

Cyrela Brazil  
Realty S.A.  
Empreendimentos e  
Participações

**Quarterly Information - ITR  
ended September 30, 2018**

(A free translation of the original report in Portuguese as published in Brazil containing Financial Statement prepared in accordance with accounting practices adopted in Brazil and IFRS)



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## Report on the review of quarterly information - ITR

To  
The Shareholders and Management of  
**Cyrela Brazil Realty S.A. Empreendimentos e Participações**  
São Paulo - SP

### Introduction

We have reviewed the interim, individual and consolidated financial information of Cyrela Brazil Realty S.A. Empreendimentos e Participações, contained in the Quarterly Information Form - ITR for the quarter ended September 30, 2018, which comprise the balance sheet as of September 30, 2018 and the related income statements and the comprehensive income statements for the three and nine-month period then ended, and the statement of changes in equity and statements of cash flows for the nine-month period then ended, including explanatory notes.

The Company's management is responsible for preparation the individual and consolidated interim accounting information in accordance with the Technical Pronouncement of the Accounting Pronouncements Committee CPC 21(R1) – Interim Reporting, including the guidance in Official Circular CVM/SNC/SEP 01/2018 relating to the application of CPC Guidance 04 on the recognition of revenue over time, and the consolidated interim accounting information in accordance with international standard IAS 34 - Interim Financial Reporting, embracing the guidance set out in Official Circular CVM/SNC/SEP 01/2018 relating to the application of CPC Guidance 04 on the recognition of revenue over time, and presenting this information in accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express an opinion on the interim financial statements based on our review.

### Scope of the review

We conducted our review according to the Brazilian and international review standards of interim financial information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly narrower than that of an audit conducted in accordance with audit standards and, accordingly, it did not permit us to obtain assurance that we took notice of all significant matters that could have been raised in an audit. Therefore, we did not express an audit opinion.

### Conclusion about the individual and consolidated interim information prepared in



**accordance with CPC 21 (R1) , including the guidance in Official Circular CVM/SNC/SEP 01/2018**

Based on our review, we did not detect any facts that makes us believe that the individual and consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC Technical Pronouncement 21 (R1) – Interim Reporting, including the guidance in Official Circular CVM/SNC/SEP 01/2018 relating to the application of CPC Guidance 04 on the recognition of revenue over time, and presenting this information in accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR.

**Conclusion on consolidated interim information prepared in accordance with IAS 34 - Interim Financial Reporting, including the guidance in Official Circular CVM/SNC/SEP 01/2018**

Based on our review, we are not aware of any fact that makes us believe that the consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with international standard IAS 34 - Interim Financial Reporting, including the guidance in Official Circular CVM/SNC/SEP 01/2018 relating to the application of OCPC Guidance 04 on the recognition of revenue over time, and presenting this information in accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR.

**Emphasis of matters**

As described in Note 2.1, the interim financial information has been prepared in accordance with CPC 21 (R1) (in the individual and consolidated information) and IAS 34 (in the consolidated information) including the guidance in Official Circular CVM/SNC/SEP 01/2018 relating to the application of OCPC Guidance 04 in force regarding the recognition of revenue over time, until the discussions regarding OCPC 04 have been completed. Our conclusion is not modified in view of this matter.

**Other issues - Statements of added value**

The quarterly information referred to above includes the statements of value added (DVA) for the nine-month period ended September 30, 2018, prepared under the responsibility of the Company's management, presented as supplementary information for the purpose of IAS 34, were submitted to review procedures performed together with the review of the Company's quarterly Information - ITR. For the purposes of forming our conclusion, we assess if these statements are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content were prepared according with Technical Pronouncement CPC 09 - Statement of value added. Based on our review, we are not aware of any fact that makes us believe that they were not prepared, in all material respects, consistent with the individual and consolidated interim financial information taken as a whole.

São Paulo, November 8, 2018

KPMG Auditores Independentes  
CRC 2SP014428/O-6

*Original report in Portuguese signed by*  
Giuseppe Masi  
Accountant CRC 1SP176273/O-7

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## Identification / Composition of Capital Stock

<b>Number of shares (Thousand)</b>	<b>Current Quarter 09/30/2018</b>
<b>Paid in Capital</b>	
Common Shares	399,743
Preferred	0
<b>Total</b>	<b>399,743</b>
<b>In Treasury</b>	
Common Shares	15,586
Preferred	0
<b>Total</b>	<b>15,586</b>

## Individual Financial Statements / Balance Sheets - Assets

(In Thousands of Reais)

Account Code	Account Description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Total Assets	7,539,461	7,061,552
1.01	Current Assets	1,633,686	693,156
1.01.01	Cash and cash equivalents	2,378	49,772
1.01.01.01	Cash and cash equivalents	2,378	49,772
1.01.02	Short-term investments	1,521,665	547,401
1.01.02.01	Financial investments valued at fair value	1,521,665	547,401
1.01.02.01.03	Securities	1,521,665	547,401
1.01.03	Accounts Receivable	3,855	4,434
1.01.03.01	Trade accounts receivable	3,855	4,434
1.01.04	Inventories	78,974	47,598
1.01.04.01	Properties for sale	78,974	47,598
1.01.06	Recoverable taxes	10,572	664
1.01.06.01	Current taxes recoverable	10,572	664
1.01.06.01.01	Recoverable taxes	10,572	664
1.01.07	Prepaid expenses	6,350	5,725
1.01.07.01	Prepaid expenses	6,350	5,725
1.01.08	Others current assets	9,892	37,562
1.01.08.03	Others	9,892	37,562
1.01.08.03.03	Others assets	9,892	37,562
1.02	Non - Current Assets	5,905,775	6,368,396
1.02.01	Long-Term Assets	923,254	932,123
1.02.01.01	Financial investments valued at fair value	120,261	118,983
1.02.01.04	Account Receivable	5,666	5,685
1.02.01.04.01	Trade accounts receivable	5,666	5,685
1.02.01.09	Related Parties	691,597	714,344
1.02.01.09.02	Related Parties	691,597	714,344
1.02.01.10	Others Non - Current Assets	105,730	93,111
1.02.01.10.04	Recoverable taxes	47,545	52,400
1.02.01.10.05	Current accounts with venture partners	5,955	5,972
1.02.01.10.07	Others assets	52,230	34,739
1.02.02	Investments	4,938,110	5,384,713
1.02.02.01	Equity Interest	4,938,110	5,384,713
1.02.02.01.01	Participations in associates	863,604	836,822
1.02.02.01.02	Interest in subsidiaries	4,074,506	4,547,891
1.02.03	Property, plant and equipment	10,225	9,369
1.02.03.01	Property, plant and equipment in operation	10,225	9,369
1.02.03.01.01	Property, plant and equipment	10,225	9,369
1.02.04	Intangible Assets	34,186	42,191
1.02.04.01	Intangible	34,186	42,191
1.02.04.01.02	Brands and Patents	37	37
1.02.04.01.03	Deployment Expenses	18,574	27,289
1.02.04.01.04	Software	4,101	6,309
1.02.04.01.05	Goodwill	11,474	8,556

## Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total Liabilities	7,539,461	7,061,552
2.01	Current Liabilities	948,723	639,577
2.01.01	Social and labor obligations	14,757	13,951
2.01.01.01	Labor and Social Obligations	14,757	13,951
2.01.01.01.01	Labor obligations	14,757	13,951
2.01.02	Suppliers	6,770	2,860
2.01.02.01	Domestic suppliers	6,770	2,860
2.01.02.01.01	Suppliers of goods and services	6,770	2,860
2.01.03	Tax Liabilities	2,103	2,408
2.01.03.01	Federal tax liabilities	2,103	2,408
2.01.03.01.02	Taxes payable	1,961	1,809
2.01.03.01.03	Deferred taxes and contributions	142	599
2.01.04	Loans and financing	599,737	410,352
2.01.04.01	Loans and financing	352,325	104,501
2.01.04.01.01	In national currency	352,325	104,501
2.01.04.02	Debentures	247,412	305,851
2.01.04.02.01	Debentures	1,288	44,450
2.01.04.02.03	Real Estate Certificates (CRIs)	246,124	261,401
2.01.05	Other liabilities	325,356	210,006
2.01.05.01	Related Parties	56,209	52,323
2.01.05.01.02	Related Parties	56,209	52,323
2.01.05.02	Others	269,147	157,683
2.01.05.02.06	Accounts payable for lands acquisition	65,104	2,516
2.01.05.02.07	Other Liabilities	204,043	155,167
2.02	Non – Current liabilities	1,268,817	497,384
2.02.01	Loans and financing	1,263,592	415,801
2.02.01.01	Loans and financing	602,562	342,129
2.02.01.01.01	In currency national	602,562	342,129
2.02.01.02	Debentures	661,030	73,672
2.02.01.02.01	Debentures	150,000	0
2.02.01.02.02	Real Estate Certificates (CRIs)	511,030	73,672
2.02.03	Deferred taxes	1,441	1,102
2.02.03.01	Deferred income tax and social contribution	1,441	1,102
2.02.03.01.01	Deferred taxes and contributions	1,441	1,102
2.02.04	Provisions	3,784	80,481
2.02.04.01	Provisions for tax, labor and civil risks	3,784	4,196
2.02.04.01.02	Social Security and Labor Provisions	3,784	4,196
2.02.04.02	Other Provisions	0	76,285
2.02.04.02.05	Accounts payable for lands acquisition	0	76,285
2.03	Shareholders' equity	5,321,921	5,924,591
2.03.01	Paid-in Capital	3,395,744	3,395,744
2.03.01.01	Capital	3,395,744	3,395,744
2.03.02	Capital reserves	-262,246	-257,638
2.03.02.04	Option granted	38,319	61,216
2.03.02.05	Treasury shares	-196,598	-214,887
2.03.02.07	(-) Expenses with issuance of shares	-103,967	-103,967

## Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 09/30/2018</b>	<b>Prior year 12/31/2017</b>
2.03.04	Profit Reserve	2,446,563	2,842,547
2.03.04.01	Legal Reserve	291,104	291,104
2.03.04.05	Profit Reserves	2,155,459	2,551,443
2.03.05	Retained Earning/Losses	-200,474	0
2.03.08	Other comprehensive income	-57,666	-56,062

**Individual financial statements/ Income Statement**  
**(In Thousand of Reais)**

Account Code	Account Description	Current Quarter 07/01/2018 to 09/30/2018	Accumulated of the Current Year 01/01/2018 to 09/30/2018	Same Quarter of the Prior Year 07/01/2017 to 09/30/2017	Accumulated of the Prior Year 01/01/2017 to 09/30/2017
3.01	Net operating income	866	3,917	2,914	4,827
3.02	Cost of sales and/or services	-2,279	-2,859	-1,010	-2,258
3.03	Gross Income	-1,413	1,058	1,904	2,569
3.04	Operating expenses/income	-127,654	-227,982	-16,879	-151,504
3.04.01	Selling expenses	-2,088	-5,570	-2,714	-5,218
3.04.02	General and administrative expenses	-30,018	-81,773	-28,756	-87,171
3.04.02.01	Administrative expenses	-28,676	-77,805	-27,498	-83,442
3.04.02.02	Management compensation	-1,342	-3,968	-1,258	-3,729
3.04.04	Other operating income	6,381	19,352	21,740	80,357
3.04.04.01	Other gains on investments	6,206	11,752	16,935	66,885
3.04.04.02	Other net revenues	175	7,600	4,805	13,472
3.04.05	Other operational expenses	-16,845	-33,218	-3,805	-24,678
3.04.05.01	Other Investment losses	-2,547	-12,858	-34	-12,081
3.04.05.02	Other expenses	-14,298	-20,360	-3,771	-12,597
3.04.06	Equity income	-85,084	-126,773	-3,344	-114,794
3.05	Income before financial income and taxes	-129,067	-226,924	-14,975	-148,935
3.06	Financial income	8,324	26,368	8,113	5,059
3.06.01	Financial income	41,946	93,910	37,461	107,795
3.06.01.01	Financial income	41,946	93,910	37,461	107,795
3.06.02	Financial expenses	-33,622	-67,542	-29,348	-102,736
3.06.02.01	Financial expenses	-33,622	-67,542	-29,348	-102,736
3.07	Income before income tax	-120,743	-200,556	-6,862	-143,876
3.08	Income taxes and social contribution	-10	82	99	110
3.08.02	Deferred taxes	-10	82	99	110
3.09	Net income of continued operations	-120,753	-200,474	-6,763	-143,766
3.11	Income/loss for the period	-120,753	-200,474	-6,763	-143,766
3.99	Earnings per share - (Reais / Shares)				
3.99.01	Basic earnings per share				

## Individual financial statements / Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 07/01/2018 to 09/30/2018	Accumulated of the Current Year 01/01/2018 to 09/30/2018	Same Quarter of the Prior Year 07/01/2017 to 09/30/2017	Accumulated of the Prior Year 01/01/2017 to 09/30/2017
3.99.01.01	ON	-0.58118	-0.78923	-0.01795	-0.38166
3.99.2	Diluted earnings per share				
3.99.02.01	ON	-0.15171	-0.23196	-0.01783	-0.37911

## Individual financial statements / Statement of comprehensive income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 07/01/2018 to 09/30/2018	Accumulated of the Current Year 01/01/2018 to 09/30/2018	Same Quarter of the Prior Year 07/01/2017 to 09/30/2017	Accumulated of the Prior Year 01/01/2017 to 09/30/2017
4.01	Net income for the period	-120,753	-200,474	-6,763	-143,766
4.02	Other Income Comprehensive	-927	-1,604	-52	-203
4.02.01	Adjustments by Investment Conversion	-927	-1,604	-52	-203
4.03	Comprehensive income for the period	-121,68	-202,078	-6,815	-143,969

**Individual financial statements / Statement of cash flows - Indirect method**  
**(In thousands of Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accumulated of the Current Year 01/01/2018 to 09/30/2018</b>	<b>Accumulated of the Prior Year 01/01/2017 to 09/30/2017</b>
6.01	Cash from (invested in) operational activities	-64,770	-11,829
6.01.01	Cash from activities	-62,552	5,729
6.01.01.01	Depreciation of Property, Plant and Equipment and amortization of Intangible Assets	13,335	10,876
6.01.01.02	Goodwill Amortization	175	10,173
6.01.01.03	Equity	126,773	114,794
6.01.01.04	Decrease on Intangible Assets and Property, Plant e Equipment	162	0
6.01.01.05	Interest and monetary variations on loans	53,943	87,912
6.01.01.06	Deferred Taxes	-36	-48
6.01.01.10	Net income for the Period Before IR and CS	-200,556	-143,877
6.01.01.12	Provision for Guarantees	13	0
6.01.01.15	Investment Conversion Adjustment	-1,604	-203
6.01.01.16	Finance income from securities	-49,737	-76,023
6.01.01.17	Provision for the Payment of Shares Program	-4,608	4,796
6.01.01.18	Provision for tax, labor and civil risks	-412	-2,671
6.01.02	Changes in assets and liabilities	40,407	64,908
6.01.02.02	Decrease (Increase) Accounts receivable	598	1,187
6.01.02.03	Decrease (Increase) Properties for sale	-31,376	-1,819
6.01.02.04	Decrease (Increase) Current accounts with venture partners	17	724
6.01.02.05	Decrease (Increase) Related Parties	26,633	62,432
6.01.02.06	Decrease (Increase) Taxes and contributions recoverable	-5,053	-9,688
6.01.02.08	Decrease (Increase) Prepaid expenses	-625	-49
6.01.02.09	Decrease (Increase) Other assets	10,179	-16,085
6.01.02.10	Decrease (Increase) Payables due to property acquisitions	-13,697	0
6.01.02.12	Decrease (Increase) Payable Taxes and contributions	152	361
6.01.02.13	Decrease (Increase) Suppliers of goods and services	3,910	0
6.01.02.14	Payroll	806	-62
6.01.02.16	Decrease (Increase) Other liabilities	48,876	27,079
6.01.02.17	Reduction (increase) Provision for guarantee	0	828
6.01.02.18	Suppliers and accrued guarantees	-13	0
6.01.03	Others	-42,625	-82,466
6.01.03.02	Interest Paid	-42,625	-82,466
6.02	Net Cash Investing Activities	-808,481	26,806
6.02.01	Acquisition of property, plant and equipment	-3,429	-255
6.02.03	Dividends Received	389,429	732,018
6.02.04	Increase (Decrease) in investment	-265,583	-535,027
6.02.05	Acquisition of intangible assets	-3,093	-192
6.02.06	Decrease (Increase) in Financial Investments	-925,805	-169,738
6.03	Cash from (invested in) financing activities	825,857	-235,827
6.03.01	Loans, financing and CRIs taken	1,223,013	115,456
6.03.02	Payment of Loans, financing and CRIs	-197,156	-315,337
6.03.06	Distribution of dividends	-200,000	-35,946
6.05	Increase (Decrease) in Cash and cash equivalents	-47,394	-220,850
6.05.01	Opening balance of cash and cash equivalents	49,772	281,963
6.05.02	Closing balance of cash and cash equivalents	2,378	61,113

