying shares will become separately tradable on Euronext Amsterdam.

European Unit Depositary

The European Unit depositary is responsible for the issuance, cancellation and registration of the European Units in accordance with the European Units deposit agreement. The European Units are evidenced by electronic book entries in the Depositary's book entry system and no physical

certificates evidencing the European Units will be issued and, accordingly, delivered to the Unit Holders. See "—Limitations on Obligations and Liability to Unit Holders." In addition, the Depositary manages the Unit program and provides issuance and registration services to the Unit Holders.

BNY Mellon's office at which the European Unit program will be administered is located at 101 Barclay Street, New York, New York 10286, the United States of America. BNY Mellon's principal executive office is located at 25 Liberty Street New York, New York 10286, the United States of America.

European Unit registry book

The rights of European Unit holders under the European Unit deposit agreement described in this section belong to the registered European Units holders. All the European Units will be registered in the name of a nominee of a common depositary for Euroclear and Clearstream. All persons other than the nominee of the common depositary that hold interests in European Units will hold security entitlements in the European Units directly or indirectly through securities intermediaries that are participants in Euroclear or Clearstream. You will not be entitled to have European Units registered in your name or receive a Unit certificate except under special circumstances that are set out in the European Unit deposit agreement. Therefore, you must rely on the procedures of Euroclear or Clearstream, as applicable, and any other securities intermediary through which you hold your interests in European Units to assert the rights of European Units holders described in this section. You should consult with that securities intermediary to find out what those procedures are.

As a holder of European Units, you will have European Units holder rights as set forth in the European Unit deposit agreement. That European Unit deposit agreement also sets forth the rights and obligations of the Company and the rights and obligations of the European Unit depositary. New York law governs the European Unit deposit agreement and the European Units are created under and governed by New York law.

Transfer restrictions

The European Units and the securities represented thereby will be subject to restrictions on transfer that are described under "—Transfer restrictions."

Deposit and withdrawal

The European Unit depositary will deliver European Units if the Company, or you or your broker deposits each of the securities to be represented by the European Units with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the European Unit depositary will deliver the appropriate number of European Units as you request. Each deposit of securities must be accompanied by the representations, assurances and certifications described under "Transfer restrictions—Cancellation and issuance of European Units—Issuance."

You may at any time surrender your European Units to the European Unit depositary for withdrawal of the deposited securities, subject to the payment of the fees described below. Upon payment of any required fees, including the cancellation fee and other processing fees, expenses and of any taxes or charges, such as stamp taxes or share transfer taxes, and subject to the provisions of the European Unit deposit agreement, the European Unit depositary will deliver the amount of deposited securities represented by those European Units to you, or otherwise as you direct. Any physical delivery of deposited securities other than at the custodian's office will be made only at your request, risk and expense. Each cancellation of European Units, including as a result of a Unit exchange or otherwise, must be accompanied by the representations, assurances and certifications described under "Transfer restrictions—Cancellation and issuance of European Units—Cancellation."

Notwithstanding the foregoing, no deposited securities may be withdrawn upon surrender of European Units unless the European Unit depositary has received:

- (i) if withdrawal was requested to the European Unit depositary in order to effect an exchange of a European Unit for one Class A Share and two Class B Shares, all required instructions and forms duly executed, as well as applicable fees, described under "—Exchange of European Units for Class A Shares and Class B Shares"; or
- (ii) if withdrawal was requested to the European Unit depositary for any reason other than in connection with an exchange of the European Units into a Class A Share and Class B Shares or the exercise of tag-along rights, payment to us of the cancellation fee described under "—Unit Program—Regular Fees" which will be payable through the European Unit depositary.

Dividends and other distributions to European Unit holders

European Unit holders will be entitled to receive the economic benefits they would receive if they were direct holders of the Class A Shares and Class B Shares, subject to the limitations provided under the European Unit deposit agreement. Notwithstanding the below, the European Unit depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any European Unit holders. We have no obligation to register European Units or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of any securities to European Unit holders. This means that you may not receive the distribution we make on our securities or any value for them if it is illegal or impractical for us to make them available to you.

Cash dividends to European Unit holders

Cash dividends will be distributed by the European Unit depositary to the European Unit holders in proportion to their respective Unit holdings. Such distributions will be made by the Depositary. For distribution purposes, (i) any amounts in *reais* will be converted into euros based on the market exchange rate available to the Depositary on the day it is notified by its custodian of the receipt of the dividend and (ii) any amounts in U.S. dollars will be converted into euros based on the market exchange rate available to the European Unit depositary on the day it receives the dividend. Before making a distribution, the fees of the Depositary and any withholding taxes that must be paid under any applicable law will be deducted. See "Taxation—Certain Dutch tax considerations." Any cash distributions with respect to the European Units will be made in euros through Clearstream or Euroclear and will be rounded to the nearest whole cent, if applicable.

Distributions of securities represented by the European Units

We intend, in general, to make distributions of new Class A Shares and Class B Shares as dividends only if the number of such securities is appropriate and sufficient to create new European Units. Accordingly, after such distributions, we will deposit such securities into the European Unit program and the European Unit depositary will deliver additional European Units representing such securities for distribution to the holders of outstanding European Units in proportion to their respective Unit holdings, provided that the Company first instruct the European Unit depositary to do so and, if so requested, furnish it with satisfactory evidence that such distribution is legal.

In the event we distribute Class A Shares and Class B Shares in amounts insufficient or inappropriate to permit the creation of new European Units, including as a result of any stand-alone distributions by the Company, as the case may be, of the securities underlying the European Units, the European Unit depositary will:

- (i) amend the European Units to represent the securities so distributed if requested by us; or
- (ii) distribute directly to the European Unit holders the Class A Shares and Class B Shares so distributed, which shall be held by European Unit holders outside the European Unit program.

In no event will the European Unit depositary distribute a fraction of a share or European Unit to any European Unit holder. Instead, the European Unit depositary will sell the aggregate of those

fractions and distribute any net proceeds as in the case of a cash distribution. The European Unit depositary may sell a portion of the distributed shares or European Unit representing those shares sufficient to pay its fees and expenses in connection with that distribution.

Preemptive rights

In the event that the Company offers preemptive rights with respect to the securities underlying the European Units that, upon exercise, would permit the issuance of new European Units, each European Unit holder may be offered the right to instruct the European Unit depositary to subscribe for that holder's proportionate share of those additional underlying securities and to receive corresponding new European Units, provided that the Company furnish the European Unit depositary with satisfactory evidence that exercise of such preemptive rights by the European Unit holders is legal. In these cases, such European Unit holder must pay to the European Unit depositary the necessary funds required for the subscription of those additional European Units and pay the fees and applicable taxes in connection therewith.

In the event that (i) we offer preemptive rights to European Unit holders that upon exercise would permit the creation of new European Units as described above, and a European Unit holder wishes to (A) exercise such preemptive rights with respect to a certain class or classes of underlying securities that would not result in the issuance of European Units or (B) exercise such preemptive rights and, following the exercise thereof, hold the securities outside the Unit program, or (ii) the Company offers preemptive rights to European Unit holders with respect to a particular class or classes of securities represented by the European Units on a stand-alone basis such that the exercise thereof would not permit the creation of new European Units, European Unit holders may be offered the right to instruct the European Unit depositary to subscribe for their proportionate share of any particular class or classes of such securities, but only if the Company instructs it to do so and furnishes satisfactory evidence that it would be legal for those holders to do so. Following payment to the European Unit depositary of the necessary funds required for subscription of those additional securities and any fees and applicable taxes, the European Unit depositary will distribute the Class A Shares and Class B Shares, as the case may be, resulting from the exercise of these preemptive rights to the respective European Unit holders, which will be held outside the European Unit program.

If rights are not made available for exercise by European Unit holders, including as a result of our failure to provide evidence that the exercise thereof is legal or if such exercise would require registration under the Securities Act that is not being effected, the Depositary may sell those rights and distribute the proceeds of that sale to European Unit holders entitled to them, net of its fees, expenses and any applicable taxes.

We cannot assure you that you will be able to timely exercise the preemptive rights in the same manner as an owner of record of the deposited securities. In addition, there may be delays in the withdrawal of the deposited securities following the date on which the cancellation of the European Units is requested, which could affect your ability to exercise preemptive rights outside the European Unit program. European Unit holders who elect not to exercise their preemptive may not sell or transfer such rights to other European Unit holders or investors on the open market.

Other distributions

The European Unit depositary will send to you anything else we distribute other than cash, securities represented by the European Units or preemptive rights by any means it thinks is equitable and practical. The European Unit depositary may withhold any distribution of securities if it has not received satisfactory assurances from us that the distribution does not require registration under the Securities Act. If it cannot make the distribution to you, the European Unit depositary may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash or it may decide to hold what we distributed, in which case the outstanding European Units will also represent the newly distributed property. The European Unit depositary may withhold any fees and expenses, taxes or other governmental charges it thinks are applicable in this process. The European Unit

depository may sell a portion of the distributed securities or other property that is sufficient to pay its fees and expenses in connection with the distribution.

Capital calls

The European Units holders are not subject to any further capital calls by the Company.

Voting of underlying securities

Subject to applicable law, the Bye-laws and the European Unit deposit agreement, you may instruct the European Unit depository to vote the number of deposited securities your European Units represent. The European Unit depository will notify you of shareholders' meetings of the Company at which the underlying securities have voting rights and arrange to deliver our voting materials to you if we ask it to do so. Those materials will describe the matters to be voted on and explain how you may instruct the European Unit depository to vote. For instructions to be valid, they must reach the European Unit depository by a date set by the European Unit depository. The European Unit depository will try, to the extent practical, to vote the number of deposited securities represented by your European Units as you instruct. The European Unit depository will only vote or attempt to vote as you instruct.

We cannot ensure that you will receive voting materials or otherwise learn of an upcoming shareholders' meeting of the Company in time to ensure that you can instruct the European Unit depository to vote your shares. In addition, the European Unit depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to vote, and there may be nothing you can do if your shares are not voted as you requested.

Changes affecting underlying securities

If a change in Class A Shares and Class B Shares underlying the European Units were to occur as a result of a change in the nominal or par value, a split-up, cancellation, consolidation or re-classification of such securities or as a result of a recapitalization, reorganization, merger, consolidation or sale of our assets, the European Units will, to the extent permitted by law, represent the right to the property received or exchanged in respect of the Class A Shares or the Class B Shares underlying the European Units.

European Unit program – regular fees

European Unit holders must pay:	for:
\$5.00 (or less) per 100 European Units or portion thereof	Each issuance of European Units, including following a distribution of shares or rights or other property
	Each surrender of European Units for the purpose of withdrawal of the deposited securities, including in cases of an exchange for Class A Shares and Class B Shares or the termination of the Deposit Agreement
\$0.05(or less) per European Unit or portion thereof	Any cash distribution
Expenses of the European Unit depository	Conversion of foreign currency to U.S. dollars
	Cable (including SWIFT) and facsimile transmission expenses
	Servicing of shares or other deposited securities
Taxes and other government charges the	As necessary

Depository or the Custodian have to pay on any European Units or deposited securities, for example, stock transfer taxes, stamp duty or withholding taxes

\$0.05 (or less) per European Unit per calendar year Depository services

10% of the closing price of the European Unit, based on the last trading session in which such European Unit was traded, relating to the month prior to cancellation. Cancellation fee (payable to the Company, as described below)

In addition, European Unit holders will have to pay us the cancellation fees described below (see "Transfer Restrictions—Cancellation and issuance of European Units—Cancellation") in the event European Unit holders wish to cancel their European Units to hold the underlying securities, absent a request to exchange such European Units for Class A Shares and Class B Shares (see "—Exchange of European Units for Class A Shares and Class B Shares") which will be payable through the European Unit depository.

The European Unit depository collects its fees for delivery and surrender of European Units directly from investors depositing shares or surrendering European Units for the purpose of withdrawal or from intermediaries acting for them. The European Unit depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The European Unit depository may collect its annual fee for depository services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The European Unit depository may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to European Unit holders that are obligated to pay those fees. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the European Unit depository may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the European Unit program, waive fees and expenses for services provided to us by the European Unit depository or share revenue from the fees collected from European Unit holders. In performing its duties under the European Unit deposit agreement, the European Unit depository may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depository and that may earn or share fees, spreads or commissions.

The European Unit depository may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the European Unit deposit agreement and the rate that the depository or its affiliate receives when buying or selling foreign currency for its own account. The European Unit depository makes no representation that the exchange rate used or obtained in any currency conversion under the European Unit deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to European Unit holders, subject to the European Unit depository's obligations under the European Unit deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Amendment or termination of the European Unit Program

We may amend the European Unit deposit agreement without the consent of European Unit holders for any reason. However, if the amendment adds or increases fees or charges (except for

taxes and other governmental charges or registration fees, cable, SWIFT or fax transmission costs, delivery costs or other such expenses) or prejudices your material rights as a European Unit holder, such amendment will not become effective as to outstanding European Units until 30 days after the European Unit depositary gives notice of the amendment to European Unit holders. In addition, we have the right to replace BNY Mellon as the European Unit depositary with another depositary bank at any time without the consent of the European Unit holders.

The European Unit depositary will terminate the European Unit deposit agreement if we ask it to do so, by mailing notice of termination to you at least 30 days before termination. The European Unit depositary may also terminate the European Unit deposit agreement if the European Unit depositary has told us that it would like to resign and we have not appointed a new depositary bank within 60 days.

After termination, the European Unit deposit agreement requires the European Unit depositary and its agents to do only the following under such European Unit deposit agreement:

- (i) collect dividends and other distributions on the deposited securities;
- (ii) sell rights and other property as provided in the European Unit deposit agreement; and
- (iii) deliver shares and other deposited securities upon surrender of European Units.

Four months or more after the date of termination, the European Unit depositary may sell any remaining deposited securities by public or private sale. After that, the European Unit depositary will hold the net proceeds of the sale, as well as any other cash it is holding under the applicable deposit agreement for the pro rata benefit of the European Unit holders that have not surrendered their European Units. It will not invest the net proceeds of the sale and other cash and will have no liability for interest. The European Unit depositary's only obligations will be to account for the proceeds of the sale and other cash. After termination of the deposit agreement, our only obligations will be with respect to indemnification and to pay certain amounts to the European Unit depositary.

Liability of owner for taxes

You will be responsible for any taxes or other governmental charges payable on your European Units or on the deposited securities underlying your European Units. The European Unit depositary may refuse to register a transfer of your European Units or allow you to withdraw the deposited securities underlying your European Units until these taxes or other charges are paid. It may apply payments owed to you or sell part of your European Units to pay any taxes you owe, and you will remain liable for any deficiency. If it sells your European Units, it will, if appropriate, reduce the number of European Units to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Exchange of European Units for Class A Shares and Class B Shares

European Unit holders may at any time request to exchange all or part (provided that the cancellation resulting from such exchange results in whole European Units) of their European Units for Class A Shares and Class B Shares with an exchange ratio of one Unit for one Class A Share and two Class B Shares by (i) surrendering their European Units and (ii) giving irrevocable instructions to the European Unit depositary to deliver the Class A Shares and Class B Shares to a custodian or brokerage account that can receive those shares.

The exchange of European Units for Class A Shares and Class B Shares is expected to be effected without unreasonable delay, but may not be permissible if either the European Unit depositary or the custodian is prevented or delayed by law or circumstances beyond its and our control in performing their respective obligations necessary to effectuate such exchange in accordance with the European Unit deposit agreement.

The European Unit holders will be required to pay cancellation fees to the European Unit depositary and the custodian to receive the Class A Shares and the Class B Shares in exchange for their European Units. In addition, there are Bermuda tax consequences of such exchange (see "Taxation—Bermuda tax considerations").

For Dutch tax purposes, an exchange of European Units for Class A Shares and Class B Shares should not trigger a taxable event as such for a Dutch Holder or Non-Dutch Holder (see "Taxation—Certain Dutch tax considerations"), provided that such holder may rely on a roll-over facility to postpone unrealized capital gains upon such exchange. In any event, such exchange will not affect the tax position of Dutch Holders subject to a deemed return on an individual's yield basis (*rendementsgrondslag*). See "Taxation—Certain Dutch tax considerations." We recommend that Unit Holders consult their own tax advisers as to the particular Dutch tax consequences of an exchange.

Limitations on obligations and liability to Unit Holders

The European Unit deposit agreement expressly limits our obligations and the obligations of the European Unit depositary. It also limits our liability and the liability of the European Unit depositary. We and the European Unit depositary:

- (i) are only obligated to take the actions specifically set forth in the Deposit Agreement without negligence or bad faith;
- (ii) are not liable if the Company is prevented or delayed by law or circumstances beyond our control from performing our obligations under the Deposit Agreement;
- (iii) are not liable if the Company exercises discretion permitted under the Deposit Agreement;
- (iv) are not liable for the inability of any Unit Holder to benefit from any distribution that, under the terms of the Deposit Agreement, is not made available to Unit Holders or for any special, consequential or punitive damages for any breach of the Deposit Agreement;
- (v) have no obligation to become involved in a lawsuit or other proceeding related to the European Units or the Deposit Agreement on your behalf or on behalf of any other person; and
- (vi) may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party.

The Depositary will not be liable for the acts or omissions of any securities depositary, clearing agency or settlement system.

In the Deposit Agreement, we agree to indemnify the Depositary for acting as the Depositary, except for losses resulting from the Depositary's negligence or bad faith, and the Depositary agrees to indemnify us for losses resulting from its negligence or bad faith.

The direct disposal of BDRs representing shares issued by the Company is not allowed, in compliance with the provisions of article 8.2 of the Bye-laws. The negotiation shall only occur through the Company's European Units comprised of one class A BDR (representing one Class A Share) and two Class B BDRs (each representing one Class B Shares).

Exchange of European Units for Brazilian Units

Unit Holders may at any time request to exchange all or part (provided that the cancellation resulting from such exchange results in whole Units) of their European Units for Brazilian Units at an exchange ratio of 1:1 by (i) surrendering their European Units and (ii) giving irrevocable instructions to Depositary, to (A) deposit Class A Shares and Class B Shares with BNY Mellon, acting as BDR custodian for Bradesco, and (B) instruct Bradesco, as BDR depositary and Brazilian Unit depositary to issue corresponding BDRs and a corresponding number of Brazilian Units.

The exchange of European Units for Brazilian Units is expected to be effected without unreasonable delay, but may not be permissible if either BNY Mellon or Bradesco is prevented or

delayed by law or circumstances beyond its and our control in performing their respective obligations necessary to effectuate such exchange in accordance with the Units agreements.

Unit Holders will be required to pay issuance fees to Bradesco, as Brazilian Unit depositary and BDR depositary, to receive the Brazilian Units in exchange for their European Units (see "—The Brazilian Units—Brazilian Unit Program fees" and "—Brazilian depositary receipts (BDRs)—Charges of the BDR depositary"). In addition, there are Brazilian tax consequences of such exchange (see "Taxation—Brazilian Tax Considerations.")

For Dutch tax purposes, an exchange of European Units for Brazilian Units should not trigger a taxable event as such for a Dutch Holder or non-Dutch Holder (see "Taxation—Certain Dutch tax considerations"), provided that such holder may rely on a roll-over facility to postpone unrealized capital gains upon such exchange. In any event, such exchange will not affect the tax position of Dutch Holders subject to a deemed return on an individual's yield basis (*rendementsgronslag*). See "Taxation—Certain Dutch tax considerations." We recommend that Unit Holders consult their own tax advisers as to the particular Dutch tax consequences of an exchange.

Cancellation of European Units other than for exchange into Brazilian Units

Unit Holders who wish to cancel their European Units for purposes other than the exchange of the European Units for the Brazilian Units will be required to pay an additional cancellation fee to us (which will be payable through the Unit Depositary) equal to 10% of the trading price of the Brazilian Units on B3 on the last trading day of the month prior to such date cancellation is requested and converted into euros using the exchange rate of such trading day provided in the Bye-laws.

In addition, the cancellation of European Units, including as a result of an exchange, will require Unit Holders to provide the assurances and certifications described under "Transfer Restrictions."

Upon the cancellation of the European Units, trading in Class A Shares or Class B Shares, as separate classes of securities, on Euronext Amsterdam will only be permitted upon our express written notice given at our exclusive discretion to Euronext Amsterdam that trading in these underlying securities is authorized.

The Brazilian Units

Each Brazilian Unit represents three BDRs (of which one represents one Class A Share and two represent one Class B Share each.)

Brazilian Unit depositary

Bradesco acts as the Brazilian Unit depositary and is responsible for the cancellation and registration in Brazil of the Brazilian Units in accordance with the Brazilian Unit deposit agreement. See "—Limitations on Obligations and Liability to Brazilian Unit Holders." In addition, Bradesco manages the Brazilian Unit program and provides registration services to the Brazilian Unit holders.

Brazilian Unit registry book

Holders of Brazilian Units have Brazilian Unit holder rights as set forth in the Brazilian Unit deposit agreement. That Brazilian Unit deposit agreement also sets forth the rights and obligations of the Company and the Brazilian Unit depositary.

Brazilian Units are evidenced by electronic book entries in Bradesco's book entry system. The Brazilian Units were issued by Bradesco, in its capacity as the Brazilian Unit depositary, and, in general, are deposited in a custody account maintained at the B3, the fiduciary holder of the Brazilian Units. Transactions carried out on B3 are cleared within the B3, which administers the multilateral settlement of both financial obligations and transactions involving securities.

Ownership of the Brazilian Units is generally shown on, and transfer of the ownership of the Brazilian Units is generally effected through, records maintained by B3 and is evidenced by the custodial account statement issued by B3. No physical certificates evidencing Units will be issued and, accordingly, delivered to Brazilian Unit holders. Any transfer of the Brazilian Units will generally be conducted through broker-dealers or institutions authorized to operate on B3.

Bradesco is the registered holder of the BDRs underlying the Brazilian Units, and BNY Mellon, in its capacity as the European custodian, is the registered holder of Class A Shares and Class B Shares underlying the BDRs.

Bradesco may make a list of Unit holders available to us, the B3, the CVM and other regulatory agencies, if so requested.

Transfer restrictions

The Brazilian Units and the securities represented thereby are subject to restrictions on transfer that are described under "Transfer Restrictions" and "—Cancellation of Brazilian Units and applicable fees."

Deposit and withdrawal

The Brazilian Unit depositary will deliver Brazilian Units if the Company, you or your broker deposits each of the securities to be represented by Brazilian Units with Bradesco. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Brazilian Unit depositary will deliver the appropriate number of Brazilian Units as you request. Each deposit of securities underlying the Brazilian Units must be accompanied by the representations, assurances and certifications described under "Transfer Restrictions—Cancellation and issuance of Units and BDRs—Issuance."

You may at any time surrender your Brazilian Units to the Brazilian Unit depositary for withdrawal of the deposited securities, subject to the payment of the fees described below. Upon payment of any required fees, including the cancellation fee (if applicable) and other processing fees, expenses and of any taxes or charges, such as stamp taxes or share transfer taxes, and subject to the provisions of the Brazilian Unit deposit agreement, the Brazilian Unit depositary will deliver the amount of deposited securities represented by those Brazilian Units to you or as you direct. The cancellation of the Brazilian Units, including as a result of the exchange of Brazilian Units for European Units but

excluding in connection with the exercise of tag-along rights, must also be accompanied by the representations, assurances and certifications described under "Transfer Restrictions—Cancellation and issuance of Units and BDRs—Issuance."

Notwithstanding the foregoing, no deposited securities may be withdrawn upon surrender of Brazilian Units unless the Brazilian Unit depositary has received:

- if withdrawal is requested in order to effect an exchange of a Brazilian Unit for a European Unit or to exercise tag-along rights, all required instructions and forms duly executed, as well as applicable fees, as described under "—Exchange of Brazilian Units for European Units" and "—Brazilian Unit Program Fees"; or
- if withdrawal is requested for any reason other than in connection with an exchange of the Brazilian Units into European Units or the exercise of tag-along rights, satisfactory evidence that payment of the cancellation fee was made to Bradesco, as described below.

Dividends and other distributions to Brazilian Unit holders

Brazilian Unit holders are entitled to receive the economic benefits to which they would be entitled if they were direct holders of the BDRs underlying the Brazilian Units, subject to the limitations provided under the Brazilian Unit deposit agreement and the BDR deposit agreement. Notwithstanding the below, the Brazilian Unit depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any Brazilian Unit holders. We have no obligation to register Brazilian Units or other securities under the Securities Act. We have no obligation to take any other action to permit the distribution of any securities to the Brazilian Unit holders. This means you may not receive the distribution we make on our securities or any value for them if it is illegal or impractical to make them available to you.

Cash dividends

Cash dividends are distributed by Bradesco directly to the Brazilian Unit holders or through B3, as the case may be, in *reais* in proportion to their respective Unit holdings. The cash distributions to be received in connection with the BDRs will be converted from U.S. dollars into *reais* pursuant to the BDR deposit agreement and will be rounded down to the nearest whole centavo, if applicable. Before making a distribution, the fees of the Brazilian Unit depositary and the BDR depositary and any withholding taxes that must be paid under applicable law will be deducted.

All cash distributions to Brazilian Units holders will be made by means of one of the following:

- by the Brazilian Unit depositary to the B3, which will distribute the funds to the relevant brokerage firms, who will be ultimately responsible for distribution to the Brazilian Unit holders;
- through crediting the accounts of Brazilian Unit holders held at Bradesco;
- using electronic banking; or
- in person at a Bradesco branch listed in the Brazilian Unit deposit agreement.

Distributions of securities represented by the Brazilian Units

We intend, in general, to make distributions of new fully paid up Class A Shares and Class B Shares represented by BDRs as dividends in numbers appropriate and sufficient to create new Brazilian Units. See "Dividends and Dividend Policy." Accordingly, after such distributions, we will deposit such securities into the Brazilian Unit program and Bradesco will issue and credit additional Brazilian Units representing such securities in favor of the holders of outstanding Brazilian Units in proportion to their respective Brazilian Unit holdings, provided that the Company first instruct Bradesco to do so and, if so requested, furnish it with satisfactory evidence that such distribution is legal.

In the event we distribute Class A Shares or Class B Shares in amounts insufficient or inappropriate to permit the creation of new Brazilian Units, including as a result of any stand-alone distributions by the Company Bradesco will (i) amend the Brazilian Units to represent the securities so distributed, if requested by us or (ii) distribute directly to Brazilian Unit holders the BDRs, Banco common shares or Banco preferred shares so distributed, which shall be held by Brazilian Unit holders outside the Brazilian Unit program.

Preemptive rights

If the Company offers preemptive rights to Brazilian Unit holders which, following the exercise thereof, would permit the creation of new Brazilian Units, each Brazilian Unit holder will have the right to instruct Bradesco or its respective brokerage firm, as the case may be, to (i) subscribe for that holder's proportionate share of those additional underlying securities and (ii) issue corresponding new Brazilian Units. In these cases, such Unit holder must transfer to Bradesco or its respective brokerage firm, as the case may be, the necessary funds required for the subscription of those additional Brazilian Units and pay the fees and applicable taxes in connection therewith.

In the event that (i) we offer preemptive rights to Brazilian Unit holders which, following the exercise thereof, would permit the creation of new Brazilian Units as described above, and a Brazilian Unit holder wishes to (A) exercise such preemptive rights with respect to a certain class or classes of underlying securities that would not result in the issuance of Brazilian Units or (B) exercise such preemptive rights and, following the exercise thereof, hold the securities outside the Brazilian Unit program, or (ii) the Company offers preemptive rights to Brazilian Unit holders with respect to a particular class or classes of securities represented by the Brazilian Units on a stand-alone basis such that the exercise thereof would not permit the creation of new Brazilian Units, Brazilian Unit holders will have the right to instruct Bradesco or its respective brokerage firm, as the case may be, to subscribe for their proportionate share of any particular class or classes of such securities. Following transfer to Bradesco of the necessary funds required for subscription of those additional securities and any fees and applicable taxes, the Brazilian Unit depositary will distribute the BDRs resulting from the exercise of these preemptive rights to the respective Brazilian Unit holders, which will be held outside the Brazilian Unit program.

In lieu of exercising their preemptive rights, Brazilian Unit holders may instruct Bradesco to sell or transfer such rights to other Brazilian Unit holders or investors on the open market.

We cannot assure you that you will be able to timely exercise the preemptive rights in the same manner as an owner of record of the deposited securities.

Other distributions

We may also make other types of distributions that are not described above to the Brazilian Unit holders, in which case Bradesco will credit directly or indirectly, as the case may be, the Brazilian Unit holders' accounts in proportion to their respective Brazilian Unit holdings or by any other means it determines to be equitable and practical. If, given the nature or type of asset being distributed, Bradesco believes that it is unable to make such distributions proportionally, Bradesco may elect to make such distribution through any procedure that it determines, at its discretion, is more equitable and appropriate. Bradesco will not be held responsible if it considers any distributions to a Unit holder illegal or not feasible.

Voting of securities underlying the Brazilian Unit

Brazilian Unit holders are entitled to exercise voting rights with respect to the deposited securities pursuant to the Bye-Laws, Brazilian Corporations Law and the Bermuda Companies Act and the BDR deposit agreement. To exercise these rights, Brazilian Unit holders will be required to provide voting instructions directly to Bradesco, as the Brazilian Unit depositary, in accordance with the terms and conditions of the Brazilian Unit deposit agreement and the BDR deposit agreement.

Subject to applicable law and the Bye-Laws, you may instruct Bradesco to vote the number of deposited securities your Brazilian Units represent. Bradesco will arrange that you are notified of shareholders' meetings of the Company at which the underlying securities have voting rights and arrange to deliver our voting instructions form to you. In addition, Bradesco will make available at its headquarters any additional materials relating to such meetings that are provided to Bradesco by the Company. The voting instructions form will describe the matters to be voted on and explain how you may instruct Bradesco to vote. For instructions to be valid, they must reach Bradesco five days in advance of the date of the applicable shareholders' meeting. Bradesco will try, to the extent practical, to vote the number of deposited securities represented by your Brazilian Units as you instruct and will only vote or attempt to vote as you instruct.

We cannot ensure that you will receive voting materials or otherwise learn of an upcoming shareholders' meeting of the Company in time to ensure that you can instruct Bradesco to vote your shares underlying the Brazilian Units. In addition, Bradesco and its agents are not responsible for failing to carry out voting instructions if such instructions are defective or are not received in time. This means that you may not be able to vote, and, unless you become a direct holder of the securities underlying the Brazilian Units, there may be nothing you can do if your shares are not voted as you requested.

Changes affecting securities underlying the Brazilian Unit

If a change in the Class A Shares and Class B Shares underlying the BDRs were to occur as a result of a change in the nominal or par value, a split-up, cancellation, consolidation or reclassification or other alteration of such securities or as a result of a recapitalization, reorganization, amalgamation, merger, consolidation or sale of our assets, the Brazilian Units will, to the extent permitted by law, represent the right to the property received or exchanged in respect of the BDRs, as the case may be, underlying the Brazilian Units.

Brazilian Unit program fees

Our Unit program in Brazil is governed by the Brazilian Unit deposit agreement. Brazilian Unit holders must pay Bradesco the following fees to act as Brazilian Unit depository:

- taxes (including withholding taxes pursuant to applicable laws as described under "Taxation");
- applicable fees to BM&FBOVESPA and other governmental charges or registration fees;
- the cancellation fees described below (see "—Cancellation of Brazilian Units and applicable fees");
- R\$50.0 for the transfer of Units outside the B3 (including, over-the-counter transfers and upon death, court order and donation, among others); and
- issuance fee of R\$0.10 per issued or cancelled Brazilian Unit.

No fees apply to the initial issuance of Brazilian Units, payments of dividends and distributions that would not result in the issuance of Units, except for the withholding taxes pursuant to applicable laws. Brazilian Unit holders are also be required to pay applicable fees in connection with the BDRs. See "—Brazilian depository receipts (BDRs)—Charges of the BDR depository."

You will be responsible for any taxes or other governmental charges payable on your Brazilian Units or on the deposited securities underlying your Brazilian Units. Bradesco may refuse to register a transfer of your Brazilian Units or allow you to withdraw the deposited securities underlying your Brazilian Units until these taxes or other charges are paid. It may apply payments owed to you or sell part of your Brazilian Units to pay any taxes you owe, and you will remain liable for any deficiency. If it sells your Brazilian Units, it will, if appropriate, reduce the number of Brazilian Units to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Amendment or termination of the Brazilian Unit program

We may amend the Brazilian Unit deposit agreement without the consent of Brazilian Unit holders for any reason. However, if the amendment prejudices your material rights, including due to a material increase in costs and fees (with the exception of taxes, registration fees, transfer costs and similar expenses), such amendment will only come into full force and effect 30 days following the communication of such amendment to you.

In addition, at any time, we may replace the Brazilian Unit depositary with another Brazilian Unit depositary, or Bradesco may resign from serving as Brazilian Unit depositary, in each case without the consent of Brazilian Unit holders. In such cases, Bradesco will cease to be Brazilian Unit depositary upon the earlier of: (i) the appointment by us of a new Brazilian Unit depositary or (ii) 90 days following the communication of such amendment to you. If, following the expiration of this 90-day period, no new Brazilian Unit depositary has been appointed, the Brazilian Unit holders will be entitled to appoint a new Brazilian Unit depositary in accordance with the provisions of the Brazilian Unit deposit agreement.

Exchange of Brazilian Units for European Units

Brazilian Unit holders may at any time request to exchange all or part (provided that the cancellation resulting from such exchange results in whole Units) of their Brazilian Units for European Units at an exchange ratio of 1:1 by (i) surrendering their Brazilian Units and (ii) giving irrevocable instructions to Bradesco, as Brazilian Unit depositary and BDR depositary, to irrevocably (A) cancel their Brazilian Units and BDRs, (B) deposit Class A Shares and Class B Shares with BNY Mellon, acting as European Unit custodian and (D) instruct BNY Mellon, as European Unit depositary, to deliver a corresponding number of European Units. In addition, Brazilian Unit holders will be required to provide assurance and certifications described under "Transfer Restrictions—Cancellation and Issuance of Units and BDRs."

The exchange of Brazilian Units for European Units, subject to Bye-laws, but may not be permissible in certain limited circumstances described in the Brazilian Unit deposit agreement and the European Unit deposit agreement. Following such exchange, former Brazilian Unit holders will receive the rights and benefits, and will be subject to the same limitations, as European Unit holders, as set forth in the European Unit deposit agreement.

Holders of Brazilian Units will be required to pay certain fees and taxes in connection with the exchange of their Brazilian Units for European Units. In order to effectuate such exchange, Brazilian Unit holders will be required to pay issuance fees to BNY Mellon, as European Unit depositary and GDS depositary, to receive the European Units in exchange for their Brazilian Units (see "—The European Units—European Unit program regular fees").

Cancellation of Brazilian Units and applicable fees

Brazilian Unit holders who wish to cancel their Brazilian Units for purposes other than the exchange of the European Units for the Brazilian Units or, solely to the extent necessary to exercise tag-along rights (see "Description of Share Capital—Mandatory tender offer—Tender offer required in connection with transfer of control to third party control buyer"), will be required to pay a cancellation fee to us equal to up to 10% trading price of the Brazilian Units on B3 on the last trading day of the month prior to such date cancellation is requested.

The cancellation form to be executed by Brazilian Unit holders will require such holders to inform Bradesco whether the cancellation is being requested to permit the exchange of the Brazilian Units for European Units, to the extent that we have notified Bradesco that such cancellation is necessary or to exercise tag-along rights, as the case may be.

The cancellation of the Brazilian Units, including as a result of an exchange, must be accompanied by the representations, assurances and certifications described under "Transfer Restrictions—Cancellation and issuance of Units and BDRs."

Pursuant to the Brazilian Unit deposit agreement, Bradesco may take up to five business days to complete the cancellation of Brazilian Unit after receiving irrevocable instructions to cancel.

See "—Brazilian Unit program fees" above for additional fees payable to Bradesco in order to effectuate a cancellation of Brazilian Units.

Limitations on obligations and liability to Brazilian Unit holders

Bradesco, in its capacity as the Brazilian Unit depositary, is only be responsible for the issuance, registration, amendment and cancellation of the Brazilian Units and for complying with certain procedures relating to the exchange of the Brazilian Units into European Units, including any issuances or amendments of the Brazilian Units resulting from distributions of new securities by the issuers, such as Banco common shares, Banco Series A preferred shares, BDRs or any preemptive rights in connection with the Brazilian Unit program. In addition, Bradesco, in its capacity as Brazilian Unit depositary, is responsible for the distribution through B3 of cash dividends related to the underlying Banco common shares and Banco Series A preferred shares, as the case may be, and, under limited circumstances described above, will use its best efforts to sell Brazilian Units in auctions on BM&FBOVESPA. See "—Brazilian depositary receipts (BDRs)—Dividends and other distributions."

Bradesco, in its capacity as Brazilian Unit depositary, (i) is only obligated to take the actions described above without gross negligence or willful misconduct; (ii) is not liable if it is prevented or delayed by law or other circumstances beyond its control from performing its obligations as Brazilian Unit depositary; (iii) may rely upon any documents that it believes in good faith to be genuine and to have been signed or presented by the proper party; (iv) is not obligated to involve itself in any legal proceeding on behalf of the Brazilian Unit holders; (v) is not liable for any failure to disclose information in Brazil, if not previously informed by the Company, as the case may be and (vi) is not liable for any debts in connection with the payment of dividends or other cash distributions, nor will it provide the Company with a loan.

Bradesco is also responsible for additional actions with respect to the BDRs as BDR depositary. See "—Brazilian depositary receipts (BDRs)."

Brazilian depositary receipts (BDRs)

Bradesco is the BDR depositary in accordance with the terms and conditions of the BDR deposit agreement. Each BDR represents either one Class A Share or one Class B Share issued by the Company, which is held in custody by BNY Mellon, in its capacity as the European custodian of the Class A Shares and Class B Shares underlying the BDRs. The rights of the holders of BDRs are governed by the laws of Bermuda and Brazil (under limited circumstances), Bye-laws, and the BDR deposit agreement. Brazilian Unit holders are for all purposes the indirect holders of record of the BDRs.

BDR deposit agreement

The BDR deposit agreement governs the relationship between the Company and Bradesco, in its capacity as the BDR depositary, with respect to the issuance, cancellation and registration in Brazil of the BDRs representing Class A Shares and Class B Shares and held by BNY Mellon, in its capacity as the European custodian. The BDR deposit agreement also establishes liabilities of Bradesco, in its capacity as BDR depositary, in connection with the BDR program and governs the actions of the BDR depositary with respect to the management of the BDR program and the services to be performed by the BDR depositary for the holders of BDRs.

BDR registry book

BDRs are evidenced by electronic book-entries in the BDR depositary's book-entry system.

Issuance of BDRs

The BDR depositary will issue the BDRs in Brazil after confirmation by BNY Mellon, in its capacity as the European custodian, that a corresponding amount of Class A Shares and Class B Shares have been deposited, and after confirmation that all fees and taxes due in connection with this service were duly paid, as set forth in the BDR deposit agreement. In no event may the BDR depositary issue BDRs without confirmation by the European custodian that a corresponding number of Class A Shares and Class B Shares were deposited with the European custodian.

BDRs are issued and deposited in an account maintained at Bradesco. Transfer of the ownership of BDRs underlying the Brazilian Units is effected only in accordance with and as result of transfer of ownership of the corresponding Brazilian Units representing such BDRs.

For a brief description of the rules and regulations of the Central Bank regarding such matters, see "—Market Information concerning Brazilian Units—Regulation of Brazilian Securities Markets."

Deposit and withdrawal

The BDR depositary will deliver BDRs to a former Brazilian Unit holder or respective brokerage firm, as the case may be, upon such holder's cancellation of their Brazilian Units and requisite payment of cancellation fees in accordance with procedures described above (see "—The Brazilian Units—Cancellation and applicable fees") in connection with the issuance of new Brazilian Units or otherwise. Upon payment of applicable fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the BDR depositary will deliver the appropriate number of BDRs as you request. Each deposit of securities must be accompanied by the representations, assurances and certifications described under "Transfer Restrictions—Cancellation of Brazilian Units and issuance of Units and BDRs—Issuance."

You may at any time surrender your BDRs to the BDR depositary for withdrawal of the deposited securities. Upon payment of any required fees, expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, and subject to the provisions of the BDR deposit agreement, the BDR depositary will deliver the amount of deposited securities represented by the BDRs to you or as you direct. Each cancellation of BDRs, including as a result of a Unit exchange or otherwise, must be accompanied by the representations, assurances and certifications described under "Transfer Restrictions—Cancellation and issuance of Units and BDRs—Cancellation."

Dividends and other distributions

Cash dividends

Upon receipt of any cash dividends from the Company, the BDR depositary will distribute such dividends directly or through B3, as the case may be, to the BDR holders. See "*—The Brazilian Units—Dividends and other distributions to Brazilian Unit holders.*" The distributions will be made proportionately to the number of Class A Shares and Class B Shares represented by the BDRs. For distribution purposes, (i) the amounts in U.S. dollars will be converted into reais based on the selling exchange rate in effect on the business day the BDR depositary becomes entitled to receive such dividend distribution as reported by the Central Bank and (ii) the amounts in reais and centavos will be rounded down to the next lower whole centavo. Before making a distribution, any withholding taxes that must be paid under any applicable law will be deducted, as applicable. See "*Taxation—Brazilian tax considerations—Income Tax.*" A Brazilian Unit holder will not be entitled to interests or any other remuneration on dividends and other distributions in connection with their holdings.

In cases where BDRs are held outside the Brazilian Unit program, all cash distributions to BDR holders will be by means of one of the following:

- by the BDR depositary to the B3, which will distribute the funds to the relevant brokerage firms, who will be ultimately responsible for distribution to the BDR holders;
- through crediting the accounts of BDR holders held at Bradesco;
- using electronic banking; or
- in person at a Bradesco branch listed in the BDR deposit agreement.

Distributions Other Than Cash

We intend, in general, to make distributions of new fully paid up Class A Shares and new fully paid up Class B Shares as dividends only if the number of BDRs representing such securities is appropriate and sufficient to create Brazilian Units. In these cases, the BDR depositary will issue new BDRs corresponding to such new Class A Shares and Class B Shares and deposit them with the Brazilian Unit depositary, which in turn will issue new Brazilian Units to the Brazilian Unit holders. See "*—The Brazilian Units—Dividends and other distributions to Brazilian Unit holders—Distributions of securities represented by the Brazilian Units.*"

The Company may also make other types of distributions that are not described above to BDR holders, in which case Bradesco will credit the respective holder accounts in proportion to their respective holdings. If, given the nature or type of the asset being distributed, Bradesco believes that such distribution may not be conducted proportionally, Bradesco may elect to make such distribution through any procedure that in its discretion is more equitable and appropriate. Bradesco will not be held responsible if it considers any distributions to a Unit holder illegal or not feasible. See "*—The Brazilian Units—Dividends and other distributions to Brazilian Unit holders—Other distributions.*"

Preemptive Rights

If the Company offers to holders of Class A Shares or Class B Shares any right to subscribe for additional Class A Shares or Class B Shares (i) Brazilian Unit holders will exercise those rights through instructions delivered to the Brazilian Unit depositary directly or through their respective brokerage firms, as the case may be, as described under "*—The Brazilian Units—Dividends and other distributions to Brazilian Unit Holders—Preemptive rights*" and (ii) BDR holders will exercise those rights through instructions delivered to the BDR depositary directly or through their respective brokerage firms, as the case may be.

Holders of BDRs outside the Brazilian Unit program may exercise their rights to subscribe for additional Class A Shares or Class B Shares through instructions to the BDR depositary. Such holders must transfer to the BDR depositary or its respective brokerage firm, as the case may be, the

necessary funds required for the subscription of the additional securities and pay the fees and applicable taxes in connection therewith.

The subscription price of Class A Shares and Class B Shares to be paid by BDR holders shall be equal to the sum of (i) the subscription price in foreign currency as converted to Real according to the PTAX sale rate, published by the Central Bank on the day immediately before the disclosure to the market of the subscription notice by the BDR depositary, (ii) any amount corresponding to any fluctuation on the currency exchange rate until the payment day, and (iii) issuance fee per BDR, pursuant to the BDR deposit agreement.

Following the receipt by the BDR depositary of the necessary funds required for subscription of those additional securities and any fees and applicable taxes, the BDR depositary will distribute the BDRs resulting from the exercise of these preemptive rights to the respective BDR holders. In lieu of exercising their preemptive rights, BDR holders may instruct the BDR depositary to sell or transfer such rights to other BDR holders or investors on the open market.

Voting of deposited securities

BDR holders have the right to instruct directly the BDR depositary to vote with respect to the BDRs underlying the Brazilian Units, which will in turn instruct the European custodian to vote the amount of Class A Shares or Class B Shares, as the case may be, represented by the BDRs underlying the Brazilian Units on the matters specified in this Prospectus for which Class A Shares or Class B Shares are granted voting rights. See "—Voting of securities underlying the Brazilian Unit" and "Description of Share Capital—Voting."

However, BDR holders may not know about a meeting sufficiently in advance to timely instruct the BDR depositary to exercise the voting rights with the respect to the shares held by the European custodian.

The BDR depositary will arrange that BDR holders are notified of upcoming meeting and will arrange to deliver BTG Pactual Participations' voting instructions to the BDR holders. In addition, Bradesco will make available at its headquarters any additional materials relating to such meetings that are provided to Bradesco by the Company. The voting instructions form will describe the matters to be voted on and explain how BDR holders, on a certain date, may instruct the BDR depositary to instruct the European custodian to vote the underlying Class A Shares, Class B Shares or as the BDR holders direct.

For instructions to be valid, the BDR depositary must receive them five business days in advance of the date of the applicable shareholders' meeting. The BDR depositary will try, to the extent practical, subject to Bermuda law and the provisions of Company's bye-laws, to in turn instruct the European custodian to vote the underlying Class A Shares or the Class B Shares, as the case may be, as the BDR holders instruct.

The BDR depositary will only use its best efforts to instruct the European custodian to vote or attempt to instruct the European custodian to vote the Class A Shares or the Class B Shares, as the case may be, held by the European custodian if the BDR holders have sent voting instructions and such instructions have been timely received. If the BDR depositary does not receive voting instructions from BDR holders by the specified date, it will consider that there is no voting instruction to be followed and will not exercise the voting rights related to the Class A Shares or the Class B Shares, as the case may be, that the European custodian holds.

The Company cannot ensure that BDR holders will receive voting materials in time to allow timely delivery of voting instructions to the BDR depositary. This means that BDR holders may not be able to vote, and the ability of BDR holders to bring an action against the Company may be limited.

Reports and other communications

The BDR depositary will make available to BDR holders for inspection any reports and communications from the Company or made available by the Company at its principal executive office.

The BDR depositary will also, upon the Company's written request, send to the registered BDR holders copies of such reports and communications furnished by the Company under the BDR deposit agreement.

Any such reports and communications furnished to the BDR depositary by BTG Pactual

Participations will be furnished in Portuguese when so required under any Brazilian legislation or the terms of the BDR deposit agreement or the Brazilian Unit deposit agreement.

Amendment and termination of the BDR deposit agreement

We may amend the BDR deposit agreement without the consent of BDR holders for any reason. However, if the amendment prejudices your material rights, including due to a material increase in costs and fees (with the exception of taxes, registration fees, transfer costs and similar expenses), such amendment will only come into full force and effect 30 days following the communication of such amendment to you.

