(Convenience Translation into English from the Original Previously Issued in Portuguese)

Cyrela Brazil Realty S.A. Empreendimentos e Participações

Individual and Consolidated Financial Statements for the Year Ended December 31, 2016 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

MESSAGE FROM MANAGEMENT

The end of 2016 was marked by renewed political turmoil but also by increased confidence among Brazil's economic agents. Important reforms, such as the spending cap, were introduced, and others, such as the labor and pension reforms, are likely to pass as well, which improved Brazil's economic outlook. These changes have had no effect on economic activity and the employment rate yet; however, the last impacts of the crisis have led to a drop in inflation and allowed monetary authorities to start lowering interest rates.

Concerning the real estate industry, savings account withdrawals exceeded deposits once again in 2016, by R$31 billion. As a result, banks increased credit standards and consumer credit remained tight and expensive. In addition, the combination of rising unemployment and low confidence levels affected sales and, coupled with the credit crunch, led to a larger number of cancellations.

In fact, we recorded the largest volume of cancellations ever, which affected net sales, net revenue and cash generation in 2016. Amid such great difficulties, our financial health proved strong once again. We undoubtedly have easy access to bank credit and the capital market, so much so we were able to raise capital–and at lower costs for that matter.

We also recorded a large volume of deliveries–totaling R$8.0 billion in 2016. In addition, we completed all the deliveries in the Northeast Region. The crisis, on the one hand, did cause massive losses; on the other hand, we managed to benefit from cost savings in our construction works. In fact, the savings we recorded throughout the year helped us sustain our gross margin.

We expect the prospects of improvement observed in financial markets to be reflected in the real economy as early as 2017. There is no doubt whatsoever lower interest rates will allow easier access to credit and falling unemployment, coupled with economic growth, will boost confidence levels. We are focusing entirely on improving our operational efficiency by reducing inventory and generating cash to achieve a higher return on capital.

We thank all our stakeholders, from customers to shareholders, once more for supporting and believing in our efforts to make Cyrela an increasingly solid, profitable and sustainable company.

MAIN INDICATORS

	4Q16	4Q15	4Q16 x 4Q15	3Q16	4Q16 x 3Q16	2016	2015	2016 x 2015
Launches [1]								
Number of Launches	15	7	114.3%	5	200.0%	32	37	-13.5%
Launched PSV - R$ Million (100%)	1,274	760	67.7%	452	181.9%	2,937	2,898	1.3%
Launched PSV - R$ Million (%CBR)	1,038	659	57.5%	259	301.0%	2,201	2,359	-6.7%
Cyrela's Share	81.5%	86.8%	-5.3 p.p.	57.3%	24.2 p.p.	74.9%	81.4%	-6.5 p.p.
PSV Swapped - R$ Million (100%)	85	20	325.2%	16	433.3%	180	124	45.6%
Average Price per sq. m. (R$) (ex-lots)	2,552	9,030	-71.7%	5,499	-53.6%	4,659	6,725	-30.7%
Usable Area Launched (sq. m.)	499,277	84,137	493.4%	82,187	507.5%	766,176	771,615	-0.7%
Units Launched	4,726	1,298	264.1%	1,630	189.9%	9,726	8,364	16.3%
Sales [2]								
Pre-Sales Contracts - R$ Million (100%)	1,090	844	29.2%	573	90.2%	2,766	3,390	-18.4%
Pre-Sales Contracts - R$ Million (%CBR)	856	650	31.8%	417	105.2%	2,130	2,637	-19.2%
Cyrela's Share	78.5%	77.0%	1.6 p.p.	72.8%	5.8 p.p.	77.0%	77.8%	-0.8 p.p.
Average Price per sq. m. (R$) (ex-lots)	5,764	5,942	-3.0%	8,645	-33.3%	6,431	6,089	5.6%
Units Sold	3,758	2,074	81.2%	1,850	103.1%	8,709	9,096	-4.3%
Sales from Launches [2]						2''	2''	
Pre-Sales Contracts from Launches of the year - R$ Million (100%)	736	428	71.8%	382	92.6%	1,708	1,532	11.5%
Pre-Sales Contracts from Launches of the year - R$ Million (%CBR)	556	343	62.1%	231	141.1%	1,200	1,172	2.4%
Cyrela's Share	75.6%	80.1%	-4.5 p.p.	60.4%	15.2 p.p.	70.2%	76.5%	-6.3 p.p.
Average Price per sq. m. (R$) (ex-lots)	6,655	5,561	19.7%	8,645	-23.0%	7,039	6,816	3.3%
Units Sold	2,955	1,201	146.0%	1,451	103.7%	6,253	4,701	33.0%
Deliveries								
Delivered PSV (100%)	2,396	1,172	104.5%	1,381	73.5%	7,894	6,807	16.0%
Delivered Units	7,333	4,389	67.1%	3,751	95.5%	21,281	23,967	-11.2%
Landbank								
PSV with exchange - R$ Million (100%)	50,898	53,877	-5.5%	52,257	-2.6%	50,898	53,877	-5.5%
PSV without exchange - R$ Million (100%)	43,229	47,625	-9.2%	44,326	-2.5%	43,229	47,625	-9.2%
Landbank (thd sq. m.)	17,490	18,977	-7.8%	19,522	-10.4%	17,490	18,977	-7.8%
% Swap over land value	60.7%	71.0%	-10.3 p.p.	76.2%	-15.5 p.p.	60.7%	71.0%	-10.3 p.p.
% CBR	86.8%	86.2%	0.7 p.p.	86.8%	0.0 p.p.	86.8%	86.2%	0.7 p.p.
Financial Indicators								
Net Revenue (R$ Million)	919	1,031	-10.8%	825	11.4%	3,195	4,341	-26.4%
Gross Profit (R$ Million)	265	349	-24.1%	261	1.3%	1,063	1,503	-29.3%
EBITDA (R$ Million)	95	144	-34.4%	69	37.5%	343	749	-54.2%
Net Income (R$ Million)	31	98	-68.4%	14	114.2%	151	448	-66.2%
Gross Margin	28.8%	33.9%	-5.0 p.p.	31.7%	-3.0 p.p.	33.3%	34.6%	-1.4 p.p.
EBITDA Margin	10.3%	14.0%	-3.7 p.p.	8.3%	2.0 p.p.	10.7%	17.2%	-6.5 p.p.
Net Margin	3.4%	9.5%	-6.0 p.p.	1.8%	1.7 p.p.	4.7%	10.3%	-5.6 p.p.
Earnings per Share (R$) [3]	0.08	0.26	-68.7%	0.04	114.2%	0.40	1.18	-66.5%
Cash Generation / Burn [4]	156	(28)	n.a.	(225)	-169%	(111)	813	-113.7%
Backlog	**12/31/2016**			**09/30/2016**	**Chg.**	**12/31/2016**	**9/30/2015**	**Chg %**
Revenues to be Recognized (R$ Million)	2,119			2,259	-6.2%	2,119	3,454	-38.7%
Gross Profit to be Recognized (R$ Million)	789			847	-6.9%	789	1,295	-39.1%
Margin to be Recognized	37.2%			37.5%	-0.3 p.p.	37.2%	37.5%	-0.3 p.p.

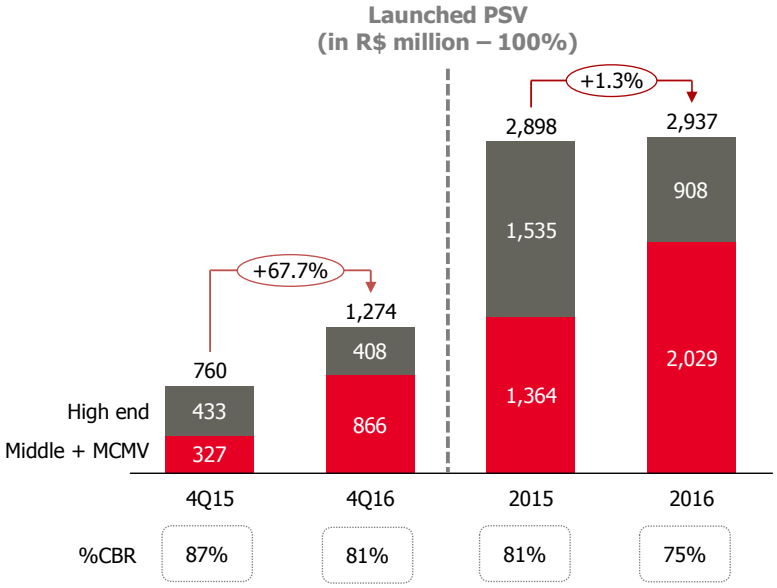
(1) Including swapped units
(2) Net of cancellations and including swaps
(2') net of cancellations: sales during the quarter of launches in the year
(2'') net of cancellations: sales during the year of launches in the year
(3) Earnings per share are net of Treasury shares.
(4) Cash generation does not include dividends, funds allocated to the share buyback program and acquisitions of equity interests.

OPERATING PERFORMANCE

Note: detailed information on launches can be found at the end of this report in the appendix tables.

LAUNCHES

In 4Q16, launches amounted to a total Pre-Sales Value (PSV) of R$1,274 million, up 68% from 4Q15. In 2016, they amounted to R$2,937 million, up 1% from 2015.



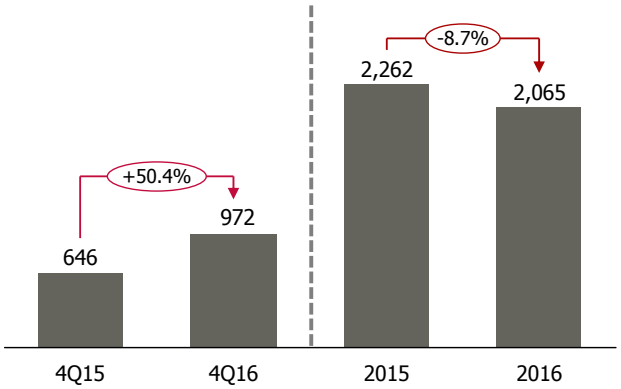
In 2016, the Company launched 32 projects–20 in São Paulo, 2 in São Paulo–Other cities, 4 in Rio de Janeiro, 4 in the South Region and 2 in Minas Gerais.

Cyrela's share (%CBR) in the 4Q16 launches stood at 81%, down from the 87% in 4Q15. In 2016, %CBR stood at 75%, down from 81% in 2015. This drop reflects a larger share of products launched by Cury and Plano & Plano.

Swaps amounted to R$85 million of the 4Q16 launches, vs. R$20 million in 4Q15.

Excluding swaps from launches, the volume launched by Cyrela in 4Q16 rose by 50% year-over-year, from R$646 million to R$972 million. In 2016, launches came to R$2,065 million, vs. R$2,262 million in 2015.

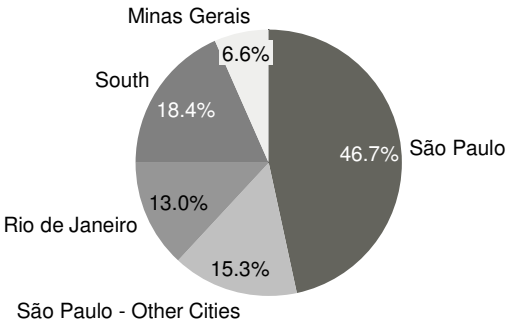
Launched PSV
Ex-Swap (in R$ million - %CBR)



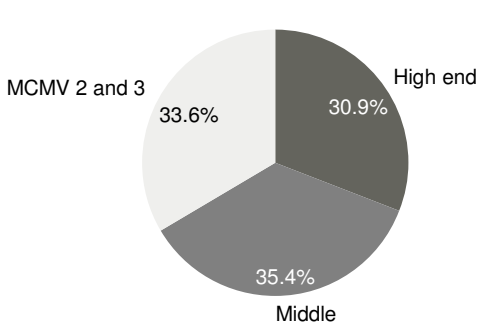
In 4Q16, it is worth noting the launch of the "Eixo Norte" project, in the South Region, which has been selling very well.

The breakdown of the 2016 launches by geographical region and segment can be seen below.

Launches per Region



Launches per Product



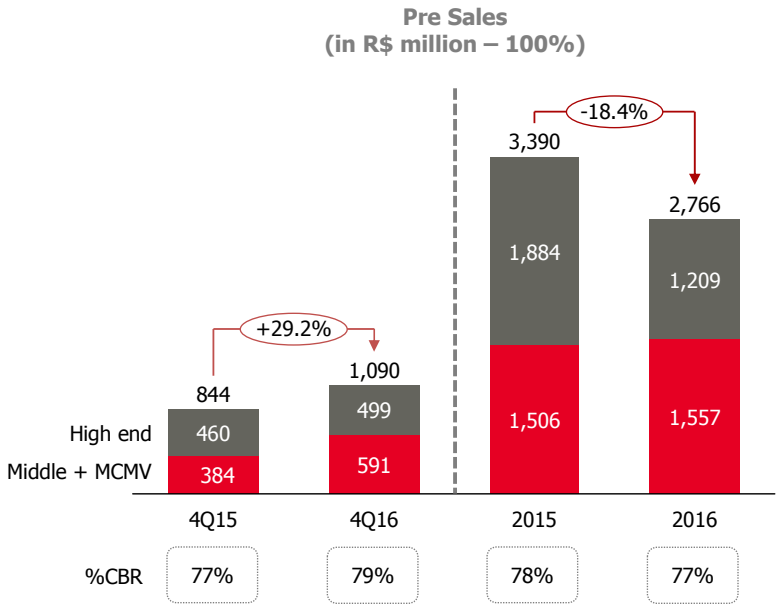
Of the PSV launched in 2016, 68% is recognized through full consolidation and 32% through the equity method.

SALES

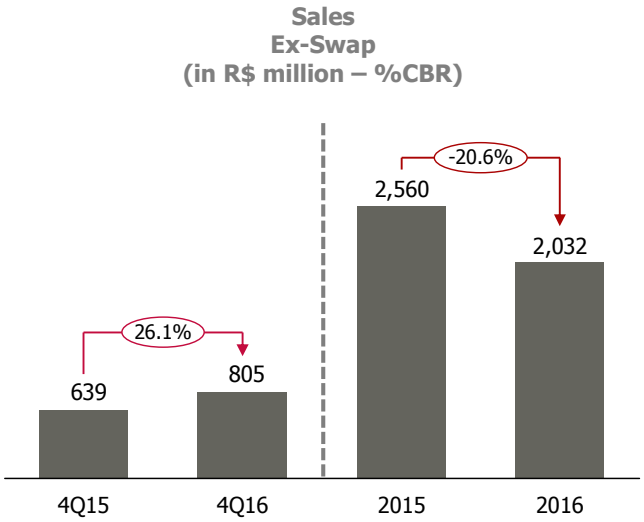
Note: detailed information on pre-sales can be found at the end of this report in the appendix tables.

Pre-sales totaled R$1,090 million in 4Q16, up 29% YoY. In 2016, pre-sales amounted to R$2,766 million, 18% down on 2015. Pre-sales of launches accounted for R$635 million of the 4Q16 sales (vs. R$282 million in 4Q15) whereas inventory sales accounted for R$455 million (vs. R$562 million in 4Q15), R$285 million of which of finished units (vs. R$236 million in 4Q15), of those sales.

The Company's share in sales stood at 79% in 4Q16 against 77% in 4Q15.

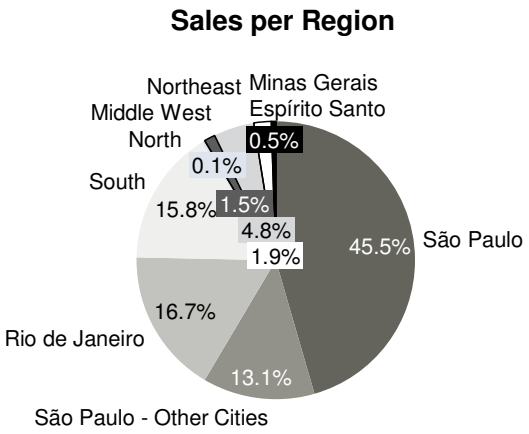


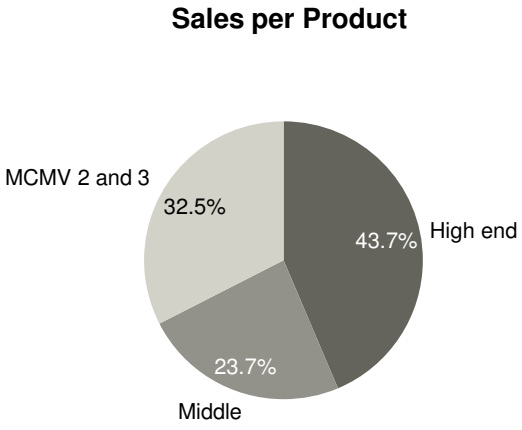
Excluding swaps from the 4Q16 sales, %CBR sales climbed from R$639 million in 4Q15 to R$805 million in 4Q16, a year-over-year rise of 26%. In 2016, %CBR sales amounted to R$2,032 million vs. R$2,560 million in 2015.



The breakdown of 2015 sales by geographical region shows São Paulo accounted for 46% of total sales, followed by Rio de Janeiro at 17%, the South Region at 16%, São Paulo–Other cities at 13% and other Regions at 9%.

The breakdown of sales by geographical region and segment can be seen below.

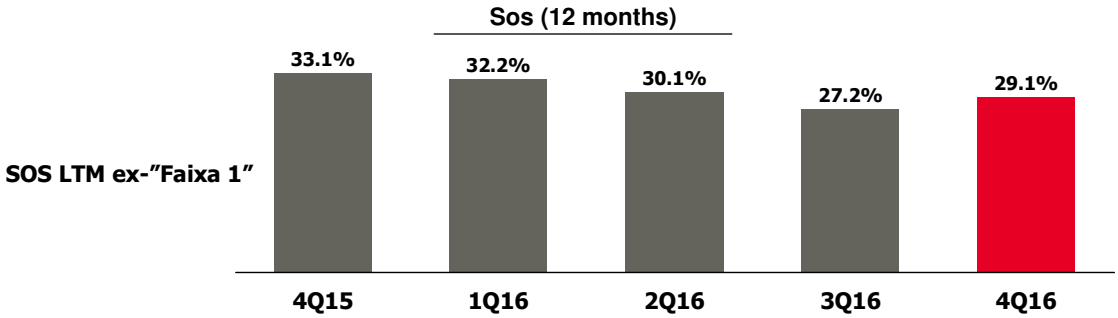




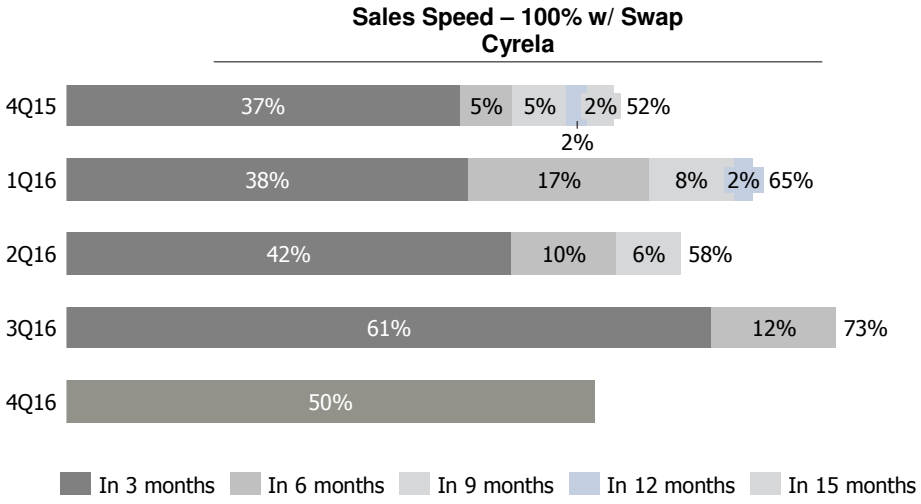
Of the 2016 sales, 72% are recognized through full consolidation and 28% through the equity method.

SALES SPEED (SoS)

The last 12-month SoS (Sales over Supply) stood at 29.1% (vs. 27.2% in 3Q16 and 33.1% in 4Q15).



Concerning sales speed by vintage, 50% of the 4Q16 vintage has been sold. On average, over 60% of the products launched in 2016 have been sold.

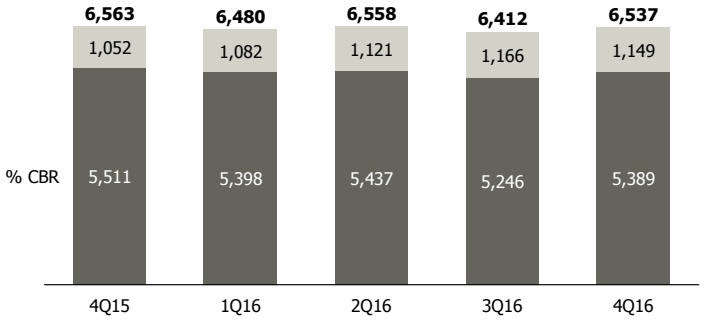


INVENTORIES

The inventory market value amounted to R$6,537 million (100%) and R$5,389 million (%CRB) at the close of 4Q16. This is quarter-over-quarter rise of 2%.

The share of total inventory (R$6,537 million) to be consolidated into the Company's revenue is R$5,594 million (%CBR: R$4,898 million) whereas R$943 million (%CBR: R$490 million) will be accounted for under "Equity Result and Other Appreciations."

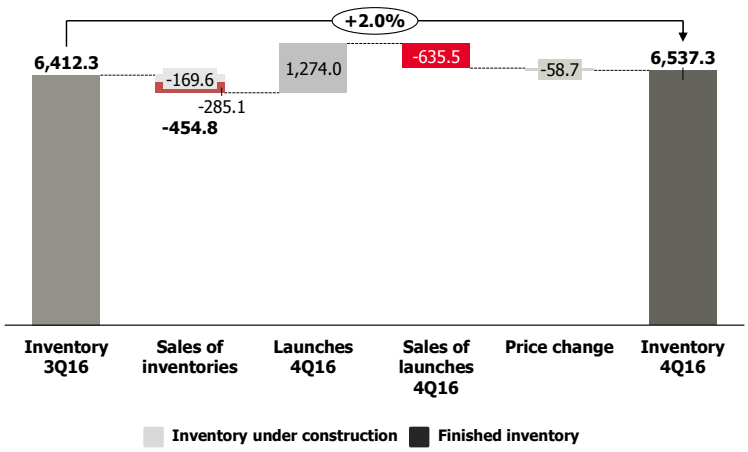
Inventory at Market Value (R$MM)



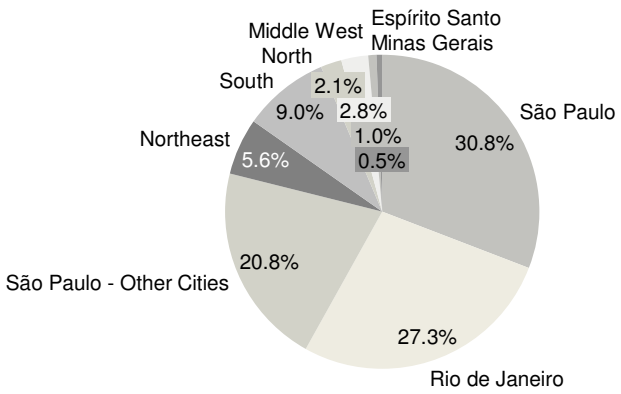
Inventory by Delivery Schedule (R$ MM)

Inventory to be delivered	Total	Consolidation	Equity Method
Finished	2,402	2,043	359
12 Months	1,703	1,567	136
24 Months	1,074	909	165
36 Months	1,359	1,076	282
Total	**6,537**	**5,594**	**943**

Changes in Inventory (R$ million)

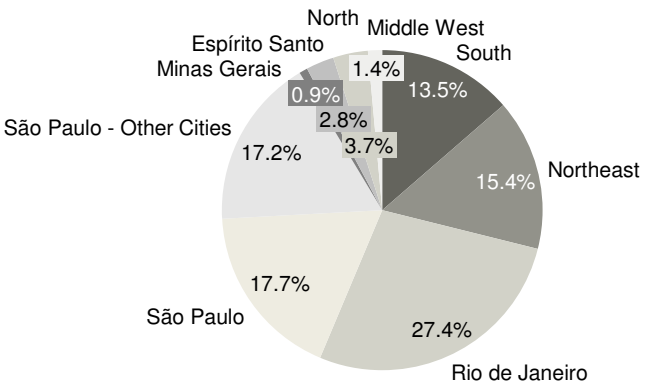


Inventory Breakdown 4Q16



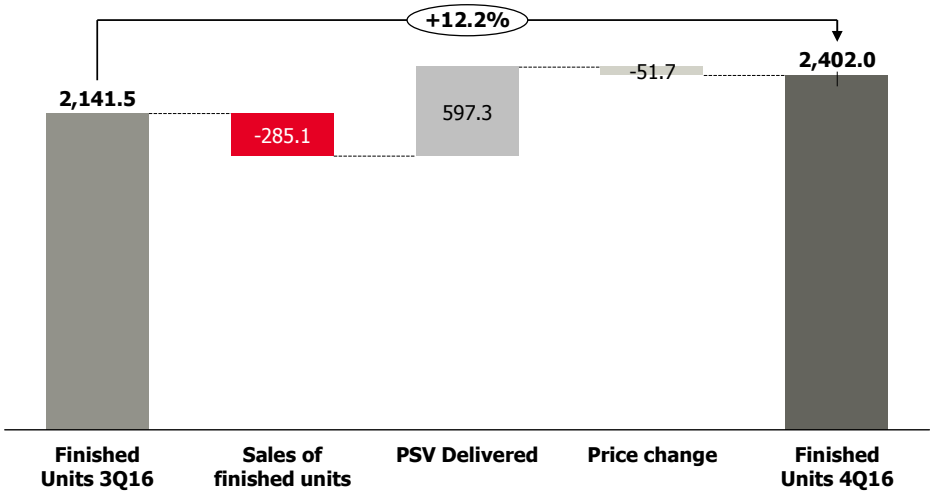
The Company sold 13% of its inventory of finished units early in 4Q16. However, the Company's inventory of finished units increased from R$2,142 million in 3Q16 to R$2,402 million in 4Q16 due to the large number of units delivered. The Northeast Region and Rio de Janeiro State account for 43% of the Company's total inventory of finished units.

Finished Inventory Breakdown 4Q16



The Company's inventory of finished units increased from 4.9 thousand units at the close of 3Q16 to 5.3 thousand units at the close of 4Q16.

Changes in Finished Inventory (R$ million)



The share of the finished inventory to be consolidated into the Company's revenue is R$2,043 million (%CBR: R$1,740 million) whereas R$359 million (%CBR: R$164 million) will be accounted for under "Equity Result and Other Appreciations."

LANDBANK

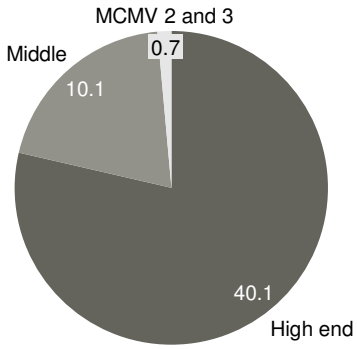
Note: detailed information on landbank can be found at the end of this report in the appendix tables.

At the close of 4Q16, the Company's landbank amounted to 17.5 million sq. m. of marketable area with total potential sales of R$50.9 billion. Cyrela's share in the landbank is 87%, equivalent to R$43.2 billion.

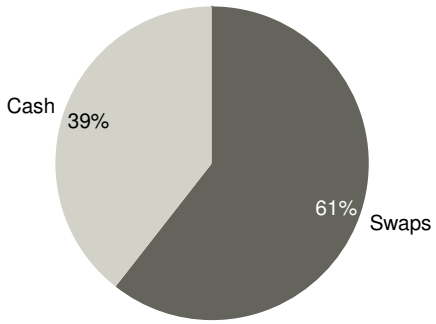
In 4Q16, Cyrela acquired seven plots of land, five in São Paulo State and two in Rio de Janeiro State, with potential PSV of R$1.1 billion. Swaps accounted for 45.6% of the total value of those acquisitions. In addition, the Company canceled or sold, seven plots of land, with a net negative impact of R$3.4 million on the 4Q16 income statement.

Landbank on 12.31.2016*

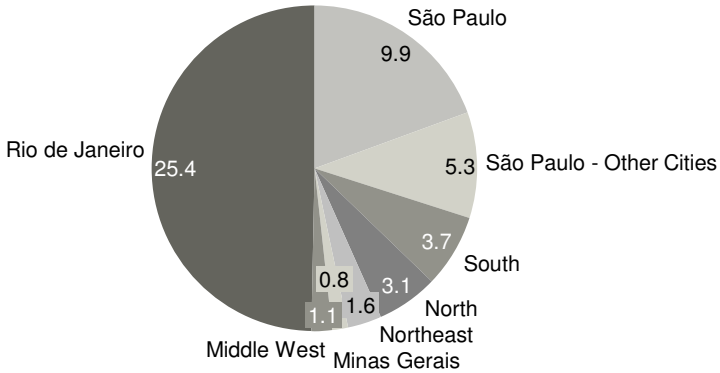
Breakdown by Product (PSV in R$billion)



Method of Acquisition (in %)



Breakdown by Region (PSV in R$billion)



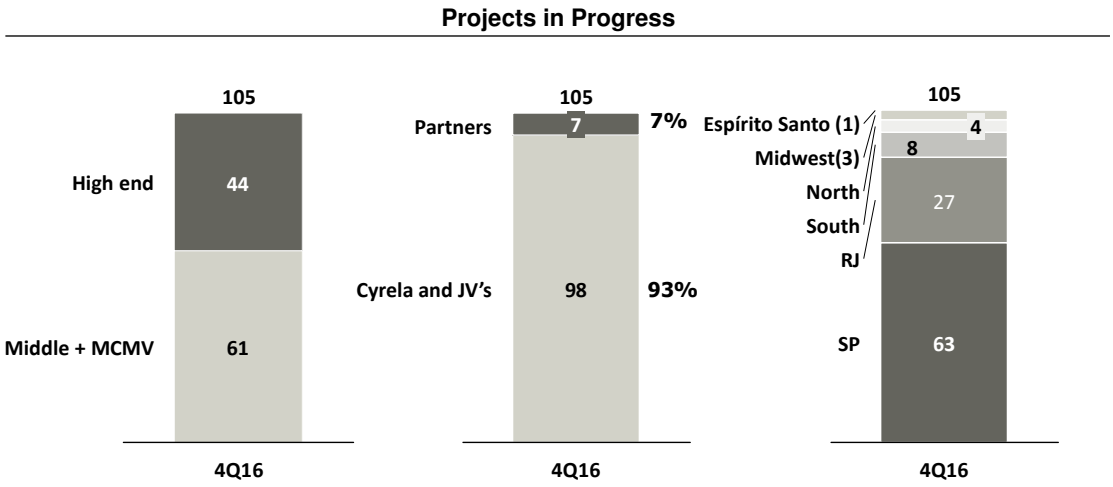
*The landbank PSV is based on the latest feasibility assessment of the land plot, adjusted by the INCC year-to-date.

CONSTRUCTION SITES

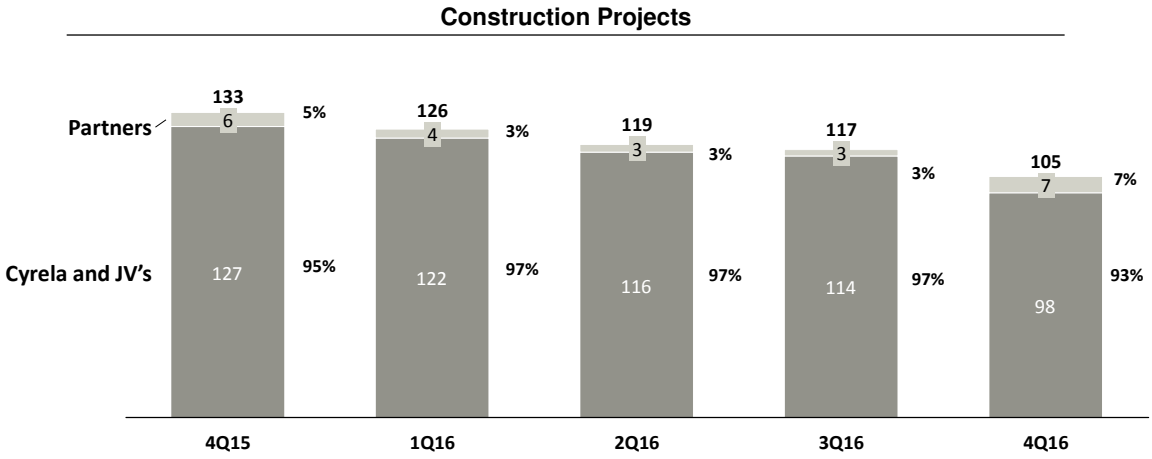
Note: detailed information on units delivered can be found at the end of this report in the appendix tables.

Cyrela delivered 24 projects in 4Q16, with 7.3 thousand units totaling a PSV of R$2.4 billion on the dates of their respective launches. Of all the projects delivered in 4Q16, four belong to the MCMV 1 segment. In 2016, the Company delivered 75 projects, with a launch PSV of R$7.9 billion and 21.3 thousand units.

At the close of 4Q16, there were 105 projects in progress–broken down as follows by segment, execution and geographical location–according to the active construction site criterion. Faixa 1 MCMV accounts for 14 of all projects in progress.



In line with its strategic direction, the Company manages a large share of the construction sites to monitor the execution of the works. At the close of 4Q16, 93% of the construction sites were managed by the Company's own teams or joint ventures. This clearly shows Cyrela's commitment to managing costs and ensuring product quality. Of all the 4Q16 launches, no projects will be constructed by third parties.


Construction Projects
Partners
Cyrela and JV's
133
6
5%
127
95%
126
4
3%
122
97%
119
3
3%
116
97%
117
3
3%
114
97%
105
7
7%
98
93%
4Q15
1Q16
2Q16
3Q16
4Q16

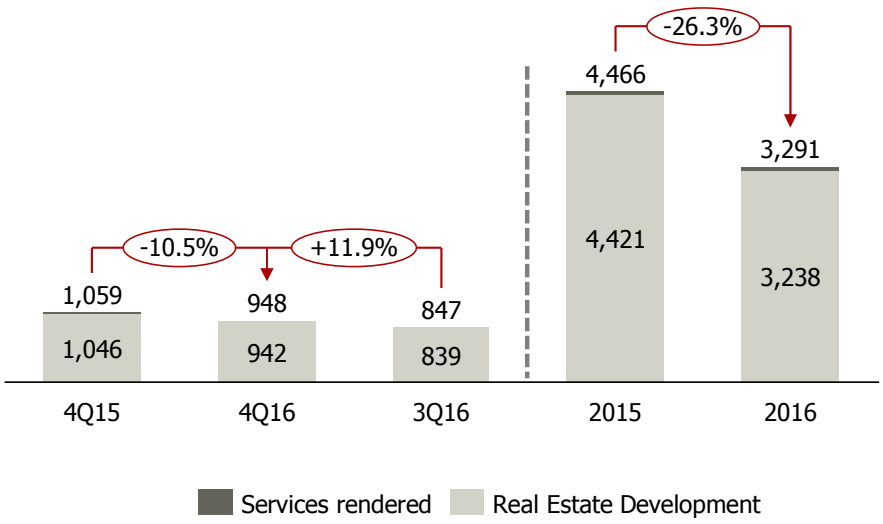
Economic and Financial Performance

REVENUE

The Company's total gross revenue amounted to R$948 million in 4Q16, 10.5% down on R$1,059 million in 4Q15 and 11.9% up on R$847 million in 3Q16. This increase from 3Q16 to 4Q16 reflects, mainly, the higher volume of net consolidated sales.

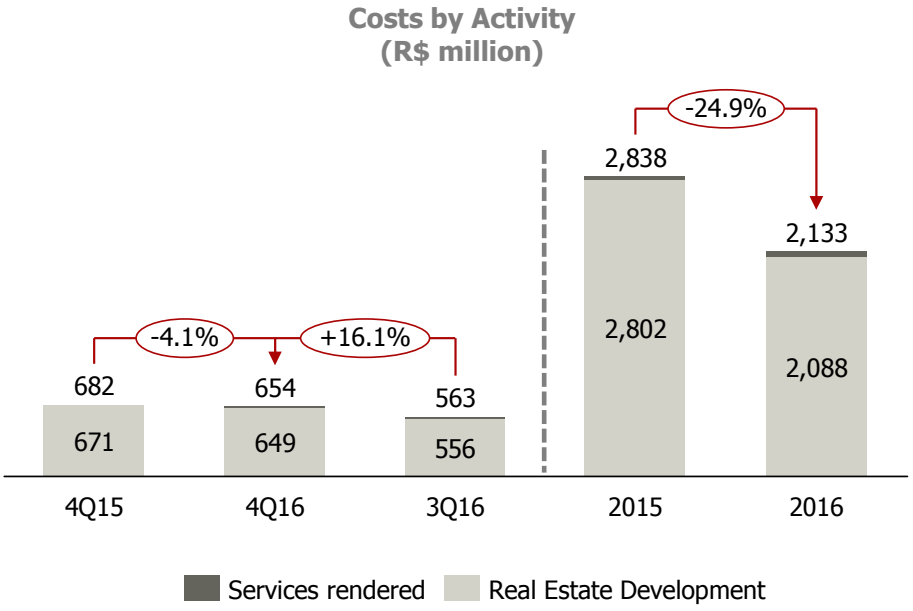
In 2016, gross revenue came to R$3,291 million, a fall of 26.3% against R$4,466 million in 2015, impacted mainly by a 23.6% drop in net consolidated sales in 2016 vs. 2015.