**Individual financial statements / Statement of changes in shareholders' equity - 01/01/2018 to 09/30/2018**  
**(In thousands of Reais)**

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options granted and Treasury	Profit Reserves	Retained Earnings	Other Comprehensive Income	Total Shareholder's Equity
5.01	Opening balances	3,395,744	-257,638	2,842,548	0	-56,062	5,924,592
5.02	Prior Year Adjustments	0	0	-195,985	0	0	-195,985
5.02.01	Initial adoption CPC 48/IFRS 9	0	0	-195,985	0	0	-195,985
5.03	Adjusted opening balances	3,395,744	-257,638	2,646,563	0	-56,062	5,728,607
5.04	Capital transactions with partners	0	-4,608	-200,000	0	0	-204,608
5.04.06	Dividends	0	0	-200,000	0	0	-200,000
5.04.08	Share payment program	0	-4,608	0	0	0	-4,608
5.05	Total comprehensive income	0	0	0	-200,474	0	-200,474
5.05.01	Net income for the period	0	0	0	-200,474	0	-200,474
5.06	Internal changes in shareholders' equity	0	0	0	0	-1,604	-1,604
5.06.04	Adjustments by investment conversion	0	0	0	0	-1,604	-1,604
5.07	Closing balances	3,395,744	-262,246	2,446,563	-200,474	-57,666	5,321,921

**Individual financial statements / Statement of changes in shareholders' equity - 01/01/2017 to 09/30/2017**  
**(In thousands of Reais)**

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options granted and Treasury	Profit Reserves	Retained Earnings	Other Comprehensive Income	Total Shareholder's Equity
5.01	Opening balances	3,395,744	-264,106	2,937,551	0	-55,634	6,013,555
5.03	Adjusted opening balances	3,395,744	-264,106	2,937,551	0	-55,634	6,013,555
5.04	Capital transactions with partners	0	4,796	0	0	0	4,796
5.04.09	Share payment program	0	4,796	0	0	0	4,796
5.05	Total comprehensive income	0	0	0	-143,766	0	-143,766
5.05.01	Net income for the period	0	0	0	-143,766	0	-143,766
5.06	Internal changes in shareholders' equity	0	0	0	0	-203	-203
5.06.04	Adjustments by investment conversion	0	0	0	0	-203	-203
5.07	Closing balances	3,395,744	-259,310	2,937,551	-143,766	-55,837	5,874,382

**Individual Financial Statements / Statement of Added Value**  
**(In thousands of Reais)**

Account Code	Account Description	Current year	Prior year
		Accumulated 01/01/2018 to 09/30/2018	Accumulated 01/01/2017 to 09/30/2017
7.01	Revenue	-8,318	6,335
7.01.01	Sale of merchandise, products and services	4,443	5,460
7.01.02	Other income	-12,761	875
7.02	Inputs acquired from third parties	-48,288	-48,754
7.02.01	Cost of products, goods and services rendered	-2,859	-2,258
7.02.02	Materials, power, outside services and others	-45,429	-46,496
7.03	Gross added value	-56,606	-42,419
7.04	Retentions	-13,030	-21,048
7.04.01	Depreciation, amortization and depletion	-12,855	-10,875
7.04.02	Others	-175	-10,173
7.04.02.01	Amortization of added value of assets	-175	-10,173
7.05	Net added value produced	-69,636	-63,467
7.06	Added value received as transfer	-33,793	57,977
7.06.01	Equity income	-126,773	-114,794
7.06.02	Financial income	93,91	107,795
7.06.03	Others	-930	64,976
7.06.03.01	Other Results in Investments	-930	64,976
7.07	Total added value payable	-103,429	-5,490
7.08	Distribution of added value	-103,429	-5,490
7.08.01	Staff Costs	29,059	35,017
7.08.01.01	Direct remuneration	29,578	25,793
7.08.01.04	Others	-519	9,224
7.08.01.04.01	Commissions on sale	101	27
7.08.01.04.02	Board Fees	3,968	3,729
7.08.01.04.03	Stakeholders' profit share	-4,588	5,468
7.08.02	Taxes, duties and contributions	444	523
7.08.02.01	Federal taxes	444	523
7.08.03	Third-party capital remuneration	67,542	102,736
7.08.03.01	Interests	67,542	102,736
7.08.04	Own Capital Remuneration	-200,474	-143,766
7.08.04.03	Retained Earning/Losses	-200,474	-143,766

## Consolidated Financial Statements / Balance Sheets - Assets

(In thousand of Reais)

Account Code	Account Description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Total Assets	10,499,600	10,401,541
1.01	Current Assets	6,639,174	6,640,859
1.01.01	Cash and cash equivalents	129,272	195,630
1.01.01.01	Cash and cash equivalents	129,272	195,630
1.01.02	Short-term investments	1,889,726	1,047,498
1.01.02.01	Financial investments valued at fair value	1,889,726	1,047,498
1.01.02.01.03	Securities	1,889,726	1,047,498
1.01.03	Accounts Receivable	1,419,975	2,069,412
1.01.03.01	Trade accounts receivable	1,419,975	2,069,412
1.01.04	Inventories	3,102,544	3,218,341
1.01.04.01	Properties for sale	3,102,544	3,218,341
1.01.06	Recoverable taxes	29,854	15,917
1.01.06.01	Current taxes recoverable	29,854	15,917
1.01.07	Prepaid expenses	7,625	11,934
1.01.07.01	Prepaid expenses	7,625	11,934
1.01.08	Others current assets	60,178	82,127
1.01.08.03	Others	60,178	82,127
1.01.08.03.01	Deferred taxes and contributions	1,188	2,227
1.01.08.03.02	Prepaid sales expenses	7,568	11,548
1.01.08.03.03	Others assets	51,422	68,352
1.02	Others Non – Current Assets	3,860,426	3,760,682
1.02.01	Long-Term Assets	2,901,327	2,822,892
1.02.01.01	Financial investments valued at fair value	120,830	119,633
1.02.01.01.01	Titles valued at fair value	120,830	119,633
1.02.01.04	Accounts Receivable	705,125	597,822
1.02.01.04.01	Trade accounts receivable	705,125	597,822
1.02.01.05	Inventories	1,582,864	1,531,414
1.02.01.05.01	Properties for sale	1,582,864	1,531,414
1.02.01.07	Deferred taxes	1,072	0
1.02.01.07.01	Deferred income tax and social contribution	1,072	0
1.02.01.09	Related Parties	247,826	349,914
1.02.01.09.03	Related Parties	247,826	349,914
1.02.01.10	Others Non – Current Assets	243,610	224,109
1.02.01.10.04	Recoverable taxes	109,921	126,794
1.02.01.10.05	Current accounts with venture partners	14,918	14,255
1.02.01.10.07	Others assets	118,771	83,060
1.02.02	Investments	863,604	836,822
1.02.02.01	Equity interest	863,604	836,822
1.02.02.01.01	Participations in associates	863,604	836,822
1.02.03	Property, plant and equipment	64,972	61,159
1.02.03.01	Property, plant and equipment in operation	64,972	61,159
1.02.04	Intangible Assets	30,523	39,809
1.02.04.01	Intangible	30,523	39,809
1.02.04.01.02	Brands and Patents	74	72

## Consolidated Financial Statements / Balance Sheets - Assets

(In thousand of Reais)

Account Code	Account Description	Current quarter 09/30/2018	Prior year 12/31/2017
1.02.04.01.03	Deployment Expenses	20,698	30,387
1.02.04.01.04	Software	4,803	6,575
1.02.04.01.05	Goodwill	4,948	2,775

## Consolidated Financial Statements / Balance Sheets - Liabilities

(In thousand of Reais)

Account	Account Description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total Liabilities	10,499,600	10,401,541
2.01	Current Liabilities	2,183,578	2,203,122
2.01.01	Social and labor obligations	47,231	42,272
2.01.01.01	Labor and social obligations	47,231	42,272
2.01.01.01.01	Labor obligations	47,231	42,272
2.01.02	Suppliers	221,710	115,242
2.01.02.01	Domestic suppliers	221,710	115,242
2.01.02.01.01	Suppliers of goods and services	221,710	115,242
2.01.03	Tax liabilities	62,473	118,577
2.01.03.01	Federal tax liabilities	62,473	118,577
2.01.03.01.02	Taxes payable	28,684	32,588
2.01.03.01.03	Deferred taxes and contributions	33,789	85,989
2.01.04	Loans and financing	883,657	1,279,878
2.01.04.01	Loans and financing	590,028	930,347
2.01.04.01.01	In national currency	590,028	930,347
2.01.04.02	Debentures	293,629	349,531
2.01.04.02.01	Debentures	1,860	44,555
2.01.04.02.03	Real Estate Certificates - CRI	291,769	304,976
2.01.05	Other liabilities	813,538	550,885
2.01.05.01	Related Parties	50,624	50,182
2.01.05.01.03	Related Parties	50,624	50,182
2.01.05.02	Others	762,914	500,703
2.01.05.02.04	Current accounts with venture partners	45,684	37,290
2.01.05.02.05	Customers Advances	321,647	314,803
2.01.05.02.06	Accounts payable for lands acquisition	280,281	107,932
2.01.05.02.07	Other Liabilities	115,302	40,678
2.01.06	Provisions	154,969	96,268
2.01.06.02	Other Provisions	154,969	96,268
2.01.06.02.01	Provisions for Guarantees	154,969	96,268
2.02	Non – Current liabilities	2,667,377	1,832,921
2.02.01	Loans and financing	2,005,227	1,294,162
2.02.01.01	Loans and financing	1,306,989	1,183,097
2.02.01.01.01	In currency national	1,306,989	1,183,097
2.02.01.02	Debentures	698,238	111,065
2.02.01.02.01	Debentures	154,000	4,000
2.02.01.02.02	Real Estate Certificates - CRI	544,238	107,065
2.02.03	Deferred taxes	57,698	24,621
2.02.03.01	Deferred income tax and social contribution	57,698	24,621
2.02.04	Provisions	604,452	514,138
2.02.04.01	Provisions for tax, labor and civil risks	130,839	143,806
2.02.04.01.02	Social Security and Labor Provisions	130,839	143,806
2.02.04.02	Other Provisions	473,613	370,332
2.02.04.02.01	Provision for guarantees	45,131	86,015
2.02.04.02.05	Accounts payable for lands acquisition	14,766	125,439
2.02.04.02.08	Customers Advances	413,716	158,878
2.03	Shareholders' equity	5,648,645	6,365,498

## Consolidated Financial Statements / Balance Sheets - Liabilities

(In thousand of Reais)

Account Code	Account Description	Current quarter	Prior year
		09/30/2018	12/31/2017
2.03.01	Paid-in Capital	3,395,744	3,395,744
2.03.01.01	Capital	3,395,744	3,395,744
2.03.02	Capital reserves	-262,246	-257,638
2.03.02.04	Option granted	38,319	61,216
2.03.02.05	Treasury shares	-196,598	-214,887
2.03.02.07	(-) Expenses with issuance of shares	-103,967	-103,967
2.03.04	Profit Reserves	2,446,563	2,842,547
2.03.04.01	Legal Reserve	291,104	291,104
2.03.04.05	Retained Profit Reserves	2,155,459	2,551,443
2.03.05	Retained Earning/Losses	-200,474	0
2.03.08	Other comprehensive income	-57,666	-56,062
2.03.09	Interest of non-controlling shareholders	326,724	440,907

## Consolidated financial statements / Income Statement (In thousand of Reais)

Account Code	Account Description	Current quarter 07/01/2018 to 09/30/2018	Accumulated of the Current Year 01/01/2018 to 09/30/2018	Same Quarter of the Prior Year 07/01/2017 to 09/30/2017	Accumulated of the Prior Year 01/01/2017 to 09/30/2017
3.01	Net operating income	724,825	1,814,986	597,827	1,864,970
3.02	Cost of sales and/or services	-520,049	-1,314,130	-450,495	-1,349,032
3.03	Gross Income	204,776	500,856	147,332	515,938
3.04	Operating expenses/income	-282,695	-613,841	-130,555	-587,620
3.04.01	Selling expenses	-87,973	-245,185	-88,456	-263,536
3.04.01.01	Selling expenses	-87,973	-245,185	-88,456	-263,536
3.04.02	General and administrative expenses	-95,281	-278,102	-94,375	-298,224
3.04.02.01	General and administrative expenses	-93,939	-274,134	-92,934	-293,765
3.04.02.02	Management compensation	-1,342	-3,968	-1,441	-4,459
3.04.04	Other operating income	35,318	112,769	42,085	127,583
3.04.04.01	Other gains on investments	6,979	12,899	17,028	66,762
3.04.04.02	Other revenue	28,339	99,870	25,057	60,821
3.04.05	Other operational expenses	-157,445	-250,182	-14,893	-199,582
3.04.05.01	Other Investment losses	-2,599	-10,552	-1,849	-15,688
3.04.05.02	Other operational expenses	-154,846	-239,630	-13,044	-183,894
3.04.06	Equity income	22,686	46,859	25,084	46,139
3.04.06.01	Equity	22,686	46,859	25,084	46,139
3.05	Income before financial income and taxes	-77,919	-112,985	16,777	-71,682
3.06	Financial income	-769	6,464	11,674	29,849
3.06.01	Financial income	49,281	114,304	53,730	168,275
3.06.02	Financial expenses	-50,050	-107,840	-42,056	-138,426
3.07	Income (loss) before income tax	-78,688	-106,521	28,451	-41,833
3.08	Income taxes and social contribution	-15,389	-41,337	-14,288	-44,078
3.08.01	Current taxes	-18,051	-48,705	-20,444	-61,392
3.08.02	Deferred taxes	2,662	7,368	6,156	17,314
3.09	Net income of continued operations	-94,077	-147,858	14,163	-85,911
3.11	Income/loss for the period	-94,077	-147,858	14,163	-85,911
3.11.01	Attributed to Parent Company's Shareholders	-120,753	-200,474	-6,763	-143,766

**Consolidated financial statements / Income Statement  
(In thousand of Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current quarter 07/01/2018 to 09/30/2018</b>	<b>Accumulated of the Current Year 01/01/2018 to 09/30/2018</b>	<b>Same Quarter of the Prior Year 07/01/2017 to 09/30/2017</b>	<b>Accumulated of the Prior Year 01/01/2017 to 09/30/2017</b>
3.11.02	Attributed to non-controlling Shareholders	26,676	52,616	20,926	57,855
3.99	Earnings per share - (Reais / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	-0.58118	-0.78923	-0.01795	-0.38166
3.99.02	Diluted earnings per share				
3.99.02.01	ON	-0.15171	-0.23196	-0.01783	-0.37911

**Consolidated financial statements / Statement of comprehensive income**  
**(In thousand of Reais)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 07/01/2018 to 09/30/2018</b>	<b>Accumulated of the Current Year 01/01/2017 to 09/30/2018</b>	<b>Same Quarter of the Prior Year 07/01/2017 to 09/30/2017</b>	<b>Accumulated of the Prior Year 01/01/2017 to 09/30/2017</b>
4.01	Net income for the period	-94,077	-147,858	14,163	-85,911
4.02	Other Comprehensive Income	-927	-1,604	-52	-203
4.02.01	Adjustments by Investment Conversion	-927	-1,604	-52	-203
4.03	Consolidated comprehensive income for the period	-95,004	-149,462	14,111	-86,114
4.03.01	Attributed to Parent Company's Shareholders	-121,680	-202,078	-6,815	-143,969
4.03.02	Attributed to non-controlling Shareholders	26,676	52,616	20,926	57,855

## Consolidated financial statements / Statement of cash flows - Indirect method

(In thousand of Reais)