In addition, at any time, we may replace the BDR depositary with another BDR depositary, or Bradesco may resign from serving as BDR depositary, in each case without the consent of BDR holders. In such cases, Bradesco will cease to be the BDR depositary upon the earlier of: (i) the appointment by us of a new BDR depositary or (ii) 90 days following the communication of such amendment to you. If, following the expiration of this 90-day period, no new BDR depositary has been appointed, the BDR holders will be entitled to appoint a new BDR depositary in accordance with the provisions of the BDR deposit agreement.

Charges of the BDR depositary

Holders of our BDRs will pay R\$0.10 per issued or cancelled BDR. Accordingly, the exchange of European Units into Brazilian Units will require holders thereof to pay such additional fees. No fees will apply to payments of dividends and other distributions, except for the withholding taxes pursuant to applicable laws.

Limitations on obligations and liability to holders of BDRs

The BDR deposit agreement expressly limits the obligations and liabilities of the BDR depositary and the Company. The Company and the BDR depositary:

- are only obligated to take the actions specifically set forth in the BDR deposit agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond
- the Company's or the BDR depositary's control from performing their respective obligations under the BDR deposit agreement;
- are not liable if either exercises discretion permitted under the BDR deposit agreement; and
- may rely upon any documents they believe in good faith to be genuine and to have been signed or presented by the proper party.

The BDR depositary has no obligation to become involved in a lawsuit or other proceeding related to the BDRs or the BDR deposit agreement on behalf of BDR holders or on behalf of any other person.

In the BDR deposit agreement, the Company and the BDR depositary agree to indemnify each other under certain circumstances.

Except as otherwise provided in the applicable rules and regulations, including the rules and regulations of the Central Bank regarding registration of a BDR program (see "Market Information—Regulation of Brazilian Securities Markets"), neither the Company nor the BDR depositary will have any liability or responsibility whatsoever for any action or failure to act by any, direct or indirect, owner

or holder of BDRs relating to the owner's or holder's obligations under any applicable Brazilian law or regulation relating to foreign investment in Brazil in respect of a withdrawal or sale of Class A Shares and Class B Shares deposited with the European custodian, including, without limitation, any failure to comply with a requirement to register the investment pursuant to the terms of any applicable Brazilian law or regulation prior to such withdrawal, or any failure to report foreign exchange transactions to the Central Bank, as the case may be. The holder of BDRs will be responsible for the report of any false information relating to foreign exchange transactions to the BDR depositary, the CVM or the Central Bank in connection with deposits or withdrawals of Class A Shares and Class B Shares deposited with the European custodian.

Common provisions to the Brazilian Unit program and BDR program

Requirements for Brazilian Unit and BDR depositary services

Before Bradesco, in its capacity as Brazilian Unit depositary and BDR depositary, delivers or registers the transfer of Brazilian Units or BDRs or makes a distribution on the Brazilian Units or the BDRs, as the case may be, Bradesco may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any Brazilian Units or underlying securities (including BDRs) or other deposited securities;
- delivery of satisfactory proof of citizenship or residence, exchange control approval or other information it deems necessary or proper; and
- compliance with regulations it may reasonably establish, from time to time, including presentation of transfer documents.

Bradesco may refuse to register transfers or distributions when its books are closed.

Limitations

Bradesco, in its capacity as Brazilian Unit depositary and BDR depositary, is not responsible if it decides in good faith that it is unlawful or impractical to make a distribution available to any Brazilian Unit holder and we, as issuers, have no obligation to take any other action to permit such distribution.

DIVIDENDS AND DIVIDEND POLICY

Subject to the limitations described below, the distribution of dividends to the Unit Holders will be made individually, from time to time, as proposed by the Board of Directors and in accordance with the Bye-laws. There is no history of payment of dividends or statutory obligation to pay dividends, and these dividend distributions will not depend specifically on net income or any other performance indicator of the Company, as long as they are in compliance with the applicable legislation.

Holders of Class A Shares and Class B Shares will share equally and ratably in any dividends as the Board of Directors may from time to time declare. The holder of the Class C Share and holders of the Class D Shares will not be entitled to receive any dividends.

We are a holding company and have no direct operations. As a result, it will depend on distributions from PPLA Investments, through PPLA Bermuda Holdco, to pay any dividends. Additionally, we and PPLA Bermuda Holdco are subject to Bermuda legal constraints that may affect our ability to pay dividends and make other payments. Under the Bermuda LP Act, PPLA Investments may not pay any share of its profits or other compensation by way of income to a limited partner from its assets or return any part of a limited partner's capital if, on the date the payment is to be effected, the general partner has reasonable grounds believing that PPLA Investments, after the payment, would be unable to pay its liabilities as they become due. Under the Bermuda Companies Act, we and PPLA Bermuda Holdco may declare or pay a dividend out of distributable reserves only if we have reasonable grounds for believing that we are, or will after the payment be, able to pay our liabilities as they become due and if the realizable value of our assets would thereby not be less than the aggregate of our liabilities. Our Bye-laws require us to, as permitted by Bermuda law, dividend all distributions that we receive, through PPLA Bermuda Holdco, from PPLA Investments to our shareholders.

TAXATION

The following summary contains a description of certain Brazilian tax consequences of the acquisition, ownership and disposition of the Units and the exchange of the Brazilian Units for European Units. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Units. The summary also contains a brief description of certain Bermuda tax considerations and Dutch tax considerations. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the European Units. The summary also contains a brief description of certain Bermuda tax considerations and Dutch tax considerations. The summary is based upon (i) the tax laws of Brazil and regulations thereunder and (ii) the tax laws of the Netherlands and regulations thereunder as in effect on the date hereof, which are subject to change. Prospective purchasers of the Units should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Units based on their particular circumstances.

Certain Dutch tax considerations

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of the European Units, but is not a comprehensive description of all Dutch tax considerations that may be relevant in this respect.

For purposes of Dutch tax law, a Unit Holder may include an individual who or an entity that does not have the legal title of these European Units, but to whom nevertheless the European Units or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the European Units or the income thereof. This summary includes general information only and each prospective investor should consult a professional tax adviser about the tax consequences of the acquisition, holding, redemption and disposal of European Units, including, in particular, the application to their particular situations of the tax considerations discussed above.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch tax consequences for:

- investment institutions (*fiscale beleggingsinstellingen*);
- pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch entities that are not subject to or exempt from Dutch corporate income tax;
- corporate holders of European Units which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate holders of European Units been resident in the Netherlands or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of five per cent. or more of the nominal paid-up share capital;
- Unit Holders holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and Unit Holders of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (a) an interest of five per cent. or more of the total issued capital of the Company or of five per cent. or more of the issued capital of a certain class of European Units, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the Company;

- persons to whom the European Units and the income from the European Units are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the European Units are attributable to such permanent establishment or permanent representative;
- Unit Holders that are not considered the beneficial owner (*uiteindelijk gerechtigde*) of the European Units; and
- individuals to whom European Units or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

For the purpose of this summary, it is assumed that the Company is not a resident nor deemed to be a resident of the Netherlands for Dutch tax purposes.

Dividend withholding tax

The Company is not required to withhold Dutch dividend withholding tax in respect of dividends paid on the European Units.

Corporate and individual income tax

Residents of the Netherlands

If a Unit Holder is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the European Units are attributable, income derived from the European Units and gains realized upon the redemption or disposal of the European Units are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the European Units and gains realized upon the redemption or disposal of the European Units are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001 if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the European Units are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the European Units are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the European Units that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the European Units must determine taxable income with regard to the European Units on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realized. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of

certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the European Units will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis and varies from an effective rate of 2.87% to 5.39%. The deemed return on income from savings and investments is taxed at a rate of 30%.

Non-residents of the Netherlands

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch corporate or individual income tax in respect of income derived from the European Units and gains realized upon the settlement, redemption or disposal of the European Units, unless:

- (i) the person is not an individual and such person (a) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the European Units are attributable, or (b) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the European Units are attributable. This income is subject to Dutch corporate income tax up to a maximum rate of 25%; or
- (ii) the person is an individual and such individual (a) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the European Units are attributable, or (b) realizes income or gains with respect to the European Units that qualify as income from miscellaneous activities in the Netherlands, which includes activities with respect to the European Units that exceed regular, active portfolio management, or (c) is other than by way of securities entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the European Units are attributable.

Income derived from the European Units as specified under (i) and (ii) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (c) that is not already included under (i) or (ii) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands").

Gift and inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the European Units by way of gift by, or on the death of, a Unit Holder, unless:

- (i) the Unit Holder is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the European Units or in respect of a cash payment made under the European Units, or in respect of a transfer of European Units.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the European Units.

Residence

A non-resident Unit Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of acquisition, holding, redemption and disposal of the European Units.

Bermuda tax consideration

At the date of this Prospectus, there was no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or by the shareholders in respect of the Class A Shares and Class B Shares. No stamp duty is payable in Bermuda on the issue, transfer or redemption of Class A Shares or Class B Shares. The Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 31, 2035, be applicable to the Company or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Company in respect of real property owned or leased by it in Bermuda.

Brazilian Tax Considerations

The following discussion summarizes the main Brazilian tax consequences of (i) the acquisition, ownership and disposition of the Brazilian Units by a holder that is not domiciled in Brazil and that has registered the investment as a foreign investment with the Central Bank (a "**Non-Resident Holder**"), (ii) the exchange of Brazilian Units for European Units and (iii) the acquisition, ownership and disposition of the European Units by a Brazilian resident holder ("**Brazilian Holder**"). It is based on Brazilian law as currently in effect. Any change in that law may change the consequences described below.

The following discussion summarizes the main tax consequences applicable under Brazilian law to a Non-Resident Holder and to Brazilian Holders of European Units in general and, therefore, does not specifically address all of the Brazilian tax considerations applicable to any particular holder. Each holder should consult its own tax adviser concerning the Brazilian tax consequences of an investment in the Brazilian Units. The tax consequences described below do not take into account tax treaties entered into by Brazil and other countries. Nevertheless, please note that Brazil has not entered into any tax treaty with the United States. This summary does not address any tax issues that affect solely the company, such as deductibility of expenses.

Income tax

Non-Resident Holders of Brazilian Units

Dividends

Dividends paid by a Brazilian corporation, including stock dividends and other dividends, are currently exempt from the withholding income tax in Brazil, as far as such amounts are related to profits generated after January 1, 1996. Although there is no express legal provision with respect to the tax treatment of dividends distributed by the Company under the BDRs, our BDR depository withholds (i) 15% income tax on any dividend distributions under the BDRs if the non-Brazilian resident holding Brazilian Units or BDRs is located outside a tax haven jurisdiction or (ii) up to 25% income tax if the non-Brazilian resident holding Brazilian Units or BDRs is located within a tax haven jurisdiction. Taxpayers are advised to consult their own tax advisors to determine whether they may be able to claim a refund from Brazilian tax authorities.

Interest on Net Equity

Law No. 9,249, enacted on December 26, 1995, as amended, allows a Brazilian corporation to make distributions to shareholders of interest on net equity and treat those payments as a deductible expense for purposes of calculating Brazilian corporate income tax and social contribution on net profits, as far as the limits described in the applicable laws are observed. These distributions may be paid in cash. For tax purposes this interest is limited to the daily pro rata variation of the TJLP, as determined by the Central Bank of Brazil from time to time.

These payments may be included, at their net value, as part of any mandatory dividend. To the extent payment of interest on shareholders' equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable Brazilian withholding income tax, plus the amount of declared dividends is at least equal to the mandatory dividend.

Payment of interest to a Non-Resident Holder is subject to withholding income tax at the rate of 15.0%, or 25.0% if the Non-Resident Holder is considered a Tax-Haven Resident.

Distributions of interest on shareholder's equity to Non-Resident Holders may be converted into U.S. dollars and remitted outside Brazil, subject to applicable exchange controls, to the extent that the investment is registered with the Central Bank of Brazil.

Capital gains

According to Law No. 10,833/03, the gains recognized on a disposition of assets located in Brazil, such as our Brazilian Units, by a Non-Resident Holder, are subject to withholding income tax in Brazil. This rule is applicable regardless of whether the disposition is conducted in Brazil or abroad and/or if the disposition is made or not to an individual or entity resident or domiciled in Brazil.

As a general rule, gains realized as a result of a transaction carried out on a Brazilian stock exchange are the positive difference between the amount in reais realized on the sale or exchange of a security and its acquisition cost measured in reais (without correction for inflation).

Under Brazilian law, income tax on such gains can vary depending on the domicile of the Non-Resident Holder, the type of registration of the investment by the Non-Resident Holder with the Central Bank of Brazil and how the disposition is carried out, as described below.

Capital gains realized by a Non-Resident Holder on the disposition of the Brazilian Units sold on the Brazilian stock exchange:

- are tax exempt, when realized by a Non-Resident Holder that (i) has registered its investment in Brazil with the Central Bank under the rules of Resolution No. 2,689 and related Brazilian Monetary Counsel regulations ("Registered Holder") and (ii) is not a Tax Haven Resident;
- are subject to income tax at a rate of 15.0% with respect to gains realized by a Registered Holder considered a Tax Haven Resident. In this case, a withholding income tax of 0.005% of the sale value will be applicable and can be later offset with the income tax due on the capital gain, as the case may be; and
- are subject to income tax at a rate of 25% with respect to gains realized by Non-Resident Holders, not qualified as Registered Holders, considered as Tax Haven Residents. In this case, a withholding income tax of 0.005% of the sale value will be applicable and can be later offset with the income tax due on the capital gain, as the case may be.
- Any other gains realized on the disposition of Brazilian Units that are not carried out on the Brazilian stock exchange:
- are subject to income tax at a rate of 15.0% when realized by any Non-Resident Holder that is not a Tax Haven Resident, no matter if a Registered Holder or not; and
- are subject to income tax at a rate of 25.0% when realized by a Tax Haven Resident, no matter if a Registered Holder or not.
- In the cases above, if the gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation, the withholding income tax of 0.005% will also apply and can be used to offset the income tax due on the capital gain. The Non-Resident Holder will not need to file a Brazilian tax return with the Brazilian tax authorities, as the case may be.

In the case of a redemption of securities or a capital reduction by a Brazilian corporation, the positive difference between the amount received by the Non-Resident Holder and the acquisition cost of the securities redeemed is treated as capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange market and is therefore subject to income tax at the rate of 15.0%, or 25.0%, as the case may be.

There can be no assurance that the current favorable tax treatment of Registered Holders will continue in the future.

Brazilian Holders of European Units

Dividends

Brazilian Holders - Individuals

Earnings derived by Brazilian Holders who are individuals from sources located outside Brazil (such as dividends distributed under European Units), transferred or not to Brazil, are subject to the imposition of the individual income tax ("IIT") and shall be duly informed to tax authorities by means of the individual's annual income tax return.

Though there is no clear guidance on the tax treatment applicable to earnings received under the European Units, it is our opinion that Brazilian Holders count on good grounds to sustain that IIT should apply at a 15% rate as the European Units qualify as a financial investment abroad. However, tax authorities may adopt a different approach on the matter and charge the collection of IIT at progressive rates varying from 7.5% to 27.5% under the argument that earnings received by Brazilian Holders qualify as dividends from foreign sources. Brazilian Holders are advised to consult their own tax advisors on the matter.

If earnings received by Brazilian Holders are taxed abroad, a tax credit is generally provided for taxes paid in a foreign jurisdiction on conditions that (i) income tax paid abroad is not refundable to the individual; (ii) the same offsetting right is granted by the jurisdiction where the paying source is located in respect to the earnings received by its residents from Brazilian sources (reciprocity treatment); and (iii) the tax credit does not exceed the difference between the individual income tax charged before and after the inclusion of the earnings obtained abroad in the taxable basis of such tax.

Brazilian Holders – Legal entities

Earnings derived by Brazilian Holders who are legal entities under the European Units will be subject to corporate income taxation (namely Corporate Income tax – Imposto sobre a Renda da Pessoa Jurídica - "IRPJ" – and Social Contribution on Net Profits – Contribuição Social sobre o Lucro Líquido – "CSLL") at a general aggregate 34% rate. Specific tax treatment may apply to certain taxpayers depending on their tax status. Brazilian Holders are advised to consult their own tax advisors on the matter.

A tax credit up to the amount of taxes due in Brazil is also granted in connection with taxes paid abroad.

Capital gains

Capital gains derived by Brazilian Holders upon disposition of European Units will be subject to income taxation at a 15% rate if the Brazilian Holder is an individual and at an aggregate rate of 34% if the Brazilian Holder is a legal entity.

As a general rule, earnings derived upon disposition of the European Units will not be subject to the imposition of PIS and COFINS Contributions at the level of Brazilian Holders who are legal entities submitted to the non-cumulative regime for assessment of such contributions. Differently, PIS and COFINS will apply at a 3.65% rate if the Brazilian Holders who are legal entities are submitted to the cumulative regime for assessment of such contributions.

Exchange of Brazilian Units for European Units

Upon exchange of Brazilian Units for European Units, Brazilian Holders and Non-Resident Holders will require Bradesco, as Brazilian Unit depositary and BDR depositary, to cancel their Brazilian Units and BDRs and deposit Class A Shares and Class B Shares with BNY Mellon, acting as European Unit custodian in order to receive European Units.

Tax on foreign exchange and financial transactions

Tax on foreign exchange transactions or IOF/Exchange Tax

Brazilian law imposes a Tax on Foreign Exchange Transactions ("**IOF/Exchange**"), on the conversion of reais into foreign currency and on the conversion of foreign currency into reais. Currently, the IOF/Exchange rate for almost all foreign currency exchange transactions is 0.38% but there are some listed exceptions in which a 0% rate apply.

Currently, the inflow of funds into Brazil in relation to investments registered with the Central Bank of Brazil under the rules of Resolution No. 2,689 and related Brazilian Monetary Counsel regulations are subject to a 0% IOF/Exchange rate in connection with the following transactions: (i) acquisition of variable income investments performed on the Brazilian stock exchange; (ii) acquisition of shares in public offerings registered with the Brazilian Securities Commission or which registration was waived and subscription of shares, provided that the Brazilian entity has a listing registration and (iii) acquisition of BDRs.

As the Brazilian Units to be acquired by Non-Resident Holders are certificates representing BDRs, in our opinion the inflow of funds for the acquisition of the Brazilian Units would be subject to the IOF/Exchange at a 0% rate.

Non-Resident Holders may exchange their Brazilian Units for European Units and such exchange transaction will require the implementation of simultaneous foreign exchange transactions. Under the current regulations of the Central Bank of Brazil and on the imposition of the IOF/Exchange, these FX transactions are subject to the imposition of IOF/Exchange at a 0% rate.

Brazilian Holders may also exchange their Brazilian Units for European Units and such exchange transaction will not require the implementation of foreign exchange transactions. Therefore, no IOF/Exchange tax impact would arise.

The outflow of funds from Brazil abroad, including for dividend payment, interest on equity and return of capital, is subject to the 0.0% IOF/Exchange rate.

The Ministry of Finance is permitted to increase the rate at any time up to 25.0%. However, any increase in rates may only apply to future transactions.

Tax on Transactions Involving Bonds and Securities, or IOF/Securities

Brazilian law imposes a Tax on Transactions Involving Bonds and Securities ("**IOF/Securities**"), levied on transactions involving bonds and securities, including those carried out on a Brazilian stock exchange. The rate of IOF/Bonds Tax applicable to transactions involving Units is currently 0.0%, although the Ministry of Finance (*Ministério da Fazenda*) is permitted to increase such rate at any time up to 1.5% per day. However, any increase in rates may only apply to future transactions.

The IOF/Bonds is currently imposed at a fixed 1.5% rate on the transfer of shares of Brazilian publicly held companies to the custody of financial institutions for the purposes of supporting the issuance of depositary receipts abroad.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of stocks, except for gift and inheritance taxes imposed by Brazilian states on gifts or bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states. There is no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of shares.

CERTAIN ERISA CONSIDERATIONS

*The following is a summary of certain considerations associated with an investment in the European Units by (i) employee benefit plans, as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**"), that are subject to Title I of ERISA, (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, (iii) plans and other arrangements that are subject to the provisions similar to the foregoing provisions of ERISA or the Code (any such law or regulation referred to as a "**Similar Law**") and (iv) entities or accounts whose underlying assets are deemed to include the assets of any such employee benefit plan, plan, account or arrangement, subject to ERISA, the Code or Similar Law (each, a "**Benefit Plan Investor**").*

The European Units should not be acquired by a Benefit Plan Investor unless the purchase and holding of the European Units by such plan, entity or account will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Law. Each purchaser and/Unit Holder and each transferee thereof will be deemed to have made certain representations, including as to its status under ERISA, the Code and Similar Law.

General fiduciary matters

ERISA imposes certain duties on fiduciaries of Benefit Plan Investors that are subject to Title I of ERISA, and ERISA and the Code prohibit certain transactions involving the assets of a Benefit Plan Investor subject to Title I of ERISA or Section 4975 of the Code (each, an "**ERISA Plan**") and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code), unless a statutory or administrative exemption applies to the transaction. Under ERISA and Section 4975 of the Code, any person who exercises any discretionary authority or control over the administration of a ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to a ERISA Plan, is generally considered to be a fiduciary of such ERISA Plan.

Prohibited transaction Issues

Under regulations promulgated by the U.S. Department of Labor, as modified by Section 3(42) of ERISA (referred to as the "**Plan Asset Regulations**"), when an ERISA Plan acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interests in the entity is held by ERISA Plans in the aggregate (referred to as the "**25% Test**"), or that the entity is an "operating company," as defined in the Plan Asset Regulations. For purposes of the 25% Test, the assets of an entity will not be treated as "plan assets" if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity interests in the entity is held by ERISA Plans, excluding for purposes of such calculation any equity interests held by persons (other than ERISA Plans) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof.

Our European Units and the underlying securities represented by such European Units are not expected to be "publicly-offered securities" within the meaning of the Plan Asset Regulations or securities issued by an investment company registered under the U.S. Investment Company Act. In addition, it is not certain that the Company would qualify as an "operating company" within the meaning of the Plan Asset Regulations. Accordingly, if 25% or more of the total value of any class securities in the Company represented by the European Units offered hereby were held by ERISA Plans, an undivided interest in each of the underlying assets of the Company would be deemed to be "plan assets" of any ERISA Plan that invested in European Units offered hereby. If the assets of the Company were deemed to be "plan assets" under ERISA, this would result, among other things, in (i)

the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company and (ii) the possibility that certain transactions in which the Company might seek to engage could constitute "prohibited transactions" under ERISA and the Code.

Each purchaser and subsequent transferee of our European Units will be deemed to represent and warrant that either (i) it is not, and is not acting on behalf of or investing the assets of, an ERISA Plan or (ii) it is an insurance company general account which is deemed to include the assets of an ERISA Plan and, at the time of acquisition and throughout the period it holds the European Units and underlying securities, (A) its purchase, holding and disposition of the European Units and underlying securities is not and will not be prohibited under Section 406 of ERISA or Section 4975 of the Code by reason of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60, (B) less than 25% of the assets of such general account are and will be (or represent) assets of Benefit Plan Investors and (C) it is not and will not be a person who has discretionary authority or control with respect to any assets of the Company, a person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of such a person, and any European Units and underlying securities held by such purchaser will not otherwise be disregarded for purposes of calculations under the Plan Asset Regulations.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b) of ERISA) are not subject to the provisions of Title I of ERISA or Section 4975 of the Code, but may be subject to Similar Laws. Each purchaser and subsequent transferee of our European Units will be deemed to represent and warrant that either (i) it is not, and is not acting on behalf of or investing the assets of, an employee benefit plan or other plan, account or arrangement that is subject to any Similar Law or (ii) its purchase, holding and disposition of the European Units and underlying securities will not violate any Similar Law or subject us or any persons responsible for the management of any our assets to any requirements under any Similar Law.

Consultation with counsel

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that a Benefit Plan Investor fiduciary consult with its counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to the acquisition and holding of the European Units and whether an exemption would be applicable to the acquisition and holding of the European Units.

The sale of European Units to a Benefit Plan Investor is in no respect a representation or recommendation by the us, any dealer or any other person that such an investment meets all relevant legal requirements with respect to investments by Benefit Plan Investors generally or any particular Benefit Plan Investor or that such an investment is appropriate for Benefit Plan Investors generally or for any particular Benefit Plan Investor. In any event, neither we nor any of our affiliates have or will provide any impartial advice to any ERISA Plan or its fiduciaries with respect to a purchase and holding of any European Units.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of our European Units.

No U.S. registration, Investment Company Act and other restrictions

We are not registered as an investment company under the Investment Company Act, and our Units and underlying securities have not been registered under the Securities Act. They may not be offered or sold within the United States except in a transaction that: (i) is in compliance with the registration requirements of the Securities Act and all applicable securities laws in the states of the United States; or (ii) (a) is exempt from, or is not subject to, the registration requirements of the Securities Act and any applicable securities laws of the states of the United States; and (b) is neither prohibited by the Investment Company Act nor would require our company to register as an investment company under the Investment Company Act.

Accordingly, our Units and underlying securities are initially offered and sold only:

- inside the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and to a limited number of institutional investors that were accredited investors (as defined in Rule 501 under the Securities Act) that were, in each case, also qualified purchasers (as defined in Section 2(a)(51) of the Investment Company Act) in compliance with the exemption from the registration requirements of the Securities Act provided by Section 4(2) of the Securities Act, and who submitted orders to acquire Units and underlying securities in an amount of not less than US\$250,000 (as determined by reference to the exchange rate for Brazilian *reais* into U.S. dollars) as certified by the purchasers of Units; and
- outside the United States to persons in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act (and no such transaction may involve a sale of the Units and underlying securities to or for the account or benefit of a U.S. person as defined in Regulation S) is anticipated by the purchasers of Units.

In addition, purchasers of our Units and underlying securities may not be able to exercise the preemptive rights or subscription rights relating to the shares of the Company, as well as receive securities distributed by us or vote on transactions that would result in the delivery of such securities, unless an exemption from the registration requirements of the Securities Act is available or a registration statement under the Securities Act is effective with respect to those rights. We are not obligated to file a registration statement with respect to any European Units, shares or rights distributed by us, and we may not file such a registration statement.

Investment Company Act

In reliance on Section 3(c)(7) under the Investment Company Act ("**Section 3(c)(7)**"), the Company have not registered as an investment company pursuant to the Investment Company Act. To rely on Section 3(c)(7), the Company must have a "reasonable belief" that all purchasers of the Units and underlying securities (including the initial purchasers and subsequent transferees) that are located in the United States are "*qualified purchasers*" within the meaning of Section 2(a)(51) of the Investment Company Act at the time of their purchase of such securities. The Company will establish a reasonable belief for purposes of Section 3(c)(7) based upon (i) the representations deemed made by the purchasers of the securities as set forth in these transfer restrictions and (ii) the procedures and restrictions referred to below.

Deemed representations of U.S. purchasers

Any person who acquires our Units and/or underlying securities, including through or Euronext Amsterdam (each, a "purchaser"), that is in the U.S. or is a U.S. person as defined for purposes of Regulation S (including the registered holders and beneficial owners of the Units and underlying securities) will be deemed to have represented, agreed and acknowledged as follows:

1. the purchaser (i) is a "*qualified institutional buyer*" as defined in Rule 144A of the Securities Act or an institutional "*accredited investor*" as defined in Rule 501 under the Securities Act; (ii) is aware that the sale of the Units and underlying securities to it is being made in reliance on an exemption from the registration requirements of the Securities Act and (iii) is acquiring such Units and underlying securities for its own account or the account of one or more qualified institutional buyers or institutional accredited investors;
2. the purchaser (i) is a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder, which term generally includes (a) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is exempt from registration under Section 3(c)(7) of the Investment Company Act with that person's qualified purchaser spouse) who owns not less than US\$5,000,000 in investments, as defined by the SEC; (b) any company that owns not less than US\$5,000,000 in investments and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons; (c) any trust that is not covered by clause (b) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (a), (b), or (d); or (d) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than US\$25,000,000 in investments; (ii) is aware that the Company will not be registered under the Investment Company Act in reliance on the exemption set forth in Section 3(c)(7) thereof and that the Units and underlying securities have not been and will not be registered under the Securities Act and (iii) is acquiring such Units and underlying securities for its own account or the account of one or more qualified purchasers as to which the purchaser exercises sole investment discretion, as the case may be;
3. the purchaser is not a broker-dealer that owns and invests on a discretionary basis less than US\$25,000,000 in securities of unaffiliated issuers;
4. either (i) the purchaser is not, and is not acting on behalf of or investing the assets of, a ERISA Plan or (ii) the purchaser is an insurance company general account that is deemed to include the assets of ERISA Plans and, at the time of acquisition and throughout the period it holds the Units and underlying securities, (A) its purchase, holding and disposition of the Units and underlying securities is not and will not be prohibited under Section 406 of ERISA or Section 4975 of the Code by reason of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60, (B) less than 25% of the assets of such general account are and will be (or represent) assets of Benefit Plan Investors and (C) it is not and will not be a person who has discretionary authority or control with respect to any assets of the Company, a person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of such a person, and any Units and underlying securities held by such purchaser will not otherwise be disregarded for purposes of calculations under the Plan Asset Regulations;

5. either (i) the purchaser is not, and is not acting on behalf of or investing the assets of, an Benefit Plan Investor that is subject to any Similar Law or (ii) the purchaser's purchase, holding and disposition of the Units and underlying securities will not violate any Similar Law or subject the issuers or any persons responsible for the management of any assets of the issuers to any requirements under any Similar Law;
6. the purchaser is not purchasing the Units and underlying securities with a view to the resale, distribution or other disposition thereof in violation of the Securities Act;
7. the purchaser was not formed for the purpose of investing in the Company;
8. the purchaser understands that we may receive a list of participants holding positions in our securities;
9. the purchaser will not engage in hedging or short-selling or place simultaneous sell and buy orders or engage in similar kinds of transactions involving Units or underlying securities that have the purpose or effect of evading the applicable restrictions on resale;
10. neither the purchaser nor any account for which the purchaser is acquiring the Units and underlying securities will hold such Units and underlying securities for the benefit of any other person and the purchaser and each such account will be the sole beneficial owners thereof for all purposes and will not sell participation interests in the Units and underlying securities or enter into any other arrangement pursuant to which any other person will be entitled to an interest in the distributions on the Units and underlying securities;
11. the Units and underlying securities are being offered only in a transaction not involving any public offering within the meaning of the Securities Act. The Units and underlying securities have not been and will not be registered under the Securities Act and the Company has not been and will not be registered under the Investment Company Act and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Units and underlying securities, such Units and underlying securities may be offered, resold, pledged or otherwise transferred only (i) (A) to a person who the purchaser reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or an institutional accredited investor (as defined in Rule 501 under the Securities Act) that are, in each case, also a qualified purchaser (as defined in the Investment Company Act) in a transaction exempted from registration under the Securities Act, or (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S (and, for the avoidance of doubt, no such offshore transaction may be pre-arranged with or otherwise represent a sale to a purchaser who is known to be a U.S. person as defined in Regulation S) and (ii) in accordance with all applicable securities laws of the States of the United States; and
12. in the event that the Company or the transfer agent determines in good faith that a U.S. Holder or beneficial owner of the Units and underlying securities is in breach, at the time given, of any of the representations or agreements set forth above, the Company or the transfer agent may require such holder or beneficial owner to transfer such Units and underlying securities or beneficial interests therein to a transferee acceptable to the Company, as the case may be, as set forth under "Forced Sale of Securities"; pending such transfer, the U.S. Holder will be deemed not to be the holder of such Units and underlying securities for any purpose, and such U.S. Holder will be deemed to have no interest whatsoever in such Units and underlying securities except as otherwise required to redeem or sell its interest therein.

Deemed representations of non-U.S. purchasers

Any person who acquires our Units and/or underlying securities that is outside the U.S. and is a non-U.S. person as defined in Regulation S (including the registered holders and beneficial owners of the Units and underlying securities), will be deemed to have represented, agreed and acknowledged as follows:

1. the purchaser is a person who, at the time the buy order for the Units or underlying securities was originated, was outside the United States and was not a "U.S. person" (and was not purchasing for the account or benefit of a "U.S. person") as defined in Regulation S;
2. the purchaser understands that we may receive a list of participants holding positions in our securities;
3. the purchaser will not engage in hedging or short-selling or place simultaneous sell and buy orders or engage in similar kinds of transactions involving Units or underlying securities that have the purpose or effect of evading the applicable restrictions on resale;
4. the Units and underlying securities are being offered only in a transaction not involving any public offering within the meaning of the Securities Act. The Units and underlying securities have not been and will not be registered under the Securities Act and the Company has not been and will not be registered under the U.S. Investment Company Act and, if in the future the purchaser decides to offer, resell, pledge or otherwise transfer the Units and underlying securities, such Units and underlying securities may be offered, resold, pledged or otherwise transferred only (i) (A) to a person who the purchaser reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or an institutional accredited investor (as defined in Rule 501 under the Securities Act) that are, in each case, also a qualified purchaser in a transaction exempt from registration under the Securities Act, or (B) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S (and, for the avoidance of doubt, no such offshore transaction may be pre-arranged with or otherwise represent a sale to a purchaser who is known to be a U.S. person as defined for purposes of Regulation S) and (ii) in accordance with all applicable securities laws of the States of the United States;
5. either (i) the purchaser is not, and is not acting on behalf of or investing the assets of, a ERISA Plan or (ii) the purchaser is an insurance company general account that is deemed to include the assets of ERISA Plans and, at the time of acquisition and throughout the period it holds the Units and underlying securities, (A) its purchase, holding and disposition of the Units and underlying securities is not and will not be prohibited under Section 406 of ERISA or Section 4975 of the Code by reason of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60, (B) less than 25% of the assets of such general account are and will be (or represent) assets of Benefit Plan Investors and (C) it is not and will not be a person who has discretionary authority or control with respect to any assets of the Company, a person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of such a person, and any Units and underlying securities held by such purchaser will not otherwise be disregarded for purposes of calculations under the Plan Asset Regulations; and
6. either (i) the purchaser is not, and is not acting on behalf of or investing the assets of, an employee benefit plan, account or arrangement that is subject to any Similar Law or (ii) the purchasers purchase, holding and disposition of the Units and underlying securities will not violate any Similar Law or subject the issuers or any persons responsible for the management of any assets of the issuers to any requirements under any Similar Law.

Legends

European Units

Certificates evidencing the European Units (to the extent they are in certificated form), unless otherwise determined in accordance with applicable law, and by us and the Unit depositary, will bear a legend substantially to the following effect:

EACH UNIT REPRESENTS ONE CLASS A SHARE AND TWO CLASS B SHARES OF PPLA PARTICIPATIONS LTD. (THE "ISSUER"). THE EUROPEAN UNITS AND UNDERLYING SECURITIES (COLLECTIVELY, THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE STATE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND WERE PLACED INITIALLY PURSUANT TO EXEMPTIONS FROM, OR IN TRANSACTIONS NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT").

THE SECURITIES OR ANY INTEREST THEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT:

(I) THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO U.S. PERSONS IN A TRANSACTION THAT IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT TO A PERSON THAT

(1) IS ALL OF THE FOLLOWING: (i) EITHER (A) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE U.S. SECURITIES ACT) AND, IN EACH CASE, ALSO A QUALIFIED PURCHASER (AS DEFINED IN THE U.S. INVESTMENT COMPANY ACT AND RELATED RULES, A "QP"); (ii) NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUER; AND (iii) NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A PLAN DESCRIBED IN SUBSECTIONS (A)(1)(i)(D), (E) OR (F) OF RULE 144A UNDER THE U.S. SECURITIES ACT;

(2) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER;

(3) EITHER (A) IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA; (ii) A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), TO WHICH SECTION 4975 OF THE CODE APPLIES; OR (iii) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING PLANS BY REASON OF ANY SUCH PLAN'S INVESTMENT IN SUCH ENTITY (EACH OF (i), (ii) or (iii), A "ERISA PLAN") OR (B) IS AN INSURANCE COMPANY GENERAL ACCOUNT THAT IS DEEMED TO INCLUDE THE ASSETS OF ERISA PLANS AND, AT THE TIME OF ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS THE SECURITIES; (i) ITS PURCHASE, HOLDING AND DISPOSITION OF THE SECURITIES ARE NOT, AND WILL NOT, BE PROHIBITED UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 95-60; (ii) LESS THAN 25% OF THE ASSETS OF SUCH GENERAL ACCOUNT ARE, AND WILL BE,

(OR REPRESENT) ASSETS OF ERISA PLANS AND (iii) IS NOT, AND WILL NOT BE, A PERSON WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO ANY ASSETS OF PPLA PARTICIPATIONS, A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR AN AFFILIATE OF SUCH A PERSON, AND ANY SECURITIES IT HOLDS WOULD NOT OTHERWISE BE DISREGARDED FOR PURPOSES OF CALCULATIONS UNDER 29 C.F.R. 2510.3-101(f)(1) AS MODIFIED UNDER SECTION 3(42) OF ERISA;

(4) EITHER (A) IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF, A "GOVERNMENTAL PLAN" (AS DEFINED IN SECTION 3(32) OF ERISA), "CHURCH PLAN" (AS DEFINED IN SECTION 3(33) OF ERISA) OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(b) OF ERISA) THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE, TO A MATERIAL EXTENT, SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF THE SECURITIES WILL NOT VIOLATE ANY SIMILAR LAW OR SUBJECT THE ISSUER OR ANY PERSONS RESPONSIBLE FOR THE MANAGEMENT OF ANY ASSETS OF THE ISSUER TO ANY REQUIREMENTS UNDER ANY SIMILAR LAW; AND

(5) IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT AS PRINCIPAL, OR FOR THE ACCOUNT OF ANOTHER PERSON WHO IS ABLE TO AND IS DEEMED TO MAKE THE REPRESENTATIONS IN CLAUSES (1), (2), (3) AND (4) ABOVE;

(II) THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A U.S. PERSON, AND AT THE TIME THE BUY ORDER ORIGINATED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES, OR THE TRANSFEROR AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES.

THE TERMS "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS SET FORTH IN REGULATION S.

THE SURRENDER OF EUROPEAN UNITS IN EXCHANGE FOR UNDERLYING SECURITIES OR THE ISSUANCE OF NEW EUROPEAN UNITS UPON DEPOSIT OF UNDERLYING SECURITIES WILL REQUIRE THE PERSON ACQUIRING THE BENEFICIAL OWNERSHIP OF THE UNDERLYING SECURITIES OR EUROPEAN UNITS, AS THE CASE MAY BE, TO CERTIFY IN WRITING IN A FORM ACCEPTABLE TO THE ISSUER AND THE DESIGNATED UNIT DEPOSITARY THAT SUCH PERSON COMPLIES WITH THE TRANSFER RESTRICTIONS DESCRIBED ABOVE.

THE ISSUER AND THEIR AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THE SECURITIES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE ISSUER AND THEIR AGENTS MAY REQUIRE ANY PERSON WITHIN THE UNITED STATES OR ANY U.S. PERSON WHO IS REQUIRED UNDER THESE RESTRICTIONS TO BE A QP BUT WHO IS NOT A QP AT THE TIME IT ACQUIRES THE SECURITIES, TO TRANSFER THE SECURITIES IMMEDIATELY TO A PERSON OR ENTITY THAT IS BOTH A U.S. PERSON AND A QP OR TO TRANSFER THE SECURITIES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION.

Certificates evidencing the Class A Shares and Class B Shares (in each case, to the extent they are in certificated form), unless otherwise determined in accordance with applicable law, will bear a legend substantially similar to the legend described above, with appropriate modifications to

language in contemplation of a Class A Share or a Class B Share, as the case may be, instead of a European Unit.

Brazilian Units and BDRs

Certificates evidencing the Brazilian Units (to the extent they are in certificated form), unless otherwise determined in accordance with applicable law, will bear a legend substantially to the following effect:

EACH UNIT REPRESENTS ONE CLASS A SHARE AND TWO CLASS B SHARES OF PPLA PARTICIPATIONS LTD. ("PPLA PARTICIPATIONS") IN THE FORM OF BRAZILIAN DEPOSITARY RECEIPTS. THE UNITS AND UNDERLYING SECURITIES (COLLECTIVELY, THE "SECURITIES") HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE STATE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND WERE PLACED INITIALLY PURSUANT TO EXEMPTIONS FROM, OR IN TRANSACTIONS NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE ISSUERS HAVE NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT").

THE SECURITIES OR ANY INTEREST THEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT:

- (I) THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO U.S. PERSONS IN A TRANSACTION THAT IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT TO A PERSON THAT
 - (1) IS ALL OF THE FOLLOWING: (i) EITHER (A) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) AN INSTITUTIONAL ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE U.S. SECURITIES ACT) AND, IN EACH CASE, ALSO A QUALIFIED PURCHASER (AS DEFINED IN THE U.S. INVESTMENT COMPANY ACT AND RELATED RULES, A "QP"); (ii) NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS; AND (iii) NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A PLAN DESCRIBED IN SUBSECTIONS (A)(1)(i)(D), (E) OR (F) OF RULE 144A UNDER THE U.S. SECURITIES ACT;
 - (2) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUERS;
 - (3) EITHER (A) IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF (i) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA; (ii) A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), TO WHICH SECTION 4975 OF THE CODE APPLIES; OR (iii) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING PLANS BY REASON OF ANY SUCH PLAN'S INVESTMENT IN SUCH ENTITY (EACH OF (i), (ii) OR (iii), A "ERISA PLAN") OR (B) IS AN INSURANCE COMPANY GENERAL ACCOUNT THAT IS DEEMED TO INCLUDE THE ASSETS OF ERISA PLANS AND, AT THE TIME OF ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS THE SECURITIES; (i) ITS PURCHASE, HOLDING AND DISPOSITION OF THE SECURITIES ARE NOT, AND WILL NOT, BE PROHIBITED UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE

CODE BY REASON OF DEPARTMENT OF LABOR PROHIBITED TRANSACTION CLASS EXEMPTION 95-60; (ii) LESS THAN 25% OF THE ASSETS OF SUCH GENERAL ACCOUNT ARE, AND WILL BE, (OR REPRESENT) ASSETS OF ERISA PLANS AND (iii) IS NOT, AND WILL NOT BE, A PERSON WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO ANY ASSETS OF PPLA PARTICIPATIONS, A PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR AN AFFILIATE OF SUCH A PERSON, AND ANY SECURITIES IT HOLDS WOULD NOT OTHERWISE BE DISREGARDED FOR PURPOSES OF CALCULATIONS UNDER 29 C.F.R. 2510.3-101(f)(1) AS MODIFIED UNDER SECTION 3(42) OF ERISA;

- (4) EITHER (A) IS NOT, AND IS NOT ACTING ON BEHALF OF OR INVESTING THE ASSETS OF, A "GOVERNMENTAL PLAN" (AS DEFINED IN SECTION 3(32) OF ERISA), "CHURCH PLAN" (AS DEFINED IN SECTION 3(33) OF ERISA) OR NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(b) OF ERISA) THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE, TO A MATERIAL EXTENT, SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF THE SECURITIES WILL NOT VIOLATE ANY SIMILAR LAW OR SUBJECT THE ISSUERS OR ANY PERSONS RESPONSIBLE FOR THE MANAGEMENT OF ANY ASSETS OF THE ISSUERS TO ANY REQUIREMENTS UNDER ANY SIMILAR LAW; AND
- (5) IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT AS PRINCIPAL, OR FOR THE ACCOUNT OF ANOTHER PERSON WHO IS ABLE TO AND IS DEEMED TO MAKE THE REPRESENTATIONS IN CLAUSES (1), (2), (3) AND (4) ABOVE;
- (II) THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A U.S. PERSON, AND AT THE TIME THE BUY ORDER ORIGINATED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES, OR THE TRANSFEROR AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVED THE TRANSFEREE WAS OUTSIDE THE UNITED STATES.

THE TERMS "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS SET FORTH IN REGULATION S.

THE SURRENDER OF UNITS IN EXCHANGE FOR UNDERLYING SECURITIES OR THE ISSUANCE OF NEW UNITS UPON DEPOSIT OF UNDERLYING SECURITIES WILL REQUIRE THE PERSON ACQUIRING THE BENEFICIAL OWNERSHIP OF THE UNDERLYING SECURITIES OR UNITS, AS THE CASE MAY BE, TO CERTIFY IN WRITING IN A FORM ACCEPTABLE TO THE ISSUERS AND THE DESIGNATED UNIT DEPOSITARY THAT SUCH PERSON COMPLIES WITH THE TRANSFER RESTRICTIONS DESCRIBED ABOVE.

THE ISSUER AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RESALE OR OTHER TRANSFER OF THE SECURITIES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE ISSUER AND ITS AGENTS MAY REQUIRE ANY PERSON WITHIN THE UNITED STATES OR ANY U.S. PERSON WHO IS REQUIRED UNDER THESE RESTRICTIONS TO BE A QP BUT WHO IS NOT A QP AT THE TIME IT ACQUIRES THE SECURITIES, TO TRANSFER THE SECURITIES

IMMEDIATELY TO A PERSON OR ENTITY THAT IS BOTH A U.S. PERSON AND A QP OR TO TRANSFER THE SECURITIES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION.

Certificates evidencing the BDRs Class A Shares and Class B Shares (in each case, to the extent they are in certificated form), unless otherwise determined in accordance with applicable law, will bear a legend substantially similar to the legend described above, with appropriate modifications to language in contemplation of a BDR, a Class A Share or a Class B Share, as the case may be, instead of a Brazilian Unit.

Transfers and resales

Trading (i) on Euronext Amsterdam or (ii) through book-entry transfers on Euroclear Nederland

Any person who purchases European Units, underlying securities or any interest therein on Euronext Amsterdam, as well as through book-entry transfers on Euroclear Nederland, will be deemed to have represented, agreed and acknowledged as set forth above "—Deemed Representations of U.S. Purchasers" or "—Deemed representations of non-U.S. Purchasers," as the case may be.

Trading (i) outside Euronext Amsterdam or (ii) through transfers other than book-entry transfers on Euroclear Nederland

Purchases within the United States for the account or benefit of a U.S. Person

In the event of a transfer or resale of any European Units, underlying securities or any interest therein which is not made (i) on Euronext Amsterdam or (ii) through book-entry transfers on Euroclear Nederland, to a purchaser within the United States or to a purchaser for the account or benefit of, a U.S. person within the meaning of Regulation S, such purchaser will be required to execute a U.S. Purchaser's Letter addressed to the Company and the relevant depository, in which such purchaser (i) agrees not to deposit the European Units into an unrestricted American depository receipt facility and (ii) represents, agrees and acknowledges to (A) as set forth above "—Deemed Representations of U.S. Purchasers" and (B) as follows:

1. the purchaser will not transfer the European Units, underlying securities or any interest therein to any person or entity, unless such person or entity could itself truthfully make the representations and covenants set forth in the U.S. Purchaser's Letter or the Non-U.S. Purchaser's Letter; and
2. the purchaser will provide notice of the transfer restrictions to any subsequent transferees.

Purchases outside the United States to a Non-U.S. Person

In the event of a transfer or resale of any European Units, underlying securities or any interest therein which is not made (i) through Euronext Amsterdam or (ii) through book-entry transfers in Euroclear Nederland, to a purchaser that is outside the United States and is a Non-U.S. Person (as defined in Regulations S), such purchaser will be required to execute a Non-U.S. Purchaser's Letter addressed to the Company and the relevant depository, in which such purchaser represents, agrees and acknowledges to (i) as set forth under "—Deemed representations of non-U.S. purchasers" and (ii) the following additional representations:

1. the purchaser will not transfer the European Units or underlying securities to any person or entity, unless such person or entity could itself truthfully make the representations and covenants or the representations set forth in the U.S. Purchaser's Letter or the Non-U.S. Purchaser's Letter; and
2. the purchaser will provide notice of the transfer restrictions to any subsequent transferees.