Gross Revenue by Activity
(R$ million)



COST OF GOODS SOLD AND/OR SERVICES RENDERED

Total costs came to R$654 million, falling by 4.1% against 4Q15 and rising by 16.1% against 3Q16. In 2016, total costs amounted to R$2,133 million, a 24.9% fall in relation to R$2,838 million in 2015.



The cost of development activities accounted for 99.2% of total costs and came to R$649 million in 4Q16, 16.7% up on 3Q16 and 3.3% down on 4Q15. In 2016, the cost of development activities came to R$2,088 million, vs. R$2,802 million in 2015.

GROSS MARGIN

The Company's total gross margin stood at 28.8% in 4Q16, down 2.9 p.p. from 3Q16, when gross margin came to 31.7%, 5.1 p.p. from 4Q15.

The impact of net construction savings on revenue stood at R$29 million vs. R$31 million in 3Q16.

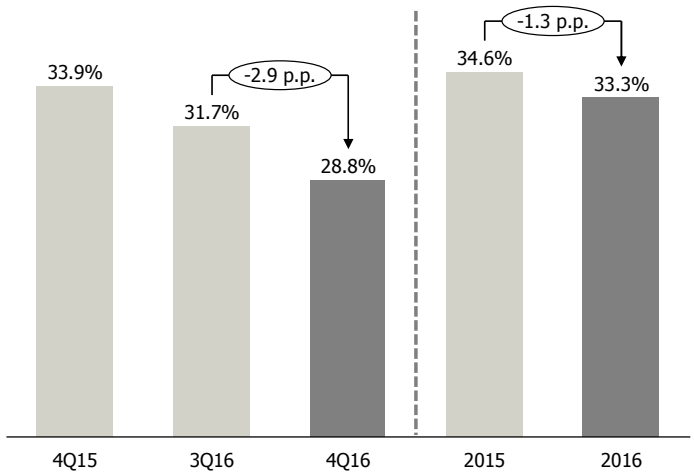
Margin dropped mainly because of land sold or canceled. In 4Q16, the Company canceled six plots of land, with a negative impact of R$14.0 million, and sold one, with a positive impact of R$10.6 million. However, the plots of land canceled were part of SPV's consolidated into the income statement, so these cancelations impacted gross margin negatively by -1.5 p.p.. In turn, the plot of land sold belonged to SPV recognized through the equity method.

In 2016, gross margin stood at 33.3%, falling by 1.3 p.p. year-over-year.

Adjusted gross margin stood at 34.8% in 4Q16, down 3.6 p.p. from 3Q16 and 3.2 p.p. from 4Q15. In 2016, adjusted gross margin stood at 39.8%, 1.2 p.p. up on 38.6% in 2015.

Adjusted Gross Margin	4Q16 R$ MM	4Q15 R$ MM	4Q16 x 4Q15	3Q16 R$ MM	4Q16 x 3Q16	2016 R$ MM	2015 R$ MM	2016 x 2015
Net Revenue	919	1,031	-10.8%	825	11.4%	3,195	4,341	-26.4%
Gross Profit	265	349	-24.1%	261	1.3%	1,063	1,503	-29.3%
Gross Margin	**28.8%**	**33.9%**	**-5.1 p.p.**	**31.7%**	**-2.9 p.p.**	**33.3%**	**34.6%**	**-1.3 p.p.**
Capitalized Interest from COGS	49	59	-16.6%	55	-10.8%	203	185	9.7%
Adjusted Gross Margin	**34.2%**	**39.6%**	**-5.4 p.p.**	**38.4%**	**-4.3 p.p.**	**39.6%**	**38.9%**	**0.7 p.p.**

Gross Margin



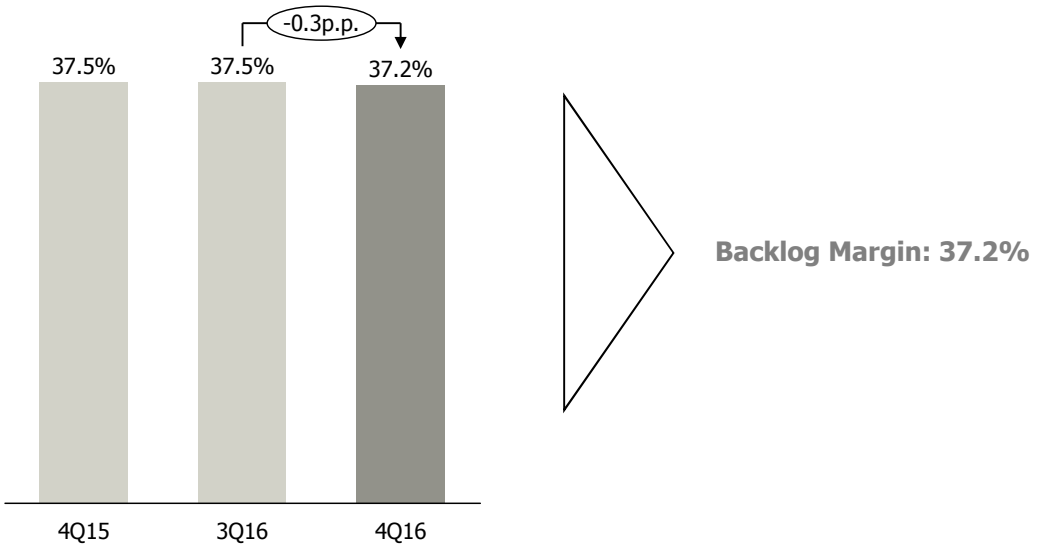
4Q16 Gross Profit: R$265 million

4Q16 Gross Margin: 28.8%

SALES TO BE RECOGNIZED

Net revenue from sales to be recognized totaled R$2,119 million at the close of 4Q16. Gross margin from sales to be recognized stood at 37.2% in 4Q16, down 0.3 p.p. from 3Q16 and 4Q15. It is worth noting gross backlog margin (backlog margin) does not take into account the PVA effect and SFH-related financing costs. These effects usually have an impact between five and seven p.p.

Backlog Margin



Sales to be Recognized (R$ MM)	4Q16	3Q16	4Q16 x 3Q16	4Q15	4Q16 x 4Q15
Sales to be Recognized	2,164	2,306	-6.1%	3,523	-38.6%
Taxes to be Recognized	(45)	(47)	-4.0%	(68)	-33.5%
Net Income to be Recognized	**2,119**	**2,259**	**-6.2%**	**3,454**	**-38.7%**
Costs of Units Sold to be Recognized	(1,331)	(1,412)	-5.7%	(2,159)	-38.4%
Gross Profit to be Recognized	**789**	**847**	**-6.9%**	**1,295**	**-39.1%**
Gross Margin to be Recognized	**37.2%**	**37.5%**	**-0.3 p.p.**	**37.5%**	**-0.3 p.p.**

SELLING EXPENSES

Selling expenses totaled R$101 million in 4Q16, down R$1 million from 3Q16 and R$16 million from 4Q15. In 2016, they amounted to R$401 million, down 12.8% against 2015.

Commercial expenses	4Q16 R$ MM	3Q16 R$ MM	4Q16 x 3Q16	4Q15 R$ MM	4Q16 x 4Q15	2016 R$ MM	2015 R$ MM	2016 x 2015
Show-rooms	31	32	-1.2%	27	14.3%	111	98	14.1%
Media	23	15	51.3%	29	-20.3%	74	104	-28.1%
Third-party Services	23	26	-10.3%	31	-24.8%	107	130	-17.9%
Finished Inventory Maintenance*	12	15	-19.3%	9	39.7%	56	36	57.1%
Others	11	13	-18.3%	21	-47.0%	52	93	-43.7%
Total	**101**	**102**	**-0.56%**	**117**	**-13.59%**	**401**	**460**	**-12.8%**

* Maintenance costs of the inventory of finished units such as carrying fees and property tax

The greatest change in the selling expenses account between 4Q15 and 4Q16 was in "Media" due to an increase in launches, in addition to campaigns to sell inventory units.

Between 2015 and 2016, the greatest changes were related to:

(i) "Showrooms": a R$13 million rise due to a larger number of showrooms written off throughout the year;

(ii) "Finished Units Maintenance": a R$20 million rise due to an increase in the Company's inventory of finished units throughout the year;

(iii) "Media": a R$30 million decrease due to a drop in expenses on campaigns for product launches.

GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R$115 million in 4Q16, up R$2.0 million from 3Q16 and R$14 million from 4Q15. In 2016, they amounted to R$439 million, up 6.4% against 2015.

General & Administrative Expenses	4Q16 R$ MM	3Q16 R$ MM	4Q16 x 3Q16	4Q15 R$ MM	4Q16 x 4Q15	2016 R$ MM	2015 R$ MM	2016 x 2015
Salaries and Social Charges	31	35	-10.8%	35	-11.3%	136	153	-11.5%
Board Members/Management Remuneration	1	2	-26.2%	2	-24.5%	6	7	-8.3%
Employees'	0	2	-106.0%	0	0.0%	4	23	-81.9%
Stock Options	2	2	15.3%	5	-60.1%	10	-8	-222.6%
Third-Party Services	25	27	-6.7%	18	37.1%	96	79	21.6%
Rent, travelling and representation	10	9	18.5%	11	-6.1%	41	50	-19.1%
Indemnities	35	27	30.0%	24	46.3%	108	62	72.7%
Others	10	11	-1.7%	7	55.6%	37	46	-18.0%
Total	**115**	**113**	**1.0%**	**101**	**13.3%**	**439**	**412**	**6.4%**

Between 3Q16 and 4Q16, the main change in those expenses was the R$8 million rise in severance pay.

Between 2015 and 2016, the greatest changes were related to:

(i) "Salaries and social charges": a R$17 million drop due to restructuring adjustments during the year;

(ii) "Third-party services": a rise of R$17 million mainly due to higher expenses on lawyer fees;

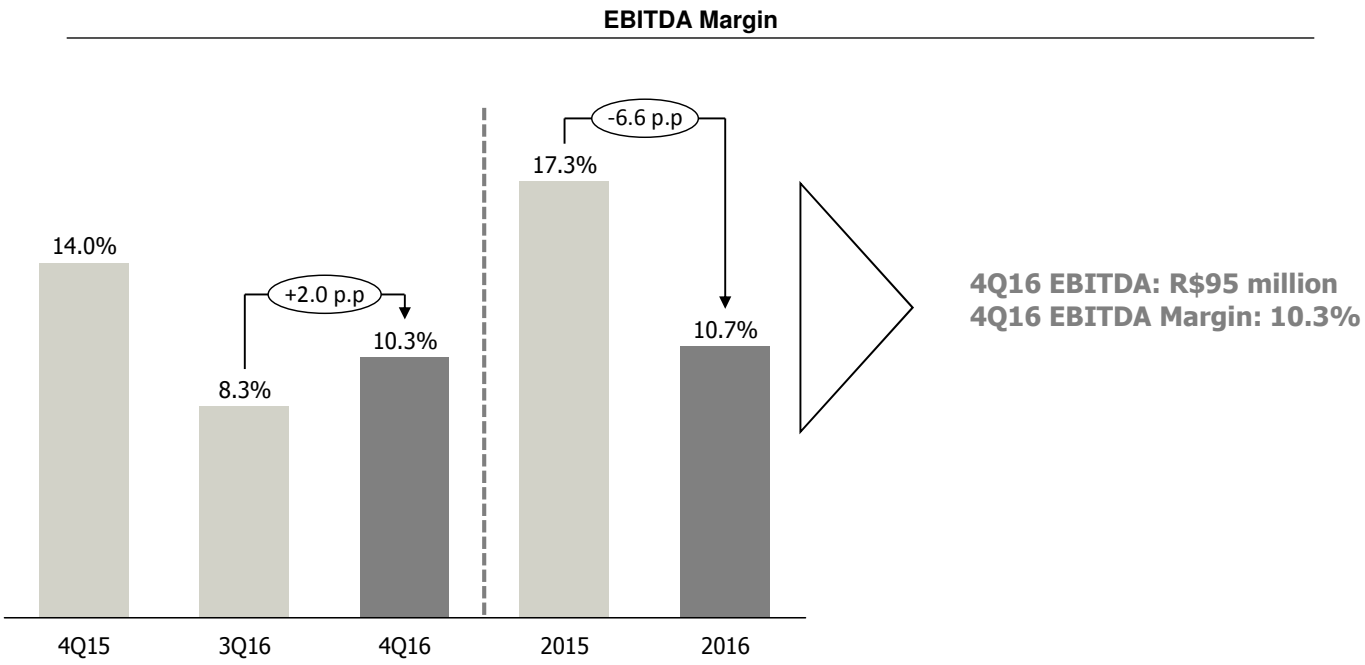
(iii) "Severance pay": R$46 million higher due an increase in severance payments during the year.

EBITDA

EBITDA margin stood at 10.3% in 4Q16, falling by 3.7 p.p. vs. 4Q15 and rising by 2.0 p.p. vs. 3Q16. In 2016, EBITDA margin stood at 10.7%, falling by 6.5 p.p. year-over-year.

EBITDA	4Q16 R$ MM	4Q15 R$ MM	4Q16 x 4Q15	3Q16 R$ MM	4Q16 x 3Q16	2016 R$ MM	2015 R$ MM	2016 x 2015
Net Income from Continuous Operations	56	121	-53.5%	43	30.9%	245	593	-58.8%
(-) Financial Result	(15)	(16)	-9.1%	(18)	-18.9%	(79)	(18)	349.8%
(+) Depreciation and Amortization [1]	31	19	65.8%	26	21.3%	104	76	36.9%
(+) Taxes over Profit	22	21	7.3%	18	19.7%	74	97	-24.2%
EBITDA	**95**	**144**	**-34.4%**	**69**	**37.5%**	**343**	**749**	**-54.2%**
EBITDA Margin (%)	**10.3%**	**14.0%**	**-3.7 p.p.**	**8.3%**	**2.0 p.p.**	**10.7%**	**17.2%**	**-6.5 p.p.**

[1] Depreciation and amortization expenses include showroom amortization, recorded under selling expenses in the Income Statement.



FINANCIAL RESULT

The Company recorded net financial income of R$15 million in 4Q16, vs. R$18 million in 3Q16 and R$16 million in 4Q15. In 2016, it recorded net financial income of R$79 million, against R$18 million in 2015.

R$ million	4Q16	3Q16	4Q15	2016	2015
Financial Expenses					
SFH Interest	(58)	(65)	(62)	(253)	(226)
Interest on Corporate Loans	(42)	(39)	(51)	(167)	(214)
Capitalized Interest	53	60	50	233	195
Sub Total	**(47)**	**(44)**	**(63)**	**(186)**	**(246)**
Monetary Adjustment on Loans	(3)	(3)	(4)	(14)	(36)
Bank Expenses	(3)	(3)	(3)	(12)	(12)
Other financial expenses	(3)	(4)	(3)	(14)	(20)
Total Financial Expenses	**(56)**	**(54)**	**(74)**	**(227)**	**(313)**
Financial Revenues					
Income on Investments	47	55	74	235	262
Income on Receivables	-	-	2	-	10
Income on Loans to Partners	4	6	6	19	31
Other financial income	20	12	8	52	28
Total Financial Revenues	**71**	**72**	**90**	**306**	**331**
Financial Result	**15**	**18**	**16**	**79**	**18**

The main reasons for this R$61 million increase in net financial income are:

(i) A R$38 million rise in capitalization of interest due to a larger share of SFH debts;

(ii) Lower cost of new corporate debt.

TECNISA

The Company ascertained the fair value of the purchase of its interest in Tecnisa according to CPC 15 [*Comitê de Pronunciamentos Contábeis*, or Brazilian Accounting Pronouncements Committee] in 4Q16. The impact of this operation on our income statement is as follows:

(i) A positive impact of R$13 million due to the recognition of the gain for the advantageous purchase, considering the fair value of the assets, estimated at R$2.35 per share according to the criterion proposed in the "Instrument of Subscription";

Price per Share	# Shares	Market Value
R$ 2.35	37,252,984	87.68
Discount	**#Shares**	**Paid Value**
15.027% R$ 2.00	37,252,984	74.51
Earn		**13.18**

(ii) In addition, a negative impact of R$34.3 million connected with Tecnisa's negative results in 4Q16 and a positive impact of R$31.8 million related to fair fair value adjustment for the same period were recognized this quarter.

As a result, the Company's investment in Tecnisa had a positive net impact of R$10 million on its income statement.

In accordance to CPC 15 it worths noting that fair value may be revalued in a period of up 1 year after Tecnisa's equity acquisition.

NET INCOME AND NET MARGIN

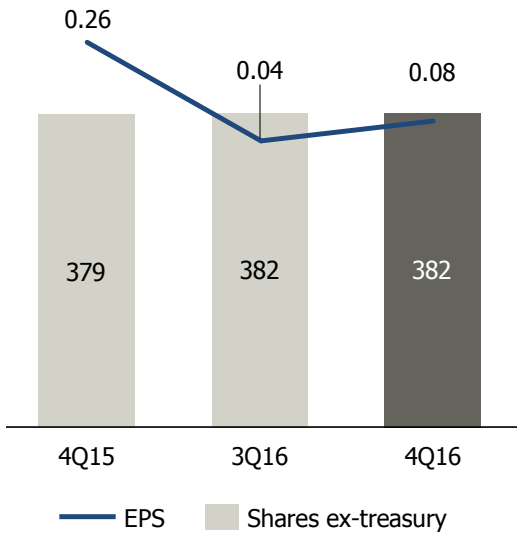
In addition to the accounts discussed above, it is worth noting the following items:

(i) A R$39 million impact from contingencies on the 4Q16 income statement;
(ii) A negative impact of R$5.4 million under "Other Operating Income/Expenses" related to the Grand Parc project, in Vitória;
(iii) A negative impact of R$5.0 million due to the recognition of losses from a loan to one of our partners.

As a result of the Company's performance described above, net income amounted to R$31 million in 4Q16, 68.4% down on R$98 million in 4Q15 and 114.2% up on 3Q16. In 2016, net income totaled R$151 million, falling from R$448 million in 2015.

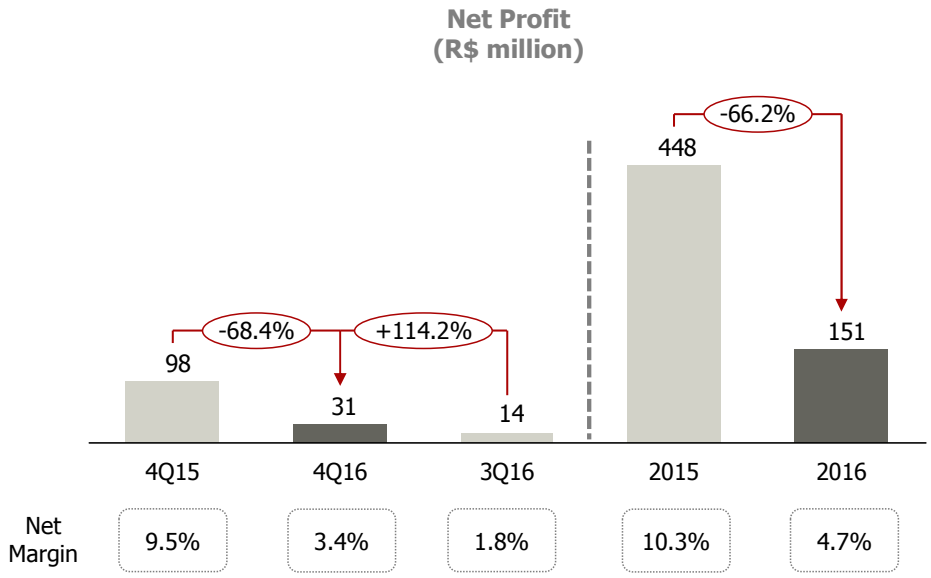
In 4Q16, the Company's earnings per share rose to R$0.08, vs. R$0.04 in 3Q16 and R$0.26 in 4Q15.

EPS



* Total shares at the close of the quarter, not including Treasury shares on the same date
**Number of shares without Treasury shares in millions.

Net margin stood at 3.4% in 4Q16, 1.6 p.p. up on 3Q16 and 6.1 p.p. down on 9.5% in 4Q15. In 2016, net margin stood at 4.7%, down 5.6 p.p. from 2015.



This led to a 2.5% last 12-month ROE.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

BALANCE SHEET AS AT DECEMBER 31, 2016
(In thousands of Brazilian reais - R$)

		Parent		Consolidated	
ASSETS	Note	2016	2015	2016	2015
CURRENT ASSETS					
Cash and cash equivalents	3	281.963	286.585	513.757	828.512
Securities	4	369.305	890.507	1.016.529	1.325.893
Trade receivables	5	10.853	6.723	2.615.078	2.887.646
Properties for sale	6	16.836	11.238	3.656.791	3.169.305
Recoverable taxes		-	9.568	18.119	71.779
Deferred taxes	20	-	-	491	2.576
Accrued selling expenses		-	-	13.358	17.298
Prepaid expenses		4.478	3.174	12.610	9.362
Other assets		11.161	39.597	70.227	126.338
Total current assets		694.596	1.247.392	7.916.960	8.438.709
NONCURRENT ASSETS					
Trade receivables	5	767	820	764.714	958.646
Securities	4	128.996	78.826	168.005	79.180
Current accounts with venture partners	14	6.413	9.316	13.070	37.403
Related parties	13	643.465	339.275	340.973	216.893
Recoverable taxes		39.916	20.816	111.851	47.145
Properties for sale	6	29.064	27.061	1.415.069	1.924.309
Other assets		37.591	26.190	93.959	56.701
Investments in subsidiaries and associates	7.a) e 7.e)	5.721.686	5.702.882	903.345	745.841
Property, plant and equipment	8	10.572	6.115	85.690	139.671
Intangible assets	9	77.427	92.537	66.063	85.090
Total noncurrent assets		6.695.897	6.303.838	3.962.739	4.290.879
TOTAL ASSETS		7.390.493	7.551.230	11.879.699	12.729.588

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	2016	2015	2016	2015
CURRENT LIABILITIES					
Borrowings and financing	10	9.563	149.131	877.307	1.057.440
Debentures	11	3.010	6.016	3.010	6.016
Real Estate Certificates (CRIs)	12	255.094	154.991	254.785	170.014
Trade payables and accrued warranties	17	5.878	4.232	209.166	254.170
Taxes and contributions payable		1.176	328	16.789	32.137
Deferred taxes and contributions	20	30	241	110.168	127.025
Payroll, related taxes and profit sharing		14.169	25.460	48.920	66.333
Payables due to property acquisitions	18	-	-	142.531	188.705
Dividends payable	21 (d)	35.946	106.657	35.946	106.657
Related parties	13	50.482	218.629	64.812	132.812
Current accounts with venture partners	14	-	-	45.427	83.588
Advances from customers	16	-	767	351.306	724.169
Other liabilities		122.489	93.365	115.841	88.474
Total current liabilities		497.837	759.817	2.276.008	3.037.540
NONCURRENT LIABILITIES					
Borrowings and financing	10	603.384	555.177	1.993.514	2.172.311
Debentures	11	42.630	142.630	42.630	142.630
Real Estate Certificates (CRIs)	12	222.843	193.200	252.418	193.200
Trade payables and accrued warranties	17	-	-	75.678	81.818
Payables due to property acquisitions	18	-	-	18.926	21.767
Provisions for tax, labor and civil risks	19	8.360	12.073	213.958	201.657
Taxes and contributions payable		-	-	183	546
Deferred taxes and contributions	20	1.883	1.290	36.930	39.720
Advances from customers	16	-	-	202.712	159.512
Total noncurrent liabilities		879.100	904.370	2.836.949	3.013.161
EQUITY					
Capital	21.a)	3.395.744	3.095.744	3.395.744	3.095.744
Other reserves		(103.967)	(102.251)	(103.967)	(102.251)
Capital reserves:					
Stock option reserve	24 (c)	61.787	90.329	61.787	90.329
Earnings reserves:					
Legal reserve	21 (d)	291.104	283.537	291.104	283.537
Expansion reserve	21 (d)	2.646.447	2.838.609	2.646.447	2.838.609
Treasury shares	21 (b)	(221.925)	(260.627)	(221.925)	(260.627)
Retained earnings (accumulated losses)		-	-	-	-
Other comprehensive income		(55.634)	(58.298)	(55.634)	(58.298)
Equity attributable to:					
Company's owners		6.013.556	5.887.043	6.013.556	5.887.043
Noncontrolling shareholders		-	-	753.186	791.844
Total equity		6.013.556	5.887.043	6.766.742	6.678.887
TOTAL LIABILITIES AND EQUITY		7.390.493	7.551.230	11.879.699	12.729.588

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Parent		Consolidated	
		2016	2015	2016	2015
GROSS OPERATING INCOME					
Real estate development and resale		3.284	3.204	3.126.299	4.323.704
Land subdivision		7.694	15.643	111.276	97.530
Leased properties		-	-	-	-
Services rendered and others		1.953	3.062	53.129	44.568
		12.931	21.909	3.290.704	4.465.802
GROSS REVENUE DEDUCTIONS		(943)	(1.620)	(95.394)	(124.618)
NET OPERATING INCOME	25	11.988	20.289	3.195.310	4.341.184
Properties sold		(956)	(1.547)	(2.030.518)	(2.744.642)
Land subdivision		(1.660)	(7.181)	(57.686)	(57.633)
Services rendered		125	-	(44.583)	(35.830)
COST OF SALES AND SERVICES	25	(2.491)	(8.728)	(2.132.787)	(2.838.105)
GROSS PROFIT		9.497	11.561	1.062.523	1.503.079
OPERATING INCOME (EXPENSES)					
Selling expenses	26	(3.135)	(19.288)	(400.579)	(459.538)
General and administrative expenses	27	(114.027)	(89.839)	(432.347)	(405.525)
Management fees	13.c)	(5.004)	(5.446)	(6.254)	(6.883)
Profit (loss) on equity interests:					
Share of profit of subsidiaries	7.a)	274.647	612.213	49.438	73.645
Other operating income on investments	7 e)	4.186	(15.493)	10.288	6
Other operating income (expenses), net		(17.483)	(4.032)	(43.869)	(31.977)
PROFIT BEFORE FINANCE INCOME		148.681	489.676	239.200	672.807
FINANCE INCOME (COSTS)					
Finance costs	28	(155.340)	(184.797)	(226.550)	(313.288)
Finance income	28	158.278	143.680	305.693	330.885
		2.938	(41.117)	79.143	17.597
PROFIT BEFORE TAXES ON INCOME AND NONCONTROLLING INTERESTS		151.619	448.559	318.343	690.404
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	20.d)	(267)	(759)	9.441	21.223
Deferred	20.d)	-	-	(83.164)	(118.474)
		(267)	(759)	(73.723)	(97.251)
PROFIT FOR THE PERIOD		151.352	447.800	244.620	593.153
PORTION OF PROFIT ATTRIBUTABLE TO NONCONTROLLING INTERESTS		-	-	(93.268)	(145.353)
PROFIT ATTRIBUTABLE TO COMPANY'S OWNERS		151.352	447.800	151.352	447.800
BASIC EARNINGS PER SHARE	29	1,18164	1,18164		
DILUTED EARNINGS PER SHARE	29	1,16326	1,16326		

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	2016	2015	2016	2015
PROFIT FOR THE YEAR FROM CONTINUED OPERATIONS	151.352	447.800	244.620	593.153
Other comprehensive income:				
Items that will not be subsequently reclassified to the statement of profit or loss - by translation of investments and appreciation of financial assets	2.664	8.581	2.664	8.581
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	154.016	456.381	247.284	601.734
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Company's owners	154.016	456.381	154.016	456.381
Noncontrolling interests	-	-	93.268	145.353
	154.016	456.381	247.284	601.734

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands of Brazilian reais - R$)

	Note	Capital	Capital reserves			Earnings reserve		Retained earnings	Other comprehensive income	Company's owners	Noncontrolling interests	Total consolidated
			Stock option reserve	Treasury shares	Other reserves	Legal reserve	Earnings retention					
AS AT DECEMBER 31, 2014		3.095.744	104.825	(220.416)	(34.881)	261.147	2.519.551	-	(66.879)	5.659.091	708.754	6.367.845
Capital transactions:												
Capital increase	21 (a)	-	-	-	-	-	-	-	-	-	109.592	109.592
Increase in treasury shares	21 (b)	-	-	(46.417)	-	-	-	-	-	(46.417)	-	(46.417)
Capital transactions	21 (e)	-	-	-	(67.370)	-	-	-	-	(67.370)	-	(67.370)
Stock options granted/exercised	21 (d)	-	(6.206)	6.206	-	-	-	-	-	-	-	-
Share-based payment	21 (c)	-	(8.290)	-	-	-	-	-	-	(8.290)	-	(8.290)
Profit for the year		-	-	-	-	-	-	447.800	-	447.800	145.353	593.153
Profit allocation:										-		-
Legal reserve	21 (c)	-	-	-	-	22.390	-	(22.390)	-	-	-	-
Dividends paid	21 (c)	-	-	-	-	-	-	(106.352)	-	(106.352)	(171.855)	(278.207)
Earnings retention reserve	21 (d)	-	-	-	-	-	319.058	(319.058)	-	-	-	-
Adjustments due to translation of investments and appreciation of financial assets		-	-	-	-	-	-	-	8.581	8.581	-	8.581
AS AT DECEMBER 31, 2015		3.095.744	90.329	(260.627)	(102.251)	283.537	2.838.609	-	(58.298)	5.887.043	791.844	6.678.887
Capital transactions:												
Capital increase	21 (a)	300.000	-	-	-	-	(300.000)	-	-	-	286.108	286.108
Capital transactions		-	-	-	(1.716)	-	-	-	-	(1.716)	-	(1.716)
Stock options granted/exercised	23 (b)	-	(38.702)	38.702	-	-	-	-	-	-	-	-
Share-based payment	23 (b)	-	10.160	-	-	-	-	-	-	10.160	-	10.160
Profit for the year		-	-	-	-	-	-	151.352	-	151.352	93.269	244.621
Profit allocation:												
Legal reserve	21 (d)	-	-	-	-	7.567	-	(7.567)	-	-	-	-
Dividends paid	21 (d)	-	-	-	-	-	-	(35.947)	-	(35.947)	(418.035)	(453.982)
Earnings retention reserve	21 (d)	-	-	-	-	-	107.838	(107.838)	-	-	-	-
Adjustments due to translation of investments	7 (d)	-	-	-	-	-	-	-	2.664	2.664	-	2.664
AS AT DECEMBER 31, 2016		3.395.744	61.787	(221.925)	(103.967)	291.104	2.646.447	-	(55.634)	6.013.556	753.186	6.766.742

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax and social contribution	151.619	448.559	318.343	690.404
Adjusted by:				
Depreciation and amortization of property, plant and equipment and intangible assets	14.382	13.184	97.438	75.953
Write-off of property, plant and equipment and intangible assets	808	-	33.652	-
Amortization of appreciation of assets	5.563	455	8.806	8.764
Share of loss of subsidiaries	(274.647)	(612.213)	(49.438)	(73.645)
Interest and inflation adjustments on borrowings, debentures and CRI	134.938	166.761	416.589	381.602
Deferred taxes	115	(759)	(8.121)	21.223
Adjustments to present value	-	-	3.507	2.112
Provisions for warranty	-	(1.071)	73.185	49.879
Interest on securities	(131.983)	(137.200)	(234.949)	(261.830)
Provisions for tax, labor and civil risks	(3.713)	3.550	12.301	37.253
Investment conversion adjustments	2.664	-	2.664	
Accrued share-based payment	10.160	(8.290)	10.160	(8.290)
	(90.094)	(127.024)	684.137	923.425
Changes in current and noncurrent assets and liabilities:				
Trade receivables	(4.077)	(5.020)	462.993	1.081.582
Properties for sale	(7.601)	(5.405)	66.283	(47.279)
Current accounts with venture partners	2.903	4.819	(13.828)	21.978
Related parties	(472.337)	106.815	(192.080)	(42.122)
Other assets	6.199	(35.901)	8.499	(88.229)
Payables due to acquisition of properties	-	-	(49.015)	(182.301)
Taxes and contributions payable	848	(705)	(17.070)	(17.910)
Trade payables and provision for warranty	1.646	(3.530)	(124.329)	(105.221)
Deferred taxes and contributions	-	1.084	-	(45.556)
Payroll, related taxes and profit sharing	(11.291)	(24.332)	(17.413)	(34.664)
Advances from costumers	(767)	(734)	(374.192)	(315.352)
Other liabilities	29.124	(28.236)	27.367	(9.144)
Cash and cash equivalents used in operating activities	(545.447)	(118.169)	461.353	1.139.207
Taxes and contributions paid	-	-	(81.805)	(125.996)
Interests paid	(130.772)	(166.510)	(373.314)	(364.223)
Cash and cash equivalents provided by (used in) operating activities	(676.219)	(284.679)	6.233	648.988
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(7.560)	(451)	(58.474)	(26.749)
Dividends	516.703	1.194.590	59.632	79.360
Increase (decrease) in investments	(260.860)	(99.571)	(167.698)	(56.942)
Acquisition of intangible assets	(2.540)	(22.601)	(8.414)	(10.520)
Securities	603.015	(394.984)	455.488	(308.139)
Cash and cash equivalents provided by (used in) investing activities	848.758	676.983	280.534	(322.990)
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from new borrowings, financing and CRIs	425.528	200.000	1.763.130	2.046.566
Repayment of borrowings, financing and CRIs	(494.315)	(330.578)	(2.124.351)	(2.197.553)
Distribution of dividends	(106.658)	(156.979)	(106.658)	(156.979)
Increase (decrease) of noncontrolling interests	-	-	(131.927)	(62.263)
Treasury shares	-	(46.417)	-	(46.417)
Capital transactions	(1.716)	-	(1.716)	-
Cash and cash equivalents used in financing activities	(177.161)	(333.974)	(601.522)	(416.646)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4.622)	58.330	(314.755)	(90.648)
At the beginning of the year	286.585	228.255	828.512	919.160
At the end of the year	281.963	286.585	513.757	828.512
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4.622)	58.330	(314.755)	(90.648)

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands of Brazilian reais - R$)

	Parent		Consolidated	
	2016	2015	2016	2015
REVENUE				
Sale of goods, products and services	12.931	21.909	3.290.704	4.465.802
Other revenues	(17.483)	(480)	(43.869)	(198)
	(4.552)	21.429	3.246.835	4.465.604
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of sales and services	(2.491)	(8.728)	(2.132.787)	(2.838.105)
Materials, energy, outside services and other	(57.947)	(68.348)	(444.637)	(527.569)
	(60.438)	(77.076)	(2.577.424)	(3.365.674)
GROSS VALUE ADDED	(64.990)	(55.647)	669.411	1.099.930
RETENTIONS				
Depreciation, amortization and depletion	(14.382)	(13.184)	(97.438)	(75.953)
Amortization of appreciation of assets	(5.563)	(455)	(8.806)	(8.764)
	(19.945)	(13.639)	(106.244)	(84.717)
WEALTH PRODUCED BY THE COMPANY	(84.935)	(69.286)	563.167	1.015.213
WEALTH RECEIVED IN TRANSFERS				
Share of profits of subsidiaries	274.647	612.213	49.438	73.645
Other profits on investments, less amortization of appreciation	9.749	(15.038)	19.094	8.756
Finance income	158.278	143.680	305.693	330.885
TOTAL WEALTH RECEIVED IN TRANSFERS	442.674	740.855	374.225	413.286
TOTAL WEALTH FOR DISTRIBUTION	357.739	671.569	937.392	1.428.499
WEALTH DISTRIBUTED				
Personnel and payroll taxes				
Salaries and related taxes	39.886	49.504	228.987	229.740
Sales commissions	5	-	47.560	48.913
Management fees	5.004	5.446	6.254	6.883
Profit sharing	4.941	(18.357)	14.304	14.652
	49.836	36.593	297.105	300.188
Taxes, fees and contributions	1.210	2.379	169.117	221.870
Interest	155.341	184.797	226.550	313.288
	206.387	223.769	692.772	835.346
SHAREHOLDERS				
Profit for the year	151.352	447.800	151.352	447.800
Portion of profit attributable to noncontrolling interests	-	-	93.268	145.353
	151.352	447.800	244.620	593.153
TOTAL WEALTH DISTRIBUTED	357.739	671.569	937.392	1.428.499

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

Cyrela Brazil Realty S.A. Empreendimentos e Participações ("Company") is a publicly-held corporation headquartered in the city of São Paulo, State of São Paulo, with shares are traded on BM&FBOVESPA S.A. - São Paulo Mercantile and Stock Exchange - "Novo Mercado" - under the ticker symbol CYRE3.