Account Code	Account Description	Accumulated of the Current Year 01/01/2018 to 09/30/2018	Accumulated of the Prior year 01/01/2017 to 09/30/2017
6.01	Cash from (invested in) operational activities	761,150	353,728
6.01.01	Cash from activities	43,566	30,707
6.01.01.01	Depreciation of Property, Plant and Equipment and amortization of Intangible Assets	48,170	39,755
6.01.01.02	Goodwill Amortization	175	11,009
6.01.01.03	Equity	-46,859	-46,139
6.01.01.04	Decrease on Intangible Assets and Property, Plant e Equipment	6,911	13,450
6.01.01.05	Interest and monetary variations on loans	118,143	178,304
6.01.01.06	Deferred Taxes	-10,716	-20,348
6.01.01.09	Adjustments to Present Value	2,582	31,016
6.01.01.10	Net income for the Period Before IR and CS	-106,521	-41,833
6.01.01.12	Provision for Guarantees	34,829	38,703
6.01.01.15	Investment conversion adjustment	-1,604	-203
6.01.01.16	Finance income from securities	-69,207	-131,049
6.01.01.17	Provision for the Payment of Shares Program	-4,608	4,796
6.01.01.18	Provision for tax, labor and civil risks	-12,967	-46,754
6.01.01.20	Provison for credit risks	85,238	0
6.01.02	Changes in assets and liabilities	893,423	620,366
6.01.02.02	Decrease (Increase) Accounts receivable	236,079	649,683
6.01.02.03	Decrease (Increase) Properties for sale	64,347	-861
6.01.02.04	Decrease (Increase) Current accounts with venture partners	7,731	-15,569
6.01.02.05	Decrease (Increase) Related Parties	102,530	46,549
6.01.02.06	Decrease (Increase) Taxes and contributions recoverable	2,936	-5,328
6.01.02.07	Decrease (increase) Prepaid expense to be appropriated	3,980	1,398
6.01.02.08	Decrease (Increase) Prepaid expenses	4,309	-1,192
6.01.02.09	Decrease (Increase) Other assets	-18,780	1,435
6.01.02.10	Decrease (Increase) Payables due to property acquisitions	61,676	75,231
6.01.02.12	Decrease (Increase) Payable Taxes and contributions	-2,106	12,348
6.01.02.13	Decrease (Increase) Suppliers of goods and services	106,468	0
6.01.02.14	Payroll	4,959	1,601
6.01.02.15	Decrease (increase) Customer Advances	261,682	-82,009
6.01.02.16	Decrease (Increase) Other liabilities	74,624	-62,267
6.01.02.17	Decrease (Increase) Provision for Guarantees	0	-653
6.01.02.18	Decrease (Increase) Suppliers and accrued guarantees	-17,012	0
6.01.03	Others	-175,839	-297,345
6.01.03.01	Interest paid	-50,503	-61,819
6.01.03.02	Interest paid	-125,336	-235,526
6.02	Cash from (invested in) investment activities	-799,390	69,379
6.02.01	Acquisition of property, plant and equipment	-47,276	-19,482
6.02.03	Dividends Received	43,811	244,094
6.02.04	(Increase) Decrease in investment	-19,202	-108,118
6.02.05	Acquisition of intangible assets	-2,505	-608
6.02.06	Decrease (Increase) Financial Investments	-774,218	-46,507
6.03	Cash from (invested in) financing activities	-28,118	-684,916
6.03.01	Loans, financing and CRIs taken	1,635,813	1,006,844

## Consolidated financial statements / Statement of cash flows - Indirect method

(In thousand of Reais)

Account Code	Account Description	Accumulated of the	Accumulated of the
		Current Year 01/01/2018 to 09/30/2018	Prior year 01/01/2017 to 09/30/2017
6.03.02	Loans, financing and CRIs Payment	-1,313,775	-1,290,169
6.03.06	Dividends	-200,000	-35,946
6.03.09	Capital transaction	-94,085	0
6.03.10	Increase (Decrease) Interest of non-controlling shareholders equity	-56,071	-365,645
6.05	Increase (Decrease) in Cash and cash equivalents	-66,358	-261,809
6.05.01	Opening balance of cash and cash equivalents	195,630	513,757
6.05.02	Closing balance of cash and cash equivalents	129,272	251,948

**Consolidated financial statements / Statement of changes in shareholders' equity - 01/01/2018 to 09/30/2018**  
(In thousand of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options granted and Treasury	Profit Reserves	Retained Earning	Other Comprehensive Income	Total Shareholder's Equity	Interest of non- controlling shareholders	Consolidated Shareholder's Equity
5.01	Opening balances	3,395,744	-257,638	2,842,548	0	-56,062	5,924,592	440,907	6,365,499
5.02	Prior Year Adjustments	0	0	-195,985	0	0	-195,985	-16,643	-212,628
5.02.01	Initial adoption CPC 48/IFRS 9	0	0	-195,985	0	0	-195,985	-16,643	-212,628
5.03	Adjusted opening balances	3,395,744	-257,638	2,646,563	0	-56,062	5,728,607	424,264	6,152,871
5.04	Capital transactions with partners	0	-4,608	-200,000	0	0	-204,608	-150,156	-354,764
5.04.06	Dividends	0	0	-200,000	0	0	-200,000	-56,071	-256,071
5.04.08	Share payment program	0	-4,608	0	0	0	-4,608	0	-4,608
5.04.09	Other changes	0	0	0	0	0	0	-94,085	-94,085
5.05	Total comprehensive income	0	0	0	-200,474	0	-200,474	52,616	-147,858
5.05.01	Net income for the period	0	0	0	-200,474	0	-200,474	52,616	-147,858
5.06	Internal changes in shareholders' equity	0	0	0	0	-1,604	-1,604	0	-1,604
5.06.04	Adjustments by investment conversion	0	0	0	0	-1,604	-1,604	0	-1,604
5.07	Closing balances	3,395,744	-262,246	2,446,563	-200,474	-57,666	5,321,921	326,724	5,648,645

**Consolidated financial statements / Statement of changes in shareholders' equity - 01/01/2017 to 09/30/2017**  
**(In thousand of Reais)**

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options granted and Treasury	Profit Reserves	Retained Earning	Other Comprehensive Income	Total Shareholder's Equity	Interest of non-controlling shareholders	Consolidated Shareholder's Equity
5.01	Opening balances	3,395,744	-264,106	2,937,551	0	-55,634	6,013,555	753,186	6,766,741
5.03	Adjusted opening balances	3,395,744	-264,106	2,937,551	0	-55,634	6,013,555	753,186	6,766,741
5.04	Capital transactions with partners	0	4,796	0	0	0	4,796	-223,267	-218,471
5.04.01	Subscription Capital	0	0	0	0	0	0	65,731	65,731
5.04.08	Other changes	0	0	0	0	0	0	-288,998	-288,998
5.04.10	Share payment program	0	4,796	0	0	0	4,796	0	4,796
5.05	Total comprehensive income	0	0	0	-143,766	0	-143,766	57,855	-85,911
5.05.01	Net income for the period	0	0	0	-143,766	0	-143,766	57,855	-85,911
5.06	Internal changes in shareholders' equity	0	0	0	0	-203	-203	-142,378	-142,581
5.06.04	Adjustments by investment conversion	0	0	0	0	-203	-203	0	-203
5.06.05	Payment Dividends	0	0	0	0	0	0	-142,378	-142,378
5.07	Closing balances	3,395,744	-259,310	2,937,551	-143,766	-55,837	5,874,382	445,396	6,319,778

## Consolidated Financial Statements / Statement of Added Value

(In thousand of Reais)

Account Code	Account Description	Current year Accumulated	Prior year Accumulated
		01/01/2018 to 09/30/2018	01/01/2017 to 09/30/2017
7.01	Revenue	1,726,506	1,794,942
7.01.01	Sale of merchandise, products and services	1,866,263	1,918,015
7.01.02	Other income	-139,757	-123,073
7.02	Inputs acquired from third parties	-1.662.562	-1.689.365
7.02.01	Cost of products, goods and services rendered	-1.314.129	-1.349.032
7.02.02	Materials, power, outside services and others	-348,433	-340,333
7.03	Gross added value	63,944	105,577
7.04	Retentions	-28,529	-50,764
7.04.01	Depreciation, amortization and depletion	-28,354	-39,755
7.04.02	Others	-175	-11,009
7.04.02.01	Goodwill Amortization	-175	-11,009
7.05	Net added value produced	35,415	54,813
7.06	Added value received as transfer	163,684	276,497
7.06.01	Equity income	46,859	46,139
7.06.02	Financial income	114,304	168,275
7.06.03	Others	2,521	62,083
7.06.03.01	Other results in investments	2,521	62,083
7.07	Total added value payable	199,099	331,310
7.08	Distribution of added value	199,099	331,310
7.08.01	Staff Costs	146,504	181,163
7.08.01.01	Direct remuneration	124,058	138,824
7.08.01.04	Others	22,446	42,339
7.08.01.04.01	Commissions on sale	19,631	25,707
7.08.01.04.02	Board Fees	3,968	4,459
7.08.01.04.03	Stakeholders' profit share	-1,153	12,173
7.08.02	Taxes, duties and contributions	92,613	97,124
7.08.02.01	Federal taxes	92,613	97,124
7.08.03	Third-party capital remuneration	107,840	138,934
7.08.03.01	Interests	107,840	138,934
7.08.04	Own Capital Remuneration	-147,858	-85,911
7.08.04.03	Retained Earning/Losses	-200,474	-143,766
7.08.04.04	Profit attributed to non-controlling shareholders	52,616	57,855

## MESSAGE FROM MANAGEMENT

Early 3Q18 was quite different from late 3Q18. The quarter was largely marked by a troubled, polarized election. Even though this affected asset prices in financial markets due to the uncertain outcome, confidence improved down the home stretch due to signs of a closure. Conditions in the international market deteriorated significantly early in the fourth quarter, with emerging country stocks hitting a ten-year low in October. Driven by expectations of major structural economic reforms, the Brazilian market did not follow that trend, however.

The situation was no different in the construction industry. Still affected by uncertainty, inventory sales did not rebound in 3Q18. We hope that the recovery of consumer confidence, falling unemployment and persistently low interest rates in the coming months will lead to higher inventory sales.

A solid cash generation of R\$303 million was—once again—our main highlight in the quarter. We were also able to resume the Company’s plan to speed up strategic launches in good locations, which once again had strong speed of sales.

## MAIN INDICATORS

	3Q18	3Q17	3Q18 x 3Q17	2Q18	3Q18 x 2Q18
<b>Launches <sup>(1)</sup></b>					
Number of Launches	12	8	50,0%	12	0,0%
Launched PSV - R\$ Million (100%)	918	532	72,7%	981	-6,4%
Launched PSV - R\$ Million (%CBR)	711	380	87,3%	641	10,9%
Cyrela's Share	77,4%	71,4%	6,1 p.p.	65,3%	12,1 p.p.
PSV Swapped - R\$ Million (100%)	70	31	122,9%	49	41,2%
Average Price per sq. m. (R\$) (ex-lots)	6.393	5.665	12,9%	6.285	1,7%
Usable Area Launched (sq. m.)	143.631	93.886	53,0%	156.145	-8,0%
Units Launched	2.821	2.050	37,6%	3.138	-10,1%
<b>Sales <sup>(2)</sup></b>					
Pre-Sales Contracts - R\$ Million (100%)	943	730	29,2%	1.061	-11,2%
Pre-Sales Contracts - R\$ Million (%CBR)	693	554	25,0%	699	-0,9%
Cyrela's Share	73,5%	75,9%	-2,4 p.p.	65,9%	7,6 p.p.
Average Price per sq. m. (R\$) (ex-lots)	6.078	5.741	5,9%	6.237	-2,6%
Units Sold	3.108	2.555	21,6%	3.257	-4,6%
<b>Sales from Launches <sup>(2)</sup></b>					
Pre-Sales Contracts from Launches of the year - R\$ Million (100%)	629	409	53,9%	625	0,7%
Pre-Sales Contracts from Launches of the year - R\$ Million (%CBR)	484	306	58,0%	387	25,1%
Cyrela's Share	76,8%	74,9%	2,0 p.p.	61,9%	15,0 p.p.
Average Price per sq. m. (R\$) (ex-lots)	6.040	5.382	12,2%	6.484	-6,9%
Units Sold	2.090	1.599	30,7%	1.901	9,9%
<b>Deliveries</b>					
Delivered PSV (100%)	641	1.532	-58,2%	2.145	-70,1%
Delivered Units	3.536	4.495	-21,3%	5.075	-30,3%
<b>Landbank</b>					
PSV with exchange - R\$ Million (100%)	43.441	47.459	-8,5%	43.372	0,2%
PSV without exchange - R\$ Million (100%)	36.590	40.131	-8,8%	36.586	0,0%
Landbank (thd sq. m.)	11.572	14.602	-20,8%	11.588	-0,1%
% Swap over land value	75,0%	75,0%	0,0 p.p.	75,0%	0,0 p.p.
% CBR	89%	88%	1,3 p.p.	89%	0,3 p.p.
<b>Financial Indicators</b>					
Net Revenue (R\$ Million)	725	598	21,2%	640	13,3%
Gross Profit (R\$ Million)	205	147	39,0%	171	19,5%
Net Income (R\$ Million)	(121)	(7)	1685,5%	(28)	324,6%
Gross Margin	28,3%	24,6%	3,6 p.p.	26,8%	1,5 p.p.
Net Margin	-16,7%	-1,1%	-1552,8%	-4,4%	-1221,3%
Earnings per Share (R\$) <sup>(3)</sup>	-0,31	-0,02	1678,5%	-0,07	-22775,1%
Cash Generation / Burn <sup>(4)</sup>	103	182	-43,3%	181	-43,1%
<b>Backlog</b>					
	<b>09/30/2018</b>			<b>06/30/2018</b>	<b>Chg.</b>
Revenues to be Recognized (R\$ Million)	1.479			1.524	-2,9%
Gross Profit to be Recognized (R\$ Million)	597			610	-2,0%
Margin to be Recognized	40,4%			40,0%	0,4 p.p.

(1) Including swapped units

(2) Net of cancellations, 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 shares held in the Company's Treasury

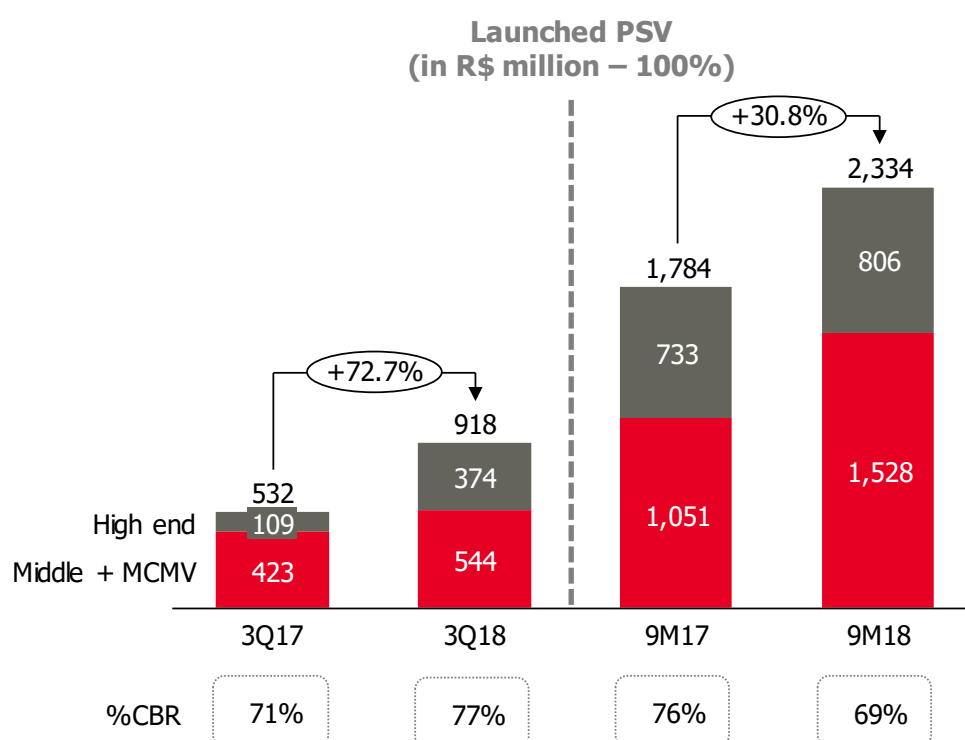
(4) Cash generation does not include pay-out of dividends, funds allocated to the share buyback program and acquisitions of equity interests

## OPERATING PERFORMANCE

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

## LAUNCHES

Launches amounted to a total Pre-Sales Value (PSV) of R\$918 million, up 72.7% from R\$532 million in 3Q17. Swaps accounted for R\$70 million of the 3Q18 launches versus R\$31 million in 3Q17. In the year, launches amounted to R\$2,334 million, representing a 30.8% growth over the same period in 2017. Moreover, swaps came to R\$132 million versus R\$47 million in 9M17.

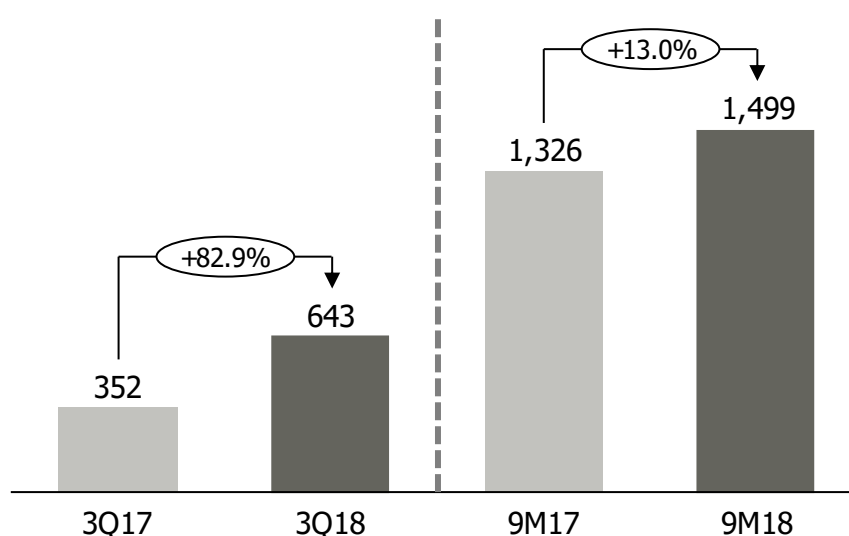


The Company launched 12 projects – 7 in the city of São Paulo, 3 in Rio de Janeiro, 1 in the South Region, and 1 in Campinas – in 3Q18.