Cancellation and issuance of Units and BDRs

Cancellation

The surrender of Brazilian Units, European Units or BDRs in exchange for the corresponding underlying securities will require the person acquiring the beneficial ownership of such underlying securities to provide representations, assurances and certifications substantially similar to those included in the U.S. Purchaser's Letter or the Non-U.S. Purchaser's Letter, or the Certifications, as applicable, with appropriate modifications to language in contemplation of the acquisition of such underlying securities.

Issuance

The issuance of Brazilian Units, European Units and BDRs upon deposit of the corresponding underlying securities with the Unit depositary or BDR depositary, respectively, will require the person acquiring beneficial ownership of the Units or BDRs to provide Certifications with appropriate modifications to language in contemplation of an issuance of European Units or BDRs respectively. The Certifications to be provided with respect to the issuance of BDRs will be provided by (i) the holders thereof if they are not deposited with the Unit depositaries for the issuance of new Units or (ii) the Unit holders if they are deposited with the Unit depositaries for the issuance of new Units.

Forced sale of securities

The purchaser agrees that in the event that the Company or the transfer agent determines in good faith that a holder or beneficial owner of the Units and underlying securities is in breach, at the time given, of any of the representations or agreements set forth above, the Company or the transfer agent, as the case may be, may require such acquirer or beneficial owner to transfer such Units and underlying securities or beneficial interests therein to a transferee acceptable to the Company, as the case may be, who is able to and who does make all of the representations and agreements set forth in these transfer restrictions. In particular, if a U.S. beneficial owner of Units and underlying securities who is required to be a qualified purchaser within the meaning of Section 2(a)(51) under the U.S. Investment Company Act is at any time not a qualified purchaser, we may (i) require such beneficial owner to sell its Units and underlying securities to a person who is a qualified purchaser and who is otherwise qualified to purchase such Units and underlying securities in a transaction exempt from registration under the Securities Act; (ii) require the beneficial owner to sell such Units and underlying securities to the Company, as the case may be, or an affiliate thereof at a price equal to the lesser of (A) the purchase price paid by the holder for such Units and underlying securities, or (B) the average trading closing price on the Euronext Amsterdam (or, in case the Euronext Amsterdam is not the primary exchange on which such shares, in the form of units or otherwise are traded, any other exchange including B3 which constitutes such primary exchange) on the 30 trading days immediately prior to the date the holder entered into a binding agreement to transfer the securities or (iii) require the holder of beneficial owner to sell its Units and underlying securities on Euronext Amsterdam, provided that no such exchange transaction may be pre-arranged with or otherwise represent a sale to a purchaser who is known by the beneficial owner or an agent of the beneficial owner to be a U.S. person as defined for purposes of Regulation S. Pending such transfer, such U.S. Holder will be deemed not to be the holder of such Units and underlying securities for any purpose, including but not limited to receipt of dividend and redemption payments on such Units and underlying securities or distributions upon the liquidation of the Company, as the case may be, and such U.S. Holder will be deemed to have no interest whatsoever in such Units and underlying securities except as otherwise required to redeem or sell its interest therein as described in this paragraph.

Limitation on recognition of transfers and resales

We shall not be obliged to recognize any resale or other transfer of Units or underlying securities made other than in compliance with the above-stated restrictions. We may require any U.S. person or any person within the United States who is required under these transfer restrictions to be both (i) a qualified institutional buyer (as defined in Rule 144A under the Securities Act) or an

institutional accredited investor (as defined in Rule 501 under the Securities Act) and (ii) a qualified purchaser, as defined in the Investment Company Act, but is not a qualified institutional buyer or an institutional accredited investor and/or a qualified purchaser at the time it acquires a beneficial interest in our Units or underlying securities, either directly or indirectly, to transfer those Units or underlying securities immediately to a non-U.S. person in an offshore transaction pursuant to Regulation S or, if applicable, transfer those Units or underlying securities immediately to a person or entity that is a U.S. person and who is both (A) a qualified institutional buyer or an institutional accredited investor and (B) a qualified purchaser. Pending such transfer, we are authorized, subject to limitations set forth in the applicable laws, to suspend the exercise of voting rights, if any, relating to the relevant Units or underlying securities and the right to receive dividends in respect of the relevant Units or underlying securities.

Euroclear Nederland actions with respect to the European Units and underlying securities

The Company has instructed Euroclear, as operator of the Euroclear System, to take the following steps in connection with the Units and underlying securities:

- to reference "144A/3(c)(7)" as part of the security name in the Euroclear securities database;
- in each daily securities balances report and daily transactions report to Euroclear participants holding positions in the Units and underlying securities, to include "144A/3(c)(7)" in the securities name for the Units and underlying securities;
- periodically (and at least annually) to send to the Euroclear participants holding positions in the European Units and underlying securities an electronic "Important Notice" outlining the restrictions applicable to 3(c)(7) securities;
- to deliver to the Company from time to time, upon its request, a list of all Euroclear participants holding an interest in the Units and underlying securities; and
- to include the 3(c)(7) marker in the name of the Units and underlying securities in lists distributed by Euroclear monthly to its participants showing all securities accepted within the Euroclear securities database.

Bloomberg screens, etc.

The Company may from time to time request all third-party vendors to include appropriate legends regarding Rule 144A and Section 3(c)(7) restrictions on the European Units and underlying securities on screens maintained by such vendors. Without limiting the foregoing, we may request Bloomberg, L.P. to include the following on each Bloomberg screen containing information about the securities as applicable:

- the bottom of the "Security Display" page describing the European Units and underlying securities should state: "Iss'd under 144A/3c7";
- the "Security Display" page should have an indicator stating "Additional Note Pg";
- such indicator for the European Units and underlying securities should link to an "Additional Security Information" page, which should state that the European Units and underlying securities "are being offered in reliance on the exception from registration under the Securities Act of 1933, as amended (the "Securities Act") to persons that are (i) qualified institutional buyers (as defined in Rule 144A under the Securities Act) or institutional accredited investors (as defined in Rule 501 under the Securities Act) and that are, in each case, also (ii) qualified purchasers as defined under Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended; and

- the "Disclaimer" pages for the European Units and underlying securities should state that the securities "have not been and will not be registered under the Securities Act of 1933, as amended, and PPLA Participations Ltd. have not been registered under the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act"), and the European Units and underlying securities may not be offered or sold absent an applicable exemption from registration requirements and any such offer and sale of these securities must be in accordance with Section 3(c)(7) of the U.S. Investment Company Act."

CUSIP

The Company will cause each "CUSIP" obtained for the European Units and the underlying securities to have an attached "fixed field" that contains "3c7" and "144A" indicators.

ERISA

The Units and underlying securities, as well as any beneficial interest therein, may not be acquired or held by investors using assets of any ERISA Plan unless the investor is an insurance company general account and, at the time of acquisition and throughout the period it holds the Units and underlying securities, (i) its purchase, holding and disposition of the Units is not and will not be prohibited under Section 406 of ERISA or Section 4975 of the Code by reason of U.S. Department of Labor Prohibited Transaction Class Exemption 95-60, (ii) less than 25% of the assets of such general account are and will be (or represent) assets of ERISA Plans and (C) it is not and will not be a person who has discretionary authority or control with respect to any assets of the Company, a person who provides investment advice for a fee (direct or indirect) with respect to such assets, or an affiliate of such a person, and any Units and underlying securities held by such purchaser will not otherwise be disregarded for purposes of calculations under the Plan Asset Regulations. Each purchaser of Units or underlying securities and each subsequent transferee will, by executing and delivering a U.S. or other Purchaser's Letter (when required), represent, agree and acknowledge in writing that (i) no portion of the assets used to acquire or hold its interest in the Units and underlying securities constitutes or will constitute the assets of any ERISA Plan unless the requirements set forth above are met at the time of acquisition and will continue to be met throughout the period it holds the Units and underlying securities, and that either (A) is not, and is not acting on behalf of or investing the assets of, a Benefit Plan Investor that is a "governmental plan" (as defined in section 3(32) of ERISA), "church plan" (as defined in section 3(33) of ERISA or non-U.S. plan (as described in section 4(b) of erisa) that is subject to any federal, state, local or non-u.s. laws or regulations that are, to a material extent, similar to the provisions of title i of ERISA or Section 4975 of the Code ("Similar Law") or (b) its purchase, holding and disposition of the securities will not violate any Similar Law or subject the issuers or any persons responsible for the management of any assets of the issuers to any requirements under any Similar Law.

Upon receipt by any of our officers or directors of a notice in writing from the Unit depositary that a Benefit Plan Investor is the registered holder of our Units and such requirements have not been met, any of our officers or directors shall be authorized and empowered and shall be appointed the Benefit Plan Investor's true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file a share transfer form and any other documentation on such Benefit Plan Investor's behalf transferring the Units to a person unaffiliated with us determined in the good faith discretion of our board of directors for aggregate consideration equal to US\$1.00 and enter such person as the registered holder of such in the register.

The transfer restrictions will remain in effect until we determine, in our sole discretion, to remove them.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of and for the years ended December 31, 2014, 2015 and 2016, included elsewhere in this Prospectus have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, as stated in their reports appearing herein.

The interim financial statements of the Company as of June 30, 2017, included elsewhere in this Prospectus have been audited by Baker Tilly 4Partners Auditores Independentes S.S., independent auditors, as stated in their reports appearing herein.

Ernst & Young Auditores Independentes S.S. is duly registered with the CFC, with the Regional Accounting Councils (*Conselhos Regionais de Contabilidade*) of several Brazilian states, including the State of Rio de Janeiro and with the CVM. Ernst & Young Auditores Independentes S.S.'s address is Av. Juscelino Kubitschek, 1830, Torre I, 5º e 6º and., Itaim Bibi, City and State of São Paulo, Brazil, CEP 04543-900.

Baker Tilly 4Partners Auditores Independentes S.S. is duly registered with the CFC, with the Regional Accounting Councils (*Conselhos Regionais de Contabilidade*) of several Brazilian states, including the State of Rio de Janeiro and with the CVM. Baker Tilly 4Partners Auditores Independentes S.S.'s address is Rua Castilho, 392, 4th floor, Conj. 42, CEP 04568-010, City and State of São Paulo, Brasil, CEP 04543-900.

Emphasis paragraphs included in the auditors' reports

The auditors' report to our consolidated financial statements (i) as of and for the year ended December 31, 2015 included elsewhere in this Prospectus did not include emphasis paragraph.

As indicated in Note 1 to the referred financial statements, the Company has been affected by a series of media news regarding its main shareholder and former key member of senior management. The referred Note also includes relevant information which impacts the Company's operations, the investigation process, and measures implemented to maintain liquidity related to dividend distributions, among other information. The audit opinion was not qualified with respect to this matter.

LEGAL COUNSELS

Conyers Dill & Pearman Limited, our Bermuda counsel, has passed on the validity of the European Units, the Class A Shares, the Class B Shares and certain other matters of Bermuda law. Houthoff Buruma Coöperatief U.A. has passed on certain Dutch legal matters for us.

GENERAL INFORMATION

Domicile, legal form and incorporation

The Company is an exempted limited company, incorporated under the laws of Bermuda and is domiciled in Bermuda. Its registered office is at Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda and its telephone number is +55 (11) 3383-2000. The Company was incorporated on March 26, 2010 under registration number 44126.

Documents on display

Subject to applicable laws, and for the life of this Prospectus, the following documents (or copies thereof), where applicable, may be obtained free of charge from the Company's website (<http://ri.btgparticipations.com>):

- the Bye-laws;
- this Prospectus and any supplement to this Prospectus (if any); and
- the unaudited consolidated financial statements prepared in accordance with IFRS as of and for the six-month period ending June 30, 2017 of the Company.

Up-to-date investment information and press releases are freely available for download on the website.

No significant change

There has been no significant change in the financial or trading position of the Company since June 30, 2017.

DEFINITIONS

In this Prospectus, unless the context requires otherwise, the following definitions are used:

Acciona	Acciona S.A.
AFM	the Dutch Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
AGN	AGN Agroindustrial, Projetos e Participações Ltda.
AIFM	EC Alternative Investment Fund Managers Directive (Directive 2011/61/EC)
Alternext	NYSE Alternext in Amsterdam, the multilateral trading facility operated by Euronext Amsterdam N.V.
ANBIMA	Brazilian Financial and Capital Markets Organization (<i>Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais</i>)
ARF	BTG Pactual Absolute Return LP
ARF II	BTG Pactual Absolute Return II LP
ATLL	ATLL Concessionaria de La Generalitat de Catalunya S.A.
AUA	assets under administration
AUM	assets under management
B&A Mineração	B&A Mineração S.A.
B3	B3 S.A., Brasil, Bolsa, Balcão, the stock exchange located at São Paulo, Brazil formerly known as BM&FBOVESPA
Banco BTG Pactual	Banco BTG Pactual S.A., a publicly held company, incorporated under the laws of Brazil (<i>sociedade por ações de capital aberto</i>)
Benefit Plan Investor	entities or accounts whose underlying assets include or are deemed to include the assets of any employee benefit plan, plan, or account or arrangement, subject to ERISA, the Code or Similar Law
BDR	a Brazilian depositary receipt
Board of Directors	the board of directors of the Company from time to time
Bolsa y Renta	Bolsa y Renta S.A.
bp	basis points
BR Pharma	BR Pharma S.A.
BR Properties	BR Properties S.A.
Brazilian Holder	Brazilian resident holding European Units
Brazilian Units	the units issued under the Brazilian Unit deposit agreement representing one BDR representing one Class A Share and two BDRs representing two Class B Shares
BTG Alpha	Partners Alpha Investments LLC, a limited liability company organized under the laws of Delaware
BTG Pactual Group	Banco BTG Pactual and its subsidiaries

BTG Pactual Holding	BTG Pactual Holding S.A., a corporation (<i>sociedade anônima</i>), organized under the laws of Brazil
Bye-laws	the bye-laws of the Company, as established from time to time
CADE	Conselho Administrativo de Defesa Econômica
CDI	the interbank deposit certificate, Certificado de Depósito Interbancário
Celfin	Celfin Capital S.A.
Central Bank	the central bank of Brazil, <i>Banco Central do Brasil</i>
CGI	cash generating units
Class A Shares	the class A voting common shares of the share capital of the Company
Class B Shares	the class B non-voting common shares of the share capital of the Company
Class C Approval Matter	transactions for which an affirmative vote (or written consent) is required of the holder of the Class C Share voting as single class
Class C Share	the one class C voting common share of the share capital of the Company
Class D Shares	the class D voting-only common shares of the share capital of the Company
Code	U.S. Internal Revenue Code of 1986, as amended
Company	PPLA Participations Ltd, a limited liability exempted company incorporated under the laws of Bermuda
Consortium Shareholders Agreement	the agreement entered into by Banco BTG Pactual, PPLA Investments, the Company and PPLA Bermuda Holdco with the Members of the Consortium, the Participating Partners, BTG Pactual Holding, the Partners and certain other parties dated February 29, 2012, as amended from time to time
Controlling Partners	As of the date of this Prospectus, the Controlling Partners are: Marcelo Kalim, Roberto Balls Sallouti, Antonio Carlos Canto Porto Filho, Renato Monteiro dos Santos and Guilherme da Costa Paes.
COPOM	the Central Bank's Monetary Policy Committee (Comitê de Política Monetária)
CSLL	Social Contribution on Net Profits – Contribuição Social sobre o Lucro Líquido
CVM	The Securities and Exchange Commission of Brazil, <i>Comissão de Valores Mobiliários</i>
Debtor Partner	Partners acting in their capacity as debtors as a result of loans made available in connection with the purchase of the PPLA Investments limited partnership interests as part of Reallocation Transfers
DFP	a report on a standard form containing information derived from its financial statements (formulário de demonstrações financeiras padronizadas)
DI contract	the Interbank Deposit contract
Director	a member of the Board of Directors
DoJ	the U.S. Department of Justice

DXY	dollar index
Engelhart CTP	Engelhart Commodities Trading Partners
Enterprise Chamber	the enterprise chamber of the court of appeal in Amsterdam (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
ERISA	the U.S. Employee Retirement Income Security Act of 1974
ERISA Plan	Benefit Plan Investors subject to ERISA
Euroclear Nederland	Centraal Instituut voor Giraal Effectenverkeer B.V.
Euronext Amsterdam	Euronext in Amsterdam, the regulated market operated by Euronext Amsterdam N.V.
European Units	the units issued under the European Unit deposit agreement representing one Class A Share and two Class B Shares
Exchange Act	U.S. Securities Exchange Act of 1934, as amended
FATCA	sections 1471 through 1474 of the Code
Fed	the U.S. Federal Reserve
FIP Principal	a private equity fund managed by Banco BTG Pactual
First Trading Date	on or about 29 December 2017
Fitch	Fitch Ratings Inc.
FRSA	Dutch Financial Reporting Supervision Act (<i>Wet toezicht financiële verslaggeving</i>)
FSA	the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>) and the rules promulgated thereunder
Functional currency	the currency of the primary economic environment in which a company operates
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
G7 Holdings	BTG Pactual G7 Holding S.A., a corporation (<i>sociedade anônima</i>), organized under the laws of Brazil
GDR	global depositary receipts
GEMM	BTG Pactual Global Emerging Markets and Macro Fund Limited
Group	the Company and PPLA Investments and their respective subsidiaries
IASB	International Accounting Standards Board
IFA	the Company Investment Funds Act 2006, as amended
IFRS	International Financial Reporting Standards as adopted by the IASB
IGP-M	the general market price or Índice Geral de Preços Mercado
IIT	individual income tax
Investment Company Act	U.S. Investment Company Act of 1940, as amended
Investment Entity Portfolio	the principal investments unit, merchant banking activities and FIP Principal Investment, and bonds, loans and receivables.

IOF	financial transaction tax
IOF/Exchange tax	tax on foreign exchange transactions
IOF/Securities	tax on transactions involving bonds and securities
IPCA	the official inflation index used as reference by the Central Bank to establish the goals of changes in price in Brazil
IPO Units	the initial public offering of units in 2012
IRPJ	corporate income tax – Imposto sobre a Renda da Pessoa Jurídica
IRS	U.S. Internal Revenue Service
ISA	international standards on auditing
ITR	quarterly report containing corporate, business and financial information - formulário de informações trimestrais
Leader	Leader Participações S.A.
Listing	the admission to listing and trading of the European Units and their underlying securities on Euronext Amsterdam
Lojas Leader	União de Lojas Leader
MAR	Market Abuse Regulation ((EU) No 596/2014)
Members of the Consortium .	the consortium of international investors who invested in Banco BTG Pactual and PPLA Investments in December 2010 and include Pacific Mezz Investco S.à r.l., an affiliate of Government of Singapore Investment Corporation Pte Ltd, China Investment Corporation (through Beryl County LLP), Ontario Teachers' Pension Plan Board (directly and through Classroom Investments Inc.), Abu Dhabi Investment Council (ADIC) (through Hanover Investments (Luxembourg) S.A.), J.C. Flowers & Co. LLC (through Europa Lux III S.à r.l.), RIT Capital Partners plc, Marais LLC, the Santo Domingo Group of Colombia (through Sierra Nevada Investments LLC), EXOR S.A., the investment company controlled by the Agnelli family of Italy, and Inversiones Bahía (through Rendefeld, S.A.), the holding company of the Motta family of Panama.
Merchant Banking Equity Kicker	a cash payment to us equal to 50% of the aggregate net profits on all such investments and applied only to certain investments made in the pay by PPLA Investments
Merchant Banking Partnership	BTG MB Investments L.P., an exempted limited partnership established under the laws of Bermuda, which is (A) owned by the Partners and (B) directly owns BTG Alpha
Moody's	Moody's Investors Service, Inc.
New Units Programs	the breaking of the Company's and Banco BTG Pactual's IPO Units without any fee and the simultaneous creation of two new units programs
Non-Resident Holder	a holder of Brazilian Units not domiciled that has registered the investment as a foreign investment with the Central Bank
Non-U.S. Holders	beneficial owner of a Unit that is neither a U.S. Holder nor a Partnership (or other entity or arrangement that is treated as a partnership for U.S. federal income tax purposes)
OPEC	Petroleum Exporting Countries

Participating FFI	A non-U.S. financial institution that has entered into an agreement with the IRS to comply with FATCA
Participating Partners	the Partners that purchased the common and preferred shares of Banco BTG Pactual, PPLA Investments Class D partnership interests and Class D Shares at the same time, on the same terms and as part of the same transaction, as the Members of the Consortium.
Partner Loans	Loans made available by the Company to certain Partners, in connection with our formation, and in connection with the purchase of the PPLA Investments limited partnership interests as part of Reallocation Transfers
Partner Tax Loan	certain loans made available to certain Partners acting in their capacity as debtors, the proceeds of which are used to fund the taxes payable by such PPLA Investments Tax Debtor Partners in connection with their ownership of the PPLA Investments limited partnership interests.
Partner Withdrawal Agreement	an agreement pursuant to which each Partner that is a party thereto may surrender to PPLA Investments for cancellation any or all of the PPLA Investments Class A Partnership interests and PPLA Investments Class B partnership interests for Class A Shares and Class B Shares
Partnerco	PPLA Partnerco Ltd.
Partners	the individuals who, collectively (together with their family members, trusts or other entities established for their benefit or the benefit of their family members) directly or indirectly (including through entities wholly-owned by Partners) currently hold the common and preferred shares of Banco BTG Pactual as well as equity securities in PPLA Investments limited partnership interests, which as of June 30, 2017, collectively represented approximately 71.5% of the outstanding economic interests in the PPLA Investments and indirectly in Banco BTG Pactual (through BTGP Holding), together with any individuals that in the future, directly or indirectly, hold equity interests in the Group, and who are employees (or act in a similar capacity) of one or more entities within the Group;
Partners' Merchant Banking Companies	MMC Automotores do Brasil S.A., Farmais Franchising Ltda., All Park Empreendimentos, Participações e Serviços S.A., Suzuki Veículos do Brasil S.A., Brazil Pharma S.A., or Brazil Pharma and Derivados do Brasil S.A.
Partnership Equity	the equity securities in BTG Pactual Holding and to the PPLA Investments Class A partnership interests and PPLA Investments Class B partnership interests currently held directly or indirectly by the Partners which excludes any equity securities which were purchased by the Participating Partners on the same terms as the Members of the Consortium and any Units acquired in our initial public offering (or thereafter in open market purchases)
Partnership Equity	Equity interests in PPLA Investments, Banco BTG Pactual and BTG Pactual Holding
PATROL	Banco BTG Pactual's internal system through which it is possible to optimize and anticipate the margins required by the B3 (with respect to futures, options and swaps) and the Brazilian Clearing and Depository Corporation (with respect to options, forward and leases)
Plan Asset Regulations	Regulations by the U.S. Department of Labor, as modified by Section

3(42) of ERISA

PNCs	Banco BTG Pactual class C preferred shares
PPLA Bermuda Holdco	PPLA Bermuda LP Holdco Ltd, an exempted company incorporated under the laws of Bermuda
PPLA GP	PPLA GP Management Ltd., an exempted limited company incorporated under the laws of Bermuda
PPLA Investments	PPLA Investments L.P., an exempted limited partnership established under the laws of Bermuda, and, unless the context requires otherwise, its consolidated subsidiaries
PPLA Investments Class A partnership interests	the limited partnership interests of PPLA Investments consisting of class A common units
PPLA Investments Class B partnership interests	the limited partnership interests of PPLA Investments consisting of class B common units
PPLA Investments Class C partnership interests	the limited partnership interests of PPLA Investments consisting of class C common units
PPLA Investments Class D partnership interests	the limited partnership interests of PPLA Investments consisting of class D common units
PPLA Investments general partnership interest	the interest in PPLA Investments held by its general partner, the Company
PPLA Investments limited partnership interests	the PPLA Investments Class A partnership interests, the PPLA Investments Class B partnership interests, PPLA Investments Class C partnership interests and PPLA Investments Class D partnership interests
PPLA Investments Partnership Agreement	the partnership agreement of PPLA Investments entered into by the Company, as the general partner, and the Partners (including the Participating Partners, in respect of their PPLA Investments Class D partnership interests) and Members of the Consortium, as limited partners
Prevailing CDI Rate	the outstanding principal of the Partner Loans will be adjusted from time to time based on a percentage that corresponds to the accumulated variation of the Brazilian interbank rate for 1-day certificate of deposits as calculated and disclosed by CETIP - Balcão Organizado de Ativos e Derivativos, during any given period as specified in such Partner Loans
Principal Investments Unit	investment unit which involves proprietary investments in diverse financial instruments through several assets and real estate activities
Prospectus	this prospectus dated 29 December 2017
Prospectus Directive	Article 3 of the Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU to the extent implemented in the relevant European Economic Area member state
Reallocation Transfers	Reallocation of the Partnership Equity among its Partners to promote certain high performing employees, who previously did not own Partnership Equity, to Partner status, simultaneously reducing the Partnership Equity held by certain other Partners
Registered Holder	a Non-Resident Holder that has registered its investment in Brazil with the Central Bank under the rules of Resolution No. 2,689 and related Brazilian Monetary Counsel regulations

Requesting Investor	an investor requesting to surrender its Class D Partnership interest and/or Class D Shares for Class A Shares and Class B Shares
Requesting Partner	a Partner requesting to surrender to PPLA Investments for cancellation any or all of the PPLA Investments Class A Partnership interests and PPLA investments Class B Partnership interests that are held by such requesting Partner for Class A Shares and Class B Shares
Requisite Ownership Percentage	the Consortium Shareholders Agreement requires that so long as the Members of the Consortium continue to hold, in the aggregate, directly or indirectly, securities of PPLA Investments and Banco BTG Pactual that represent at least 5.0% of the total outstanding securities of PPLA Investments and Banco BTG Pactual.
S&P	Standard and Poor's
SEC	the U.S. Securities and Exchange Commission
Section 3(c)(7)	Section 3(c)(7) under the Investment Company Act
Securities	European Units and underlying securities
Securities Act	regulations of the U.S. securities act of 1933, as amended
SELIC	the special system for settlement and custody (<i>Sistema Especial de Liquidação e Custódia</i>)
SELIC rate	the Central Bank's system for performing open market operations in execution of monetary policy
Senior Management Team	the following individuals: Marcelo Kalim, Roberto Balls Sallouti, John Huw Gwili Jenkins, Antonio Carlos Canto Porto Filho, Guilherme da Costa Paes, Renato Monteiro dos Santos, and José Octavio Mendes Vita.
Similar Law	Federal, State, Local or non-U.S. Laws or regulations that are, to a material extent, similar to the provisions of title I of ERISA or section 4975 of the Code
Tax Debtor Partners	Partners, acting in their capacity as debtors of Partner Tax Loans
Timber Fund	BTG Pactual Brazil Timberland Fund I, LP
Transaction	(a) the cancellation of 13,257,400 units acquired (already settled or pending settlement) pursuant to the buyback program approved in the meetings of this board of directors held on July 14, 2016, in accordance with the relevant deposit agreement; (b) the cancellation, without reducing Banco BTG Pactual's capital stock, of 13,257,400 common shares and 26,514,800 class A preferred shares issued by Company, already held as the Company's treasury stock, resulting from the acquisitions made under the such buyback program; (c) the cancellation, without reducing Banco BTG Pactual's capital stock, of 11,074,800 class C preferred shares, credited to the shareholders as a stock dividend, also approved at the board of directors' meeting on July 14, 2016, in connection with the separation of its commodities trading activities (other than the activities relating to Brazil's energy trading desk)
U.S. Holder	a beneficial owner of a Unit that is for U.S. Federal income tax purposes: an individual who is citizen or resident of the United States, a corporate (or other entity subject to tax as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of

Columbia, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Unit	A European Unit or Brazilian Unit, or both
Unit Holder	any registered holder of a European Unit or Brazilian Unit, or both
Units BBTG11	units comprised of one common share and two class A preferred shares issued by Banco BTG Pactual and three GDRs representing one Class A Share and two Class B Shares
Units BPAC11	units comprised of one common share and class A preferred shares issued by Banco BTG Pactual
VaR	value at risk
Veto Matters	the shareholders' agreement provides that PPLA GP may not take certain actions, or permit the Company to take certain actions or permit the Company to cause PPLA Investments to take, as applicable, certain actions (including those that relate to significant matters involving the structure and governance of the Group partnership)
we, us, or our	the Company and PPLA Investments and their respective subsidiaries
WTI	West Texas Intermediate Crude Oil
SCFlor	SCFlor & São Lourenço Holding S.A.
StaTerezinha	BTG Pactual Santa Terezinha Holding S.A.

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Interim Condensed Financial Statements

BTG Pactual Participations Ltd.

June 30, 2017

with independent auditor's review report

BTG Pactual Participations Ltd.

Interim condensed financial statements

As of June 30, 2017

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Independent auditor's review report on the interim condensed financial statements at June 30, 2017

To the Management and Shareholders of
BTG Pactual Participations Ltd.
São Paulo - SP

We have reviewed the interim condensed financial statements of **BTG Pactual Participations Ltd. (Company)** as of June 30, 2017 and the related statements of income, comprehensive income, changes in shareholders' equity and the cash flows for the quarter and semester then ended, as well as a summary of the main accounting practices and other notes.

The Company's management is responsible for the fair presentation and preparation of the interim condensed financial statements in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express an opinion on the interim information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 – *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*). An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

Conclusion on the interim condensed financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements referred to above do not present fairly, in all material respects, in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Other issues

Audit of the previous period's and year's amounts

The amounts related to the year ended December 31, 2016 and to the quarter and six-month period ended June 30, 2016, presented for comparison purposes, were previously audited and reviewed by other independent auditors, whose reports thereon, dated February 14, 2017 and August 09, 2016 respectively, had no modification.

São Paulo, August 14, 2017.

Baker Tilly 4Partners Auditores Independentes S.S.

Fábio Rodrigo Muralo

BTG Pactual Participations Ltd.

Interim condensed balance sheets

As of June 30, 2017 and December 31, 2016

(In thousands of reais)

Assets	Note	06/30/2017	12/31/2016
Cash and cash equivalents		-	107
Investment entity portfolio	5	323,295	722,527
Other assets	6b	3,546	-
Total assets		326,841	722,634
Liabilities			
Other liabilities	6b	3,546	-
Total liabilities		3,546	-
Shareholders' equity			
Capital stock and share premium	6	1,504,802	1,504,802
Treasury shares	1, 6b	(2,954)	(17,991)
Other comprehensive income		421,727	418,648
Accumulated losses		(1,600,280)	(1,182,825)
Total shareholders' equity		323,295	722,634
Total liabilities and shareholders' equity		326,841	722,634

The accompanying notes are an integral part of these interim condensed financial statements.

BTG Pactual Participations Ltd.

Interim condensed statements of income

Quarters and semesters ended June 30

(In thousands of reais, except for loss per share)

	Note	Quarters ended on:		Semesters ended on:	
		6/30/2017	6/30/2016	6/30/2017	6/30/2016
Loss on investment entity portfolio measured at fair value	8	(304,831)	12,932	(372,695)	(9,661)
Other operating income / (expenses)	9	-	(229)	-	778
Operating income / (loss)		(304,831)	12,703	(372,695)	(8,883)
Administrative expenses	10	-	(84)	(105)	(267)
Income / (loss) for the period		(304,831)	12,619	(372,800)	(9,150)
Gain/(loss) attributed to:					
Controlling shareholders		(304,831)	12,619	(372,800)	(9,150)
Earning / (loss) per share (basic and diluted - R\$)	7	(0.39)	0,02	(0.47)	(0,01)

The accompanying notes are an integral part of these interim condensed financial statements.

BTG Pactual Participations Ltd.

Interim condensed statements of comprehensive income

Quarters and semesters ended June 30

(In thousands of reais)

	Quarters ended on:		Semesters ended on:	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Loss for the quarter	(304,831)	12,932	(372,800)	(9,661)
Other comprehensive income / (loss) not to be reclassified to profit or loss:				
Currency translation adjustments	24,820	(67,669)	3,078	(111,093)
Total comprehensive loss for the period	(280,011)	(54,737)	(369,722)	(120,754)
Total comprehensive loss attributed to:				
Controlling shareholders	(280,011)	(54,737)	(369,722)	(120,754)

The accompanying notes are an integral part of these interim condensed financial statements.

BTG Pactual Participations Ltd.

Interim condensed statement of changes in shareholders' equity

Semesters ended June 30, 2017 and 2016

(In thousands of reais)

	Note	Capital stock and share premium	Other comprehensive income from Company	Treasury shares	Accumulated losses	Total shareholders' equity
Balance as of December 31, 2015		1,328,880	600,930	(32,665)	(1,173,856)	723,289
Capital increase	6	35,548	-	-	-	35,548
Repurchase of shares / (sale) of treasury shares	1, 6	-	-	(6,293)	-	(6,293)
Cancellation of treasury shares	1, 6b	-	-	57,968	(57,968)	-
Net loss of the period		-	-	-	(9,150)	(9,150)
Currency translation adjustments		-	(111,093)	-	-	(111,093)
Balance as of June 30, 2016		1,364,428	489,837	(37,627)	(1,240,974)	575,664
Balance as of December 31, 2016		1,504,802	418,649	(17,991)	(1,182,826)	722,634
Repurchase of shares / (sale) of treasury shares	1, 6	-	-	(29,617)	-	(29,617)
Cancellation of treasury shares	1, 6b	-	-	44,654	(44,654)	-
Net loss of the period		-	-	-	(372,800)	(372,800)
Currency translation adjustments		-	3,078	-	-	3,078
Balance as of June 30, 2017		1,504,802	421,727	(2,954)	(1,600,280)	323,295

The accompanying notes are an integral part of these interim condensed financial statements.

BTG Pactual Participations Ltd.

Interim condensed statements of cash flows

Semesters ended June 30, 2017 and 2016

(In thousands of reais)

	<u>Note</u>	<u>06/30/2017</u>	<u>06/30/2016</u>
Operating activities			
Loss for the semester		(372,800)	(9,150)
Adjustments loss for the semester			
Losses from investment entity portfolio measured at fair value	9	372,695	9,661
Currency translation adjustments		3,078	-
Adjusted loss for the semester		2,973	511
(Increase)/decrease in operating assets, net			
Investment entity portfolio		26,537	58,422
Other assets		(3,546)	-
Due to brokers		-	(540)
Other liabilities		3,546	-
Cash provided by / (used in) by operating activities		29,510	58,393
Financing activities			
Repurchase of treasury shares		(29,617)	(62,930)
Cash provided by / (used in) by financing activities		(29,617)	(62,930)
Decrease in cash and cash equivalents		(107)	(4,537)
Balance of cash and cash equivalents			
At the beginning of the semester		107	-
Foreign exchange gains on cash and cash equivalents		-	(4,561)
At the end of the semester		-	24
Decrease in cash and cash equivalents		(107)	(4,537)

The accompanying notes are an integral part of these interim condensed financial statements.

1. Operations

BTG Pactual Participations Ltd ("BTGP" or "Company") was incorporated as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the incorporation of the Company. The Company headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

Banco BTG Pactual S.A. ("BTG Pactual" or "Bank") and BTGP (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and B3 in São Paulo. Each unit issued, corresponds to 1 common share and 2 preferred shares, class A, of Bank and 1 common share and 2 preferred shares, class B of BTG Pactual Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd and thus became general partner of BTG Investments LP ("BTGI"). As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of BTGI.

BTGI was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including Merchant Banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages BTGI's assets and receives fees at arm's length.

Special Committee

On December 4, 2015, the Board of Directors created a Special Committee, consisting of a majority of independent/non-executive members of the Board of Directors, to oversee and direct an internal investigation of issues raised as a result of the arrest of Mr. André Santos Esteves. The Special Committee hired the law firms Quinn Emanuel Urquhart & Sullivan, LLP and Veirano Advogados (together, "Legal Counsel") to conduct the independent investigation on its behalf. The Board of Directors granted the Special Committee and Legal Counsel authority to require full cooperation from the Group, its management and its employees in the investigation and unlimited access to information requested by the Special Committee and Legal Counsel.

On April 7, 2016, the Special Committee, assisted by outside counsels, concluded their investigation and released the final report. Based on its investigation, the Legal Counsel found no basis to conclude that André Santos Esteves, BTG Pactual or members of its personnel that were subject to this investigation, were engaged in any corruption or illegality with respect to the alleged matters. In addition, in April, 2016, the Brazilian Supreme Court authorized Mr. André Santos Esteves to return to BTG Pactual, who has been acting as Senior Partner, with no executive function.

Buyback Program

On November 25, 2015 the Board of Directors announced its units buyback program. Since the beginning of the program 92,742,230 units have been repurchased in the total amount of R\$1,260,754 and 86,530,430 units had been canceled, in the amount of R\$1,174,199. On June 30, 2017, 6,211,800 (December 31, 2016: 5,896,900) units are held in treasury.

New unit programs

On February 14, 2017 the Board of Directors have approved two new unit programs, which units will be trade on the B3 S.A., comprised exclusively the securities of each of the Companies: (i) units to be

traded under the "BPAC11" ticker symbol, comprised of one common share and two class A preferred shares issued by the Bank, and (ii) units to be traded under the BBTG12 ticker symbol, comprised of one Brazilian depositary receipt ("BDR") representing one class A share and one BDR representing two class B shares issued by BTG Pactual Participations Ltd. Holders of the current units traded under the ticker symbol BBTG11 will be able to opt, should they wish to do so, to migrate all or part of their BBTG11 Unit holdings toward the new BPAC11 and BBTG12 units. Units Holders must manifest their intention to opt in favor of the migration within a specified deadline, initiated on February 15, 2017 and ending on December 28, 2017.

Corporate events

On April 8, 2016, BTG Pactual decided to implement the separation of its commodity trading activities, with the exception of those activities carried out by the Brazil energy trading desk from the operational structure of BTG Pactual and to rearrange the Commodities Platform under a new Luxembourg-based company named Engelhart Commodities Trading Partners ("Engelhart CTP"). The Commodities Platform will operate separately from BTG Pactual, with limited administrative and operational services to be provided by BTG Pactual based on arm's length contracts in accordance with market practices, including cost sharing and infrastructure sharing agreements, until such services are fully assumed by Engelhart CTP. It is anticipated that a portion of such equity will be held by senior employees of Engelhart CTP under an incentive program. Up to five years after the completion of the separation, Engelhart CTP will have the option to acquire its remaining equity interest held by Banco for its shareholders' equity value.

BTG Pactual Group issued new units as a consequence of this transaction, which lead to a new issuance of shares from BTGP, during the year ended December 31, 2016, as described in note 6.

Acquisitions and sales

On December 31, 2016, BTGI Investimentos Florestais S.A., one of BTGI's subsidiaries, raised capital through a share issuance that was fully subscribed by Fundo de Investimento em Participações Development Fund Warehouse. Subsequent to the capital increase, BTGI Investimentos Florestais S.A. acquired a 26.67% stake in Timber SPE S.A., for approximately R\$8.27 million.

On July 29, 2016, the Company, through BTG Pactual Brazil Infrastructure Fund II LP, sold its interest in Latin America Power Holding B.V. to BTGPH Corp Hedge Fund for US\$60,454 (equivalent to R\$190,810 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

On June 30, 2016, the Company, through its subsidiary BTG Equity Investments LLC, sold its interest in ADS - Advanced Disposal Service to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for US\$94,347 (equivalent to R\$302,835 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

On April 12, 2016, BTGI together with BTG Pactual Principal Investments FIP, entered into a series of agreements through which they committed to dispose of 100% of their shares in União de Lojas Leader S.A. ("Leader"). By the time these financial statements were issued, BTGI, through one of its subsidiary, among other commitments, had loans in the amount of R\$600 million, subsequent to the acquisition of a portion of Leader's liabilities in the process of restructuring its debts. The sale price of the shares corresponds to a symbolic value and the Company will be entitled to receivables deriving from Leader's future results. The sale of Leader was concluded on July 28, 2016.

On March 21, 2016, A.Z.P.S.P.E. Empreendimentos e Participações S.A., BTGI's subsidiary, entered into a share purchase and sale agreement with Gaia Ambiental Empreendimentos S.A, in which it committed to dispose of 100% of its shares in CDR Pedreira, for the amount of approximately R\$258 million, at carrying amount with no gains or losses recorded.

On April 6, 2017, BTGI entered into an agreement where it committed to dispose of, for a symbolic amount, 99.99% of its interest in Brasil Pharma S.A. Subsequently, also at the same date, Brasil Pharma S.A. issued debentures, non-convertible into shares, in the amount of R\$400,000. Among other terms and conditions described in the agreement of issuance of debentures, the debenture holders will be entitled to a portion of the future results of the company. The effective conclusion of the transaction is contingent upon certain precedent conditions, including obtaining the necessary regulatory approvals.

2. Presentation of financial statements

The Company's financial statements were prepared and are being presented in accordance with the International Accounting Standard (IAS 34) – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

These interim condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2016.

a. Early Adoption of IFRS 9 – Financial Instruments

The Company decided to early adopt, and with prospective effects, IFRS 9 – Financial Instruments with the date of initial application of January 1, 2016 in order to reduce the complexity of its financial statements, volatility in the income statement of the gains and losses in fair value of its financial assets, and to anticipate a change that will be mandatory as of January 1, 2018. IFRS 9 determines

new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment.

Subsequently to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) with or without recycling, or at amortized cost. The main characteristics of IFRS 9 are further described in the main accounting practices.

b. Application and significant judgments

The preparation of the condensed interim financial statements in accordance with IFRS requires Management to make estimates and assumptions that may affect the reported balances of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the year. Their judgments are particularly relevant in the determination of fair values of financial assets and liabilities, allowances for loan losses and other receivables, impairment of non-financial assets, realization of deferred income taxes, assets and liabilities and the assessment of the need for provisions for contingent liabilities. Estimates are based on historical experience and various other factors that Management believes to be reasonable under the circumstances. Actual results may differ from those estimates.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in Note 3, specifically regarding the classification of financial assets, the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

c. Revised IFRS pronouncements

The following standards have been adopted as of and for the semester ended June 30, 2017:

• Annual improvements

The “Annual Improvements to IFRSs” for the 2012-14 annual improvement cycles were issued September 25, 2014 and their adoption is required from January 1, 2016.

The Company assessed the possible effects and concluded that it had no material impact on its financial statements.

• IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” amends IFRS 10 and IAS 28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IFRS 15 – “Revenue from Contracts with Customers” – The pronouncement replaces IAS 18 and IAS 11, as well as interpretations related thereto (IFRICs 13, 15 and 18). It requires that revenue is recognized in a way that shows the transfer of assets or services to the client for an amount that reflects the company's expectation of having in consideration the rights to these assets or services. This standard is effective for annual periods beginning on January 1, 2018. No material impacts arising from the adoption of this standard were identified.

IFRS 16 – “Leases” – The pronouncement replaces IAS 17 - Leases, and related interpretations (IFRIC 4, SIC 15 and SIC 27). It eliminates the accounting for operating lease agreements for the lessee, presenting only one lease model, that consists of: (a) recognizing leases which terms exceeds 12 months and with substantial amounts; (b) initially recognizing lease in assets and liabilities at present value; and (c) recognizing depreciation and interest from lease separately in the result. For the lessor, accounting will continue to be segregated between operating and financial lease. This standard is effective for annual periods beginning on January 1, 2019. Possible impacts arising from the adoption of this standard are being assessed and will be completed by the date this standard is effective.

The financial statements were approved by the Management on August 14, 2017 and they contain a true and fair view of the financial position and results of the Company.

3. Main accounting practices

a. Financial instruments

This section described the accounting practices adopted as a result of the early adoption of IFRS 9.

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets or liabilities that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Subsequently to the IFRS 9 early adoption without electing fair value option, the Company classified its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) with or without recycling or at amortized cost.

Derivatives financial instruments

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the consolidated income statement "Net gains (losses) with financial instruments held for trading".

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in "Gains (losses) on financial instruments held for trading".

Included in this classification are: debt instruments, equities and short sale that have been acquired specifically for the purpose of short term trading or repurchase.

Financial assets and liabilities designated at fair value through profit and loss

Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit or loss on initial recognition is only possible when the following criteria is observed and the designation of each instrument is individually determined:

- Designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways; or
- Assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- The financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in “Net gain on financial assets or liabilities designated at fair value through profit and loss”.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income includes equities and debt instruments:

Equity Instruments

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. If it makes such election, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognized in profit or loss, with all other gains and losses (including those related to foreign exchange) recognized in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. After derecognition of the investment, the Company may transfer the cumulative gain or loss retained in other comprehensive income to retained earnings.

Debt Instruments

Debt instruments can be recognized under this category if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the debt instrument, the unrealized gains or losses, previously recognized in the statement of comprehensive income, are reclassified to the income statement, as “Gain (losses) on fair value through other comprehensive income”.

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets are measured at amortized cost using the effective interest rate method.

Although the Company is not expected to sell a financial asset measured under this category, as it is expected to hold it to maturity to collect contractual cash flows, the Company need not hold all of those instruments until maturity and sales may occur.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Company changes its business model for managing financial assets.

Impairment of financial assets

Under IFRS 9, at initial recognition of a debt instrument, the Company needs to project its expected credit losses for the next 12 months and recognize it as an allowance for credit losses, even though no losses have yet occurred. This is a change of concept to an expected loss model, rather than an incurred loss model that was effective under IAS 39.

If the Company is expecting a significant deterioration in the credit quality of its counterparty, it should recognize an allowance equivalent to the lifetime expected credit losses of the instrument, rather than only the 12 month expected credit losses.

Measurement

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

If the assets are no longer performing (a credit event), despite considering the expected credit losses for the lifetime of the instrument, the Company should also recognize interest revenue based on the net carrying amount, which means that the allowance should be accounted for on interest recognition.

The main evidence of deterioration of the credit quality of the counterparty are:

- the significant decline in the fair value of any security for a prolonged year;
- noncompliance with contract terms for delay of principal or interest;
- deterioration in ability to pay and operational performance;
- breach of covenants;
- significant change in the performance of the counterparty market;
- reduced liquidity of the asset due to financial difficulties the lender.

For impairment losses related to debt instruments through other comprehensive income, such losses will be recognized on the consolidated statements of income against other comprehensive income in an account called "accumulated impairment amount". However, if in a subsequent year occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The Company is required to reduce the gross carrying amount of its financial instruments when there is no reasonable expectation of recovering the contractual cash flows on the financial assets on its entirety or a portion thereof.

Subsidiaries

The table below presents the direct and indirect interest of the Company in its subsidiaries that have been consolidated in the financial statement up to the change in status to the investment entity:

	Country	Equity interest - %	
		6/30/2017	12/31/2016
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
BTG Investments LP	Bermuda	28.02	29.28

Below is the ownership interest held by BTGI in its subsidiaries and investment funds:

	Country	Equity interest - %	
		6/30/2017	12/31/2016
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Serviços S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd.	UK	-	98.00
BTG Pactual Iberian Concessions Ltd.	UK	-	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	83.52	85.86
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	70.00	70.00
A.Z.P.S.P.E Empreendimentos e Participações S.A. (i)	Brazil	-	100.00
Timber XI SPE S.A. (ii)	Brazil	22.27	22.90
Timber IX Participações S.A. (ii)	Brazil	22.27	22.90
São Lourenço Empreendimentos Florestais Ltda. (ii)	Brazil	21.77	22.38
Fazenda Corisco Participações S.A. (ii)	Brazil	21.77	22.38
BTG Pactual Santa Terezinha Holding S.A. (ii)	Brazil	20.96	21.55
SCFlor Empreendimentos Agrícolas Ltda.	Brazil	-	22.38
Fazenda Santa Terezinha Participações S.A. (ii)	Brazil	20.96	21.55
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
Investment funds		100.00	
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII - FII Estoque Residencial Vitacon	Brazil	100.00	100.00

(iii) During the year ended on December 31, 2016, the remaining interest was transferred from FIP Iron (BTGI's structure) to Turquesa Fundo de Investimento em Participação.