The Company's registered head office is located at Avenida Engenheiro Roberto Zuccolo, 555, 1º andar, sala 1001, city of São Paulo, State of São Paulo.

The Company is engaged mainly in the development and construction of residential properties, individually or together with other entities. The subsidiaries, joint ventures, and associates share the corporate, managerial and operating costs and structures of the Company or of a business partner, as the case may be, with the Parent.

Management asserts that all information related to the financial statements is being evidenced and correspond to the information used by it in its management.

2. PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance

The Company's financial statements comprise:

a) The Company's individual financial information prepared in accordance with accounting practices adopted in Brazil, as set out in Technical Pronouncement CPC 26 (R1) - Presentation of financial Statements, identified as "Parent".

b) The consolidated financial statements prepared in accordance with accounting practices adopted in Brazil, as set out in CPC 26 (R1) - Presentation of Financial Statements and IAS 1 - Presentation of Financial Statements, issued by the International Accounting Standards Board (IASB) (International Financial Reporting Standards, or IFRSs), which encompass technical instruction OCPC 04 - Application of ICPC 02 to Brazilian Real Estate Development Entities, issued by the Technical Pronouncements Committee (CPC), and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), identified as "Consolidated".

The individual financial statements have been prepared in accordance with accounting practices adopted in Brazil and comprise the policies set out in the Brazilian Corporate Law and the technical pronouncements, instructions, and interpretations issued by the CPC and approved by the CVM and the CFC. In the case of the Company, these accounting practices differ from the IFRSs applicable to real estate development entities in Brazil, in relation to separate financial statements, only with respect to the capitalization of interest incurred by the Parent related to the assets under construction of its subsidiaries. For purposes of IFRSs, such capitalization is only permitted in the consolidated financial statements and not in the separate financial statements.

2.2. Basis of preparation

The individual and consolidated financial statements have been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the accounting policies below.

2.3. Continuity as a going concern

The financial statements have been prepared on the assumption that the Company will continue as a going concern, since in recent years the Company has evidenced the balance of its net working capital, compliance with covenants set forth in its borrowings and financing agreements and positive gross margin. In addition, the Company expects to generate sufficient cash to settle its liabilities over the next twelve months.

2.4. Critical accounting judgments and key estimates and assumptions

The preparation of individual and consolidated financial statements pursuant to CPCs and IFRSs requires Management to make judgments and use assumptions to estimate and determine the reported amounts of certain assets, liabilities, revenue, and expenses. Actual results may differ significantly from these estimates.

The key uncertainties, assumptions and estimates are mainly related to the following: budgeted cost of construction work, useful life of property, plant and equipment, determination of discount rates to determine the present value of certain current and noncurrent assets and liabilities, determination of future amounts of shares used to measure the amount of options granted, provisions for tax, civil and labor risks, accrued profit sharing, allowance for doubtful debts, allowance for contract termination and projected realization of deferred income tax and social contribution assets and determination of the fair value of certain assets and liabilities, where applicable.

Estimates and assumptions are revised on a continuous basis. The impact of revisions, if any, is recognized in the year they are made.

2.5. Statement of value added (DVA)

This statement is intended to disclose the wealth created by the Company and its distribution during a certain period and is presented by the Company, as required by Brazilian corporate law, as part of its individual financial statements and as supplemental information to the consolidated financial statements, since it is neither provided for nor mandatory under IFRSs.

The statement of value added has been prepared using information obtained in the same accounting records used to prepare the financial statements.

2.6. Cash and cash equivalents

The Company and its subsidiaries classify into this category the balances of cash, banks, highly-liquid short-term investments promptly convertible into a known cash amount subject to an insignificant risk of change in value, with maturities up to 90 days from the investment date.

2.7. Securities

Securities can be classified as loans and receivables and are stated at amortized cost, and the impacts of the effective interest rates are recorded in profit or loss, in line item “Finance income”.

2.8. Recognition of revenue from and expenses on real estate development and sale and other

Application of the procedures and standards established by CFC Resolutions 1266/09 and 1187/09 and CPC 12 - Adjustment to Present Value, CPC 17 (R1) - Construction Contracts and CPC 30 - Revenue, and OCPC01 (R1) - Real Estate Development Entities and OCPC 04 - Application of ICPC 02 to Brazilian Real Estate Development Entities, in addition to ICPC 02 - Real Estate Construction Agreement, issued by the CPC.

a) Revenue from the development and sale of properties is recognized under the following criteria:

- In sales of completed units, revenue is recognized when the sale is consummated, regardless of the date of receipt of the contractual amount, and is measured at the fair value of the consideration received or receivable.

- In sales of uncompleted units, revenue is recognized based on the criteria set out in OCPC 04, as detailed below:

  - Sales revenues, cost of land and construction, and sales commissions are recognized in the profit or loss under the percentage-of-completion method for each project. This percentage is based on the ratio of the cost incurred in relation to the total estimated cost of the respective projects.

  - The budgeted cost is revised periodically and, as a result, original estimates may be changed. The effects of such revision affects profit or loss prospectively, as prescribed by CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors.

- Present value adjustment

  - With respect to the units completed and sold in installments, the estimated interest rate of future inflow is compatible with the annual interest rate of a similar transaction, under market conditions. Interest is recognized in profit or loss on the accrual basis.

  - With respect to the units not completed and sold in installments, the balances of "Trade receivables" and "Trade payables" (land payable through financial barter) were calculated based on the estimated period up to the delivery of the properties sold, as mentioned in Note 2.21. This methodology is used because the balance of "Trade receivables from uncompleted units" is adjusted using the National Cost of Construction Index (INCC).

- Contract terminations

  - Upon termination of a contract for the purchase and sale of properties, revenue and cost recorded in profit or loss, in accordance with income and expense recognition criteria, are reversed and charged to "Cancelled sales" and credited to line item "Cost of properties sold", respectively.

- Management conducts periodic test to identify whether there are objective evidence that the economic benefits associated to the recognized revenue might not flow into the Company. Examples: (i) delays in installment payments; (ii) unfavorable local or national economic conditions etc. If such evidence exists, the related allowance for contract termination is recognized. The amount to be recognized in this allowance takes into consideration that the property will be recovered by the Company, possible amounts can be retained from the payment of indemnities to the committed buyers etc.

The consolidated financial statements, prepared in accordance with IFRS applicable to real estate development entities also consider OCPC 04 issued by the CPC. OCPC 04 addresses the recognition of real estate industry revenues and involves matters related to the meaning and the application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units.

b) Physical and financial barters

Physical barter

The fair value of the land is recorded as a component of the land bank of properties for sale, as a balancing item to advance from customers, when the private instrument is executed or when the conditions precedent are met. Such transaction is only recorded when the project to be developed is defined and the amounts are stated at their realizable fair values. Revenue and costs arising from barter transactions are recognized in profit or loss over the period of construction of the projects, as described in item a) above.

Financial barter

Under financial barters, the Company transfers to the sellers of the land a percentage of the sales amount. This amount is recorded as a component of the land bank of properties for sale, as a balancing item to trade payables, at the time of execution of the private instrument or contract related to the transaction, provided that the real estate development registration of the future project has been obtained.

c) Accrued warranties

Recognized to cover expenditures on repairs in projects during the warranty period, based on the history of expenditures incurred. The provision is recognized as a balancing item to profit or loss (cost), to the extent costs of units sold are incurred. Any potential unused remaining balance of the provision is reversed after the warranty period offered, which in general corresponds to five years from the delivery of the real estate project.

2.9. Trade receivables

The balance of "Trade receivables" is measured at the original contractual sales amount, adjusted based on fixed interest rates charged to profit or loss on accrual basis, regardless of collection.

The allowance for doubtful debts is recognized when there is objective evidence that the Company and its subsidiaries will not be able to collect all the amounts due at their original due dates. The Company and its subsidiaries consider the credit risk as low, since there is guarantee of recovery of the assets sold and, therefore, it does not recognize an allowance for doubtful debts. If there any indications that the amount recorded is lower than the recoverable amount of trade receivables, the allowance will be recognized.

As prescribed by OCPC 01 (R1) issued by the CPC, with respect to sales in installments of uncompleted units, interest-free receivables subject to inflation adjustment, including the key installment, are discounted to present value, since the contracted inflation adjustment rates do not include the interest component. The recognition of the adjustment and its reversal, when carried out during the construction period, are charged as a balancing item to revenue from real estate development.

2.10. Properties for sale

a) Determination of cost

Properties for sale, and those under construction, are carried at construction cost, which does not exceed their net realizable value.

The net realizable value corresponds to the estimated sales price, less costs incurred to complete the real estate project (if applicable), selling expenses and taxes.

Construction cost comprises the cost to acquire the land, expenditures necessary for the approval of the real estate project by governmental authorities, expenses on real estate development, construction expenditures related to materials, labor (own or third party), other related construction costs, and also the finance cost incurred during the construction period until the completion of the construction work.

b) Barter

The Company acquires part of plots of land through barter transactions where, in exchange for the plots of land acquired, it undertakes to: (i) deliver the real estate units of projects under construction, or (ii) deliver a percentage of the portion of trade receivables from the sale of real estate units. These amounts are stated at fair value on land acquisition date, as detailed in Note 2.8.b).

c) Capitalization of borrowing costs

Interest on borrowing, financing, receivables certificates and debentures, directly attributable to real estate development projects, are eligible for capitalization as cost of properties for sale in the following events: (i) when the activities necessary for construction or to prepare the real estate for sale are being performed; and (ii) when costs on borrowings, financing, receivables certificates and debentures are being incurred.

Capitalized financial charges included in inventories of properties for sale are calculated proportionately to unsold real estate units, and financial charges calculated proportionately to real state units sold are fully recognized in profit or loss as cost of real estate units sold.

d) Segregation between current and noncurrent

Land is classified in current and noncurrent based on the expected launch date of real estate projects, which is revised on a periodic basis.

2.11. Unrecognized selling expenses

Brokerage expenses on the sale of properties are recorded in assets as prepayments, as set forth in OCPC 01 (R1), and are charged to profit or loss as part of selling expenses, based on the same criterion adopted for recognition of revenues from and cost on units sold (Note 2.8), except for commissions on cancelled sales, which are charged to profit or loss in case of cancellation or when it is probable that the amounts contracted will not be paid.

The charges related to the sales commission payable by the buyer of the property are not recognized as the Company's and its subsidiaries' revenue or expense.

Other selling expenses, including marketing and advertising expenses, are charged to profit or loss when incurred, on and accrual basis, when disclosed.

2.12. Income tax and social contribution

In entities under the taxable income regime, income tax and social contribution are calculated at the regular rates of 15%, plus a 10% surtax, and 9%, respectively, on the accounting profit for the year, and are adjusted according to the criteria established by the prevailing tax laws.

As permitted by the tax laws, certain subsidiaries, whose annual revenue for the prior year does not exceed R$78,000, elected to be taxed under the deemed income regime. For these entities, income tax and social contribution are calculated at the rates of 8% and 12%, respectively, on gross revenue (32% when revenue arises from the provision of services and 100% for finance income), upon which regular income tax and social contribution rates are levied.

As prescribed by Law 12024 of August 27, 2009, which amended Law 10931/04, which introduced the Special Taxation Regime (RET), certain subsidiaries elected to subject their projects to the earmarked assets regime. This option is binding and irrevocable. For these projects that joined the RET, the charges relating to income tax, social contribution, taxes on revenue (COFINS and PIS) are calculated at the rate of 6% on gross revenue. Beginning December 28, 2012, the rates of the taxes on revenue (PIS and COFINS) and the taxes on income (CSLL and IRPJ) levied on entities subject to the real estate development earmarked assets regime were reduced to an aggregate 4%, under Regulatory Instruction 1435, of December 30, 2013.

Deferred income tax and social contribution ("deferred taxes") are recognized on temporary differences at the end of each reporting period between the asset and liability balances reported in the financial statements and the corresponding tax bases used to determine taxable income, including the balance of tax loss carryforwards, when applicable. Deferred tax liabilities are usually recognized on all taxable temporary differences and deferred tax assets are recognized on all temporary deductible differences, only when it is probable that the Company will report future taxable income in an amount sufficient to allow the utilization of these temporary deductible differences.

The recoverability of the deferred tax asset balance is reviewed on the balance sheet dates and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of assets, the asset balance is adjusted based on the expected recoverable amount.

Deferred tax assets and liabilities are measured using the tax rates applicable for the period in which the liability is expected to be settled or the asset is expected to be realized, based on the tax rates set forth in the tax law prevailing at the end of each fiscal year, or when a new law has been substantially enacted. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of these assets and liabilities. The differences recognized are related mainly to the differences in the recognition of real estate income and expenses in profit or loss since, based on the tax regime, profit is recognized on a cash basis and, based on the accounting regime, profit is recognized according to the methodology described in Note 2.8.

2.13. Investments

a) In subsidiaries or with joint arrangement

Under CPC 36 (R3) (IFRS 10) – Consolidated Financial Statements, there is only one basis for consolidation, that is, control. Consequently, CPC 36 (R3) (IFRS 10) provides a new definition of control encompassing three components: (i) authority over an investee; (ii) exposure or right to variable returns on its interest in the investee; and (iii) ability to use its authority over the investee to affect the amount of returns to the investor. Comprehensive guidance has been included in CPC 36 (R3) (IFRS 10) to address complex scenarios.

In entities where the Company needs to obtain the agreement of other shareholders with respect to significant activities that affect the variable returns of an entity, the Company has a joint arrangement in the entity, that can be classified either as joint operation or joint venture.

Equity interests in subsidiaries

Investments in subsidiaries are accounted for by the equity method in the individual financial statements, as prescribed by CPC 18 (R2). Under this method, the Company's interest in the increase or decrease in the subsidiaries' equity, due to the recognition of profit or loss for the year, is recognized as operating income (expenses). Changes in "Capital reserves" or other items of equity are reflected in the Company's equity.

The Company and its subsidiaries periodically assess the recoverable value of their investments, when there are indications that the carrying amount might not be recovered through the Company's activities.

The subsidiaries' financial statements have been prepared using consistent practices and for the same reporting period of the Company.

Joint arrangements

Under CPC 19 (R2) (IFRS 11) - Joint arrangements, joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties to the joint arrangements. In summary, classification depends on whether the investor has rights and obligations on the Company's equity or whether the investor has rights and obligations related to the Company's specific assets and liabilities. Consequently, joint ventures should be accounted for under the equity method and joint operations under the proportionate consolidation method in the consolidated financial statements.

In the Parent's individual financial statements, interests in joint arrangements or joint ventures are recognized under the equity method.

b) In associates

Interests in associates are accounted for under the equity method.

c) Investments in foreign companies

Functional and reporting currency

Brazil Realty Serviços e Investimentos Ltd.: this subsidiary is located in the Bahamas and, it is basically a branch of our financial activities in Brazil. This subsidiary's functional currency is the Brazilian real, the same functional currency of the Company.

Cyrsa S.A.: this associate, engaged in developing and selling properties, is located in Argentina and has its own management and it is administratively, financially and operationally independent; therefore, its functional currency is the Argentinean peso.

The assets, liabilities, and income and expenses are translated using the following method: (i) assets and liabilities translated at the closing rate; (ii) equity translated at the rate prevailing on the transaction dates; and (iii) income and expenses translated at the average rate. The effects of exchange rate changes are accounted for as 'Cumulative translation adjustments', in line item "Other comprehensive income".

2.14. Property, plant and equipment

Stated at cost, less accumulated depreciation, calculated on a straight-line basis, based on the estimated useful life of the assets, as mentioned in Note 8.

Under OCPC 01 (R1), expenditures incurred with the construction of sales stands, model apartments and related furniture are included in the property, plant and equipment of the Company and its subsidiaries. These assets are depreciated after launch and construction of the real estate project, and depreciation expenses are recorded in profit or loss as "Selling expenses", based on the estimated useful life.

2.15. Intangible assets

Intangible assets acquired separately are carried at cost on initial recognition and, subsequently, are stated less accumulated amortization and allowance for impairment losses, where applicable. The cost of intangible assets acquired in a business combination is recognized at fair value on acquisition date. Therefore, they are stated at acquisition cost, together with annual amortization rates calculated on a straight-line basis, mentioned in Note 9, taking into consideration the useful life of the asset.

Project development costs are recognized as intangible assets whenever it is possible to demonstrate: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) the intent of completing the asset and the ability to use or sell the asset; (c) how the asset will generate future economic benefits; (d) the availability of resources to complete the asset; and (e) the ability to reliably measure the expenditures incurred during the development phase. After initial recognition, the assets are stated at cost, less accumulated amortization and accumulated impairment losses, if applicable. Amortization begins when the development is completed and the asset is available for use over the estimated period of the future economic benefits.

The amortization period and method for an intangible asset with finite useful life are revised at least at the end of each reporting period. Changes in the estimated useful life or the expected use of the future economic benefits from these assets are accounted for through changes in the amortization period or method, as applicable, and are recognized as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized and are instead tested for impairment at least on an annual basis, either individually or at the level of the cash- generating unit. The decision on the maintenance of the indefinite useful life of a given asset is revised annually. If necessary, the change in the useful life from indefinite to finite is made on a prospective basis.

As at December 31, 2016 and 2015, no assets where identified that would require the recognition of an allowance for impairment.

2.16. Business combination and asset appreciation

Business acquisitions are accounted for under the acquisition method. The valuable consideration transferred in a business combination is measured at fair value, which is calculated by adding the fair values of the assets transferred and the liabilities incurred by the Company on the date of acquisition. Acquisition-related costs paid to third parties are usually recognized in profit or loss, when incurred.

On acquisition date, the assets acquired and liabilities assumed are recognized at fair value, except for:

- Deferred tax assets or liabilities and assets and liabilities relating to employee benefit agreements, which are recognized and measured in accordance with IAS 12 - Income Taxes and IAS 19 - Employee Benefits (equivalent to CPC 32 and CPC 33 (R1)), respectively.

- Liabilities or equity instruments related to an acquiree's share-based payment awards or the Company's share-based payment awards for replacement of an acquiree's share-based payment awards, which are measured in accordance with IFRS 2 - Share- -based Payment (equivalent to CPC 10 (R1)) on acquisition date.

- Amounts classified as held for sale in accordance with IFRS 5 - Noncurrent Assets Held for Sale and Discontinued Operations (equivalent to CPC 31), which are measured in accordance with such standard.

The appreciation of assets is the positive result arising from the sum of the consideration transferred, the noncontrolling interests in the acquiree and the fair value of the acquirer's interest previously held in the acquiree, if any, less the net amounts on the date of acquisition of the assets acquired and liabilities assumed at fair value. If such result is not positive, the amount is immediately recognized in profit or loss as a gain.

When the consideration transferred by the Company in a business combination includes assets and/or liabilities arising from a contingent consideration agreement, the contingent consideration is measured at its fair value on the acquisition date and included in the total amount of the consideration transferred on transaction date. Changes in such amount as a result of information obtained during the "measurement period", which is limited to one year after the date of acquisition, related to facts and circumstances existing on that date, are retrospectively recognized as asset appreciation.

The subsequent accounting for changes in fair value of the contingent consideration (not classified as adjustments in the measurement period) recognized in equity are not remeasured on subsequent periods and its corresponding settlement is recognized in equity. The contingent consideration classified as an asset or as a liability is remeasured at the subsequent reporting dates, as prescribed by IAS 39 – Financial Instruments: Recognition and Measurement (equivalent to technical pronouncement CPC 38) or International Standard on Auditing (IAS 37) – Provisions, Contigent Assets and Contingent Liabilities (equivalent to CPC 25), as applicable, with the respective gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see preceding paragraphs), or additional assets and liabilities are recognized to reflect new information obtained about facts and circumstances existing on the acquisition date which, if known, would have affected the amounts recognized on that date.

The appreciation of assets recorded in subsidiaries, joint ventures and associates is amortized in the proportion in which assets in these investees are realized.

2.17. Profit sharing (PRL)

The Company and other group companies offer a profit sharing program to employees and management ("variable compensation").

The variable compensation system uses performance indicators, based on the efficiency of corporate goals, followed by business goals and, ultimately, individual goals.

The variable compensation is estimated at the end of each reporting period, as described in Note 23.b).

2.18. Payables on the acquisition of properties and advances from customers relating to barter

Payables on the acquisition of properties are recognized at the amounts corresponding to the contractual obligations assumed. Subsequently, they are stated at amortized cost, i.e., plus or less charges and interest, when applicable, on a pro rata basis to the incurred period, and adjustment to present value up to the end of the reporting period.

Barter transactions involving land and real estate units are recorded in inventories as a balancing item to "Advances from customers". Such transaction is only recorded when the project to be developed is defined and the amounts are stated at their realizable fair values. Revenue is recognized in profit or loss as "Revenue from the sale of real estate units" based on the same criteria set out in Note 2.8.

2.19. Borrowings, financing, Real Estate Receivables Certificates (CRIs), bank credit notes and debentures

The funds obtained, either from borrowings, financing, debentures, Real Estate Receivables Certificates (CRIs) or Bank Credit Notes (CCBs), are initially recognized upon receipt of the resources, less transaction costs, and are stated at amortized cost, i.e., plus charges and interest proportional to the period incurred up to the date the information is provided.

2.20. Provisions for labor, tax and civil risks

Provisions are recognized when there is a present obligation (legal or constructive) as a result of past events, for which the amounts can be reasonably estimated and the settlement of which is probable.

Provisions are recognized when the likelihood of loss is assessed as probable and the amounts are reliably measured. When losses are assessed as probable, but the amounts cannot be reliably measured, or when losses are assessed as possible, provisions are disclosed in an explanatory note. Other risks relating to lawsuits and administrative proceedings, whose likelihood of loss is assessed as remote are neither accrued nor reported.

2.21. Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the value of such obligation can be reliably estimated. When the Company expects that the amount of a provision will be reimbursed, whether wholly or partially (e.g. by virtue of an insurance agreement), the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

2.22. Other assets and liabilities

Other assets and liabilities are stated at cost or realizable value (assets), or at known or determinable amounts (liabilities), plus income earned and financial charged incurred, when applicable.

2.23. Present value adjustment

The adjustments to present value recognized in line items "Receivables from uncompleted units" and "Trade payables" (land payable through financial barter) were calculated based on the estimated period up to the delivery of the properties sold, using the highest rate between the average compensation rate of public notes (NTN-B) and the average funding rate levied on the Company's borrowings, net of inflation rate.

The adjustments to present value to line items "Receivables from uncompleted units" and "Trade payables" are recognized in profit or loss, in line items "Sales revenue" and "Cost of sales", respectively. The reversal of the adjustment to present value is recognized in the same line items.

2.24. Financial instruments

The Company's and its subsidiaries' financial instruments comprise cash and cash equivalents, short-term investments, securities, trade receivables and trade payables, financing, borrowings, debentures, CRIs etc.

Theses companies recognize financial instruments on the date they become a party to the underlying contract.

Financial assets

Financial assets are classified into the following categories: (a) financial assets measured at fair value through profit or loss; (b) held-to-maturity financial assets; (c) loans and receivables, and (d) available-for-sale financial assets. Classification depends on the nature and purpose of the financial assets and is determined on the date of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading.

Financial assets at fair value through profit or loss are stated at fair value and resulting gains or losses are recognized in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. After initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method, less possible impairment losses.

(c) Loans and receivables

Trade receivables, loans, and other receivables with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less impairment losses, if applicable.

(d) Available-for-sale financial assets

Available-for-sale financial assets correspond to non-derivative financial assets that are designated as "available-for-sale" or are not classified as: (i) loans and receivables; (ii) held-to-maturity investments; or (iii) financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as follows: (a) financial liabilities at fair value through profit or loss; or (b) other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when they are either held for trading or designated as at fair value through profit or loss. Changes in fair value are recognized in profit or loss. The Company and its investees do not have liabilities classified in this category.

(b) Other financial liabilities

Other financial liabilities, including borrowings, financing, debentures, CRIs, and trade and other payables, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating its interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability.

The Company and its investees carry out real estate receivable credit assignment transactions for purposes of securitization, issuance of CCBs or CRIs. These certificates issued are accounted for in liabilities.

2.25. Stock option plan

The Company measures the cost of the stock option plan based on the fair value of equity instruments on the grant date, taking into consideration the plan terms and conditions. The assumptions and models used to estimate the fair value of share-based payments are disclosed in Note 23.c). Transaction costs are recognized in profit or loss during the year in which services are provided, as a balancing item to capital reserve.

2.26. Impairment test

The Company annually tests assets with finite useful life for impairment to determine whether events or changes in economic, operating or technological circumstances indicate that they might be impaired. Whenever an evidence of impairment is identified and the carrying amount exceeds the recoverable value, an allowance for impairment losses is recognized to adjust the carrying amount to the recoverable amount. The main line items subject to impairment test are: "Properties for sale", "Investments", "Property, plant and equipment", "Intangible assets" and "Securities".

The Company tests assets with indefinite useful life for impairment at least annually, irrespective of the existence of any indications of impairment. If the recoverable amount is lower than the carrying amount, an allowance for impairment loss is recognized, adjusting the carrying amount to the recoverable amount.

2.27. Security issuance costs

Securities offering registration costs are accounted for as a reduction of the line item that originated the proceeds received. Accordingly, debenture issuance costs are recorded as "Debentures", as disclosed in Note 11, share offering costs are recorded as "Capital", and CRI issuance costs are recorded as "Certificates of real estate receivables (CRIs)", as disclosed in Note 12.

2.28. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by means of the profit or loss for the year attributable to owners of the Company and the weighted average number of common shares outstanding in the relevant year, considering, when applicable, share split adjustments.

2.29. Dividends

The proposed distribution of dividends made by the Company's Management that does not exceed mandatory minimum dividends is recognized as current liabilities in line item "Dividends payable" as it is considered a legal obligation under the Company's bylaws.

2.30. Consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and joint ventures, including Special Purpose Entities (SPEs). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Revenues and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the actual acquisition date up to the actual disposal date, as applicable.

Where necessary, the subsidiaries' financial statements are adjusted to conform their accounting policies to those adopted by the Company.

All intragroup transactions, balances, income and expenses are fully eliminated in consolidation.

2.31. Segment reporting

The Company is engaged mainly in the development and construction of residential properties, as described in Note 1. According to the information disclosed in these financial statements, land plotting and service provision activities did not reach the minimum levels of income, profit and assets, as set forth in CPC 22.

The information per operating segments is presented in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is represented by the Company's Executive Committee.

2.32. Treasury shares

Refer to own equity instruments that are bought back, recognized at cost and deducted from equity. No gain or loss is recognized in the statement of profit and loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in "Other capital reserves".

2.33. New and revised standards and interpretations in 2016

There was no significant impact on the financial statements arising from the adoption of these new standards.

2.34. New and revised standards and interpretations issued but not yet adopted

Although early adoption is permitted, the Company and its subsidiaries did not adopt the following new IFRSs:

IFRS	CPC	Subject	Effective period
IFRS 9	CPC 48	Financial Instruments	January 1, 2018
IFRS 15	CPC 47	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Unaudited	Leases	January 1, 2019
IFRS 19	Unaudited	Provisions	January 1, 2018 (*)
Amendments to IFRS 2	Unaudited	Share-based Payments	To be determined
Amendments to IFRS 10 and IAS 28	Unaudited	Associate or Joint Venture	To be determined
Amendments to IFRS 7	Unaudited	Disclosure Initiative	To be determined
Amendments to IFRS 12	Unaudited	Deferred taxes	January 1, 2017
IFRIC 22	Unaudited	Advances in Foreign Currency	January 1, 2018
Annual Improvements	Unaudited	UFRS 2014–2016 Cycle	January 1, 2017 and 2018

Except for IFRS 15, the Company's management has not yet assessed the new standards, but does not anticipate any significant impacts.

On May 28, 2014, the International Accounting Standards Board ("IASB") issued IFRS 15 Revenue from Contracts with Costumers which changed significantly the revenue recognition criteria. In the real estate development segment, the main principal impact will be the application of these criteria to the existing different arrangements, which could result, for some of these contracts, in the need to change the timing that revenue is recognized. In other words, the IFRS 15 criteria could prescribe that certain sales must be recognized on a given date and not continuously, throughout construction, as it is currently applied. For IFRS purposes, the standard will become effective on or after January 1, 2018. The Company's management awaits the issuance of the corresponding technical pronouncements by CPC and CFC, as part of the accounting practices standardization process.

3. CASH AND CASH EQUIVALENTS

	Parent		**Consolidated**	
	2016	**2015**	**2016**	**2015**
Cash and banks - local currency	16,758	12,504	171,538	330,012
Bank certificates of deposit and repurchase agreements (i)	265,205	274,081	342,219	498,500
	281,963	**286,585**	**513,757**	**828,512**

(i) Short-term investments that are readily convertible into a known cash amount and that are not subject to a significant risk of change in value, and the Company has the right to redeem them at any time, yield average interest of 98.02% of the Interbank Deposit (CDI) rate.

4. SECURITIES

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Bank certificates of deposit (i)	16,811	16,269	320,684	439,390
Exclusive investment funds (ii)	301,663	880,459	647,629	893,078
Federal government bonds - NTNB	114,469	71,571	150,864	71,571
Sundry investment funds (iv)	23,013	-	23,013	-
Other	42,345	1,034	42,344	1,034
	498,301	**969,333**	**1,184,534**	**1,405,073**
Current	**369,305**	**890,507**	**1,016,529**	**1,325,893**
Noncurrent	**128,996**	**78,826**	**168,005**	**79,180**

(i) Short-term investments yield on average 98.02% of CDI, not highly liquid.

(ii) The Company invests in the exclusive investment funds BRACYR and CYR18, managed by Banco Safra S.A. and Banco Santander S.A, respectively. The financial institution is responsible for the custody of the assets comprising the fund portfolio and financial settlement of its operations. The funds are comprised of fixed-income securities and yield average interest of 102.64% of the CDI..

(iii) Investment in federal government bonds, indexed to inflation + average interest of 6.69% p.a.

(iv) The Company invests in multimarket investment fund Safra Galileo, managed by Banco Safra S.A. The financial institution is responsible for the custody of the assets comprising the fund portfolio and financial settlement of its operations. The Fund is comprised of fixed-income securities and yield average interest of 125.62% of the CDI.

The exclusive investment fund, proportionally to the units held by the Company, is broken down as follows:

		Parent and consolidated	
		2016	**2015**
Repurchase agreements		21,447	78,942
Financial bills	(i)	216,002	430,527
Federal government bonds	(ii)	221,445	372,642
Investment funds	(iii)	101,189	-
CDB/Other securities		87,546	10,967
		647,629	**893,078**

(i) Financial bills yielding average interest of 104.03% of CDI.

(ii) Federal government bonds yielding average interest of 100.14% of SELIC.

(iii) DI investment funds yielding average interest of 102.32% of CDI.

5. TRADE RECEIVABLES

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Real estate projects completed	**11,620**	**7,543**	**1,286,697**	**1,157,511**
Real estate projects in construction				
Recognized revenue	-	-	6,552,916	10,636,532
Installments received	-	-	(4,407,409)	(7,897,446)
	-	**-**	**2,145,507**	**2,739,086**
Adjustment to present value (APV)	-	-	(55,057)	(58,565)
	-	**-**	**2,090,450**	**2,680,521**
Receivables from sale recognized	**11,620**	**7,543**	**3,377,147**	**3,838,032**
Services rendered	-	-	2,645	8,260
Total trade receivables	**11,620**	**7,543**	**3,379,792**	**3,846,292**
Current	**10,853**	**6,723**	**2,615,078**	**2,887,646**
Noncurrent	**767**	**820**	**764,714**	**958,646**

Receivables from uncompleted property sales are adjusted using the National Construction Cost Index (INCC) until the real estate units are delivered. Receivables in the period subsequent to the delivery of units are subject to interest of 12% per year plus inflation adjustment based on the General Market Price Index (IGP-M).

The Company and its subsidiaries adopt the procedures and standards established in CFC Resolution 1266/09 and CPC 17 (R1), OCPCs 1 (R1) and 4, and ICPC 2 for the recognition of revenues from real estate operations. Consequently, receivables from units sold but not yet completed are not fully reflected in the consolidated financial statements, since recording them is limited to the portion of revenue recorded under the percentage-of-completion method, net of the installments already received.

The balances of trade receivables from uncompleted units were calculated based on the estimated period up to the delivery of properties sold, using the highest rate between the average yield rate of government securities (NTN-B) and the average funding rate charged on the Company's borrowings, free from inflation adjustment. The average rate used for the period ended December 31, 2016 was 6.10% per year (6.64% at December 31, 2015).

The net present value adjustment accounted for in profit or loss, in line item "Revenue from real estate development" and "Resale of properties", totaled R$3,507 for the year ended December 31, 2016 (R$2,112 for the year ended December 31, 2015).

As supplemental information, the balance of "Trade receivables", taking into consideration the balance not yet reflected in the financial statements relating to the real estate

	Parent		Consolidated	
Real estate development and resale:	**2016**	**2015**	**2016**	**2015**
Total in current assets	10,853	6,723	2,612,433	2,879,386
Total in noncurrent assets	767	820	764,714	958,646
	11,620	**7,543**	**3,377,147**	**3,838,032**
Total sales contracted	-	-	2,164,418	3,522,506
Portion classified as advances from custom	-	-	(67,633)	(64,368)
	11,620	**7,543**	**5,473,932**	**7,296,170**
Current	**10,853**	**6,723**	**3,292,085**	**4,082,573**
Noncurrent	**767**	**820**	**2,181,847**	**3,213,597**
	11,620	**7,543**	**5,473,932**	**7,296,170**

development and resale activity, is as follows:

The classification in noncurrent assets is determined by the amounts expected to be received 12 months after the balance sheet date.

Aging list of the portfolio of receivables from property development and resale

The portfolio below is based on expected collections, taking into account recognized and unrecognized revenue, as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
12 months	10,853	6,723	3,292,085	4,082,573
24 months	746	600	1,342,360	1,824,071
36 months	21	152	630,845	988,289
48 months	-	57	91,234	234,939
Above 48 months	-	11	117,408	166,298
Total	**11,620**	**7,543**	**5,473,932**	**7,296,170**

As at December 31, 2016, the amount past due for more than 360 days in the consolidated portfolio of receivables was R$57,784 (R$66,962 as at December 31, 2015).

6. PROPERTIES FOR SALE

Refers to the costs of real estate units available for sale (both completed and under construction), land for future developments and advances to property suppliers, as follows:

		Parent		Consolidated	
		2016	2015	2016	2015
Properties under construction		12,051	10,870	1,978,007	1,906,313
Completed properties		4,785	367	934,463	750,773
Land for future developments	(a)	29,064	27,062	1,834,181	2,124,589
Advances for the acquisition of land		-	-	106,015	110,284
Interest capitalized in inventories	(b)	-	-	219,194	201,655
		45,900	**38,299**	**5,071,860**	**5,093,614**
Current		**16,836**	**11,238**	**3,656,791**	**3,169,305**
Noncurrent		**29,064**	**27,061**	**1,415,069**	**1,924,309**

(a) Land for future development is classified in current assets or noncurrent assets based on the expected launch period of the real estate projects, which is periodically revised by Management. Properties under construction and completed units are classified in current assets taking into account their availability for sale.

(b) The balance of charges capitalized, on a consolidated basis, totaled R$128,192 relating to charges of the Financial Housing System (SFH) and R$91,001 relating to charges on other debts, totaling R$219,193 as at December 31, 2016 (SFH charges of R$88,061, charges on other debts of R$113,594, totaling R$201,655 as at December 31, 2015).

The recognition of charges capitalized in the consolidated income statement, in line item "Cost of properties sold", totaled R$185,931 related to charges of the Financial Housing System (SFH) and R$16,821 related to charges of other debts, totaling R$202,752 as at December 31, 2016 (SFH charges of R$157,340, charges of other debts of R$28,237, totaling R$185,577 as at December 31, 2015), recognized in profit or loss according to OCPC 01 (R1).