Cyrela's share (%CBR) in the 3Q18 launches stood at 77%, up from 71% in 3Q17.

Excluding swaps and based on the %CBR alone, launches amounted to R\$643 million in 3Q18, 82.9% up on R\$352 million in 3Q17. In 9M18, launches came to R\$1,499 million, vs. R\$1,326 million in 9M17.

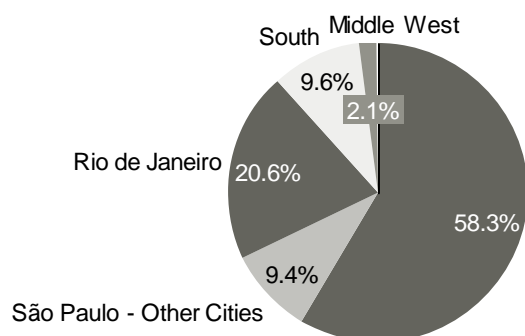
**Launched PSV  
Ex-Swap (in R\$ million - %CBR)**



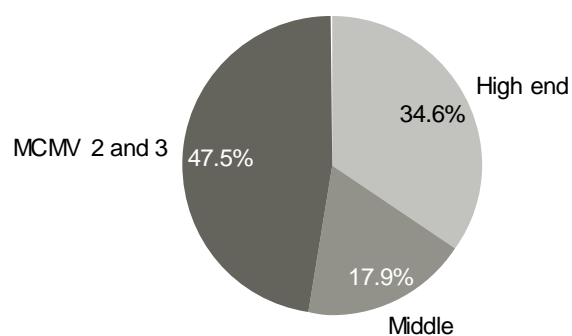
The main launches in 3Q18 were: (i) “Living For Consolação” in the city of São Paulo, with a Pre-Sales Value (PSV) of R\$63 million and over 95% of sales during the quarter; (ii) “Cyrela Haus by Yoo” also in in the city of São Paulo, launched in early September, with a Pre-Sales Value (PSV) of R\$191 million and over 40% sold; and (iii) “Move Tijuca” in Rio de Janeiro, with a Pre-Sales Value (PSV) of R\$117 million and over 80% sold during the launch month.

The breakdown of sales by geographical region and segment in the year can be seen below:

**Launches per Region – 2018**



**Launches per Product – 2018**

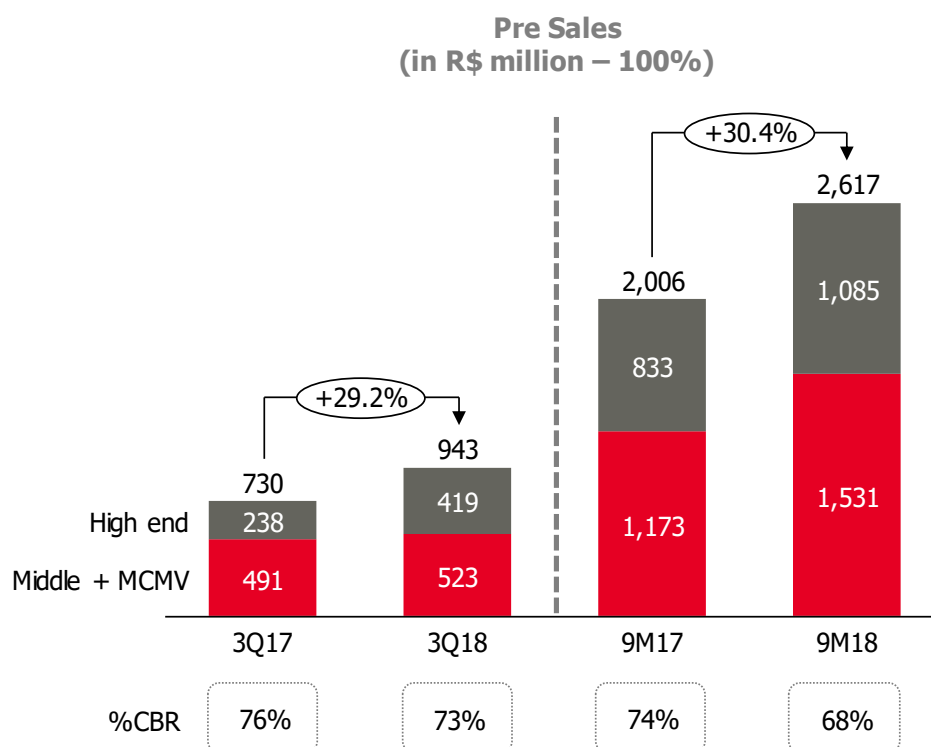


Of the total PSV launched in the quarter, 71% will be recognized through full consolidation and 29% through the equity method.

## SALES

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

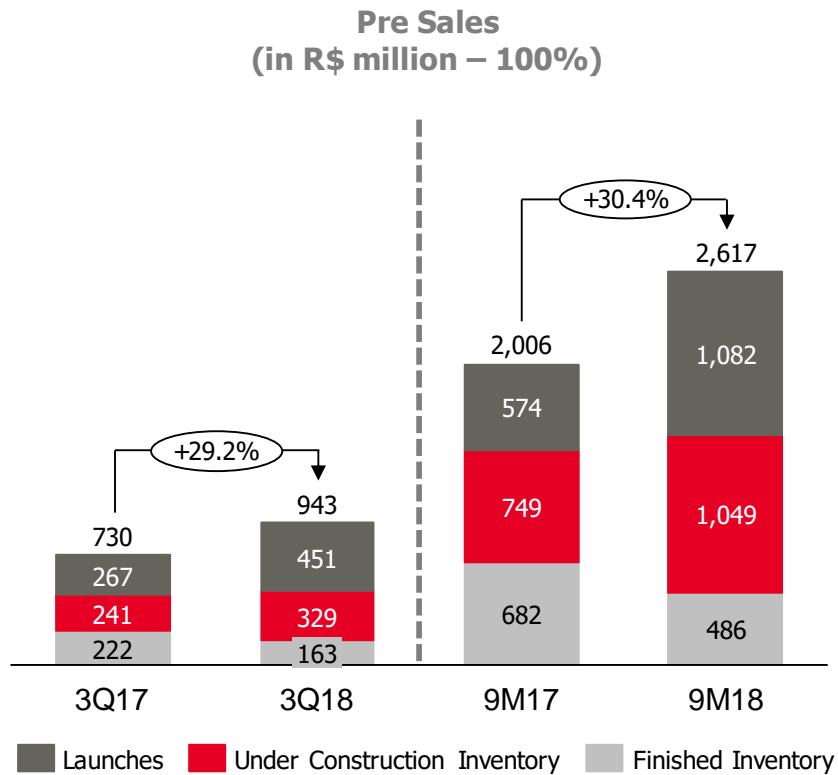
Net pre-sales came to R\$943 million in 3Q18, up 29.2% from the amount registered in 3Q17 (R\$730 million). In the year, pre-sales totaled R\$2,617 million, up 30.4% from the same period of the previous year.



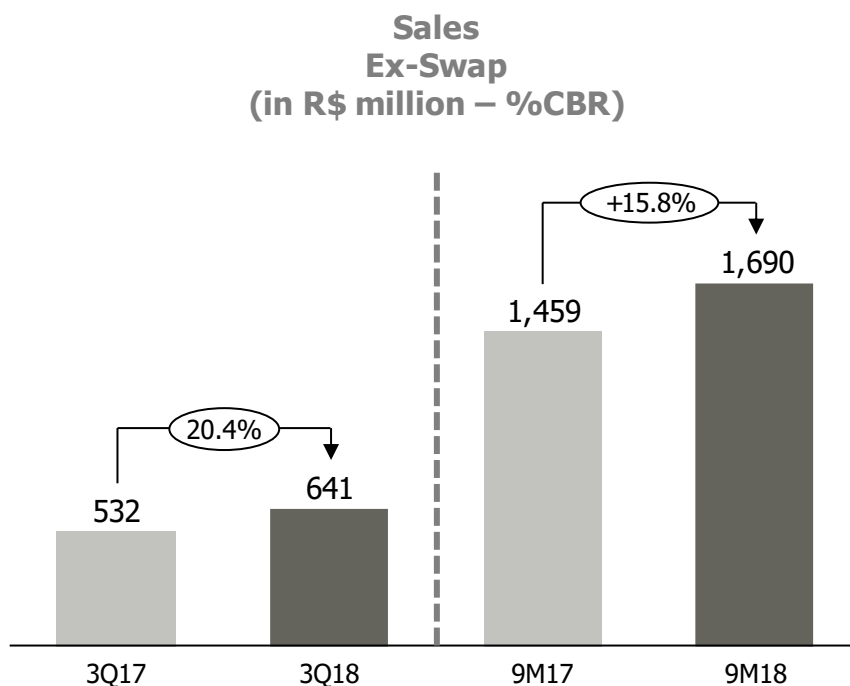
The Company's share in pre-sales stood at 73% in 3Q18 versus 76% in 3Q17. In 9M18, Cyrela's share in pre-sales was 68%, versus 74% in 9M17.

Of the net sales recorded in 3Q18, 69% will be recognized through full consolidation and 31% through the equity method.

Sales of finished inventory units accounted for R\$163 million (17%), sales of inventory units under construction for R\$329 million (35%) and sales of launches for R\$451 million (48%). Thus, Cyrela reached a Sales-over-Supply (SoS) ratio for launches of 49.1% in 3Q18.



Excluding swaps and based on the %CBR alone, pre-sales amounted to R\$641 million in 3Q18, up 20.4% from the same period of the previous year (R\$532 million in 3Q17). In 9M18, pre-sales totaled R\$1,690 million, versus R\$1,459 million in 9M17.



## Performance Comment

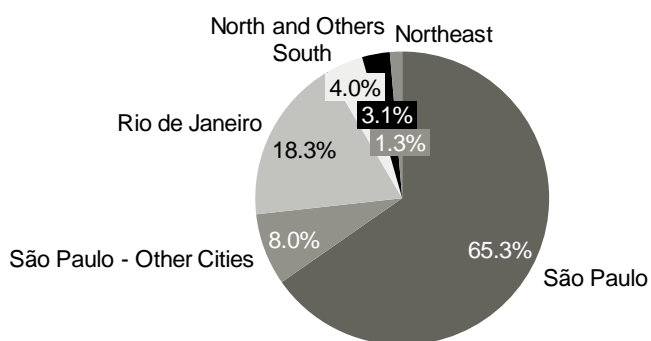
# CYRELA

## Earnings Release – 3Q18 | 9M18

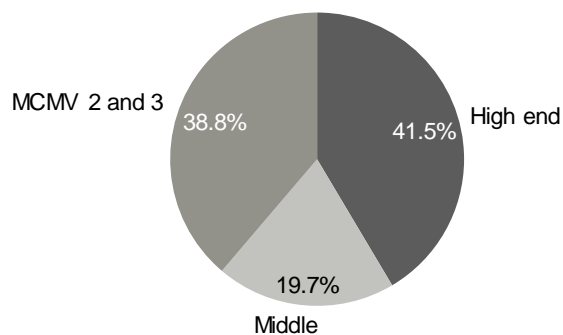
The breakdown of 3Q18 sales by geographical region shows that São Paulo accounted for 73.3% of total sales, followed by Rio de Janeiro at 18.3%.

The breakdown of sales by geographical region and segment in 9M18 can be seen below:

### Sales per Region – 2018

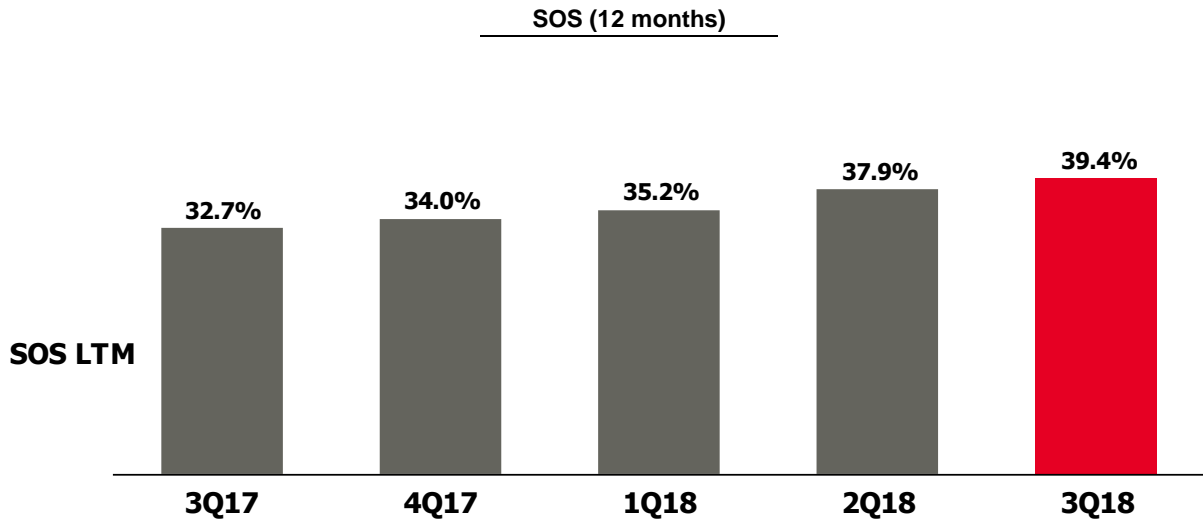


### Sales per Product – 2018

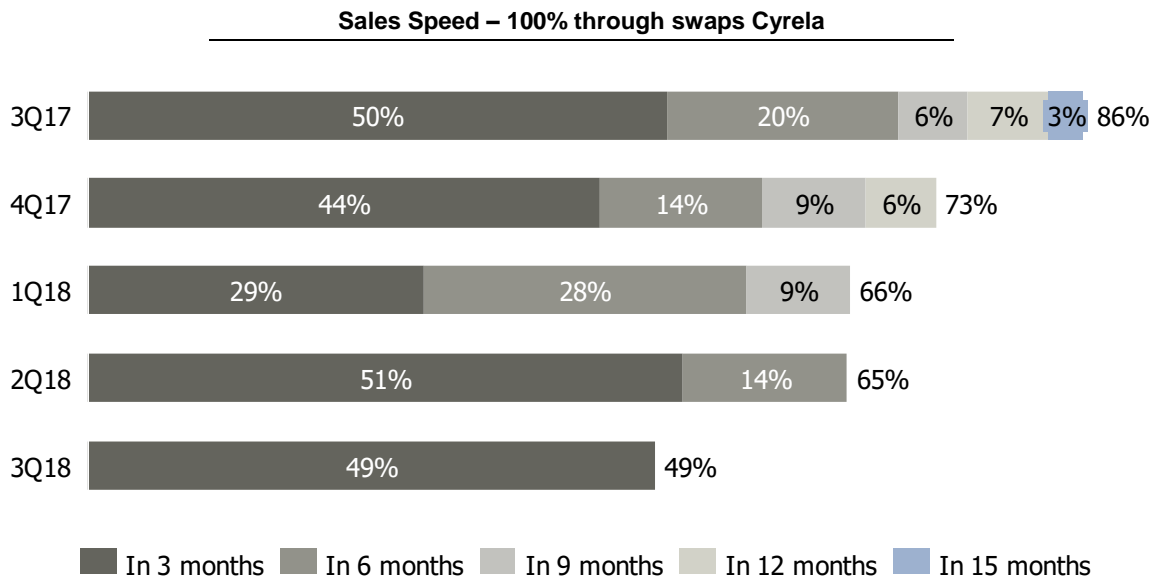


## SALES SPEED (SOS)

Operational data resulted in a Sales over Supply (SoS) ratio of 39.4% for the 12-month period, above the 32.7% SoS posted in the same period of the previous year, and above the SoS of 37.9% of 2Q18.



As regards the sales speed by vintage, 49.1% of the 3Q18 vintage has been sold.

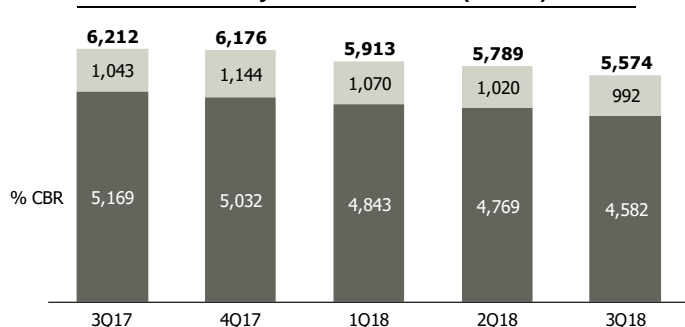


## INVENTORIES

At the end of 3Q18, the inventory at market value amounted to R\$5,574 million (100%) and R\$4,582 million (%CBR). There was a quarter-over-quarter drop of 3.7% in the total inventory at market value when compared to 2Q18.