(iv) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

As described in Note 1, as from December 29, 2010, the Company became the general partner of BTGI with powers to control BTGI's financial and operating policies through the interest held in that Company.

As mentioned in Note 1, due to shares repurchase occurred in the ended June 30, 2017 and December 31, 2016, the Company holds 28.02% of equity interest in BTGI (December 31, 2016 – 29.28%).

4. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees/areas allows engaging the whole organization and ensuring decisions are readily implemented.

The main committee/area structure allows for the inputs from the entire organization and ensures that the decisions are implemented effectively. The main committees involved in risk management activities are: (i) management committee, which approves policies, defines overall limits and is ultimately responsible for managing risks; (ii) New Business Committee, which assesses the feasibility and supervises the implementation of proposals for new businesses and products; (iii) Credit Risk area, which is responsible for approving new loans according to the guidelines set forth by our CRO; (iv) Market Risk area, which is responsible for monitoring market risk, including the use of our risk limits (Value at Risk - VaR), and approving exceptions, (v) Operational Risk Area, which assesses the main operational risks for the internal policies and regulatory risks established; (vi) Compliance Committee, which is responsible for establishing policy rules and reporting potential problems related to money laundering; (vii) CFO, which is responsible for monitoring liquidity risk, including cash and cash equivalents and capital structure; (viii) Audit Committee, which is responsible for independent verification of compliance with internal controls and assessment of maintenance of the accounting records.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. The close involvement of various committees/areas (including their subcommittees) with the ongoing management and monitoring of our risks helps the Company foster its culture of risk control throughout the organization. The committees/areas consist of senior members of business units and senior members of control departments that are independent of businesses.

a. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined year within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets,

not using Greek approximations and standard distributions. VaR may be measured in accordance with different years, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one-day year, level of level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer year, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day year does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Company uses a stress test models as a complement to VaR method for its daily risk activities.

The table below contains daily average VaR for the periods ended:

	June 30, 2017	December 31, 2016	June 30, 2016
In millions of R\$			
Daily average VaR	0.8	0.7	0.6

The Company used to and continue to measure and evaluate the performance of substantially its entire investments entity portfolio on a fair value basis and therefore there was no significant change in the risk management framework. Further, it has not been possible to present detailed market risk information relating to Global Markets Investment within its investment entity portfolio. For this matter, the Company's management rely on VaR provided by its manager, which is BTG Pactual.

b. Credit risk

The following table shows the maximum exposure of the investment entity portfolio by geographic region:

	6/30/2017			
	Brazil	United States	Others	Total
Assets				
Cash and cash equivalents	30,278	-	-	30,278
	1,973,12			
Investment entity portfolio (i)	7	-	47,309	2,020,436
Investments at fair value through other comprehensive income	51,001	1,674	(19,463)	33,212
		482,72		
Loans and receivables	18,590	1	468	501,779
Other assets	1,514	-	-	1,514
			(2,260,378)	(2,260,378)
Liabilities (ii)	-	-))
	2,074,51	484,39	(2,232,064	
Total	0	5)	326,841

	12/31/2016			
	Brazil	United States	Others	Total
Assets				
Cash and cash equivalents	107	-	-	107
Assets				
Cash and cash equivalents	2,269	-	-	2,269
Investment entity portfolio (i)	2,303,38	-	-	
Investments at fair value through other comprehensive income	1	-	193,865	2,497,246
	66,380	1,922	(17,875)	50,427
Loans and receivables	18,766	626,98	-	
Other assets	2,643	0	485	646,231
		-	-	2,643
			(2,476,289)	(2,476,289)
Liabilities (ii)	-	-	-	-
	2,393,54	628,90	(2,299,814)	
Total	6	2	-	722,634

(i) The amount of R\$47,309 (2016 – R\$193,865) being presented as Others mainly relates to ARF II, Fund based in the Cayman Islands with global market investments strategy, as described in Note 6ii.

(ii) Includes financial liabilities contracted into by BTGI (BTGP is not a counterparty of such contracts).

The table below states the maximum exposures to credit risk of the investment entity portfolio, classified by the counterparties' economic activities:

	6/30/2017				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Cash and cash equivalents	30,278	-	-	-	30,278
Investment entity portfolio	1,936,723	584,338	-	(500,625)	2,020,436
Investments at fair value through other comprehensive income	-	52,674	-	(19,462)	33,212
Loans and receivables	-	19,057	482,722	-	501,779
Other assets	-	-	-	1,514	1,514
Liabilities (i)	-	-	-	(2,260,378)	(2,260,378)
Total	1,967,001	656,069	482,722	(2,778,951)	326,841

	12/31/16				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Cash and cash equivalents	107	-	-	-	107
Assets					
Cash and cash equivalents	2,269	-	-	-	2,269
Investment entity portfolio	2,198,778	642,276	-	(343,808)	2,497,246
Investments at fair value through other comprehensive income	-	68,302	-	(17,875)	50,427
Loans and receivables	-	19,250	626,981	-	646,231
Other assets	-	-	-	2,643	2,643
Liabilities (i)	-	-	-	(2,476,289)	(2,476,289)
Total	2,201,154	729,828	626,981	(2,835,329)	722,634

(i) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts)

c. Liquidity analysis and risk

As of December 31, 2016, the Company has R\$107 in cash and cash equivalents, which has no maturity, and does not have any liabilities.

As of June 30, 2017, and December 31, 2016, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's liquidity position as of June 30, 2017 and December 31, 2016:

6/30/2017					
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Cash and cash equivalents	30,278	-	-	-	30,278
Investment entity portfolio	1,455,082	-	-	565,354	2,020,436
Investments at fair value through other comprehensive income	-	-	-	33,212	33,212
Loans and receivables	-	14,612	1,558	485,609	501,779
Other assets	-	1,514	-	-	1,514
		(1,930,851)		(209,843)	(2,260,378)
Liabilities (i)	(116,024))	(3,660)))
Total	1,369,336	(1,914,725)	(2,102)	874,332	326,841
12/31/2016					
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Investment entity portfolio	107	-	-	-	107
Assets					
Cash and cash equivalents	2,269	-	-	-	2,269
Investment entity portfolio	1,694,209	-	-	803,037	2,497,246
Investments at fair value through other comprehensive income	-	-	-	50,427	50,427
Loans and receivables	-	14,335	1,272	630,624	646,231
Other assets	-	2,643	-	-	2,643
					(2,476,289)
Liabilities (i)	(1,741,996)	(39,270)	(490,679)	(204,344))
				1,279,74	
Total	(45,411)	(22,292)	(489,407)	4	722,634

(i) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts).

5. Investment entity portfolio

As of June 30, 2017, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$323,295 (December 31, 2016 - R\$722,527).

On January 1, 2016, BTGI adopted IFRS 9, with prospective effects from that date onwards. For this matter, the figures disclosed below include impacts from the early adoption, as described in its financial statements.

The relevant figures of the Company's investment portfolio, as of June 30, 2017 and December 31, 2016, are presented below:

	Not e	6/30/2017 (1)	12/31/2016 (1)
Assets			
Cash and cash equivalents	(a)	108,062	7,747
Investment entity portfolio	(b)	7,210,920	8,527,913
Investments at fair value through other comprehensive income	(c)	118,531	172,204
Loans and receivables	(d)	1,790,843	2,206,832
Other assets		5,405	9,024
Total		9,233,761	10,923,720
Liabilities			
Derivatives		222	3,658
Financial liabilities at amortized cost	(e)	8,156,154	8,401,685
Other liabilities		9,723	61,128
Total		8,166,099	8,466,471
Shareholders' equity		1,067,662	2,457,249
Total liabilities and shareholders' equity		9,233,761	10,923,720
Investment entity portfolio reconciliation			
BTGI shareholder's equity		1,067,662	2,457,249
BTGP ownership (via BTG Holdco)		28.02%	29.28%
Subtotal		299,149	719,561
Fair value adjustment (2)		24,146	2,966
Total		323,295	722,527

(1) Balances as reported by BTGI as of June 30, 2017 and December 31, 2016.

(2) BTGI measures certain assets and liabilities at amortized cost in its financial statements, therefore a fair value adjustment is necessary upon adoption of investment entity by BTGP.

(a) Cash and cash equivalents

Cash and cash equivalents are comprised exclusively of highly liquid bank deposits.

(b) Investment entity portfolio

	As of June 30, 2017		As of December 31, 2016	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	2,951,398	2,085,497	2,410,673	2,441,664
Private equity funds ("FIP")	300,507	241,513	300,507	331,498
Subsidiaries, associates and jointly controlled entities	2,650,891	1,843,984	2,110,166	2,110,166
Global markets investments (ii)	168,846	168,846	609,784	609,784
Corporate bonds (iii)	1,829,099	1,718,974	1,886,953	1,723,067
Loans (1)	5,024,329	5,024,329	5,175,817	5,175,817
Others (2)	(1,786,726)	(1,786,726)	(1,422,419)	(1,422,419)
Total	8,186,946	7,210,920	8,660,808	8,527,913

- (1) Refers to loans granted by BTG Pactual Proprietary Feeder (1) Limited to BTGI. The amount is reflected as financial liabilities at amortized cost in Note 6e.
- (2) Includes financial assets and liabilities held by BTGI's subsidiaries (BTGP is not a counterparty of such contracts).

(i) Merchant Banking investments

Merchant Banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant Banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As a result of the IFRS 9 early adoption, part of the Merchant Banking investments from the investment entity portfolio was reclassified as investments at fair value through comprehensive income as described in note 6c.

As of June 30, 2017 and December 31, 2016, BTGI Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

Merchant investments	Banking	Description/Segment activity	6/30/2017		12/31/2016	
			(%) (1)	Fair value	(%) (1)	Fair value
Through FIPs:						
B&A Mineração S.A.		Development and operation of mining assets	87.8%	125,298	87.8%	165,893
BrPec Agro Pecuária S.A.		Ranching	100.0%	116,215	100.0%	165,606
Through subsidiaries, associates and jointly controlled entities:						
Timber XI SPE S.A.		Biological assets	22.9%	8,612	22.9%	8,042
Timber IX Participações S.A.		Biological assets	22.9%	59,426	22.9%	55,720
BTG Pactual Santa Terezinha Holding S.A		Biological assets	21.6%	20,802	21.6%	30,363
BTG Pactual SCFLOR & Fazenda Corisco Participações S.A		Biological assets	22.4%	28,007	23.0%	26,514
Brasil Pharma S.A. (2)		Pharmaceutical retail company	-	-	94.5%	403,912
Loans - Merchant Banking investments (3)		Others		1,727,137		1,585,614
Total				2,085,497		2,441,664

- (1) The equity interest disclosed in the table above refers to the Company indirect interest.
- (2) During the quarter ended March 31, 2017, BTGI has measured at nil its equity investment in BR Pharma, recording a loss of approximately R\$404MM. During the year ended December 31, 2016, BTGI, through its subsidiary BTG Pactual Prop Feeder (1) S.a.r.l, undertook a capital increase of approximately R\$400,000 in Brasil Pharma S.A. The cash proceeds were used to pay back the loan that was previously shown as "Loans – Merchant Banking investments".
- (3) Includes loans subsequent to the acquisition of a portion of Leader's liabilities, as described in Note 1, and loans granted to BR Pharma in the amount of approximately R\$837MM during the semester ended June 30, 2017. Additionally, includes the impairment balances in the amount of R\$151,952 and R\$718,078 related to the debts of BR Pharma and Leader, respectively.

(ii) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators.

These funds have hybrid portfolios composed of a mix of fixed income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and interest rates. These funds usually employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage.

As of June 30, 2017 and December 31, 2016, BTGI had invested in BTG Pactual Absolute Return II Master Fund LP ("ARF") in the amount of R\$168,846 (December 31, 2016: R\$609,784). The Net Asset Value ("NAV") of global markets investments approximates to its fair value, which is equivalent to its cost value on the referred date.

(iii) Investment in corporate bonds

Investment in corporate bonds comprises exchanged traded corporate bonds issued by Banco BTG Pactual S.A - Luxembourg Branch, maturing December 29, 2049 and by BTG Pactual S.A. – Cayman Branch, maturing on September 28, 2022.

(c) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, BTGI now presents part of its investment entity portfolio as investments at fair value through other comprehensive income, as shown hereunder:

	As of June 30, 2017		As of December 31, 2016	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments - FIP (i)	240,373	187,994	240,555	233,247
Others (1)	(69,462)	(69,462)	(61,043)	(61,043)
Total	170,911	118,532	179,512	172,204

(1) Includes payables for management fees or loans purposes.

(i) Merchant banking investments - FIP

As of June 30, 2017 and December 31, 2016, BTGI Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

Merchant Banking investments	Description/Segment activity	06/30/2017		12/31/2016	
		(%) (1)	Fair Value	(%) (1)	Fair Value
Through FIPs:					
UOL Universo on Line S.A.	Internet and server provider	2.2%	104,883	2.3%	99,322
Estre Participações S.A.	Waste collection, treatment and disposal	9.6%	25,870	9.7%	30,581
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	29.2%	22,282	30.1%	27,810
AlBodytech Participações S.A.	Fitness segment	10.3%	18,168	10.6%	54,528
Brasil Brokers Participações S.A.	Investment in real estate companies	4.3%	10,018	4.5%	13,643
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	14.7%	5,973	14.7%	6,563
Brasil Pharma S.A.	Pharmaceutical retail company	0.2%	800	0.2%	800
Total			187,994		233,247

(1) The equity interest disclosed in the table above refers to the Company indirect interest.

(d) Loans and receivables

	6/30/2017	12/31/2016
Partners (i)	1,649,239	2,119,612
Others	141,604	87,220
Total	1,790,843	2,206,832

(i) Loans indexed to CDI or libor, and the maturity are in general higher than 1 year. Loans to partners are provided in connection to the acquisition of shares in BTG Pactual Group. Only members acting as Executive Officers are considered related parties and for the semester ended June 30, 2017 and year ended December 31, 2016 were not counterparties to these loans.

As of June 30, 2017 and December 31, 2016, the fair value attributed to the Loans and receivables is similar to its amortized cost.

(e) Financial liabilities at amortized cost

	Maturity	Index	6/30/2017	
			Cost	Fair value
Loans with financial institutions	March-18 to August-20	Libor and 1.15% to 5.3% p.a.	5,773,259	5,859,902
Medium term notes	July-17 to June-19	0.8%p.a. to 100% CDI	2,382,895	2,382,425
Total			8,156,154	8,242,327

	Maturity	Index	12/31/2016	
			Cost	Fair value
Loans with financial institutions	February-16 to August-20	Libor and 1.15% to 5.3% p.a.	5,959,040	6,044,445
Medium term notes	January-16 to June-19	0.8%p.a. to 100% CDI	2,442,645	2,367,369
Total			8,401,685	8,411,814

Certain issuance of the loans and medium term notes are guaranteed by BTG Pactual Holding S.A., parent company of BTG Pactual.

(f) Fair value Hierarchy

BTGP classifies its investment entity portfolio as level 3. However, the underlying assets and liabilities of this portfolio have different classification which is presented as follows:

(i) Investment entity portfolio

6/30/2017				
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	241,513	241,513
Subsidiaries, associates and jointly controlled entities	-	1,727,137	116,847	1,843,984
Global markets investments	-	168,846	-	168,846
Corporate bonds	-	1,718,974	-	1,718,974
Loans	-	5,024,329	-	5,024,329
Others	-	(1,786,726)	-	(1,786,726)
Total	-	6,852,560	358,360	7,210,920
12/31/2016				
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	331,498	331,498
Subsidiaries, associates and jointly controlled entities	-	1,585,614	524,552	2,116,128
Global markets investments	-	609,784	-	609,784
Corporate bonds	-	1,723,067	-	1,723,067
Loans	-	5,175,817	-	5,175,817
Others	-	(1,428,381)	-	(1,428,381)
Total	-	7,665,901	856,050	8,527,913

Changes in level 3 for the period ended June 30, 2017 are as follows:

	Merchant Banking investments
Balances as of December 31, 2015	1,229,469
Acquisitions	245,711
Sales	(306,754)
Losses on fair value of investment entity portfolio	(312,376)
Balances as of December 31, 2016	856,050
Acquisition	530
Losses on fair value of investment entity portfolio	(498,220)
Balances as of June 30, 2017	358,360

(i) As described in Note 5f, section vii.

(ii) Investments at fair value through other comprehensive income

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

	6/30/2017			Total
	Level 1	Level 2	Level 3	
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	15,991	-	172,003	187,994
Others	-	(69,462)	-	(69,462)
Total	15,991	(69,462)	172,003	118,532
	12/31/2016			Total
	Level 1	Level 2	Level 3	
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	20,205	-	213,042	233,247
Others	-	(61,043)	-	(61,043)
Total	20,205	(61,043)	213,042	172,204

Changes in level 3 for the period ended June 30, 2017 are as follows:

	Merchant Banking investments
Balances at December 31, 2015	486,705
Acquisitions	(41,514)
Losses on fair value of investment entity portfolio	(232,149)
Balances at December 31, 2016	213,042
Losses on fair value of investment entity portfolio	(41,040)
Balances as of June 30, 2017	172,002

(iii) Loans and receivables

Loans and receivables are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(v) Derivatives

Derivatives are presented at fair value at BTGP's level using pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Therefore, they were classified as a Level 3.

Summary of valuation techniques

There were no changes from the valuation techniques disclosed in the financial statements for the year ended in December 31, 2016.

(vi) Reclassification between levels

During the year ended on December 31, 2016, Brasil Pharma S.A was reclassified from Level 1 to Level 3 of the fair value hierarchy. The investment's value used to be assessed from observable market data and is now assessed according to the value resulting from the capital increase that occurred during the year ended on December 31, 2016.

During the year ended on December 31, 2016, Deep Sea Group was reclassified from Level 3 to Level 1 of the fair value hierarchy. The investment's value is now assessed according to the price of Deep Sea Supply Plc.'s shares (due to the IPO of the company), a company listed on the Norwegian Stock Exchange.

6. Shareholders' equity

a. Capital

BTGP's Board of Directors held on October 5, 2016 approved the conversion of 17,722,662 BTGI's class D shares into BTGP's 5,907,554 class A and 11,815,108 class B shares, resulting into a capital increase of R\$15,940. In the meantime, 5,907,554 BTGP's class D shares were canceled. After the conversions, BTGP, through BTG Holdco, subscribed to 17,722,662 newly issued BTGI's class C shares.

BTGP's Board of Directors, held on September 29, 2016, approved the issuance of 46,200,273 Class A Shares and 92,400,546 Class B Shares, for R\$124,434, fully subscribed by Banco BTG Pactual S.A. The new issuance of shares is a consequence of the separation of the Bank's commodity trading, as described in Note 1.

BTGP's Board of Directors held on June 1, 2016 approved the conversion of 45,873,921 BTGI's class D shares into BTGP's 15,291,307 class A and 30,582,614 class B shares, resulting into a capital increase of R\$35,548. In the meantime, 15,291,307 BTGP's class D shares were canceled. After the conversions, BTGP, through BTG Holdco, subscribed to 45,873,921 newly issued BTGI's class C shares.

As of June 30, 2017 and December 31, 2016, the Company's capital was comprised by the following class of shares:

	6/30/2017				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	259,531,855	-	Yes	1
Class B (i)	10,000,000,000	519,063,710	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	778,595,566			

	12/31/2016				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	269,481,035	-	Yes	1
Class B (i)	10,000,000,000	538,962,070	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	-	0,0000000001	Yes	1
Total	16,000,000,001	808,443,106			

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

b. Treasury shares

During the year ended December 31, 2016, the Bank accomplished the buyback units cancellation, due to approved program, in the amount of R\$70,834, equivalent to 5,896,900 units.

During semester ended in 30 June, 2017, the Company approved the repurchase of 1,220,000 class A shares and 2,440,000 class B shares in the total amount of R\$ 3,546. The repurchase was made with funds that will be obtained from BTG Investments LP, and in consequence of this financing, the Company had its percentage of ownership interest in the investee (BTG Investments LP) diluted by approximately 0.58%.

c. Dividends

The Company did not distribute dividends for the period ended on June 30, 2017 and December 31, 2016.

7. Loss per share

	Quarters ended on:		Semesters ended on:	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Loss attributed to controlling shareholders	(304,831)	12,619	(372,800)	(9,150)
Weighted average per thousand shares outstanding during the year (i)	776,940	650,676	787,768	669,975
Earning / (loss) per share – Basic and Diluted (in Reais)	(0.39)	0.02	(0.47)	(0.01)

(i) Class A and class B shares.

8. Gains / (loss) from investment entity portfolio measured at fair value

The breakdown of this item for the periods ended June 30, 2017 and 2016 is as follows:

	Quarters ended on:		Semesters ended on:	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Investment entity portfolio	(325,747)	67,793	(392,607)	127,932
Fair value adjustment on loans issued and granted	20,916	(54,861)	19,912	(137,593)
Total	(304,831)	12,932	372,695	(9,661)

9. Other operating income / (expenses)

	Quarters ended on:		Semesters ended on:	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Other operating (expenses) / income (i)	-	(229)	-	778
Total	-	(229)	-	778

(i) Mainly comprised of foreign exchange on cash transactions during the periods ended June 30, 2017 and 2016.

10. Administrative expenses

	Quarters ended on:		Semesters ended on:	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Professional fees	-	(84)	(105)	(267)
Total	-	(84)	(105)	(267)

11. Related Parties

As of June 30, 2017, the Company has no transaction with related parties. On December 31, 2016, BTGP presented R\$107 in cash and cash equivalents with Banco BTG Pactual S.A. The balances of related-party transactions are carried out at arm's length.

No management compensation was recorded during the period ended June 30, 2017 and the year December 31, 2016.

12. Subsequent events

Auditor change

In August, 2017, the Company has hired Baker Tilly 4Partners Auditores Independientes S.S. for the provision of independent auditing services concerning the financial statements of the Company, as of the interim financial statements regarding the second quarter of 2017. Such appointments arises from the compliance with ICVM308/99, as a result of the mandatory replacement of independent auditors.

Change of corporate name

In August, 2017, the Company's Board of Directors changed the corporate name of BTGP to PPLA Participations Ltd., in order to mitigate investor confusion regarding the BPAC11 units and BBTG12 units.

Reverse Stock Split

In August, 2017, the reverse stock split of Class A shares and Class B shares issued by the Company, as approved by the Company's Board of Directors' Meeting, held on August 4, 2017 (the "Shareholders' Meeting") was ratified. Starting from the next trading day following the Shareholders' Meeting, the units and the BDRs will be traded under new ticker symbols, already reflecting the new proportions provider for pursuant to the Reverse Stock Split.

The BBTG12 unit holders holding BBTG12 units that are not a multiple of nine (9) such units will have until the Reverse Stock Split Date to acquire or dispose of BBTG12 units in order to remain holders of an amount able to avoid the incidence of a fraction of such asset. Any fractions of BBTG12 units resulting from the Reverse Stock Split and not adjusted by their respective holders will be identified in whole numbers and sold at an auction to be carried out at the B3, and the amounts resulting from such sale will be made available in the name of the respective holder following the final settlement of such sale.

After the Reverse Stock Split, (i) the current 259,531,855 Class A shares will correspond to 28,836,873 Class A shares; (ii) the current 519,063,710 Class B shares will correspond to 57,673,746 Class B shares; and (iii) the current 259,531,855 BBTG12 units will correspond to 28,836,873 BBTG12 units. The composition of each BBTG12 unit will remain the same, it being one Class A BDR (representing one Class A share) and two Class B BDRs (each representing one Class B share).

Financial Statements

BTG Pactual Participations Ltd.

December 31, 2016

with independent auditors' report on the financial statements

BTG Pactual Participations Ltd.

Financial Statements

As of December 31, 2016

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A free translation from Portuguese into English of our financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standard Board and in Reais

BTG Pactual Participations Ltd.

Balance sheets

As of December 31

(In thousands of reais)

Assets	Note	12/31/2016	12/31/2015
Cash and cash equivalents	5	107	-
Investment entity portfolio	6	722,527	723,829
Total assets		722,634	723,829
Liabilities			
Due to brokers		-	540
Total liabilities		-	540
Shareholders' equity			
Capital stock and share premium	7	1,504,802	1,328,880
Treasury shares	1, 7	(17,991)	(32,665)
Other comprehensive income		418,649	600,930
Accumulated losses		(1,182,826)	(1,173,856)
Total shareholders' equity		722,634	723,289
Total liabilities and shareholders' equity		722,634	723,829

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

BTG Pactual Participations Ltd.

Statements of income

Years ended December 31

(In thousands of reais, except for earning / (loss) per share)

	Note	12/31/2016 (1)	12/31/2015 (1)
Interest income	9a	-	180,872
Interest expenses	9b	-	(957,310)
Interest expenses, net		-	(776,438)
Gains on financial instruments held for trading	10	-	174,197
Gains on financial assets designated at fair value through profit and loss		-	75,429
Equity pickup in associates and joint ventures, before change of status to investment entity		-	(117,650)
Gains / (losses) on financial assets available for sale			
Dividends received		-	16,248
Impairment losses	14	-	(188,450)
Foreign exchange reclassification - Change in status (1)		-	(818,337)
Other operating income	11	239	46,247
Gain / (loss) on investment entity portfolio measured at fair value	13	108,287	(53,231)
Operating income / (loss)		108,526	(1,641,985)
Administrative expenses	12	(182)	(157,236)
Other expenses		-	(300,247)
Income / (loss) for the year		108,344	(2,099,468)
Income / (loss) attributed to:			
Controlling shareholders		108,344	(584,542)
Non-controlling shareholders		-	(1,514,926)
Earning / (loss) per share (basic and diluted - R\$)	8	0.16	(0.83)

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Statements of comprehensive income

Years ended December 31

(In thousands of reais)

	12/31/2016 (1)	12/31/2015 (1)
Net income / (loss) for the year	108,344	(2,099,468)
Other comprehensive income / (loss) to be reclassified to profit or loss:	-	(206,020)
Share of other comprehensive income of non-controlled entities:		
Foreign exchange	-	233,190
Recycling - Foreign exchange - Change in status (1)	-	(233,190)
Movements in financial assets at fair value through other comprehensive income:		
Realized impairment losses - Before change in status	-	188,450
Unrealized - Before change in status	-	(882,403)
Recycling - Financial assets available for sale - Change in status (1)	-	693,953
Foreign exchange on controlled entities	-	(835,897)
Recycling - Foreign exchange on controlled entities - Change in status (1)	-	835,897
Derecognition of non-controlling interest	-	(353,042)
Recycling - Other comprehensive income from previous years - Change in status (1)	-	147,022
Other comprehensive income / (loss) not to be reclassified to profit or loss:	(177,745)	1,397,427
Currency translation adjustments	(177,745)	1,397,427
Total comprehensive loss for the year	(69,401)	(908,061)
Total comprehensive loss attributed to:		
Controlling shareholders	(69,401)	606,865
Non-controlling shareholders	-	(1,514,926)

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Statement of changes in shareholders' equity

Years ended December 31

(In thousands of reais)

	Note	Capital stock and share premium	Other comprehensive income		Treasury shares	Accumulated losses	Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
			From Company	From non-controlled entities					
Balance as of December 31, 2014		1,125,180	230,889	(37,999)	-	(283,693)	1,034,377	3,113,790	4,148,167
Capital increase	7	203,700	-	-	-	-	203,700	-	203,700
Repurchase of shares	1, 7	-	-	-	(112,614)	-	(112,614)	-	(112,614)
Cancellation of treasury shares	1, 7	-	-	-	79,949	(79,949)	-	-	-
Net loss of the year after change in status		-	-	-	-	(584,542)	(584,542)	(1,514,926)	(2,099,468)
Share of other comprehensive income of non-controlled entities:									
Foreign exchange		-	-	58,419	-	-	58,419	174,771	233,190
Recycling - Foreign exchange		-	-	(58,419)	-	58,419	-	-	-
Change in financial assets at fair value through other comprehensive income									
Realized impairment losses		-	47,211	-	-	-	47,211	141,239	188,450
Unrealized		-	(221,042)	-	-	-	(221,042)	(661,361)	(882,403)
Recycling - Financial assets available for sale		-	221,042	-	-	(221,042)	-	-	-
Foreign exchange on controlled entities		-	(209,411)	-	-	-	(209,411)	(626,486)	(835,897)
Recycling - Foreign exchange on controlled entities		-	209,411	-	-	(209,411)	-	-	-
Currency translation adjustments		-	213,807	-	-	-	213,807	1,183,620	1,397,427
Investment entity - Change in status (1)		-	109,023	37,999	-	146,362	293,384	(1,810,647)	(1,517,263)
Balance as of December 31, 2015		1,328,880	600,930	-	(32,665)	(1,173,856)	723,289	-	723,289
Capital increase	7	175,922	-	-	-	-	175,922	-	175,922
Repurchase of shares / (sale) of treasury shares	1, 7	-	-	-	(107,176)	-	(107,176)	-	(107,176)
Cancellation of treasury shares	1, 7	-	-	-	117,314	(117,314)	-	-	-
Net loss of the year		-	-	-	-	108,344	108,344	-	108,344
Currency translation adjustments		-	(182,281)	-	4,536	-	(177,745)	-	(177,745)
Balance as of December 31, 2016		1,504,802	418,649	-	(17,991)	(1,182,826)	722,634	-	722,634

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

BTG Pactual Participations Ltd.

Statements of cash flows

Years ended December 31

(In thousands of reais)

	Note	12/31/2016 (1)	12/31/2015 (1)
Operating activities			
Net income / (loss) for the year		108,344	(2,099,468)
Adjustments to the income / (loss) for the year			
Equity pickup in associates and joint ventures		-	117,650
Loss on financial assets available for sale		-	188,450
Financial assets measured at fair value through profit or loss		-	81,892
(Gains) / losses from investment entity portfolio measured at fair value	13	(108,287)	53,231
Currency translation adjustments		(177,745)	(278,254)
Adjusted gain/(loss) for the year		(177,688)	(1,936,499)
(Increase)/decrease in operating assets, net			
Investment entity portfolio		161,078	(2,203,695)
Derivative financial instruments		-	1,314,424
Financial assets held for trading		-	24,327,852
Financial assets available for sale		-	(528,705)
Loans and receivables		-	(690,326)
Due from brokers		-	2,713,546
Other assets		-	366,811
Increase/(decrease) in operating liabilities, net			
Open market funding		-	(27,829,470)
Derivative financial instruments		-	(1,206,850)
Financial liabilities held for trading		-	(3,017,657)
Due to brokers		(540)	(1,514,776)
Other liabilities		-	(296,566)
Cash provided by / (used in) operating activities		(17,150)	(10,501,911)
Investment activities			
Capitalization/acquisition of associates and joint ventures		-	(101,383)
Sale/transfer of associates and joint ventures		-	209,686
Dividends received		-	26,120
Cash from investing activities		-	134,423
Financing activities			
Capital increase		124,434	-
Repurchase of shares / (sale) of treasury shares		(107,176)	(10,509)
Financial liabilities at amortized cost		-	1,435,003
Cash provided by financing activities		17,258	1,424,494
Increase / (decrease) in cash and cash equivalents		107	(8,942,994)
Balance of cash and cash equivalents			
At the beginning of the period		-	10,094,874
Investment entity - Change in status		-	1,151,880
At the end of the period		107	-
Increase / (decrease) in cash and cash equivalents		107	(8,942,994)
Non-cash transactions			
Capital increase		51,488	203,700

(1) Refer to Note 2(b) regarding the application of the investment entity guidance.

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

1. Operations

BTG Pactual Participations Ltd ("BTGP" or "Company") was incorporated as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the incorporation of the Company. The Company headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

Banco BTG Pactual S.A. ("BTG Pactual" or "Bank") and BTGP (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and BM&F BOVESPA in São Paulo. Each unit issued, corresponds to 1 common share and 2 preferred shares, class A, of Bank and 1 common share and 2 preferred shares, class B of BTG Pactual Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd and thus became general partner of BTG Investments LP ("BTGI"). As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of BTGI.

BTGI was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including Merchant Banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages BTGI's assets, which do not have their own management, and receives fees at arm's length.

Special Committee

On December 4, 2015, the Board of Directors created a Special Committee, consisting of a majority of independent/non-executive members of the Board of Directors, to oversee and direct an internal investigation of issues raised as a result of the arrest of Mr. André Santos Esteves. The Special Committee hired the law firms Quinn Emanuel Urquhart & Sullivan, LLP and Veirano Advogados (together, "Legal Counsel") to conduct the independent investigation on its behalf. The Board of Directors granted the Special Committee and Legal Counsel authority to require full cooperation from the Group, its management and its employees in the investigation and unlimited access to information requested by the Special Committee and Legal Counsel.

On April 7, 2016, the Special Committee, assisted by outside counsels, concluded their investigation and released the final report. Based on its investigation, the Legal Counsel found no basis to conclude that André Santos Esteves, BTG Pactual or members of its personnel that were subject to this investigation, were engaged in any corruption or illegality with respect to the alleged matters. In addition, in April, the Brazilian Supreme Court authorized Mr. André Santos Esteves to return to BTG Pactual, who has been acting as Senior Partner, with no executive function.

Buyback Program

On November 25, 2015 the Board of Directors announced its units' buyback program. Since the beginning of the program 77,801,250 units have been repurchased impacting BTGP in the amount of R\$219,790 and 71,304,350 units had been canceled, impacting BTGP in the amount of R\$197,263. On December 31, 2016, 5,896,900 units are held in treasury.

Corporate events

On April 8, 2016, BTG Pactual decided to implement the separation of its commodity trading activities, with the exception of those activities carried out by the Brazil energy trading desk from the operational structure of BTG Pactual and to rearrange the commodities platform under a new Luxembourg-based company named Engelhart Commodities Trading Partners ("Engelhart CTP"). The commodities platform will operate separately from BTG Pactual, with limited administrative and operational services to be provided by BTG Pactual based on arm's length contracts in accordance with market practices, including cost sharing and infrastructure sharing agreements, until such services are fully assumed by Engelhart CTP. It is anticipated that a portion of such equity will be held by senior employees of Engelhart CTP under an incentive program. Up to five years after the completion of the separation, Engelhart CTP will have the option to acquire its remaining equity interest held by Banco for its shareholders' equity value.

BTG Pactual Group issued new units as a consequence of this transaction, which lead to a new issuance of shares from BTGP, as described in note 7.

Acquisitions and sales

On September 30, 2016, BTGI Investimentos Florestais S.A., one of BTGI's subsidiaries, raised capital through a share issuance that was fully subscribed by Fundo de Investimento em Participações Development Fund Warehouse. Subsequent to the capital increase, BTGI Investimentos Florestais S.A. acquired a 26.67% stake in Timber SPE S.A., for approximately R\$8.27 million.

On July 29, 2016, the Company, through BTG Pactual Brazil Infrastructure Fund II LP, sold its interest in Latin America Power Holding B.V. to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for US\$60,454 (equivalent to R\$190,810 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

On June 30, 2016, the Company, through its subsidiary BTG Equity Investments LLC, sold its interest in ADS - Advanced Disposal Service to BTGPH Corp Hedge Fund owned by BTG Pactual International Portfolio Fund II SPC for US\$94,347 (equivalent to R\$302,835 at the time of the transaction), via transfer of shares at carrying amount with no gains or losses recorded.

On April 12, 2016, BTGI together with BTG Pactual Principal Investments FIP, entered into a series of agreements through which they committed to dispose of 100% of their shares in União de Lojas Leader S.A. ("Leader") and, consequently, BTG no longer has influence over the company's management. By the time these financial statements were issued, BTGI, through one of its subsidiary, among other commitments, had loans in the amount of R\$1,162 million, subsequent to the acquisition of a portion of Leader's liabilities in the process of restructuring its debts. The sale of Leader was concluded on July 28, 2016. The sale price of the shares corresponds to a symbolic value and the repayment of the loans will derive from Leader's cash generation, including the cash proceeds from a potential sale by its current controlling shareholders.

On March 21, 2016, A.Z.P.S.P.E. Empreendimentos e Participações S.A., BTGI's subsidiary, entered into a share purchase and sale agreement with Gaia Ambiental Empreendimentos S.A, in which it committed to dispose of 100% of its shares in CDR Pedreira, for the amount of approximately R\$258 million, at carrying amount with no gains or losses recorded.

On December 8, 2015 BTGI, through its subsidiary, Aigues de Catalunya Ltd ("ADC") signed promise to sell the totality of its interests in ATLL Concessionaria de La Generalitat de Catalunya S.A. ("ATLL") as follow: (i) Sale of 95% of Company's interest in ATLL's equity for EUR19.34 million (R\$79.78 million), being the receipt of the remaining balance equivalent to 5% of its interest, subject to the fulfillment of precedent conditions, and (ii) liquidation of the credit agreement granted by ADC to ATLL in the amount of EUR54.76 million (R\$ 225.85 million). As consequence of this sale, Company registered a loss for EUR32.25 million (R\$137.06 million).

The financial statements were approved by the Management on February 14, 2017 and they contain a true and fair view of the financial position and results of the Company.

2. Presentation of financial statements

The Company's financial statements were prepared and are being presented in accordance with International Financial Reporting Standards, issued by International Accounting Standards Board (IASB).

The accounting policies set out in Note 3 have been applied consistently to all years presented in these financial statements except for the application of the International Financial Reporting Standard ("IFRS") 10 Consolidated Financial Statements – Investment Entities (Amendment), described in the financial statements for the year ended on December 31, 2015, and the effects of the early adoption of IFRS 9 – Financial Instruments, described below.

d. Early Adoption of IFRS 9 – Financial Instruments

The Company decided to early adopt, and with prospective effects, IFRS 9 – Financial Instruments with the date of initial application of January 1, 2016 in order to reduce the complexity of its financial statements, volatility in the income statement of the gains and losses in fair value of its financial assets, and to anticipate a change that will be mandatory as of January 1, 2018. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, for the credit risk impairment methodology for financial assets, and for the hedge accounting treatment.

Subsequently to the IFRS 9 early adoption without electing fair value option nor hedge accounting, the Company classified prospectively its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) with or without recycling, or at amortized cost. The main characteristics of IFRS 9 are further described in the main accounting practices.

Apart from the aforementioned changes in classification, no significant impact was identified for the Company's financial statements for the year ended on December 31, 2016, as of January 1, 2016, date of the IFRS 9 early adoption.

e. IFRS 10 Consolidated Financial Statements – Investment Entities (Amendment)

On September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity as a result of the restructuring of the vehicles, through which certain of our global capital markets investment activities had been carried out, and change in the way Management conducts the business. The change in status to investment entity caused significant changes, mainly to the presentation of the financial statements, and we believe it provides enhanced transparency in its investments to the ultimate shareholders, and users of its financial statements.

The objective of the restructuring, initiated in early 2015, was to reduce the operational costs of maintaining similar trading strategies in the funds in which we invest directly, BTG Pactual Absolute Return II LP ("ARF II") and BTG Pactual Absolute Return LP ("ARF"), and the fund in which BTG Pactual's other clients invest with similar strategies, BTG Pactual Global Emerging Markets and Macro Fund Limited ("GEMM"). Accordingly, BTGI reduced the positions in ARF and ARF II; funds consolidated in our financial statements, and reallocated substantial portions of such proprietary capital to GEMM, an unconsolidated fund. While the restructuring caused a significant reduction in BTGI's total assets, its economic exposure to the corresponding trading strategies remains substantially similar. Further, it became substantially a vehicle through which investment are made for returns from capital appreciation and investment income and which measures and evaluate the performance of substantially all its portfolio on a fair value basis.

Under IFRS 10, the criteria which define an investment entity are currently as follows:

- a. An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- b. An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- c. An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In accordance with IFRS10.30 and IFRS10.B101, the Company has therefore ceased to consolidate its subsidiaries at the date of the change in status, which it has evaluated as being September 30, 2015. The Company has no subsidiaries that provides services that relate to its investment activities that would continue to be consolidated under IFRS10.32.

The Company's investments in controlled entities, as well as investments in associates and joint ventures, are now measured at fair value through profit or loss, as shown in Note 8. The Company has derecognized the assets and liabilities of its subsidiaries from its balance sheet and recognized a gain or loss associated with the move to fair value accounting of these subsidiaries.

As at September 30, 2015, the major impacts due to the change in investment entity status are: (i) transfer of foreign exchange differences on translation of subsidiaries and fair value from available for sale financial instruments from current year and previous periods that had been recognized in other comprehensive income to the income statement in the amount of R\$818,337, (ii) recognition of positive fair value in the amount of R\$178,310 in the income statement related to the net position of both raised and contracted loans, (iii) significant change in presentation of the balance sheet due to several reclassifications to the investment entity portfolio line; and, (iv) no longer presentation of non-controlling interest on the balance sheet; statements of changes in shareholders' equity and cash flows.

Prospective application of the amended standard resulted in the following changes to the balance sheet as of September 30, 2015:

	Consolidated	Adoption of IFRS 10 - Investment Entities	Investment entity
Assets			
Cash at banks	1,435,629	(1,435,629)	-
Open market investments	228,327	(228,327)	-
Derivative financial instruments	73,692	(73,692)	-
Financial assets held for trading	5,136,588	(5,136,588)	-
Investment entity portfolio	-	912,487	912,487
Financial assets available for sale	3,861,825	(3,861,825)	-
Loans and receivables	2,985,879	(2,985,879)	-
Due from brokers	846,934	(846,934)	-
Investments in associates and joint ventures	1,352,132	(1,352,132)	-
Investment properties	824,283	(824,283)	-
Receivables from related parties	-	203,700	203,700
Other assets	752,563	(752,563)	-
Total assets	17,497,852	(16,381,665)	1,116,187
Liabilities			
Open market funding	1,934,228	(1,934,228)	-
Derivative financial instruments	212,911	(212,911)	-
Financial liabilities held for trading	110,460	(110,460)	-
Financial liabilities at amortized cost	8,511,838	(8,511,838)	-
Due to brokers	301,873	(301,873)	-
Payables to related parties	-	203,700	203,700
Other liabilities	2,879,592	(2,879,592)	-
Total liabilities	13,950,902	(13,747,202)	203,700
Shareholders' equity			
Capital stock and share premium	1,328,880	-	1,328,880
Other comprehensive income	310,899	288,396	599,295
Accumulated losses	(603,355)	(412,333)	(1,015,688)
Total shareholders' owners equity	1,036,424	(123,937)	912,487
Non-controlling interest	2,510,526	(2,510,526)	-
Total shareholders' equity and non-controlling interest	3,546,950	(2,634,463)	912,487
Total liabilities and shareholders' equity	17,497,852	(16,381,665)	1,116,187

Although the Company no longer consolidates any subsidiary, information relating to non-controlling interest has been provided in the statement of income and comprehensive income as it presents its results until September 30, 2015. Further, the Company has decided to present consolidated statement of income and comprehensive income for the periods and quarters ended September 30, 2015 because it understands the derecognition of subsidiaries should solely be recorded prospectively.

The Company's investment entity portfolio is held through BTG Holdco, which measures its investment in BTGI, at fair value through profit or loss. Both entities are now fair valued. When it is impractical or there is reasonable effort to measure the fair value of the entity, IFRS 10 allows an investment entity to use the previous carrying amount of the subsidiary. As of December 31, 2016 and 2015, both entities were presented at fair value.

f. Application and significant judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in Note 3, specifically regarding the classification of financial assets, the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

g. Revised IFRS pronouncements

The following standards have been adopted as of and for the year ended December 31, 2016:

• Annual improvements

The "Annual Improvements to IFRSs" for the 2014-16 annual improvement cycles were issued December 8, 2016 and their adoption is required from January 1, 2018.

The Company assessed the possible effects and concluded that it will have no material impact on its financial statements.

• IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" amends IFRS 10 and IAS 28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The change is effective since January 1, 2016 and Management assessed the possible impacts. However, it concluded that they are not significant as of December 31, 2016.

3. Main accounting practices

b. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported

amounts of revenues and expenses during the year. These estimates are based on historical experience and various other factors that Management believes are reasonable under the circumstances, the results form the basis for judgments about carrying values of assets and liabilities, which are not determined through other sources. The actual results could differ from those estimates.

c. Functional currency and presentation

Functional currency

The items included in the financial statements of each of the subsidiaries of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency").

The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

Foreign currency translation

The financial statements of subsidiaries whose functional currency is different from that adopted by the parent Company, are translated into the functional currency of the parent using the criteria in IAS 21.

Monetary assets and liabilities denominated in currencies other than U.S. Dollars are converted into U.S. Dollar using exchange rates closing at the end of each period. The non-monetary assets and liabilities are translated using the historical rate date. Transactions during the end of the financial year, including purchases and sales of securities, income and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses on foreign currency transactions are included in "translation adjustments" in the statement of comprehensive income.

Presentation currency

These financial statements are presented using the Brazilian Real ("Real" or "reais" or "R\$") , the presentation currency, as its reporting currency exclusively to meet the specific requirements of the Brazilian Federal Securities Commission ("CVM"), the Brazilian regulatory body.

The conversion of U.S. Dollar functional currency into reais (presentation currency) was recorded pursuant to the methodology described in IAS 21 – ("The effects of changes in exchange rates"), and is summarized below:

- The assets and liabilities for each balance sheet date were translated at the closing exchange rate at the balance sheet date. Income and expenses were translated using monthly average exchange rate.
- For assets and liabilities for each balance which IAS 21 does not establish a methodology for translation, the Company elected to translate balances using the closing rate of each balance sheet, and other movements in shareholders' equity were converted using monthly average rate, except those that correspond to a specific transaction with shareholders that were converted at the exchange rate at the transaction date.
- For the preparation of the statement of cash flows, the Company used the average annual rate for the conversion of balances of changes in assets and liabilities items of operational cash flows. For the remaining transactions, the Company used the historical rate.

All resulting translation differences are recognized directly in "translation adjustments" in the statement of other comprehensive income.

d. Cash and cash equivalents

For the purposes of statements of cash flow, cash and cash equivalents includes cash, bank deposits and highly-liquid short-term investments redeemable in up to 90 days, subject to an insignificant risk of change in value.

e. Revenue and expense recognition

Net gains with financial instruments

Amounts that arise from trading activity including all gains and losses from changes in the fair value and the interest and dividend income or expense of financial assets and liabilities held for trading.

Interest income (expense)

Interest income (expense) is recognized as incurred, using the effective interest rate method. The interest on financial instruments held for trading are recorded in "Gain (losses) on financial instruments held for trading".

Dividend income

For investments classified as fair value through profit and loss and available for sale, dividend income is recognized when the right to receive payment is established.

Dividends on financial instruments held for trading are recorded as "Gain (losses) on financial instruments held for trading", and dividends received on financial assets as available for sale are classified as "Gain (losses) on financial assets available for sale".

f. Financial instruments

This section described the accounting practices adopted as a result of the early adoption of IFRS 9.

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets or liabilities that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Subsequently to the IFRS 9 early adoption without electing fair value option, the Company classified its financial assets as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) with or without recycling or at amortized cost.

Derivatives financial instruments

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the income statement "Net gains (losses) with financial instruments held for trading".

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in “Gains (losses) on financial instruments held for trading”.

Included in this classification are: debt instruments, equities and short sale that have been acquired specifically for the purpose of short term trading or repurchase.