7. INVESTMENTS

a) The main information on direct equity interests held is summarized below:

		Equity interest - %											
		2016		2015		Equity		Profit (loss) for the period		Investment		Share of profit (loss) of subsidiaries	
Companies:		**Total**	**Direct**	**Total**	**Direct**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Austria Incorporadora Ltda		50.00	50.00	50.00	50.00	26,981	18,847	2,967	(233)	13,491	9,424	1,484	(116)
Cabo Frio Incorporadora Ltda		50.00	50.00	50.00	50.00	36,210	34,375	20,709	(340)	18,105	17,188	10,354	(170)
Cacapava Empreitada de Lavor Ltda		100.00	100.00	99.99	97.61	13,187	1,197	(12,491)	(2,819)	13,187	1,168	(12,491)	(2,752)
Camargo Correa Cyrela Empr Im SPE Ltda		50.00	50.00	50.00	50.00	13,262	9,189	64	(57)	6,631	4,594	32	(29)
Canoa Quebrada Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	27,270	26,590	(118)	(38)	27,270	26,587	(118)	(38)
Carapa Empreendimentos Imobiliários Ltda		60.00	60.00	60.00	60.00	35,065	40,683	25,500	5,784	21,039	24,410	15,300	3,470
CBR 011 Empreendimentos Imobiliários Ltda		32.50	32.50	32.50	32.50	139,309	189,578	(50,268)	17,506	45,276	61,613	(16,337)	5,689
CBR 014 Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	15,285	957	10,261	2,102	15,285	957	10,261	2,102
CBR 024 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	155,068	94,962	(10,830)	(9,878)	77,534	47,481	(5,415)	(4,939)
CBR 025 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	125,962	125,898	63	8	62,981	62,949	31	4
CBR 030 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	110,304	72,946	(11)	(3,062)	55,152	36,473	(5)	(1,531)
CBR 031 Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	117,163	101,301	22,176	(6,445)	117,163	101,292	22,176	(6,444)
CHL Lxxviii Incorporações Ltda		50.00	50.00	50.00	50.00	18,797	19,281	(245)	834	9,399	9,641	(122)	417
Cipasa Santa Maria Empreendimentos Imobiliários S/A		50.00	50.00	50.00	50.00	25,014	25,571	503	7,377	12,507	12,786	252	3,689
Country de Investimento Imobiliária Ltda		97.25	72.25	97.25	72.25	12,703	11,393	1,525	829	9,178	8,235	1,102	599
Cury Construtora E Incorp S/A		50.00	50.00	50.00	50.00	229,039	383,546	92,863	131,467	114,519	191,773	46,431	65,734
Cyrela Aconcagua Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	52,043	53,002	(1,692)	2,698	52,043	53,002	(1,692)	2,698
Cyrela Anis Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	55,465	30,718	6,478	7,099	55,465	30,714	6,478	7,098
Cyrela Asteca Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	38,588	27,313	(561)	(13)	38,588	27,312	(561)	(13)
Cyrela Austurias Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	80.00	13,018	3,398	6,915	(261)	10,414	2,719	5,532	(209)
Cyrela Bahia Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	11,197	12,002	1,367	1,526	11,197	12,001	1,367	1,526
Cyrela Brazil Realty Rjz Empreendimentos Imobiliária Ltda		100.00	100.00	100.00	99.99	66,450	53,437	18,044	(25,106)	66,450	53,437	18,044	(25,106)
Cyrela Commercial Properties S/A Empreendimentos e Participações		1.57	1.47	1.57	1.47	1,197,006	1,200,630	(21,326)	23,333	17,614	17,667	(314)	343
Cyrela Conquista Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	80.00	21,669	25,233	14,977	2,745	17,336	20,186	11,981	2,196
Cyrela Cristal Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	32,538	15,717	18,021	3,922	32,538	15,718	18,021	3,922
Cyrela Empreendimentos Imobiliários Comercial Importadora e Exportadora Ltda		100.00	100.00	99.99	99.99	35,320	30,465	1,210	(7,064)	35,320	30,465	1,210	(7,064)
Cyrela Esmeralda Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	16,619	5,147	(234)	6,524	16,619	5,147	(234)	6,524
Cyrela Europa Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	58,608	64,149	(3,065)	14,077	58,608	64,149	(3,065)	14,077
Cyrela Extrema Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	10,714	32,282	(21,631)	(12,209)	10,714	32,282	(21,631)	(12,209)
Cyrela Grenwood de Investimento Imobiliária Ltda		95.75	55.00	95.74	54.99	32,590	24,188	(651)	226	17,924	13,303	(358)	124
Cyrela Imobiliária Ltda		100.00	100.00	100.00	99.99	49,563	62,674	310	7,872	49,563	62,674	310	7,872
Cyrela Índico Empreendimentos Imobiliários Ltda		72.00	72.00	72.00	72.00	47,678	43,475	3,827	12,383	34,328	31,303	2,756	8,916
Cyrela Indonesia Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	47,590	30,788	25,245	21,444	47,590	30,789	25,245	21,444
Cyrela Magik Monaco Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	80.00	46,561	47,771	11,779	16,324	37,248	38,215	9,424	13,059
Cyrela Malasia Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	22,050	33,621	(3,882)	(3,906)	22,050	33,620	(3,882)	(3,906)
Cyrela Malibu Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	10,221	10,355	11	1	10,221	10,355	11	1
Cyrela Montblanc Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	154,385	186,550	(41,892)	107,082	154,385	186,532	(41,892)	107,072
Cyrela Monza Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	202,778	176,228	26,650	19,627	202,778	176,228	26,650	19,627
Cyrela Niss Empreendimentos Imobiliários Ltda		75.00	75.00	74.99	74.99	13,538	21,850	(1,924)	5,980	10,153	16,388	(1,443)	4,485
Cyrela Nordeste Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	112,994	143,782	(26,742)	4,267	112,994	143,781	(26,742)	4,267
Cyrela Pacífico Empreendimentos Imobiliários S/A		80.00	80.00	80.00	80.00	30,176	30,011	165	180	24,141	24,008	132	144
Cyrela Pamplona Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	10,273	10,421	879	467	10,273	10,422	879	467
Cyrela Paris Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	74,271	47,599	20,496	6,375	74,271	47,599	20,496	6,375
Cyrela Piracema Empreendimentos Imobiliários Ltda	(iii)	100.00	100.00	-	-	25,510	-	19	-	25,510	-	19	-
Cyrela Portugal Empreendimentos Imobiliários Ltda	(ii)	100.00	100.00	75.99	75.99	53,543	55,105	(2,638)	(3,959)	53,543	41,879	(2,638)	(3,009)
Cyrela Recife Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	166,557	107,412	35,687	(10,179)	166,557	107,401	35,687	(10,178)
Cyrela Rjz Construtora e Empreendimentos Imobiliários Ltda		100.00	84.17	100.00	84.16	101,760	87,163	(2,491)	(25,046)	85,647	73,362	(2,096)	(21,080)
Cyrela Rjz Empreendimentos Imobiliários Ltda		97.45	59.90	97.44	59.90	98,140	111,679	(830)	13,280	58,786	66,895	(497)	7,955
Cyrela Rjz Jcgontijo Empreendimentos Imobiliária Ltda		43.00	25.00	42.99	24.99	189,497	172,765	15,316	49,531	47,374	43,192	3,829	12,383
Cyrela Salamanca Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	80.00	10,110	8,023	1,337	1,125	8,088	6,418	1,070	900
Cyrela Suecia Empreendimentos Imobiliários Ltda		100.00	50.00	100.00	50.00	107,919	122,301	(14,382)	41,395	53,960	61,322	(7,191)	20,698
Cyrela Tolteca Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	15,163	8,871	4,791	9,429	15,163	8,871	4,791	9,429
Cyrela Vermont de Investimento Imobiliária Ltda		97.90	50.00	97.89	50.00	13,164	13,476	(475)	(49)	6,582	6,738	(238)	(24)
Cyrela Violeta Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	17,862	17,431	(1)	(426)	17,862	17,430	(1)	(426)
Dona Margarida II Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	18,556	12,862	(547)	(330)	18,556	12,860	(547)	(330)
Elbrus Empreendimento Imobiliária Ltda		59.41	30.00	59.41	30.00	28,236	16,935	4,269	5,248	8,471	5,081	1,281	1,575
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda		85.00	85.00	84.99	84.99	23,401	23,240	(31)	(24)	19,890	19,753	(26)	(21)
Flamingo Investimento Imobiliária Ltda		100.00	100.00	100.00	99.99	12,197	9,735	(76)	(115)	12,197	9,734	(76)	(115)
Goldsztein Cyrela Empreendimentos Imobiliários S/A		100.00	100.00	100.00	100.00	693,178	699,183	58,312	47,284	693,178	699,183	58,312	47,284
Iracema Incorporadora Ltda		50.00	50.00	50.00	50.00	56,198	54,457	6	(239)	28,099	27,228	3	(120)
Kalahari Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	10,522	10,028	11,773	2,326	10,522	10,027	11,773	2,326
Jacira Reis Empreendimentos Imobiliários Ltda	(iii)	50.00	50.00	-	-	47,177	45,499	(15,100)	-	23,589	-	(7,550)	-
Lider Cyrela Df 01 Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	33,532	35,602	(2,071)	(6,002)	33,532	35,599	(2,071)	(6,001)
Living Botucatu Empreendimentos Imobiliários Ltda		75.00	50.00	75.00	50.00	13,638	510	13,128	(129)	6,819	256	6,564	(65)
Living Cedro Empreendimentos Imobiliários Ltda		100.00	50.00	99.99	50.00	46,320	21,374	22,130	29,381	23,160	10,687	11,065	14,691
Living Empreendimentos Imobiliários S/A		100.00	100.00	99.99	99.99	725,899	684,992	54,628	181,396	725,899	684,992	54,628	181,396
Lombok Incorporadora Ltda		100.00	100.00	100.00	99.99	12,764	14,257	(892)	2,506	12,764	14,257	(892)	2,506
Luanda Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	104,352	85,317	7,740	1,613	104,352	85,311	7,740	1,613
Lucio Brazil Real Estate S/A		50.00	50.00	50.00	50.00	35,949	35,515	434	(464)	17,974	17,758	217	(232)
Mac Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	566,235	723,507	65,279	126,871	283,118	361,752	32,639	63,435
Mac Veneza Empreendimentos Imobiliária Ltda		74.51	50.00	74.51	50.00	44,000	27,534	6	(6)	22,000	13,768	3	(3)
Marques de Itu SPE Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	23,181	19,065	3,506	3,867	11,591	9,533	1,753	1,934
Moinho Velho Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	50.00	11,758	6,169	9	(1)	5,879	3,085	4	(1)
Nova Iguacu Empreendimentos Imobiliários Ltda		100.00	100.00	99.99	99.99	12,335	13,391	4,590	6,471	12,335	13,388	4,590	6,470
Plano & Plano Construções e Participações Ltda		100.00	100.00	100.00	99.99	310,431	322,477	8,324	70,680	310,431	322,552	8,324	70,680
Plano Amoreira Empreendimentos Imobiliários SPE Ltda		100.00	60.00	100.00	60.00	100,232	85,238	38,463	82,009	60,139	51,142	23,078	49,205
Plarcon Cyrela Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	50.00	15,007	14,000	1,008	(7,482)	7,504	7,000	504	(3,741)
Queiroz Galvao Mac Cyrela Veneza Empreendimentos Imobiliarios S/A		30.00	15.00	30.00	15.00	18,610	22,391	2,254	420	2,791	3,359	338	63
Ravenna Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	46,206	42,395	9,025	2,510	46,206	42,394	9,025	2,510
Rua dos Alpes Empreendimentos Imobiliários Ltda		100.00	100.00	100.00	99.99	38,435	25,891	2,338	(427)	38,435	25,890	2,338	(427)
SCP Veredas Buritis Fase II		60.00	6.00	59.99	6.00	17,635	18,959	(1,323)	4,903	1,058	1,139	(79)	294
Seller Consultoria Imobiliária e Representações Ltda		100.00	100.00	99.99	99.99	15,388	16,581	(29,233)	(40,423)	15,388	16,580	(29,233)	(40,423)
SK Edson Empreendimentos Imobiliários SPE Ltda		65.00	30.00	65.00	30.00	22,511	37,627	9,039	37,552	6,753	11,288	2,712	11,266
SK Realty Empreendimentos Imobiliários S/A		50.00	50.00	50.00	50.00	149,019	145,661	23,727	48,381	74,509	73,130	11,864	24,191
SPE Barbacena Empreendimentos Imobiliários Ltda	(iv)	50.00	50.00	-	-	42,919	-	8,249	-	21,460	-	4,125	-
SPE Brasil Incorp 20 Ltda		50.00	50.00	50.00	50.00	25,166	24,746	(10)	(15)	12,583	12,374	(5)	(7)
SPE Brasil Incorp 28 Ltda		50.00	50.00	50.00	50.00	22,689	19,111	1,855	6,661	11,345	9,556	927	3,331
SPE Brasil Incorporação 83 Ltda		50.00	50.00	50.00	50.00	27,180	12,704	3,089	2,722	13,590	6,352	1,545	1,361
SPE Faicalville Incorp 1 Ltda		50.00	50.00	50.00	50.00	23,673	33,012	(3,353)	(197)	11,836	16,506	(1,677)	(99)
SPE CHL Cv Incorporacoes Ltda	(ii)	50.00	50.00	50.00	50.00	18,088	28,611	(10,085)	198	9,044	14,306	(5,043)	99
Tamoios Empreendimentos Imobiliários SPE Ltda		60.00	60.00	59.99	59.99	28,294	29,562	(1,533)	3,182	16,977	17,737	(920)	1,909
Tapira Empreendimentos Imobiliários Ltda	(ii)	24.75	24.75	33.00	33.00	162,511	117,927	3,183	88	40,221	38,916	788	29
Tecnisa S/A	(v)	13.62	13.62			1,420,976	-	(448,981)	-	79,458	-	(8,224)	-
Toulon Empreendimentos Imobiliários SPE Ltda		100.00	100.00	100.00	99.99	21,288	26,416	(5,128)	(1)	21,288	26,417	(5,128)	(1)
Vinson Empreendimentos Imobiliários Ltda	(ii)	74.51	74.51	75.00	50.00	111,595	106,622	(737)	(1,235)	83,149	53,311	(549)	(618)
Other 335 SPE's with PL up to R$10,000										**311,058**	**609,079**	**(59,786)**	**(53,913)**
Sub-total										5,657,762	5,633,375	286,726	648,114
Interest capitalization (i)										**63,924**	**69,507**	**(12,079)**	**(35,901)**
										5,721,686	**5,702,882**	**274,647**	**612,213**

(i) The Parent's investments include capitalized interest on borrowings, financing and debentures that are directly related to the real estate projects of its investees. In consolidated, these amounts are capitalized in inventories, as explained in Note 6.

(ii) Change due to the increase (decrease) in equity interests.

(iii) Refers to the corporate restructuring/merger whereby the company, previously an indirect subsidiary, became a direct subsidiary.

(iv) Refers to the establishment of the new company.

(v) Considering the significant influence over the investee (CPC 18 (R2) – Investments in Associates, Subsidiaries and Joint Ventures), the Company classified the investment as interest in associates and the share of profit (loss) of investees was recognized proportionaly, from the acquisition period to the annual closing period, net of adjustment to fair value. The Company determined the adjustment to fair value (CPC 15 – Business Combination) as at December 31, 2016 and made the preliminary allocation, which can be reassessed one year after the beginning of operations. The total acquired shares, as at December 31, 2016, were R$37,253, corresponding to the total amount of R$74,506. As at December 31, 2016, the Company recognized gain from bargain purchase of R$13,176, recorded in line item "Other investment gains (losses)".

Changes in the Company's investments are as follows:

	Parent	Consolidated
Balance as at December 31, 2014	**6,185,689**	**694,614**
Capital subscription / (decrease)	119,513	56,942
Dividends	(1,194,590)	(79,360)
Share of profit (loss) of subsidiaries	612,213	73,645
Interest capitalization	(19,943)	-
Balance as at December 31, 2015	**5,702,882**	**745,841**
Balance as at December 31, 2015	**5,702,882**	**745,841**
Capital subscription / (decrease)	254,363	167,698
Dividends	(516,703)	(59,632)
Share of profit (loss) of subsidiaries	274,647	49,438
Interest capitalization	6,497	-
Balance as at December 31, 2016	**5,721,686**	**903,345**

b) The main information on the Company´s indirect investments is summarized as follows:

		Total equity interest - %		Equity		Profit (loss) for the period	
		2016	2015	2016	2015	2016	2015
Abdo Empreendimentos Imobilários Ltda		100.00	100.00	26,604	20,947	2	(7)
Ak 19 - Empreendimentos E Participações Ltda	(ii)	26.00	-	41,785	-	4,827	(4,323)
Alabama Empreendimentos Imobilários Ltda		49.02	49.02	24,713	13,929	3,484	1,185
Alphaville Nova Esplanada 3 Empreendimentos Ltda	(ii)	25.00	-	47,388	-	1,759	-
Andorra Empreendimentos Imobilários Ltda		80.00	80.00	64,548	46,264	39,203	9,079
Australia Empreeendimentos Imobilários Ltda		100.00	100.00	17,400	36,432	(4,752)	6,327
Batel Empreendimentos Imobilários Ltda	(i)	80.00	95.00	36,429	33,942	9,987	14,611
Bello Villarinho Empreendimentos Imobilários Ltda		50.00	50.00	13,783	12,220	122	148
Campos Sales Empreendimentos Imobilários Ltda		40.00	40.00	40,087	31,656	8,430	10,498
CBR 008 Empreendimentos Imobilários Ltda		100.00	100.00	63,935	44,328	(5,320)	17,918
CCISA 02 Incorporadora Ltda	(iv)	49.95	49.95	17,642	13,957	4,559	6,534
CCISA 03 Incorporadora Ltda	(iv)	25.00	25.00	80,532	77,167	3,365	5,536
CCISA 04 Incorporadora Ltda	(iv)	49.95	49.95	30,584	19,592	10,991	10,399
CCISA 05 Incorporadora Ltda	(iv)	25.00	25.00	60,235	75,664	1,961	8,925
Chillan Investimentos Imobiliários Ltda	(iv)	25.00	25.00	28,340	30,099	7,201	4,015
Cyrela Andrade Mendonca Jcpm Empreendimentos Imobilários SPE S/A		85.00	85.00	31,879	44,235	(8,759)	9,880
Cyrela Ccp Canela Empreendimentos Imobiliários Ltda		50.00	50.00	32,278	32,123	(102)	(191)
Cyrela Diamante Empreendimentos Imobilários Ltda		51.02	51.02	14,167	16,090	318	5,060
Cyrela Parana Empreendimentos Imobilários Ltda		100.00	100.00	64,110	51,324	(12,403)	44,009
Cyrela Polinesia Empreendimentos Imobilários Ltda		100.00	100.00	76,195	98,789	(9,495)	67,840
Cyrela Somerset de Investimentos Imobilários Ltda		83.00	83.00	23,467	27,389	(800)	3,796
Cyrela Sul 001 Empreendimentos Imobilários SPE Ltda		92.50	92.50	69,194	33,548	53,159	19,751
Cyrela Sul 002 Empreendimentos Imobilários SPE Ltda		92.50	92.50	16,079	13,269	6,557	4,026
Cyrela Sul 003 Empreendimentos Imobilários SPE Ltda		92.50	92.50	15,659	12,249	(56)	3
Cyrela Sul 004 Empreendimentos Imobilários SPE Ltda		92.50	92.50	16,348	14,960	(322)	(315)
Cyrela Sul 006 Empreendimentos Imobilários SPE Ltda		92.50	92.50	14,705	8,524	2,818	(379)
Cyrela Sul 008 Empreendimentos Imobiliarios SPE Ltda	(i)	90.00	92.50	24,461	8,383	(1,049)	(27)
Cyrela Sul 013 Empreendimentos Imobiliarios Ltda		92.50	92.50	19,741	3,897	12,541	(8)
Cyrela Tupiza Empreendimentos Imobilários Ltda		100.00	100.00	13,482	16,884	(3,402)	(3,942)
DGC Agua Verde Ltda		95.00	95.00	19,634	20,817	(1,183)	4,735
DGC Ecoville Dois Ltda		80.00	80.00	10,996	9,563	(725)	(2,952)
DGC João Gualberto Ltda		95.00	95.00	46,695	34,965	3,014	6,428
DGC Living Parana Empreendimentos Imobilários Ltda		95.00	95.00	13,715	14,326	(23)	(508)
DGC Map Parana Empreendimentos Imobilários Ltda	(i)	88.25	95.00	23,965	7,694	10,690	(626)
DGC Paulo Gorski Ltda		95.00	95.00	13,802	13,811	(4,291)	(7,331)
DGC Pinheirinho Empreendimentos Imobilários Ltda		95.00	95.00	20,650	24,405	1,054	(1,190)
Dover Empreendimentos Imobilários Ltda		49.02	49.02	31,802	23,851	3,913	16,321
Emmerin Incorporações Ltda	(iv)	49.95	49.95	10,721	2,030	7,159	2,105
Galeria Boulevard Negocios Imobilários S/A		48.62	48.62	11,989	11,902	119	-
Garibaldi Empreendimentos Imobilários Ltda		100.00	100.00	29,783	34,210	18,644	11,455
Gcln Incorporações E Empreendimentos Ltda		80.00	80.00	42,770	48,620	(5,850)	(17,841)
GCW Capao Da Canoa Empreendimentos Imobilários Ltda		60.00	60.00	15,438	15,323	(56)	(8)
Imperio do Ocidente Incorporações Ltda	(iv)	50.00	50.00	15,222	15,248	2,974	-
Jacira Reis Empreendimentos Imobilários Ltda	(iii)	50.00	50.00	-	45,498	-	10,080
Jardim Leao Empreendimentos Imobilários Ltda		100.00	100.00	24,082	29,498	(4,367)	3,343
Jardim Loureiro da Silva Empreendimentos Imobilários Ltda		65.00	65.00	39,871	28,628	14,317	13,764
Lamballe Incorporadora Ltda	(iv)	40.00	40.00	26,626	25,709	17,917	-
Living 006 Empreendimentos Imobilários Ltda		100.00	100.00	14,943	10,908	3,804	6,748
Living Amoreira Empreendimentos Imobilários Ltda		100.00	100.00	10,049	7,351	(5)	(207)
Living Amparo Empreendimentos Imobilários Ltda		100.00	100.00	42,054	36,932	(2,343)	7,606
Living Apiai Empreendimentos Imobilários Ltda		100.00	100.00	62,299	49,562	17,494	20,787
Living Batatais Empreendimentos Imobilários Ltda		100.00	100.00	31,605	13,731	5,646	3,214
Living Batbacena Empreendimentos Imobilários Ltda		100.00	100.00	17,567	20,111	8,016	14,762
Living Brotas Empreendimentos Imobilários Ltda	(i)	50.00	100.00	26,905	9,970	10,522	(1,026)
Living Carita Empreendimentos Imobilários Ltda		100.00	100.00	11,324	8,521	(308)	(724)
Living Jacaranda Empreendimentos Imobilários Ltda		100.00	100.00	16,751	14,861	12,546	10,852
Living Martini Empreendimentos Imobilários Ltda		100.00	100.00	16,080	3,926	8,631	3,881
Living Panama Empreendimentos Imobilários Ltda		100.00	100.00	140,279	117,425	(41,555)	32,006
Living Pitangui Empreendimentos Imobilários Ltda		100.00	100.00	30,761	14,324	16,018	1,967
Living Provance Empreendimentos Imobilários Ltda		100.00	100.00	30,592	15,608	10,325	2,405
Living Ribeirao Empreendimentos Imobilários Ltda		100.00	100.00	13,764	11,249	906	262
Living Sul Empreendimentos Imobilários Ltda		100.00	100.00	125,525	159,231	(23,364)	5,225
Mac Australia Empreendimentos Imobilários Ltda		49.45	49.45	37,455	36,994	3,461	24,763
Mac Barcelona Empreendimentos Imobilários Ltda		49.45	49.45	20,554	4,950	16,893	3,791
Mac Massachusetts Empreed Imobilários Ltda		50.00	49.99	13,820	9,066	4,755	1,328
Mac Milao Empreendimentos Imobilários Ltda		49.45	49.45	30,782	12,506	2,776	2,330
Mac Otacilio Empreendimentos Imobilários Ltda		50.00	49.99	34,949	31,249	3,700	17,857
Mac Pionner-4 Empreed Imobilários Ltda		50.00	49.99	14,675	14,041	(6)	(5)
Mac Roma Empreendimentos Imobilários Ltda		50.00	50.00	26,012	24,017	(7)	(5)
Mac Texas Empreendimentos Imobilários Ltda		49.02	49.02	22,347	21,079	(13)	(6)
Mnr6 Empreendimentos Imobilários S/A	(iv)	35.00	35.00	34,261	30,768	3,493	973
Oaxaca Incorporadora Ltda		100.00	100.00	77,872	113,892	(20,543)	(14,130)
Plano Angelim Empreendimentos Imobilários Ltda	(i)	50.00	100.00	23,480	2,906	(1,079)	(1,256)
Plano Cedro Empreendimentos Imobilários Ltda		100.00	100.00	22,921	16,948	6,337	11,725
Plano Eucalipto Empreendimentos Imobilários Ltda		100.00	100.00	12,016	9,441	(668)	(2,445)
Plano Flambouyant Empreendimentos Imobilários Ltda		100.00	100.00	11,465	18,775	5,142	10,563
Plano Jacaranda Empreendimentos Imobilários Ltda		100.00	100.00	19,880	21,854	4,356	9,368
Plano Limoeiro Empreendimentos Imobilários Ltda		100.00	100.00	23,012	14,438	5,706	2,152
Plano Macieira Empreendimentos Imobilários Ltda		100.00	100.00	35,218	28,606	1,721	(643)
Plano Mangueira Empreendimentos Imobilários Ltda		100.00	100.00	28,316	12,311	1,318	(2,268)
Plano Mogno Empreendimentos Imobilários Ltda		100.00	100.00	16,918	30,351	(5,638)	10,359
Plano Palmeiras Empreendimentos Imobilários Ltda		100.00	100.00	11,678	10,831	3,620	6,228
Plano Pitangueiras Empreendimentos Imobilários Ltda		100.00	100.00	13,749	23,390	3,905	(1,229)
Rgc Urbanismo Ltda		50.00	50.00	14,898	14,893	5	(93)
SCP - Balneario Costa Do Sol		20.00	20.00	14,728	14,729	(278)	(278)
SCP Empreendimentos 2012		49.45	49.45	101,590	147,900	38,516	80,508
SCP Empreendimentos 2013		49.03	49.02	209,866	227,076	8,585	19,639
Seattle Empreendimentos Imobilários Ltda		49.02	49.02	92,055	90,762	(12)	(390)
SK Antonio Macedo Empreendimentos Imobilários SPE Ltda		50.00	50.00	19,953	10,137	9,607	1,533
SK Ipojuca Empreendimentos Imobiliarios Ltda		50.00	50.00	13,930	13,657	(50)	(153)
SK Jurucê Empreendimentos Imobilários SPE Ltda		50.00	50.00	20,254	17,729	(543)	(286)
SK Mourato Coelho Empreendimentos Imobilários SPE Ltda		50.00	50.00	13,403	13,071	(102)	(187)
SPE Brasil Incorporações 55 Ltda		50.00	50.00	15,275	19,666	(1,040)	-
Ssb Empreendimentos Imobilários SPE S/A	(i)	84.25	84.25	11,016	14,403	(3,354)	2,713
Teresopolis Empreendimentos Imobilários Ltda		80.00	80.00	12,443	12,815	495	105
Topazio Brasil Empreendimentos Imobilários SPE Ltda	(i)	49.90	50.00	33,141	24,246	1,595	(174)
Torres Vedras Empreendimentos Imobilários Ltda		80.00	80.00	26,568	39,106	3,120	16,086
Venancio Aires Empreendimentos Imobilários SPE Ltda		50.00	50.00	12,807	10,344	2,438	(8)
Vmss Empreendimentos Imobilários SPE S/A		82.00	81.99	59,883	63,869	(3,642)	(2,026)
Other 257 SPE´s with PL up to R$10,000				331,531	552,894	21,130	211,545

(i) Change due to the increase (decrease) in equity interests.

(ii) Refers to the establishment of the new company.

(iii) Refers to the corporate restructuring/merger whereby the company, previously an indirect subsidiary, became a direct subsidiary.

(iv) Subsidiary of Cury Construtora e Incorporadora S/A

c) The total balances of the balance sheet and income statement accounts of the consolidated companies, joint ventures or associates, either directly and indirectly, considered in the consolidated financial statements as at December 31, 2016 and 2015 are summarized as follows:

		Equity interests - %		2016				2015			
		2016	2015	Assets	Liabilities	Equity	Profit (loss) for the period	Assets	Liabilities	Equity	Profit (loss) for the period
Abdo Empreendimentos Imobiliários Ltda		100.00	99.99	28,738	2,134	26,604	2	21,223	277	20,946	(7)
Ak 19 - Empreendimentos E Participações Ltda	(ii)	26.00	26.00	124,950	83,165	41,785	4,827	92,111	54,203	37,908	(4,323)
Alabama Empreendimentos Imobiliários Ltda		49.02	49.02	34,988	10,275	24,713	3,484	21,154	7,225	13,929	1,185
Alphaville Nova Esplanada 3 Empreendimentos Ltda	(ii)	25.00	-	54,562	7,174	47,388	1,759	-	-	-	-
Andorra Empreendimentos Imobiliários Ltda		80.00	79.99	110,239	45,691	64,548	39,203	49,955	3,690	46,265	9,079
Austria Incorporadora Ltda		50.00	50.00	31,679	4,698	26,981	2,967	19,864	1,017	18,847	(233)
Batel Empreendimentos Imobiliários Ltda	(i)	80.00	95.00	75,667	39,238	36,429	9,987	46,721	12,779	33,942	14,611
Cabo Frio Incorporadora Ltda		50.00	50.00	40,199	3,989	36,210	20,709	34,393	18	34,375	(340)
Campos Sales Empreendimentos Imobiliários Ltda		40.00	40.00	75,927	35,840	40,087	8,430	57,890	26,233	31,657	10,498
Canoa Quebrada Empreendimentos Imobiliários Ltda		100.00	99.99	27,597	327	27,270	(118)	26,655	66	26,589	(38)
Carapa Empreendimentos Imobiliários Ltda		60.00	60.00	99,789	64,724	35,065	25,500	45,635	4,952	40,683	5,784
CBR 008 Empreendimentos Imobiliários Ltda		100.00	99.99	200,335	136,400	63,935	(5,320)	190,977	146,649	44,328	17,918
CBR 011 Empreendimentos Imobiliários Ltda		32.50	32.50	187,023	47,714	139,309	(50,268)	295,780	106,202	189,578	17,506
CBR 024 Empreendimentos Imobiliários Ltda		50.00	50.00	225,860	70,792	155,068	(10,830)	203,207	108,245	94,962	(9,878)
CBR 025 Empreendimentos Imobiliários Ltda		50.00	50.00	125,964	2	125,962	63	125,901	2	125,899	8
CBR 030 Empreendimentos Imobiliários Ltda		50.00	50.00	231,080	120,776	110,304	(11)	195,657	122,711	72,946	(3,062)
CBR 031 Empreendimentos Imobiliários Ltda		100.00	99.99	134,407	17,244	117,163	22,176	111,192	9,890	101,302	(6,445)
CCISA 03 Incorporadora Ltda		25.00	25.00	91,574	11,042	80,532	3,365	87,021	9,854	77,167	5,536
CCISA 04 Incorporadora Ltda		49.95	49.95	54,798	24,214	30,584	10,991	68,057	48,464	19,593	10,399
CCISA 05 Incorporadora Ltda		25.00	25.00	81,791	21,556	60,235	1,961	97,829	22,165	75,664	8,925
Chillan Investimentos Imobiliários Ltda		25.00	25.00	30,106	1,766	28,340	7,201	32,963	2,864	30,099	4,015
Cipasa Santa Maria Empreendimentos Imobiliários S/A		50.00	50.00	25,457	443	25,014	503	25,862	291	25,571	4,830
Cury Construtora E Incorp S/A		50.00	50.00	630,653	401,614	229,039	92,863	586,248	202,701	383,547	131,467
Cyrela Aconcagua Empreendimentos Imobiliários Ltda		100.00	100.00	52,919	876	52,043	(1,692)	55,990	2,988	53,002	2,698
Cyrela Andrade Mendonca Jcpm Empreendimentos Imobiliários SPE S/A		85.00	85.00	63,852	31,973	31,879	(8,759)	127,196	82,961	44,235	9,880
Cyrela Anis Empreendimentos Imobiliários Ltda		100.00	99.99	63,293	7,828	55,465	6,478	51,235	20,516	30,719	7,099
Cyrela Asteca Empreendimentos Imobiliários Ltda		100.00	99.99	38,890	302	38,588	(561)	27,794	481	27,313	(13)
Cyrela Brazil Realty Rjz Empreendimentos Imobiliária Ltda		100.00	100.00	79,989	13,539	66,450	18,044	89,226	35,789	53,437	(25,106)
Cyrela Ccp Canela Empreendimentos Imobiliários Ltda	(i)	50.00	50.00	32,287	9	32,278	(102)	32,132	9	32,123	(191)
Cyrela Commercial Properties S/A Empreendimentos e Participações		1.57	1.57	3,152,453	1,955,447	1,197,006	(21,326)	3,177,033	1,976,403	1,200,630	23,308
Cyrela Conquista Empreendimentos Imobiliários Ltda		80.00	80.00	49,500	27,831	21,669	14,977	35,374	10,141	25,233	2,745
Cyrela Cristal Empreendimentos Imobiliários Ltda		100.00	100.00	108,576	76,038	32,538	18,021	67,765	52,048	15,717	3,922
Cyrela Empreendimentos Imobiliários Comercial Importadora e Exportador		100.00	99.99	36,795	1,475	35,320	1,210	32,907	2,442	30,465	(7,064)
Cyrela Europa Empreendimentos Imobiliários Ltda		100.00	100.00	141,268	82,660	58,608	(3,065)	120,062	55,913	64,149	14,077
Cyrela Grenwood de Investimento Imobiliária Ltda		95.75	95.74	36,804	4,214	32,590	(651)	29,450	5,263	24,187	226
Cyrela Imobiliária Ltda		100.00	100.00	63,666	14,103	49,563	310	72,723	10,049	62,674	7,872
Cyrela Índico Empreendimentos Imobiliários Ltda		72.00	72.00	47,678	-	47,678	3,827	43,475	-	43,475	12,383
Cyrela Indonesia Empreendimentos Imobiliários Ltda		100.00	99.99	103,662	56,072	47,590	25,245	85,376	54,588	30,788	21,444
Cyrela Magik Monaco Empreendimentos Imobiliários Ltda		80.00	80.00	90,110	43,549	46,561	11,779	94,701	46,930	47,771	16,324
Cyrela Malasia Empreendimentos Imobiliários Ltda		100.00	100.00	29,420	7,370	22,050	(3,882)	41,301	7,681	33,620	(3,906)
Cyrela Montblanc Empreendimentos Imobiliários Ltda		100.00	99.99	223,139	68,754	154,385	(41,892)	285,484	98,934	186,550	107,082
Cyrela Monza Empreendimentos Imobiliários Ltda		100.00	100.00	261,391	58,613	202,778	26,650	310,048	133,820	176,228	19,627
Cyrela Nordeste Empreendimentos Imobiliários Ltda		100.00	100.00	115,584	2,590	112,994	(26,742)	180,568	36,786	143,782	4,267
Cyrela Pacifico Empreendimentos Imobiliários S/A		80.00	80.00	30,192	16	30,176	165	30,011	-	30,011	180
Cyrela Parana Empreendimentos Imobiliários Ltda		100.00	99.99	101,331	37,221	64,110	(12,403)	148,843	97,519	51,324	44,009
Cyrela Paris Empreendimentos Imobiliários Ltda		100.00	100.00	208,584	134,313	74,271	20,496	153,217	105,618	47,599	6,375
Cyrela Piracema Empreendimentos Imobiliários Ltda	(ii)	100.00	-	31,892	6,382	25,510	19	-	-	-	-
Cyrela Polinesia Empreendimentos Imobiliários Ltda		100.00	99.99	128,162	51,967	76,195	(9,495)	245,863	147,073	98,790	67,840
Cyrela Portugal Empreendimentos Imobiliários Ltda	(i)	100.00	75.99	53,642	99	53,543	(2,638)	65,743	10,639	55,104	(3,959)
Cyrela Recife Empreendimentos Imobiliários Ltda		100.00	99.99	422,306	255,749	166,557	35,687	346,659	239,248	107,411	(10,179)
Cyrela Rjz Construtora e Empreendimentos Imobiliários Ltda		100.00	100.00	120,625	18,865	101,760	(2,491)	99,386	12,223	87,163	(25,046)
Cyrela Rjz Empreendimentos Imobiliários Ltda		97.45	97.44	57,205	(40,935)	98,140	(830)	111,931	252	111,679	13,280
Cyrela Rjz Jcgontijo Empreendimentos Imobiliária Ltda		43.00	42.99	291,351	101,854	189,497	15,316	319,899	147,134	172,765	49,531
Cyrela Somerset de Investimentos Imobiliários Ltda		83.00	82.99	25,144	1,677	23,467	(800)	27,859	470	27,389	3,796
Cyrela Suecia Empreendimentos Imobiliários Ltda		100.00	100.00	282,677	174,758	107,919	(14,382)	392,829	270,527	122,302	41,395
Cyrela Sul 001 Empreendimentos Imobiliários SPE Ltda		92.50	92.50	105,511	36,317	69,194	53,159	44,604	11,056	33,548	19,751
Cyrela Sul 008 Empreendimentos Imobiliarios SPE Ltda	(i)	90.00	92.50	24,643	182	24,461	(1,049)	8,386	2	8,384	(27)
DGC João Gualberto Ltda		95.00	95.00	55,546	8,851	46,695	3,014	54,031	19,066	34,965	6,428
DGC Map Parana Empreendimentos Imobiliários Ltda	(i)	88.25	95.00	39,812	15,847	23,965	10,690	7,694	-	7,694	(626)
DGC Pinheirinho Empreendimentos Imobiliários Ltda		95.00	94.99	22,108	1,458	20,650	1,054	24,996	591	24,405	(1,190)
Dover Empreendimentos Imobiliários Ltda		49.02	49.02	35,386	3,584	31,802	3,913	52,412	28,561	23,851	16,321
Elbrus Empreendimento Imobiliária Ltda		59.41	59.41	34,707	6,471	28,236	4,269	48,566	31,631	16,935	5,248
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda		85.00	84.99	23,403	2	23,401	(31)	23,251	12	23,239	(24)
Garibaldi Empreendimentos Imobiliários Ltda		100.00	99.99	50,159	20,376	29,783	18,644	39,877	5,668	34,209	11,455
Gcln Incorporações E Empreendimentos Ltda		80.00	80.00	56,235	13,465	42,770	(5,850)	78,386	29,766	48,620	(17,841)
Goldsztein Cyrela Empreendimentos Imobiliários S/A		100.00	100.00	969,333	276,155	693,178	58,312	855,606	156,423	699,183	47,284
Iracema Incorporadora Ltda		50.00	50.00	56,198	-	56,198	6	54,469	13	54,456	(239)
Jacira Reis Empreendimentos Imobiliários Ltda		50.00	50.00	114,365	67,188	47,177	(15,100)	149,851	104,352	45,499	-
Jardim Leao Empreendimentos Imobiliários Ltda		100.00	99.99	26,007	1,925	24,082	(4,367)	35,843	6,344	29,499	3,343
Jardim Loureiro da Silva Empreendimentos Imobiliários Ltda		65.00	65.00	49,182	9,311	39,871	14,317	41,629	13,001	28,628	13,764
Lamballe Incorporadora Ltda		40.00	40.00	57,246	30,620	26,626	17,917	56,609	30,900	25,709	14,701
Lider Cyrela Df 01 Empreendimentos Imobiliários Ltda		100.00	99.99	36,409	2,877	33,532	(2,071)	37,891	2,289	35,602	(6,002)
Living Amparo Empreendimentos Imobiliários Ltda		100.00	99.99	136,972	94,918	42,054	(2,343)	122,647	85,715	36,932	7,606
Living Apiai Empreendimentos Imobiliários Ltda		100.00	99.99	116,281	53,982	62,299	17,494	117,590	68,029	49,561	20,787
Living Batatais Empreendimentos Imobiliários Ltda		100.00	99.99	104,068	72,463	31,605	5,646	66,466	52,735	13,731	3,214
Living Brotas Empreendimentos Imobiliários Ltda	(i)	50.00	100.00	48,957	22,052	26,905	10,522	11,387	1,417	9,970	(1,026)
Living Cedro Empreendimentos Imobiliários Ltda		100.00	99.99	171,746	125,426	46,320	22,130	106,009	84,635	21,374	29,381
Living Empreendimentos Imobiliários S/A		100.00	99.99	762,892	36,993	725,899	54,628	714,757	29,765	684,992	181,396
Living Panama Empreendimentos Imobiliários Ltda		100.00	99.99	206,204	65,925	140,279	(41,555)	301,997	184,572	117,425	32,006
Living Pitangui Empreendimentos Imobiliários Ltda		100.00	99.99	78,888	48,127	30,761	16,018	33,287	18,963	14,324	1,967
Living Provance Empreendimentos Imobiliários Ltda		100.00	99.99	69,306	38,714	30,592	10,325	34,244	18,636	15,608	2,405
Living Sul Empreendimentos Imobiliários Ltda		100.00	99.99	133,872	8,347	125,525	(23,364)	174,627	15,396	159,231	5,225
Luanda Empreendimentos Imobiliários Ltda		100.00	99.99	121,947	17,595	104,352	7,740	86,003	686	85,317	1,613
Lucio Brazil Real Estate S/A		50.00	50.00	35,954	5	35,949	434	35,542	27	35,515	(464)
Mac Australia Empreendimentos Imobiliários Ltda		49.45	49.44	42,323	4,868	37,455	3,461	88,993	51,999	36,994	24,763
Mac Barcelona Empreendimentos Imobiliários Ltda		49.45	49.44	45,028	24,474	20,554	16,893	20,739	15,789	4,950	3,791
Mac Empreendimentos Imobiliários Ltda		50.00	50.00	592,692	26,457	566,235	65,279	749,249	25,742	723,507	126,871
Mac Milao Empreendimentos Imobiliários Ltda		49.45	49.44	43,463	12,681	30,782	2,776	32,977	20,471	12,506	2,330
Mac Otacilio Empreendimentos Imobiliários Ltda		50.00	49.99	46,616	11,667	34,949	3,700	79,758	48,509	31,249	17,857
Mac Roma Empreendimentos Imobiliários Ltda		50.00	49.99	26,030	18	26,012	(7)	26,120	2,103	24,017	(5)
Mac Texas Empreendimentos Imobiliários Ltda		49.02	49.02	23,860	1,514	22,346	(13)	22,997	1,918	21,079	(6)
Mac Veneza Empreendimentos Imobiliária Ltda		74.51	74.51	54,056	10,056	44,000	6	27,557	23	27,534	(6)
Marques de Itu SPE Empreendimentos Imobiliários Ltda		50.00	50.00	57,767	34,586	23,181	3,506	39,872	20,807	19,065	3,867
Mnr6 Empreendimentos Imobiliários S/A		35.00	35.00	41,906	7,645	34,261	3,493	40,679	9,911	30,768	973
Oaxaca Incorporadora Ltda		100.00	99.99	106,724	28,852	77,872	(20,543)	209,190	95,298	113,892	(14,130)
Plano & Plano Construções e Participações Ltda		100.00	100.00	394,474	84,043	310,431	8,324	416,154	93,677	322,477	70,680
Plano Amoreira Empreendimentos Imobiliários SPE Ltda		100.00	100.00	177,479	77,247	100,232	38,463	147,031	61,793	85,238	82,009
Plano Angelim Empreendimentos Imobiliários Ltda	(i)	50.00	100.00	29,811	6,331	23,480	(1,079)	2,991	85	2,906	(1,256)
Plano Cedro Empreendimentos Imobiliários Ltda		100.00	100.00	27,418	4,497	22,921	6,337	28,903	11,955	16,948	11,725
Plano Limoeiro Empreendimentos Imobiliários Ltda		100.00	100.00	42,505	19,493	23,012	5,706	23,721	9,283	14,438	2,152
Plano Macieira Empreendimentos Imobiliários Ltda		100.00	100.00	35,665	447	35,218	1,721	35,618	7,012	28,606	(643)
Plano Mangueira Empreendimentos Imobiliários Ltda		100.00	100.00	52,421	24,105	28,316	1,318	27,388	15,077	12,311	(2,268)
Ravenna Empreendimentos Imobiliários Ltda		100.00	100.00	86,397	40,191	46,206	9,025	53,209	10,815	42,394	2,510
Rua dos Alpes Empreendimentos Imobiliários Ltda		100.00	100.00	39,726	1,291	38,435	2,338	25,891	-	25,891	(427)
SCP Empreendimentos 2012		49.45	49.45	101,590	-	101,590	38,516	150,125	2,225	147,900	80,508
SCP Empreendimentos 2013		49.03	49.02	209,866	-	209,866	8,585	227,077	-	227,077	19,639
Seattle Empreendimentos Imobiliários Ltda		49.02	49.02	94,632	2,577	92,055	(12)	93,190	2,428	90,762	(390)
SK Edson Empreendimentos Imobiliários SPE Ltda		65.00	65.00	26,886	4,375	22,511	9,039	88,441	50,814	37,627	37,552

		Equity interests - %		2016				2015			
		2016	2015	Assets	Liabilities	Equity	Profit (loss) for the period	Assets	Liabilities	Equity	Profit (loss) for the period
SK Jurucê Empreendimentos Imobiliários SPE Ltda		50.00	49.99	20,545	291	20,254	(543)	17,734	5	17,729	(286)
SK Realty Empreendimentos Imobiliários S/A		50.00	50.00	154,874	5,855	149,019	23,727	146,536	875	145,661	48,381
SPE Barbacena Empreendimentos Imobiliários Ltda	(ii)	50.00	-	58,407	15,488	42,919	8,249	-	-	-	-
SPE Brasil Incorp 20 Ltda		50.00	50.00	25,166	-	25,166	(10)	24,747	-	24,747	(15)
SPE Brasil Incorp 28 Ltda		50.00	50.00	24,766	2,077	22,689	1,855	57,457	38,346	19,111	6,661
SPE Brasil Incorporação 83 Ltda		50.00	50.00	53,625	26,445	27,180	3,089	39,746	27,042	12,704	2,722
SPE Faicalville Incorp 1 Ltda		50.00	50.00	29,862	6,189	23,673	(3,353)	45,394	12,382	33,012	(197)
Tamoios Empreendimentos Imobiliários SPE Ltda		60.00	59.99	28,582	288	28,294	(1,533)	30,427	865	29,562	3,182
Tapira Empreendimentos Imobiliários Ltda	(i)	24.75	33.00	163,409	898	162,511	3,183	123,670	5,742	117,928	88
Tecnisa S/A		13.62	13.62	2,165,467	744,491	1,420,976	(448,981)	-	-	-	-
Topazio Brasil Empreendimentos Imobiliários SPE Ltda		49.90	49.99	34,881	1,740	33,141	1,595	25,656	1,410	24,246	(174)
Torres Vedras Empreendimentos Imobiliários Ltda		80.00	79.99	121,128	94,560	26,568	3,120	90,564	51,458	39,106	16,086
Toulon Empreendimentos Imobiliários SPE Ltda		100.00	100.00	21,289	1	21,288	(5,128)	57,535	31,120	26,415	(1)
Vinson Empreendimentos Imobiliários Ltda	(i)	74.51	75.00	154,450	42,855	111,595	(737)	153,884	47,262	106,622	(1,235)
Vmss Empreendimentos Imobiliários SPE S/A		82.00	81.99	76,853	16,970	59,883	(3,642)	90,012	26,143	63,869	(2,026)
Other 475 SPEs with balances up to R$20,000				4,771,788	3,046,171	1,725,617	36,483	5,440,459	3,081,087	2,359,372	280,955

(i) Change due to the increase (decrease) in equity interests.

(ii) Refers to the establishment of the new company.

d) Foreign investment:

The balance sheet accounts of subsidiary Brazil Realty Serviços e Investimentos Ltd. (based in Bahamas), whose functional currency corresponds to the US dollar, were translated into Brazilian reais using the exchange rate prevailing as at December 31, 2016: R$3.2591 (as at December 2015, R$3.9048).

The financial statements of joint venture Cyrsa S.A. (based in Argentina), whose functional currency corresponds to the Argentinean pesos, were translated into Brazilian reais using the exchange rate prevailing as at December 31, 2016: R$0.2056 (as at December 31, 2015, R$0.3017).

e) Breakdown of the investments presented in consolidated:

		Equity interests - %											
		2016		2015		Equity		Profit (loss) for the period		Investment		Share of profit (loss) of subsidiaries	
Companies:		Total	(i) Direct	Total	(i) Direct	2016	2015	2016	2015	2016	2015	2016	2015
Ak 19 - Empreendimentos E Participações Ltda		26.00	26.00	26.00	26.00	41,785	37,908	4,827	(4,323)	10,864	9,856	1,255	(1,124)
Austria Incorporadora Ltda		50.00	50.00	50.00	50.00	26,981	18,847	2,967	(233)	13,491	9,424	1,484	(117)
Bello Villarinho Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	13,783	12,220	122	148	6,892	6,110	61	74
Cabo Frio Incorporadora Ltda		50.00	50.00	50.00	50.00	36,210	34,375	20,709	(340)	18,105	17,188	10,354	(170)
Camargo Correa Cyrela Empr Im SPE Ltda		50.00	50.00	50.00	50.00	13,262	9,189	64	(57)	6,631	4,595	32	(29)
CBR 011 Empreendimentos Imobiliários Ltda		32.50	32.50	32.50	32.50	139,309	189,578	(50,268)	17,506	45,276	61,613	(16,337)	5,689
CHL Lxxviii Incorporações Ltda		50.00	50.00	50.00	50.00	18,797	19,281	(245)	834	9,399	9,641	(122)	417
Cipasa Santa Maria Empreendimentos Imobiliários S/A		50.00	50.00	50.00	50.00	25,014	25,571	503	4,830	12,507	12,786	252	2,415
Cury Construtora E Incorp S/A	(ii)	50.00	50.00	50.00	50.00	229,039	383,547	92,863	131,467	114,519	191,773	46,431	65,734
Cyrela Commercial Properties S/A Empreendimentos e Participações		1.57	1.57	1.57	1.57	1,197,006	1,200,630	(21,326)	23,308	18,844	18,850	(336)	366
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda		85.00	85.00	85.00	85.00	23,401	23,239	(31)	(24)	19,890	19,753	(26)	(20)
Galeria Boulevard Negocios Imobiliários S/A		48.62	50.00	48.63	50.00	11,989	11,902	119	-	5,995	5,951	60	-
Imperio do Ocidente Incorporações Ltda	(ii)	75.00	50.00	75.00	50.00	15,222	15,248	2,974	-	7,611	7,624	1,487	-
Jacira Reis Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	47,177	45,499	(15,100)	-	23,589	22,750	(7,550)	-
Lamballe Incorporadora Ltda	(ii)	70.00	40.00	70.00	40.00	26,626	25,709	17,917	-	10,650	10,284	7,167	-
Living Botucatu Empreendimentos Imobiliários Ltda	(ii)	75.00	50.00	75.00	50.00	13,638	510	13,128	(129)	6,819	255	6,564	(65)
Lucio Brazil Real Estate S/A		50.00	50.00	50.00	50.00	35,949	35,515	434	(464)	17,974	17,758	217	(232)
Mac Pionner-4 Empreed Imobiliários Ltda	(v)	50.00	99.99	-	-	14,675	-	(6)	-	14,674	-	(6)	-
Mac Roma Empreendimentos Imobiliários Ltda	(v)	50.00	100.00	-	-	26,012	-	(7)	-	26,012	-	(7)	-
Mac Texas Empreendimentos Imobiliários Ltda	(v)	49.02	100.00	-	-	22,346	-	(13)	-	22,346	-	(13)	-
Mac Veneza Empreendimentos Imobiliária Ltda	(v)	74.51	100.00	-	-	44,000	-	6	-	44,000	-	6	-
Marques de Itu SPE Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	50.00	23,181	19,065	3,506	3,867	11,591	9,533	1,753	1,934
Moinho Velho Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	50.00	11,758	6,169	9	(1)	5,879	3,085	4	(1)
Plarcon Cyrela Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	50.00	15,007	13,999	1,008	(7,482)	7,504	7,000	504	(3,741)
Queiroz Galvao Mac Cyrela Veneza Empreendimentos Imobiliarios S/A		30.00	45.00	30.00	45.00	18,610	22,391	2,254	420	8,374	10,076	1,014	189
Rgc Urbanismo Ltda		50.00	50.00	50.00	50.00	14,898	14,893	5	(93)	7,449	7,447	3	(47)
Seattle Empreendimentos Imobiliários Ltda	(v)	49.02	100.00	-	-	92,055	-	(12)	-	92,055	-	(12)	-
SCP - Balneario Costa Do Sol		20.00	20.00	20.00	20.00	14,728	14,728	(278)	(278)	2,946	2,946	(56)	(56)
SCP Veredas Buritis Fase II		60.00	6.00	60.00	6.00	17,635	18,958	(1,323)	4,903	1,058	1,137	(79)	294
SPE Barbacena Empreendimentos Imobiliários Ltda	(iv)	50.00	50.00	-	-	42,919	-	8,249	-	21,460	-	4,125	-
SPE Brasil Incorp 20 Ltda		50.00	50.00	50.00	50.00	25,166	24,747	(10)	(15)	12,583	12,374	(5)	(8)
SPE Brasil Incorp 28 Ltda		50.00	50.00	50.00	50.00	22,689	19,111	1,855	6,661	11,345	9,556	927	3,331
SPE Brasil Incorporação 83 Ltda		50.00	50.00	50.00	50.00	27,180	12,704	3,089	2,722	13,590	6,352	1,545	1,361
SPE Brasil Incorporações 55 Ltda		50.00	50.00	50.00	50.00	15,275	19,665	(1,040)	-	7,637	9,833	(520)	-
SPE CHL Cv Incorporacoes Ltda		50.00	50.00	50.00	50.00	18,088	28,611	(10,085)	198	9,044	14,306	(5,043)	99
SPE Faicalville Incorp 1 Ltda		50.00	50.00	50.00	50.00	23,673	33,012	(3,353)	(197)	11,836	16,506	(1,677)	(99)
Tamoios Empreendimentos Imobiliários SPE Ltda		60.00	60.00	60.00	60.00	28,294	29,562	(1,533)	3,182	16,977	17,737	(920)	1,909
Tapira Empreendimentos Imobiliários Ltda	(iii)	24.75	24.75	33.00	33.00	162,511	117,928	3,183	88	40,221	38,916	788	29
Tecnisa S/A	(vi)	13.62	13.62	-	-	1,420,976	-	(448,981)	-	79,458	-	(8,224)	-
Teresopolis Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	80.00	12,443	12,816	495	105	9,954	10,253	396	84
Oher 75 SPE´s with PL up to R$10,000						166,819	290,292	5,991	19,060	76,296	142,573	3,942	(4,571)
						4,196,126	**2,787,419**	**(367,334)**	**205,660**	**903,345**	**745,841**	**49,438**	**73,645**

(i) Refers to the interest held by the Parent and its subsidiaries that comprises the consolidated investments.

(ii) Subsidiary of Cury Construtora e Incorporadora S/A

(iii) Change due to the increase (decrease) in equity interests.

(iv) Refers to the establishment of the new company.

(v) Refer to special purpose entities in partnership with Mac Empreendimentos Imobiliários Ltda, which, by virtue of the termination of the shareholders' agreement that provided for the Company's control over the unrecorded land, were no longer consolidated as at December 31, 2016.

(vi) Considering the significant influence over the investee (CPC 18 (R2) – Investments in Associates, Subsidiaries and Joint Ventures), the Company classified the investment as interest in associates and the share of profit (loss) of investees was recognized proportionally, from the acquisition period to the annual closing period, net of adjustment to fair value. The Company determined the adjustment to fair value (CPC 15 – Business Combination) as at December 31, 2016 and made the preliminary allocation, which can be reassessed one year after the beginning of operations. The total acquired shares, as at December 31, 2016, were R$37,253, corresponding to the total amount of R$74,506. As at December 31, 2016, the Company recognized gain from bargain purchase of R$13,176, recorded in line item "Other investment gains (losses)".

8. PROPERTY, PLANT AND EQUIPMENT

Changes are as follows:

	Parent							
Cost:	**Machinery and equipments**	**Furniture and fixtures**	**Computers**	**Facilities**	**Company cars**	**Leasehold improvements (i)**	**Sales stand (ii)**	**Total**
Balance as at Dec 31, 2014	**1.392**	**5.908**	**10.757**	**362**	**92**	**16.683**		**35.194**
Additions	14	7	340	12	-	78		451
Balance as at Dec 31, 2015	**1.406**	**5.915**	**11.097**	**374**	**92**	**16.761**		**35.645**
Additions	92	2	7	-	-	7.459		7.560
Balance as at Dec 31, 2016	**1.498**	**5.917**	**11.104**	**374**	**92**	**24.220**		**43.205**

	Parent							
Depreciation:	**10% p.a. - Machinery and equipments**	**10% p.a. - Furniture and fixtures**	**20% p.a. - Computers**	**10% p.a. - Facilities**	**20% p.a. - Company cars**	**Leasehold improvements (i)**	**Sales stand (ii)**	**Total**
Balance as at Dec 31, 2014	**(772)**	**(3.126)**	**(8.157)**	**(173)**	**(92)**	**(13.928)**	**-**	**(26.248)**
Depreciation	(121)	(590)	(1.155)	(36)	-	(1.380)	-	(3.282)
Balance as at Dec 31, 2015	**(893)**	**(3.716)**	**(9.312)**	**(209)**	**(92)**	**(15.308)**	**-**	**(29.530)**
Depreciation	(127)	(591)	(839)	(38)	-	(1.508)		(3.103)
Balance as at Dec 31, 2016	**(1.020)**	**(4.307)**	**(10.151)**	**(247)**	**(92)**	**(16.816)**		**(32.633)**
Residual balance as at Dec 31, 2014	**620**	**2.782**	**2.600**	**189**	**-**	**2.755**	**-**	**8.946**
Residual balance as at Dec 31, 2015	**513**	**2.199**	**1.785**	**165**	**-**	**1.453**	**-**	**6.115**
Residual balance as at Dec 31, 2016	**478**	**1.610**	**953**	**127**	**-**	**7.404**	**-**	**10.572**

	Consolidated							
Cost:	**Machinery and equipments**	**Furniture and fixtures**	**Computers**	**Facilities**	**Company cars**	**Leasehold improvements (i)**	**Sales stand (ii)**	**Total**
Balance as at Dec 31, 2014	**7.592**	**13.929**	**16.992**	**1.087**	**243**	**25.466**	**522.953**	**588.262**
Additions	1.072	341	1.723	-	-	788	24.285	28.209
Write-offs	-	(36)	(968)	(4)	-	(452)	-	(1.460)
Balance as at Dec 31, 2015	**8.664**	**14.234**	**17.747**	**1.083**	**243**	**25.802**	**547.238**	**615.011**
Additions	-	-	143	-	-	11.475	46.856	58.474
Write-offs	(2.903)	(258)	-	-	(81)	-	(27.895)	(31.137)
Balance as at Dec 31, 2016	**5.761**	**13.976**	**17.890**	**1.083**	**162**	**37.277**	**566.199**	**642.348**

	Consolidated							
Depreciation:	**10% p.a. - Machinery and equipments**	**10% p.a. - Furniture and fixtures**	**20% p.a. - Computers**	**10% p.a. - Facilities**	**20% p.a. - Company cars**	**Leasehold improvements (i)**	**Sales stand (ii)**	**Total**
Balance as at Dec 31, 2014	**(4.331)**	**(6.508)**	**(12.923)**	**(519)**	**(184)**	**(19.655)**	**(372.700)**	**(416.820)**
Depreciation	(1.518)	(1.670)	(1.986)	(109)	(34)	(1.788)	(51.415)	(58.520)
Balance as at Dec 31, 2015	**(5.849)**	**(8.178)**	**(14.909)**	**(628)**	**(218)**	**(21.443)**	**(424.115)**	**(475.340)**
Depreciation	(319)	(1.085)	(1.040)	(110)	-	(2.652)	(78.389)	(83.595)
Write-offs	2.210	-	-	-	67	-	-	2.277
Balance as at Dec 31, 2016	**(3.958)**	**(9.263)**	**(15.949)**	**(738)**	**(151)**	**(24.095)**	**(502.504)**	**(556.658)**
Residual balance as at Dec 31, 2014	**3.261**	**7.421**	**4.069**	**568**	**59**	**5.811**	**150.253**	**171.442**
Residual balance as at Dec 31, 2015	**2.815**	**6.056**	**2.838**	**455**	**25**	**4.359**	**123.123**	**139.671**
Residual balance as at Dec 31, 2016	**1.803**	**4.713**	**1.941**	**345**	**11**	**13.182**	**63.695**	**85.690**

(i) Costs are charged to profit or loss over the property lease periods, which can range from three to five years.

(ii) Depreciation is based on the useful lives of the assets averaging 24 months, used during the project sales period, and it is allocated to profit or loss, in line item "Selling expenses".

9. INTANGIBLE ASSETS

Changes are as follows:

	Parent					
Cost:	**Trademarks and patents**	**Implementation costs**	**Software licenses**	**Subtotal**	**Goodwill**	**Total**
Balance as at Dec 31, 2014	**37**	**66,767**	**22,199**	**89,003**	**124,302**	**213,305**
Additions	-	5,853	2,833	8,686	13,915	22,601
Balance as at Dec 31, 2015	**37**	**72,620**	**25,032**	**97,689**	**138,217**	**235,906**
Additions	-	951	182	1,133	1,407	2,540
Write-offs	-	(808)	-	(808)	-	(808)
Balance as at Dec 31, 2016	**37**	**72,763**	**25,214**	**98,014**	**139,624**	**237,638**

	Parent					
Amortization:	**Trademarks and patents**	**14% p.a. - Implementation costs**	**20% p.a. - Software licenses**	**Subtotal**	**Goodwill**	**Total**
Balance as at Dec 31, 2014	**-**	**(20,683)**	**(11,293)**	**(31,976)**	**(101,036)**	**(133,012)**
Amortization	-	(6,850)	(3,052)	(9,902)	(455)	(10,357)
Balance as at Dec 31, 2015	**-**	**(27,533)**	**(14,345)**	**(41,878)**	**(101,491)**	**(143,369)**
Amortization	-	(8,272)	(3,007)	(11,279)	(5,563)	(16,842)
Balance as at Dec 31, 2016	**-**	**(35,805)**	**(17,352)**	**(53,157)**	**(107,054)**	**(160,211)**
Residual balance as at Dec 31, 2014	**37**	**46,084**	**10,906**	**57,027**	**23,266**	**80,293**
Residual balance as at Dec 31, 2015	**37**	**45,087**	**10,687**	**55,811**	**36,726**	**92,537**
Residual balance as at Dec 31, 2016	**37**	**36,958**	**7,862**	**44,857**	**32,570**	**77,427**

	Consolidated					
Cost:	**Trademarks and patents**	**Implementation costs**	**Software licenses**	**Subtotal**	**Goodwill**	**Total**
Balance as at Dec 31, 2014	**108**	**77,940**	**42,498**	**120,546**	**128,950**	**249,496**
Additions	(36)	10,804	1,537	12,305	10,572	22,877
Reclassifications (i)	-	-	-	-	(12,357)	(12,357)
Balance as at Dec 31, 2015	**72**	**88,744**	**44,035**	**132,851**	**127,165**	**260,016**
Additions	-	2,349	-	2,349	6,065	8,414
Write-offs	-	(1,472)	(956)	(2,428)	(2,364)	(4,792)
Balance as at Dec 31, 2016	**72**	**89,621**	**43,079**	**132,772**	**130,866**	**263,638**

	Consolidated					
Amortization:	**Trademarks and patents**	**14% p.a. - Implementation costs**	**20% p.a. - Software licenses**	**Sub-total**	**Goodwill**	**Total**
Balance as at Dec 31, 2014	**-**	**(27,290)**	**(21,211)**	**(48,501)**	**(100,227)**	**(148,728)**
Amortization	-	(10,934)	(6,500)	(17,434)	(8,764)	(26,198)
Balance as at Dec 31, 2015	**-**	**(38,224)**	**(27,711)**	**(65,935)**	**(108,991)**	**(174,926)**
Amortization	-	(10,125)	(3,718)	(13,843)	(8,806)	(22,649)
Balance as at Dec 31, 2016	**-**	**(48,349)**	**(31,429)**	**(79,778)**	**(117,797)**	**(197,575)**
Residual balance as at Dec 31, 2014	**108**	**50,650**	**21,287**	**72,045**	**28,723**	**100,768**
Residual balance as at Dec 31, 2015	**72**	**50,520**	**16,324**	**66,916**	**18,174**	**85,090**
Residual balance as at Dec 31, 2016	**72**	**41,272**	**11,650**	**52,994**	**13,069**	**66,063**

(i) Reclassification of fixed assets to properties for sale

The useful lives of the asset appreciation balances are defined according to the real estate construction and are recorded as properties for sale in the consolidated financial statements; in the Parent, these balances are recorded in intangible assets.

Management periodically revises the useful lives of the Company's other intangible assets.

Breakdown of goodwill arising on the appreciation of assets with finite useful lives.

	Parent						
	Balance as at 12.31.2014	**Goodwill**	**Amortization**	**Balance as at 12.31.2015**	**Goodwill**	**Amortization**	**Balance as at 12.31.2016**
Goodwill in the Company							
Belgica Empreendimento Imobiliario Ltda.	**-**	104	(52)	**52**	80	(132)	**-**
Office Shopping 2 Empreendimentos Ltda.	**68**	-	-	**68**	-	(68)	**-**
Rouxinol Salvador Alende Empr Imob Ltda.	**3**	-	(2)	**1**	-	(1)	**-**
Cyrela Malasia Empreendimentos imobiliários Ltda.	**-**	13,811	-	**13,811**	-	-	**13,811**
Mac Empreendimentos Imobiliários Ltda	**10,000**	-	-	**10,000**	-	-	**10,000**
Global Park Residencial Emprendimentos Imobiliários Ltd	**9**	-	1	**10**	-	(10)	**-**
Mac Cyrela Mafra Empreendimentos Imobiliários Ltda	**2**	-	-	**2**	-	(2)	**-**
Calafete Investimento Imobiliária Ltda	**16**	-	(15)	**1**	-	(1)	**-**
Maiastra 1 Empreendimentos Imobiliários Ltda.	**142**	-	(110)	**32**	-	(32)	**-**
Maiastra 2 Empreendimentos Imobiliários Ltda.	**74**	-	(57)	**17**	-	(17)	**-**
Saracura - Investimento Imobiliária Ltda	**25**	-	(24)	**1**	-	(1)	**-**
Lombok Incorporadora Ltda	**8**	-	(2)	**6**	-	(6)	**-**
Oaxaca Empreendimentos Imobiliários Ltda.	**562**	-	(194)	**368**	-	(327)	**41**
Spe Mg 02 Empreendimentos Imobiliários Ltda	**4,410**	-	-	**4,410**	-	-	**4,410**
Spe Mg 01 Empreendimentos Imobiliários Ltda	**4,658**	-	-	**4,658**	-	(4,658)	**-**
Spe Mg 03 Empreendimentos Imobiliários Ltda	**3,289**	-	-	**3,289**	-	-	**3,289**
Spe Barbacena Emp Imob S.A	**-**	-	-	**-**	1,327	(308)	**1,019**
Total	**23,266**	**13,915**	**(455)**	**36,726**	**1,407**	**(5,563)**	**32,570**

	Consolidated							
	Balance as at 12.31.2014	**Transfer to inventory**	**Goodwill**	**Amortization**	**Balance as at 12.31.2015**	**Goodwill**	**Amortization**	**Balance as at 12.31.2016**
Belgica Empreendimento Imobiliario Ltda.	**-**	-	104	(52)	**52**	80	(132)	**-**
Office Shopping 2 Empreendimentos Ltda.	**68**	-	-	-	**68**	-	(68)	**-**
Rouxinol Salvador Alende Empr Imob Ltda.	**3**	-	-	(2)	**1**	-	(1)	**-**
Mac Empreendimentos Imobiliários Ltda	**10,000**	-	-	-	**10,000**	-	-	**10,000**
Global Park Residencial Emprendimentos Imobiliários Ltda.	**9**	-	-	1	**10**	-	(10)	**-**
Mac Cyrela Mafra Empreendimentos Imobiliários Ltda	**2**	-	-	-	**2**	-	(2)	**-**
Calafete Investimento Imobiliária Ltda	**16**	-	-	(15)	**1**	-	(1)	**-**
Maiastra 1 Empreendimentos Imobiliários Ltda.	**142**	-	-	(110)	**32**	-	(32)	**-**
Maiastra 2 Empreendimentos Imobiliários Ltda.	**74**	-	-	(57)	**17**	-	(17)	**-**
Saracura - Investimento Imobiliária Ltda	**25**	-	-	(24)	**1**	-	(1)	**-**
Lombok Incorporadora Ltda	**8**	-	-	(2)	**6**	-	(6)	**-**
Oaxaca Empreendimentos Imobiliários Ltda.	**562**	-	-	(194)	**368**	-	(327)	**41**
Spe Mg 02 Empreendimentos Imobiliários Ltda	**4,410**	(4,410)	-	-	**-**	-	-	**-**
Spe Mg 01 Empreendimentos Imobiliários Ltda	**4,658**	(4,658)	-	-	**-**	4,658	(4,658)	**-**
Spe Mg 03 Empreendimentos Imobiliários Ltda	**3,289**	(3,289)	-	-	**-**	-	-	**-**
Spe Barbacena Emp Imob S.A	**-**	-	-	-	**-**	1,326	(308)	**1,018**
Subtotal	**23,266**	**(12,357)**	**104**	**(455)**	**10,558**	**6,064**	**(5,563)**	**11,059**
Goodwill in investees								
Plano & Plano Construções E Participações Ltda	**4,214**	-	(1,076)	-	**3,138**	(2,365)	(773)	**-**
Living Empreendimentos Imobiliários Ltda	**-**	-	-	1	**1**	-	(1)	**-**
Living Sul Empreendimentos Imobiliários Ltda.	**1,243**	-	-	(14)	**1,229**	2	(56)	**1,175**
Cyrela Indonesia Empreendimentos Imobiliarios Ltda.	**-**	-	11,544	(8,296)	**3,248**	-	(2,413)	**835**
Subtotal	**5,457**	**-**	**10,468**	**(8,309)**	**7,616**	**(2,363)**	**(3,243)**	**2,010**
Total	**28,723**	**(12,357)**	**10,572**	**(8,764)**	**18,174**	**3,701**	**(8,806)**	**13,069**

As at December 31, 2016, the goodwill balance arising basically on trade receivables and is allocated to profit or loss as the related assets are realized, based on the percentage of completion of the works.

10. BORROWINGS AND FINANCING

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Borrowings - local currency	605,697	695,323	773,974	895,446
Financing - local currency	-	-	2,076,296	2,315,645
Interest payable - financing	-	-	10,799	7,039
Interest payable - local currency	11,707	11,024	14,209	13,661
Interest payable (receivable) - swap	(205)	375	(205)	375
Transaction costs - local currency	(4,252)	(2,414)	(4,252)	(2,415)
	612,947	**704,308**	**2,870,821**	**3,229,751**
Current	**9,563**	**149,131**	**877,307**	**1,057,440**
Noncurrent	**603,384**	**555,177**	**1,993,514**	**2,172,311**

Borrowings and financing in local currency are represented by:

As at December 31, 2016, short- and long-term credit facilities total R$773,974, of which R$100,407 is subject to the Reference Rate (TR) plus spread of 8.75% per year, R$150,000 is subject to 112% of CDI, R$207,091 is subject to TR plus spread of 9.72% per year, R$148,199 is subject to the TR plus spread of 10.59% per year, R$699 is subject to 3.5% per year, R$278 is subject to 6% per year, R$65,000 is subject to 100% of CDI plus spread of 0.7030% per year, R$99,798 is subject to Long-term Interest Rate (TJLP) plus spread of 3.78% per year, R$481 is subject to 9.5% per year, R$2,021 is subject to 113.5% per year (as at December 31, 2015, short- and long-term credit facilities totaled R$895,446, of which R$200,000 was subject to 111.5% of CDI, R$40,147 was subject to TR plus spread of 10.50% per year, R$102,415 was subject to the TR plus spread of 8.75% per year, R$150,00 was subject to 112% of CDI, R$202,762 was subject the TR plus 9.72 per year, R$1,049 was subject to 3.5% per year, R$368 was subject to 6% per year, R$90,000 was subject to 100% of CDI plus spread of 0.7030% per year, R$99,514 was subject to the Long-term Interest Rate (TJLP) plus 3.78% per year, R$6,681 was subject to the Broad Consumer Price Index (IPCA) plus spread of 12% per year, R$2,000 was subject to 100% of CDI plus spread of 1.5% per year and R$510 was subject to 9.5% per year). These borrowings are collateralized by the controlling shareholder's collateral signature, receivables from properties sold, and letters of guarantee. For credit facilities in the amount of R$150,000 and R$100,407, there are restrictive covenants determining maximum debt and leverage ratios, as well as minimum coverage ratios of falling due installments, which will be discussed below.