From the total inventory in the amount of R\$5,574 million, the share to be consolidated into the Company’s revenues is R\$4,529 million (%CBR R\$ 4,050 million), whereas the amount of R\$1,045 million (%CBR: R\$533 million) will be accounted for under the caption “Equity Result and Other Appreciations”.

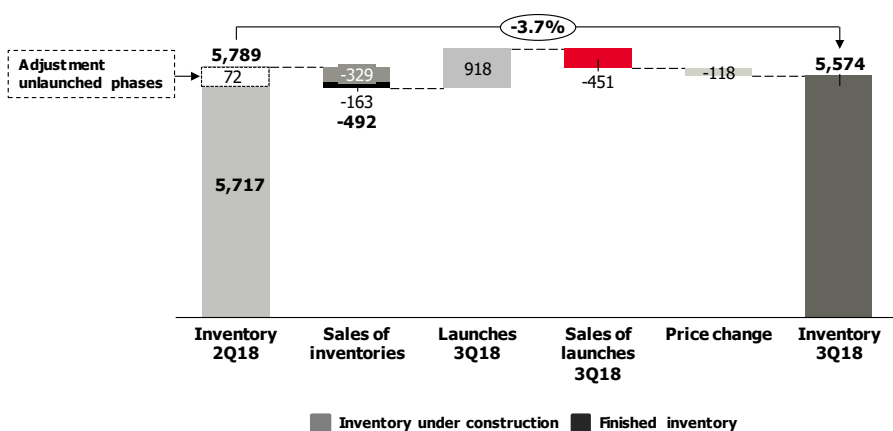
Inventory at Market Value (R\$MM)



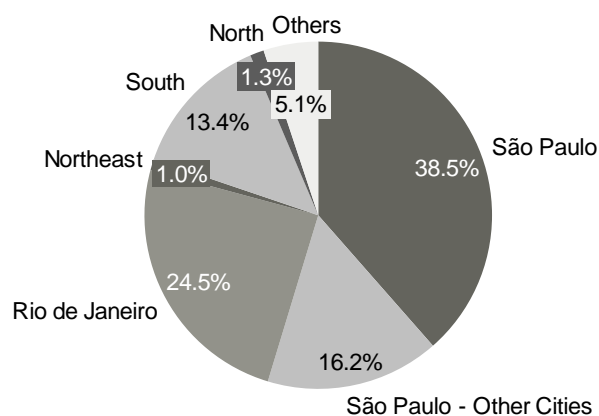
Inventory by Delivery Schedule (R\$ MM)

Inventory to be Delivered	Total	Consolidation	Equity Method
Finished	2.843	2.461	382
12 Months	765	575	190
24 Months	1.216	987	229
36 Months	527	324	203
48 Months	224	183	41
<b>Total</b>	<b>5.574</b>	<b>4.529</b>	<b>1.045</b>

Changes in Inventory (R\$ MM)



Total Inventory Breakdown 3Q18



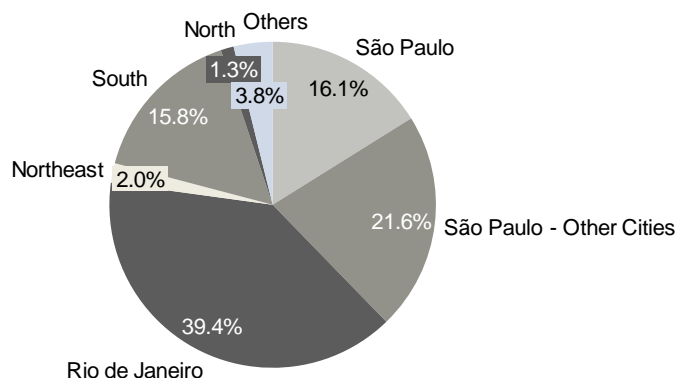
## Performance Comment

# CYRELA

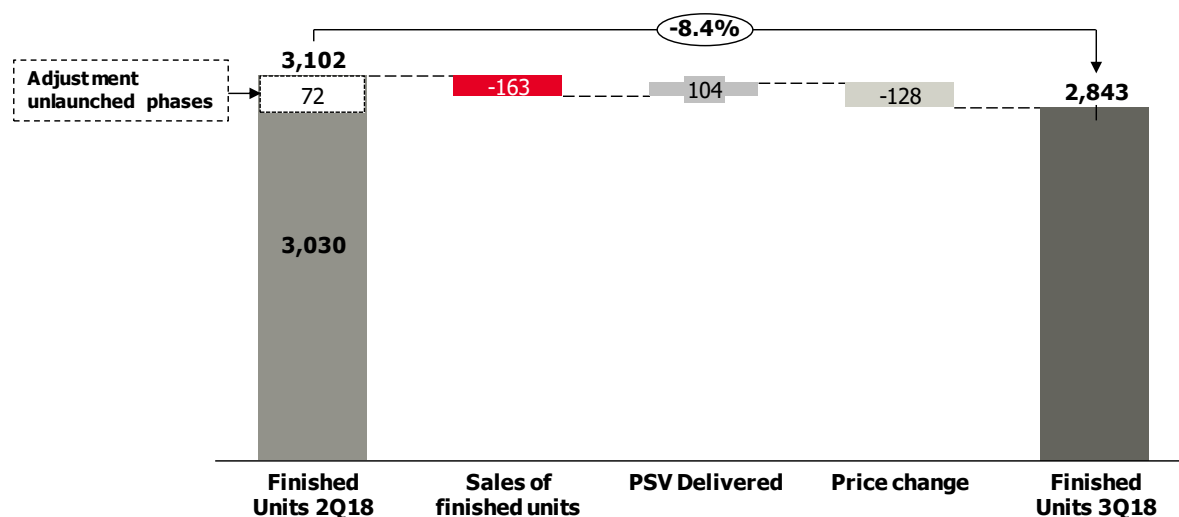
## Earnings Release – 3Q18 | 9M18

In 3Q18, the Company sold 5.0% of its inventory of finished units during the beginning of the quarter. Considering all deliveries, the Company's inventory of finished units decreased from R\$3,102 million in 2Q18 to R\$2,843 million in 3Q18. The Northeast Region and Rio de Janeiro account for 41.4% of the Company's total inventory of finished units.

**Finished Inventory Breakdown in 3Q18**



**Changes in Finished Inventory Units (R\$ MM)**



The share of the total inventory to be consolidated into the Company's revenues is R\$2,461 million (%CBR: R\$2,276 million), whereas R\$382 million (%CBR: R\$205 million) will be accounted for under the caption "Equity Result and Other Appreciations".

## LANDBANK

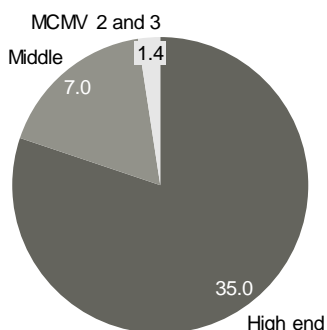
Note: detailed information on landbank can be found at the end of this report in the appendix tables.

At the close of 3Q18, the Company’s landbank amounted to 11.6 million sq. m. of marketable area, with total potential sales of R\$43 billion. Cyrela’s share in the landbank is 89%, equivalent to R\$39 billion.

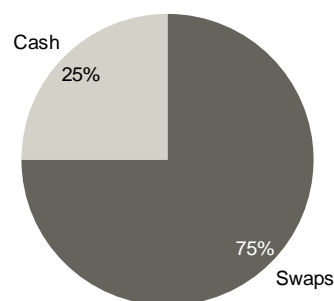
In 3Q18, Cyrela acquired 3 landplots in the city of São Paulo with potential PSV of R\$643 million. Swaps accounted for 77% of the total value of the acquisitions carried out in 3Q18. In addition, the Company canceled or sold 2 plots of land in 3Q18, without impact on results, and recognized an impairment loss of R\$ 29 million on the 3Q18 income statement regarding a third plot of land.

### Landbank on 09/30/2018\*

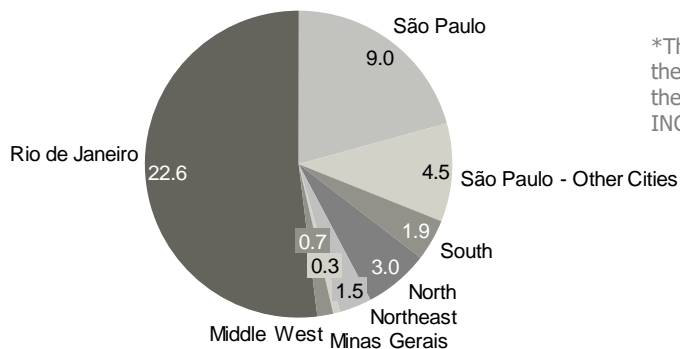
**Breakdown by Segment** (PSV in R\$ billion)



**Method of Acquisition** (in %)



**Breakdown by Region** (PSV in R\$ billion)



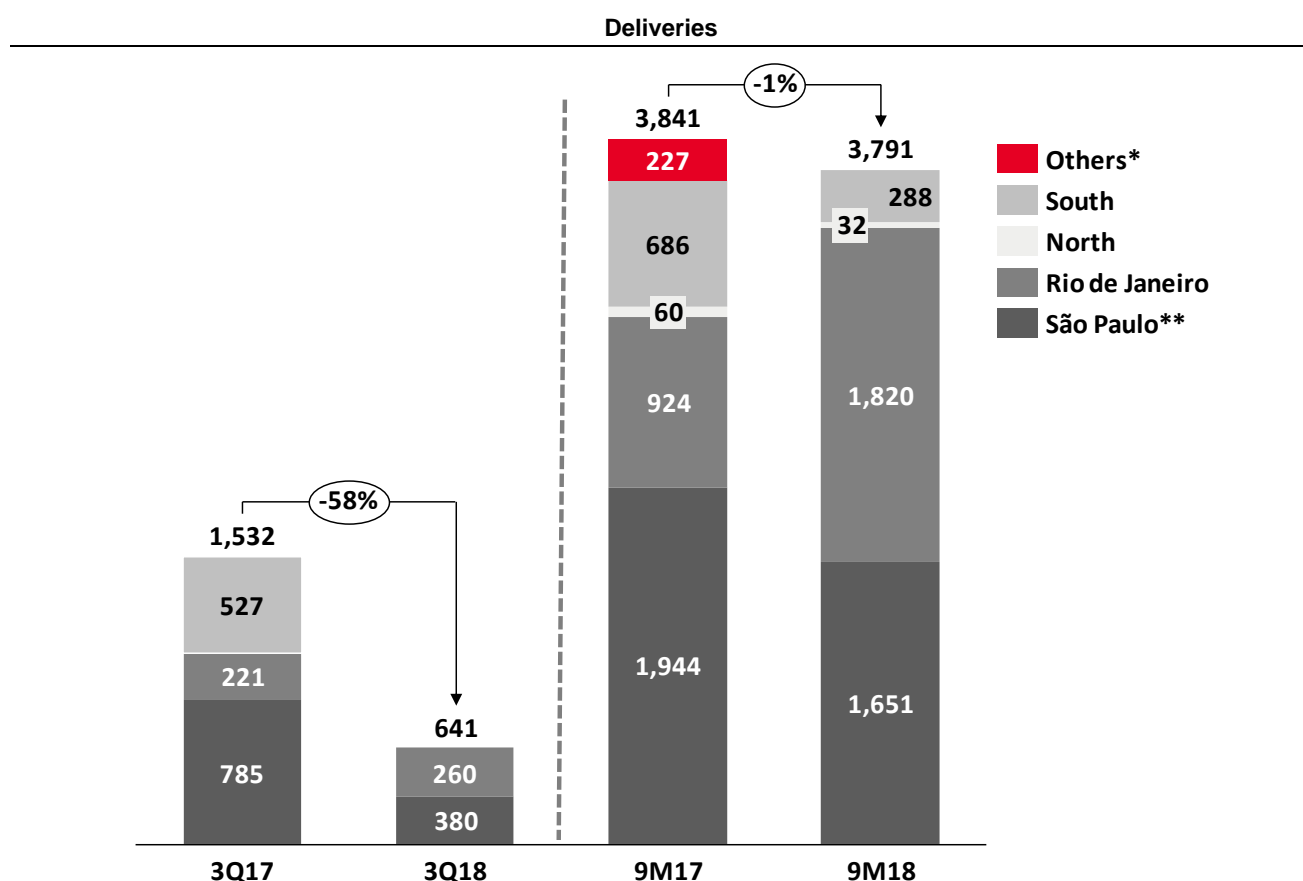
\*The Landbank PSV is based on the latest feasibility assessment of the land plot, adjusted by the INCC year-to-date.

## DELIVERIES

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

Cyrela delivered 10 projects in 3Q18, with 3,500 units totaling a PSV of R\$641 million on the dates of their respective launches. Of all the projects delivered during the quarter, only one is related to the MCMV 1 segment.

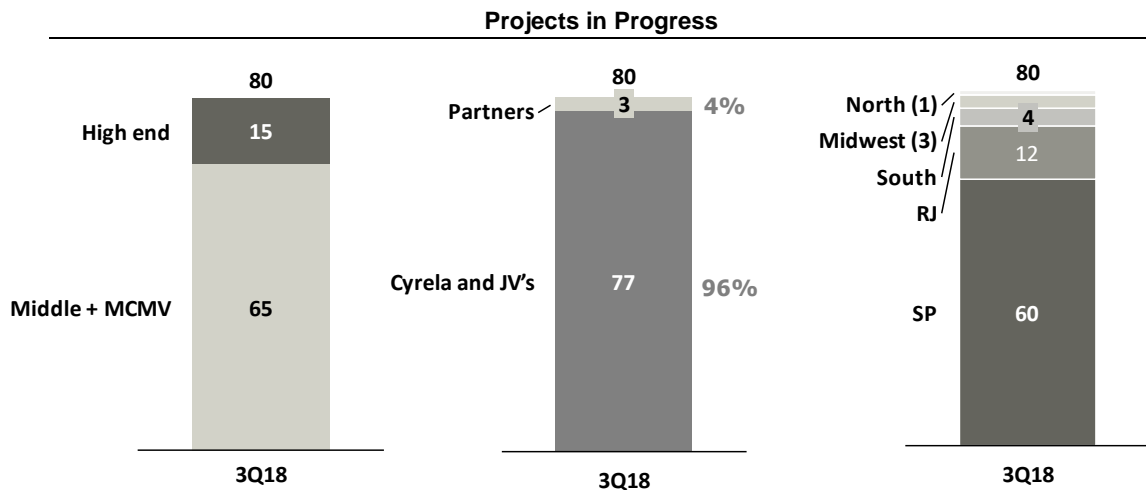
In 9M18, the Company delivered 40 projects, with 11,800 units totaling a PSV of R\$3,791 million on the dates of their respective launches. Of all the projects delivered during the year, only two relates to the MCMV 1 segment.



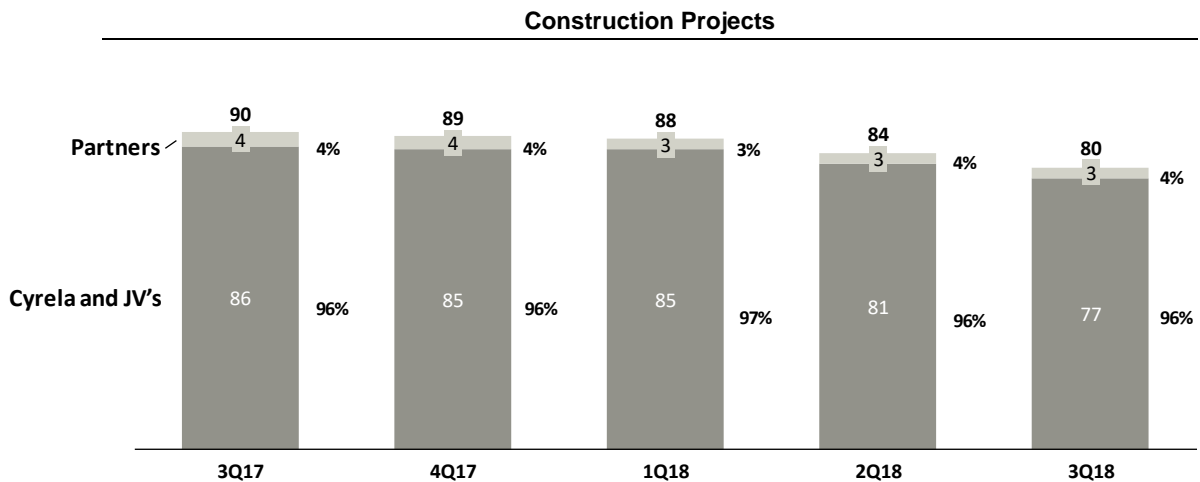
Note: \*Espírito Santo, Midwest and Minas Gerais. \*\*São Paulo and São Paulo Other Cities.

## CONSTRUCTION SITES

At the close of 3Q18, there were 80 projects in progress—broken down as follows, by segment, execution and geographic location—according to the active construction site criterion. Faixa 1 MCMV accounts for 5 of all the projects in progress.