Financial assets and liabilities designated at fair value through profit and loss

Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit or loss on initial recognition is only possible when the following criteria is observed and the designation of each instrument is individually determined:

- Designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways; or
- Assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- The financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in “Net gain on financial assets or liabilities designated at fair value through profit and loss”.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income includes equities and debt instruments:

Equity Instruments

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. If it makes such election, only dividend income that does not clearly represent a recovery of part of the cost of the investment is recognized in profit or loss, with all other gains and losses (including those related to foreign exchange) recognized in other comprehensive income. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, even on derecognition. After derecognition of the investment, the Company may transfer the cumulative gain or loss retained in other comprehensive income to retained earnings.

Debt Instruments

Debt instruments can be recognized under this category if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the debt instrument, the unrealized gains or losses, previously recognized

in the statement of comprehensive income, are reclassified to the income statement, as "Gain (losses) on fair value through other comprehensive income".

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets are measured at amortized cost using the effective interest rate method.

Although the Company is not expected to sell a financial asset measured under this category, as it is expected to hold it to maturity to collect contractual cash flows, the Company need not hold all of those instruments until maturity and sales may occur.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Impairment of financial assets

Under IFRS 9, at initial recognition of a debt instrument, the Company needs to project its expected credit losses for the next 12 months and recognize it as an allowance for credit losses, even though no losses have yet occurred. This is a change of concept to an expected loss model, rather than an incurred loss model that was effective under IAS 39.

If the Company is expecting a significant deterioration in the credit quality of its counterparty, it should recognize an allowance equivalent to the lifetime expected credit losses of the instrument, rather than only the 12 month expected credit losses.

Measurement

Expected credit losses are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

If the assets are no longer performing (a credit event), despite considering the expected credit losses for the lifetime of the instrument, the Company should also recognize interest revenue based on the net carrying amount, which means that the allowance should be accounted for on interest recognition.

The main evidence of deterioration of the credit quality of the counterparty are:

- the significant decline in the fair value of any security for a prolonged period;
- noncompliance with contract terms for delay of principal or interest;
- deterioration in ability to pay and operational performance;
- breach of covenants;
- significant change in the performance of the counterparty market;
- reduced liquidity of the asset due to financial difficulties the lender.

For impairment losses related to debt instruments through other comprehensive income, such losses will be recognized on the statements of income against other comprehensive income in an account called "accumulated impairment amount". However, if in a subsequent period occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The Company is required to reduce the gross carrying amount of its financial instruments when there is no reasonable expectation of recovering the contractual cash flows on the financial assets on its entirety or a portion thereof.

g. Valuation of Investment entity portfolio

Investment entity portfolio is held at fair value with movements in fair value going through the profit and loss account. The investments held by BTG Holdco (through BTGI) are defined as underlying investments. These underlying investments correspond substantially to an investment in global markets and merchant banking investments which are generally made directly or through ownership in limited partnership funds. The merchant banking investments are comprised of equity ownerships, loans and convertible instruments which most of the risk and return are dependent on the fair value and characteristics of underlying equity. The Company may adjust these values if, in its view, the values do not reflect the price which would be paid in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act.

Investment entity portfolio are measured according to the fair value measurement hierarchy described below:

Level 1: Price quotations observed in active markets for the same instrument;

Level 2: Price quotations observed in active markets for instruments with similar characteristics or based on pricing model in which the relevant parameters are based on observable active market data;

Level 3: Pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Company determines a reasonable level for the input. The valuation models are developed internally and are reviewed by the pricing team, which is independent from the revenue generating areas, they are updated whenever there is evidence of events that could have affected the assets' pricing. Investment

entity portfolio primarily includes certain limited partnership interests in private equity funds mainly derived from our merchant banking activities and OTC derivatives which valuation depends upon unobservable inputs. No gain or loss is recognized on the initial recognition of an investment entity portfolio valued using a technique incorporating significant unobservable data.

Level 3 valuation assumptions		
Asset	Valuation technique	Main assumptions
Private Equity Funds (unquoted investments)	Price of recent investments; Models based on discounted cash flows or earnings; Market and transaction (M&A) multiples.	Market and revenue growth, profitability and leverage expectations, discount rates, macro-economic assumptions such as inflation and exchange rates, risk premiums including market, size and country risk premiums.
Derivatives	Standard models and non-bidding quoted prices	Probability of default and recovery rates

In certain cases, data used to determine fair value may be from the different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments among the different levels of fair value measurement hierarchy.

h. Financial instruments – Offsetting

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recognized and if there is the intention to offset, or to realize the asset and clear the liability simultaneously.

i. Due from / to brokers

Amounts receivable from / payable to brokers include unsettled trades and cash maintained at (or payable to) brokers and other counterparties of the Company.

After initial measurement, due from/to brokers are measured at amortized cost using the effective interest rate method, net of the provision for losses with impairment.

j. Impairment of nonfinancial assets

Investments in associates and joint ventures and assets that have an indefinite life, such as goodwill are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are tested for impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment is recognized if the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and its recoverable value in use. For the purpose of evaluating the impairment amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units - CGU).

k. Contingent assets and liabilities

Provisions are recognized when the Company has a current obligation (legal or constructive), as the result of a past event and it is probable that an outflow of resources which incorporates economic benefits shall be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense related to any allowance is presented in the income statement net of any reimbursement.

The recognition, measurement and the disclosure of the assets and contingent liabilities and of the legal are made pursuant to the criteria described below.

Contingent assets - not recognized in the financial statements, except when there is evidence that realization is virtually certain.

Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and Management, the risk of loss of an action, judicial or administrative is deemed likely, with a probable outflow of resources to settlement of the obligations and when the amounts involved can be reasonably measured. Contingent liabilities classified as possible losses by the legal advisors are only disclosed in explanatory notes, while those classified as remote losses are neither provided for nor disclosed.

l. Profit allocation

The dividends are classified as liabilities when declared by the board and approved by the Extraordinary / Ordinary General Meeting.

m. Segment information

IFRS 8 requires that operating segments are disclosed consistently with information provided to the Company's chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. Management believes the Company has only one segment, which is related to the overall activity of an investment entity and so no segment information is disclosed.

Subsidiaries

The table below presents the direct and indirect interest of the Company in its subsidiaries that have been consolidated in the financial statement up to the change in status to the investment entity:

	Country	Equity interest - %	
		12/31/2016	12/31/2015
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
BTG Investments LP	Bermuda	29.28	25.88

Below is the ownership interest held by BTGI in its subsidiaries and investment funds:

	Country	Equity interest - %	
		12/31/2016	12/31/2015
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
BTG Pactual Mining S.A. (i)	Brazil	-	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd.	UK	98.00	98.00
BTG Pactual Iberian Concessions Ltd.	UK	100.00	100.00
BTG Pactual PropertyCo LLC	USA	-	100.00
BTG Pactual PropertyCo II LLC	USA	-	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	85.86	100.00
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	70.00	100.00
A.Z.P.S.P.E Empreendimentos e Participações S.A. (ii)	Brazil	100.00	86.56
Timber XI SPE S.A.*	Brazil	22.90	-
Timber IX Participações S.A.*	Brazil	22.90	26.67
BTG Pactual SCFlor & São Lourenço Holding S.A. (iii)*	Brazil	-	26.67
São Lourenço Empreendimentos Florestais Ltda.*	Brazil	22.38	26.67
Fazenda Corisco Participações S.A.*	Brazil	22.38	26.67
BTG Pactual Santa Terezinha Holding S.A.*	Brazil	21.55	25.07
SCFlor Empreendimentos Agrícolas Ltda.*	Brazil	22.38	25.07
Fazenda Santa Terezinha Participações S.A.*	Brazil	21.55	25.07
BTGI Quartzo Participações S.A	Brazil	100.00	100.00
BTGI Safira Participações S.A	Brazil	100.00	100.00
Investment funds			
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII - FII Estoque Residencial Vitacon	Brazil	100.0	100.00

(v) BTG Pactual Mining S.A. ceased to exist during the year ended 31 de dezembro de 2016.

(vi) During the year ended on December 31, 2016, the remaining interest was transferred from FIP Iron (BTGI's structure) to Turquesa Fundo de Investimento em Participação.

(vii) During the year ended December 31, 2016, BTG Pactual SCFlor & São Lourenço Holding S.A. was incorporated by Fazenda Corisco Participações S.A.

* The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

As described in Note 1, as from December 29, 2010, the Company became the general partner of BTGI with powers to control BTGI's financial and operating policies through the interest held in that Company.

During the year ended December 31, 2015, the Company received a capital contribution from Generali NV, as part of the BSI S.A. transaction, and subsequently contributed the same amount in

BTGI. In addition, as mentioned in Note 1, due to shares repurchase occurred in the years ended December 31, 2015 and 2016, the Company holds 29.28% of equity interest in BTGI (December 31, 2015 – 25.88%).

4. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees allows engaging the whole organization and ensuring decisions are readily implemented.

The main committees involved in risk management activities are (i) Management Committee, which approves policies, sets overall limits and is the ultimate responsible for the management of our risks, (ii) New Business Committee, which assesses the viability and oversees the implementation of proposed new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new credit transactions according to the guidelines set by our Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including utilization of our risk limits, and for approving exceptions to such limits, (v) Operational Risk Committee, which assesses main operational risks in light of the established policies and regulatory framework, (vi) AML Compliance Committee, which is responsible for establishing AML rules, and for reporting potential issues involving money laundering, (vii) CFO Committee, which is responsible for monitoring our liquidity risk, including our cash position and balance sheet usage, and for managing our capital structure, (viii) Audit Committee, which is responsible for the independent verification of the adequacy of our controls, and for assessing whether our books records are kept appropriately.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. The close involvement of various committees (including their subcommittees) with the ongoing management and monitoring of our risks helps the Company foster its culture of risk control throughout the organization. The committees consist of senior members of business units and senior members of control departments that are independent of businesses.

d. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one-day period, level of level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Company uses a stress test models as a complement to VaR method for its daily risk activities.

The table below contains daily average VaR for the years ended:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
In millions of R\$			
Daily average VaR	0.7	9.6	10.5

The Company used to and continue to measure and evaluate the performance of substantially its entire investments entity portfolio on a fair value basis and therefore there was no significant change in the risk management framework.

Further, it has not been possible to present detailed market risk information relating to Global Markets Investment within its investment entity portfolio. For this matter, the Company's management rely on VaR provided by its manager, which is BTG Pactual.

e. Credit risk

The following table shows the maximum exposure of the investment entity portfolio and cash and cash equivalents by geographic region:

	12/31/2016			
	Brazil	United States	Others	Total
Assets				
Cash and cash equivalents	107	-	-	107
Investment entity portfolio				
Assets				
Cash and cash equivalents	2,269	-	-	2,269
Investment entity portfolio (i)	2,303,381	-	193,865	2,497,246
Investments at fair value through other comprehensive income	66,380	1,922	(17,875)	50,427
Loans and receivables	18,766	626,980	485	646,231
Other assets	2,643	-	-	2,643
Liabilities (ii)	-	-	(2,476,289)	(2,476,289)
Total	2,393,546	628,902	(2,299,814)	722,634

	12/31/2015				
	Brazil	United States	Europe	Others	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	190,283	-	105	-	190,388
Investment entity portfolio (i)	509,533	95,343	-	1,959,652	2,564,528
Investments at fair value through other comprehensive income	41,550	13,201	58,725	-	113,476
Loans and receivables	15,644	584,330	-	519	600,493
Other assets	-	-	-	15,521	15,521
Liabilities (ii)	-	-	-	(2,760,577)	(2,760,577)
Total	757,010	692,874	58,830	(784,885)	723,829

(i) The amount of R\$193, 725 (2015 – R\$1,959,651) being presented as Others mainly relates to Funds based in the Cayman Islands (ARF II and GEMM) with global market investments strategy, as described in Note 6b(ii).

(ii) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts).

The table below states the maximum exposures to credit risk of the investment entity portfolio and cash and cash equivalents, classified by the counterparties' economic activities:

	12/31/2016				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Cash and cash equivalents	107	-	-	-	107
Investment entity portfolio					
Assets					
Cash and cash equivalents	2,269	-	-	-	2,269
Investment entity portfolio	2,198,778	642,276	-	(343,808)	2,497,246
Investments at fair value through other comprehensive income	-	68,302	-	(17,875)	50,427
Loans and receivables	-	19,250	626,981	-	646,231
Other assets	-	-	-	2,643	2,643
Liabilities (i)	-	-	-	(2,476,289)	(2,476,289)
Total	2,201,154	729,828	626,981	(2,835,329)	722,634

	12/31/2015				
	Private institutions	Companies	Individuals	Others	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	190,388	-	-	-	190,388
Investment entity portfolio	2,166,659	397,869	-	-	2,564,528
Investments at fair value through other comprehensive income	-	113,476	-	-	113,476
Loans and receivables	518	15,644	584,331	-	600,493
Other assets	-	-	-	15,521	15,521
Liabilities (i)	-	-	-	(2,760,577)	(2,760,577)
Total	2,357,565	526,989	584,331	(2,745,056)	723,829

(i) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts)

f. Liquidity analysis and risk

As of December 31, 2016, the Company has R\$107 in cash and cash equivalents (December 31, 2015 – zero), as described in note 5, which has no maturity, and does not have any liabilities. As of December 31, 2015, Due to brokers in the amount of R\$540 represented the sole liability of the Company, and its undiscounted cash flow was equal to its book value.

As of December 31, 2016, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. The following table shows the Investment entity portfolio's and cash and cash equivalents' liquidity position as of December 31, 2016 and 2015:

	12/31/2016				
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Cash and cash equivalents	107	-	-	-	107
Investment entity portfolio					
Assets					
Cash and cash equivalents	2,269	-	-	-	2,269
Investment entity portfolio	1,694,209	-	-	803,037	2,497,246
Investments at fair value through other comprehensive income	-	-	-	50,427	50,427
Loans and receivables	-	14,335	1,272	630,624	646,231
Other assets	-	2,643	-	-	2,643
Liabilities (i)	(1,741,996)	(39,270)	(490,679)	(204,344)	(2,476,289)
Total	(45,411)	(22,292)	(489,407)	1,279,744	722,634

	12/31/2015				
	Up to 90 days / No maturity	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Investment entity portfolio					
Assets					
Cash and cash equivalents	190,388	-	-	-	190,388
Investment entity portfolio	1,967,464	-	-	597,064	2,564,528
Investments at fair value through other comprehensive income	-	-	-	113,476	113,476
Loans and receivables	518	29,496	-	570,479	600,493
Other assets	15,521	-	-	-	15,521
Liabilities (i)	(2,111,456)	(255,375)	(391,331)	(2,414)	(2,760,577)
Total	62,435	(225,879)	(391,331)	1,278,605	723,829

(i) Includes financial liabilities entered into by BTGI (BTGP is not a counterparty of such contracts).

5. Cash and cash equivalents

Cash and cash equivalents comprises exclusively highly liquid bank deposits, in Banco BTG Pactual S.A., totaling R\$107 (December 31, 2015 – zero).

6. Investment entity portfolio

As of December 31, 2016, the investment entity portfolio measured at fair value through profit and loss is represented by the interest in BTG Holdco, a holding entity, in the amount of R\$722,527 (December 31 2015 - R\$723,829). Below are presented relevant information of the investment portfolio as of December 31, 2016 and 2015, through the investment in BTGI (via BTG Holdco).

On January 1, 2016, BTGI adopted IFRS 9, with prospective effects from that date onwards. For this matter, the figures disclosed below include impacts from the early adoption, as described in its financial statements.

The relevant figures of the Company's investment portfolio, as of December 31, 2016 and 2015, are presented below:

	Note	12/31/2016 (1)	12/31/2015 (1)
Assets			
Cash and cash equivalents	(a)	7,747	735,657
Investment entity portfolio	(b)	8,527,913	9,909,305
Investments at fair value through other comprehensive income	(c)	172,204	438,468
Loans and receivables	(d)	2,206,832	2,320,296
Other assets		9,024	59,974
Total		10,923,720	13,463,700
Liabilities			
Derivatives		3,658	-
Financial liabilities at amortized cost	(e)	8,401,685	11,315,154
Other liabilities		61,128	40,825
Total		8,466,471	11,355,979
Shareholders' equity		2,457,249	2,107,721
Total liabilities and shareholders' equity		10,923,720	13,463,700
Investment entity portfolio reconciliation on December 31, 2015			
BTGI shareholder's equity		2,457,249	2,107,721
BTGP ownership (via BTG Holdco)		29.28%	25.88%
Subtotal		719,561	545,519
Fair value adjustment (2)		2,966	178,310
Total		722,527	723,829

(3) Balances as reported by BTGI as of December 31, 2016 and 2015.

(4) BTGI measures certain assets and liabilities at amortized cost in its financial statements, therefore a fair value adjustment is necessary upon adoption of investment entity by BTGP.

(g) Cash and cash equivalents

Cash and cash equivalents are comprised exclusively of highly liquid bank deposits.

(h) Investment entity portfolio

	As of December 31, 2016		As of December 31, 2015	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments (i)	2,184,401	2,193,327	2,486,353	1,741,693
Private equity funds ("FIP")	300,507	331,498	711,215	755,904
Subsidiaries, associates and jointly controlled entities	1,831,643	1,809,578	933,665	1,015,978
Others	52,251	52,251	(30,189)	(30,189)
Global markets investments (ii)	609,784	609,784	7,602,257	7,602,257
Corporate bonds (iii)	1,886,953	1,723,067	1,924,820	1,380,902
Loans (1)	5,175,817	5,175,817	2,343,960	2,343,960
Others (2)	(1,174,082)	(1,174,082)	(3,159,507)	(3,159,507)
Total	8,682,873	8,527,913	11,197,883	9,909,305

- (1) Refers to loans granted by BTG Pactual Proprietary Feeder (1) Limited to BTGI. The amount is reflected as financial liabilities at amortized cost in Note 6e. As of December 31, 2015, the amount was presented as Others.
- (2) Includes financial assets and liabilities entered into by BTGI's subsidiaries (BTGP is not a counterparty of such contracts).

(j) Merchant Banking investments

Merchant Banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant Banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As a result of the IFRS 9 early adoption, part of the Merchant Banking investments from the investment entity portfolio was reclassified as investments at fair value through comprehensive income as described in note 6c.

As of December 31, 2016 and 2015, BTGI Merchant Banking investments corresponds to private equity and real estate investments, through FIP or other investment vehicles, as disclosed below:

Merchant Banking investments	Description/ Segment activity	12/31/2016		12/31/2015	
		(%) (1)	Fair value	(%) (1)	Fair value
Through FIPs:					
União de Lojas Leader S.A.	Retail company	-	-	51.9%	67,854
B&A Mineração S.A.	Development and operation of mining assets	87.8%	165,892	87.8%	261,569
CDR Pedreira Ltda.	Disposal services	-	-	56.3%	156,000
BrPec Agro Pecuária S.A.	Ranching	100.0%	165,606	100.0%	270,481
Through subsidiaries, associates and jointly controlled entities:					
ADS - Advanced Disposal Service	Disposal services	-	-	10.2%	368,406
Timber XI SPE S.A.	Biological assets	22.9%	8,439	-	-
Timber IX Participações S.A.	Biological assets	22.9%	58,475	26.7%	42,572
BTG Pactual Santa Terezinha Holding S.A	Biological assets	21.6%	31,864	25.1%	45,126
BTG Pactual SCFLOR & São Lourenço Holding S.A	Biological assets	23.0%	27,824	26.7%	43,330
Brasil Pharma S.A. (2)	Pharmaceutical retail company	94.5%	403,912	14.3%	5,098
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Concession company	2.0%	-	2.0%	4,320
Loans - Merchant Banking investments (3)	Others		1,279,064		507,126
Others			52,251		(30,189)
Total			2,193,327		1,741,693

- (1) The equity interest disclosed in the table above refers to the Company indirect interest.
- (2) During the quarter ended March 31, 2016, BTGI, through its subsidiary BTG Pactual Prop Feeder (1) S.a.r.l, undertook a capital increase of approximately R\$400,000 in Brasil Pharma S.A. The cash proceeds were used to pay back the loan that was previously shown as "Loans – Merchant Banking investments".
- (3) Includes the loans subsequent to the acquisition of a portion of Leader's liabilities, as described in Note 1.

(iv) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators.

These funds have hybrid portfolios composed of a mix of fixed income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and interest rates. These funds usually employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage.

As of December 31, 2016 and 2015, BTGI had invested in the following global hedge funds:

	12/31/2016	12/31/2015
Global markets investments		
BTG Pactual Global Emerging Markets and Macro Fund Limited ("GEMM")(1)	-	2,452,290
BTG Pactual Absolute Return II Master Fund LP ("ARF II")		
(2)	609,784	5,149,967
Total	609,784	7,602,257

- (1) During the year ended on December 31, 2016, the Company enacted a full redemption of its investment in GEMM.
- (2) During the year ended on December 31, 2016, the loan granted by ARF II to BTGI has been fully reimbursed.

As of December 31, 2016 and 2015, the Net Asset Value ("NAV") of the Global markets investments presented in the table above approximates to its fair value, which is equivalent to its cost value on the referred date.

(v) Investment in corporate bonds

Investment in corporate bonds comprises exchanged traded corporate bonds issued by Banco BTG Pactual S.A - Luxembourg Branch, maturing December 29, 2049 and by BTG Pactual S.A. – Cayman Branch, maturing on September 28, 2022.

(i) Investments at fair value through other comprehensive income

Subsequently to the IFRS 9 early adoption, BTGI now presents part of its investment entity portfolio as investments at fair value through other comprehensive income. The carrying amount and fair value of these investments are the same both under IAS 39 and IFRS 9. For this matter, the comparative balances from the year ended on December 31, 2015 were also reclassified, as shown hereunder:

	As of December 31, 2016		As of December 31, 2015	
	Cost	Fair value	Cost	Fair value
Merchant Banking investments - FIP (i)	240,555	233,247	672,178	498,729
Others (1)	(61,043)	(61,043)	(60,261)	(60,261)
Total	179,512	172,204	611,917	438,468

(2) Includes payables for management fees or loans purposes.

(j) Merchant banking investments - FIP

Merchant Banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant Banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As of December 31, 2016 and 2015, BTGI Merchant Banking investments corresponds to private equity and real estate investments, through FIP, as disclosed below:

Merchant Banking investments	Description/Segment activity	12/31/2016		12/31/2015	
		(%) (1)	Fair value	(%) (1)	Fair value
AlBodytech Participações S.A.	Fitness segment	10.6%	54,529	10.3%	51,862
Brasil Brokers Participações S.A.	Investment in real estate companies	4.5%	13,642	4.3%	10,982
Deep Sea Group (2)	Maritime transport and logistics services for the oil and gas sector	3.0%	6,563	14.7%	51,008
Brasil Pharma S.A (3).	Pharmaceutical retail company	0.2%	800	2.8%	1,042
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	30.1%	27,810	29.2%	26,998
Estre Participações S.A.	Waste collection, treatment and disposal	9.7%	30,581	9.6%	29,563
Latin America Power Holding B.V.	Energy sector	-	-	10.6%	226,913
Sete Brasil Participações S.A.	Oil and gas	0.5%	-	0.5%	3,938
UOL Universo on Line S.A.	Internet and server provider	2.3%	99,322	2.2%	96,423
Total			233,247		498,729

- (i) The equity interest disclosed in the table above refers to the Company indirect interest.
- (ii) During the year ended in December 31, 2016, Deep Sea Group had a corporate reorganization which lead to the roll-up of BTGI's interest, through its subsidiary Principal DPC Serviços Óleo e Gás S.A.
- (iii) See Note 6f, section vii.

(j) Loans and receivables

	12/31/2016	12/31/2015
Partners (i)	2,119,612	2,114,683
Others	87,220	205,613
Total	2,206,832	2,320,296

(ii) Loans indexed to CDI or libor, and the maturity are in general higher than 1 year. Loans to partners are provided in connection to the acquisition of units in BTG Pactual Group.

As of December 31, 2016 and 2015, the fair value attributed to the Loans and receivables is similar to its amortized cost.

(k) Financial liabilities at amortized cost

	Maturity	Index	12/31/2016	
			Cost	Fair value
Loans with financial institutions	February-17 to August-20	Libor and 1.15% to 5.3% p.a.	5,959,040	6,044,445
Medium term notes	Janeiro-17 to June-19	0.8%p.a. to 100% CDI	2,442,645	2,367,369
Total			8,401,685	8,411,814

	Maturity	Index	12/31/2015	
			Cost	Fair value
Loans with financial institutions	February-16 to December-16	Libor and 1.15% to 2.64% p.a.	7,779,185	7,712,537
Medium term notes	January-16 to June-19	0.8%p.a. to 100% CDI	3,535,969	2,913,675
Total			11,315,154	10,626,212

Certain issuance of the loans and medium term notes are guaranteed by BTG Pactual Holding S.A., parent company of Group.

(l) Fair value Hierarchy

BTGP classifies its investment entity portfolio as level 3. However, the underlying assets and liabilities of this portfolio have different classification which is presented as follows:

(iii) Investment entity portfolio

	12/31/2016			
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	331,498	331,498
Subsidiaries, associates and jointly controlled entities	-	1,279,064	530,514	1,809,578
Others	-	-	52,251	52,251
Global markets investments	-	609,784	-	609,784
Corporate bonds	-	1,723,067	-	1,723,067
Loans	-	5,175,817	-	5,175,817
Others	-	(1,174,082)	-	(1,174,082)
Total	-	7,613,650	914,263	8,527,913

	12/31/2015			
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Merchant Banking investments				
Private equity funds	-	-	755,904	755,904
Subsidiaries, associates and jointly controlled entities	5,098	507,126	503,754	1,015,978
Others	-	-	(30,189)	(30,189)
Global markets investments	-	7,602,257	-	7,602,257
Corporate bonds	-	1,380,902	-	1,380,902
Loans	-	1,267,053	-	1,267,053
Others	-	(2,082,600)	-	(2,082,600)
Total	5,098	8,674,738	1,229,469	9,909,305

Changes in level 3 for the year ended are as follows:

	Merchant Banking investments
Balances as of December 31, 2014	2,096,032
Acquisitions	116,752
Sales	(267,530)
Losses on fair value of investment entity portfolio	(715,785)
Balances as of December 31, 2015	1,229,469
Reclassification between levels (i)	5,098
Acquisitions	547,163
Sales	(561,053)
Losses on fair value of investment entity portfolio	(306,414)
Balances as of December 31, 2016	914,263

(i) As described in Note 6f, section vii.

(iv) Investments at fair value through other comprehensive income

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

	12/31/2016			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	20,205	-	213,042	233,247
Others	-	(61,043)	-	(61,043)
Total	20,205	(61,043)	213,042	172,204
	12/31/2015			
	Level 1	Level 2	Level 3	Total
Investments at fair value through other comprehensive income				
Merchant Banking investments - FIP	12,024	-	486,705	498,729
Others	-	(60,261)	-	(60,261)
Total	12,024	(60,261)	486,705	438,468

Changes in level 3 for the year ended are as follows:

	Merchant Banking investments
Balances at December 31, 2014	686,657
Acquisitions	87,811
Losses on fair value of investment entity portfolio	(287,763)
Balances at December 31, 2015	486,705
Reclassification between levels (i)	(49,966)
Acquisitions	8,452
Sales	(190,810)
Losses on fair value of investment entity portfolio	(41,339)
Balances as of December 31, 2016	213,042

(i) As described in Note 6f, section vii.

(vii) Loans and receivables

Loans and receivables are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(viii) Financial liabilities at amortized cost

Financial liabilities at amortized cost are presented at fair value at BTGP's level using a pricing model in which the relevant parameters are based on observable active market data. Therefore, they fall in the Fair Value Level 2 category.

(ix) Derivatives

Derivatives are presented at fair value at BTGP's level using pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Therefore, they were classified as a new Level 3 acquisition during the year ended December 31, 2016.

(x) Summary of valuation techniques

The following table summarizes the valuation techniques and significant unobservable inputs used in the fair value measurement level 3 financial instruments:

Merchant Investment / Investments at fair value through other comprehensive income	Banking					
		Fair value - 12/31/16	Fair value - 12/31/15	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Private Equity Funds		544,539	1,242,610	Discounted cash flows	<ul style="list-style-type: none"> Future Cash Flows Discount rate 	<ul style="list-style-type: none"> Increases (decreases) in future cash flows increase (decrease) fair value Increases (decreases) in discount rates decrease (increase) fair value
				Market Multiples	<ul style="list-style-type: none"> Future Cash Flows Comparison to peers 	<ul style="list-style-type: none"> Increases (decreases) in future cash flows increase (decrease) fair value Increases (decreases) in multiples for individual companies in peer group may skew averages and increase (decrease) fair value
				Transaction Multiples	<ul style="list-style-type: none"> Future Cash Flows Comparison to peers 	<ul style="list-style-type: none"> Increases (decreases) in future cash flows increase (decrease) fair value Increases (decreases) in multiples for individual companies in peer group may skew averages and increase (decrease) fair value
				Net Asset Valuation	<ul style="list-style-type: none"> Asset values 	<ul style="list-style-type: none"> Increases (decreases) in liquidation value for individual assets increase (decrease) fair value
				Adjusted Quoted Price	<ul style="list-style-type: none"> Liquidity discount 	<ul style="list-style-type: none"> Increases (decreases) in discount for lack of liquidity for individual assets increase (decrease) fair value
Subsidiaries, associates and jointly controlled entities		582,766	473,565	Discounted cash flows	<ul style="list-style-type: none"> Future Cash Flows Discount rate 	<ul style="list-style-type: none"> Increases (decreases) in future cash flows increase (decrease) fair value Increases (decreases) in discount rates decrease (increase) fair value
				Market Multiples	<ul style="list-style-type: none"> Future Cash Flows Comparison to peers 	<ul style="list-style-type: none"> Increases (decreases) in future cash flows increase (decrease) fair value Increases (decreases) in multiples for individual companies in peer group may skew averages and increase (decrease) fair value

(xi) Reclassification between levels

During the year ended on December 31, 2016, Brasil Pharma S.A was reclassified from Level 1 to Level 3 of the fair value hierarchy and is now fair valued using the techniques mentioned in Note 6f(vi).

During the year ended on December 31, 2016, Deep Sea Group was reclassified from Level 3 to Level 1 of the fair value hierarchy. The investment's value is now assessed according to the price of Deep Sea Supply Plc.'s shares, a company listed on the Norwegian Stock Exchange.

7. Shareholders' equity

d. Capital

BTGP's Board of Directors held on October 5, 2016 approved the conversion of 17,722,662 BTGI's class D shares into BTGP's 5,907,554 class A and 11,815,108 class B shares, resulting into a capital increase of R\$15,940. In the meantime, 5,907,554 BTGP's class D shares were canceled. After the conversions, BTGP, through BTG Holdco, subscribed to 17,722,662 newly issued BTGI's class C shares.

BTGP's Board of Directors, held on September 29, 2016, approved the issuance of 46,200,273 Class A Shares and 92,400,546 Class B Shares, for R\$124,434, fully subscribed by Banco BTG Pactual S.A. The new issuance of shares is a consequence of the separation of the Bank's commodity trading, as described in Note 1.

BTGP's Board of Directors held on June 1, 2016 approved the conversion of 45,873,921 BTGI's class D shares into BTGP's 15,291,307 class A and 30,582,614 class B shares, resulting into a capital increase of R\$35,548. In the meantime, 15,291,307 BTGP's class D shares were canceled. After the conversions, BTGP, through BTG Holdco, subscribed to 45,873,921 newly issued BTGI's class C shares.

BTGP's Board of Directors held on September 15, 2015, approved the issuance of 33,634,410 Class A Shares and 67,268,820 Class B Shares, at an issuance price of US\$0.5081 per Share, totalizing R\$203,700.

As of December 31, 2016 and 2015, the Company's capital was comprised by the following class of shares:

12/31/2016				
Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
5,000,000,000	269,481,035	-	Yes	1
10,000,000,000	538,962,070	-	No	-
1	1	10	Yes	(*)
1,000,000,000	-	0,0000000001	Yes	1
16,000,000,001	808,443,106			

		12/31/2015		
Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
5,000,000,000	234,652,209	-	Yes	1
10,000,000,000	469,304,418	-	No	-
1	1	10	Yes	(*)
1,000,000,000	21,198,861	0,0000000001	Yes	1
16,000,000,001	725,155,489			

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

e. Treasury shares

During the year ended December 31, 2016, the Group repurchased 33,666,708 class A shares and 67,333,416 class B shares in the amount of R\$107,176 (December 31, 2015 - R\$112,614) and canceled 38,746,138 class A shares and 77,492,276 class B shares in the amount of R\$117,314 (December 31, 2015 - R\$79,949). As of December 31, 2016, 5,896,900 class A shares and 11,793,800 class B shares were held as treasury shares (December 31, 2015 – 12,072,730 class A shares and 24,145,460 class B shares) for an amount of R\$17,991 (December 31, 2015 – R\$32,665).

f. Dividends

The Company did not distribute dividends for the year ended on December 31, 2016 and 2015.

8. Earning / (loss) per share

	12/31/2016	12/31/2015
Earning / (loss) attributed to controlling shareholders	108,344	(584,542)
Weighted average per thousand shares outstanding during the year (i)	698,853	707,287
Earning / (loss) per share - Basic (in Reais)	0.16	(0.83)
Earning / (loss) per share - Diluted (in Reais)	0.16	(0.83)

(i) Class A and class B shares.

9. Interest expenses, net

Interest expenses, net recognized in the consolidated statement of income (before the change in status) consists primarily of: (i) interest accumulated in the year from loans and financing and loans and receivables, (ii), open market transactions and (iii) foreign exchange results. The Company had no interest income/expense for the year ended December 31, 2016. The breakdown of this item for the year ended December 31, 2015 is as follows:

a. Interest income

	12/31/2015
Loans and receivables	166,651
Interest on open market investments	14,221
	<u>180,872</u>

b. Interest expenses

	12/31/2015
Interest on funding	(200,583)
Foreign exchange	(693,949)
Interest on loans and financing	(62,778)
	<u>(957,310)</u>

10. Gains on financial instruments held for trading

The Company had no gain/loss on financial instruments held for trading for the year ended December 31, 2016. The breakdown of this item for the year ended December 31, 2015 is as follows:

	12/31/2015
Derivatives financial instruments	130,723
Financial assets and liabilities held for trading	43,474
	<u>174,197</u>

11. Other operating income

	12/31/2016	12/31/2015
Equity Kicker	-	(57,970)
Other operating (expenses) / income (i)	239	104,217
	<u>239</u>	<u>46,247</u>

(ii) Mainly comprised of foreign exchange on cash transactions in the year ended on December 31, 2016.

12. Administrative expenses

	12/31/2016	12/31/2015
Professional fees (i)	(182)	(138,038)
Expenses related to financial market	-	(18,886)
Other administrative expenses	-	(312)
	<u>(182)</u>	<u>(157,236)</u>

(i) As of December 31, 2015, the balance is mainly comprised of management and performance fees of ARF II.

13. Gain / (loss) from investment entity portfolio measured at fair value

The breakdown of this item for the years ended December 31, 2016 and 2015 is as follows:

	12/31/2016	12/31/2015
Gain on investment entity portfolio	266,533	(231,541)
Fair value adjustment on loans issued and granted	(158,246)	178,310
Total	108,287	(53,231)

14. Gain / (loss) on financial assets available for sale

Up to September 30, 2015, the Company recognized losses totaling R\$188,450 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income.

15. Related Parties

The balances of related-party transactions, which are carried out at arm's length, are reflected in the following items:

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			12/31/2016	12/31/2015	12/31/2016	12/31/2015
Cash and cash equivalents						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	107	-	-	-
Open market investments						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	-	-	20,726
Financial assets held for trading						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	-	-	33,364
Loans and receivables						
- Partners (i)	Partners	1/14/2035	-	-	-	55,694
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	3/2/2016	-	-	-	4,623
Liabilities						
Open market funding						
- Banco BTG Pactual S.A. (ii)	Related	5/6/2015	-	-	-	(238,004)
Derivatives						
- Banco BTG Pactual S.A. (ii)	Related	6/30/2015	-	-	-	(119,148)
Due to brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	(540)	-	-
Other liabilities						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	-	-	-	(59,332)
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	-	-	(3,499)

(i) Considered as related parties only partners acting as Executive Directors.

(ii) BTG Pactual S.A. and subsidiaries, ultimately controlled by BTG Pactual Holding S.A.

No management compensation was recorded in the years ended December 31, 2016 and 2015.

16. Subsequent events

On January 27, 2017, BTG Pactual and BTGP informed their shareholders and the market in general that they are currently evaluating the potential effects of the independent trading of the securities issued by the Companies, seeking to address, among other things, (i) greater transparency of the assets of each of the Companies, with clearer differentiation between the banking and asset management activities performed by BTG Pactual and the private equity investment vehicle activities performed by BTGP, (ii) the possibility of greater liquidity for securities issued by BTG Pactual, which securities, if traded without a corresponding interest in BTGP, would become eligible to be incorporated into major trading indexes (which currently is not permitted by applicable rules), and could also be targeted as an investment by a broader range of potential investors, and (iii) the specific context of each of the Companies, particularly with respect to their capital structures.

On February 14, 2017, date of completion of these financial statements, the Companies issued a material fact informing to the market the conclusion of the aforementioned intention.

Financial Statements

BTG Pactual Participations Ltd.

December 31, 2015
with independent auditors' report

BTG Pactual Participations Ltd.

Financial statements

As of December 31, 2015

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A free translation from Portuguese into English of our financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standard Board and in Reais

BTG Pactual Participations Ltd.

Balance sheets

As of December 31

(In thousands of reais)

Assets	Note	12/31/2015 (1)	12/31/2014
Cash at banks	5	-	1,299,095
Open market investments	6	-	8,795,779
Derivative financial instruments	7a	-	1,581,724
Financial assets held for trading	7b	-	33,047,812
Investment entity portfolio (1)	8	723,829	-
Financial assets available for sale	7d	-	1,474,124
Loans and receivables	7e	-	2,193,872
Due from brokers	9	-	3,960,172
Investments in associates and joint ventures	10	-	1,380,774
Investment properties	11	-	770,862
Other assets		-	789,421
Total assets		723,829	55,293,635
Liabilities			
Open market funding	6	-	33,862,842
Derivative financial instruments	7a	-	1,597,524
Financial liabilities held for trading	7c	-	3,572,602
Financial liabilities at amortized cost	7f	-	7,076,835
Due to brokers	9	540	2,039,768
Other liabilities		-	2,995,897
Total liabilities		540	51,145,468
Shareholders' equity			
Capital stock and share premium	12	1,328,880	1,125,180
Treasury shares	12	(32,665)	-
Other comprehensive income		600,930	192,890
Accumulated losses		(1,173,856)	(283,693)
Total shareholders' equity		723,289	1,034,377
Non-controlling interest		-	3,113,790
Total shareholders' equity and non-controlling interest		723,289	4,148,167
Total liabilities and shareholders' equity		723,829	55,293,635

(1) Refer to Note 2(a) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Consolidated statements of income

Years ended December 31

(In thousands of reais, except for loss per share)

	Note	2015 ⁽¹⁾	2014
Interest income	14a	180,872	129,573
Interest expenses	14b	(957,310)	(677,913)
Interest expenses, net		(776,438)	(548,340)
Gains on financial instruments held for trading	15	174,197	237,576
Gains on financial assets designated at fair value through profit and loss		75,429	-
Net income on financial assets available for sale:			
Dividends received		16,248	-
Impairment losses recycling	16	(188,450)	(28,958)
Gains on fair value of investment properties		-	364,388
Equity pickup in associates and joint ventures, before change of status to investment entity	10	(117,650)	(274,296)
Other operating income, net		46,247	293,055
Total (expenses) / income		(770,417)	43,425
Administrative expenses	17	(157,236)	(271,972)
Other expenses		(300,247)	(176,214)
Loss for the year before change in status		(1,227,900)	(404,761)
Loss on investment entity portfolio measured at fair value	18	(53,231)	-
Foreign exchange reclassification - Change in status	2a	(818,337)	-
Loss for the year after change in status		(2,099,468)	(404,761)
Net loss attributed to:			
Controlling shareholders		(584,542)	(99,120)
Non-controlling shareholders		(1,514,926)	(305,641)
Loss per share (basic and diluted - R\$)	13	(0.83)	(0.15)

(2) Refer to Note 2(a) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Consolidated statements of comprehensive income

Years ended December 31

(In thousands of reais)

	Not e	2015 ⁽¹⁾	2014
Net loss for the year		(2,099,468)	(404,761)
Other comprehensive income/(loss) to be reclassified to profit or loss:		(206,020)	(251,550)
Share of other comprehensive income of non-controlled entities:			
Realized losses due to impairment		-	58,318
Unrealized		-	(10,172)
			(140,753)
Foreign exchange		233,190)
Recycling of foreign exchange - change in status		(233,190)	-
Movements in financial assets available for sale:			-
Realized losses due to impairment - before change in status	16	188,450	28,958
			(229,881)
Unrealized - before change in status		(882,403))
Recycling - financial assets available for sale - change in status		693,953	-
Exchange differences on translation of controlled entities		(835,897)	41,980
Recycling - exchange differences on translation of controlled entities - change in status		835,897	-
Derecognition of non-controlling interest		(353,042)	-
Recycling of other comprehensive income from previous years - change in status		147,022	-
Other comprehensive income not to be reclassified to profit or loss:		1,397,427	664,797
Currency translation adjustments		1,397,427	664,797
Total comprehensive (loss) / income for year		(908,061)	8,486
Total comprehensive income/(loss) attributed to:			
Controlling shareholders		606,865	4,822
Non-controlling shareholders		(1,514,926)	3,664

(2) Refer to Note 2(a) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Statement of changes in shareholders' equity

Years ended December 31

(In thousands of reais)

	Note	Capital stock and share premium	Other comprehensive income			Accumulated losses	Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
			From Company	From non-controlled entities	Treasury shares				
Balance as of December 31, 2013		1,099,084	103,400	(14,452)	-	(184,573)	1,003,459	3,136,222	4,139,681
Transactions with shareholders		26,096	-	-	-	-	26,096	(26,096)	-
Net loss of the period		-	-	-	-	(99,120)	(99,120)	(305,641)	(404,761)
Share of other comprehensive income of non-controlled entities:									
Realized losses due to impairment		-	-	14,180	-	-	14,180	44,138	58,318
Unrealized		-	-	(2,465)	-	-	(2,465)	(7,707)	(10,172)
Foreign exchange	10	-	-	(35,262)	-	-	(35,262)	(105,491)	(140,753)
Movements in financial assets available for sale:									
Realized losses due to impairment	16	-	7,054	-	-	-	7,054	21,904	28,958
Unrealized		-	(56,698)	-	-	-	(56,698)	(173,183)	(229,881)
Exchange differences on translation of controlled entities		-	10,517	-	-	-	10,517	31,463	41,980
Currency translation adjustments		-	166,616	-	-	-	166,616	498,181	664,797
Balance as of December 31, 2014		1,125,180	230,889	(37,999)	-	(283,693)	1,034,377	3,113,790	4,148,167
Capital contribution	12	203,700	-	-	-	-	203,700	-	203,700
Repurchase of shares	12	-	-	-	(112,614)	-	(112,614)	-	(112,614)
Cancellation of treasury shares	12	-	-	-	79,949	(79,949)	-	-	-
Net loss of the year after change of status		-	-	-	-	(584,542)	(584,542)	(1,514,926)	(2,099,468)
Share of other comprehensive income of non-controlled entities:									
Foreign exchange		-	-	58,419	-	-	58,419	174,771	233,190
Recycling - foreign exchange		-	-	(58,419)	-	58,419	-	-	-
Movements in financial assets available for sale:									
Realized losses due to impairment		-	47,211	-	-	-	47,211	141,239	188,450
Unrealized		-	(221,042)	-	-	-	(221,042)	(661,361)	(882,403)
Recycling - financial assets available for sale		-	221,042	-	-	(221,042)	-	-	-
Exchange differences on translation of controlled entities		-	(209,411)	-	-	-	(209,411)	(626,486)	(835,897)
Recycling - exchange differences on translation of controlled entities		-	209,411	-	-	(209,411)	-	-	-
Currency translation adjustments		-	213,807	-	-	-	213,807	1,183,620	1,397,427
Investment entity - Change in status (1)	2a	-	109,023	37,999	-	146,362	293,384	(1,810,647)	(1,517,263)
Balance as of December 31, 2015		1,328,880	600,930	-	(32,665)	(1,173,856)	723,289	-	723,289

(1) Refer to Note 2(a) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Statements of cash flows

Years ended December 31

(In thousands of reais)

	Note	2015 (1)	2014
Operating activities			
Net loss for the year		(2,099,468)	(404,761)
Adjustments to the loss for the year			
Equity pickup in associates and joint ventures	10	117,650	274,295
Impairment on financial assets available for sale	16	188,450	28,958
Financial assets measured at fair value through profit or loss		81,892	-
Gains on fair value of investment properties		-	(364,388)
Adjusted loss for the year		(1,711,476)	(465,896)
(Increase)/decrease in operating assets, net			
Derivative financial instruments		1,314,424	(149,566)
Financial assets held for trading		24,327,852	6,237,724
Financial assets designated at fair value		(2,150,464)	-
Financial assets available for sale		(528,705)	(120,789)
Loans and receivables		(690,326)	(1,190,508)
Due from brokers		2,713,546	477,034
Receivable from related parties		203,700	-
Other assets		163,111	(619,209)
Increase/(decrease) in operating liabilities, net			
Open market funding		(27,829,470)	(3,812,158)
Derivative financial instruments		(1,206,850)	(89,415)
Financial liabilities held for trading		(3,017,657)	(1,482,709)
Due to brokers		(1,514,776)	893,186
Payable to related parties		(203,700)	-
Other liabilities		(92,866)	(698,564)
Cash used in operating activities		(10,223,657)	(1,020,870)
Investment activities			
Capitalization/acquisition of associates and joint ventures		(101,383)	27,490
Sale/transfer of associates and joint ventures	10	209,686	1,065,956
Dividends received		26,120	91,270
Cash provided by investing activities		134,423	1,184,716
Financing activities			
Repurchase/cancelation of treasury shares		(10,509)	-
Financial liabilities at amortized cost		1,435,003	2,005,230
Cash provided by financing activities		1,424,494	2,005,230
(Decrease)/increase in cash and cash equivalents		(8,664,740)	2,169,076
Balance of cash and cash equivalents			
At the beginning of the year		10,094,874	7,995,798
Foreign exchange gains on cash and cash equivalents		278,254	70,000
Investment entity - change in status		1,151,880	-
At the end of the year		-	10,094,874
(Decrease)/increase in cash and cash equivalents		(8,664,740)	2,169,076
Non-cash transactions			
Repurchase of shares	1	(32,665)	-
Transactions with shareholders		-	(26,096)

(2) Refer to Note 2(a) regarding the application of the investment entity guidance.

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

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

17. Operations

BTG Pactual Participations Ltd ("BTGP" or "Company") was incorporated as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the incorporation of the Company. The Company headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermuda.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2035, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

Banco BTG Pactual S.A. ("BTG Pactual" or "Bank") and BTGP (together with BTG Pactual, the "Group") have units listed on NYSE Euronext in Amsterdam and BM&F BOVESPA in São Paulo. Each unit issued, corresponds to 1 common share and 2 preferred shares, class A, of Bank and 1 common share and 2 preferred shares, class B of BTG Pactual Participations Ltd. All units listed and traded in Amsterdam remained wholly interchangeable with the units in Brazil

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd and thus became general partner of BTG Investments LP ("BTGI"). As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of BTGI.

BTGI was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including merchant banking investments in Brazil and overseas, and a variety of financial investments in global markets.