As at December 31, 2016, financing amounting to R$2,076,296 (R$2,315,645 as at December 31, 2015) consisting of real estate credit transactions, subject to interest ranging from 8.30% p.a. to 10.75% p.a. plus TR. The related financing agreements provide for maturity acceleration in case of nonperformance of obligations assumed, such as, but not limited to, use of the funds for the purpose established in the contract, registration of mortgage on the project, and meeting the construction schedule. Financing agreements are collateralized by 120% to 130% of receivables, mortgage of land, future units and also the Company's collateral signature.

On June 8, 2015, the Company contracted a 'prefixed swap x DI' transaction under which it assumed a long position at a fixed rate of 10.52% p.a. and a short position at a rate of 85.03% of the CDI. This transaction is related to the debt of R$207,091, as mentioned in item (i) above, and has the same maturity dates.

On February 1, 2016, the Company contracted a prefixed swap x DI transaction under which it assumed a long position at a fixed rate of 10.59% p.a. and a short position at a rate of 71.86% of the CDI. This transaction is related to the debt of R$148,199, as mentioned in item (i) above, and has the same maturity dates.

In the period ended December 31, 2016, interest on real estate borrowings eligible for capitalization in inventories totaled R$226,063 (R$212,109 as at December 31, 2015).

The maturity of the noncurrent liabilities portion per year is as follows:

	Parent		Consolidated	
Year	**2016**	**2015**	**2016**	**2015**
2017	-	100,000	-	958,305
2018	248,468	252,415	1,045,764	762,592
2019	354,916	202,762	579,940	305,291
2020	-	-	222,517	59,461
2021	-	-	80,917	23,198
2022	-	-	10,463	10,315
2023	-	-	11,608	11,444
2024 a 2027	-	-	42,305	41,705
Total	**603,384**	**555,177**	**1,993,514**	**2,172,311**

The changes are as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Opening balance	**704,308**	**597,330**	**3,229,750**	**3,093,575**
Additions	145,439	200,000	1,453,042	2,046,566
Principal repayment	(244,315)	(100,578)	(1,857,684)	(1,934,220)
Interest paid	(69,367)	(77,464)	(310,772)	(269,832)
Interest and charges	76,882	85,020	356,485	293,662
Final balance	**612,947**	**704,308**	**2,870,821**	**3,229,751**

Restrictive covenants

Some abovementioned loan agreements contain restrictive covenants providing for maximum debt and leverage ratios as well as a minimum debt service coverage ratio for current installments, which must met on a quarterly basis. The required ratios are as follows:

	Contractually required ratio
Net debt (plus properties payable less SFH debt) / Equity	Equal or lower than 0.7
Receivables (plus properties for sale) / net debt (less properties payable and unrecognized costs and expenses)	Equal or higher than 1.5 or lower than 0
EBIT / finance costs, net	Equal or higher than 1.5 or lower than 0

As at December 31, 2016, the Company was compliant with these covenants.

11. DEBENTURES (PARENT AND CONSOLIDATED)

a) The summary of the features and balances of the debentures is as follows:

	CYRE 12	CYRE 22
Series issued	Second	Second
Type of issuance	Simple	Simple
Nature of issuance	Public	Public
Issuance date	01/05/2008	01/05/2008
Maturity date	01/05/2018	01/05/2018
Type of debenture	Unsecured	Unsecured
Yield	100% DI + 0.65% p.a.	100% DI + 0.65% p.a.
Par value (unit)	10	10
Securities issued (unit)	24,975	24,975
Securities outstanding (unit)	10	4,253
Securities redeemed (unit)	(24,965)	(20,722)
Type of interest payment	Semiannual	Semiannual
Amortization installments	1	1

	CYRE 12	CYRE 22	2016	2015
Debentures payable	100	42,530	42,630	142,630
Unpaid issuance costs	-	-	-	-
Interest on debentures payable	7	3,003	3,010	6,016
	107	**45,533**	**45,640**	**148,646**
Current	**7**	**3,003**	**3,010**	**6,016**
Noncurrent	**100**	**42,530**	**42,630**	**142,630**

Debentures may be early redeemed at the Company's discretion. The Company can also acquire debentures outstanding in the market, as permitted by the prevailing legislation.

As at December 31, 2015, the Company partially early redeemed the 6th Issue of Debentures called CYRE 16 amounting to R$100,000. In November 2016, the Company settled the amount upon the early redemption of R$100,000.

Interest on debentures eligible for capitalization in inventories totaled R$1,174 in the year ended December 31, 2016 (R$426 as at December 31, 2015).

Among the debentures issued by the Company with outstanding balances as at December 31, 2016, only CYRE 12 and CYRE 22 are subject to a rescheduling clause, which took place in 2010 and 2011.

Noncurrent liabilities mature as follows:

Year	2016	2015
24 months	42,630	100,000
36 months	-	42,630
Total	**42,630**	**142,630**

Changes in the balance of line item "Debentures":

	Parent and Consolidated	
	2016	**2015**
Opening balance	**148,646**	**253,515**
Principal repayment	(100,000)	(100,000)
Interest payment	(22,305)	(35,941)
Interest and charges	19,299	31,072
Closing balance	**45,640**	**148,646**

b) Restrictive covenants

The indentures supporting the issuance of debentures contain restrictive covenants providing for maximum debt and leverage ratios as well as a minimum debt service coverage ratio for current installments, which must met on a quarterly basis. The required ratios are as follows:

	Contractually required ratio
Net debt (plus properties payable less SFH debt) / Equity	Equal or lower than 0.7 (i)
Receivables (plus properties for sale) / net debt (less properties payable and unrecognized costs and expenses)	Equal or higher than 1.5 or lower than 0
EBIT / finance costs, net	Equal or higher than 1.5 or lower than 0

As at December 31, 2016, the Company was compliant with these covenants.

12. CERTIFICATES OF REAL ESTATE RECEIVABLES (CRIs) (PARENT AND CONSOLIDATED)

On June 14, 2011, subsidiary Brazil Realty Companhia Securitizadora de Créditos Imobiliários ("Securitizadora") conducted the first series of the first issue of CRIs, as approved by the Board of Directors' meeting held on February 23, 2011. On May 21, 2012, Securitizadora conducted the second issue of CRIs, as approved by the Board of Directors' meeting held on May 17, 2012. On June 24, 2014, Securitizadora conducted the fourth issue of CRIs, as approved by the Board of Directors' meeting held on June 6, 2014. On September 30, 2016, Securitizadora conducted the fifth issue of CRIs, as approved by the Board of Directors' meeting held on September 30, 2016. On December 6, 2016, Securitizadora conducted the sixth issue of CRIs, as approved by the Board of Directors' meeting held on December 6, 2016. On December 21, 2016, Securitizadora conducted the seventh issue of CRIs, as approved by the Board of Directors' meeting held on December 21, 2016.

The first series of the first issue of CRIs was placed in the market through a public offering of 900 registered, book-entry CRIs with the unit face value of R$300, totaling R$270,000, second issue with the unit face value of R$334, totaling R$300,000, fourth issue with the unit face value of R$312, totaling R$50,000, fifth issue with the unit face value of R$1, totaling R$150,000, sixth issue with the unit face value of R$1, totaling R$200,000 and seventh issue with the unit face value of R$1, totaling R$30,000 . Under the mortgage-back security terms, the first and second issues of CRIs are collateralized by:

Receivables from sales of real estate units held by the respective assignors (the Company's investees) and the Company, rights and amounts deposited by acquirers of real estate units, by the assignors and by the Parent in bank accounts specifically designated for receiving such amounts, under the related assignment contract.

The first and second issues of CRIs are backed by real estate credits arising from one bank credit note ("CCB"), the fifth and sixth issues of CRIs are backed by real estate credits arising from the debentures issued by the Company and the seventh issue of CRIs are backed by real estate credits arising from a CCB issued by Plano & Plano Desenvolvimento Imobiliário Ltda., represented by one real estate credit note ("CCI"), which were subsequently were acquired by Securitizadora under Law 10931/04 ("Real Estate Credits") and assignment agreement. Securitizadora established a fiduciary relationship on Mortgage Loans, as set forth in the Securitization Instrument, under article 9 of Law 9514/97, with the appointment of Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários as trustee. The Mortgage loans and the Collateral under the Fiduciary Relationship will be stated separately in the subsidiary's equity and will be treated as a separate equity, intended specifically for the payment of CRIs and other obligations related to the Fiduciary Relationship, under the terms of article 11 of Law 9514/97. The CRIs will be accepted for trading in CETIP 21 system of CETIP S.A. - Balcão Organizado de ativos e Derivativos and in Bovespafix system of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros, respectively.

The proceeds from the subscription of CRIs were used, exclusively, by Securitizadora to pay the assignment of the CCIs. The proceeds raised will be ultimately used to finance, directly or by means of the Company's interests in special purpose entities (SPEs), expenditures incurred on works in progress or future works relating to residential development projects. The risks and rewards of the mortgage loans remain with the Group; accordingly, the consolidated balance recorded in liabilities presented in the financial statements, is as shown below:

	Parent					
	2016			2015		
Issue	**Balance**	**Interest payable**	**Total**	**Balance**	**Interest payable**	**Total**
1st series of the 1st issue - code 12E0019753	43,200	527	**43,727**	43,200	537	**43,737**
less:						
CRI issuance costs	-	-	**-**	-	-	**-**
1st series of the 2nd issue - code 11F0013690	150,000	2,358	**152,358**	300,000	4,454	**304,454**
less:						
CRI issuance costs	-	-	**-**	-	-	**-**
1st series of the 4th issue - code 14F0626699	-	-	**-**	-	-	**-**
1st series of the 5th issue - code 16I0999367	80,089	1,992	**82,081**	-	-	**-**
less:						
CRI issuance costs	(926)	-	**(926)**	-	-	**-**
1st and 2nd series of the 6th issue - code 16L0074259 e 16L0074261	200,000	697	**200,697**	-	-	**-**
1st series of the 7th issue - code 16L0195217	-	-	-	-	-	**-**
	472,363	**5,574**	**477,937**	**343,200**	**4,991**	**348,191**
Current	249,520	5,574	**255,094**	150,000	4,991	**154,991**
Noncurrent	222,843	-	**222,843**	193,200	-	**193,200**

	Consolidated					
	2016			2015		
Issue	**Balance**	**Interest payable**	**Total**	**Balance**	**Interest payable**	**Total**
1st series of the 1st issue - code 12E0019753	43,200	527	**43,727**	43,200	537	**43,737**
less:						
CRI issuance costs	(504)	-	**(504)**	(583)	-	**(583)**
1st series of the 2nd issue - code 11F0013690	150,000	2,358	**152,358**	300,000	4,454	**304,454**
less:						
CRI issuance costs	(307)	-	**(307)**	(1,096)	-	**(1,096)**
1st series of the 4th issue - code 14F0626699	-	-	**-**	16,667	35	**16,702**
1st series of the 5th issue - code 16I0999367	80,089	1,992	**82,081**			
less:						
CRI issuance costs	(926)	-	**(926)**			
1st and 2nd series of the 6th issue - code 16L0074259 e 16L0074261	200,000	697	**200,697**			
1st series of the 7th issue - code 16L0195217	30,000	77	**30,077**			
	501,552	**5,651**	**507,203**	**358,188**	**5,026**	**363,214**
Current	249,134	5,651	**254,785**	164,988	5,026	**170,014**
Noncurrent	252,418	-	**252,418**	193,200	-	**193,200**

Noncurrent liabilities mature as follows:

	Parent		Consolidated	
Year	**2016**	**2015**	**2016**	**2015**
2017	-	150,000	-	150,000
2018	179,643	-	209,643	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023 a 2027	43,200	43,200	42,775	43,200
Total	**222,843**	**193,200**	**252,418**	**193,200**

The balance disclosed by the Company does not include issuance costs paid by Securitizadora.

The main characteristics of the first series, considering the first, second, fourth, fifth, sixth and seventh issuances, are:

Features	**1st series of the 1st issue (i)**	**1st series of the 2nd issue (ii)**	**1st series of the 4th issue (i)**
Issue date	06/14/2011	05/21/2012	06/24/2014
Amortization date	Semiannual interest and principal payable on June 1, 2023.	Semiannual interest and principal payable in two installments: the 1st one in the 4th year and the 2nd in the 5th year as of the issuance date.	Semiannual interest and principal payable on June 24, 2016.
Unit par value on issuance	300	334	312
Number of certificates issued	900	900	160
Yield	Certificates are not subject to inflation adjustment; interest will be payable on the unit face value as from the issuance date, corresponding to a rate of 107% of DI, as calculated and disclosed by CETIP.	Certificates are not subject to inflation adjustment; interest will be payable on the unit face value as from the issuance date, corresponding to a rate of 108% of DI, as calculated and disclosed by CETIP.	Certificates are not subject to inflation adjustment; interest will be payable on the unit face value as from the issuance date, corresponding to a rate of 101.50% of DI, as calculated and disclosed by CETIP.
Retrocession	None	None	None
Restrictive covenants	The minimum coverage ratio is calculated by dividing: (a) the balance of restricted accounts multiplied by the weighting factor of 1.1, plus an amount equivalent to the outstanding balance of real estate receivables multiplied by a weighting factor equivalent to 1, and (b) the outstanding balance of the collateralized payables as of the calculation date. The result of such division shall be equal or higher than 110%.	The minimum coverage ratio is calculated by dividing: (a) the balance of restricted accounts multiplied by the weighting factor of 1.1, plus an amount equivalent to the outstanding balance of real estate receivables multiplied by a weighting factor equivalent to 1, and (b) the outstanding balance of the collateralized payables as of the calculation date. The result of such division shall be equal or higher than 110%.	Failure to meet any of the following financial ratios, which will be calculated on a quarterly basis by the Guarantor based on its audited consolidated financial information and verified by the Lender ("Financial Ratios") based on the quarterly balance sheet as of June 2014: (i) the ratio between (A) Net Debt + Properties Payable and (B) Equity shall always be equal or lower than 0.80; (ii) the ratio between (A) Total Receivables + Properties for Sale, and (B) Net Debt + Properties Payable + Unrecognized Costs and Expenses shall always be equal or higher than 1.5 or lower than 0; and (iii) the ratio between (A) EBIT and (B) Net Finance Costs shall always be equal or higher than 1.5 or lower than 0. In any of the situations, the EBIT shall always be positive.

Features	1st series of the 5th issue - code (iii)	1st and 2nd series of the 6th issue - code	1st series of the 7th issue - code
Issue date	09/30/2016	12/06/2016	12/21/2016
Amortization date	December 5, 2018	1st series: December 15, 2017 2nd series: September 17, October 15 and November 15, 2018	December 14, 2018
Unit par value on issuance	1	1	1
Number of certificates issued	150	200	30
Yield	Interest at 98% of the DI rate calculated and disclosed by CETIP.	Interest at 98% of the DI rate calculated and disclosed by CETIP.	Interest at 98% of the DI rate calculated and disclosed by CETIP.
Retrocession	None	None	None
Restrictive covenants	The non-compliance with the covenants below, calculated on a quarterly basis by the Debtor based on the audited consolidated financial statements for the quarters ended March, June, September and December of each year, and verified by Securitizadora within up to five days after the receipt of the calculation submitted by the Debtor: a. the ratio between: (A) the sum of Net Debt and Properties for Sale; and (B) Equity must be always equivalent to or lower than 0.80; b. the ration between: (A) the sum of Total Receivables and Properties for Sale; and (B) the sum of Net Debt, Properties Payable and Unaccrued Costs and Expenses must be equivalent to or higher than 1.5 or lower than 0; and c. the ratio between: (A) EBIT and (B) Net Finance Costs must be equivalent to or higher than 1.5 or lower than 0, provided that in any event the EBIT must be always positive.	The non-compliance with the covenants below, calculated on a quarterly basis by the Debtor based on the audited consolidated financial statements for the quarters ended March, June, September and December of each year, and verified by Securitizadora within up to five days after the receipt of the calculation submitted by the Debtor: a. the ratio between: (A) the sum of Net Debt and Properties for Sale; and (B) Equity must be always equivalent to or lower than 0.80; b. the ration between: (A) the sum of Total Receivables and Properties for Sale; and (B) the sum of Net Debt, Properties Payable and Unaccrued Costs and Expenses must be equivalent to or higher than 1.5 or lower than 0; and c. the ratio between: (A) EBIT and (B) Net Finance Costs must be equivalent to or higher than 1.5 or lower than 0, provided that in any event the EBIT must be always positive.	The non-compliance with the covenants below, calculated on a quarterly basis by the Debtor based on the audited consolidated financial statements for the quarters ended March, June, September and December of each year, and verified by Securitizadora within up to five days after the receipt of the calculation submitted by the Debtor: a. the ratio between: (A) the sum of Net Debt and Properties for Sale; and (B) Equity must be always equivalent to or lower than 0.80; b. the ration between: (A) the sum of Total Receivables and Properties for Sale; and (B) the sum of Net Debt, Properties Payable and Unaccrued Costs and Expenses must be equivalent to or higher than 1.5 or lower than 0; and c. the ratio between: (A) EBIT and (B) Net Finance Costs must be equivalent to or higher than 1.5 or lower than 0, provided that in any event the EBIT must be always positive.

(i) Default on receivables linked to the issue of CRI has no impact on the transaction since the receivables are only guarantee of future payments.

(ii) Risk rating: on February 2, 2017, the Company was rated by a risk rating agency as Ba2 (global rating scale) and Aa3.br (domestic rating scale). In accordance with CVM Instruction 414/04, the Company updates the rating reports (risk assessment) of the securitization transactions on a quarterly basis, considering that such Instruction requires such adjustment for transactions having a notional unit value equal or higher than R$300.

(iii) Risk rating: on February 10, 2017, the risk rating agency Standard & Poor's maintained the risk rating 'brAA- (sf)' assigned to the first series of the fifth issue of CRIs. The risk rating must be maintained during the validity of the CRIs, adjusted on a quarterly basis, as set forth in article 7, §7, of CVM Instruction 414/04.

Interest on CRIs eligible for capitalization in inventories totaled R$5,322 in the year ended December 31, 2016 (R$1,025 as at December 31, 2015).

a) June 14, 2011: the certificates were placed in the market through public offer of 900 registered and book-entry CRIs, of the first series of the first issue, at unit value of R$300, totaling R$270,000. On June 2, 2014, the Company redeemed the amount of R$226,800; the amount of R$43,200 falls due in 2023, remaining 144 registered and book-entry CRIs;
b) May 21, 2012: the certificates were placed in the market through public offer of 900 registered and book-entry CRIs, of the first series of the second issue, at unit value of R$333, totaling R$300,000. On May 25, 2016, the Company repaid the amount of R$150,000, according to the amortization schedule; the amount of R$150,000 falls due in 2017, remaining 900 registered and book-entry CRIs;
c) June 24, 2014: the certificates were placed in the market through public offer of 160 registered and book-entry CRIs, of the first series of the fourth issue, at the unit value of R$312, totaling R$50,000. The repayments were made according to the amortization schedule on June 25, 2015, December 25, 2015 and June 25, 2016;
d) October 25. 2016: the certificates were placed in the market through public offer of 150 registered and book-entry CRIs, of the first series of the fifth issue, at the unit value of R$1, totaling, as at December 31, 2016, R$80,089, falling due in 2018;
e) December 21, 2016: the certificates were placed in the market through public offer of 200 registered and book-entry CRIs, of the first and second series of the sixth issue, at the unit value of R$1, totaling R$200,000, falling due in 2018;
f) December 23, 2016: the certificates were placed in the market through public offer of 30 registered and book-entry CRIs, of the first series of the seventh issue, at the unit value of R$1, totaling R$30,000, falling due in 2018.

The changes are as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Opening balance	**348,191**	**480,626**	**363,214**	**528,130**
Additions	280,089	-	310,088	-
Principal repayment	(150,000)	(130,000)	(166,667)	(163,333)
Interest payment	(39,100)	(53,105)	(40,237)	(58,450)
Interest and charges	38,757	50,670	40,805	56,867
Closing balance	**477,937**	**348,191**	**507,203**	**363,214**

13. RELATED PARTIES

a) Intragroup loans for construction financing

Intragroup loans do not have determinate maturity date and are not subject to finance charges, except for agreements entered into with joint ventures, when indicated.

The balances in the financial statements, Parent and Consolidated, are as follows:

	Parent				Consolidated			
	Assets		Liabilities		Assets		Liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
Agin Vergueiro Empreendimentos Imobiliários Spe Ltda	-	782	-	2.201	-	782	-	2.201
Aldeia Da Colina Empreendimentos Imobiliários Spe Ltda	366	672	-	-	366	672	-	-
Angra Dos Reis Empreendimentos Imobiliários Ltda	1.151	14.706	8.850	8.719	1	-	934	3.525
Arizona Investimento Imobiliária Ltda	-	-	5.934	11.804	-	-	5.934	11.804
Australia Empreeendimentos Imobilários Ltda	11	1.836	-	-	-	-	-	-
Austria Incorporadora Ltda	-	2.127	-	-	-	2.127	-	-
Barao De Miracema Empreendimentos Imobiliários Spe Ltda	1.632	2.119	-	-	-	-	-	-
Cabo Frio Incorporadora Ltda	-	-	15.400	-	-	-	15.400	-
Cbr 030 Empreendimentos Imobiliários Ltda	4.161	16.588	-	-	4.188	11.470	5.573	-
Cbr 037 Empreendimentos Imobiliario	1.972	-	-	-	-	-	-	-
CCP Propriedades	-	-	-	3.132	-	-	-	3.132
CHL Lxxviii Incorporações Ltda	296	6.353	-	2.750	296	6.353	-	2.750
Cipasa Santa Maria Empreendimentos Imobiliários S/A	67	7	-	3.184	67	7	-	3.184
Construtora Santa Isabel Ltda	968	996	-	-	968	996	-	-
Conx Empreendimentos Imobiliáros Ltda	10.007	2.544	-	10.218	8.584	2.544	-	10.218
Corsega Empreendimentos Imobiliarios Ltda	646	-	-	-	-	-	-	-
Costa Maggiore Empreendimentos Imobiliarios Ltda	982	-	-	-	982	-	-	-
Cotia Empreendimentos Imobiliários Ltda	126	580	-	-	-	-	-	-
Country De Investimento Imobiliária Ltda	149	279	-	-	345	574	3	11
Cury Construtora E Incorporação S/A	118.738	28.470	1	1.454	118.738	28.470	1	1.454
Cybra De Investimento Imobiliária Ltda	68	268	-	364	3.142	4.328	-	2.678
Cyrela Andrade Mendonca Jcpm Empreendimentos Imobilários Spe S/A	138	4	-	-	-	-	114	7.138
Cyrela Bahia Empreendimentos Imobiliários Ltda	1.297	615	-	-	-	72	-	-
Cyrela Boraceia Empreendimentos Imobiliarios Ltda	7.061	-	-	-	-	-	-	-
Cyrela Braga Empreendimentos Imobiliários Ltda	5.369	7.073	-	-	-	-	-	-
Cyrela Comercial Imobiliária Ltda	3.410	3.745	-	-	103	69	1.062	1.344
Cyrela Construtora Ltda	1.602	1.588	-	49	-	4	-	10
Cyrela Costa Rica Empreendimentos Imobiliários Ltda	139	12.833	-	-	-	-	-	-
Cyrela Cristal Empreendimentos Imobiliários Ltda	7.624	5.883	-	-	-	-	21	-
Cyrela Cuzco Empreendimentos Imobiliários Ltda	185	806	-	-	-	-	-	-
Cyrela Dinamarca Empreendimentos Imobiliários Ltda	715	1.837	-	-	-	-	-	-
Cyrela Elwing Empreendimentos Imobiliários Ltda	1	785	-	-	-	-	-	-
Cyrela Empreendimentos Imobiliários Comercial Importadora E Exportadora Ltda	1.277	1.271	-	-	-	-	-	-
Cyrela Extrema Empreendimentos Imobiliários Ltda	69.340	37.815	-	-	-	-	-	-
Cyrela Iberia Empreendimentos Imobiliários Ltda	1.925	2.147	-	-	-	-	-	-
Cyrela Investimentos E Participações Ltda	11	-	-	-	388	-	2.564	2.564
Cyrela Magik Monaco Empreendimentos Imobiliários Ltda	195	4.403	-	-	2	-	-	1.100
Cyrela Magiklz Oiticica Ltda	3.526	1	-	-	-	-	844	-
Cyrela Maguari Empreendimentos Imobiliários Ltda	64	1.602	-	-	-	-	-	-
Cyrela Malasia Empreendimentos Imobiliários Ltda	774	391	-	-	-	-	-	-
Cyrela Manaus Empreendimentos Imobiliários Ltda	4.644	4.644	-	-	1.475	11.415	-	-
Cyrela Maresias Empreendimentos Imobiliários Ltda	6.922	242	-	-	-	-	-	-
Cyrela Moinho Empreendimentos Imobiliários Ltda	67.611	16	-	-	2	-	-	-
Cyrela Montblanc Empreendimentos Imobiliários Ltda	2.699	8.335	-	-	-	-	-	-
Cyrela Monza Empreendimentos Imobiliários Ltda	29.628	45.521	-	-	821	822	-	-
Cyrela Nordeste Empreendimentos Imobiliários Ltda	-	21.301	-	-	599	82	49	-
Cyrela Pamplona Empreendimentos Imobiliários Ltda	1.774	1	-	-	-	-	-	-
Cyrela Paris Empreendimentos Imobiliários Ltda	2.869	-	-	-	-	-	-	-
Cyrela Particip E Empreendimentos Imobiliários Ltda	158	158	-	-	12	523	28	28
Cyrela Pompeia Empreendimentos Imobiliários Ltda	689	198	-	-	-	-	-	-
Cyrela Portugal Empreendimentos Imobiliários Ltda	1	7.426	-	-	-	12	-	2.726
Cyrela Puglia Empreendimentos Imobiliários Ltda	104	12.384	-	-	-	-	-	-
Cyrela Recife Empreendimentos Imobiliários Ltda	14.185	-	-	-	-	-	164	-
Cyrela Rjz Construtora E Empreendimentos Imobiliários Ltda	45	65	-	-	72.906	62.147	278	151
Cyrela Rjz Empreendimentos Imobiliários Ltda	3.142	-	-	-	283	684	-	601
Cyrela Rjz Jcgontijo Empreendimentos Imobiliária Ltda	1.788	1.582	-	-	-	-	1.210	1.210
Cyrela Roraima Empreendimentos Imobiliários Ltda	1.338	1.301	-	-	-	-	-	-
Cyrela Sul 001 Empreendimentos Imobiliários Spe Ltda	-	-	-	801	-	-	-	801
Cyrela Volpago Participações Societárias Ltda	-	-	-	111.671	-	-	-	-
Cyrela White River Investimento Imobiliária Spe Ltda	506	55	580	580	-	-	-	-
Cyrsa S/A	-	1.833	-	9.599	-	1.833	-	9.599
Cytec Empreendimentos Imobilários Ltda	-	-	-	-	161	232	115	1.965
Dgc João Gualberto Ltda	-	-	-	-	773	-	337	-

	Parent				Consolidated			
	Assets		Liabilities		Assets		Liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
Estrada Rodrigues Caldas Empreendimentos Imobiliários SPE Ltda	43	-	-	4.985	-	-	-	-
Forest Hill De Investimento Imobiliária Ltda	-	-	2.720	3.205	-	-	2.720	3.205
Gcw Wangri-La Urbanismo Ltda	-	-	-	-	-	344	989	-
Gliese Incorporadora Ltda	-	-	-	17.578	-	-	-	17.578
Global Park Residencial Empreendimentos Ltda	1.832	-	-	-	-	-	-	-
Goldsztein Cyrela Empreendimentos Imobiliários S/A	41.823	11.236	-	-	21.293	16.836	4	-
Himalaia Empreendimentos Imobiliários Ltda	621	20	-	-	-	-	-	-
Jacira Reis Empreendimentos Imobiliários Ltda	9.144	-	-	-	9.144	-	-	-
Joao Fortes Engenharia S/A	-	3.580	-	-	-	3.580	-	-
Jose Celso Contijo Engenharia S/A	41.047	-	-	-	41.047	-	-	-
Kalahari Empreendimentos Imobiliários Ltda	4.225	-	-	-	-	-	-	-
Lider Cyrela Df 01 Empreendimentos Imobiliários Ltda	1.063	1.874	-	-	-	-	-	-
Living Abaeté Empreendimentos Imobiliários Ltda	19.348	-	-	-	-	-	-	-
Living Afenas Empreendimentos Imobiliários Ltda	42.040	23	-	-	-	-	-	-
Living Amparo Empreendimentos Imobiliários Ltda	3.400	-	-	-	-	-	-	-
Living Batatais Empreendimentos Imobiliários Ltda	11.548	3	-	-	-	-	-	-
Living Botucatu Empreendimentos Imobiliários Ltda	-	2.984	-	-	-	2.984	-	-
Living Empreendimentos Imobiliários S/A	18.065	18.070	-	-	133	5.745	5.049	11.694
Living Martini Empreendimentos Imobiliários Ltda	1.113	1	-	-	-	-	-	-
Living Panama Empreendimentos Imobiliários Ltda	735	218	-	-	10	5	-	-
Living Provance Empreendimentos Imobiliários Ltda	553	-	-	-	-	1	-	-
Living Ribeirao Empreendimentos Imobiliários Ltda	640	-	-	-	-	-	-	1
Living Sul Empreendimentos Imobiliários Ltda	33	-	-	-	2.495	760	-	-
Living Talara Empreendimentos Imobiliários Ltda	3.428	671	-	-	3.428	671	-	-
Lombok Incorporadora Ltda	264	2.473	-	-	-	-	-	-
Luanda Empreendimentos Imobiliarios Ltda	12.768	1	-	-	-	-	-	-
Magnum Investimento Imobiliária Ltda	-	-	4.195	4.195	-	-	4.195	4.195
Nova Iguacu Empreendimentos Imobiliários Ltda	525	77	-	-	-	-	-	-
Nova Zelandia Empreendimentos Imobiliários Ltda	-	-	1.525	3.021	-	-	-	1.496
Pdg Realty S/A Empreendimentos E Participações	-	-	2.314	3.500	-	-	2.314	3.500
Peru Empreendimentos Imobiliários Ltda	-	1.784	-	-	-	-	-	-
Plano & Plano Construções E Participações Ltda	-	-	-	197	60	78	2.238	1.457
Plano Amoreira Empreendimentos Imobiliários Spe Ltda	-	-	-	-	2.178	-	-	-
Plarcon Cyrela Empreendimentos Imobiliários Spe Ltda	628	620	-	-	628	620	-	-
Pre 27 Empreendimentos Imobiliarios Spe	-	-	1.000	-	-	-	1.000	-
Queiroz Galvao Cy Oklahoma Empreendimentos Imobiliários Spe Ltda	24	96	-	720	24	96	-	720
Ravenna Empreendimentos Imobiliários Ltda	7.463	-	-	-	-	-	16	-
Reserva Casa Grande Empreendimentos Imobiliários Ltda	1.691	8	-	-	1.691	8	-	-
Rouxinol Salvador Alende Empr Imobiliária Ltda	-	-	2.400	-	-	-	2.400	-
Rubem Vasconcelos Imoveis Ltda	4.901	-	-	-	4.901	-	-	-
Scp Isla	5.673	3.424	3.075	-	5.673	3.424	3.075	-
Seller Consultoria Imobiliária E Representações Ltda	4	2	-	11	14.842	19.871	-	-
Severa Incorporações Imobiliária S/A	-	3.170	-	-	-	3.170	-	226
Severa Incorporações Imobiliarias S	718	-	-	-	-	-	-	-
Sintese Moradia E Construções Ltda	-	1.980	-	-	-	1.980	-	-
Sk Joaquim Ferreira Lobo Empreendimentos Imobiliários Spe Ltda	-	-	-	-	-	-	1.065	2.425
Slk Empreendimentos Imobiliários Spe S/A	-	2.203	-	-	-	2.203	-	-
Spe Barbacena Empreendimentos Imobiliários S/A	237	7.000	-	-	237	7.000	-	-
Spe Brasil Incorporação 11 Ltda	-	525	-	575	-	525	-	575
Spe Brasil Incorporação 17 Ltda	600	1.798	275	-	600	1.798	275	-
Spe Brasil Incorporação 19 Ltda	-	150	-	950	-	150	-	950
Spe Brasil Incorporação 29 Ltda	650	-	750	-	650	-	750	-
Spe Brasil Incorporação 83 Ltda	2.000	-	-	-	2.000	-	-	-
Spe Brasil Incorporação 9 Ltda	-	750	-	750	-	750	-	750
Spe Brasil Incorporações 2 Ltda	-	-	-	583	-	-	-	583
Spe Chl Cv Incorporacoes Ltda	882	-	-	6.366	882	-	-	6.366
Spe Crua Empreendimentos S/A	6.769	-	-	-	6.769	-	-	-
Spe Faiçalville Incorporação 1 Ltda	-	-	850	-	-	-	850	-
Viver Empreendimentos Imobiliáros E Participações Ltda	-	-	-	1.712	-	-	-	1.712
Vmss Empreendimentos Imobilários Spe S/A	3	1	-	-	1.854	1.855	229	-
Other 352 SPEs with balances of up to R$500	12.868	8.345	613	3.755	5.232	6.221	3.012	5.185
Total	**643.465**	**339.275**	**50.482**	**218.629**	**340.973**	**216.893**	**64.812**	**132.812**

As at December 31, 2016, the Company has intragroup loans totaling R$52,975 (R$12,027 as at December 31, 2015). The guarantees provided to the Company are linked to the delivery of shares in the subsidiary or joint venture.

As at December 31, 2016, of the balance of R$49,559 (R$43,472 at December 31, 2015) corresponds to advances granted to the company that sold the land, as set forth in the underlying agreement. Advances are subject to the Interbank Certificate of Deposit (CDI) rate. Interest is payable monthly and the principal will be received through receivables corresponding to its interest in the venture.

As at December 31, 2016, the Company has dividends receivable from investee Cury Construtora e Incorporadora S/A in the amount of R$118,540.

b) Operations

Transactions with related parties refer mainly to technical services involving responsibility for projects and control of all contractors who provide knowledge for construction business, applied to the development of the Company and its investees.

These transactions are classified as costs incurred in units under construction and allocated to profit or loss according to the project units' sale stage.

c) Management compensation

i) Fixed compensation: the overall compensation of the Company's management for 2016 was set at up to R$12,381 by the Annual Shareholders' Meeting held on April 28, 2016 (R$15,211 for 2015).

Compensation is recognized in the Company's profit or loss in line item "Management compensation".

The accrued expenses incurred in the periods are as follows:

	Parent		Consolidated		Total members	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Board of Directors	1,045	1,133	2,087	2,331	7	7
Executive Committee	3,125	3,405	3,125	3,405	6	6
Charges	834	908	1,042	1,147	-	-
	5,004	**5,446**	**6,254**	**6,883**	**13**	**13**
Benefits - Board of Directors	2,583	2,156	2,599	2,245		
Benefits - Executive Committee	255	468	255	468		
	2,838	**2,624**	**2,854**	**2,713**		
Total	**7,842**	**8,070**	**9,108**	**9,596**		
Compensation in the period:						
Board of Directors - higher compensation	257	255	912	812		
Board of Directors - lower compensation	197	97	65	97		
Executive Comités - higher compensation	728	757	728	757		
Executive Committee - lower compensation	246	245	246	245		

ii) Variable compensation: pursuant to Article 190 of the Brazilian Corporate Law, the Annual General Meeting that approves the accounts for the fiscal year can decide on the distribution of up to ten percent of profit for the year, after the adjustments of the Article 189 thereof, to the Company's management and employees as profit sharing.

The allocation and profit sharing to management and employees can only take place in fiscal years in which shareholders are entitled to the payment of the mandatory minimum dividend provided for by Article 41 of the bylaws.

The Company maintains stock option plans. All managers and employees entitled to an annual bonus and whose compensation does not include any commissions directly or indirectly related to the sale or purchase of assets for the Company are eligible to the stock option plans. As at December 31, 2016, management-related expenses recorded in profit or loss totaled R$10,160 (R$8,290 as at December 31, 2015).

The variable compensation (stock option plan) is not included in the overall compensation approved at the Shareholders' Meeting.

No amounts were paid in the period relating to: (a) post-employment benefits (pension, other retirement benefits, post-employment life insurance and post-employment health care plan); (b) long-term benefits (leave of absence for length of service and long-term disability benefits); and (c) severance benefits.