In line with its strategic guidelines, the Company manages a large share of the construction sites, so as to ensure the execution monitoring of the works. At the close of 3Q18, 96% of the construction sites were managed by the Company's own teams or joint ventures. This corroborates Cyrela's commitment to cost management and product quality. Of all the 3Q18 launches, no project will be constructed by third parties.



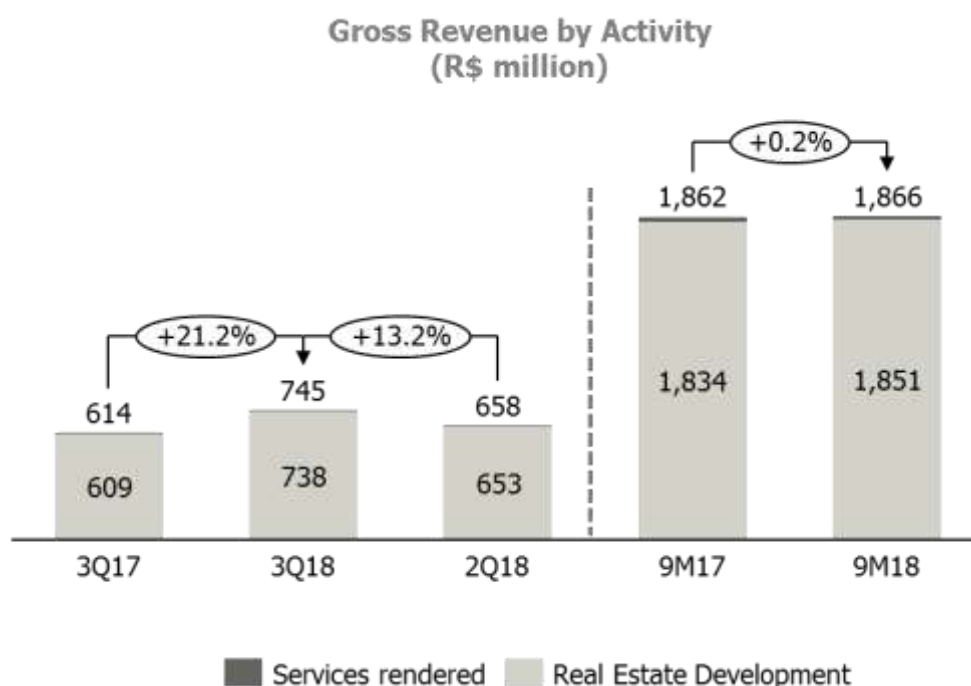
## Economic and Financial Performance

Because the joint venture between Cyrela and MAC was terminated, the Company’s auditors decided all the projects related to it would no longer be recognized through consolidation but through the equity method from 2Q17. We will be presenting “proforma” numbers for previous periods, considering MAC through the equity method.

## REVENUE

The Company’s total gross revenue amounted to R\$745 million in 3Q18, up 21.2% from the amount of R\$614 million registered in 3Q17 and 13.2% higher than the R\$658 million in 2Q18. This growth was mainly due to greater recognition of launches in the period.

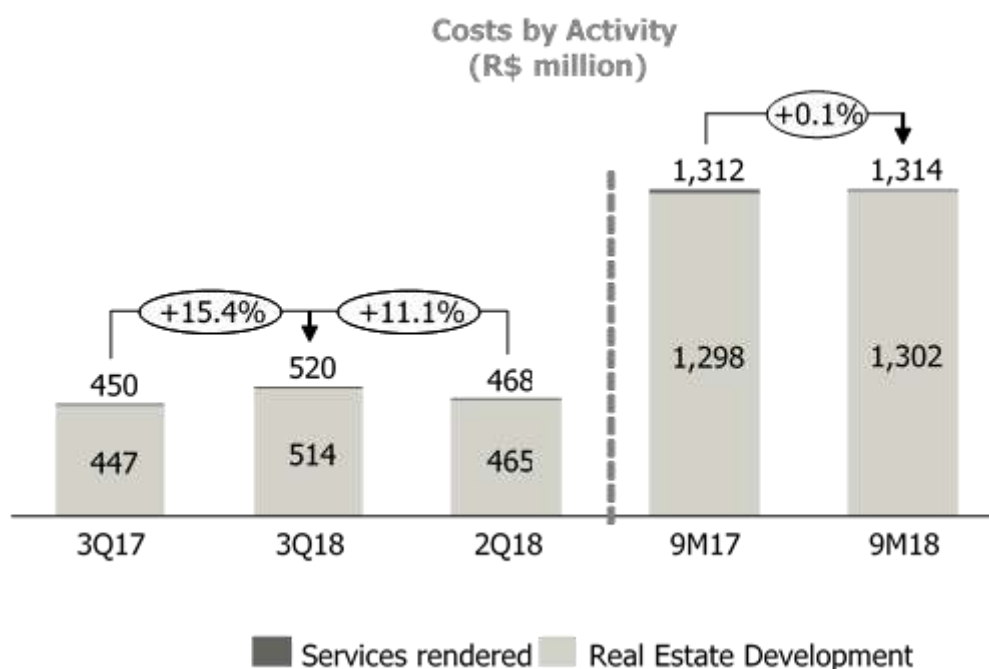
In 9M18, gross revenue totaled R\$1,866 million, flat year-over-year.



## COST OF GOODS SOLD AND/OR SERVICES RENDERED

Total costs came to R\$520 million, representing increases of 15.4% over 3Q17 and of 11.1% over 2Q18.

In 9M18, total costs came to R\$1,314 million, stable year-over-year.



The cost of development activities accounted for 99.9% of total costs and came to R\$514 million in 3Q18, 10.7% greater than in 2Q18, and 15% greater than the cost of development activities posted in 3Q17.

## GROSS MARGIN

The Company's gross margin stood at 28.3% in 3Q18, up 1.5 p.p. from the margin of 26.8% presented in 2Q18, and up 3.6 p.p. from the 24.6% margin reported in 3Q17.

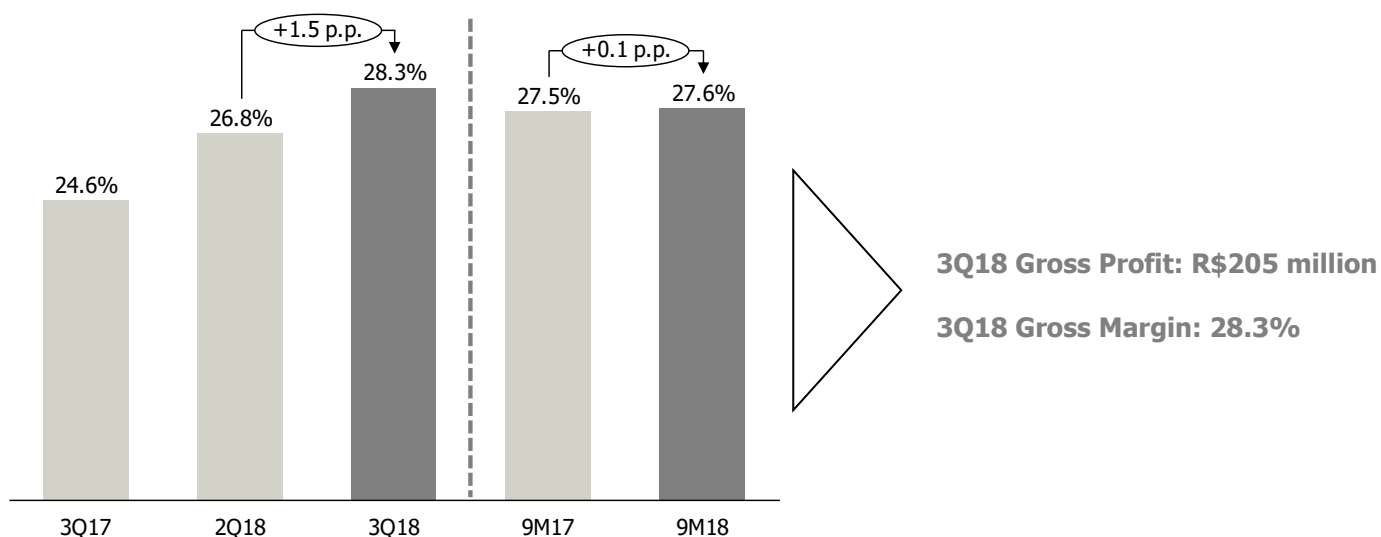
The margin increase in the quarter can be mainly explained by higher margin of new launches.

In 9M18, gross margin stood at 27.6%, flat year-over-year.

Adjusted gross margin stood at 32.8% in 3Q18, 1.5 p.p. up from the adjusted gross margin in 2Q18, and 1.6 p.p. up from the adjusted gross margin recorded in 3Q17. In 9M18, adjusted gross margin was 32.4%, 2.4 p.p. lower than the margin reported in the previous year.

Adjusted Gross Margin	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17	9M18	9M17	9M18 x 9M17
	R\$ MM	R\$ MM		R\$ MM		R\$ MM		
Net Revenue	725	640	13,3%	598	21,2%	1.815	1.811	0,2%
Gross Profit	205	171	19,5%	147	39,0%	501	498	0,5%
<b>Gross Margin</b>	<b>28,3%</b>	<b>26,8%</b>	<b>1,5 p.p.</b>	<b>24,6%</b>	<b>3,6 p.p.</b>	<b>27,6%</b>	<b>27,5%</b>	<b>0,2 p.p.</b>
Capitalized Interest from COGS	33	29	14,3%	39	-15,8%	88	132	-33,7%
<b>Adjusted Gross Margin</b>	<b>32,8%</b>	<b>31,3%</b>	<b>1,5 p.p.</b>	<b>31,2%</b>	<b>1,6 p.p.</b>	<b>32,4%</b>	<b>34,8%</b>	<b>-2,4 p.p.</b>

Gross Margin

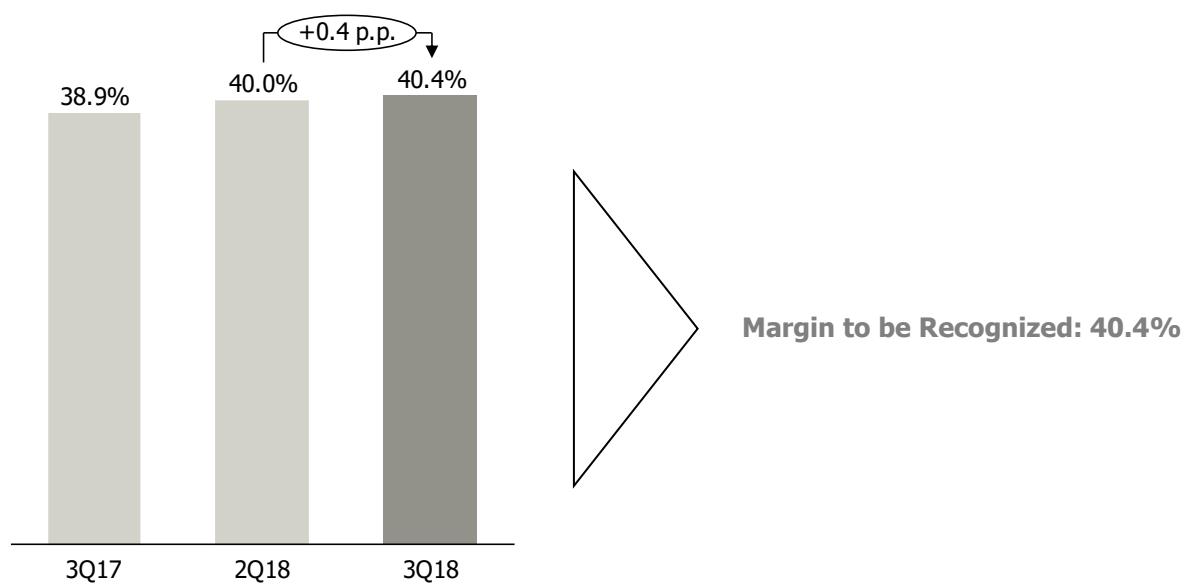


## SALES TO BE RECOGNIZED

At the close of 3Q18, net revenues from sales to be recognized totaled R\$1,479 million. Gross margin from revenues to be recognized stood at 40.4% during the quarter, 0.4 p.p. up on 2Q18 and 1.5 p.p. up on 3Q17.

It is worth noting that the gross backlog margin does not consider the PVA effect and SFH-related financing costs. These effects usually have an impact of between 5.0 - 7.0 p.p. on margins.

### Backlog Margin



Sales to be Recognized (R\$ MM)	3Q18	2Q18	3Q18 x 2Q18	3Q17	3Q18 x 3Q17
Sales to be Recognized	1.515	1.559	-2,8%	1.672	-9,4%
Taxes to be Recognized	(37)	(34)	6,0%	(37)	-0,1%
<b>Net Revenues to be Recognized</b>	<b>1.479</b>	<b>1.524</b>	<b>-2,9%</b>	<b>1.636</b>	<b>-9,6%</b>
Costs of Units Sold to be Recognized	(881)	(915)	-3,7%	(1.000)	-11,9%
<b>Gross Profit to be Recognized</b>	<b>597</b>	<b>610</b>	<b>-2,0%</b>	<b>636</b>	<b>-6,1%</b>
<b>Gross Margin to be Recognized</b>	<b>40,4%</b>	<b>40,0%</b>	<b>0,4 p.p.</b>	<b>38,9%</b>	<b>1,5 p.p.</b>

## SELLING EXPENSES

Selling expenses totaled R\$88 million in 3Q18, up R\$4 million from 2Q18 and stable against 3Q17.

In 9M18, selling expenses totaled R\$245 million, R\$16 million lower than in 9M17.

Sales expenses	3Q18 R\$ MM	2Q18 R\$ MM	3Q18 x 2Q18	3Q17 R\$ MM	3Q18 x 3Q17	9M18 R\$ MM	9M17 R\$ MM	9M18 x 9M17
Show-rooms	23	21	10,3%	20	15,7%	62	66	-6,0%
Media	17	14	20,0%	15	13,8%	42	47	-11,3%
Third-party Services	20	18	8,9%	26	-23,0%	54	67	-19,1%
Finished Inventory Maintenance*	15	20	-21,3%	19	-17,1%	53	51	3,0%
Others	12	11	12,5%	9	38,0%	34	29	15,6%
<b>Total</b>	<b>88</b>	<b>84</b>	<b>4,6%</b>	<b>88</b>	<b>-0,5%</b>	<b>245</b>	<b>261</b>	<b>-6,1%</b>

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

The quarter-over-quarter change in selling expenses is mainly explained by: (i) an increase of R\$3 million in "Media" expenditures, and R\$2 million in "Show-rooms", due to the number of launches carried out in 3Q18, and (ii) a reduction of R\$5 million in "Finished Inventory Maintenance".

## GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses totaled R\$95 million in 3Q18, representing an increase of R\$11 million quarter-over-quarter and flat year-over-year.

In 9M18, general and administrative expenses totaled R\$278 million, representing a R\$15 million decrease year-over-year.

General & Administrative Expenses	3Q18 R\$ MM	2Q18 R\$ MM	3Q18 x 2Q18	3Q17 R\$ MM	3Q18 x 3Q17	9M18 R\$ MM	9M17 R\$ MM	9M18 x 9M17
Salaries and Social Charges	26	27	-2,8%	26	-0,6%	80	79	0,9%
Board Members/Management Remuneration	1	1	1,1%	1	-6,8%	4	4	-11,0%
Employees'	1	3	-78,7%	2	-59,3%	5	7	-25,9%
Stock Options	0	-6	-105,2%	1	-75,8%	-5	5	-196,3%
Third-Party Services	24	24	0,1%	19	23,6%	69	64	8,1%
Rent, travelling and representation	8	7	11,6%	7	24,6%	22	20	10,4%
Indemnities	20	15	33,3%	24	-19,1%	62	74	-15,9%
Others	15	13	15,7%	14	11,4%	40	39	2,7%
<b>Total</b>	<b>95</b>	<b>84</b>	<b>13,3%</b>	<b>94</b>	<b>1,0%</b>	<b>278</b>	<b>293</b>	<b>-5,0%</b>

The quarter-over-quarter rise in general and administrative expenses was basically due to: (i) a R\$5 million increase in Indemnities expenditures, and (ii) the cancellation of stock options occurred in 2Q18.

**FINANCIAL RESULT**

The Company recorded net financial income was negative in R\$1 million in 3Q18, versus R\$4 million positive in 2Q18.