BTG Pactual's asset management area manages BTGI's assets, which do not have their own management, and receives fees at arm's length.

Since November 25, 2015, Group has been affected by a series of news regarding Mr. André Esteves, and has taken measures to ensure the Group ability to function in the normal course of business. Even though the Group is not part of any investigation or accusation, the news impacted the price of units and bonds, and the Management decided to adopt a series of actions to reduce the use of balance sheet, conserve liquidity and preserve capital.

Changes in shareholding control and Board of Directors

On November 29, 2015, Mr. André Santos Esteves renounced all his executive positions at BTG Pactual; the Board of Directors appointed: (i) Mr. Persio Arida as Chairman of the Board of Directors, (ii) Mr. John Huw Gwili Jenkins as Vice-Chairman of the Board of Directors and (iii) Mr. Marcelo Kalim and Mr. Roberto Balls Sallouti as Co-Chief Executive Officers. Furthermore, on December 2, 2015, an exchange of shares was held between Mr. André Santos Esteves and the Top Seven Partners – a group composed of Mrs. Marcelo Kalim, Roberto Balls Sallouti, Persio Arida, Antonio Carlos Canto Porto Filho, James Marcos de Oliveira, Renato Monteiro dos Santos and Guilherme da Costa Paes, partners and members of the senior management of BTG Pactual – was held, resulting in the change of current controlling shareholder, which will now be exercised by the Top Seven Partners, through a holding company established by them.

Special Committee

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

On December 4, 2015, the Board of Directors created a Special Committee, consisting of a majority of independent/non-executive members of the Board of Directors, to oversee and direct an internal investigation of issues raised as a result of the arrest of Mr. André Santos Esteves. The Special Committee hired the law firms Quinn Emanuel Urquhart & Sullivan, LLP and Veirano Advogados (together, "Legal Counsel") to conduct the independent investigation on its behalf. The Board of Directors granted the Special Committee and Legal Counsel authority to require full cooperation from the Group, its management and its employees in the investigation and unlimited access to information requested by the Special Committee and Legal Counsel.

The investigation is still in progress but, as of the date of these financial statements, Legal Counsel has engaged in an extensive review of documents related to issues under investigation, conducted interviews of certain relevant personnel, and engaged third parties to conduct financial analysis of certain transactions. The Special Committee and Legal Counsel have indicated that, based on the work completed to date, they have found no basis to conclude that the Group, its management or any of its employees have engaged in corrupt or fraudulent activities or other violations of law. The investigation is ongoing and is expected to be concluded in April 2016.

Buyback Program

On November 25, 2015, the Management approved a stock repurchase program that envisioned the acquisition of up to 10% of the free-float (approximately 23 million units). On December 13, 2015, the Board of Directors approved the cancellation of the repurchased shares (approximately 20 million units), as well as the approval of the continuity of the share repurchase program of up to approximately 21 million units.

As a result of the buyback program, during the year approximately 95,920,626 shares, 31,973,542 class A and 63,947,084 class B shares corresponding to R\$112,614 were repurchased. As at December 31, approximately 36,218,190 shares, being 12,072,730 class A shares and 24,145,460 class B shares which totals R\$32,665 are held in treasury and 59,702,436 shares (19,900,812 class A shares, and 39,801,624 class B shares), corresponding to R\$79,949 had been canceled during the year.

Acquisitions and sales

On December 8, 2015 the Company, through its subsidiary, Aigues de Catalunya Ltd ("ADC") signed promise to sell the totality of its interests in ATLL Concessionaria de La Generalitat de Catalunya S.A. ("ATLL") as follow: (i) Sale of 95% of Company's interest in ATLL's equity for EUR19.34 million (R\$79.78 million), being the receipt of the remaining balance equivalent to 5% of its interest, subject to the fulfillment of precedent conditions, and (ii) liquidation of the credit agreement granted by ADC to ATLL in the amount of EUR54.76 million (R\$ 225.85 million). As consequence of this sale, Company registered a loss in the amount of EUR32.25 million (R\$137.06 million).

The financial statements were approved by the Management on February 19th, 2016 and they contain a true and fair view of the financial position and results of the Company.

18. Presentation of financial statements

The Company's financial statements were prepared and are being presented in accordance with International Financial Reporting Standards, issued by International Accounting Standards Board (IASB).

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

Going concern

Management evaluated the Company's capacity to continue operating as usual and has concluded that the Company have funds to continue their operations in the future. Additionally, Management is not aware of any material uncertainty that may create significant doubts on its ability to continue operating. Therefore, the financial statements were prepared based on this principle.

a. IFRS 10 Consolidated Financial Statements – Investment Entities (Amendment)

On September 30, 2015, the Company reassessed the application of the investment entities guidance from IFRS 10, Consolidated Financial Statements, and concluded that it became an investment entity as a result of the restructuring of the vehicles, through which certain of our global capital markets investment activities had been carried out, and change in the way Management conducts the business. The change in status to investment entity caused significant changes, mainly to the presentation of the financial statements, and we believe it provides enhanced transparency in its investments to the ultimate shareholders, and users of its financial statements.

The objective of the restructuring, initiated in early 2015, was to reduce the operational costs of maintaining similar trading strategies in the funds in which we invest directly, BTG Pactual Absolute Return II LP ("ARF II") and BTG Pactual Absolute Return LP ("ARF"), and the fund in which BTG Pactual's other clients invest with similar strategies, BTG Pactual Global Emerging Markets and Macro Fund Limited ("GEMM"). Accordingly, BTGI reduced the positions in ARF and ARF II; funds consolidated in our financial statements, and reallocated substantial portions of such proprietary capital to GEMM, an unconsolidated fund. While the restructuring caused a significant reduction in BTGI's total assets, its economic exposure to the corresponding trading strategies remains substantially similar. Further, it became substantially a vehicle through which investment are made for returns from capital appreciation and investment income and which measures and evaluate the performance of substantially all its portfolio on a fair value basis.

Under IFRS 10, the criteria which define an investment entity are currently as follows:

- a. An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- b. An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- c. An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In accordance with IFRS10.30 and IFRS10.B101, the Company has therefore ceased to consolidate its subsidiaries at the date of the change in status, which it has evaluated as being September 30, 2015. The Company has no subsidiaries that provides services that relate to its investment activities that would continue to be consolidated under IFRS10.32.

The Company's investments in controlled entities, as well as investments in associates and joint ventures, are now measured at fair value through profit or loss, as shown in Note 8. The Company has derecognized the assets and liabilities of its subsidiaries from its balance sheet and recognized a gain or loss associated with the move to fair value accounting of these subsidiaries.

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

As at September 30, 2015, the major impacts due to the change in investment entity status are: (i) transfer of foreign exchange differences on translation of subsidiaries and fair value from available from sale financial instruments from current year and previous periods that had been recognized in other comprehensive income to the income statement in the amount of R\$818,337, (ii) recognition of positive fair value in the amount of R\$178,310 in the income statement related to the net position of both raised and contracted loans, (iii) significant change in presentation of the balance sheet due to several reclassifications to the investment entity portfolio line; and, (iv) no longer presentation of non-controlling interest on the balance sheet; statements of changes in shareholders' equity and cash flows.

Prospective application of the amended standard resulted in the following changes to the balance sheet as of September 30, 2015:

		Adoption of IFRS 10 - Investment Entities	Investment entity
Assets	Consolidated		
Cash at banks	1,435,629	(1,435,629)	-
Open market investments	228,327	(228,327)	-
Derivative financial instruments	73,692	(73,692)	-
Financial assets held for trading	5,136,588	(5,136,588)	-
Investment entity portfolio	-	912,487	912,487
Financial assets available for sale	3,861,825	(3,861,825)	-
Loans and receivables	2,985,879	(2,985,879)	-
Due from brokers	846,934	(846,934)	-
Investments in associates and joint ventures	1,352,132	(1,352,132)	-
Investment properties	824,283	(824,283)	-
Receivables from related parties	-	203,700	203,700
Other assets	752,563	(752,563)	-
Total assets	17,497,852	(16,381,665)	1,116,187
Liabilities			
Open market funding	1,934,228	(1,934,228)	-
Derivative financial instruments	212,911	(212,911)	-
Financial liabilities held for trading	110,460	(110,460)	-
Financial liabilities at amortized cost	8,511,838	(8,511,838)	-
Due to brokers	301,873	(301,873)	-
Payables to related parties	-	203,700	203,700
Other liabilities	2,879,592	(2,879,592)	-
Total liabilities	13,950,902	(13,747,202)	203,700
Shareholders' equity			
Capital stock and share premium	1,328,880	-	1,328,880
Other comprehensive income	310,899	288,396	599,295
Accumulated losses	(603,355)	(412,333)	(1,015,688)
Total shareholders' owners equity	1,036,424	(123,937)	912,487
Non-controlling interest	2,510,526	(2,510,526)	-
Total shareholders' equity and non-controlling interest	3,546,950	(2,634,463)	912,487
Total liabilities and shareholders' equity	17,497,852	(16,381,665)	1,116,187

Although the Company no longer consolidates any subsidiary, information relating to non-controlling interest has been provided in the statement of income and comprehensive income as it presents its results until September 30, 2015. Further, the Company has decided to present consolidated statement of income and comprehensive income for the periods and quarters ended September 30, 2015 because it understands the derecognition of subsidiaries should solely be recorded prospectively.

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

b. Application and significant judgments

The majority of the Company's investment entity portfolio is held through BTG Holdco, which measures its investment in BTGI, at fair value through profit or loss. Both entities are now fair valued. When it is impractical or there is reasonable effort to measure the fair value of the entity, IFRS 10 allows an investment entity to use the previous carrying amount of the subsidiary.

The estimates and underlying assumptions are reviewed on an ongoing basis, and at least annually. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out in Note 3 have been applied consistently to all periods presented in these financial statements at September 30, 2015, date of adoption of IFRS 10 Consolidated Financial Statements – Investment Entities (Amendment), as stated in Note 2(a).

Except for the effects of the change in investment entity status, the accounting policies have been consistently applied across all entities for the purposes of producing these financial statements.

c. Revised IFRS pronouncements

The accounting policies adopted on these financial statements are consistent with those of the previous year.

The following standards were issued but are not yet effective for year ended December 31, 2015:

• Annual improvements

The "Annual Improvements to IFRSs" for the 2012-14 annual improvement cycles were issued September 25, 2014 and their adoption is required from July 1, 2016.

The Company does not believe that the amendments will have a material impact on its financial statements except for additional disclosures that will be provided.

• IFRS 9 – Financial Instruments

The IFRS 9 is being issued in chapters. In November 2009 and October 2010, chapters containing new measurement and classification rules for financial assets and financial liabilities were issued. In addition, in November 2013 the chapter containing the hedge accounting rules was issued.

The finalized version of IFRS 9 was issued on July 24, 2014 and contains changes in the previous chapters related to measurement and classification as well as in hedge accounting. The finalized version also introduces new rules for impairment of financial instruments and derecognition.

The Company does not believe that the amendments will have a material impact on its financial statements except for additional disclosures that will be provided.

• IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” amends IFRS 10 and IAS 28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The change is applicable for years beginning January 1, 2016.

19. Main accounting practices

a. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the year. These estimates are based on historical experience and various other factors that Management believes are reasonable under the circumstances, the results form the basis for judgments about carrying values of assets and liabilities, which are not determined through other sources. The actual results could differ from those estimates.

b. Functional currency and presentation

Functional currency

The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency").

The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency. The subsidiaries functional currency generally corresponds to the currency from its country.

Foreign currency translation

The financial statements of subsidiaries whose functional currency is different from that adopted by the parent Company, are translated into the functional currency of the parent using the criteria in IAS 21.

Monetary assets and liabilities denominated in currencies other than U.S. Dollars are converted into U.S. Dollar using exchange rates closing at the end of each period. The non-monetary assets and liabilities are translated using the historical rate date. Transactions during the end of the financial

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year, including purchases and sales of securities, income and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses on foreign currency transactions are included in “translation adjustments” in the statement of comprehensive income.

Presentation currency

These financial statements are presented using the Brazilian Real (“Real” or “reais” or “R\$”) , the presentation currency, as its reporting currency exclusively to meet the specific requirements of the Brazilian Federal Securities Commission (“CVM”), the Brazilian regulatory body.

The conversion of U.S. Dollar functional currency into reais (presentation currency) was recorded pursuant to the methodology described in IAS 21 – (“The effects of changes in exchange rates”), and is summarized below:

- The assets and liabilities for each balance sheet date were translated at the closing exchange rate at the balance sheet date. Income and expenses were translated using monthly average exchange rate.
- For assets and liabilities for each balance which IAS 21 does not establish a methodology for translation, the Company elected to translate balances using the closing rate of each balance sheet, and other movements in shareholders’ equity were converted using monthly average rate, except those that correspond to a specific transaction with shareholders that were converted at the exchange rate at the transaction date.
- For the preparation of the statement of cash flows, the Company used the average annual rate for the conversion of balances of changes in assets and liabilities items of operational cash flows. For the remaining transactions, the Company used the historical rate.

All resulting translation differences are recognized directly in “translation adjustments” in the statement of other comprehensive income.

c. Cash and cash equivalents

For the purposes of statements of cash flow, cash and cash equivalents includes cash, bank deposits and highly-liquid short-term investments redeemable in up to 90 days, subject to an insignificant risk of change in value.

d. Revenue and expense recognition

Net gains with financial instruments

Amounts that arise from trading activity including all gains and losses from changes in the fair value and the interest and dividend income or expense of financial assets and liabilities held for trading.

Interest income (expense)

Interest income (expense) is recognized as incurred, using the effective interest rate method.

The interest on financial instruments held for trading are recorded in “Gain (losses) on financial instruments held for trading”.

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Dividend income

For investments classified as fair value through profit and loss and available for sale, dividend income is recognized when the right to receive payment is established.

Dividends on financial instruments held for trading are recorded as "Gain (losses) on financial instruments held for trading", and dividends received on financial assets as available for sale are classified as "Gain (losses) on financial assets available for sale".

e. Financial instruments

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. All financial instruments are initially measured at fair value plus transaction costs, except in cases where assets and liabilities are recorded at fair value through profit or loss.

Derivatives

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the consolidated income statement "Net gains (losses) with financial instruments held for trading".

Embedded derivatives in other financial instruments, such as the convertible feature of an instrument, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those in the host contract, as long as the host contract is not held for trading or designated at fair value through profit and loss. The embedded derivatives separated from principal are held at fair value in the portfolio with fair value changes recognized in the consolidated income statement.

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in "Gains (losses) on financial instruments held for trading".

Included in this classification are: debt instruments, equities and short sale which have been acquired specifically for the purpose of short term trading or repurchase.

Financial assets and liabilities designated at fair value through profit and loss

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Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit and loss on initial recognition is only possible when the following criteria is observed and the designation of each instrument is individually determined:

- Designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways; or
- Assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- The financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in "Net gain on financial assets or liabilities designated at fair value through profit and loss".

Financial assets available for sale

Financial assets available for sale include equities and debt instruments. Equities classified as available for sale are those not classified as held for trading or designated at the fair value through profit and loss. Debt instruments in this category are those to be held for an indefinite period of time and may be sold in response to need for liquidity or in response to changes in market conditions.

After initial recognition, available for sale financial assets are measured at fair value, except when the fair value is not reliably measured, when assets are kept at cost. When fair value is applicable, the unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the available for sale financial instruments, the unrealized gains or losses, previously recognized in the statement of comprehensive income, are reclassified to the income statement, as "Gain (losses) on financial assets available for sale".

Losses on the impairment of these financial instruments are recognized in the income statement and reclassified, if and when applicable, from the statement of comprehensive income.

"Day 1" profit or loss

When the transaction value is different from the fair value of other observable current market transactions with the same instrument or based on a valuation technique, whose variables include only observable market data, the difference between the transaction value and fair value ("Day 1" profit or loss) is immediately recognized in "Gain (losses) on financial instruments held for trading". In cases where the fair value is determined using unobservable market data, the difference between operation price and model value is recognized in the income statement during the term of the transaction or when variables may be observable or, also, when the financial instrument is derecognized.

Held-to-maturity financial instruments

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Held-to-maturity financial assets are non-derivative financial assets or liabilities with fixed or determinable payments and defined maturities, for which there is positive intention and ability to hold until maturity. Held-to-maturity financial assets are initially recorded at their fair value plus directly attributable costs, and are subsequently measured at amortized cost using the effective interest rate method, less any reductions in the recoverable value.

Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not listed in an active market, except for:

- Those for which the intention is to sell immediately or in the short-term and those initially designated at fair value through profit and loss; or
- Those initially designated as available for sale; or
- Those whose total investment will not be substantially recovered, other than because of credit deterioration.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest rate method, net of the provision for losses with impairment.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or applicable part of a financial asset or a group of assets similar) is derecognized when:

- The right to receive the cash flow of the asset expired; or
- The Company transferred the right to receive cash flows of the asset or has assumed the obligation to pay any cash flow received, at total amount, without material delay, to a third party due to a transfer agreement, and if:
 - There is substantial transfer of all risks and benefits of the asset; or
 - There is no substantial transfer or retention of all risks and benefits of the asset, but there is transfer of control on such asset.

When the Company and its subsidiaries transfers the rights to receive an asset cash flow or has entered into an on-lending agreement, and has not substantially transferred or retained all asset risks and benefits, or has not also transferred the control on such asset, an asset is recognized to the extent of the Company and its subsidiaries have continued involvement in the assets. As a result, the

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assets transferred and referred liabilities are measured based on the retained rights and obligations of the Company and its subsidiaries.

Financial liabilities

A financial liability is derecognized when the obligation with respect to the liability is removed, cancelled or expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or terms of the existing liability are substantially modified, the change or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the book value is recognized in profit or loss.

Open market funding (repurchase and reverse repurchase agreements)

Amounts sold with repurchase agreements at a future date are not derecognized from the balance sheet. Corresponding cash received is recognized in the balance sheet as an asset with a return obligation, including interest appropriated as a liability in "Open market funding". The difference between purchase and repurchase price is treated as interest expense and is appropriated pursuant to the term of the agreement, using the effective interest rate method. When the counterparty has the right to sell or to re-offer the instruments as collateral, instruments are classified as "Held for trading" in the balance sheet.

Conversely, securities acquired with agreements to sell (reverse repo) at a future date are not recognized in the balance sheet. The amount paid, including appropriated interest, is recorded in the balance sheet as open market investments, reflecting the economic essence of the operation as a loan receivable. The difference between purchase and repurchase price is recorded as interest income and is appropriated pursuant to term of the agreement, according to the effective interest rate method. If securities acquired from reverse repo are subsequently sold to third parties, the obligation of returning the amounts are recorded as a short sale, included in "Financial liabilities held for trading" in result and measured at the fair value with any gain or loss included in "Gain (losses) on financial instruments held for trading".

f. Valuation of Investment entity portfolio

Investment entity portfolio is held at fair value with movements in fair value going through the profit and loss account. The investments held by BTG Holdco (through BTGI) are defined as underlying investments. These underlying investments correspond substantially to an investment in GEMM and merchant banking investments which are generally made directly or through ownership in limited partnership funds. The merchant banking investments are comprised of equity ownerships, loans and convertible instruments which most of the risk and return are dependent on the fair value and characteristics of underlying equity. The Company may adjust these values if, in its view, the values do not reflect the price which would be paid in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act.

Investment entity portfolio are measured according to the fair value measurement hierarchy described below:

Level 1: Price quotations observed in active markets for the same instrument;

Level 2: Price quotations observed in active markets for instruments with similar characteristics or based on pricing model in which the relevant parameters are based on observable active market data;

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Level 3: Pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Company determines a reasonable level for the input. The valuation models are developed internally and are reviewed by the pricing team, which is independent from the revenue generating areas, they are updated whenever there is evidence of events that could have affected the assets' pricing. Investment entity portfolio primarily includes certain limited partnership interests in private equity funds mainly derived from our merchant banking activities and OTC derivatives which valuation depends upon unobservable inputs. No gain or loss is recognized on the initial recognition of an investment entity portfolio valued using a technique incorporating significant unobservable data.

Level 3 valuation assumptions		
Asset	Valuation technique	Main assumptions
Private Equity Funds (unquoted investments)	Price of recent investments; Models based on discounted cash flows or earnings; Market and transaction (M&A) multiples.	Market and revenue growth, profitability and leverage expectations, discount rates, macro-economic assumptions such as inflation and exchange rates, risk premiums including market, size and country risk premiums.
Derivatives	Standard models and non-bidding quoted prices	Probability of default and recovery rates

In certain cases, data used to determine fair value may be from the different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments among the different levels of fair value measurement hierarchy.

g. Financial instruments – Offsetting

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recognized and if there is the intention to offset, or to realize the asset and clear the liability simultaneously.

h. Impairment of financial assets

Impairment losses on financial assets not recorded at fair value are immediately recognized when there is objective evidence of loss. The book value of these assets is reduced with the use of provisions and expected losses from future events are not recognized. Provisions for impairment of financial assets not recorded at fair value are valued and calculated individually and collectively and are recognized in the statement of income.

In case of any impairment losses related to financial assets available for sale, considering acquisition cost and the current fair value, such losses will be recognized on consolidated statements of income against other comprehensive income. However, if in a subsequent year occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The main evidence of impairment for financial assets are the significant decline in the fair value of any security for a prolonged period, noncompliance with contract terms for delay of principal or interest,

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deterioration in ability to pay and operational performance, breach of covenants, significant change in the performance of the counterparty market, reduced liquidity of the asset due to financial difficulties the lender.

For financial assets accounted at amortized cost (as amounts receivable from banks, loans and advances to clients), the Company individually evaluates if there is an objective evidence of impairment.

If there is an objective evidence that an impairment loss was incurred, the amount of the loss is measured by the difference between the book value of the asset and the present value of estimated future cash flows.

The asset is reduced by a provision and a corresponding loss is recognized in the income statement. The interest income continues to be recognized from the book value net of allowance and is calculated based on the interest rate used to discount the future cash flow used to measure the loss on the impairment. Loans and related provisions are written-off when there is no likelihood of recovery and guarantees were sold or transferred to the Company and its subsidiaries. If the estimated amount of loss with impairment increases or decreases due to an event that occurred after the impairment was recognized, the impairment previously recognized is increased or reduced by adjusting the provision balance.

The present value of the estimated future cash flows are discounted by the original effective interest rate. If a loan has a variable interest rate, the discount rate to measure any loss with impairment to the recoverable value is the current effective interest rate. The calculation of the present value of the estimated future cash flows of financial assets provided as guarantee reflects the cash flow that may result from the settlement less costs to purchase and sell the collateral, even if the settlement is not likely.

i. Due from / to brokers

Amounts receivable from / payable to brokers include unsettled trades and cash maintained at (or payable to) brokers and other counterparties of the Company.

After initial measurement, due from/to brokers are measured at amortized cost using the effective interest rate method, net of the provision for losses with impairment.

j. Non-current assets held for sale

Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated. Into this category are classified assets that are intended for sale which must be highly probable to occur in less than a year, and Management has committed to sell such assets.

Assets are reclassified out of non-current assets held for sale due to changes to a plan of sale and when the sale is no longer considered highly probable. As a result of the reclassification, the asset will be adjusted to any depreciation or revaluation measured at the lower of its carrying amounts before the classification as held for sale, or its recoverable amount.

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k. Investment in associates and joint ventures

Investments in associates and joint ventures comprise entities over which the Company has significant influence or joint control over operating and financial policies. These investments are initially recognized at the acquisition cost and subsequently evaluated by the equity method. The investments in associates and joint ventures include the identified goodwill in any purchase net of any accrued impairment.

The participation of the Company interest in the profits or losses of its associates and joint ventures is recognized in the "Equity pick up in associates and joint ventures". Any movements in the equity reserves of these entities is recognized directly in the investment balance.

l. Impairment of nonfinancial assets

Investments in associates and joint ventures and assets that have an indefinite life, such as goodwill are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are tested for impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment is recognized if the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and its recoverable value in use. For the purpose of evaluating the impairment amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units - CGU).

m. Other assets / liabilities

Accounts receivable / payable to others are stated at cost less allowance for doubtful accounts, which approximates fair value given their short term nature. The allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the receivables.

n. Contingent assets and liabilities

Provisions are recognized when the Company has a current obligation (legal or constructive), as the result of a past event and it is probable that an outflow of resources which incorporates economic benefits shall be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense related to any allowance is presented in the income statement net of any reimbursement.

The recognition, measurement and the disclosure of the assets and contingent liabilities and of the legal are made pursuant to the criteria described below.

Contingent assets - not recognized in the financial statements, except when there is evidence that realization is virtually certain.

Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and Management, the risk of loss of an action, judicial or administrative is deemed likely, with a probable outflow of resources to settlement of the obligations and when the amounts involved can be reasonably measured. Contingent liabilities classified as possible losses by the legal advisors are

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only disclosed in explanatory notes, while those classified as remote losses are neither provided for nor disclosed.

o. Profit allocation

The dividends are classified as liabilities when declared by the board and approved by the Extraordinary / Ordinary General Meeting.

p. Segment information

IFRS 8 requires that operating segments are disclosed consistently with information provided to the Company's chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. Management believes the Company has only one segment, which is related to the overall activity of an investment entity and so no segment information is disclosed.

q. Investment Properties

Investment properties are initially measured at cost, including transactions costs. After initial recognition, investment properties are stated at fair value, reflecting the market conditions at each balance sheet date. Adjustments to fair value are determined considering the fair value of the property, minus the attributed costs of the property, and recognized in net income.

The fair value of investment properties are determined at least on an annual basis, or when the Company deems it necessary, and may involve an independent valuation. During the fourth quarter of 2014, the Company valued its investment properties, using an independent valuation service, considering certain assumptions such as the average price of lands and the level of productivity.

Investment properties are derecognized when disposed of or when they cease to be used permanently and no further economics benefit are expected from their disposal.

r. Subsidiaries

The table below presents the direct and indirect interest of the Company in its subsidiaries which have been consolidated in the financial statement up to the change in status to the investment entity:

	Country	Equity interest - %	
		12/31/2015	12/31/2014
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
BTG Investments LP	Bermuda	25.88	25.05

Below is the ownership interest held by BTGI in its subsidiaries and investment funds:

	Country	Equity interest - %	
		12/31/2015	12/31/2014
Subsidiaries			
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00

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	Country	Equity interest - %	
		12/31/2015	12/31/2014
BTG Pactual Mining S.A.	Brazil	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Capital Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd	UK	98.00	98.00
BTG Pactual Iberian Concessions Ltd.	UK	100.00	100.00
BTG Pactual PropertyCo LLC	USA	100.00	100.00
BTG Pactual PropertyCo II LLC	USA	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	100.00	93.96
BRPEC Agro Pecuária S.A.	Brazil	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	100.00	100.00
A.Z.P.S.P.E Empreendimentos e Participações S.A.	Brazil	86.56	86.56
BTG Pactual SCFlor & São Lourenço Holding S.A. (i)	Brazil	26.67	71.66
São Lourenço Empreendimentos Florestais Ltda. (i)	Brazil	26.67	71.66
Fazenda Corisco Participações S.A. (i)	Brazil	26.67	71.66
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	25.07	37.75
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	25.07	37.75
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	25.07	37.75
BTGI Quartzo Participações S.A	Brazil	100.00	-
BTGI Safira Participações S.A	Brazil	100.00	-
Investment funds			
B2 - Fundo de Investimento Multimercado	Brazil	-	100.00
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return Master Fund LP	Cayman	-	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
FII - FII Estoque Residencial Vitacon	Brazil	100.00	-

(viii) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the ordinary shares and voting rights.

As described in Note 1, as from December 29, 2010, the Company became the general partner of BTGI with powers to control BTGI's financial and operating policies through the interest held in that Company.

During the year ended December 31, 2015 the Company received a capital contribution from Generali NV, as part of the BSI S.A. transaction, and subsequently contributed the same amount in BTGI. In addition, as mentioned in Note 1, due to shares repurchase occurred in the year ended December 31, 2015, the Company holds 25.88% of equity interest in BTGI (December 31, 2014 – 25.05%).

20. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees allows engaging the whole organization and ensuring decisions are readily implemented.

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The main committees involved in risk management activities are (i) Management Committee, which approves policies, sets overall limits and is the ultimate responsible for the management of the our risks, (ii) New Business Committee, which assesses the viability and oversees the implementation of proposed new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new credit transactions according to the guidelines set by our Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including utilization of our risk limits VaR, and for approving exceptions to such limits, (v) Operational Risk Committee, which assesses main operational risks in light of the established policies and regulatory framework, (vi) AML Compliance Committee, which is responsible for establishing AML rules, and for reporting potential issues involving money laundering, (vii) CFO Committee, which is responsible for monitoring our liquidity risk, including our cash position and balance sheet usage, and for managing our capital structure, (viii) Audit Committee, which is responsible for the independent verification of the adequacy of our controls, and for assessing whether our books records are kept appropriately.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. The close involvement of various committees (including their subcommittees) with the ongoing management and monitoring of our risks helps the Company foster its culture of risk control throughout the organization. The committees consist of senior members of business units and senior members of control departments that are independent of businesses.

g. Market risk

Value at Risk (VaR) is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company uses a historical simulation with re-mensuration of financial instruments for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one-day period, level of level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Company uses a stress test models as a complement to VaR method for its daily risk activities.

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The table below contains daily average VaR for the years ended:

	December 31, 2015	December 31, 2014	December 31, 2013
In millions of R\$			
Daily average VaR	37.0	42.1	43.8

The Company used to and continue to measure and evaluate the performance of substantially all of its investments entity portfolio on a fair value basis and therefore there was no significant change in the risk management framework.

Further, it has not been possible to present detailed market risk information relating to Global Markets Investment, and Company's management rely on VaR provided by its manager, which is BTG Pactual.

h. Credit risk

The following table shows the maximum exposure of the investment entity portfolio by geographic region:

		12/31/2015				
		Brazil (i)	United States	Europe	Others	Total
Assets						
Investment entity portfolio		(373,598)	448,257	361,801	287,369	723,829
Total		<u>(373,598)</u>	<u>448,257</u>	<u>361,801</u>	<u>287,369</u>	<u>723,829</u>
		12/31/2014				
		Brazil	United States	Europe	Others	Total
Assets						
		1,211,10				
Cash at banks		4	452	87,539	-	1,299,095
Open market investments		208,011	3,594,500	4,338,615	654,653	8,795,779
Derivative financial instruments		415,832	747,935	337,483	80,474	1,581,724
		3,192,93		12,448,98	3,270,07	33,047,81
Financial assets held for trading		3	14,135,822	4	3	2
Financial assets available for sale		957,638	442,419	-	74,067	1,474,124
Loans and receivables		250,054	1,053,928	198,213	691,677	2,193,872
Due from brokers		32,753	2,134,918	1,775,519	16,982	3,960,172
Investments in associates and joint ventures		1,012,13				
		1	-	368,120	523	1,380,774
Investment properties		770,862	-	-	-	770,862
Other assets		396,572	308,365	71,447	13,037	789,421
		8,447,89		19,625,92	4,801,48	55,293,63
Total assets		<u>0</u>	<u>22,418,339</u>	<u>0</u>	<u>6</u>	<u>5</u>

(i) Including financial liabilities borrowed by BTGI (BTGP is not a counterparty of such contracts), net of other assets held by the entity.

The table below states the maximum exposures to credit risk of the investment entity portfolio, classified by the counterparties economic activities:

12/31/2015			
Private institutions	Individuals	Others	Total

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(In thousands of reais)

Assets

Investment entity portfolio	292,694	584,373	(153,238)	723,829
Total	292,694	584,373	(153,238)	723,829

The table below states the maximum exposures to credit risk based on the items of the balance sheet, classified by the counterparties economic activities:

	12/31/2014					
	Government s	Financial Institution s	US Agencie s	Companie s	Individual s	Others
Assets						
Cash at banks	-	1,299,095	-	-	-	-
Open market investments	-	8,795,779	-	-	-	-
Derivative financial instruments	-	1,581,724	-	-	-	-
Financial assets held for trading (i)	21,974,238	837,892	2,487,711	7,747,971	-	-
Financial assets available for sale	-	-	-	1,474,124	-	-
Loans and receivables	-	-	-	781,490	1,412,258	124
Due from brokers	-	3,960,172	-	-	-	-
Investments in associates and joint ventures	-	-	-	1,380,774	-	-
Investment properties	-	-	-	770,862	-	-
Other assets	-	-	-	-	-	789,421
Total assets	21,974,238	16,474,662	2,487,711	12,155,221	1,412,258	55,293,635

(i) See Note 7(b).

a. Liquidity analysis

According to its policy, the Company regularly monitors its liquidity position. As at December 31, 2015, there is no fixed maturity for the discounted cash flows for the investment entity portfolio of the Company. As at December 31, 2014, the expected discounted cash flow for the assets as is as follows:

	12/31/2015				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Investment entity portfolio	-	-	-	723,829	723,829
Total	-	-	-	723,829	723,829

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Cash at banks	1,299,095	-	-	-	1,299,095
Open market investments	8,795,779	-	-	-	8,795,779
Derivative financial instruments	1,049,104	168,383	114,692	249,545	1,581,724
Financial assets held for trading	33,047,812	-	-	-	33,047,812
Financial assets available for sale	-	-	-	1,474,124	1,474,124
Loans and receivables	219,736	30,193	531,560	1,412,383	2,193,872
Due from brokers	3,960,172	-	-	-	3,960,172
Investments in associates and joint ventures	-	-	-	1,380,774	1,380,774
Investment properties	-	-	-	770,862	770,862
Other assets	10,097	5,559	-	773,765	789,421
Total assets	48,381,795	204,135	646,252	6,061,453	55,293,635

b. Liquidity risk

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As at December 31, 2015, Due to brokers in the amount of R\$540 represents the sole liability of the Company, with expected maturity up to 90 days, and its discounted cash flow is equal to its book value.

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The table below summarizes the expected discounted cash flows for the liabilities of the Company, as of December 31, 2014:

	12/31/2014				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
Liabilities					
Open market funding	33,862,842	-	-	-	33,862,842
Derivative financial instruments	1,172,721	133,017	93,197	198,589	1,597,524
Financial liabilities held for trading	3,572,602	-	-	-	3,572,602
Financial liabilities at amortized cost	535,536	3,138,018	1,133,173	2,270,108	7,076,835
Due to brokers	2,039,768	-	-	-	2,039,768
Other liabilities	2,759	60,493	2,925,565	7,080	2,995,897
Total liabilities	41,186,228	3,331,528	4,151,935	2,475,777	51,145,468

The table below presents the undiscounted cash flows for “Loans and receivable” and “Financial liabilities at amortized cost” as at December 31, 2014. Undiscounted cash flows for derivative financial instruments and financial liabilities at fair value through profit and loss are not being presented. Management does not consider this information when analyzing liquidity, other than for short term maturity, and therefore it is not deemed to be relevant.

	12/31/2014				Total
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	
Assets					
Loans and receivables	124	-	554,067	2,814,664	3,368,855
Liabilities					
Financial liabilities at amortized cost	2,238,910	1,486,541	1,178,524	2,670,753	7,574,728

21. Cash at banks

Cash at banks comprise exclusively highly-liquid bank deposits.

22. Open market investments and funding

	12/31/2014
Open market investments	23,934,154
Offset (netting) (i)	(15,138,375)
Net	8,795,779
Open market funding	49,001,217
Offset (netting) (i)	(15,138,375)
Net	33,862,842

(i) The total amount that meets the criteria for netting was netted on December 31, 2014.

As of December 31, 2014 the collateral received in repurchase agreements amounts to R\$22,939,311 whereas the collateral granted amounts to R\$50,676,286. The collaterals for these operations that would be sold or could be granted for other repurchase agreements totaled R\$705,347.

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(In thousands of reais)

23. Classification and measurement of financial instruments

a. Derivative financial instruments

The Company does not have derivative financial instruments designated as hedge accounting. The balance of derivatives held at fair value were as follows:

	12/31/2014
Futures	
Long position	68,284
Short position	167,439
Swaps	
Long position	500,296
Short position	471,483
Credit derivatives	
Long position	199,562
Short position	154,847
Currency forward transactions - NDF	
Long position	28,503
Short position	11,327
Forward transactions - DF	
Long position	48,998
Short position	8,276
Options	
Long position	736,081
Short position	784,152
Long position	<u>1,581,724</u>
Short position	<u>1,597,524</u>

The nominal amounts of transactions with derivatives are as follows. The receivable leg and payable leg are presented separately for swaps, non-deliverable forwards ("NDF") e deliverable forwards ("DF") derivatives in the table below:

	12/31/2014
Futures market	
Long position	<u>41,953,289</u>
Currency	2,002,963
Equities	48
Index	454,700
Interest rate	39,318,883
Commodities	176,695
Short position	<u>66,269,417</u>
Currency	22,391
Interest rate	64,723,328
Commodities	276,227
Equities	4,111
Indexes	1,243,360
Swap	
Long position	<u>77,642,956</u>
Interest rate	68,056,665
Index	7,491,586
Equities	2,052,659
Other	42,046
Short position	<u>77,642,956</u>
Interest rate	68,016,347
Index	7,841,256
Equities	1,744,501
Other	40,852
Credit derivatives	
Long position	<u>4,632,871</u>
Sovereign	754,358

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Coporate	3,878,513
Short position	6,814,814
Coporate	5,161,994
Sovereign	1,652,820
Currency forward transactions - NDF	
Long position	3,003,402
Currency	3,003,402
Short position	3,003,402
Currency	3,003,402
Forward transactions - DF	
Long position	3,142,462
Currency	3,142,462
Commodities	35,692
Short position	3,178,153
Currency	3,167,612
Commodities	10,541
Options market	
Purchase of call options	16,275,479
Index	13,326,551
Equities	640,287
Commodities	516,365
Interest rate	1,443,957
Currency	338,856
Others	9,463
Purchase of put options	98,540,157
Index	77,055,992
Equities	1,008,310
Commodities	259,019
Interest rate	20,054,786
Currency	128,005
Others	34,045
Sale of call options	17,139,585
Equities	269,317
Index	12,659,665
Currency	151,202
Commodities	415,861
Interest rate	3,629,026
Other	14,514
Sale of put options	120,086,927
Equities	245,338
Index	77,831,646
Commodities	412,975
Interest rate	15,693,401
Currency	71,424
Others	25,832,143

b. Financial assets held for trading

	12/31/2014	
	Amortized cost	Fair value
Own portfolio		
Equities	2,836,676	2,454,755
Corporate bonds issued by non-Brazilian entities	968,268	903,599
Certificate of bank deposits	1,200	1,277
US Agencies	160,352	163,496
Brazilian government bonds	1,972,806	1,972,704
Foreign government bonds		
United States	1,287,104	1,287,589
Others	129,280	105,900
Investment fund quotas	331,138	330,276
Related to repurchase agreement		
Corporate bonds issued by non-brazilian entities	5,164,569	4,895,956
US Agencies	2,300,468	2,324,215
Foreign government bonds		
United States	7,530,108	7,593,370
UK	5,899,877	5,866,728

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	12/31/2014	
	Amortized cost	Fair value
Germany	25,682	27,290
Others	5,364,467	5,120,657
	<u>33,971,995</u>	<u>33,047,812</u>

c. Financial liabilities held for trading

Financial liabilities held for trading are comprised of short-selling transactions, primarily global fixed income and equities securities. As of December 31, 2014, the amortized cost and fair value were R\$3,621,062 and R\$3,572,602 respectively.

d. Financial assets available for sale

	12/31/2014
BTG Pactual Principal Investments FIP (FIP Principal)	804,643
BTG Pactual Brazil Infrastructure Fund II LP (Infrastructure fund)	115,248
Brasil Pharma S.A.	123,681
ADS - Advanced Disposal Service	247,811
CDR Pedreira Ltda.	180,011
Other investments	2,730
	<u>1,474,124</u>

e. Loans and receivables

	12/31/2014
Partners (i)	1,412,258
ATLL Concessionaria de La Generalitat de Catalunya S.A. (ii)	198,213
Promissory notes (iii)	249,930
BTG MB Investments LP. (iv)	333,347
Other	124
	<u>2,193,872</u>

- (i) These loans are indexed to CDI or Libor and have maturities generally above one year.
(ii) Interest of 4.25% p.a. with maturity on August 3, 2016.
(iii) Interest of 100% CDI with an additional of 2.75% p.a., with maturity up to 180 days.
(iv) Interest of 2.4% p.a. with an additional of 6 month libor, with maturity on March 2, 2016.

f. Financial liabilities at amortized cost

		12/31/2014			
	Maturity	Index	US\$	R\$	
Loans with financial institutions	February-15 to March-17	Libor and 2.0% to 2.64% p.a.	959,391	2,548,335	
Senior notes	April-18	4.5% p.a.	703,682	1,869,120	
Medium term notes	January-15 to June-19	0.25% to 3.65% p.a.	818,674	2,174,563	
Others	June-24	100% CDI and 3% to 6% p.a.	182,523	484,817	
			<u>2,664,270</u>	<u>7,076,835</u>	

In addition to covenants related to indebtedness and cross-default provisions, some of the loans, senior notes and medium term notes are guarantee by BTG Pactual Holding S.A., the parent company of BTG Pactual.

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24. Investment entity portfolio

As described in Note 2 (a), as a result of IFRS 10 adoption, BTGP ceased to consolidate its subsidiaries, and start to recognize the portfolio investment entities in proportion to its participation at fair value through profit or loss. Below are presented relevant information of the investment portfolio as at December 31, 2015, through the investment in BTGI (by BTG Holdco):

Assets	Note	12/31/2015 (1)
Cash and cash equivalents	(a)	735,657
Investment entity portfolio	(b)	10,347,773
Loans and receivables	(c)	2,320,296
Other assets		59,974
Total		13,463,700
Liabilities		
Derivative financial instruments		39,266
Financial liabilities at amortized cost	(d)	11,315,154
Other liabilities		1,559
Total		11,355,979
Shareholders' equity		2,107,721
Total liabilities and shareholders' equity		13,463,700
Investment entity portfolio reconciliation on December 31, 2015		
BTGI shareholder's equity		2,107,721
BTGP ownership (via BTG Holdco)		0.26
Subtotal		545,519
Fair value adjustment (2)		178,310
Total		723,829

(5) Balances as reported by BTGI as at December 31, 2015.

(6) BTGI measure certain assets and liabilities at amortized cost in its financial statements, therefore a fair value adjustment is necessary upon adoption of investment entity by BTGP.

As of December 31, 2015, the investment entity portfolio is represented by the interest in BTG Holdco, in the amount of R\$723,829.

(m) Cash at banks

Cash and cash equivalents are comprised exclusively of highly-liquid bank deposits.

(n) Investment entity portfolio

	As at December 31, 2015	
	Cost	Fair value
Mechant Banking investments (i)	2,951,514	1,975,829
Private equity funds	2,017,849	990,040
Subsidiaries, associates and jointly controlled entities	963,854	1,015,978

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Others	(30,189)	(30,189)
Global markets investments (ii)	7,602,257	7,602,257
Corporate bonds (iii)	1,924,820	1,380,902
Others	(611,215)	(611,215)
Total	11,867,376	10,347,773

(i) Merchant banking investments

Merchant banking investments consist of investments, held directly or through investment vehicles (including funds that also include third party investors), in a diversified group of portfolio companies primarily located in Brazil. Merchant banking investments are structured generally through privately negotiated transactions with a view to disinvest in four to ten years.

As of December 31, 2015 BTGI merchant banking investments corresponds to private equity and real estate investments, through funds or other investment vehicles, as disclosed below:

Merchant banking investments	Description/Segment activity	(%) (ii)	12/31/2015
Through Private equity funds:			
AlBodytech Participações S.A.	Fitness segment	10.3%	51,862
Brasil Brokers Participações S.A.	Investment in real estate companies	4.3%	10,982
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	14.7%	51,008
B&A Mineração S.A.	Development and operation of mining assets	87.8%	261,569
Brasil Pharma S.A.	Pharmaceutical retail company	2.8%	1,042
União de Lojas Leader S.A.	Retail company	51.9%	67,854
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	29.2%	26,998
Estre Participações S.A.	Waste collection, treatment and disposal	11.3%	35,451
UOL Universo on Line S.A.	Internet and server provider	2.2%	96,423
Latin America Power Holding B.V.	Energy sector	10.6%	226,913
Sete Brasil Participações S.A.	Oil and gas	0.5%	3,938
CDR Pedreira Ltda.	Disposal services	56.3%	156,000
Through subsidiaries, associates and jointly controlled entities:			
ADS - Advanced Disposal Service	Disposal services	10.2%	368,406
Timber IX Participações S.A.	Biological assets	26.7%	42,572
BTG Pactual Santa Terezinha Holding S.A	Biological assets	25.1%	45,126
BTG Pactual SCFLOR & São Lourenço Holding S.A	Biological assets	26.7%	43,330
Brasil Pharma S.A.	Pharmaceutical retail company	14.3%	5,098
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Concession company	5.0%	4,320
Loans (i)	Others	-	507,126
Others		-	(30,189)
Total			1,975,829

(iv) Mainly comprised by União de Lojas Leader and BR Pharma, which as of September 30, 2015, were allocated to "others".

(v) The equity interest disclosed in the table above refers to the Company indirect interest.

(vi) Global market investments

A hedge fund is an investment fund that typically undertakes a wider range of investment and asset trading than other funds, but which is only open for investment from particular types of investors specified by regulators. These funds have hybrid portfolios composed of a mix of fixed

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income, equities, currencies, foreign exchange, derivatives, bonds, commodities, mortgages and interest rates. These funds usually employ a wide variety of investment strategies, and make use of techniques such as short selling and leverage.

As of December 31, 2015, BTGI had invested in the following global hedge funds:

	12/31/2015
Global markets investments	
BTG Pactual Absolute Return II Master Fund LP ("ARF II")	369,115
BTG Pactual Global Emerging Markets and Macro Fund Limited	2,452,290
Loans (Included in ARF II)	4,780,852
Total	7,602,257

As at December 31, 2015, the Net Asset Value ("NAV") of the Global markets investments presented in the table above approximates to its fair value, which is equivalent to its cost value on the referred date.

(vii) Investment in corporate bonds

Investment in corporate bonds comprises highly liquid exchanged traded corporate bonds issued by Banco BTG Pactual S.A Luxembourg Branch, with maturity to December 29, 2049.

As at December 31, 2015, the amortized cost of corporate bonds corresponds to R\$1,924,820.

(o) Loans and receivables

	12/31/2015
Partners (i)	2,114,683
BTG MB Investments LP. (ii)	60,449
Others	145,164
Total	2,320,296

(iii) Loans indexed to CDI or libor, and the maturity are in general higher than 1 year.

(iv) Indexed to CDI plus 4% p.a. or Libor, with maturity on January 21, 2021.

(p) Financial liabilities at amortized cost

	Maturity	Index	12/31/2015
Loans with financial institutions	February-16 to December-16	Libor and 1.15% to 2.64% p.a.	7,779,185
(i) Medium term notes	January-16 to June-19	0.8% to 100% CDI	3,535,969
Total			11,315,154

(i) On December 31, 2015 one of the loans obtained by the Company was secured by shares registered as "investment portfolio".

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As at December 31, 2015, the fair market value adjustment attributable to Financial liabilities at amortized cost corresponds to a gain of R\$178,310, R\$17,250 related to loans with financial institutions and R\$161,060 related to the medium term notes.

Certain issuance of the loans and medium term notes are guaranteed by BTG Pactual Holding S.A., parent company of BTG Pactual.