14. CURRENT ACCOUNTS WITH VENTURE PARTNERS

The balances in net assets and liabilities can be as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Abc Realty De Investimento Imobiliária Ltda	-	-	1.051	939
Cbr 014 Empreendimentos Imobiliários Ltda	-	-	(1.676)	(1.869)
Cbr 031 Empreendimentos Imobiliários Ltda	-	-	-	255
Cbr 032 Empreendimentos Imobiliários Ltda	-	-	(3.536)	(3.489)
Century De Investimento Imobiliária Ltda	-	-	-	(448)
Consorcio De Urbanizacao Jundiai	6.413	9.316	6.413	9.316
Corsega Empreendimentos Imobiliários Ltda	-	-	(105)	(155)
Country De Investimento Imobiliária Ltda	-	-	-	(17)
Cyrela Brazil Realty Rjz Empr Imobiliária Ltda	-	-	2.166	1.976
Cyrela Construtora Ltda	-	-	-	(107)
Cyrela Europa Empreendimentos Imobiliários Ltda	-	-	(3.547)	(5.985)
Cyrela Iberia Empreendimentos Imobiliários Ltda	-	-	615	584
Cyrela Imobiliária Ltda	-	-	731	893
Cyrela Jasmim Ltda	-	-	-	(161)
Cyrela Lambari Empreendimentos ImobiliáriosLtda	-	-	(1.253)	(1.260)
Cyrela Mac Amazonas Empreendimentos Imobiliários Spe Ltda	-	-	(130)	(110)
Cyrela Polinesia Empreendimentos Imobilários Ltda	-	-	482	486
Cyrela Rjz Construtora E Empreendimentos Imobiliários Ltda	-	-	(729)	(712)
Cyrela Roraima Empreendimentos Imobiliários Ltda	-	-	(2.727)	(8.937)
Cyrela Suecia Empreendimentos Imobiliários Ltda	-	-	(27.194)	(30.777)
CZ6 Empreendimentos Comerciais Ltda	-	-	-	(163)
Goldsztein Cyrela Empreendimentos Imobiliários S/A	-	-	244	77
Jardim Loureiro da Silva Empreendimentos Imobiliarios Ltda	-	-	1.135	-
Kalahari Empreendimentos Imobiliários Ltda	-	-	(556)	(264)
Living Sabino Empreendimentos Imobilários Ltda	-	-	-	(304)
Miralda Empreendimento Imobiliario Ltda	-	-	-	149
Option de Investimentos Imobiliários Ltda	-	-	-	(122)
Pitombeira Empreendimentos Imobiliários Ltda	-	-	(363)	(114)
Plano Aroeira Empreendimentos Imobilários Ltda	-	-	(501)	(501)
Plano Cambara Empreendimentos Imobilários Ltda	-	-	(106)	(106)
Plano Guapira Empreendimentos Imobilários Ltda	-	-	(556)	(1.066)
Vero Sta Isabel Empreendimentos Imobilários Spe Ltda	-	-	(2.295)	(4.514)
Vinhedo Empreendimentos Imobilários Ltda	-	-	-	480
Other 17 SPEs with balance up to R$100	-	-	80	(159)
	6.413	**9.316**	**(32.357)**	**(46.185)**
Balance disclosed in Assets	**6.413**	**9.316**	**13.070**	**37.403**
Balance disclosed in Liabilities	**-**	**-**	**45.427**	**83.588**

15. CONSTRUCTION IN PROGRESS

As a result of the procedure prescribed by CVM Instruction 561/08 (OCPC 1 (R1)), as amended by CVM Instruction 624/10, sales revenue and corresponding budgeted costs related to units sold and whose costs have not yet been incurred, are not recorded in the financial statements of the Company and its subsidiaries. The main balances to be reflected as costs are incurred can be shown as follows:

a) Contracted real estate transactions to be allocated from accumulated construction in progress

		2016	2015
(+) Total gross sales revenue		12,595,664	16,309,940
(-) Total unrecognized gross revenue		(10,431,246)	(12,787,434)
(=) Unrecognized sales revenue:	(i)	**2,164,418**	**3,522,506**
(+) Total cost of properties sold		7,220,722	9,763,909
(-) Total unrecognized cost		(5,890,148)	(7,604,816)
(=) Unrecognized cost	(ii)	**1,330,574**	**2,159,093**
Unrecognized profit		**833,844**	**1,363,413**

(i) Excluding taxes on sales
(ii) Excluding unrecognized guarantee costs

Commitments on budgeted costs not yet incurred on units sold

	2016	2015
Amounts not reflected in the financial statements		
Current	809,744	1,399,077
Noncurrent	520,830	760,016
	1,330,574	**2,159,093**

16. ADVANCES FROM CUSTOMERS

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Amounts received for property sales				
Amounts received for project sales:				
Other advances	-	-	6,453	110,324
	-	**-**	**6,453**	**110,324**
Units sold in projects under constructions				
Allocated revenue	-	(144,559)	(3,878,331)	(2,150,902)
Received revenue	-	145,326	3,945,964	2,215,271
	-	**767**	**67,633**	**64,369**
	-	**767**	**74,086**	**174,693**
Amounts received for physical barters				
Barters with land	-	-	479,932	708,988
Total advances from customers	**-**	**767**	**554,018**	**883,681**
Current	**-**	**767**	**351,306**	**724,169**
Noncurrent	**-**	**-**	**202,712**	**159,512**

Advances from customers originated from physical barters of land will be amortized in profit or loss using the same procedure applied in the recognition of revenues from sales (according to the cost percentage incurred on the project).

17. TRADE PAYABLES AND ACCRUED WARRANTIES

The Company and its subsidiaries provide warranties to their customers on the sale of their properties. Such warranties have specific features, according to certain items, and are offered for varying periods that range up to five years after the construction work has been completed and are partially shared with the suppliers of goods and services. The amounts recorded by the Company and its subsidiaries are recognized in line item "Trade payables and accrued warranties".

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Accrued contruction warranties	-	-	140,333	138,302
Other suppliers of goods and services	5,878	4,232	144,511	197,686
Total trade payables	**5,878**	**4,232**	**284,844**	**335,988**
Current	**5,878**	**4,232**	**209,166**	**254,170**
Noncurrent	**-**	**-**	**75,678**	**81,818**

18. PAYABLES FOR ACQUISITION OF PROPERTIES

Refers to land acquired, aiming at launching new developments, individually or in association with third parties, with the following aging list:

	Consolidated	
Year	**2016**	**2015**
2017	-	6,335
2018	18,889	15,424
2019	32	8
2020	5	-
Noncurrent	**18,926**	**21,767**
Current	**142,531**	**188,705**
Total	**161,457**	**210,472**

Payables are substantially adjusted for inflation based on the fluctuation of the National Civil Construction Index (INCC), the General Market Price Index (IGP-M), or the variance of the SELIC rate (Central Bank's policy rate).

As at December 31, 2016, interest related to returned land was reversed and inventories were adjusted for inflation related to the land balance payable, in the total amount of R$5,551 (R$7,381 as at December 31, 2015).

19. PROVISIONS FOR LABOR, TAX AND CIVIL RISKS

The provisions for tax, labor and civil risks have been recognized for lawsuits whose likelihood of loss was considered probable, based on the opinion of the Company's legal counsel.

These provisions are down as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Civil lawsuits	7,164	10,183	107,692	102,632
Tax lawsuits	610	-	4,568	2,633
Labor lawsuits	586	1,890	78,702	75,695
Contract terminations	-	-	22,996	20,697
	8,360	**12,073**	**213,958**	**201,657**

The Company and its subsidiaries are parties to civil, labor and tax ongoing lawsuits at the administrative and judicial levels.

Tax lawsuits

As at December 31, 2016, the Company and its subsidiaries are parties to lawsuits, totaling R$161,565 (R$82,955 as at December 31, 2015), of which, the amount of R$4,568 (R$2,633 as at December 31, 2015), is classified as probable losses, R$118,566 (R$48,863 as at December 31, 2015), is classified as possible losses, and R$38,431 (R$31,459 as at December 31, 2015) is classified as remote losses by the Company's legal counsel and Management.

Additional disclosures on the main provisions for tax risks, whose likelihood of loss is assessed by Management as possible, are as follows:

- The Company is a party to a tax administrative proceeding as a result of a tax assessment notice issued by the Federal Revenue Service of Brazil, related to the collection of alleged tax credits withholding income tax (IRRF) related to the stock option plan. The proceeding is at the administrative defense level and is has not yet been analyzed by the tax authority.

- The Brazilian tax authorities filed a tax administrative proceeding against the Company in January 2005, claiming the payment of withholding income tax (IRRF) on interest earned on the Fixed Rate Notes issued abroad. As at December 31, 2016 this proceeding amounts to R$6,413 (R$6,101 as at December 31, 2015).

- The Company and its investees are parties to tax administrative proceedings resulting from Federal Revenue Service decisions that did not approve the offset of tax credits against taxes payable. The amounts of these credits arise mostly from the utilization of the balance of withholding income taxes calculated in the annual income tax returns. These proceedings are at administrative defense stage, but have not yet been analyzed by the tax authority. As at December 31, 2016, these proceedings total R$11,326 (R$10,852 as at December 31, 2015).

- Four of the Company's subsidiaries are parties to an administrative proceeding arising from the tax assessment notice relating to the collection of social security contribution on profit sharing for calendar 2008 as well as on contractors' social security contribution. The Companies filed an objection against this tax assessment and await a final decision by the tax authorities. As at December 31, 2016 this proceeding amounts to R$5,885 (R$5,616 as at December 31, 2015).

Labor lawsuits

As at December 31, 2016, the Company and its subsidiaries are parties to lawsuits, totaling R$216,618 (R$121,279 as at December 31, 2015), of which, the amount of R$78,702 (R$75,695 as at December 31, 2015), is classified as probable losses, R$102,713 (R$25,269 as at December 31, 2015), is classified as possible losses, and R$35,203 (R$20,315 as at December 31, 2015) is classified as remote losses.

Most of the lawsuits are filed by employees of subcontractors, mainly claiming the paying of overtime and others. Under the Brazilian labor laws, we are jointly and severally liable for the compliance of labor obligations to the employees of our service providers.

Civil lawsuits

As at December 31, 2016, the Company and its subsidiaries are parties to lawsuits, totaling R$293,177 (R$229,384 as at December 31, 2015), of which, the amount of R$107,692 (R$102,632 as at December 31, 2015), is classified as probable losses, R$160,249 (R$102,584 as at December 31, 2015), is classified as possible losses, and R$25,236 (R$24,169 as at December 31, 2015) is classified as remote losses.

Most of the lawsuits refer to compensation claims for pain and suffering.

Additionally, Queiroz Galvão MAC Cyrela Veneza, where the Company holds a 30% stake, is a party to a civil class action challenging the validity of the Construction Permit granted to the Domínio Marajoara project, which, as at December 31, 2016, based on the Company's opinion, is classified as probable loss in the case of the claimed compensation for environmental damages. The Company's management recognized a provision amounting to R$10,032 related to threatened civil lawsuits related to this project.

Cyrela, as the developer of the real estate project Condomínio Grand Parc Residecial Resort, clarifies that, on July 19, 2016, the outside leisure area has collapsed due to unknown causes, which is being duly verified by the proper police authorities. Although not being responsible for the real estate project construction, which was the responsibility of Incortel Incorporações e Construções Ltda., Cyrela, as developer, bears and has been bearing the amounts payable as indemnity until the actual cause for the accident is determined.

Contract termination

The Company recognized an allowance for contract termination amounting to R$22,996 (R$20,697 as at December 31, 2015), an amount considered by Management as sufficient to cover possible losses on the realization of trade receivables.

Variations in the provision amounts

The provisions for probable losses on these proceedings are estimated and adjusted by Management, based on the opinion of its outside legal counsel. As at December 31, 2016, the provisions for legal and administrative proceedings are classified in line item "Provision for tax, labor and civil risks":

	Parent			
	Civil	**Tax**	**Labor**	**Total**
Balance as at Dec 31, 2014	**4,246**	**2,878**	**1,399**	**8,523**
Additions	9,848	-	2,215	12,063
Payment	(127)	-	(656)	(783)
Reversal	(5,520)	(2,938)	(1,048)	(9,506)
Adjustments	1,736	60	(20)	1,776
Balance as at Dec 31, 2015	**10,183**	**-**	**1,890**	**12,073**
Balance as at Dec 31, 2015	**10,183**	**-**	**1,890**	**12,073**
Additions	236	603	164	1,003
Payment	(171)	-	(474)	(644)
Reversal	(6,140)	-	(1,729)	(7,868)
Adjustments	3,056	7	734	3,797
Balance as at Dec 31, 2016	**7,164**	**610**	**586**	**8,360**

	Consolidated				
	Civil	**Tax**	**Labor**	**Contract terminations**	**Total**
Balance as at Dec 31, 2014	**104,328**	**5,645**	**54,431**	**-**	**164,404**
Additions	76,708	1,108	58,921	20,697	157,434
Payment	(40,451)	-	(22,039)	-	(62,490)
Reversal	(58,235)	(4,333)	(26,507)		(89,075)
Adjustments	20,282	213	10,889	-	31,384
Balance as at Dec 31, 2015	**102,632**	**2,633**	**75,695**	**20,697**	**201,657**
Balance as at Dec 31, 2015	**102,632**	**2,633**	**75,695**	**20,697**	**201,657**
Additions	55,517	2,869	50,879	5,644	114,909
Payment	(63,007)	-	(44,885)	-	(107,892)
Reversal	(18,463)	(1,269)	(16,184)	(3,345)	(39,261)
Adjustments	31,014	334	13,197	-	44,545
Balance as at Dec 31, 2016	**107,693**	**4,568**	**78,702**	**22,996**	**213,958**

20. DEFERRED TAXES

a) Breakdown of deferred income tax, social contribution, PIS, and COFINS

Deferred taxes are recorded to reflect tax effects arising from temporary differences between the tax base, which basically determines the time of collection, based on receivables from sales of properties (SRF Regulatory Instruction 84/79) and effective allocation of revenue from real estate development in accordance with CFC Resolution 1266/09 and CVM Resolution 561/08, as amended by CVM Instruction 624/10 (OCPC 01(R1)).

The table below shows the balances of deferred taxes and contributions:

	Consolidated	
	2016	**2015**
Assets		
IRPJ	155	790
CSLL	81	419
Subtotal	**236**	**1.209**
PIS	45	243
COFINS	210	1.124
Subtotal	**255**	**1.367**
Total:	**491**	**2.576**
Current	**491**	**2.576**
Noncurrent	**-**	**-**

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Liabilities				
IRPJ	985	788	47.523	54.343
CSLL	354	284	24.374	27.572
Subtotal	**1.339**	**1.072**	**71.897**	**81.915**
PIS	102	82	13.379	15.094
COFINS	472	377	61.822	69.736
Subtotal	**574**	**459**	**75.201**	**84.830**
Total	**1.913**	**1.531**	**147.098**	**166.745**
Current	30	**241**	110.168	**127.025**
Noncurrent	1.883	**1.290**	36.930	**39.720**

Payment terms of such taxes are equivalent to those of installments received from sales.

Due to the tax credits and obligations referred to above, the Company accounted for the corresponding tax effects (deferred income tax and social contribution), as follows:

	Parent		Consolidated	
	2016	2015	2016	2015
In current and noncurrent assets				
Difference of profit on real estate activities - deemed income	-	-	-	572
Difference of profit on real estate activities - RET	-	-	236	637
	-	**-**	**236**	**1,209**
In current and noncurrent liabilities				
Difference of profit on real estate activities - taxable income	(1,339)	(1,072)	(4,735)	(7,896)
Difference of profit on real estate activities - deemed income	-	-	(10,071)	(9,487)
Difference of profit on real estate activities - RET	-	-	(57,091)	(64,532)
	(1,339)	**(1,072)**	**(71,897)**	**(81,915)**

b) Future taxable income tax bases

The Company and its subsidiaries recognize the following balances to be offset, deducted from or added to the future taxable income tax bases calculated based on taxable income. In addition, certain subsidiaries have tax differences in future years, arising from revenues from real estate development activities taxed on a cash basis and the amount recorded on the accrual basis, considering the deemed income tax regime and RET, as follows:

	Parent		Consolidated	
	2016	2015	2016	2015
Credits for offset - taxable income				
Tax loss carryfowards				
to be offset against future taxable income	1,529,918	714,121	1,944,207	1,135,467
Taxable obligations - taxable income				
Difference between profit from real estate activities taxed				
on a cash basis and the amount recorded on the accrual basis	(3,939)	(3,153)	(13,926)	(23,222)
Taxable obligations - deemed income				
Difference between the profit from taxable real estate activities				
on a cash basis and the amount recorded on the accrual basis				
Income tax base	-	-	26,263	23,238
Social contribution base	-	-	38,948	34,511
Taxable obligations - special taxation regime - RET				
Tax base	-	-	2,934,468	3,328,490

In the current context of the Parent's operations, which substantially correspond to holding interests in other companies, no tax credits were not recognized on the total accumulated balance of tax loss carryforwards or the balance of temporarily nondeductible expenses in determining taxable income. In addition, certain subsidiaries recognize tax loss carryforwards, whose realization or recovery depends on future events and, therefore, such possible tax benefits are not recorded in the financial statements.

The tax loss carryforwards to be offset against future taxable income can be carried forward indefinitely and their offset is limited to 30% of taxable income calculated in each annual reporting period.

The tax difference between taxable income calculated on a cash basis and on accrual basis will be probably incurred through 2036, considering the term of receipt of sales and the completion of the related construction work.

c) PIS and COFINS balance

Deferred PIS and COFINS calculated on the difference between revenue taxed on a cash basis and the revenue recognized on an accrual basis are recorded in line item "Deferred taxes and contributions", in current and noncurrent liabilities, based on expected settlement:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Current	-	195	2,255	3,938
Deferred payment	574	459	75,201	84,830
	574	**654**	**77,456**	**88,768**

d) Deferred income tax and social contribution expense for the year

The income tax and social contribution expenses for the years ended December 31, 2016 and 2015 can be reconciled to the income (loss) before taxes as follows:

		Parent		Consolidated	
		2016	**2015**	**2016**	**2015**
Profit before income tax and social contribution		**151,619**	**448,559**	**318,343**	**690,404**
Statutory rate:		-34%	-34%	-34%	-34%
Expected income tax and social contribution expense		**(51,550)**	**(152,510)**	**(108,237)**	**(234,738)**
Effect of the statutory rate on:					
Share of profit of subsidiaries		93,380	208,152	16,809	25,039
Temporary additions and deductions and other	(i)	(19,594)	(4,499)	(19,594)	(4,499)
Unrecognized tax credits	(ii)	(22,503)	(51,902)	(22,503)	(51,902)
Effect of tax gain from adopting the deemed income or RET regime		-	-	59,802	168,849
Income tax and social contribution expense		**(267)**	**(759)**	**(73,723)**	**(97,251)**
Deferred taxes		(267)	(759)	9,441	21,223
Current taxes		-	-	(83,164)	(118,474)
		(267)	**(759)**	**(73,723)**	**(97,251)**

(i) Refers to the balances of unrecognized tax loss carryforwards.

(ii) Refers to the balances of unrecognized tax losses.

21. EQUITY

a) Capital

As at December 31, 2016, subscribed and paid-in capital is R$3,395,744 (R$3,095,744 as at December 31, 2015) represented by 399,742,799 registered common shares.

On June 9, 2016, the capital increase in the amount of R$300,000, upon capitalization of earnings reserves, was approved by the Extraordinary Shareholders' Meeting held on April 28, 2016.

The Company's Board of Directors is authorized to increase the capital, regardless of shareholders' meetings or amendments to the bylaws, up to the limit of 750,000,000 common shares, to be distributed in the country and/or abroad, publicly or privately.

b) Treasury shares

The Company may, as decided by the Boards of Directors, buy back own shares to be held in treasury and subsequently cancelled or sold.

On June 18, 2015, the Board of Directors authorized the buyback of up to 20,000,000 of the Company´s common, registered, book-entry shares, with no par value, without capital reduction, limited to the balance of earnings and reserves available, as prescribed by CVM Instruction 10/80. The Executive Committee will determine the date and number of shares to be actually bought back, under the limits and effective term of this authorization. The decision to cancel or sell the treasury shares will be made and disclosed to the market on a timely basis.

Based on the provisions of CVM Instruction 10/80, Article 8, the following was specified:

(i) The Company's purpose is to buy back its shares issued to be held in treasury for subsequent cancellation or disposal in order to invest the available funds to maximize shareholder value.

(ii) The number of outstanding common shares issued by the Company is 244,084,628 common shares, according to share deposit account records informed by the depositary institution as at December 31, 2016 (242,089,947 as at December 31, 2015).

Share buyback/cancellation program

In 2015, the Company bought back 4,361,300 shares, totaling R$46,590.

Under the share buyback program launched in December 2015, no shares were bought back.

As at December 31, 2016, these shares were quoted at R$10.27 per share (R$7.50 per share as at December 31, 2015). The market value is determined based on the quotation of the Company's shares at BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros.

The balance as at December 31, 2016 is as follows:

Position	Number	Buyback price	Average buyback price	Market price
Balance as at December 31, 2014	**16,807,244**	**220,416**	**13**	**220,223**
Recompra de ações em tesouraria - 01/2015	2,854,400	30,550		30,856
Recompra de ações em tesouraria - 02/2015	1,506,900	16,054		17,450
AÇÕES CEDIDAS PLANO STOCK OPTIONS 2009 Retenção (02/2015)	(3,000)	(38)		(40)
Ações Exercidas Plano Stock Options 2012_Mach 1(X)_3 anos (06/2015)	(23,250)	(293)		(230)
Ações Exercidas Plano Stock Options 2012_Mach 2(X)_3 anos (06/2015)	(52,120)	(657)		(516)
Ações Exercidas Plano Stock Options 2009_(Retenção) (06/2015)	(13,500)	(170)		(134)
Ações Exercidas Plano Stock Options 2012_Mach 1(X)_3 anos (06/2015)	(26,200)	(330)		(259)
Ações Exercidas Plano Stock Options 2012_Mach 2(X)_3 anos (06/2015)	(1,466)	(20)		(15)
Ações Exercidas Plano Stock Options 2012_Mach 2(X)_3 anos (07/2015)	(24,800)	(313)		(231)
Ações Exercidas Plano Stock Options 2012_Mach 2(X)_3 anos (08/2015)	(73,000)	(921)		(613)
Ações Exercidas Plano Stock Options 2009_(Retenção) (08/2015)	(3,000)	(37)		(25)
Ações Exercidas Plano 2011 (Retenção) (10/2015)	(23,074)	(291)		(194)
Ações Exercidas Plano 2013 Vesting 2 anos (10/2015)	(138,000)	(1,740)		(1,159)
Ações Exercidas Plano 2011 (Retenção) (11/2015)	(110,000)	(1,388)		(924)
Ações Exercidas Plano 2011 (Retenção) (12/2015)	(15,407)	(194)		(129)
Balance as at December 31, 2015	**20,661,727**	**260,627**	**13**	**264,060**
Plano 2011 (Retenção) 01/2016	(1,200,000)	(15,137)		(10,080)
Plano 2011 (Retenção) 02/2016	(555,811)	(7,011)		(4,669)
Plano 2011 (Retenção) 03/2016	(70,208)	(886)		(590)
Plano 2011 (Retenção) 03/2016	(46,148)	(582)		(388)
Plano 2011 (Retenção) 04/2016	(67,467)	(851)		(567)
Plano 2013 04/2016	(34,000)	(429)		(349)
Aões Exercidas Plano 2011 (Retenção) 05/2016	(11,377)	(144)		(109)
Ações Exercidas Plano 2013 05/2016	(51,061)	(644)		(490)
Ações Exercidas Plano 2013 05/2016	(60,782)	(768)		(584)
Ações Exercidas Plano Plano 2011 08/2016	(153,447)	(1,936)		(1,473)
Ações Exercidas Plano Plano 2011 09/2016	(66,269)	(836)		(636)
Ações Exercidas Plano 2011 09/2016	(21,870)	(276)		(210)
Ações Exercidas Plano 2011 09/2016	(196,132)	(2,474)		(1,883)
Plano 2011 (Retenção) 01/10/2011	(357,633)	(4,511)		(3,845)
Novo Plano 2011 01/09/2011	(36,580)	(461)		(393)
Plano 2011 (Retenção) 01/08/2011	(97,225)	(1,226)		(907)
Plano 2011 (Retenção) 01/10/2011	(9,940)	(125)		(93)
Plano 2011 (Retenção) 01/10/2011	(26,508)	(334)		(272)
Novo Plano 2011	(5,646)	(71)		(58)
Balance as at December 31, 2016	**17,593,623**	**221,925**	**13**	**236,464**

c) Allocation of profit for the year

Profit for the year, after the statutory offsets and deductions and pursuant to the Company's bylaws, will be allocated as follows:

- 5% to the legal reserve, up to the limit of 20% of the paid-in capital.
- 25% of the balance, after allocation to legal reserve, will be allocated to the payment of minimum mandatory dividends to all shareholders.

	2016	2015
Profit attributable to the Company's shareholders	**151,352**	**447,800**
Recognition of legal reserve - %	5%	5%
(-) Legal reserve	**7,567**	**22,390**
(=) Calculation basis	**143,785**	**425,410**
Mandatory minimum dividends - %	25%	25%
Mandatory minimum dividends on profit	**35,947**	**106,352**
Total proposed dividends payable	**35,947**	**106,352**
Total allocated to earnings reserve	**107,838**	**319,058**

d) Earnings (expansion) reserve

The remaining balance of profit for the year ended December 31, 2016, after recognition of legal reserve and proposed dividends, in the amount of R$107,838 (R$319,058 as at December 31, 2015), was transferred to line item "Expansion reserve", pursuant to Article 40 of the Bylaws, and will be used for investment in the own Company, to finance its activities, in accordance with the growth plan projected by Management for 2017.

The Company held an Annual Shareholders' Meeting on April 28, 2016 with the following agenda:

(i) After submitting and discussing the Board of Directors' proposal, the attending shareholders unanimously approved the following allocation of the Company's profit for the year ended December 2015, in the amount of R$447,800, as follows:

1. R$22,390 allocated to the legal reserve.

2. R$319,058 allocated to the bylaws earnings reserve, called expansion reserve, pursuant to Article 40 "f" of the Company's bylaws, according to the capital budget proposal initialed by the Meeting's Chairman and the Secretary, and filed at the Company's head office.

3. R$106,352 allocated to the distribution of mandatory minimum dividends, pursuant to Article 27, "n" of the Company's bylaws, for the year ended December 31, 2015, each common share being entitled to a dividend of R$0.279174886.

e) Other reserves

Represented by stock issue costs and variations in capital transactions. The capital reserves mainly comprise the acquisition of noncontrolling interest in companies that were already consolidated in the Company's financial statements.

22. PROJECT-RELATED ASSETS WITH EQUITY SEGREGATION STRUCTURES

The equity segregation structures in the Company refer to the Special Tax Regime (RET - earmarked assets), which may or may not include Receivables Certificates (CRIs). The projects that made the permanent option for the RET and which may or may not have linked CRIs are as follows:

Project description	Consolidated RET-CRI	Total Consolidated	% of assets
925 Independência	63,312	11,879,699	0.53%
All Nations Vidamerica - Dom Heller	61,833	11,879,699	0.52%
Auguri Residence	59,365	11,879,699	0.50%
Boulevard Lapa	34,707	11,879,699	0.29%
Brisas Bosque Itirapina	26,057	11,879,699	0.22%
Carioca Residencial	168,982	11,879,699	1.42%
Carioca Shopping	58,735	11,879,699	0.49%
Ceo Corporate Executive Offices	38,430	11,879,699	0.32%
Certto Home Club	21,156	11,879,699	0.18%
Compasso	40,859	11,879,699	0.34%
Cond.Residencial Vita Belle	47,215	11,879,699	0.40%
Condominio Alegro Montenegro	36,356	11,879,699	0.31%
Condominio Batel	56,174	11,879,699	0.47%
Condomínio Ceo Salvador Shopping	31,309	11,879,699	0.26%
Condominio Edificio Artisan	24,296	11,879,699	0.20%
Condomínio Jardins - Sub. Jardim De Veneto	48,441	11,879,699	0.41%
Condomínio Jardins - Sub. Pátio Jardins	20,116	11,879,699	0.17%
Condominio Le Parc Boa Viagem Residencial Resort	55,069	11,879,699	0.46%
Condomínio Le Parc Residential Resort (Salvador)	38,272	11,879,699	0.32%
Condominio Lead Americas	184,609	11,879,699	1.55%
Condomínio Living Moovie (Caminho Do Mar)	24,717	11,879,699	0.21%
Condomínio Menai Tatuapé	53,932	11,879,699	0.45%
Condomínio Panamérica Brickell - Bento Branco I	73,993	11,879,699	0.62%
Condominio Personna (Exclusive)	21,456	11,879,699	0.18%
Condominio Pleno Residencial	72,603	11,879,699	0.61%
Condomínio Por Do Sol	121,072	11,879,699	1.02%
Condominio Reserva Morumbi	66,950	11,879,699	0.56%
Condominio Thera Faria Lima Pinheiros	56,604	11,879,699	0.48%
Condominio Vista Park Residencial	88,580	11,879,699	0.75%
Cosmopolitan High Garden	42,323	11,879,699	0.36%
Cosmopolitan Higienopolis	45,028	11,879,699	0.38%
Cosmopolitan Santa Cecília	37,578	11,879,699	0.32%
Cyrela Cypriani 955	20,307	11,879,699	0.17%
Cyrela Sul 001 - Medplex Norte	59,858	11,879,699	0.50%
Cyrela Sul 001 - Medplex Sul	37,988	11,879,699	0.32%
Cyrela Year Edition - Maracanã	31,520	11,879,699	0.27%
Dona Carolina	43,835	11,879,699	0.37%
Dona Margarida	29,140	11,879,699	0.25%
Duo Concept	47,703	11,879,699	0.40%
Edificio Gioia	23,563	11,879,699	0.20%
Edificio K By Cyrela	63,259	11,879,699	0.53%
Edifício Mirage Bay	34,536	11,879,699	0.29%
Edificio Vetrino	47,965	11,879,699	0.40%
Encontro Imigrantes - Bandeirantes	78,408	11,879,699	0.66%
Essenza Moema	78,662	11,879,699	0.66%
Fatto Momentos	30,197	11,879,699	0.25%
Fatto Move	49,440	11,879,699	0.42%
Fatto Novo Panamby	39,127	11,879,699	0.33%
Friends Residencial	21,371	11,879,699	0.18%
Grupamento 360 Graus On The Park	156,670	11,879,699	1.32%
Grupamento Residencial Majestic	60,607	11,879,699	0.51%
Grupamento Residencial Reserva Jardim	25,822	11,879,699	0.22%
In Mare Bali Residencial Resort	43,614	11,879,699	0.37%
Inspire Flores	82,268	11,879,699	0.69%
Invite Taquaral	47,904	11,879,699	0.40%
Jardim De Provence (Fase 1)	67,912	11,879,699	0.57%
Jardim De Valencia	36,788	11,879,699	0.31%
João Dias -Wish	26,818	11,879,699	0.23%
Le France	64,919	11,879,699	0.55%
Leopoldo Couto (Heritage)	53,602	11,879,699	0.45%
Living Dom Jayme - Suit São Bernado	67,341	11,879,699	0.57%
Living Itirapina	51,808	11,879,699	0.44%
Living Magic - Colgate	70,774	11,879,699	0.60%
Living Magic 2	39,281	11,879,699	0.33%
Living Resort -Alpes	36,175	11,879,699	0.30%
Maayan	29,837	11,879,699	0.25%
Med Plex Eixo Norte	37,683	11,879,699	0.32%
Misti Morumbi	108,434	11,879,699	0.91%

Project description	Consolidated RET-CRI	Total Consolidated	% of assets
Neo Life Residencial	34,428	11,879,699	0.29%
New Residence Ipiranga	43,463	11,879,699	0.37%
Next Office Castanheira	29,383	11,879,699	0.25%
Nobre Norte Clube Residencial	85,052	11,879,699	0.72%
Now Studios Ipiranga	32,386	11,879,699	0.27%
Ocean Pontal Residence & Beach Place	194,539	11,879,699	1.64%
One Sixty	127,315	11,879,699	1.07%
Passeio Do Bosque-Bonfiglioli	46,616	11,879,699	0.39%
Pedra Bonita	36,931	11,879,699	0.31%
Península - Q. 9 Lote 7	39,133	11,879,699	0.33%
Praticidade By Plano&Plano	41,861	11,879,699	0.35%
Quartier Lagoa Nova	20,924	11,879,699	0.18%
Reserva Ipanema	27,371	11,879,699	0.23%
Riserva Golf Vista Mare Residenziale (Fase 1)	357,962	11,879,699	3.01%
Riserva Golf Vista Mare Residenziale (Fase 2)	35,772	11,879,699	0.30%
Rjz Cyrela Like Residencial Club	95,879	11,879,699	0.81%
Saint Barth	27,806	11,879,699	0.23%
Storia Vila Clementino – By Cyrela	30,949	11,879,699	0.26%
Teodoro Da Silva	25,066	11,879,699	0.21%
Terrabela Planalto	39,263	11,879,699	0.33%
Time Center Campinas	20,643	11,879,699	0.17%
Toml102	38,358	11,879,699	0.32%
Tree Morumbi	53,400	11,879,699	0.45%
Urban Office E Hotel	47,978	11,879,699	0.40%
Varanda Botanic.	34,988	11,879,699	0.29%
Vega Luxury Design Offices	35,119	11,879,699	0.30%
Verdant Valley Residence	96,104	11,879,699	0.81%
Verdant Village Residence	33,035	11,879,699	0.28%
Visionnaire Neoville Florianópolis	20,618	11,879,699	0.17%
Vitamare Neoville Florianópolis	20,956	11,879,699	0.18%
Way Orquidário	99,230	11,879,699	0.84%
Total	**5,537,793**	**11,879,699**	**46.62%**
Other 219 projects with assets of up to R$ 5.000	251,443	11,879,699	2.11%
Other 28 projects with assets above R$5.000 up to R$10,000	197,770	11,879,699	1.66%
Other 22 projects with assets above R$10.000 up to R$15,000	276,826	11,879,699	2.32%
Other 15 projects with assets above R$15.000 up to R$20,000	263,366	11,879,699	2.21%
Total	**6,527,199**	**11,879,699**	**54.94%**

23. MANAGEMENT AND EMPLOYEE BENEFITS

Management and employee benefits are all offered as compensation paid, payable, or provided by the Company, or on behalf of the Company, in exchange for services that are rendered to the Company.

a) Post-employment benefits

The Company and its subsidiaries do not offer pension plans to their employees; however, they make monthly contributions based on payroll to official social security funds, which are charged to expenses on the accrual basis.

b) Profit sharing plan

The Company and the other group companies have an employee profit-sharing program in accordance with the collective bargaining agreement entered into with the Union of the São Paulo Construction Workers. As at December 31, 2016, the accrued profit sharing totaled R$12,215 (R$20,932 as at December 31, 2015), recorded in line items "General and administrative expenses" and "Payroll, related taxes, and profit sharing" in liabilities, based on the indicators and benchmarks defined in the agreement and projected earnings.

c) Stock option plan

Plan description

To participate in the program, officers or employees must acquire the Company's shares within preset deadlines, using own funds or funds arising exclusively from the receipt of the annual bonus granted according to the compensation policy in force.

In exchange for the share acquisition, the Company will enter into a stock option agreement with each beneficiary, whereby the Company will grant, for each share acquired, stock options within previously defined limits and conditions.

Computation of amounts and recording of stock options are in compliance with the criteria established by CVM Resolution 650/10 - Share-based Payment (CPC 10 (R1)).

The number of stock options granted, vesting and exercise periods, as approved at the Company's Shareholders Meeting, are as follows:

Number, amounts and terms of the plans

	Plans granted on							
	2007	2008	2011	2012	2013	2014	2015	2016
Grant dates	05/17/2007 10/08/2007 10/01/2009 12/01/2010 02/01/2011 08/01/2012 09/02/2013	04/29/2008	08/11/2011	05/02/2012	03/28/2013 05/02/2013 10/01/2013 12/12/2013	05/02/2014	08/10/2015	10/01/2016
Vesting period	Five (5) years	Five (5) years	Five (5) years Three (3) years Two and a half (2.5) years	Five (5) years Three (3) years	Five (5) years Three (3) years Two(2) years	Five (5) years Three (3) years	Five (5) years	Five (5) years
Exercise period	05/17/2012 10/08/2012 10/01/2014 12/01/2015 0201//2016 08/01/2017 09/02/2018	04/28/2013	08/10/2016 08/10/2014 02/10/2014	04/27/2015 04/27/2017	03/30/2018 04/30/2016 05/30/2015	05/02/2014 10/27/2014	08/10/2020	10/01/2021
Average strike price	R$ 0.01	R$ 0.01	R$ 0.01	R$ 0.01	R$ 0.01	R$ 0.01	R$ 0.01	R$ 0.01

	2007	2008	2011	2012	2013	2014	2015	2016	Total
Number of shares at 12/31/2014	**3,308,087**	**11,533**	**275,828**	**371,230**	**2,300,146**	**599,430**	**-**	**-**	**6,866,254**
Granted shares	-	-	-	-	25,000	-	77,600	-	102,600
Exercised shares	(164,981)	-	-	(200,836)	(138,000)	-	-	-	(503,817)
Cancelled shares	(344,626)	-	-	(8,886)	(47,353)	(74,186)	-	-	(475,051)
Number of shares at 12/31/2015	**2,798,480**	**11,533**	**275,828**	**161,508**	**2,139,793**	**525,244**	**77,600**	**-**	**5,989,986**
Granted shares	-	-	-	-	-	77,600	-	200,000	277,600
Recovered	46,148	-	-	-	-	-	-	-	46,148
Exercised shares	(2,662,033)	-	(260,228)	-	(157,933)	-	-	-	(3,080,194)
Cancelled shares	(20,701)	-	(15,600)	(12,600)	(47,120)	(79,359)	-	-	(175,380)
Number of shares at 12/31/2016	**161,894**	**11,533**	**-**	**148,908**	**1,934,740**	**523,485**	**77,600**	**200,000**	**3,058,160**

The market value of each stock option is estimated on the grant date, using the Black-Scholes option pricing model, which uses the following basic assumptions: the price on the grant date, strike price, vesting period, stock price volatility, percentage of distributed dividends and risk-free rate.