Financial Result	3Q18 R\$ MM	2Q18 R\$ MM	3Q18 x 2Q18	3Q17 R\$ MM	3Q18 x 3Q17	9M18 R\$ MM	9M17 R\$ MM	9M18 x 9M17
<b>Financial Expenses</b>								
SFH Interest	(13)	(26)	-49,2%	(49)	-73,2%	(68)	(158)	-57,1%
Interest on Corporate Loans	(33)	(15)	116,1%	(28)	16,2%	(66)	(99)	-33,3%
Capitalized Interest	3	18	-81,0%	42	-92,0%	43	142	-69,3%
<b>Sub Total</b>	<b>(43)</b>	<b>(23)</b>	<b>82,3%</b>	<b>(35)</b>	<b>21,3%</b>	<b>(90)</b>	<b>(115)</b>	<b>-21,6%</b>
Monetary Adjustment on Loans	(0)	(0)	231,9%	(1)	-81,7%	(1)	(5)	-86,7%
Bank Expenses	(3)	(3)	22,5%	(3)	23,5%	(9)	(8)	7,3%
Other financial expenses	(4)	(2)	60,7%	(3)	18,9%	(8)	(10)	-20,2%
<b>Total Financial Expenses</b>	<b>(50)</b>	<b>(29)</b>	<b>75,0%</b>	<b>(42)</b>	<b>19,0%</b>	<b>(108)</b>	<b>(138)</b>	<b>-22,1%</b>
<b>Financial Revenues</b>								
Income on Investments	32	18	77,9%	43	-24,9%	69	125	-44,7%
Income on Receivables	-	-	0,0%	-	0,0%	-	-	0,0%
Monetary Adjustment	7	4	60,1%	4	85,0%	14	11	25,3%
Other financial income	10	11	-4,6%	7	40,8%	31	22	41,0%
<b>Total Financial Revenues</b>	<b>49</b>	<b>33</b>	<b>49,0%</b>	<b>54</b>	<b>-8,3%</b>	<b>114</b>	<b>158</b>	<b>-27,8%</b>
<b>Financial Result</b>	<b>(1)</b>	<b>4</b>	<b>n.a.</b>	<b>12</b>	<b>n.a.</b>	<b>6</b>	<b>20</b>	<b>-67,4%</b>

## NET INCOME AND NET MARGIN

In addition to the accounts detailed and discussed above, it is worth noting the following items affecting net income:

- (i) A positive impact of R\$24 million from Cyrela's share in Cury's net income, recognized under "Equity Result and Other Appreciations in Equity"
- (ii) A negative impact of R\$29 million from an impairment loss connected with a plot of land in Rio de Janeiro, recognized under "Other Operating Revenues/Expenses"
- (iii) A negative impact of R\$31 million due to new contingencies;
- (iv) A negative impact of R\$94 million from reparatory expenses in the Northeast Region, with R\$32 million already disbursed and R\$ 62 million in provisions;
- (v) A positive impact of R\$28 million resulting from the net consumption of the provision for credit risks regarding cancellations.

As a result of the performance described above, the Company recorded a net loss of R\$121 million in 3Q18, versus a net loss of R\$28 million in 2Q18 and R\$7 million in 3Q17.

In 3Q18, the Company's earnings per share (EPS) was –R\$0,31. For the sake of comparison, EPS stood at a negative R\$0.07 in 2Q18 and a negative R\$0.02 in 2Q17.

## **ARBITRATION CHAMBER**

The Company is subject to the Market Arbitration Chamber, in accordance with the Arbitration Clause included in the Company's Bylaws.

## **RELATIONSHIP WITH INDEPENDENT AUDITORS**

In compliance with CVM Instruction 381/03, we hereby inform you that we engaged KPMG Auditores Independentes to provide the following services: audit of the financial statements prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRS"s); and review of the quarterly interim financial information in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 - "Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade" and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company did not engage the independent auditors to perform any other work, other than the audit of the financial statements.

The engagement of independent auditors is based on principles that protect the auditor's independence , which consist of the following: (a) the auditor should not audit his/her own work ; (b) the auditor should not exercise managerial duties; and (c) the auditor should not provide any services that can be considered a prohibited under prevailing standards . Additionally, Management obtains from the independent auditors a statement in the sense that the special services provided do not affect their professional independence.

The information in the performance report is not clearly identified as copy of the information included in the financial statements, nor has it been subjected to audit or review.

## Explanatory Notes

CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES  
NOTES TO INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED  
SEPTEMBER 30, 2018  
(In thousands of reais, unless otherwise indicated)

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### 1. OPERATIONS

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; its shares are traded on the B3 S.A. - Bolsa de Valores, Mercadorias e Futuros - Novo Mercado, under the acronym CYRE3.

The Company’s headquarters is located at Rua do Rocio, 109 - 2º andar, Sala 01, in city of São Paulo, in São Paulo State.

The Company is primarily engaged in the development and construction of residential properties, alone or jointly with other companies. The subsidiaries, companies under shared control and associated companies share with the parent company the corporate, managerial and operating costs and structures of the Company or of the partner, according to each situation.

Management affirms that all relevant information characteristic of financial information, are being evidenced and correspond to those used by Management.

### 2. PRESENTATION OF INTERIM FINANCIAL INFORMATION

#### 2.1. Basis of presentation and preparation of individual and consolidated financial information

##### i) Compliance statement

The Company’s individual and consolidated interim quarterly information has been prepared and presented in accordance with Brazilian accounting practices and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), considering the guidance in Official Letter CVM/SEP 01/2018 related to the adoption of guidance of OCPC 04, approved by the Accounting Pronouncement Committee (CPC), the Brazilian Securities and Exchange Committee (CVM) and the Federal Accounting Committee (CFC). In conformity with Guidance “OCPC 07 – Evidencing in Disclosure of General Purpose Accounting-Financial Reports”, relevant information typical of financial information is being evidenced and corresponds to those used by Management.

Accounting practices adopted in Brazil include those in Brazilian corporate law and in Pronouncements, Guidelines and Interpretations issued by CPC and approved by CVM and CFC.

Management affirms that all relevant information characteristic of financial information, are being evidenced and correspond to those used by Management.

Presentation of individual and consolidated Statements of Added Value is required by the Brazilian corporate law and Brazilian accounting practices applicable to publicly-held

## Explanatory Notes

companies and has been prepared in accordance with CVM Resolution 557, of November 12, 2008, which approved accounting pronouncement CPC 09 – Statement of Added Value. IFRS standards do not require presentation of this statement. Accordingly, in conformity with IFRS standards, this statement is presented as supplementary information, without prejudice to financial information as a whole.

The information regarding the bases for preparation and presentation of the interim information, the summary of the significant accounting practices, and the use of estimates and judgments have not changed in relation to those disclosed in Note 2 to the Annual Financial Statements for the year ended December 31, 2017, published on March 22, 2018 in the publications “DCI - Diário Comércio Indústria & Serviços” and “Diário Oficial do Estado de São Paulo,” and available through the following websites: [www.cvm.gov.br](http://www.cvm.gov.br), [www.cyrela.globalri.com.br](http://www.cyrela.globalri.com.br).

### ii) Basis of preparation

The individual and consolidated financial information was prepared based on the historical cost, except for certain financial instruments measured at its fair values, as described in the description of significant accounting practices of this report.

Individual quarterly information prepared in accordance with Technical Pronouncement CPC 21 (R1) – Interim Statement, contemplating guideline included in CVM/SNC/SEP Circular Letter 01/2018, related to application of Guidance OCPC 04, issued by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and Federal Accounting Council (CFC), on recognition of income throughout the time, and presented consistently with standards issued by the Brazilian Securities and Exchange Commission applicable to preparation of this Quarterly Information (ITR)”.

Consolidated Quarterly Information was prepared in accordance with “Technical Pronouncement CPC 21(R1)– Interim statements, and international standard IAS 34 – Interim Financial Reporting, which considers guidance in Circular Official Letter /CVM/SNC/SEP 01/2018 related to adoption OCPC 04 guidance, issued by Accounting Pronouncement Committee and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC) regarding the recognition of income overtime, as well as in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR.”

### iii) Basis of consolidation

The Company’s consolidated financial information includes financial information of Cyrela, its direct and indirect subsidiaries. The Company controls an entity when it is exposed to, or has a right over the variable return arising from its involvement with the entity and has the ability to interfere in those returns due to its power over the entity. The existence and effects of potential voting rights, currently exercisable or convertible, are taken into account when assessing whether the Company controls other entity.

The subsidiaries are fully consolidated as of the date control is transferred, and stop being consolidated as of the date when control no longer exists. Accounting practices were uniformly applied to all subsidiaries included in consolidated financial information and these entities’ years coincide with that of the Company.

## Explanatory Notes

When necessary, subsidiaries' financial information accounting practices are adjusted to those of the Company.

All transactions, balances, income and expenses among subsidiaries or jointly-controlled subsidiaries are fully eliminated in consolidated financial information.

### iv) Segment information

The operating segment information are disclosed in a consistent manner with the internal report provided to the main operating decision makers, represented by the Company's Management, who are responsible for resource allocation, performance evaluation of the operating segments and strategic decision making.

## 2.2. New and reviewed standards and interpretations already issued but not yet adopted

Standards and interpretations issued but not yet adopted by the Company up to date of issuance of this interim financial information. The Company intends to adopt these standards when they become effective.

IFRS	CPC	Theme	Maturity
IFRS 15	CPC 47	Income from contracts with clients	Annual periods as of January 1, 2018
IFRS 16	CPC 06 (R2)	Leases	January 1, 2019
IFRIC 23	-	Uncertainty related to Income Tax Treatments	January 1, 2019

### CPC 47 (IFRS 15)

In November 2016, "CPC 47- Income from Contracts with Clients" (IFRS 15) was issued by CPC. This pronouncement establishes new criteria on aspects related to income, including identification of performance obligation and time for recognition of income based on transfer of control over an asset or service. An entity evaluates compliance with certain criteria established in this pronouncement to evaluate if recognition of income should occur at a specific time or throughout time, when the entity meets performance obligations. Since then, there has been intense discussion regarding accounting treatment of said standard in Brazilian economic and legal environment referring to the real estate development industry.

CVM's technical area, by means of CVM/SNC/SEP Official Circular Letter 1/2018, guided entities to follow still prevailing provisions of current OCPC 04 (approved by CVM Resolution 653/2010), applying adjustments that are necessary due to validity of IFRS 15 for annual periods beginning as of January 1, 2018, until there is an agreement about application or not of income recognition throughout the time. Accordingly, the Company is waiting for the pacification of this theme to measure, if applicable, possible impact from application of CPC 47 to its financial statements.

## Explanatory Notes

### CPC 06 R2 (IFRS 16) and IFRIC 23

The Company intends to adopt this pronouncement and interpretation, respectively, beginning as of the date in which they become effective, on January 1, 2019. Considering current operations, Management does not expect that these changes will have material effects on the financial statements as of its adoption.

### 2.3. Standards adopted as of January 1, 2018

CPC 48 (IFRS 09) replaces CPC 38 (IAS 39) – Financial instruments: Recognition and measurement.

CPC 48 (IFRS 9) establishes requirements to recognize, measure and classify financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items.

Based on its evaluation, the Company identified that the main difference in measurement of financial assets and liabilities deriving from adoption of a new pronouncement is related to the change in impairment concept of accounts receivable, which, in addition to the concept of verified loss, also incorporates the concept of expected loss. Pursuant to CPC 48 (IFRS 9), credit losses are recognized earlier than under CPC 38 (IAS 39).

Accordingly, the Company started to recognize expected credit loss in client contracts' accounts receivable, simultaneously with recognition of respective income from these contracts. Impact of first-time adoption on opening balance is as follows:

	Individual			Consolidated		
	01.01.2018			01.01.2018		
	Disclosed	Adoption effects CPC 48 (IFRS 9)	Adjusted	Disclosed	Adoption effects CPC 48 (IFRS 9)	Adjusted
<b>ASSETS</b>						
<b>CURRENT</b>						
Accounts Receivable	4,434	-	4,434	2,069,412	(183,991)	1,885,421
Others current assets	688,722	-	688,722	4,571,447	-	4,571,447
Total Current Assets	693,156	-	693,156	6,640,859	(183,991)	6,456,868
<b>NON - CURRENT</b>						
Accounts Receivable	5,685	-	5,685	597,822	(34,244)	563,578
Interest in subsidiaries	5,384,713	(195,985)	5,188,728	836,822	(11,009)	825,813
Others Non – Current Assets	42,191	-	42,191	39,809	-	39,809
Total Non – Current Assets	6,368,396	(195,985)	6,172,411	3,760,682	(45,253)	3,715,429
<b>TOTAL ASSETS</b>	<b>7,061,552</b>	<b>(195,985)</b>	<b>6,865,567</b>	<b>10,401,541</b>	<b>(229,244)</b>	<b>10,172,297</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>CURRENT</b>						
Total Current Liabilities	639,577	-	639,577	2,203,122	-	2,203,122
<b>NON - CURRENT</b>						
Provisions for tax, labor and civil risks	(*) 4,196	-	4,196	143,806	(16,616)	127,190
Others Non - Current Liabilities	493,188	-	493,188	1,689,115	-	1,689,115
Total Non - Current Liabilities	497,384	-	497,384	1,832,921	(16,616)	1,816,305
<b>SHAREHOLDERS' EQUITY</b>						
Realized Capital	3,395,744	-	3,395,744	3,395,744	-	3,395,744
Treasury shares and others reserves	(257,638)	-	(257,638)	(257,638)	-	(257,638)
Profit reserve	2,842,547	(195,985)	2,646,562	2,842,547	(195,985)	2,646,562
Other comprehensive income	(56,062)	-	(56,062)	(56,062)	-	(56,062)
Interest of non-controlling shareholders	-	-	-	440,907	(16,643)	424,264
Total Shareholders' Equity	5,924,591	(195,985)	5,728,606	6,365,498	(212,628)	6,152,870
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,061,552</b>	<b>(195,985)</b>	<b>6,865,567</b>	<b>10,401,541</b>	<b>(229,244)</b>	<b>10,172,297</b>

## Explanatory Notes

(\*) Refers to write-off of provision for cancellation of agreements to make it adequate to the provision for credit risk deriving from first-time adoption of CPC 48 (IFRS 9), which included the provision for expected loss.

In addition, CPC 48 (IFRS 09) changed definitions of contiguous financial instruments' categories in IAS 39. This change did not affect measurement of financial instruments (note 23.a).

### 2.4. Accounting judgments, estimates and policies

Accounting judgments, estimates and policies applied by the Company to this interim financial information on September 30, 2018 is the same presented in notes disclosed as of December 31, 2017, except for the adoption of the new pronouncement CPC 48 (IFRS 09), as presented in note 2.2 above.

### 3. CASH AND CASH EQUIVALENTS

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
Cash and Banks	2,327	2,461	100,405	99,449
Bank certificates of deposit and repurchase agreements (i)	51	47,311	28,867	96,181
	<b>2,378</b>	<b>49,772</b>	<b>129,272</b>	<b>195,630</b>

- (i) Interest earning bank deposits that have immediate convertibility into a known amount of cash and are not subject to significant risk of change in value, and the Company has immediate redemption rights, have an average yield of 87.15% of the Interbank Deposit Certificate (CDI) rate.

### 4. SECURITIES

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
Bank Certificates of deposit (i)	50,216	17,876	181,159	178,553
Exclusive investment funds (ii)	1,252,589	348,183	1,498,330	688,178
Federal Government (iii)	21,852	20,452	21,852	20,452
Sundry investment funds (iv)	82,737	129,458	82,787	129,532
Real Estate Credit Certificates (v)	7,758	32,484	7,758	32,484
Others Real Estate Credits (vi)	226,774	117,931	218,670	117,932
	<b>1,641,926</b>	<b>666,384</b>	<b>2,010,556</b>	<b>1,167,131</b>
<b>Current</b>	<b>1,521,665</b>	<b>547,401</b>	<b>1,889,726</b>	<b>1,047,498</b>
<b>Noncurrent</b>	<b>120,261</b>	<b>118,983</b>	<b>120,830</b>	<b>119,633</b>

- (i) Interest earning bank deposits remunerated at the average rate of 87.15% of the CDI rate, and have no immediate liquidity.
- (ii) The Company has investments in the exclusive funds managed by Banco Safra S.A., Banco Santander S.A. and Caixa Economica Federal, respectively. The financial institution is responsible for the custody of the assets of the fund's portfolio and for the financial settlement of its operations. The funds are composed of fixed-income securities and were remunerated at the average rate of 100.08% of the CDI rate.
- (iii) Financial letters remunerated at the average rate of 114.25% of the CDI rate.
- (iv) The Company has open and multi-market investments, administrated by Banco Credit Suisse Hedging-Griffo Corretora de Valores S.A, XP Investimentos CCTVM S/A, Banco Safra S.A, Banco Santander S.A, Caixa Economica Federal, Banco Bradesco S.A and Banco BNY Mellon Banco S.A, respectively. The financial institution is responsible for the custody of the assets of the fund's portfolio

## Explanatory Notes

and for the financial settlement of its operations. The Fund is comprised of variable income securities and remunerated at an average rate of 149.54% of the CDI rate.

- (v) The Company has investments in senior CRI of Tecnisa S.A; these securities are remunerated at 140% of CDI.
- (vi) These are substantially represented by real estate credit notes with average remuneration of 12% p.a. + inflation.