Fair value Hierarchy

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

	2015			
	Level 1	Level 2	Level 3	Total
Investment entity portfolio				
Mechant Banking investments	17,122	507,126	1,451,581	1,975,829
Private equity funds	12,024	-	978,016	990,040
Subsidiaries, associates and jointly controlled entities	5,098	507,126	503,754	1,015,978
Others	-	-	(30,189)	(30,189)
Global markets investments	-	7,602,257	-	7,602,257
Corporate bonds	-	1,380,902	-	1,380,902
Others	-	(611,215)	-	(611,215)
Total	34,244	9,386,196	2,903,162	12,323,602

Changes in level 3 for the year ended are as follows:

	Mechant Banking investments
Balances at December 31, 2014	2,457,821
Acquisitions	204,563
Sales	(297,719)
Losses on fair value of investment entity portfolio	(913,084)
Balances at December 31, 2015	1,451,581

The following table summarizes the valuation techniques and significant unobservable inputs used in the fair value measurement level 3 financial instruments:

	Mechant Banking investments
Balances at December 31, 2014	2,457,821
Acquisitions	204,563
Sales	(297,719)
Losses on fair value of investment entity portfolio	(913,084)
Balances at December 31, 2015	1,451,581

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25. Amounts due from/ to brokers

Assets and liabilities included in this item are shown in the table below:

	12/31/2015	12/31/2014
Due from brokers		
Custodian bank		
Banco BTG Pactual S.A.	-	32,753
Main brokers		
UBS AG	-	1,775,519
Citigroup	-	2,084,262
Bank of America	-	2,838
BTG Pactual Chile	-	3,114
Morgan Stanley	-	112,703
Others	-	97,923
	-	4,109,112
Netting (i)	-	(148,940)
	-	3,960,172
	12/31/2015	12/31/2014
Due to brokers		
Custodian bank		
Banco BTG Pactual S.A.	540	12,631
Main brokers		
UBS AG	-	1,964,791
Citigroup	-	167,242
Morgan Stanley	-	6,758
Others	-	37,286
	540	2,188,708
Netting (i)	-	(148,940)
	540	2,039,768

(i) The total amount that meets the criteria for netting was netted on December 31, 2014.

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26. Investment in associates and joint ventures

		12/31/2014				Shareholders' equity	Net income - Year ended December 31, 2014	Interest - %
		Assets		Liabilities				
Relationship		Current	Non-current	Current	Non-current			
B&A Mineração S.A.	Joint venture	25,051	446,836	19,896	82,721	369,270	(112,451)	87.83%
União de Lojas Leader S.A .	Associate	329,622	1,950,454	989,668	388,569	901,839	(144,239)	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	427,068	3,241,317	285,018	2,915,353	468,014	15,545	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	37,120	382,253	53,104	346,413	19,856	(17,270)	50.00%
BR Properties S.A.	Associate	565,062	8,308,704	286,274	2,582,376	6,005,116	264,408	2.88%
SIFR Holdings Ltd.	Joint venture	-	397,793	28,477	-	369,315	(29,115)	50.00%

	12/31/2014	Aquisition/Increase	Dividends	Foreign Exchange	Equity pick up	Other comprehensive income	Sales/Transfer	12/31/2015
B&A Mineração S.A.	321,327	41,644	-	153,851	(20,947)	-	(495,877)	-
ATLL Concessionaria de La Generalitat de Catalunya S.A.	183,462	-	(24,125)	64,292	8,230	-	(231,859)	-
União de Lojas Leader S.A .	578,228	-	-	-	(113,684)	-	(464,544)	-
SPE Holding Beira-Rio S.A.	11,405	21,196	-	-	(9,226)	-	(23,375)	-
BR Properties S.A. (ii)	101,171	-	(1,995)	-	8,521	-	(107,697)	-
Timber IX Participações S.A.	-	36,928	-	-	(23)	-	(36,905)	-
SIFR Holdings Ltd.	184,658	(209,686)	-	15,385	9,643	-	-	-
Others	523	1,615	-	(338)	(164)	-	(1,634)	-
	<u>1,380,774</u>	<u>(108,303)</u>	<u>(26,120)</u>	<u>233,190</u>	<u>(117,650)</u>	<u>-</u>	<u>(1,361,891)</u>	<u>-</u>

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	12/31/2013	Aquisition/Increase/Transfer	Sales	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	12/31/2014
B&A Mineração S.A. (i)	322,291	12,067	-	-	114,902	(176,078)	48,146	321,327
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	219,216	(183,720)	-	(20,727)	(7,141)	(7,629)	-	-
ATLL Concessionaria de La Generalitat de Catalunya S.A.	193,350	-	-	(16,461)	1,538	5,035	-	183,462
União de Lojas Leader S.A .	643,439	-	-	-	-	(65,211)	-	578,228
SPE Holding Beira-Rio S.A.	20,358	116	-	-	-	(9,069)	-	11,404
BR Properties S.A. (ii)	1,060,214	-	(1,065,956)	-	-	-	-	-
	4	167,361	6)	(54,082)	-	(6,366)	-	101,171
SIFR Holdings Ltd.	-	166,440	-	-	32,475	(14,257)	-	184,658
Others	8,299	(6,034)	-	-	(1,021)	(721)	-	523
	<u>2,467,167</u>	<u>156,230</u>	<u>(1,065,956)</u>	<u>(91,270)</u>	<u>140,753</u>	<u>(274,296)</u>	<u>48,146</u>	<u>1,380,774</u>

(i) The total equity pick up recognized in 2014 was R\$176 million, which R\$58 million refers to the realized share of other comprehensive income from non-controlled entities.

(ii) As of December 31, 2014 the Company's interest equals to 76,297,469 shares at a market price on that date of R\$10.25.

(iii) Due to IFRS 10 application of Investment entity, as stated in Note 2(a).

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

27. Investment property

As of December 31, 2014, the changes in the Company's investment property are as follow:

	12/31/2014
Beginning balance	-
(+) Acquisitions/investments	381,580
(+/-) Fair market value adjustment	389,282
Final balance	770,862

28. Shareholders' equity

g. Capital

BTGP's Board of Directors held on September 15, 2015, approved the issuance of 33,634,410 Class A Common Shares and 67,268,820 Class B Common Shares, at an issuance price of USD0.5081 per Share, totalizing R\$203,700.

BTGP's Shareholders Meeting held on November 20, 2014 approved the conversion of 6,278,466 class D shares into 6,278,466 class A and 12,556,932 class B shares. Due to the conversions, the interest of the Company in BTGI is 25.05% on December 31, 2014.

BTGP's Shareholders Meeting held on June 6, 2014 approved the conversion of 1,033,707 class D shares into 1,033,707 class A and 2,067,414 class B shares.

As of December 31, 2015 and 2014, the Company's capital was comprised by the following class of shares:

	12/31/2015				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	246,724,939	-	Yes	1
Class B (i)	10,000,000,000	493,449,878	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	21,198,861	0,0000000001	Yes	1
Total	16,000,000,001	761,373,679			

	12/31/2014				
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A (i)	5,000,000,000	226,714,759	-	Yes	1
Class B (i)	10,000,000,000	453,429,518	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	27,475,443	0,0000000001	Yes	1
Total	16,000,000,001	707,619,721			

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

(i) Only class A and class B shareholders are entitled to economic benefits.

h. Treasury shares

During the year ended December 31, 2015 the company approved repurchase and cancelling of shares, as per Note 1.

i. Dividends

The Company did not distribute dividends for the years ended December 31, 2015 and 2014.

29. Earnings per share

	12/31/2015	12/31/2014
Loss attributed to controlling shareholders	(584,542)	(99,120)
Weighted average per thousand shares outstanding during the year (i)	707,287	661,583
Loss per share - Basic (in Reais)	(0.83)	(0.15)
Loss gain per share - Diluted (in Reais)	(0.83)	(0.15)

(i) Class A and class B shares.

30. Interest income / (expenses)

Interest income / (expenses) recognized in the consolidated statement of income consists primarily of: (i) interest accumulated in the year from loans and financing and loans and receivables, (ii), open market transactions and (iii) foreign exchange results. The breakdown of this item for the year ended December 31, 2015 and 2014 is as follows:

c. Interest income

	12/31/2015	12/31/2014
Loans and receivables	166,651	115,195
Interest on open market investments	14,221	14,378
	180,872	129,573

d. Interest expenses

	12/31/2015	12/31/2014
Interest on funding	(200,583)	(418,034)
Foreign exchange	(693,949)	(188,444)
Interest on loans and financing	(62,778)	(71,435)
	(957,310)	(677,913)

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

31. Gains / (losses) on financial instruments held for trading

	12/31/2015	12/31/2014
Derivatives financial instruments	130,723	(652,419)
Financial assets and liabilities held for trading	43,474	889,995
	<u>174,197</u>	<u>237,576</u>

32. Gains / (losses) on financial assets available for sale

Up to September 30, 2015, the Company recognized losses totaling R\$188,450 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income.

In 2014, the Company recognized losses totaling R\$28,958 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income. The recognition of losses was driven by the significant decrease in the stock market price of one of FIP Principal fund's portfolio companies.

33. Administrative expenses

	12/31/2015	12/31/2014
Professional fees (i)	(138,038)	(249,522)
Expenses related to financial market	(18,886)	(21,010)
Other administrative expenses	(312)	(1,440)
	<u>(157,236)</u>	<u>(271,972)</u>

(iii) Mainly related to management and performance fees of ARF II.

34. Loss with portfolio investment, measured at fair value

	12/31/2015
Loss with financial assets measured at fair value	(231,541)
Fair value adjustment on loans	178,310
Total	<u>(53,231)</u>

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

35. Related Parties

The balances of related-party transactions, which are carried out at arm's length, are reflected in the following items:

	Relationsh ip	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			12/31/20 15	12/31/20 14	12/31/20 15 (1)	12/31/20 14
Assets						
Cash on banks						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	1,126,182	-	-
Open market investments						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	207,998	20,726	660
Financial assets held for trading						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	1,908	33,364	6,154
Loans and receivables						
- Sócios (i)	Related	11/27/2033	-	1,412,258	55,694	11,980
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Related	3/2/2016	-	198,212	4,623	4,063
- BTG MB Investments L.P.	Related	8/22/2015	-	333,347	-	1,060
- DSB Serviços de Óleo e Gás II S.A.	Related	8/3/2016	-	219,737	-	9,459
Due from brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	32,753	-	-
- BTG Pactual Chile S.A. (ii)		No maturity	-	3,114	-	-
Other assets						
- BTG MB Investments L.P.	Related	5/21/2015	-	254,773	-	208,890
Receivables from related parties						
Liabilities						
Open market funding						
- Banco BTG Pactual S.A. (ii)	Related	5/6/2015	-	(1,323,968)	(238,004)	(170,189)
Derivative financial instruments						
- Banco BTG Pactual S.A. (ii)	Related	6/30/2015	-	(188,425)	(119,148)	(9,889)
Financial liabilities at amortized cost						
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	-	(10,636)	-	6,154
Due to brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	540	(12,631)	-	-
Other liabilities						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	-	(12,665)	(59,232)	(269,817)
- Banco BTG Pactual S.A. (ii)	Related	No maturity	-	(76,975)	(3,499)	(3,081)

BTG Pactual Participations Ltd.

Notes to the financial statements

Years ended on December 31

(In thousands of reais)

- (iii) Considered as related parties only partners acting as Executive Directors.
- (iv) BTG Pactual S.A and subsidiaries, ultimately controlled by BTG Pactual Holding S.A.

36. Other information

a. Cash and cash equivalents

	12/31/2014	12/31/2013
Balances at beginning of the year		
Cash at banks	1,299,095	811,392
Open market investments	8,795,779	7,184,406
	10,094,874	7,995,798
Balances at end of the year		
Cash at banks	-	1,299,095
Open market investments	-	8,795,779
	-	10,094,874

b. Off balance commitments

	12/31/2015	12/31/2014
Off balance sheet commitments		
Commitments to be released	-	1,349,875
Total	-	1,349,875

The item "Commitments to be released" denotes amounts related to the financial commitments of the Company with its investees and controlled entities. As at September 30, 2015, as a consequence of the adoption of investment entity guidance, the Company ceased to consolidate its subsidiaries and to present its off balance commitments.

Consolidated Financial Statements

BTG Pactual Participations Ltd.

December 31, 2014

With Independent Auditors' report

BTG Pactual Participations Ltd.

Consolidated financial statements

As of December 31, 2014

Content

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Consolidated statements of cash flows
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Independent Auditors' report

A free translation from Portuguese into English of our consolidated financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standard Board and in Reais

BTG Pactual Participations Ltd.

Consolidated balance sheets

As of December 31

(In thousands of reais)

Assets	Note	2014	2013
Cash at banks	6	1,299,095	811,392
Open market investments	7	8,795,779	7,184,406
Derivative financial instruments	8a	1,581,724	1,432,158
Financial assets held for trading	8b	33,047,812	39,593,774
Financial assets available for sale	8d	1,474,124	1,123,454
Loans and receivables	8e	2,193,872	1,003,364
Due from brokers	9	3,960,172	4,451,625
Non-current assets held for sale	10	-	192,588
Investment in associates and joint ventures	11	1,380,774	2,467,167
Investment properties	12	770,862	-
Other assets		789,421	170,212
Total assets		55,293,635	58,430,140
Liabilities			
Open market funding	7	33,862,842	37,675,000
Derivative financial instruments	8a	1,597,524	1,686,939
Financial liabilities held for trading	8c	3,572,602	5,055,311
Financial liabilities at amortized cost	8f	7,076,835	5,047,378
Due to brokers	9	2,039,768	1,132,038
Other liabilities		2,995,897	3,693,793
Total liabilities		51,145,468	54,290,459
Shareholders' equity			
Capital stock and share premium	13	1,125,180	1,099,084
Other comprehensive income		192,890	88,948
Accumulated losses		(283,693)	(184,573)
Total shareholders' owners equity		1,034,377	1,003,459
Non-controlling interest		3,113,790	3,136,222
Total shareholders' equity and non-controlling interest		4,148,167	4,139,681
Total liabilities and shareholders' equity		55,293,635	58,430,140

The accompanying notes are an integral part of these consolidated financial statements.

BTG Pactual Participations Ltd.

Consolidated statements of income

Years ended December 31

(In thousands of reais, except for earnings per share)

	Note	2014	2013
Interest income	15a	129,573	58,045
Interest expenses	15b	(677,913)	(296,706)
Interest expense, net		(548,340)	(238,661)
Gains on financial instruments held for trading	16	237,576	269,589
Losses on financial assets available for sale			
Impairment losses	17	(28,958)	-
Loss on sale		-	(3,241)
Gains on fair value of investment properties	12	364,388	-
Equity pickup in associates and joint ventures	11	(274,296)	(80,054)
Other operating income/(expenses), net		293,055	46,014
Total income		43,425	(6,353)
Administrative expenses	18	(271,972)	(70,439)
Other expenses		(176,214)	(50,131)
Loss for the year		(404,761)	(126,923)
Loss attributed to:			
Controlling shareholders		(99,120)	(32,415)
Non-controlling shareholders		(305,641)	(94,508)
Loss per share (basic and diluted - R\$)	14	(0.15)	(0.06)

The accompanying notes are an integral part of these consolidated financial statements.

BTG Pactual Participations Ltd.

Consolidated statements of other comprehensive income

Years ended December 31

(In thousands of reais)

	Note	2014	2013
Loss for the year		(404,761)	(126,923)
Other comprehensive income/(loss) to be reclassified to profit or loss:		(251,550)	(375,321)
Share of other comprehensive income of non-controlled entities:			
Realized losses due to impairment		58,318	-
Unrealized		(10,172)	(62,521)
Foreign exchange	11	(140,753)	50,157
Movements in financial assets available for sale:			
Realized losses due to impairment	17	28,958	(1,281)
Unrealized		(229,881)	(244,819)
Exchange differences on translation of controlled entities		41,980	(116,857)
Other comprehensive income not to be reclassified to profit or loss:			
Currency translation adjustments		664,797	582,645
Total comprehensive income for the year		8,486	80,401
Total comprehensive income attributed to:			
Controlling shareholders		4,822	22,075
Non-controlling shareholders		3,664	58,326

The accompanying notes are an integral part of these consolidated financial statements.

BTG Pactual Participations Ltd.

Statement of changes in shareholders' equity

Years ended December 31

(In thousands of reais)

	Note	Capital stock and share premium	Other comprehensive income		Retained earnings / (losses)	Total shareholders' equity	Non-controlling interest	Total shareholders' equity and non-controlling interest
			From Company	From non-controlled entities				
Balance as at December 31, 2012		717,408	36,546	(2,088)	(152,158)	599,708	3,443,857	4,043,565
Transactions with shareholders	13	381,676	-	-	-	381,676	(381,676)	-
Net loss of the year		-	-	-	(32,415)	(32,415)	(94,508)	(126,923)
Share of other comprehensive income of non-controlled entities:								
Unrealized		-	-	(62,521)	-	(62,521)	-	(62,521)
Foreign exchange	11	-	-	50,157	-	50,157	-	50,157
Movements in financial assets available for sale:								
Realized		-	(1,281)	-	-	(1,281)	-	(1,281)
Unrealized		-	(45,370)	-	-	(45,370)	(199,449)	(244,819)
Exchange differences on translation of controlled entities		-	(19,445)	-	-	(19,445)	(97,412)	(116,857)
Additions of non-controlling due to selling of equity interest		-	-	-	-	-	15,715	15,715
Currency translation adjustments		-	132,950	-	-	132,950	449,695	582,645
Balance as at December 31, 2013		1,099,084	103,400	(14,452)	(184,573)	1,003,459	3,136,222	4,139,681
Balance as at December 31, 2013		1,099,084	103,400	(14,452)	(184,573)	1,003,459	3,136,222	4,139,681
Transactions with shareholders	13	26,096	-	-	-	26,096	(26,096)	-
Net loss of the year		-	-	-	(99,120)	(99,120)	(305,641)	(404,761)
Share of other comprehensive income of non-controlled entities:								
Realized losses due to impairment		-	-	14,180	-	14,180	44,138	58,318
Unrealized		-	-	(2,465)	-	(2,465)	(7,707)	(10,172)
Foreign exchange	11	-	-	(35,262)	-	(35,262)	(105,491)	(140,753)
Movements in financial assets available for sale:								
Realized losses due to impairment	17	-	7,054	-	-	7,054	21,904	28,958
Unrealized		-	(56,698)	-	-	(56,698)	(173,183)	(229,881)
Exchange differences on translation of controlled entities		-	10,517	-	-	10,517	31,463	41,980
Currency translation adjustments		-	166,616	-	-	166,616	498,181	664,797
Balance as at December 31, 2014		1,125,180	230,889	(37,999)	(283,693)	1,034,377	3,113,790	4,148,167

The accompanying notes are an integral part of these consolidated financial statements.

BTG Pactual Participations Ltd.

Consolidated statements of cash flows

Years ended December 31

(In thousands of reais)

	Note	2014	2013
Operating activities			
Loss for the year		(404,761)	(126,923)
Adjusted loss			
Equity pickup in associates and joint ventures	11	274,296	80,054
Impairment losses on available for sale financial instruments	17	28,958	-
Gains on fair value of investment properties	12	(364,388)	-
Adjusted loss		(465,896)	(46,869)
(Increase) decrease in operating assets, net			
Derivative financial instruments		(149,566)	2,574,694
Financial assets held for trading		6,237,724	16,185,664
Financial assets available for sale		(120,789)	(117,348)
Loans and receivables		(1,190,508)	(281,545)
Due from brokers		477,034	4,891,831
Other assets		(619,209)	179,184
Increase (decrease) in operating liabilities, net			
Open market funding		(3,812,158)	(19,883,019)
Derivative financial instruments		(89,415)	(2,809,139)
Financial liabilities held for trading		(1,482,709)	(1,529,844)
Due to brokers		893,186	(2,801,736)
Other liabilities		(698,564)	43,980
Cash used in operating activities		(1,020,870)	(3,594,148)
Investment activities			
Capitalization/acquisition of associates and joint ventures entities	11	27,490	(1,636,620)
Sale of associates and joint ventures	11	1,065,956	170,694
Acquisition of subsidiaries, net of cash acquired		-	8,459,596
Dividends received	11	91,270	-
Cash provided by investing activities		1,184,716	6,993,670
Financing activities			
Financial liabilities at amortized cost		2,005,230	4,709,591
Cash provided by financing activities		2,005,230	4,709,591
Increase in cash and cash equivalents	20	2,169,076	8,109,113
Balance of cash and cash equivalents			
At the beginning of the year		7,995,798	89,976
Foreign exchange gains on cash and cash equivalents		70,000	203,291
At the end of the year		10,094,874	7,995,798
Increase in cash and cash equivalents		2,169,076	8,109,113
Non-cash transactions			
Transactions with shareholders		(26,096)	(381,676)

The accompanying notes are an integral part of these consolidated financial statements.

BTG Pactual Participations Ltd.

Notes to the consolidated financial statements

Years ended on December 31

(In thousands of reais)

37. Operations

BTG Pactual Participations Ltd ("BTGP" or "Company") was incorporated as a tax exempted Limited Liability Company under the laws of Bermuda on March 26, 2010. On December 29, 2010, the Bermuda monetary authority approved the incorporation of the Company. The Company headquarters is located on Clarendon House, 2 Church Street, HM 11, Hamilton, Bermudas.

The Company has applied for and has been granted exemption from all forms of taxation in Bermuda until March 31, 2016, including income, capital gains and withholding taxes. In jurisdictions other than Bermuda, some foreign taxes will be withheld at source on dividends and certain interest received by the Company.

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share from BTG Pactual Management Ltd and thus became general partner of BTG Investments LP ("BTGI"). As a consequence of this transaction, the Company obtained the right to control the financial and operating policies of BTGI.

BTGI was formed in 2008 and makes proprietary capital investments in a wide range of financial instruments, including merchant banking investments in Brazil and overseas, and a variety of financial investments in global markets.

Banco BTG Pactual's asset management area manages BTGI's assets, which do not have their own management, and receives fees at arm's length.

The consolidated financial statements were approved by Management on February 25, 2015 and they contain a true and fair view of the financial position and results of the Company.

38. Presentation of financial statements

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by International Accounting Standards Board (IASB).

Going concern

Management evaluated the Company's capacity to continue operating as usual and has concluded that the Company have funds to continue their operations in the future. Additionally, Management is not aware of any material uncertainty that may create significant doubts on its ability to continue operating. Therefore, the financial statements were prepared based on this principle.

a. Revised IFRS pronouncements

The accounting policies adopted are consistent with those of the previous year, except for the following amendments to IFRS effective as of January 1, 2014:

• IFRS 10 – Consolidated Financial Statements

BTG Pactual Participations Ltd.

Notes to the consolidated financial statements

Years ended on December 31

(In thousands of reais)

“Investment Entities” amends IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 – Separate Financial Statements to provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 – Financial Instruments or IAS 39 – Financial Instruments: Recognition and Measurement.

Also, it requires additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. In addition, the amendment requires that the investment entity accounts for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

The financial statements were not materially affected by the adoption of this standard.

• IAS 32 – Financial instruments (revised in 2012)

“Offsetting Financial Assets and Financial Liabilities”, amendments to IAS 32, was published in December 2011, and permits financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency.

The financial statements were not materially affected by the adoption of this standard.

IAS 36 – Impairment of Assets (revised in 2013)

“Recoverable Amount Disclosures for Non-Financial Assets”, amendments to IAS 36, was published in May 2013. These amendments remove the unintended consequences of IFRS 13 - Fair Value Measurement on the disclosures required under IAS - 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period.

The financial statements were not materially affected by the adoption of this standard.

• IAS 39 – Financial Instruments: Recognition and Measurement (revised in 2013)

“Novation of Derivatives and Continuation of Hedge Accounting”, amendments to IAS 39, was published in June 2013. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

The financial statements were not materially affected by the adoption of this standard.

The following standards were issued but are not yet effective for 2014:

BTG Pactual Participations Ltd.

Notes to the consolidated financial statements

Years ended on December 31

(In thousands of reais)

• Annual improvements

The “Annual Improvements to IFRSs” amendments for the 2010-12 and 2011-13 annual improvement cycles were issued in December 2013, and generally their adoption is required from January 1, 2015.

The “Annual Improvements to IFRSs” for the 2012-14 annual improvement cycles were issued September 25, 2014 and their adoption is required from July 1, 2016.

The Company does not believe that the amendments will have a material impact on its consolidated financial statements except for additional disclosures that will be provided.

• IFRS 9 – Financial Instruments

The IFRS 9 is being issued in chapters. In November 2009 and October 2010, chapters containing new measurement and classification rules for financial assets and financial liabilities were issued. In addition, in November 2013 the chapter containing the hedge accounting rules was issued.

The finalized version of IFRS 9 was issued on July 24, 2014 and contains changes in the previous chapters related to measurement and classification as well as in hedge accounting. The finalized version also introduces new rules for impairment of financial instruments and derecognition.

The adoption of the chapters containing new measurement and classification rules will have a significant effect on the classification and measurement of financial assets of the Company, but is not expected to have significant impacts on the classification and measurement of financial liabilities. The Company has not applied hedge accounting and therefore does not expect impacts from the application of the referred chapter.

The change is applicable for years beginning January 1, 2018. The Company has not adopted IFRS 9 in these consolidated financial statements and does not intend to early adopt it.

• IFRS 11 – Joint Arrangements

“Accounting for Acquisitions of Interests in Joint Operations” amendments to IFRS 11, was published in May, 2014. The amendments sets out that an acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations, is required to: (i) apply all of the business combinations accounting principles, and (ii) disclose the information required by IFRS 3 and other IFRSs for business combinations.

The change is applicable for years beginning January 1, 2016. The Company has not adopted IFRS 11 amendments in these consolidated financial statements and does not intend to early adopt it.

• IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements

“Equity Method in Separate Financial Statements” amends IAS 27 – Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

BTG Pactual Participations Ltd.

Notes to the consolidated financial statements

Years ended on December 31

(In thousands of reais)

The change is applicable for years beginning January 1, 2016. The Company has not adopted IAS27 amendments in these consolidated financial statements and does not intend to early adopt it.

• IFRS10 and IAS28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” amends IFRS10 and IAS28, to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: (i) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations), (ii) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in any subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The change is applicable for years beginning January 1, 2016. The Company has not adopted IFRS10 and IAS28 amendments in these consolidated financial statements and does not intend to early adopt it.

39. Main accounting practices

s. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the year. These estimates are based on historical experience and various other factors that Management believes are reasonable under the circumstances, the results form the basis for judgments about carrying values of assets and liabilities, which are not determined through other sources. The actual results could differ from those estimates.

t. Functional currency and presentation

Functional currency

The items included in the financial statements of each of the businesses of the Company are measured using the currency of the primary economic environment in which the company operates ("functional currency").

The Company's functional currency is the U.S. Dollar, since the majority of the Company's business transactions are in the mentioned currency.

Foreign currency translation

The financial statements of subsidiaries whose functional currency is different from that adopted by the parent Company, are translated into the functional currency of the parent using the criteria in IAS 21.

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Monetary assets and liabilities denominated in currencies other than U.S. Dollars are converted into U.S. Dollar using exchange rates closing at the end of each period. The non-monetary assets and liabilities are translated using the historical date. Transactions during the end of the financial year, including purchases and sales of securities, income and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses on foreign currency transactions are included in "translation adjustments" in the statement of comprehensive income.

Presentation currency

These consolidated financial statements are presented using the Brazilian Real ("Real" or "reais" or "R\$") , the presentation currency, as its reporting currency exclusively to meet the specific requirements of the Brazilian Federal Securities Commission ("CVM"), the Brazilian regulatory body.

The conversion of U.S. Dollar functional currency into reais (presentation currency) was recorded pursuant to the methodology described in IAS 21 – ("The effects of changes in exchange rates"), and is summarized below:

- The assets and liabilities for each balance sheet date were translated at the closing exchange rate at the balance sheet date. Income and expenses were translated using monthly average exchange rate.
- For assets and liabilities for each balance which IAS 21 does not establish a methodology for translation, the Company elected to translate balances using the closing rate of each balance sheet, and other movements in shareholders' equity were converted using monthly average rate, except those that correspond to a specific transaction with shareholders that were converted at the exchange rate at the transaction date.
- For the preparation of the statement of cash flows, the Company used the average annual rate for the conversion of balances of changes in assets and liabilities items of operational cash flows. For the remaining transactions, the Company used the historical rate.

All resulting translation differences are recognized directly in "translation adjustments" in the statement of other comprehensive income.

u. Cash and cash equivalents

For the purposes of statements of cash flow, cash and cash equivalents includes cash, bank deposits and highly-liquid short-term investments redeemable in up to 90 days, subject to an insignificant risk of change in value.

v. Revenue and expense recognition

Net gains with financial instruments

Amounts that arise from trading activity including all gains and losses from changes in the fair value and the interest and dividend income or expense of financial assets and liabilities held for trading.

Interest income (expense)

Interest income (expense) is recognized as incurred, using the effective interest rate method.

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The interest on financial instruments held for trading are recorded in "Gain (losses) on financial instruments held for trading".

Dividend income

For investments classified as fair value through profit and loss and available for sale, dividend income is recognized when the right to receive payment is established.

Dividends on financial instruments held for trading are recorded as "Gain (losses) on financial instruments held for trading", and dividends received on financial assets as available for sale are classified as "Gain (losses) on financial assets available for sale".

w. Financial instruments

Recognition date

All financial assets and liabilities are initially recognized on the trading date, that is, the date in which the consolidated entity becomes an interested party to the contractual relationship of the instrument. This includes purchases or sales of financial assets that require delivery of the asset at a specified time established by regulation or market standard.

Initial recognition of financial instruments

The classification of the financial instruments at their initial recognition depends on the purpose for which they were acquired and their characteristics. All financial instruments are initially measured at fair value plus transaction costs, except in cases where assets and liabilities are recorded at fair value through profit or loss.

Derivatives

Derivative financial instruments are recorded at fair value and held as assets when fair value is positive and as liabilities when fair value is negative. The changes in fair value of derivatives are recognized in the consolidated income statement "Net gains (losses) with financial instruments held for trading".

Embedded derivatives in other financial instruments, such as the convertible feature of an instrument, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those in the host contract, as long as the host contract is not held for trading or designated at fair value through profit and loss. The embedded derivatives separated from principal are held at fair value in the portfolio with fair value changes recognized in the consolidated income statement.

Financial assets and liabilities held for trading

Financial assets or liabilities held for trading are recorded in the balance sheet at fair value. Variations in fair value, interest revenue, expenses and dividends are recorded in "Gains (losses) on financial instruments held for trading".

Included in this classification are: debt instruments, equities and short sale which have been acquired specifically for the purpose of short term trading or repurchase.

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Financial assets and liabilities designated at fair value through profit and loss

Financial assets and liabilities classified in this category are those designed as such on initial recognition. The designation of a financial instrument at fair value through profit and loss on initial recognition is only possible when one the following criteria is observed and the designation of each instrument is individually determined:

- Designation eliminates or significantly reduces the inconsistent treatment which would occur in the measurement of assets and liabilities or in the recognition of gains and losses corresponding to different ways; or
- Assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and with their performance assessed based on the fair value, as a documented strategy of risk or investment management; or
- The financial instrument contains one (or more) embedded derivative(s), which significantly modifies the cash flows that would otherwise be required by the agreement.

Financial assets and liabilities at fair value through profit and loss are recorded in the consolidated balance sheet at fair value. Changes in the fair value and earned or incurred interest are recorded in "Net gain on financial assets or liabilities designated at fair value through profit and loss".

Financial assets available for sale

Financial assets available for sale include equities and debt instruments. Equities classified as available for sale are those not classified as held for trading or designated at the fair value through profit and loss. Debt instruments in this category are those to be held for an indefinite period of time and may be sold in response to need for liquidity or in response to changes in market conditions.

After initial recognition, available for sale financial assets are measured at fair value, except when the fair value is not reliably measured, when assets are kept at cost. When fair value is applicable, the unrealized gains or losses are recognized directly in equity as other comprehensive income. Upon the realization of the available for sale financial instruments, the unrealized gains or losses, previously recognized in the statement of comprehensive income, are reclassified to the income statement, as "Gain (losses) on financial assets available for sale".

Losses on the impairment of these financial instruments are recognized in the income statement and reclassified, if and when applicable, from the statement of comprehensive income.

"Day 1" profit or loss

When the transaction value is different from the fair value of other observable current market transactions with the same instrument or based on a valuation technique, whose variables include only observable market data, the difference between the transaction value and fair value ("Day 1" profit or loss) is immediately recognized in "Gain (losses) on financial instruments held for trading". In cases where the fair value is determined using unobservable market data, the difference between operation price and model value is recognized in the income statement during the term of the transaction or when variables may be observable or, also, when the financial instrument is derecognised.

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Held-to-maturity financial instruments

Held-to-maturity financial assets are non-derivative financial assets or liabilities with fixed or determinable payments and defined maturities, for which there is positive intention and ability to hold until maturity. Held-to-maturity financial assets are initially recorded at their fair value plus directly attributable costs, and are subsequently measured at amortized cost using the effective interest rate method, less any reductions in the recoverable value.

Loans and receivables

Loans and receivables include financial assets with fixed or determinable payments that are not listed in an active market, except for:

- Those for which the intention is to sell immediately or in the short-term and those initially designated at fair value through profit and loss; or
- Those initially designated as available for sale; or
- Those whose total investment will not be substantially recovered, other than because of credit deterioration.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest rate method, net of the provision for losses with impairment.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest rate method and taking into account any discount or premium on issue and relevant costs that become part of the effective interest rate.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or applicable part of a financial asset or a group of assets similar) is derecognised when:

- The right to receive the cash flow of the asset expired; or
- The Company transferred the right to receive cash flows of the asset or has assumed the obligation to pay any cash flow received, at total amount, without material delay, to a third party due to a transfer agreement, and if:
 - There is substantial transfer of all risks and benefits of the asset; or
 - There is no substantial transfer or retention of all risks and benefits of the asset, but there is transfer of control on such asset.

When the Company transfers the rights to receive an asset cash flow or has entered into an on-lending agreement, and has not substantially transferred or retained all asset risks and benefits, or

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has not also transferred the control on such asset, an asset is recognized to the extent of the Company has continued involvement in the assets. As a result, the assets transferred and referred liabilities are measured based on the retained rights and obligations of the Company and its subsidiaries.

Financial liabilities

A financial liability is derecognised when the obligation with respect to the liability is removed, cancelled or expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or terms of the existing liability are substantially modified, the change or modification is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the book value is recognized in profit or loss.

Open market funding (repurchase and reverse repurchase agreements)

Amounts sold with repurchase agreements at a future date are not derecognised from the balance sheet as risks and rewards are substantially retained by the consolidated entity. Corresponding cash received is recognized in the balance sheet as an asset with a return obligation, including interest appropriated as a liability in "Open market funding". The difference between purchase and repurchase price is treated as interest expense and is appropriated pursuant to the term of the agreement, using the effective interest rate method. When the counterparty has the right to sell or to re-offer the instruments as collateral, instruments are classified as "Held for trading" in the consolidated balance sheet.

Conversely, securities acquired with agreements to sell (reverse repo) at a future date are not recognized in the balance sheet. The amount paid, including appropriated interest, is recorded in the balance sheet as open market investments, reflecting the economic essence of the operation as a loan receivable. The difference between purchase and repurchase price is recorded as interest income and is appropriated pursuant to term of the agreement, according to the effective interest rate method. If securities acquired from reverse repo are subsequently sold to third parties, the obligation of returning the amounts are recorded as a short sale, included in "Financial liabilities held for trading" in result and measured at the fair value with any gain or loss included in "Gain (losses) on financial instruments held for trading".

Determining fair value

Financial instruments are measured according to the fair value measurement hierarchy described below:

Level 1: Price quotations observed in active markets for the same financial instrument;

Level 2: Price quotations observed in active markets for financial instruments with similar characteristics or based on pricing model in which the relevant parameters are based on observable active market data;

Level 3: Pricing models in which current market transactions or observable data are not available and require a high degree of judgment and estimation. Instruments in this category have been valued using a valuation technique where at least one input which could have a significant effect on the instrument's valuation, is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, the Company determines a reasonable level for the input. Financial instruments primarily include certain limited

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partnership interests primarily in private equity funds mainly derived from our merchant banking activities and OTC derivatives which valuation depends upon unobservable inputs. No gain or loss is recognized on the initial recognition of a financial instrument valued using a technique incorporating significant unobservable data.

Level 3 valuation assumptions		
Asset	Valuation technique	Main assumptions
Private Equity Funds (unquoted investments)	Price of recent investments; Models based on discounted cash flows or earnings; Market and transaction (M&A) multiples.	Market and revenue growth, profitability and leverage expectations, discount rates, macro-economic assumptions such as inflation and exchange rates, risk premiums including market, size and country risk premiums.
Derivatives	Standard models and non-bidding quoted prices	Probability of default and recovery rates

In certain cases, data used to determine fair value may be from the different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative hierarchy in which the relevant data for the fair value assessment were used. This evaluation requires judgment and considers specific factors of the relevant financial instruments. Changes in the availability of the information may result in reclassification of certain financial instruments among the different levels of fair value measurement hierarchy.

Financial instruments – Offsetting

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recognized and if there is the intention to offset, or to realize the asset and clear the liability simultaneously.

Impairment of financial assets

Impairment losses on financial assets not recorded at fair value are immediately recognized when there is objective evidence of loss. The book value of these assets is reduced with the use of provisions and expected losses from future events are not recognized. Provisions for impairment of financial assets not recorded at fair value are valued and calculated individually and collectively and are recognized in the statement of income.

In case of any impairment losses related to financial assets available for sale, considering acquisition cost and the current fair value, such losses will be recognized on consolidated statements of income against other comprehensive income. However, if in a subsequent year occur an increase in the fair value of the financial asset that can be related to any event, the loss previously considered will be reversed in profit and losses.

The main evidence of impairment for financial assets are the significant decline in the fair value of any security for a prolonged period, noncompliance with contract terms for delay of principal or interest, deterioration in ability to pay and operational performance, breach of covenants, significant change in the performance of the counterparty market, reduced liquidity of the asset due to financial difficulties the lender.

For financial assets accounted at amortized cost (as amounts receivable from banks, loans and advances to clients), the Company individually evaluates if there is an objective evidence of impairment.

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If there is an objective evidence that an impairment loss was incurred, the amount of the loss is measured by the difference between the book value of the asset and the present value of estimated future cash flows. The asset is reduced by a provision and a corresponding loss is recognized in the income statement. Loans and related provisions are written-off when there is no likelihood of recovery and guarantees were sold or transferred to the Company and its subsidiaries. If the estimated amount of loss with impairment increases or decreases due to an event that occurred after the impairment was recognized, the impairment previously recognized is increased or reduced by adjusting the provision balance. If a future write-off is later recovered, the amount is credited to 'Provisions for credit losses'.

The present value of the estimated future cash flows are discounted by the original effective interest rate. If a loan has a variable interest rate, the discount rate to measure any loss with impairment to the recoverable value is the current effective interest rate. The calculation of the present value of the estimated future cash flows of financial assets provided as guarantee reflects the cash flow that may result from the settlement less costs to purchase and sell the collateral, even if the settlement is not likely.

x. Due from / to brokers

Amounts receivable from / payable to brokers include unsettled trades and cash maintained at (or payable to) brokers and other counterparties of the Company.

After initial measurement, due from/to brokers are measured at amortized cost using the effective interest rate method, net of the provision for losses with impairment.

y. Non-current assets held for sale

Non-current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated. Into this category are classified assets that are intended for sale which must be highly probable to occur in less than a year, and Management has committed to sell such assets.

Assets are reclassified out of non-current assets held for sale due to changes to a plan of sale and when the sale is no longer considered highly probable. As a result of the reclassification, the asset will be adjusted to any depreciation or revaluation measured at the lower of its carrying amounts before the classification as held for sale, or its recoverable amount.

z. Investment in associates and joint ventures

Investments in associates and joint ventures comprise entities over which the Company has significant influence or joint control over operating and financial policies. These investments are initially recognized at the acquisition cost and subsequently evaluated by the equity method. The investments in associates and joint ventures include the identified goodwill in any purchase net of any accrued impairment.

The participation of the Company interest in the profits or losses of its associates and joint ventures is recognized in the "Equity pick up in associates and joint ventures". Any movements in the equity reserves of these entities is recognized directly in the investment balance.

aa. Impairment of nonfinancial assets

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Investments in associates and joint ventures and assets that have an indefinite life, such as goodwill are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are tested for impairment annually or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Impairment is recognized if the asset's carrying amount exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and its recoverable value in use. For the purpose of evaluating the impairment amount, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units (CGU)).

bb. Other assets / liabilities

Accounts receivable / payable to others are stated at cost less allowance for doubtful accounts, which approximates fair value given their short term nature. The allowance for doubtful accounts is established when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the receivables.

cc. Contingent assets and liabilities

Provisions are recognized when the Company has a current obligation (legal or constructive), as the result of a past event and it is probable that an outflow of resources which incorporates economic benefits shall be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense related to any allowance is presented in the income statement net of any reimbursement.

The recognition, measurement and the disclosure of the assets and contingent liabilities and of the legal and tax are made pursuant to the criteria described below.

Contingent assets – not recognized in the financial statements, except when there is evidence that realization is virtually certain.

Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and Management, the risk of loss of an action, judicial or administrative is deemed likely, with a probable outflow of resources to settlement of the obligations and when the amounts involved can be reasonably measured. Contingent liabilities classified as possible losses by the legal advisors are only disclosed in explanatory notes, while those classified as remote losses are neither provided for or disclosed.

dd. Profit allocation

The dividends are classified as liabilities when declared by the board and approved by the Extraordinary / Ordinary General Meeting.

ee. Segment information

IFRS 8 requires that operating segments are disclosed consistently with information provided to the Company's chief operating decision maker, who is the person or group of persons that allocates resources to the segments and assesses their performance. Management believes the Company has only one segment, which is related to the overall activity of an investment entity and so no segment information is disclosed.

ff. Investment Properties

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Investment properties are initially measured at cost, including transactions costs. After initial recognition, investment properties are stated at fair value, reflecting the market conditions at each balance sheet date. Adjustments to fair value are determined considering the fair value of the property, minus the attributed costs of the property, and recognized in net income.

The fair value of investment properties are determined at least on an annual basis, or when the Company deems it necessary, and may involve an independent valuation. During the fourth quarter of 2014, the Company valued its investment properties, using an independent valuation service, considering certain assumptions such as the average price of lands and the level of productivity.

Investment properties are derecognized when disposed of or when they cease to be used permanently and no further economics benefit are expected from their disposal.

40. Basis of consolidation

a. Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including certain special purpose entities) that are controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of the entity, is exposed to variable returns from its involvement with the investees and has the ability to use its power to affect these returns; generally conferred by holding a majority of voting rights.

The accounting policies adopted for the recording of operations and assessment of the rights and obligations of the Company, subsidiaries, directly and indirectly and investment funds included in the consolidation were applied uniformly. All intra-group balances, transactions, income and expenses are eliminated on consolidation.

The consolidated financial statements comprise the financial statements of the Company and the following controlled entities and funds:

	Country	Equity interest - %	
		12/31/2014	12/31/2013
Direct			
BTG Bermuda LP Holdco Ltd.	Bermuda	100.00	100.00
Indirect			
BTG Investments LP (BTGI)	Bermuda	25.05	24.24

Below is the ownership interest held by BTGI in its subsidiaries and investment funds:

	Country	Equity interest - %	
		12/31/2014	12/31/2013
BTG Loanco LLC	USA	100.00	100.00
BTG Pactual Stigma LLC	USA	100.00	100.00
BTG Pactual Reinsurance Holdings LP	Bermuda	100.00	100.00
BTG Equity Investments LLC	USA	100.00	100.00
Preserve Insurance Co. Ltd	UK	100.00	100.00
BTG Pactual Mining S.A.	Brazil	100.00	100.00
Hárpia Omega Participações S.A.	Brazil	100.00	100.00
BTG Pactual Capital Participações S.A.	Brazil	100.00	100.00
BTG Pactual Servicios S.A. de C.V.	Mexico	100.00	100.00
BTG Pactual Swiss Services S.A.	Switzerland	100.00	100.00
Aigues de Catalunya Ltd	UK	98.00	98.00

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	Country	Equity interest - %	
		12/31/2014	12/31/2013
BTG Pactual Iberian Concessions Ltd.	UK	100.00	100.00
BTG Pactual PropertyCo LLC	USA	100.00	100.00
BTG Pactual PropertyCo II LLC	USA	100.00	100.00
BTG Pactual Prop Feeder (1) S.a.r.l.	Luxembourg	100.00	100.00
BTG Pactual Investimentos Florestais S.A.	Brazil	93.96	93.96
BRPEC Agro Pecuária S.A.	Brazil	100.00	-
Turquesa Fundo de Investimento em Participação	Brazil	100.00	100.00
B2 - Fundo de Investimento Multimercado	Brazil	100.00	100.00
Beira Rio Fundo de Investimento em Participações	Brazil	100.00	100.00
Airbone FIC Fundo de Investimento em Participação	Brazil	-	100.00
Bravo Fundo de Investimento em Participação	Brazil	100.00	100.00
BTG Pactual Brazil Investment Fund I LP	Cayman	100.00	100.00
BTG Pactual Absolute Return Master Fund LP	Cayman	100.00	100.00
BTG Pactual Absolute Return II Master Fund LP	Cayman	100.00	100.00
BTG Pactual Proprietary Feeder (1) Limited	Cayman	100.00	100.00
A.Z.A.S.P.E Empreendimentos e Participações S.A.	Brazil	100.00	-
A.Z.P.S.P.E Empreendimentos e Participações S.A.	Brazil	86.56	-
BTG Pactual SCFlor & São Lourenço Holding S.A.	Brazil	71.66	-
São Lourenço Empreendimentos Florestais Ltda.	Brazil	71.66	-
Fazenda Corisco Participações S.A.	Brazil	71.66	-
BTG Pactual Santa Terezinha Holding S.A. (i)	Brazil	37.75	-
SCFlor Empreendimentos Agrícolas Ltda. (i)	Brazil	37.75	-
Fazenda Santa Terezinha Participações S.A. (i)	Brazil	37.75	-

(i) The investee equity is divided into ordinary and preferred shares. The Company has the majority of the voting rights.

As described in Note 1, as from December 29, 2010, the Company became the general partner of BTGI with powers to control BTGI's financial and operating policies through the interest held in that Company.

As of December 31, 2014 the Company holds 25.05% of economic interest in BTGI (December 31, 2013 – 24.24%). As a result, the economic interests representing 74.95%, in the net assets of BTGI, are held by other shareholders and presented as non-controlling interests in the consolidated financial statements of the Company.

The financial information of the subsidiaries are prepared using accounting policies consistent with those adopted in the preparation of the parent Company's financial statements. Intra-group balances were eliminated during consolidation.

41. Risk management

The Company's risk management involves several levels of our management team and various policies and strategies. The structure of the Company's committees allows engaging the whole organization and ensuring decisions are readily implemented.

The main committees involved in risk management activities are (i) Management Committee, which approves policies, sets overall limits and is the ultimate responsible for the management of the our risks, (ii) New Business Committee, which assesses the viability and oversees the implementation of proposed new businesses and products, (iii) Credit Risk Committee, which is responsible for approving new credit transactions according to the guidelines set by our Risk Committee, (iv) Market Risk Committee, which is responsible for monitoring market risk, including utilization of our risk limits, and for approving exceptions to such limits, (v) Operational Risk Committee, which assesses main operational risks in light of the established policies and regulatory framework, (vi) AML Compliance

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Committee, which is responsible for establishing AML rules, and for reporting potential issues involving money laundering, (vii) CFO Committee, which is responsible for monitoring our liquidity risk, including our cash position and balance sheet usage, and for managing our capital structure, (viii) Audit Committee, which is responsible for the independent verification of the adequacy of our controls, and for assessing whether our books and records are kept appropriately.