The amounts of the amortizations recorded as expenses in the financial statements, as a balancing item to the Company's equity, from the grant date through December 31, 2016, are as follows:

Plan	Average strike price	Grant date	Accumulated expenses 2016	Accumulated expenses 2015
2006	14.60	05/04/2006	2,744	2,744
2007	0.01	05/17/2007 10/08/2007 10/01/2009 12/01/2010 02/01/2011 08/01/2012 09/02/2013	78,303	75,602
2008	0.01	04/29/2008	22,451	22,451
2011	0.01	08/11/2011	3,794	3,875
2012	0.01	05/02/2012	4,922	4,690
2013	0.01	03/28/2013 05/02/2013 10/01/2013 12/12/2013	26,144	20,762
2014	0.01	05/02/2014	4,492	2,774
2015	0.01	08/10/2015	136	34
2016	0.01	10/01/2016	106	-
		Total	**143,092**	**132,932**

24. FINANCIAL INSTRUMENTS

a) Analysis of financial instruments

The Company and its subsidiaries enter into transactions involving financial instruments, all recorded in balance sheet accounts, which are intended to meet their cash requirements and reduce the exposure to credit, currency, foreign exchange and interest rate risks. These risks are managed by defining strategies, setting control systems and determining position limits.

The Company and its subsidiaries valued their financial assets and financial liabilities in relation to market values, based on information available and appropriate valuation methodologies. However, both the interpretation of market inputs and the selection of appraisal methods require considerable judgment and reasonable estimates to calculate the most adequate realizable value. Accordingly, estimates presented herein are not necessarily indicative of the amounts that could be realized in the market. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated realizable values.

The Company does not conduct financial instrument transactions for speculative purposes.

	Parent		Consolidated		
	2016	2015	2016	2015	Classification
FINANCIAL ASSETS	**1,441,762**	**1,612,052**	**5,432,126**	**6,334,173**	
Measured at amortized cost					
Cash and cash equivalents	281,963	286,585	513,757	828,512	Loans and receivables
Securities	383,832	897,762	1,033,670	1,333,502	Loans and receivables
Securities - NTNB	114,469	71,571	150,864	71,571	Held to maturity
Trade receivables	11,620	7,543	3,379,792	3,846,292	Loans and receivables
Related parties	643,465	339,275	340,973	216,893	Loans and receivables
Current accounts with venture partners	6,413	9,316	13,070	37,403	Loans and receivables
FINANCIAL LIABILITIES	**1,192,884**	**1,424,006**	**3,980,204**	**4,504,471**	
Measured at amortized cost					
Borrowings and financing	612,947	704,308	2,870,821	3,229,751	Other liabilities
Debentures	45,640	148,646	45,640	148,646	Other liabilities
Certificates of Real Estate Receivables (CRIs)	477,937	348,191	507,203	363,214	Other liabilities
Trade payables and provision for warranty	5,878	4,232	284,844	335,988	Other liabilities
Payables for property acquisitions	-	-	161,457	210,472	Other liabilities
Related parties	50,482	218,629	64,812	132,812	Other liabilities
Current accounts with venture partners	-	-	45,427	83,588	Other liabilities

b) Fair value of financial assets and financial liabilities

The fair value of financial assets and liabilities is the amount for which an instrument could be exchanged in a current transaction between willing parties other than in a forced liquidation or sale.

The following methods and assumptions were used to estimate the fair value:

- Cash equivalents, trade payables, related parties, current accounts with venture partners and other current liabilities measured at amortized cost approximate their fair values.

- Trade receivables: receivables from completed units approximate their fair values on the sale date. Receivables from units under construction are recognized to the extent the work is performed, and the adjustment to present value is recorded, in order to determine such amounts at market value upon revenue recognition.

- The debentures issued by the Company are of a public nature and can be compared to other fair value instruments. The Company considers that the carrying amount of debentures approximates the fair value of these securities.

- Securities yield interest indexed to the CDI, according to quotations reported by the corresponding financial institution, therefore, the value of these securities approximates their fair values.

c) Sensitivity analysis for financial assets and financial liabilities

Financial assets

Based on the probable scenario for the 12-month accumulated CDI, scenarios with stress of 25% and 50% were defined. The probable rate for accumulated CDI for the next 12 months of 11.55% per year was defined based on one-year fixed x DI benchmark swap rates disclosed by BM&FBOVESPA and alternative scenarios considering the CDI of 8.66% per year and 5.77% per year. For each scenario, we calculated the "gross finance income", not taking into consideration the levy of taxes on the income from short-term investments. The sensitivity of securities to the scenarios for average monthly yields was calculated based on the balance as at December 31, 2016. For those cases where the risk factor is the US dollar fluctuation, based on the scenario for the coming 12 months, of R$3.75, the Company defined 25% and 50% stress scenarios, using the US dollar at R$2.81 and R$1.88, respectively.

These rates used for market projections were obtained from an external source.

Transaction	Position 2016	Risk factor	Scenario I Probable	Scenario II	Scenario III
Investment fund - fixed-income	647,629	CDI	11.55%	8.66%	5.77%
Projected income			74,801	56,085	37,368
Sundry investment funds	23,013	CDI	11.55%	8.66%	5.77%
			2,658	1,993	1,328
Bank certificates of deposit	662,904	CDI	11.55%	8.66%	5.77%
Projected income			76,565	57,408	38,250
Federal government bonds - NTNB	150,864	IPCA	4.76%	3.57%	2.38%
Projected income			7,179	5,384	3,589
Other	42,344	IGPM	17.58%	16.19%	14.79%
			7,444	6,856	6,263
	1,526,754		**168,647**	**127,726**	**86,798**

Financial liabilities

The Company’s securities (debentures and CRIs), in the total amount of R$554,580, are subject to interest rates of 100% of CDI rate plus 0.65% p.a. and 98% to 108% of CDI, respectively. In order to determine the debt sensibility subject to CDI rate, the interest rate risk to which the Company had a liability position as at December 31, 2016, three different scenarios were defined. The probable CDI rate accumulated for the next 12 months is 11.55% per year, based on one-year fixed x DI benchmark swap rates disclosed by BM&FBOVESPA, equivalent to the probable scenarios listed below. Based on the probable CDI rate, stress scenarios were defined at the average rate of 14.44% per year and 17.33% per year for the next 12 months. The sensitivity of the finance costs to the scenarios for the CDI rate variance was determined based on the balances as at December 31, 2016, net of issue, costs, as highlighted below:

Transaction	Position 2016	Risk factor	Scenario I Probable	Scenario II	Scenario III
CYRE 12 and 22 debentures	45,640	CDI	12.28%	15.18%	18.09%
Projected expense			5,605	6,928	8,256
CRIs - 1st issue	43,727	CDI	12.41%	15.53%	18.65%
Projected expense			5,427	6,791	8,155
CRIs - 2nd issue	152,358	CDI	12.53%	15.68%	18.84%
Projected expense			19,090	23,890	28,704
CRIs - 5th issue	82,081	CDI	11.31%	14.13%	16.96%
Projected expense			9,283	11,598	13,921
CRIs - 6th issue	200,697	CDI	11.31%	14.13%	16.96%
Projected expense			22,699	28,358	34,038
CRIs - 7th issue	30,077	CDI	11.55%	14.44%	17.33%
Projected expense			3,474	4,343	5,212
Total	**554,580**		**65,578**	**81,908**	**98,286**

Financing for the construction of properties is subject to the average interest rate of 9.16% per year, indexed to the TR, a managed prime rate. Consequently, in order to demonstrate the sensibility of the finance costs to the TR rate, the interest rate risk to which the Company had a short position as at December 31, 2016, three different scenarios were defined. Future TR (12 months) was used based on the one-year fixed rate for TR, disclosed by BM&FBOVESPA, equivalent to the probable annual TR scenario of 0.15% per year. Based on the probable TR scenario, stress scenarios of 25% and 50% were defined, and the annual rate applicable to work financing was recalculated. For each scenario, the finance costs were calculated, not considering the tax effects and payment flow estimated for 2016. The sensibility of the finance costs was determined based on the balances as at December 31, 2016.

The debt assumed with the BNDES is subject to 3.78% per year plus TJLP rate. In order to verify the sensitivity of the debt pegged to the TJLP rate, interest rate risk factors to which the Company was exposed as at December 31, 2016, three different scenarios were determined, using the TJLP of 7.50% p.a. for a probable scenario. Based on the probable scenario, two stress scenarios of 25% and 50% were defined, and the annual rate applied to these borrowings was recalculated as follows.

Transaction	Position 2016	Risk factor	Scenario I Probable	Scenario II	Scenario III
BNDES	101,787	TJLP	11.56%	13.51%	15.46%
Projected expense			11,767	13,751	15,736
Domestic borrowing	686,191	CDI and TR	10.78%	11.82%	12.86%
Projected expense			73,971	81,108	88,244
Construction financing	2,087,095	TR	9.32%	9.37%	9.41%
Projected expense			194,517	195,561	196,396
	2,875,073		**280,255**	**290,420**	**300,376**

d) Derivative transactions

Under CVM Resolution 550, of October 17, 2008, publicly held companies are required to disclose in a separate note information on all derivative financial instruments. Derivatives are used by the Company to manage market risks related to interest rates, mainly fixed CCB loans.

(i) Cash flow swap

This type of swap provides for the payment of the interest difference over the term of the contract at periodic intervals (constant flow). The Company has two operations of this type:

- ✓ The Company assumes a long position at a fixed rate of 10.52% p.a., and a short position at a rate of 85.03% of the CDI, entered into on June 8, 2015, maturing on May 6, 2019, with the principal amount being repayable in the last four months of the contract.

Description	Original amount in R$'000	Long position (Cyrela)	Short position (Banco Morgan	Fair value Position
Cash flow swap linked to borrowing	200,000	10,52% a.a.	85,03% CDI	(362)

- ✓ The Company assumes a long position at a fixed rate of 10.59% p.a., and a short position at a rate of 71.86% of the CDI, entered into on February 1, 2016, maturing on February 5, 2019, with the principal amount being settled on the maturity date.

Description	Original amount in R$'000	Long position (Cyrela)	Short position (Banco Morgan	Fair value Position
Cash flow swap linked to borrowing	145,439	10,59% a.a.	71,86% CDI	567

e) Considerations on capital risks and management

The main market risks to which the Company and its subsidiaries are exposed in conducting their business are:

(i) Market risk

The market risk is the risk that the fair value of future cash flows from financial instruments fluctuates due to changes in market price. Market prices are impacted by two types of risks: interest rate and currency. The financial instruments affected by market risks include securities, trade receivables, trade payables, borrowings, available-for-sale instruments, and derivatives.

- Interest rate risk: the profit or loss of the Company and its subsidiaries is susceptible to changes in the interest rate levied on securities and debts at variable interest rates, mainly the CDI rate.

- Customer termination risk: the Company applies efficiently its credit rating policies to ensure the credit at the end of construction and final transfer to the bank customer. Notwithstanding, a higher number of customers have contacted the Company to terminate their committed purchase and sale contracts, as a reflection of the downturn in the Brazilian economy.

- Interest rates on borrowings and financing, debentures and CRIs are mentioned in Notes 10, 11 and nº12. The contractual interest rates on securities are mentioned in Note 4. Twelve percent interest per year, subject to the General Market Price Index (IGP-M), allocated on a pro rata temporis basis, is levied on receivables from completed properties, as described in Note 5. Additionally, as referred to in Note 13, a significant portion of the balances held with related parties and balances held with venture partners is not subject to finance charges and are stated based on the amounts agreed upon among the parties.

- Currency risk: the Company conducted transactions denominated in foreign currencies that were exposed to market risks deriving from changes in the quotations of the related foreign currencies. Any fluctuation in exchange rates could increase or reduce these balances. As at December 31, 2016 and 2015, the Company had no foreign-currency denominated borrowings. As at December 31, 2016, the Company had no foreign-currency denominated borrowings (R$1,034 as at December 31, 2015), whose exposure is hedged by future receivables, in US dollars, from real estate projects already delivered in Argentina.

(ii) Credit risk

Credit risk is the risk of a business counterparty not complying with an obligation set forth in a financial instrument or agreement with a customer, which would cause the Company to incur a financial loss. The Company is exposed to credit risk in its operating activities (particularly in relation to trade receivables).

The Company's credit risk on operating activities is managed based on specific customer acceptance standards, credit analysis and definition of exposure limits by customer, which are periodically revised.

In addition, Management conducts periodic test to identify whether there are objective evidence that the economic benefits associated to the recognized revenue might not flow into the company. Examples: (i) delays in installment payments; (ii) unfavorable local or national economic conditions etc. If such evidence exists, the related allowance for contract termination is recognized. The amount to be recognized in this allowance takes into consideration that the property will be recovered by the Company, possible amounts can be retained from the payment of indemnities to the committed buyers etc.

(iii) Liquidity risk

The liquidity risk consists of the possibility of the Company and its subsidiaries not having sufficient funds to meet their commitments, due to the different currencies and settlement terms of their rights and obligations.

The Company's and its subsidiaries' cash flows and liquidity control are monitored on a daily basis by the Company's management to ensure that the operating cash generation and early funding, when necessary, are sufficient to maintain their payment schedule, thus not posing liquidity risks for the Company and its subsidiaries.

(iv) Capital management

The Company's capital management aims to ensure that an appropriate credit rating is maintained by financial institutions and an optimum capital ratio, so as to support the Company's business and maximize shareholder value.

The Company controls its capital structure and adjusts it to current economic conditions. In order to keep this structure adjusted, the Company may pay dividends, capital return to shareholders, raise new borrowings, and issue debentures.

The Company's net debt structure (adjusted for inflation) includes: borrowings, financing, debentures, CRIs (net of issuance costs), less cash and cash equivalents, and securities:

		Parent		Consolidated	
		2016	2015	2016	2015
(+) Inflation adjusted debt (principal):	(i)	1,121,615	1,181,527	3,396,189	3,713,587
(-) Cash and cash equivalents, and securities:		(780,264)	(1,255,918)	(1,698,292)	(2,233,585)
Net debt		**341,351**	**(74,391)**	**1,697,897**	**1,480,002**

(i) Comprised of borrowings and financing, debentures, and CRIs, net of issuance costs.

25. GROSS PROFIT

The table below shows the breakdown of net revenue and revenue-related costs, presented in the income statement:

	Parent		Consolidated	
	2016	2015	2016	2015
Gross revenue				
Real estate development and resale	3,284	3,204	3,126,299	4,323,704
Land subdivision	7,694	15,643	111,276	97,530
Service rendering and other	1,953	3,062	53,129	44,568
	12,931	**21,909**	**3,290,704**	**4,465,802**
Deductions from gross revenue	(943)	(1,620)	(95,394)	(124,618)
Net revenue	**11,988**	**20,289**	**3,195,310**	**4,341,184**
Cost of sales and services				
Real estate sold	(831)	(1,547)	(2,030,518)	(2,744,642)
Land subdivision	(1,660)	(7,181)	(57,686)	(57,633)
Service rendering	-	-	(44,583)	(35,830)
	(2,491)	**(8,728)**	**(2,132,787)**	**(2,838,105)**
Gross profit	**9,497**	**11,561**	**1,062,523**	**1,503,079**

26. SELLING EXPENSES

The main expenses incurred in the years are as follows:

		Parent		Consolidated	
		2016	2015	2016	2015
Sales stands		(258)	-	(111,356)	(97,594)
Advertising and publicity (media)		-	(6,592)	(74,419)	(103,565)
Professional services		(2,884)	(4,276)	(106,725)	(130,019)
Inventory maintance		(192)	(139)	(55,804)	(35,522)
Other selling expenses	(i)	199	(8,281)	(52,275)	(92,838)
		(3,135)	**(19,288)**	**(400,579)**	**(459,538)**

(i) Refers to accrued sales commission, payroll and other expenses incurred by the Group's sales companies.

27. GENERAL AND ADMINISTRATIVE EXPENSES

The main expenses incurred in the years are as follows:

	Parent		Consolidated	
	2016	2015	2016	2015
Payroll and related taxes	(40,186)	(44,289)	(135,625)	(153,231)
Profit sharing (PLR)	5,218	10,065	(4,144)	(22,924)
Share-based expense (stock options)	(10,160)	8,290	(10,160)	8,290
Professional services	(31,960)	(30,431)	(96,342)	(79,241)
Leases, travel and representations	(13,637)	(11,101)	(40,715)	(50,242)
Indemnities for sundry risks (i)	(645)	(783)	(107,892)	(62,490)
Other administrative expenses	(22,657)	(21,590)	(37,469)	(45,687)
	(114,027)	**(89,839)**	**(432,347)**	**(405,525)**

(i) As mentioned in Note 19.

28. FINANCE INCOME (COSTS)

The main costs incurred and income earned in the years are as follows:

	Parent		Consolidated	
	2016	**2015**	**2016**	**2015**
Finance costs:				
Interest - National Housing System (SFH)	-	-	(252,512)	(226,425)
Interest - domestic and foreign financing	(141,208)	(155,866)	(166,893)	(214,484)
Interest capitalization	6,497	1,451	232,947	195,059
Inflation adjustments	(11,420)	(27,303)	(14,039)	(36,115)
Banking fees	(5,498)	(1,619)	(11,753)	(11,717)
Discounts granted	(478)	(1)	(757)	(7,381)
Other finance costs	(3,233)	(1,459)	(13,543)	(12,225)
	(155,340)	**(184,797)**	**(226,550)**	**(313,288)**
Finance income:				
Income from short-term investments	131,983	137,200	234,949	261,830
Finance income on trade receivables	-	-	-	9,928
Inflation adjustments	2,309	6,150	19,129	31,214
Discounts obtained	9	5	335	3,447
Sundry interest gains	30,584	2,459	55,243	23,108
Other finance income	1,151	1,987	6,094	8,005
Cofins/Pis on finance income	(7,758)	(4,121)	(10,057)	(6,647)
	158,278	**143,680**	**305,693**	**330,885**
Finance income (costs)	**2,938**	**(41,117)**	**79,143**	**17,597**

29. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year attributable to the holders of the Parent's common shares by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing profit for the year attributable to the holders of the Parent's common shares by the weighted average number of common shares outstanding in the year plus the weighted average number of common shares that would be issued if all potential diluted common shares were actually converted into common shares.

Earnings dilution percentage

Basic and diluted earnings per share	2016	2015
Profit for the period	**151,352**	**447,800**
Number of outstanding shares (-) treasury	**382,149**	**379,081**
Earnings per share	**0.39605**	**1.18128**
Weighted average number of shares in the year	376,986	378,964
Basic earnings per share	**0.40148**	**1.18164**
Diluted earnings per share:		
Weighted average number of shares in the year	376,986	378,964
Increase in the number of shares arising on the Stock Option Plans if all granted stock options were exercised	3,058	5,990
Average number of shares during the plans - Diluted	380,044	384,954
Diluted earnings per share	**0.39825**	**1.16326**

30. SEGMENT REPORTING

a) Criteria for identification of operating segments

The Company segmented its operating structure taking into consideration the way Management manages the business. Operating segments in the financial statements are as follows:

(i) Real estate development activities.

(ii) Service provisions.

The real estate development segment contemplates the sale resale of properties and also the land subdivision activity and is subdivided and presented in accordance with the product developed to be sold, as follows:

(i) Cyrela Products: Include real estate projects classified by the Launch Committee as "high end" and "luxury", both of the Parent and joint ventures.

(ii) Living plus MCMV Products: real estate projects defined by the Launch Committee as Living or "Minha Casa, Minha Vida", both of the Parent and joint ventures.

Information on the land subdivision and service rendering activities is being presented in this note under "Other".

b) Consolidated information on operating segments

	Consolidated - 2016				
	Cyrela	Living + MCMV	Other	Corporate	Total
Net revenue	2,027,472	1,047,283	120,555	-	3,195,310
Cost of sales and services	(1,343,099)	(720,773)	(68,915)	-	(2,132,787)
Gross profit	**684,373**	**326,510**	**51,640**	**-**	**1,062,523**
Operating expenses	(202,288)	(141,764)	(56,527)	(422,744)	(823,323)
Operating income (expenses) before finance income (costs)	**482,085**	**184,746**	**(4,887)**	**(422,744)**	**239,200**
Total assets	**5,781,575**	**3,566,138**	**117,613**	**2,414,373**	**11,879,699**
Total liabilities	**2,056,785**	**1,565,353**	**38,929**	**1,451,890**	**5,112,957**
Equity	**3,724,790**	**2,000,785**	**78,684**	**962,483**	**6,766,742**

	Consolidated - 2015				
	Cyrela	Living + MCMV	Other	Corporate	Total
Net revenue	2,571,372	1,631,679	138,133	-	4,341,184
Cost of sales and services	(1,664,474)	(1,080,166)	(93,465)	-	(2,838,105)
Gross profit	**906,898**	**551,513**	**44,668**	**-**	**1,503,079**
Operating expenses	(253,573)	(126,064)	(79,900)	(370,735)	(830,272)
Operating income (expenses) before finance income (costs)	**653,325**	**425,449**	**(35,232)**	**(370,735)**	**672,807**
Total assets	**5,921,456**	**2,286,433**	**123,616**	**4,398,083**	**12,729,588**
Total liabilities	**2,762,314**	**1,248,686**	**48,585**	**1,991,116**	**6,050,701**
Equity	**3,159,142**	**1,037,747**	**75,031**	**2,406,967**	**6,678,887**

The balance in the "Corporate" column refers basically to corporate unit expenses not apportioned among the other segments.

c) Information on net sales revenue

Most of the consolidated net revenue is derived from the Brazilian market.

d) Information on major customers

The Company and its investees do not have customers that account for significant market share (above 10%) in their projects affecting operating income or expenses.

31. INSURANCE

The Company and its subsidiaries have insurance coverage to cover possible losses on their assets and/or liabilities, as follows:

a) Engineering risk:

(i) Basic - R$1,660,203: covers accidents (sudden and unpredictable causes) in the construction site, such as natural damage or acts of God, windstorms, storms, lightning, flood, earthquakes etc., losses resulting from construction work, use of defective or improper materials, construction faults and, structure collapse.

(ii) Projects - R$1,660,203: covers indirect damage caused by possible design flaws.

(iii) Stationary - R$470: covers incidents with movable and stationary equipment and small tools.

(iv) Other - R$269,288: refers to nonrecurring expenses, removal of debris, riots, strikes, joint construction liability etc.

b) Sales stand: fire - R$13,250, theft - R$530 , and other risks - R$1,775.

c) Sundry risks: robbery - R$50.

d) Contractual guarantees: R$129,880.

e) Physical damages to mortgaged properties: R$530,483.

f) Construction risks: Civil liability - R$130,000.

32. FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION PURSUANT TO CVM INSTRUCTION 414/04

The fiduciary balances representing transactions intermediated by subsidiary Brazil Realty Securitizadora were shown separately from the respective subsidiary's financial statements. The following tables show the carrying amount of fiduciary transactions for the reporting period/year:

32.1. Separate balance sheet:

	2016	2015
Assets		
Current assets		
Related-party transactions - CCI/CCB	250,000	166,667
Interest on real estate receivables - CCI/CCB	5,651	5,026
	255,651	**171,693**
Noncurrent assets		
Related-party transactions - CCI/CCB	253,289	193,200
Total assets	**508,940**	**364,893**
Liabilities		
Current liabilities		
Certificates of Real Estate Receivables (CRIs)	250,000	166,667
Interest on Certificates of Real Estate Receivables (CRIs)	5,651	5,026
	255,651	**171,693**
Noncurrent liabilities		
Certificates of Real Estate Receivables (CRIs)	253,289	193,200
Total liabilities	**508,940**	**364,893**

32.2. Receivables - mortgage notes (CCI)

Refer to the real estate receivables acquisition transactions, conducted pursuant to Law 9514/97 and Law 10931/04, which govern the issue of certificates of real estate receivables (CRIs) and Mortgage Notes (CCIs), respectively (jointly referred to as "real estate securities").

The fiduciary regime for receivables is established under Article 9 of Law 9514/97 and Article 23 of Law 10931/04, and they are allocated separately from equity for the sole purpose of backing said real estate securities, and, therefore, may not be considered part of the Company's equity.

32.3. CRIs

Represented by the amounts payable to the investors that acquire the CRIs.

32.4. Supplementary information on the issue of CRIs

As set forth in article 3 of CVM Instruction 414, of December 30, 2004, information on the issuance date, amortization date, issuance unit face value, number of certificates issued, compensation, retrocession, repayment of principal and interest payments for the year, default of restricted receivables and risk rating is described in Note 12.

33. NONCASH TRANSACTIONS

a) In the year ended December 31, 2016, the Company and its subsidiaries increased the balance of "Properties for sale" with payables due to acquisition of properties of physical barters in the amount of R$44,529 (R$66,614 as at December 31, 2015).

b) The Extraordinary Shareholders' Meeting, held on April 28, 2016, approved the Company's capital increase in the amount of R$300,000, related to the expansion reserve as set forth in articles 169 and 199 of Law 6404, of December 15, 1976 ("Brazilian Corporate Law").

34. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's individual and consolidated financial statements were approved by the Board of Directors at the meeting held on March 23, 2017.

Under CVM Instruction 480/09, the Company's Executive Board declared that it has discussed, reviewed and agreed with the Company's individual and consolidated financial statements and the conclusions included in the independent auditor's report for the year ended December 31, 2016.

SHAREHOLDING OF HOLDERS OF OVER 5% OF COMPANY'S SHARES OF ANY TYPE AND CLASS, UP TO INDIVIDUAL LEVEL				
Company: Cyrela Brazil Realty S.A. Empreendimentos e Participações			**Shareholding on 12/31/2016 (Shares in Units)**	
Shareholder	**Common Shares**		**Total**	
	Number	**%**	**Number**	**%**
Eirenor Sociedad Anônima (1)	21,900,008	5.5%	21,900,008	5.5%
Elie Horn	98,128,878	24.5%	98,128,878	24.5%
EH Capital Management (2)	7,502,400	1.9%	7,502,400	1.9%
Dynamo	37,955,954	9.5%	37,955,954	9.5%
Orbis Investment	32,923,077	8.2%	32,923,077	8.2%
Capital Group	23,710,800	5.9%	23,710,800	5.9%
Treasury Shares	17,593,533	4.4%	17,593,533	4.4%
Others	160,028,149	40.0%	160,028,149	40.0%
Total	**399,742,799**	**100.0%**	**399,742,799**	**100.0%**

(1) Holding company incorporated pursuant to the laws of Uruguay, in which Elie Horn holds a 100,0% stake,

(2) Holding company incorporated pursuant to the laws of the British Virgin Islands, in which Elie Horn holds a 100,0% stake,

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, Shareholding on 12/31/2016				
Shareholders	**Number of Common Shares (In Units)**	**%**	**Number of Common Shares (In Units)**	**%**
Controlling Shareholder	136,460,347	34.1%	136,460,347	34.1%
Managers				
Board of Directors	1,130,325	0.3%	1,130,325	0.3%
Board of Executive Officers	473,966	0.1%	473,966	0.1%
Fiscal Council	-	0.0%	-	0.0%
Treasury Shares	17,593,533	4.4%	17,593,533	4.4%
Others Shareholders	244,084,628	61.1%	244,084,628	61.1%
Total	**399,742,799**	**100.0%**	**399,742,799**	
Outstanding Shares	244,084,628	61.1%	244,084,628	61.1%

CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, Shareholding on 12/31/2015 (12 months ago)				
Shareholders	**Number of Common Shares (In Units)**	**%**	**Number of Common Shares (In Units)**	**%**
Controlling Shareholder	135,921,147	34.0%	135,921,147	34.0%
Managers				
Board of Directors	496,396	0.1%	496,396	0.1%
Board of Executive Officers	573,582	0.1%	573,582	0.1%
Fiscal Council	-	0.0%	-	0.0%
Treasury Shares	20,661,727	5.2%	20,661,727	5.2%
Others Shareholders	242,089,947	60.6%	242,089,947	60.6%
Total	**399,742,799**	**100.0%**	**399,742,799**	**100.0%**
Outstanding Shares	242,089,947	60.6%	242,089,947	60.6%

In accordance with the Bylaws, chapter X, article 51, the Company, its shareholders, managers and the Fiscal Council members undertake to resolve by means of arbitration every and all dispute or controversy which may arise among them, especially related to or derived from enforcement, validity, effectiveness, construal, violation and their effects of provisions contained in these Bylaws, in the possible shareholders' agreements filed at the Company's headquarters, in Law no, 6,404/76, in the rules issued by the Brazilian Monetary Council (CMN), by the Brazilian Central Bank and by the Brazilian Securities and Exchange Commission (CVM), as well as other rules applicable to the capital markets operation in general and those included in the "Novo Mercado" Listing Regulation, in the "Novo Mercado" Listing Agreement and in the Arbitration Regulation of the Market Arbitration Panel, in conformity with the Market Arbitration Panel Regulation established by BOVESPA,

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Directors and Management of
Cyrela Brazil Realty S.A. Empreendimentos e Participações
São Paulo - SP

Opinion

We have audited the accompanying individual and consolidated financial statements of Cyrela Brazil Realty S.A. Empreendimentos e Participações ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the Financial Statements Prepared in Accordance with Accounting Practices Adopted in Brazil

In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the financial position of Cyrela Brazil Realty S.A. Empreendimentos e Participações as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards (IFRSs), Applicable to Real Estate Development Entities in Brazil, as Approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC)

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cyrela Brazil Realty S.A. Empreendimentos e Participações as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRSs") applicable to real estate development entities in Brazil, as approved by the Accounting Pronouncements Committee ("CPC"), the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC").

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of Matter

We draw attention to Note 2 to the financial statements, which states that the individual (Parent) and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil. The consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") applicable to real estate development entities in Brazil, also considers OCPC 04 – Application of ICPC 02 to Brazilian Real Estate Development Entities, issued by the Accounting Pronouncements Committee ("CPC"). This technical instruction addresses the recognition of revenue by the real estate industry and involves matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units, as detailed in Note 2.8. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Revenue recognition

The Company recognizes a significant portion of revenues and costs during the construction work, as described in Notes 2.8 a) and 25. The procedures adopted by the Company require significant estimates by Management, such as the projected costs to be incurred through completion of the construction work. Consequently, as these estimates are based on subjective assumptions that could be materialized or not, we considered this matter as a significant risk in our audit approach, which required special considerations during the performance of our procedures.

We identified the processes and control activities implemented by the Company, mainly in the engineering and accounting areas, and we performed specific audit procedures, including, but not limited to: (i) obtaining of the estimated costs to be incurred through the completion of each real estate project, which are prepared and approved by the engineering area; (ii) inquiries on the reasonableness of some of the assumptions adopted in the budget preparation; (iii) analysis of the changes in the main data used in the real estate development, including revenues, costs and margins; (iv) recalculation of the real estate development map and matching with the balances recorded in the financial statements; (v) selection of the sales transactions and costs incurred in the year based on the statistics sampling and matching with the respective supporting documentation to determine whether the revenues and costs were valid and appropriate with the industry; and (vi) assessment of the appropriateness of the disclosures in the financial statements.

b) Related parties and current account with partners in the real estate development projects

The Company has significant related-party transactions and current account with partners in the real estate development projects, arising from the amounts transferred between its subsidiaries and associates, as described in Notes 13 and 14, whose recovery or settlement will depend on the negotiation between the shareholders, real estate project profitability or warranties and, therefore, we understand that some amounts may not be realized or required at the amounts disclosed in the financial statements and, consequently, special considerations were required during the performance of our audit procedures.

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We identified the processes and control activities implemented by the Company performed specific audit procedures, including, but not limited to: (i) analysis of the real estate project profitability and matching with the respective supporting documentation to conclude whether the amounts recorded in assets are realizable; (ii) selection of certain amounts and obtaining of respective agreements, if applicable, by analyzing whether the conditions set forth in the agreements were reflected in the financial statements; and (iii) assessment of the appropriateness of the disclosures in the financial statements.

c) Contractual terminations

The Company carries out periodical analysis in order to determine whether there are the objective evidences indicating that the economic benefits associated with revenues recognized could not flow to the entity, as described in Notes 2.8 a) and 19. Should these evidences exist, the respective allowance for contractual termination is recorded. Consequently, as these estimates could be materialized or not, we believe that there was a significant risk that required special considerations during the performance of our procedures. The main assumptions adopted refer to past-due trade receivables, estimated amounts to be retained from customers and project recognition margin, among others.

We identified the processes and control activities implemented by the Company and performed specific audit procedures, including, but not limited to: (i) recalculation of estimates prepared by Management; (ii) analysis of the reasonableness of the assumptions adopted in the calculation of the respective allowance; (iii) adequacy of the credit policy adopted by the Company; and (iv) assessment of the appropriateness of the disclosures in the financial statements.

d) Acquisition of interest

As disclosed in Note 7, the Company acquired interest in certain entities and, therefore, conducted the preliminary assessment of the assets and liabilities acquired at fair value, which involve uncertainties in the preparation of the estimates.

We performed specific audit procedures, including, but not limited to: (i) analysis of the purchase instruments and the accounting treatment adopted by the Company's management when recording these instruments; (ii) assessment of the main preliminary assumptions adopted by the Company in the measurement of the fair value of investments; and (iii) assessment of the appropriateness of the disclosures in the financial statements.

Other Matters

Statements of Value Added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2016, prepared under the responsibility of the Company's management and disclosed as supplemental information for purposes of the IFRS were subject to audit procedures performed together with the audit of the Company's financial statements. In forming our opinion, we assess whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 – Statement of Value Added. In our opinion, these statements of value added were fairly presented, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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Other Information Accompanying the Individual and Consolidated Financial Statements and the Independent Auditor's Report

Management is responsible for such other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), applicable to real estate development entities in Brazil, as approved by the Accounting Pronouncements Committee ("CPC"), Brazilian Securities and Exchange Commission ("CVM") and Federal Accounting Council ("CFC"), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realist alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 23, 2017

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Tarcisio Luiz dos Santos
Engagement Partner

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DECLARATIONS FOR THE PURPOSES OF ARTICLE 25, PARAGRAPH 1, ITEM VI, OF CVM RULE 480/09

We hereby declare, in the capacity of Executive Officers of Cyrela Brazil Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city and state of São Paulo, at Avenida Engenheiro Roberto Zuccolo, 555, 1st floor, room 1001, Vila Leopoldina, CEP 05307-190, Corporate Taxpayer's ID (CNPJ/MF) no. 73.178.600/0001-18 ("Company"), pursuant to item VI, Paragraph 1, of Article 25 of CVM Instruction 480 of December 7, 2009, that we have reviewed, discussed and approved the interim financial statements of the Company for the quarter ended December 31, 2016.

São Paulo, March 23, 2016.

The administration

DECLARATIONS FOR THE PURPOSES OF ARTICLE 25, PARAGRAPH 1, ITEM V, OF CVM RULE 480/09

We hereby declare, in the capacity of Executive Officers of Cyrela Brazil Realty S.A. Empreendimentos e Participações, a corporation headquartered in the city and state of São Paulo, at Avenida Engenheiro Roberto Zuccolo, 555, 1st floor, room 1001, Vila Leopoldina, CEP 05307-190, Corporate Taxpayer's ID (CNPJ/MF) no. 73.178.600/0001-18 ("Company"), pursuant to item V, Paragraph 1, of Article 25 of CVM Instruction 480 of December 7, 2009, that we have reviewed, discussed and agreed with the opinion stated in the report of the Company's independent auditors (Deloitte Touche Tohmatsu) related to the Company's financial statements for the interim financial statements of the Company for the quarter ended December 31, 2016.

São Paulo, March 23, 2016.

The administration