The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial, credit, operational, compliance, tax and legal reporting systems. In addition, a number of committees are responsible for monitoring risk exposures and for general oversight of our risk management process, as described further below. The close involvement of various committees (including their subcommittees) with the ongoing management and monitoring of our risks helps the Company foster its culture of risk control throughout the organization. The committees consist of senior members of business units and senior members of control departments that are independent of businesses.

i. Market risk

VaR is the potential loss of value of the trading positions due to adverse movements in the market during a defined period within a specific level of confidence. Together with the Stress Test, VaR is used to measure the exposure of the Company's positions at market risk. The Company uses a historical simulation for calculation of VaR, applying real distributions and correlation amongst assets, not using Greek approximations and standard distributions. VaR may be measured in accordance with different periods, historical data and reliable levels. The accuracy of the market risk methodology is tested through daily back testing that compares the compliance between VaR estimates and gains and losses realized.

The VaR presented below was calculated for a one-day period, level of confidence of 95.0% and one-year historical data. Reliable level of 95.0% means that there is 1 within 20 chances that the day trade net income remains below estimated VaR. Therefore, insufficiencies arising from net income expected from trade in a single day of trading exceeding the reported VaR would be expected to occur, on average, around once a month. Insufficiencies in a single day may exceed the VaR reported in material amounts. Insufficiencies may also occur more frequently or accrue during a longer period, such as the number of consecutive trading days. As it is backed up by historical data, VaR's accuracy is limited to its capacity to predict unprecedented market changes, as historical distributions in market risk factors may not produce accurate prognostics of future market risk. VaR methodologies and assumptions on different distributions may produce a materially different VaR. In addition, VaR calculated for a one-day period does not consider the market risk of positions that may not be settled or offset with hedges within the term of one day. As previously mentioned, the Company uses a stress test models as a complement to VaR method for its daily risk activities.

The table below contains daily average VaR for the years ended:

In millions of R\$	2014	2013	2012
Daily average VaR	42.1	43.8	47.6

j. Credit risk

All of the Company's counterparties are subject to credit risk analyses focusing mainly on an assessment of their paying ability, based on simulations of cash flows, debt leverage and schedule,

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asset quality, interest coverage and working capital. Qualitative aspects, such as strategic guidance, business sector, expert areas, efficiency, regulatory environment and market share, are regularly assessed and used to supplement the credit analysis process. The Company's counterparties credit limits are established by the Credit Committee and are regularly reviewed.

The total Company's exposure to credit risk is measured and evaluated considering all financial instruments involving any counterparty risk, which considers the total value of the collaterals and derivative transactions. For derivatives, all risk factors are applied to the financial value of the contracts in order to monitor the exposure to the credit risk in derivatives.

The credit risk exposure is calculated based on items of the balance sheet. The following table shows the maximum financial asset exposure by geographic region is as follows:

12/31/2014					
	Brazil	United States	Europe	Others (i)	Total
Assets					
Cash at banks	1,211,104	452	87,539	-	1,299,095
Open market investments	208,011	3,594,500	4,338,615	654,653	8,795,779
Derivative financial instruments	415,832	747,935	337,483	80,474	1,581,724
	3,192,93		12,448,98	3,270,07	33,047,81
Financial assets held for trading	3	14,135,822	4	3	2
Financial assets available for sale	957,638	442,419	-	74,067	1,474,124
Loans and receivables	250,054	1,053,928	198,213	691,677	2,193,872
Due from brokers	32,753	2,134,918	1,775,519	16,982	3,960,172
Investments in associates and joint ventures	1,012,131	-	368,120	523	1,380,774
Investment properties	770,862	-	-	-	770,862
Other assets	396,572	308,365	71,447	13,037	789,421
	8,447,88		19,625,92	4,801,48	55,293,63
Total assets	9	22,418,340	0	6	5
12/31/2013					
	Brazil	United States	Europe	Others (i)	Total
Assets					
Cash at banks	811,178	-	214	-	811,392
Open market investments	96,769	1,555,718	5,277,264	254,655	7,184,406
Derivative financial instruments	300,341	601,204	250,257	280,356	1,432,158
	2,747,90			3,480,85	39,593,77
Financial assets held for trading	6	23,960,789	9,404,220	9	4
Financial assets available for sale	660,346	409,049	-	54,059	1,123,454
Loans and receivables	58,549	538,686	203,618	202,511	1,003,364
Due from brokers	45,781	3,536,645	837,018	32,181	4,451,625
Non-current assets held for sale	192,588	-	-	-	192,588
Investments in associates and joint ventures	2,054,601	-	412,566	-	2,467,167
Other assets	-	-	54,307	115,905	170,212
	6,968,05		16,439,46	4,420,52	58,430,14
Total assets	9	30,602,091	4	6	0

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The table below states the maximum exposures to credit risk based on the carrying amounts, classified by economic activity of the counterparties:

12/31/2014						
Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others	Total
Assets						
Cash at banks	-	1,299,095	-	-	-	1,299,095
Open market investments	-	8,795,779	-	-	-	8,795,779
Derivative financial instruments	-	1,581,724	-	-	-	1,581,724
Financial assets held for trading	21,974,238	837,892	2,487,711	7,747,971	-	33,047,812
Financial assets available for sale	-	-	-	1,474,124	-	1,474,124
Loans and receivables	-	-	-	198,213	1,412,258	2,193,872
Due from brokers	-	3,960,172	-	-	-	3,960,172
Investment in associates and joint ventures	-	-	-	1,380,774	-	1,380,774
Investment properties	-	-	-	770,862	-	770,862
Other assets	-	-	-	-	789,421	789,421
Total assets	21,974,238	16,474,662	2,487,711	11,571,944	1,412,258	55,293,635
12/31/2013						
Governments (i)	Financial Institutions	US Agencies	Companies	Individuals	Others	Total
Assets						
Cash at banks	-	811,392	-	-	-	811,392
Open market investments	-	7,184,406	-	-	-	7,184,406
Derivative financial instruments	-	1,432,158	-	-	-	1,432,158
Financial assets held for trading	25,817,642	2,931,030	4,514,903	6,330,199	-	39,593,774
Financial assets available for sale	-	-	-	1,123,454	-	1,123,454
Loans and receivables	-	-	-	262,167	741,197	1,003,364
Due from brokers	-	4,451,625	-	-	-	4,451,625
Non-current assets held for sale	-	-	-	192,588	-	192,588
Investment in associates and joint ventures	-	-	-	2,467,167	-	2,467,167
Other assets	-	-	-	-	170,212	170,212
Total assets	25,817,642	16,810,611	4,514,903	10,375,575	741,197	58,430,140

(i) See note 8(b)

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Financial assets overdue without loss event or individually overdue with loss event are partially or fully covered by guarantees.

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k. Liquidity analysis of assets

In volatile markets or when trading in a security is hindered in the market, the liquidity position of the Company's portfolio can be reduced. In such cases, the Company may not be able to sell certain assets, which could adversely affect its ability to balancing its portfolio or to meet redemption requests. In addition, such circumstances may force the Company to sell assets at low prices, adversely affecting its performance. If there are no other market participants to sell them at the same time, the Company may not be able to sell these assets or avoid losses related to them. If the Company establishes substantial losses in trading, the need for liquidity could increase considerably while its access to liquidity could be hindered. Together with a recession in the market, the counterparties of the Company could incur in losses, weakening their financial condition and increasing the credit risk of the Company to them.

According to its policy, the Company regularly monitors its liquidity position. The table below summarizes the expected discounted cash flows for financial assets held for trading and contractual discounted cash flows for the other assets, of the Company and its subsidiaries:

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Cash at banks	1,299,095	-	-	-	1,299,095
Open market investments	8,795,779	-	-	-	8,795,779
Derivative financial instruments	1,049,104	168,383	114,692	249,545	1,581,724
Financial assets held for trading	33,047,812	-	-	-	33,047,812
Financial assets available for sale (i)	-	-	-	1,474,124	1,474,124
Loans and receivables	219,736	30,193	531,560	1,412,383	2,193,872
Due from brokers	3,960,172	-	-	-	3,960,172
Investment in associates and joint ventures	-	-	-	1,380,774	1,380,774
Investment properties	-	-	-	770,862	770,862
Other assets	10,097	5,559	-	773,765	789,421
Total assets	48,381,795	204,135	646,252	6,061,453	55,293,635
	12/31/2013				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Cash at banks	811,392	-	-	-	811,392
Open market investments	7,184,406	-	-	-	7,184,406
Derivative financial instruments	742,214	381,086	137,768	171,090	1,432,158
Financial assets held for trading	39,593,774	-	-	-	39,593,774
Financial assets available for sale (i)	-	-	-	1,123,454	1,123,454
Loans and receivables	-	-	203,617	799,747	1,003,364
Due from brokers	4,451,625	-	-	-	4,451,625
Non-current assets held for sale	-	192,588	-	-	192,588
Investment in associates and joint ventures	-	-	-	2,467,167	2,467,167
Other assets	170,212	-	-	-	170,212
Total assets	52,953,623	573,674	341,385	4,561,458	58,430,140

(i) The financial assets available for sale correspond basically to our investments in equity securities and quotas of the private equity funds and its portfolio companies (Note 8(d)) and are classified based on our current expectation of the exit strategies and liquidation of the fund.

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I. Liquidity risk

The table below summarizes the contractual discounted cash flows for the liabilities, of the Company and its subsidiaries:

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Liabilities					
Open market funding	33,862,842	-	-	-	33,862,842
Derivative financial instruments	1,172,721	133,017	93,197	198,589	1,597,524
Financial liabilities held for trading	3,572,602	-	-	-	3,572,602
Financial liabilities at amortized cost	535,536	3,138,018	1,133,173	2,270,108	7,076,835
Due to brokers	2,039,768	-	-	-	2,039,768
Other liabilities	2,759	60,493	2,925,565	7,080	2,995,897
Total liabilities	41,186,228	3,331,528	4,151,935	2,475,777	51,145,468

	12/31/2013				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Liabilities					
Open market funding	37,675,000	-	-	-	37,675,000
Derivative financial instruments	791,769	425,605	133,855	335,710	1,686,939
Financial liabilities held for trading	5,055,311	-	-	-	5,055,311
Financial liabilities at amortized cost	909,774	1,387,646	1,103,025	1,646,933	5,047,378
Due to brokers	1,132,038	-	-	-	1,132,038
Other liabilities	442,704	886,661	2,364,428	-	3,693,793
Total liabilities	46,006,596	2,699,912	3,601,308	1,982,643	54,290,459

The table below presents the undiscounted cash flows for “Loans and receivable” and “Financial liabilities at amortized cost”. Undiscounted cash flows for derivative financial instruments and financial liabilities at fair value through profit and loss are not being presented. Management does not consider this information when analyzing liquidity, other than for short term maturity, and therefore it is not deemed to be relevant.

	12/31/2014				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Loans and receivables	124	-	554,067	2,814,664	3,368,855
Liabilities					
Financial liabilities at amortized cost	2,238,910	1,486,541	1,178,524	2,670,753	7,574,728

	12/31/2013				
	Up to 90 days	90 to 365 days	1 to 3 years	Over 3 years	Total
Assets					
Loans and receivables	-	-	278,014	1,296,972	1,574,986
Liabilities					
Financial liabilities at amortized cost	911,835	4,550,407	-	-	5,462,242

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42. Cash at banks

Cash on banks comprise exclusively highly-liquid bank deposits, totaling R\$1,299,095 and R\$811,392, as of December 31, 2014 and December 31, 2013.

43. Open market investments and funding

	12/31/2014	12/31/2013
Open market investments	23,934,154	21,503,971
Offset (netting) (i)	(15,138,375)	(14,319,565)
Net	8,795,779	7,184,406
Open market funding	49,001,217	51,994,565
Offset (netting) (i)	(15,138,375)	(14,319,565)
Net	33,862,842	37,675,000

(i) The total amount that meets the criteria for netting was netted on December 31, 2014.

As of December 31, 2014 the collateral received in repurchase agreements amounts to R\$22,939,311 (December 31, 2013 – R\$21,302,525), whereas the collateral granted amounts to R\$50,676,286 (December 31, 2013 - R\$53,745,180). The collaterals for these operations that would be sold or could be granted for other repurchase agreements totaled R\$705,347 (December 31, 2013 – R\$321,083).

44. Classification and measurement of financial instruments

g. Derivative financial instruments

The Company does not have derivative financial instruments designated as hedge accounting. Derivatives, at fair value, held are as follows:

	12/31/2014	12/31/2013
Futures		
Long position	68,284	140,412
Short position	167,439	86,272
Swaps		
Long position	500,296	415,562
Short position	471,483	333,956
Credit derivatives		
Long position	199,562	127,050
Short position	154,847	318,606
Currency forward transactions - NDF		
Long position	28,503	9,356
Short position	11,327	2,837
Forward transactions - DF		
Long position	48,998	90,334
Short position	8,276	127,579
Options		
Long position	736,081	649,444
Short position	784,152	817,689
Long position	1,581,724	1,432,158
Short position	1,597,524	1,686,939

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The nominal amounts of transactions with derivatives are as follows. The receivable leg and payable leg are presented separately for Swap, NDF and DF derivatives in the table below:

	12/31/2014	12/31/2013
Futures market		
Long position	41,953,289	71,409,466
Currency	2,002,963	2,202,779
Equities	48	18,814
Index	454,700	2,259,624
Interest rate	39,318,883	66,883,100
Commodities	176,695	45,149
Short position	66,269,417	27,489,789
Currency	22,391	2,457,431
Interest rate	64,723,328	24,046,682
Commodities	276,227	12,077
Equities	4,111	396
Indexes	1,243,360	973,203
Swap		
Long position	77,642,956	146,231,705
Interest rate	68,056,665	133,342,323
Currency	-	1,765,417
Index	7,491,586	6,067,374
Equities	2,052,659	4,720,920
Other	42,046	335,671
Short position	77,642,956	146,231,705
Interest rate	68,016,347	133,031,267
Currency	-	2,795,503
Index	7,841,256	6,988,048
Equities	1,744,501	3,416,887
Other	40,852	-
Credit derivatives		
Long position	4,632,871	3,339,247
Sovereign	754,358	462,984
Corporate	3,878,513	2,876,263
Short position	6,814,814	8,970,011
Corporate	5,161,994	8,437,092
Sovereign	1,652,820	532,919
Currency forward transactions - NDF		
Long position	3,003,402	1,334,611
Currency	3,003,402	482,729
Interest rate	-	851,882
Short position	3,003,402	1,334,611
Currency	3,003,402	482,729
Interest rate	-	851,882
Forward transactions - DF		
Long position	3,142,462	3,251,603
Currency	3,142,462	3,165,982
Equities	-	85,621
Commodities	35,692	-
Short position	3,178,153	3,251,603
Currency	3,167,612	3,230,480
Commodities	10,541	21,123
Options market		
Purchase of call options	16,275,479	20,470,670
Index	13,326,551	3,964,437
Equities	640,287	1,946,815
Commodities	516,365	-
Interest rate	1,443,957	14,223,883
Currency	338,856	335,535
Others	9,463	-
Purchase of put options	98,540,157	39,685,862
Index	77,055,992	36,088,545
Equities	1,008,310	1,479,360
Commodities	259,019	48,215
Interest rate	20,054,786	1,938,932
Currency	128,005	130,810
Others	34,045	-

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	12/31/2014	12/31/2013
Sale of call options	17,139,585	30,446,407
Equities	269,317	232,221
Index	12,659,665	16,215,272
Currency	151,202	86,705
Commodities	415,861	-
Interest rate	3,629,026	13,903,059
Other	14,514	9,150
Sale of put options	120,086,927	70,440,556
Equities	245,338	246,747
Index	77,831,646	65,714,754
Commodities	412,975	-
Interest rate	15,693,401	4,349,082
Currency	71,424	125,329
Others	25,832,143	4,644

h. Financial assets held for trading

	12/31/2014	12/31/2013
	Amortized cost	Fair value
Own portfolio		Fair value
Equities	2,836,676	2,454,755
Corporate bonds issued by non brazilian entities	968,268	903,599
Certificate of bank deposits	1,200	1,277
US Agencies	160,352	163,496
Brazilian government bonds	1,972,806	1,972,704
Foreign government bonds		
United States	1,287,104	1,287,589
Others	129,280	105,900
Investment fund quotas	331,138	330,276
Related to repurchase agreement		
Corporate bonds issued by non brazilian entities	5,164,569	4,895,956
US Agencies	2,300,468	2,324,215
Brazilian government bonds	-	-
Foreign government bonds		
United States	7,530,108	7,593,370
UK	5,899,877	5,866,728
Germany	25,682	27,290
Others	5,364,467	5,120,657
	33,971,995	33,047,812
		39,593,774

i. Financial liabilities held for trading

As of December 31, 2014 and December 31, 2013, financial liabilities held for trading comprised of short-selling transactions, primarily global fixed income and equities securities. The amortized cost and fair value were R\$3,621,062 and R\$3,572,602 respectively, as of December 31, 2014 (December 31, 2013 - R\$5,053,013 and R\$5,055,311 respectively).

j. Financial assets available for sale

	12/31/2014	12/31/2013
BTG Pactual Principal Investments FIP (FIP Principal)	804,643	816,282
BTG Pactual Brazil Infrastructure Fund II LP (Infrastructure fund)	115,248	86,687
Brasil Pharma S.A.	123,681	-
ADS - Advanced Disposal Service	247,811	218,545
CDR Pedreira Ltda.	180,011	-
Other investments	2,730	1,940
	1,474,124	1,123,454

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BTGI's investments in FIP Principal are made via three different feeder entities, and investments in Infrastructure Fund are made via a single entity. BTGI does not have significant influence over these investments and therefore they are classified as available for sale financial instruments. The investments in these feeder entities are considered the unit of account for fair value measurement by the Company. Investment management of the funds is performed by BTG Pactual Gestora de Recursos S.A., a subsidiary of Banco BTG Pactual S.A.

Company's management considers different valuation techniques when estimating the fair value measurement of its available-for-sale financial assets. These valuation techniques uses a wide range of unobservable inputs and also consider different sale strategies, among them the sale of the assets held by FIP Principal and Infrastructure Fund on an individual basis or the sale of the quotes of the feeders.

As of December 31, 2014, the Company's management concluded that cost (fair value at acquisition) plus specific adjustment was considered the best estimate of fair value for unquoted investments due to the wide range of possible fair value measurements of the available-for-sale financial assets. The fair value measurement is adjusted whenever there is an occurrence of a liquidity event, significant changes to the unobservable inputs considered on the initial valuation, or the valuation methodologies do not provide wide range of possible fair value measurements. An example of the specific adjustment to the fair value measurement is the change in fair value of an asset held by FIP Principal which can be associated to the fair value measurement of the investments in the feeders i.e. changes in fair value of public companies such as Brasil Pharma S.A. and Brasil Broker Participações S.A.

FIP Principal

The table below shows the investments within the FIP Principal and the Company's indirect interest:

Investment	Description / Segment activity	Equity interest in 12/31/2014 (%)	12/31/2014	12/31/2013
LTN	Financial bills	-	1,050	-
Debentures				
AlBodytech	Fitness segment	-	-	141,570
Equity interest				
AlBodytech	Fitness segment	30.0%	173,632	
Brasil Brokers Participações S.A.	Investment in real estate companies	12.7%	61,980	143,314
Bravante Participações S.A.	Maritime transport, logistics services and environmental protection for the oil and gas sector	40.5%	339,074	358,427
Deep Sea Group	Maritime transport and logistics services for the oil and gas sector	42.9%	568,698	436,067
Brasil Pharma S.A.	Pharmaceutical retail company	11.7%	71,859	170,152
Leader Participações S.A.	Retail company	22.9%	325,215	325,215
Auto Adesivos Paraná S.A.	Adhesives, labels and special paper company	85.3%	142,384	142,420
Estre Participações S.A.	Waste collection, treatment and disposal	27.4%	611,622	534,850
UOL Universo on Line S.A.	Internet and server provider	6.5%	144,804	144,804
Other	Other assets or liabilities, net	-	(88,937)	(11,424)
			<u>2,351,381</u>	<u>2,385,395</u>
Company's direct and indirect interest in FIP Principal			34.22%	34.22%
Total estimated interest in FIP Principal			<u>804,643</u>	<u>816,282</u>

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Infrastructure Fund

The table below shows the investments within the Infrastructure Fund and the Company's indirect interest:

Investment	Description / Segment activity	Direct and indirect interest in 12/31/2014	12/31/2014	12/31/2013
Latin America Power Holding B.V.	Energy sector	10.6%	73,990	51,074
SETE Participações S.A.	Oil and gas	0.5%	41,181	30,608
Contrail S.A.	Logistics services	-	-	3,960
Other	-	-	77	1,045
Total of investments in Infrastructure fund			<u>115,248</u>	<u>86,687</u>

ADS

On December 23, 2013, BTGI acquired a 10.9% stake in Star Atlantic Waste Holdings II, L.P. ("Star Atlantic") from Estre Ambiental S.A. ("Estre"), an investee of FIP Principal, for USD93.2 million. Star Atlantic is the indirect owner of Advanced Disposal, Interstate Waste and Veolia SW ("ADS"). The transaction represent an indirect interest of 10.26% in ADS. ADS is considered to be the largest privately-owned solid waste services company in the U.S. and the fourth largest overall by revenue.

CDR Pedreira Ltda.

On December 2014, the Company acquired from Estre, for R\$ 180 million, a 65% stake in CDR Pedreira – Centro de Disposição de Resíduos Ltda, whose main operation is solid waste management. On the same transaction, the Company and FIP Principal entered into a sell and put option over the interest in CDR Pedreira and Estre.

Brasil Pharma S.A.

On June 2014, in a transaction executed on the Brazilian Stock Exchange (BM&F BOVESPA), the Company's subsidiary, BTG Pactual Stigma LLC, acquired 51,749,320 common stocks, equivalent to 14.3% of the equity interest of Brasil Pharma S.A., based on the share price of R\$3.75.

As a result of the acquisition, BTG Pactual Stigma LLC has received 4,258,084 warrants, equivalent to 1.17% of the equity interest of Brasil Pharma S.A. The total amount of the acquisition was R\$194,060. As of December 31, 2014 the market value was R\$123,681.

Simultaneously with the acquisition above, BTG Pactual Stigma LLC sold a 180 day call option, to FIP Principal, on 12,490,384 shares and 4,258,084 warrants, at a strike price equivalent to the purchase price adjusted by the CDI rate, from the effective subscription date to one business day prior to the exercise date of the options. As of December 31, 2014 the call option was not exercised and it was extended until June 30, 2015.

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k. Loans and receivables

	12/31/2014	12/31/2013
Partners (i)	1,412,258	741,197
BTG Pactual Holding S.A.	-	1,496
ATLL Concessionaria de La Generalitat de Catalunya S.A. (ii)	198,213	203,617
Promissory notes (iii)	249,930	-
BTG MB Investments LP. (iv)	333,347	-
Other	124	57,054
	<u>2,193,872</u>	<u>1,003,364</u>

(v) These loans are indexed to CDI or Libor and have maturities generally above one year.

(vi) Interest of 4.25% p.a. with maturity on August 3, 2016.

(vii) Interest of 100% CDI with an additional of 2.75% p.a., with maturity up to 180 days.

(viii) Interest of 2.4% p.a. with an additional of 6 month libor, with maturity on March 2, 2016.

l. Financial liabilities at amortized cost

		12/31/2014			12/31/2013
		Index	US\$	R\$	R\$
		Maturity			
Loans with financial institutions	February-14 to March-17	Libor and 2.0% to 2.64% p.a.	959,391	2,548,335	2,071,372
				1,869,120	1,646,934
Senior notes	April-18	4.5% p.a.	703,682	20	4
Medium term notes	January-15 to June-19	0.25% to 3.65% p.a.	818,674	2,174,563	1,296,794
		100% CDI and 3% to 6% p.a.			4
Others	June-24	p.a.	182,523	484,817	32,278
			2,664,270	7,076,835	5,047,378

In addition to covenants related to indebtedness and cross-default provisions, the loans, senior notes and medium term notes are guarantee by BTG Pactual Holding S.A., the parent company of Banco BTG Pactual.

m. Reclassifications

There were no reclassifications among categories during the year ended December 31, 2014 and 2013, other than those disclosed in these financial statements.

n. Fair value of financial instruments

The summary of assets and liabilities classified in accordance with the fair value hierarchy is as follows:

		12/31/2014		
		Level 1	Level 2	Level 3
				Total
Assets				
Derivative financial instruments		270,589	1,310,960	175
Financial assets held for trading		21,141,085	11,236,735	669,992
Financial assets available for sale		-	123,681	1,350,443

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	21,411,674	12,671,376	2,020,610	36,103,660
Liabilities				
Derivative financial instruments	267,876	1,329,648	-	1,597,524
Financial liabilities held for trading	3,538,374	34,228	-	3,572,602
	<u>3,806,250</u>	<u>1,363,876</u>	<u>-</u>	<u>5,170,126</u>
	12/31/2013			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments	670,289	761,727	142	1,432,158
Financial assets held for trading	27,017,878	12,468,685	107,211	39,593,774
Financial assets available for sale	-	-	1,123,454	1,123,454
	<u>27,688,167</u>	<u>13,230,412</u>	<u>1,230,807</u>	<u>42,149,386</u>
Liabilities				
Derivative financial instruments	645,154	1,041,785	-	1,686,939
Financial liabilities held for trading	5,055,311	-	-	5,055,311
	<u>5,700,465</u>	<u>1,041,785</u>	<u>-</u>	<u>6,742,250</u>

No significant reclassification between levels 1 and 2 was carried during the year ended December 31, 2014 and the year ended December 31, 2013. Changes in level 3 for the year ended are as follows:

	Derivative financial instrument s (liability)	Derivative financial instrument s (asset)	Financi al assets held for trading	Financia l assets availabl e for sale
Balances at December 31, 2012	(276,686)	-	-	1,044,941
Acquisitions	42,386	142	107,211	510,168
Sales / settlement	(62,095)	-	-	(48,232)
				(342,927)
Other (i)	-	-	-)
Gains (losses) recognized in:				
Gains on financial instruments held for trading	298,764	-	-	-
Gains on financial assets available for sale	-	-	-	(3,241)
Other Comprehensive Income - Financial assets available for sale:				
Foreign exchange	(2,369)	-	-	194,060
Fair value measurement	-	-	-	(231,315)
				1,123,454
Balances at December 31, 2013	<u>-</u>	<u>142</u>	<u>107,211</u>	<u>4</u>
Balances at December 31, 2013	-	142	107,211	1,123,454
Acquisitions	-	-	485,230	206,203
Sales / reclassifications	-	-	299,963	-
Gains (losses) recognized in:				
Losses on financial instruments held for trading	-	33	(222,412))
Other Comprehensive Income - Financial assets available for sale:				
Foreign exchange	-	-	-	97,214
Fair value measurement - unrealized	-	-	-	(105,386)
Impairment losses	-	-	-	28,958
				1,350,443
Balances at December 31, 2014	<u>-</u>	<u>175</u>	<u>669,992</u>	<u>3</u>

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(i) Refers to the reclassification of Leader from financial assets available for sale to investment in associates and joint ventures entities.

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(In thousands of reais)

45. Amounts due from/ to brokers

Assets and liabilities included in this item are shown in the table below:

	12/31/2014	12/31/2013
Due from brokers		
Custodian bank		
Banco BTG Pactual S.A.	32,753	45,779
Main brokers		
UBS AG	1,775,519	836,982
Citigroup	2,084,262	4,924,388
Bank of America	2,838	47,086
BTG Pactual Chile	3,114	6,183
Morgan Stanley	112,703	114,225
Others	97,923	29,088
	<u>4,109,112</u>	<u>6,003,731</u>
Netting (i)	(148,940)	(1,552,106)
	<u>3,960,172</u>	<u>4,451,625</u>
	12/31/2014	12/31/2013
Due to brokers		
Custodian bank		
Banco BTG Pactual S.A.	12,631	9,573
Main brokers		
UBS AG	1,964,791	985,718
Citigroup	167,242	1,561,516
Morgan Stanley	6,758	124,821
Others	37,286	2,516
	<u>2,188,708</u>	<u>2,684,144</u>
Netting (i)	(148,940)	(1,552,106)
	<u>2,039,768</u>	<u>1,132,038</u>

(ii) The total amount that meets the criteria for netting was netted on December 31, 2014.

46. Non-current assets held for sale

On December 31, 2013 the Company held 100% and 55% interest in BTG Pactual SCFlor & São Lourenço Holding S.A. ("SCFlor") and BTG Pactual Santa Terezinha Holding S.A. ("StaTerezinha"), respectively. These investments correspond to land and timber assets which were expected to be transferred during 2014 to the Timber Fund, which the Company would be a co-investor.

In 2014, as a result of changes in the transfer structure, the Company sold 23.73% and 14.82% of its shares in SCFlor and StaTerezinha, respectively, and consolidated their results and operations. The main assets identified in the business combination correspond to land and biological assets. The impacts to comparative information were not material.

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47. Investment in associates and joint ventures

		12/31/2014						
		Assets		Liabilities			Net income - Year ended December 31, 2014 (i)	Interest - %
	Relationship	Current	Non-current	Current	Non-current	Shareholder s' equity		
B&A Mineração S.A.	Joint venture	25,051	446,836	19,896	82,721	369,270	(112,451)	87.83%
União de Lojas Leader S.A .	Associate	329,622	1,950,454	989,668	388,569	901,839	(144,239)	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	427,068	3,241,317	285,018	2,915,353	468,014	15,545	39.00%
SPE Holding Beira-Rio S.A.	Joint venture	37,120	382,253	53,104	346,413	19,856	(17,270)	50.00%
BR Properties S.A.	Associate	565,062	8,308,704	286,274	2,582,376	6,005,116	264,408	2.88%
SIFR Holdings Ltd.	Joint venture	-	397,793	28,477	-	369,315	(29,115)	50.00%
		12/31/2013						
		Assets		Liabilities			Net income - Year ended December 31, 2013 (i)	Interest - %
	Relationship	Current	Non-current	Current	Non-current	Shareholder s' equity		
B&A Mineração S.A.	Joint venture	35,201	336,875	4,717	101	367,257	(55,633)	87.76%
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	105,579	1,195,190	46,765	916,750	337,255	(1,829)	65.00%
União de Lojas Leader S.A .	Associate	739,109	2,283,365	985,635	616,349	1,420,491	537	44.02%
ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	3,287,704	256,486	712,162	2,336,259	495,770	12,761	39.00%

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SPE Holding Beira-Rio S.A.	Joint venture	24,356	350,708	3,831	334,111	37,122	(526)	50.00%
BR Properties S.A.	Associate	827,280	10,365,660	720,498	2,822,001	7,650,441	81,162	18.55%

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	12/31/2013	Aquisition/Increase/Transfer	Sales	Dividends	Foreign Exchange	Equity pick up	Other Comprehensive income	12/31/2014
B&A Mineração S.A. (ii)	322,291	12,067	-	-	114,902	(176,078)	48,146	321,327
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	219,216	(183,720)	-	(20,727)	(7,141)	(7,629)	-	-
ATLL Concessionaria de La Generalitat de Catalunya S.A.	193,350	-	-	(16,461)	1,538	5,035	-	183,462
União de Lojas Leader S.A .	643,439	-	-	-	-	(65,211)	-	578,228
SPE Holding Beira-Rio S.A.	20,358	116	-	-	-	(9,069)	-	11,404
BR Properties S.A. (iii)	1,060,214		(1,065,956)					
	4	167,361	6)	(54,082)	-	(6,366)	-	101,171
SIFR Holdings Ltd.	-	166,440	-	-	32,475	(14,257)	-	184,658
Others	8,299	(6,034)	-	-	(1,021)	(721)	-	523
	<u>2,467,167</u>	<u></u>	<u>(1,065,956)</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
	7	156,230	6)	(91,270)	140,753	(274,296)	48,146	1,380,774
	12/31/2012	Aquisition/Increase/Transfer	Sales	Foreign Exchange	Equity pick up	Other Comprehensive income	12/31/2013	
B&A Mineração S.A.	229,699	153,305	-	64,093	(62,285)	(62,521)	322,291	
Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.	184,015	-	-	33,860	1,341	-	219,216	
ATLL Concessionaria de La Generalitat de Catalunya S.A.	157,726	-	-	31,428	4,196	-	193,350	
União de Lojas Leader S.A .	338,451	297,299	-	-	7,689	-	643,439	
SPE Holding Beira-Rio S.A.	-	20,358	-	-	-	-	20,358	
BR Properties S.A.	-	1,261,439	(170,694)	-	(30,531)	-	1,060,214	
Others	-	8,930	-	(167)	(464)	-	8,299	
	<u>909,891</u>	<u>1,741,331</u>	<u>(170,694)</u>	<u>129,214</u>	<u>(80,054)</u>	<u>(62,521)</u>	<u>2,467,167</u>	

(iv) Converted at closing rates only for presentation purpose.

(v) The total equity pick up recognized in 2014 was R\$176 million (2013 – R\$62 million) , which R\$58 million refers to the realized share of other comprehensive income from non-controlled entities (2013 – zero).

(vi) As of December 31, 2014 the Company's interest equals to 76,297,469 shares (2013 – 57,997,469) at a market price on that date of R\$10.25 (2013 – R\$18.60).

BTG Pactual Participations Ltd.

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B&A Mineração S.A.

On July 12, 2012 BTGI entered into a partnership agreement with AGN Agroindustrial, Projetos e Participações Ltda. ("AGN"), to jointly explore by means of a new company referred to as B&A Mineração, investment opportunities in the mining sector, focused on Brazil, Latin America and Africa. As of December 31, 2014, the Company's interest in B&A is 87.83%, however the Company concluded that B&A Mineração is a joint venture because AGN has veto rights to certain significant matters and is able to indicate half of the board of the directors.

Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A.

On November 20, 2014 the Company signed a binding agreement for the sale of its 65.0% share in Túnel de Barcelona i Cadí Concessionaria de La Generalitat de Catalunya S.A. The agreement established that the closing of the transaction is subject to standard precedent conditions, including regulatory approval, which are expected to be obtained based on our judgment and from our legal counsel. The agreement also established certain pre-closure governance practices that resulted in the loss of our significant influence over the retained interest and therefore the jointly controlled status. Upon the loss of significant influence, IAS 28 mandates the reclassification from permanent asset to financial assets (IAS 39) and the recognition in profit or loss of any difference between (i) the fair value of any retained interest and (ii) the carrying amount at the date the equity method was discontinued. As a result, the Company recognized an estimated fair value gain of R\$287 million based on the purchase price of the binding agreement.

BR Properties S.A.

On December 31, 2013 the Company held 18.55% of BR Properties. On January 23, 2014 Banco BTG Pactual sold 2.98% of BR Properties total shares to BTG Pactual PropertyCo II LLC, a subsidiary of BTGI.

On April 10, 2014, BTG Pactual Property Co and BTG Pactual Property Co II LLC sold 18.65% of its shares to the fund Propertyco FIM CP IE, whose shareholder is Banco BTG Pactual. The referred transaction was executed on the Brazilian Stock Exchange (BM&F BOVESPA) based on the closing price of April 10, 2014.

BR Properties S.A. is one of the most important market participants in the Brazilian real estate properties segment, with a focus on the development, acquisition, leasing and sale of commercial and industrial/logistics real estate properties in Brazil.

48. Investment properties

During the fourth quarter of 2014, the Company reevaluated its investment properties, recognizing a gain of R\$389,282, before deferred income taxes in the amount of R\$24,894.

Due to the changes described in note 10, the Company consolidated two new investment properties which totaled R\$127,393.

As of December 31, 2014, the total amount of the Company's investment property was R\$770,681.

49. Shareholders' equity

j. Capital

BTGP's Shareholders Meeting held on November 20, 2014 approved the conversion of 6,278,466 class D shares into 6,278,466 class A and 12,556,932 class B shares. Due to the conversions, the interest of the Company in BTGI is 25.05% on December 31, 2014 (December 31, 2013 – 24.24%).

BTGP's Shareholders Meeting held on June 6, 2014 approved the conversion of 1,033,707 class D shares into 1,033,707 class A and 2,067,414 class B shares.

As of December 31, 2014 and December 31, 2013, the Company's capital was comprised by the following class of shares:

12/31/2014					
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A	5,000,000,000	226,714,759	-	Yes	1
Class B	10,000,000,000	453,429,518	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	27,475,443	0,0000000001	Yes	1
Total	16,000,000,001	707,619,721			

12/31/2013					
	Authorized	Issued	Par value (R\$)	Voting rights	Vote per share
Class A	5,000,000,000	219,402,586	-	Yes	1
Class B	10,000,000,000	438,805,172	-	No	-
Class C	1	1	10	Yes	(*)
Class D	1,000,000,000	34,787,616	0,0000000001	Yes	1
Total	16,000,000,001	692,995,375			

(*) Class C shareholders have voting rights equivalent to ten times the total number of issued and subscribed A and D Class shares at any moment.

k. Dividends

The Company did not pay dividends for the year ended on December 31, 2014 and year ended on December 31, 2013.

50. Earnings per share

	2014	2013
(Loss) attributed to controlling shareholders	(99,120)	(32,415)
Weighted average per thousand shares outstanding during the period (i)	661,583	521,375
Loss per share - Basic (in Reais)	(0.15)	(0.06)
Loss per share - Diluted (in Reais)	(0.15)	(0.06)

(i) Class A and class B shares

51. Interest income (expenses)

Interest (expenses) income recognized in the consolidated statement of income consists primarily of: (i) interest accumulated in the year from loans and financing, open market transactions and (ii) foreign exchange results. The breakdown of this item for the years ended December 31 is as follows:

e. Interest income

	2014	2013
Loans and receivables	115,195	53,477
Interest on open market investments	14,378	4,568
	<u>129,573</u>	<u>58,045</u>

f. Interest expenses

	2014	2013
Interest on funding	(418,034)	(160,238)
Foreign exchange	(188,444)	(104,047)
Interest on loans and financing	(71,435)	(32,421)
	<u>(677,913)</u>	<u>(296,706)</u>

52. Gain (losses) on financial instruments held for trading

	2014	2013
Derivatives financial instruments	(652,419)	248,017
Financial assets and liabilities held for trading	889,995	21,572
	<u>237,576</u>	<u>269,589</u>

53. Gain (losses) on financial assets available for sale

In 2014, the Company recognized losses totaling R\$28,958 associated with its investments in FIP Principal fund, which had previously been recognized in Other comprehensive income. The recognition of losses was driven by the significant decrease in the stock market price of one of FIP Principal fund's portfolio companies.

54. Administrative expenses

	2014	2013
Professional fees (i)	(249,522)	(57,766)
Expenses related to financial market	(21,010)	(8,372)
Other administrative expenses	(1,440)	(4,301)
	<u>(271,972)</u>	<u>(70,439)</u>

(iv) Mainly related to management and performance fees of ARF II.

55. Related parties

The balances of related-party transactions, which are carried out at arm's length, are reflected in the following items:

a. Subsidiaries, related parties and shareholders

	Relationship	Maturity	Assets (Liabilities)		Revenues (Expenses)	
			12/31/2014	12/31/2013	2014	2013
Assets						
Cash on banks						

- Banco BTG Pactual S.A. (ii)	Related	No maturity	1,126,182	738,497	-	-
Open market investments						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	207,998	96,769	660	341
Financial assets held for trading						
- Banco BTG Pactual S.A. (ii)	Related	12/24/2014	1,908	3,953	6,154	107
Loans and receivables						
- BTG Pactual E&P B.V. (ii)	Related	No maturity	-	-	-	2,944
- Partners (i)	Partners	11/27/2033	1,412,258	741,197	11,980	3,893
- ATLL Concessionaria de La Generalitat de Catalunya S.A.	Joint venture	8/3/2016	198,212	203,617	4,063	4,645
- BTG Pactual Holding S.A.	Related	No maturity	-	1,496	-	22
- BTG MB Investments L.P.	Related	3/2/2016	333,347	-	1,060	-
- DSB Serviços de Óleo e Gás II S.A.	Related	2/23/2015	219,737	-	9,459	-
Due from brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	32,753	45,779	-	-
- BTG Pactual Chile S.A. (ii)	Related	No maturity	3,114	6,183	-	-
Other assets						
- BTG Pactual Commodities Switzerland S.A. (ii)	Related	No maturity	-	-	-	1,490
- BTG MB Investments L.P.	Related	5/21/2015	254,773	40,466	208,890	5,923
Liabilities						
Open market funding						
- Banco BTG Pactual S.A. (ii)	Related	4/1/2014	(1,323,968)	(1,436,052)	(170,189)	(77,628)
Financial liabilities held for trading						
- Banco BTG Pactual S.A. (ii)	Related	4/17/2018	(188,425)	(38,958)	(9,889)	(680)
Derivative financial instruments						
- Banco BTG Pactual S.A. (ii)	Related	6/25/2014	(10,636)	(3,916)	6,154	64,094
Due to brokers						
- Banco BTG Pactual S.A. (ii)	Related	No maturity	(12,631)	(9,573)	-	-
Other liabilities						
- BTG Pactual Global Asset Management Limited (ii)	Related	No maturity	(12,665)	(4,603)	(269,817)	(48,738)

(i) Considered as related parties only partners acting as Executive Directors.

(v) Banco BTG Pactual S.A. and subsidiaries, ultimately controlled by BTG Pactual Holding S.A.

b. Management compensation

No management compensation was recognized in the year ended December 31, 2014 and the year ended on December 31, 2013.

56. Other information

a. Cash and cash equivalents

Balances at beginning of the year	12/31/2014	12/31/2013
Cash at banks	811,392	78,813
Open market investments	7,184,406	11,163
	<u>7,995,798</u>	<u>89,976</u>
Balances at end of the year	12/31/2014	12/31/2013
Cash at banks	1,299,095	811,392
Open market investments	8,795,779	7,184,406
	<u>10,094,874</u>	<u>7,995,798</u>

b. Equity kicker

BTGI granted to BTG MB Investments L.P. (BTGMB), a merchant banking entity owned by partners of BTG Pactual Group, a series of loans totaling R\$ 92.4 million to finance the acquisition of BTG Alpha Investments LLC., which were repaid in November 2010. Moreover, according to the loan agreements, BTGMB has to pay BTGI an equity kicker over the performance of certain of BTGMB's investments held at the date of the loan, which were acquired using funds from these loans (underlying entities). The equity kicker was considered an embedded derivative to the loans, and it is only due on the net gains captured by BTG MB on the specific assets financed by the loans.

The payment of the equity kicker is due in case of a liquidity event on the underlying entities or, not later than May 2015, based on the estimated fair value of the underlying assets at that date. As of December 31, 2012 and 2013 BTGMB had recognized a liability, and BTGI a receivable correspondent to the equity kicker, in the amount of R\$40,466. Such amount was measured substantially based on indicative liquidity events occurred until that dates. As of December 31, 2014, the equity kicker amount was estimated at R\$254,773 and it was determined based on a significant liquidity event occurred in December 2014 on one of the underlying assets, plus the estimate fair value of the remaining assets. Management does not expect significant differences in the estimated equity kicker from the amount recognized in December 2014 to the amount expected to be received by BTGI in May 2015.

c. Relevant subsidiary

The Company is the sole owner of BTG Bermuda LP Holdco Ltd ("BTG Holdco") which, on December 29, 2010, received a Class C common share in BTG Pactual Management Ltd and thus became general partner of BTGI. As a consequence of this transaction, the Company directly controls BTGI. Accordingly, the Company consolidated BTGI for the financial statements as of December 31, 2014 and December 31, 2013. The subsidiary's main figures are as follow:

	12/31/2014	12/31/2013
Assets	55,293,635	58,430,140
Securities and derivatives financial instruments	44,899,439	49,333,792
Due from brokers	3,960,172	4,451,625
Loans and receivables	2,193,872	1,003,364
Others	4,240,152	3,641,359
Liabilities	51,145,468	54,290,459
Open market funding and financial instruments	39,032,968	44,417,250
Due to brokers	2,039,768	1,132,038
Other	10,072,732	8,741,171
Shareholders' equity	4,148,167	4,139,681
Controlling interest	3,934,479	4,124,142
Non-controlling interest	213,688	15,539
Total liabilities and shareholders' equity	55,293,635	58,430,140
Statements of income for the period	12/31/2014	12/31/2013
Interest income/expenses, net	(548,340)	(238,661)
Gains on financial instruments, net	208,618	266,348
Other revenue/(expenses)	383,147	(34,040)
Gross income	43,425	(6,353)
Total expenses	(448,186)	(120,570)
(Loss) / net income for the period	(404,761)	(126,923)
Controlling interest	(518,422)	(126,989)
Non-controlling interest	113,661	66
Earnings / (Loss) per share (Basic and diluted in Reais)	(0.19)	(0.05)
Cash flow statements	12/31/2014	12/31/2013
Cash (used in) / provided by operating activities	(1,020,870)	(3,594,148)
Cash provided by / (used in) investing activities	1,184,716	6,993,670
Cash provided by financing activities	2,005,230	4,709,591
Increase / (Decrease) in cash and cash equivalents	2,169,076	8,109,113

d. Off balance commitments

	12/31/2014	12/31/2013
Off balance sheet commitments		
Commitments to be released	1,349,875	1,321,689
Total	1,349,875	1,321,689

The item "Commitments to be released" denotes amounts related to the financial commitments of the Company with its investees.

e. Contingencies

ATLL Concessionaria de La Generalitat de Catalunya S.A.

On 6 November 2012, BTGI, Acciona S.A. and a consortium of investors (together “the Consortium”) were awarded the management concession for Aigües Ter Llobregat, the company that manages the upstream water supply for the city of Barcelona, for a period of 50 years. The concession contract was entered into by a newly established company called ATLL Concessionaria de La Generalitat de Catalunya S.A. (“ATLL”) on 27 November 2012. BTGI and Acciona each hold a 39% equity interest in ATLL and have rights of veto over certain significant matters.

The result of the bidding process of the concession above is being challenged in court by a third party which has also participated in the bidding process. Since the award of the concession, several actions have been brought by both parties (including BTGI and Acciona) and the Generalitat to the regional court of Catalonia and Madrid, Spain. The last decisions from the courts of Catalunya, dated July 19, 2013, rejected reposition appeals filed by the Consortium-Acciona, BTGI and the Generalitat in the context of the precautionary measures and recently the Supreme Court in Madrid rejected the cassation appeal filed by BTGI and the Generalitat in this context. The main proceedings regarding the validity of the results of the bidding process is still ongoing at the courts of Catalunya.

Management has evaluated the lawsuit and believe that there are reasonable chances that the final decision in the Supreme Court in Madrid will be favorable and therefore considers that the Consortium will continue managing the concession. Furthermore, the Consortium and its legal advisers consider that the Consortium has legal and contractual rights to obtain compensation for any direct losses incurred as well as to obtain reimbursement of the amount paid to the concession in the scenario of a loss of the lawsuit and consequently the concession. This understanding was confirmed by a letter from the Government of Catalonia, dated July 5, 2013, indicating that, in case the results of the bidding process were canceled, the Consortium should be compensated for damages, according to the concession agreement, which includes among other items, the unamortized part of the investment (concession fee plus capex). The Consortium is only obliged to return the concession after reimbursement.

As a result, the Company has not made any provisions in respect of this matter and continues to recognize its investment in ATLL based on the assumption of continuity of its operations.