The breakdown of the exclusive investment fund, in proportion to the shares held by the Company, is shown below:

	<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>
Federal government bonds (i)	986,055	67,661
Federal Government (ii)	181,222	212,234
Investment funds and quotas (iii)	199,717	215,470
CDB/RDB	128,429	4,563
Repurchase agreements	2,907	188,250
	<b>1,498,330</b>	<b>688,178</b>

- (i) Federal Government Bond at the average rate of 100.15% of the SELIC rate.
- (ii) Financial bills remunerated at the average rate of 102.79% of the CDI rate.
- (iii) Investment funds at the average rate of 100.08% of CDI.

## 5. ACCOUNTS RECEIVABLE

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>	<b>09/2018</b>	<b>2017</b>
<b>Real Estate projects completed</b>	<b>9,521</b>	<b>10,119</b>	<b>1,159,383</b>	<b>1,399,075</b>
Real Estate projects in construction				
Recognized revenue	-	-	2,542,006	4,088,623
Installments received	-	-	(1,427,528)	(2,799,234)
	-	-	1,114,478	1,289,389
Adjustment to presente value (APV)	-	-	(24,427)	(24,467)
	-	-	1,090,051	1,264,922
<b>Receivables from sale recognized</b>	<b>9,521</b>	<b>10,119</b>	<b>2,249,434</b>	<b>2,663,997</b>
Provision for credit risk (*)	-	-	(132,997)	-
Services rendered	-	-	8,662	3,237
<b>Total trade receivables</b>	<b>9,521</b>	<b>10,119</b>	<b>2,125,099</b>	<b>2,667,234</b>
<b>Current</b>	<b>3,855</b>	<b>4,434</b>	<b>1,419,975</b>	<b>2,069,412</b>
<b>Noncurrent</b>	<b>5,666</b>	<b>5,685</b>	<b>705,125</b>	<b>597,822</b>

(\*) Refers to provision for credit risk deriving from first-time adoption of CPC 48/IFRS 9, which included the provision for expected loss (note 2.2, item “adoption of new accounting pronouncement”).

## Explanatory Notes

Changes in provision for credit risk can be stated as follows:

	09/2018	01/2018
<b>Opening balance</b>	<b>218,235</b>	-
Initial adoption	-	218,235
Increase	37,033	-
Decrease	(117,570)	-
Reversals	(4,701)	-
<b>Closing balance</b>	<b>132,997</b>	<b>218,235</b>

Balance of accounts receivable from sale of properties under construction is adjusted at the Civil Construction National Index (INCC) until keys are delivered. After the delivery of keys, receivables accrue interest of 12% per year plus correction for inflation through the General Market Price Index (IGP-M).

The adjustment to present value is calculated on balances of accounts receivable from unfinished units considering the estimated period until the delivery of the keys, using either the average rate of remuneration of government bonds (NTN-B) or the average rate of funding practiced by the Company, whichever is higher, without inflation, for the financing obtained. The average rate used in the period ended September 30, 2018 was 4.62% p.a. (4.47% as of September 30, 2017 and 4.48% as of December 31, 2017). Adjustment to present value accounted for in income (loss), under caption “Net Income” totaled R\$ 2,582 in period ended September 30, 2018 (R\$ 31,016 as of September 30, 2017).

The balance of accounts receivable from the unfinished properties sold is not fully shown in consolidated financial information, because it is recorded only to the extent of the income recognized according to the progress of civil works, net of installments received.

As additional information, full balances not yet reflected in financial information are as follows:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>Real estate development and resale:</b>				
Total in current assets	3,855	4,434	1,520,896	2,066,175
Total in noncurrent assets	5,666	5,685	728,539	597,822
	9,521	10,119	2,249,435	2,663,997
Provision for credit risk (*)	-	-	(132,997)	-
Total sales contracted	-	-	1,478,452	1,654,031
Portion classified as advances from customers	-	-	(119,231)	(119,794)
	<b>9,521</b>	<b>10,119</b>	<b>3,475,659</b>	<b>4,198,234</b>
<b>Current</b>	<b>3,855</b>	<b>4,434</b>	<b>1,840,577</b>	<b>2,654,167</b>
<b>Noncurrent</b>	<b>5,666</b>	<b>5,685</b>	<b>1,635,082</b>	<b>1,544,067</b>

Classification in non-current assets is determined by amounts that are expected to be received, according to contract flow, with maturity beginning as of the 12<sup>th</sup> month.

## Explanatory Notes

### Schedule of the portfolio of receivables for real estate development and resale

The following portfolio is presented based on the expectation of receipts, considering the income already recognized and yet to be recognized, as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>	<b>09/2018</b>	<b>2017</b>
12 Months	3,855	4,434	1,840,577	2,654,167
24 Months	1,252	1,306	786,746	893,830
36 Months	1,119	999	663,858	477,155
48 Months	1,016	891	91,562	83,544
Above 48 Months	2,279	2,489	92,916	89,539
<b>Total</b>	<b>9,521</b>	<b>10,119</b>	<b>3,475,659</b>	<b>4,198,235</b>

As of September 30, 2018, the amount of installments overdue for more than 360 days in our consolidated receivables portfolio was R\$ 42,641 (R\$ 41,955 as of December 31, 2017).

## 6. PROPERTIES FOR SALE

Represented by the costs of real estate units available for sale (real estate properties completed and under construction), land for future developments and advances to acquisition of land as shown below:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>	<b>09/2018</b>	<b>2017</b>
Properties under construction	-	-	471,496	1,439,956
Completed properties	46,930	16,670	1,710,029	1,201,285
Land for future developments (a)	32,043	30,928	2,218,341	1,782,213
Advances for the acquisition of land	-	-	90,342	108,385
Interest capitalized in inventories (b)	-	-	195,200	217,916
	<b>78,974</b>	<b>47,598</b>	<b>4,685,408</b>	<b>4,749,755</b>
<b>Current</b>	<b>78,974</b>	<b>47,598</b>	<b>3,102,544</b>	<b>3,218,341</b>
<b>Noncurrent</b>	<b>-</b>	<b>-</b>	<b>1,582,864</b>	<b>1,531,414</b>

- (a) The classification of land for future developments between current and non-current assets is made based on the expectation of the period for launching of the real estate developments, periodically reviewed by Management. The properties under construction and finished properties are classified in current assets, considering their availability for sale.
- (b) The balance of capitalized charges in consolidated represented R\$ 113,482 relating to the Housing Financial System (“SFH”) and R\$ 81,717 relating to charges of other debts, totaling R\$ 195,200 on September 30, 2018 (SFH charges: R\$ 144,687, charges of other debts: R\$ 73,229, totaling R\$ 217,916 on December 31, 2017).
- (b.1) The appropriation of capitalized charges in the consolidated income statement under “Cost of real estate sold” totaled R\$ 74,033 relating to SFH charges and R\$ 13,434 relating to charges of other debts, totaling R\$ 87,467 on September 30, 2018 (SFH charges of R\$ 116,167, charges of other debts of R\$ 16,180, totaling R\$ 132,347 on September 30, 2017), being appropriated to P/L in accordance with OCP 01 (R1). The balance of charges capitalized to the inventory had a decrease by R\$ 3,661, relating to investees that were no longer consolidated or sold in the period.

## Explanatory Notes

### 7. INVESTMENTS

a) The main information on ownership interest held is summarized below:

	Total Equity interest - %				Shareholder's Equity		Profit (loss) for the period		Investment		Equivalence	
	09/2018		2017		09/2018	2017	09/2018	09/2017	09/2018	2017 (iv)	09/2018	09/2017
	Total	Direct	Total	Direct								
Austria Incorporadora Ltda	50,00	50,00	50,00	50,00	37,860	28,953	7,740	660	18,930	14,476	3,870	330
Camargo Correa Cyrela Empr Im SPE Ltda	50,00	50,00	50,00	50,00	19,979	16,987	(36)	(340)	9,989	8,493	(18)	(170)
Canoa Quebrada Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	26,572	28,098	(2,243)	(72)	26,572	28,098	(2,243)	(72)
Carapa Empreendimentos Imobiliários Ltda	60,00	60,00	60,00	60,00	32,105	48,393	(5,774)	13,139	19,263	29,036	(3,464)	7,885
Carlos Peix Empreendimentos Imobiliários Ltda	75,00	75,00	50,00	50,00	29,207	9,058	(97)	(128)	21,906	4,529	(73)	(64)
CBR 011 Empreendimentos Imobiliários Ltda	32,50	32,50	32,50	32,50	44,402	85,003	1,587	10,687	14,431	27,626	516	3,475
CBR 024 Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	168,816	163,791	(7,206)	(7,967)	84,408	81,896	(3,403)	(3,984)
CBR 030 Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	142,162	110,368	(5,687)	65	71,081	55,184	(2,843)	33
CBR 031 Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	107,434	107,076	20,447	(3,829)	107,434	107,076	20,447	(3,829)
CBR 040 Empreendimentos Imobiliários Ltda	99,99	99,99	99,99	99,99	36,432	8	(176)	(0)	36,428	8	(176)	(0)
Cbr 051 Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	114,939	103,617	(462)	(1)	57,470	51,808	(231)	(1)
CCISA31 Incorporadora Ltda	50,00	50,00	50,00	50,00	10,524	2,725	7,870	3,428	5,262	1,363	3,935	1,714
Cotia Empreendimentos Imobiliários Ltda	99,99	99,99	99,99	99,99	17,904	7,285	(246)	(53)	17,902	7,284	(246)	(53)
Country de Investimento Imobiliária Ltda	97,25	97,25	97,25	97,25	12,722	13,199	(571)	(156)	12,373	12,836	(555)	(152)
Cury Construtora E Incorp S/A	50,00	50,00	50,00	50,00	312,852	252,726	87,880	65,982	156,426	126,363	43,940	32,991
Cyrela Aconagua Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	39,277	49,526	(9,950)	253	39,277	49,526	(9,950)	253
Cyrela Alasca Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	17,781	4,444	(892)	4,870	17,781	4,444	(892)	4,870
Cyrela Asteca Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	46,868	44,857	(38)	(55)	46,868	44,857	(38)	(55)
Cyrela Borghonha Empreendimentos Imobiliários Ltda	80,00	80,00	80,00	80,00	16,890	12,671	(43)	0	13,512	10,137	(34)	0
Cyrela Brazil Realty Rjz Empreendimentos Imobiliária Ltda	100,00	100,00	100,00	100,00	83,355	48,263	21,271	3,285	83,355	48,263	21,271	3,285
Cyrela Cristal Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	49,208	32,871	(182)	3,175	49,208	32,871	(182)	3,175
Cyrela Empreendimentos Imobiliários Comercial Importadora e Exportadora Ltda	100,00	100,00	100,00	100,00	15,402	20,656	(4,624)	(4,370)	15,402	20,656	(4,624)	(4,370)
Cyrela Europa Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	43,727	51,480	584	(1,689)	43,727	51,480	584	(1,689)
Cyrela Gerbera Empreendimentos Imobiliários Ltda	80,00	80,00	80,00	80,00	19,750	5,789	9,292	(17)	15,800	4,631	7,434	(14)
Cyrela Greenwood de Investimento Imobiliária Ltda	75,00	75,00	75,00	75,00	44,863	41,568	(262)	(519)	33,647	31,176	(197)	(389)
Cyrela Imobiliária Ltda	100,00	100,00	100,00	100,00	34,227	45,923	(8,882)	(1)	34,227	45,923	(8,882)	(1)
Cyrela Indico Empreendimentos Imobiliários Ltda	72,00	72,00	72,00	72,00	27,048	32,939	2,567	7,622	19,475	23,716	1,849	5,488
Cyrela Magik Monaco Empreendimentos Imobiliários Ltda	80,00	80,00	80,00	80,00	23,255	25,048	2,502	1,544	18,604	20,038	2,002	1,235
Cyrela Maguari Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	13,098	11,853	3,987	6,764	13,098	11,853	3,987	6,764
Cyrela Malasia Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	13,053	14,102	(1,636)	3,625	13,053	14,102	(1,636)	3,625
Cyrela Malibu Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	10,243	10,243	(1)	(4)	10,243	10,243	(1)	(4)
Cyrela Montblanc Empreendimentos Imobiliários Ltda	99,99	99,99	99,99	99,99	71,337	134,084	(76,103)	(27,572)	71,330	134,071	(76,096)	(27,572)
Cyrela Monza Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	173,240	186,332	(1,119)	12,994	173,240	186,332	(1,119)	12,994
Cyrela Nordeste Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	71,040	85,474	(13,800)	(16,375)	71,040	85,474	(13,800)	(16,375)
Cyrela Normandia Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	22,819	7	(9)	(0)	22,819	7	(9)	(0)
Cyrela Pacifico Empreendimentos Imobiliários S/A	80,00	80,00	80,00	80,00	29,267	29,104	(28)	37	23,414	23,283	(22)	30
Cyrela Pamplona Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	11,620	12,849	2,841	(47)	11,620	12,849	2,841	(47)
Cyrela Paris Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	62,646	72,946	(7,246)	(12,278)	62,646	72,946	(7,246)	(12,278)
Cyrela Piacema Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	28,819	26,565	1,421	(49)	28,819	26,565	1,421	(49)
Cyrela Portugal Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	31,328	44,261	12,775	24,788	31,328	44,261	12,775	24,788
Cyrela Recife Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	132,611	162,435	(26,523)	2,382	132,611	162,435	(26,523)	2,382
Cyrela Rjz Construtora e Empreendimentos Imobiliários Ltda	84,17	84,17	84,17	84,17	72,343	107,514	(27,206)	(19,153)	60,890	90,490	(22,899)	(16,120)
Cyrela Rjz Empreendimentos Imobiliários Ltda	59,90	59,90	59,90	59,90	62,169	82,107	(14,004)	(3,649)	37,239	49,182	(8,388)	(2,186)
Cyrela Rjz Jcgotijio Empreendimentos Imobiliária Ltda	25,00	25,00	25,00	25,00	108,177	122,152	10,269	30,465	27,044	30,538	2,567	7,616
Cyrela Salamanca Empreendimentos Imobiliários Ltda	80,00	80,00	80,00	80,00	10,257	9,700	557	793	8,205	7,760	446	634
Cyrela Suecia Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	52,123	62,552	(5,604)	(7,195)	26,061	31,276	(2,802)	(3,597)
Cyrela Toleca Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	10,607	8,332	10,363	919	10,607	8,332	10,363	919
Cyrela Trentino Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	19,270	26	(1)	(0)	19,270	26	(1)	(0)
Cyrela Vermont de Investimento Imobiliária Ltda	85,00	85,00	85,00	85,00	13,505	13,498	(4)	(48)	11,479	11,473	(4)	(41)
Cyrela Violeta Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	23,722	18,289	4,507	(15)	23,722	18,289	4,507	(15)
Dona Margarida II Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	32,132	24,204	4,122	4,964	32,132	24,204	4,122	4,964
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda	85,00	85,00	85,00	85,00	23,437	23,433	(1)	(2)	19,921	19,918	(1)	(2)
Fleming Investimento Imobiliária Ltda	100,00	100,00	100,00	100,00	14,358	13,426	(2)	(1)	14,358	13,426	(2)	(1)
Forest Hill de Investimento Imobiliária Ltda	25,00	25,00	25,00	25,00	10,102	420	(1)	(2)	2,525	105	(0)	(1)
Goldstein Cyrela Empreendimentos Imobiliários S/A	100,00	100,00	100,00	100,00	635,909	709,460	(3,439)	46,445	635,909	709,460	(3,439)	46,445
GRC 03 Incorporações e Participações Ltda	50,00	50,00	-	-	10,089	-	(55)	-	5,044	-	(28)	-
Iracema Incorporadora Ltda	50,00	50,00	50,00	50,00	57,777	57,069	(85)	(3)	28,889	28,535	(43)	(2)
Jacina Reis Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	24,650	31,913	(4,629)	(10,479)	12,325	15,956	(2,314)	(5,240)
Lavvi Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	38,737	7,847	14,184	(5,369)	19,369	3,923	7,092	(2,685)
Lb 2017 Empreendimentos E Participações Imobiliários Ltda	12,39	12,39	-	-	12,691	-	(8)	-	1,572	-	(1)	-
Lider Cyrela Df 01 Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	34,673	34,551	460	(62)	34,673	34,551	460	(62)
Living 002 Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	11,737	12,746	3,824	5,006	11,737	12,746	3,824	5,006
Living Botucatu Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	42,450	24,580	18,034	6,307	21,225	12,290	9,017	3,153
Living Cantagalo Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	12,955	7,832	(947)	(4)	12,955	7,832	(947)	(4)
Living Cedro Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	59,831	125,317	7,575	(26,553)	59,831	125,317	7,575	(26,553)
Living Empreendimentos Imobiliários S/A	100,00	100,00	100,00	100,00	574,223	724,397	(31,008)	(23,925)	574,223	724,397	(31,008)	(23,925)
Living Loreto Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	19,064	19,064	6,441	(401)	19,064	6,441	(401)	(401)
Living Sabino Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	14,873	11,311	5,270	2,621	14,873	11,311	5,270	2,621
Living Salazares Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	10,210	14,312	1,818	4,606	10,210	14,312	1,818	4,606
Living Takara Empreendimentos Imobiliários Ltda	40,00	40,00	40,00	40,00	11,745	12,813	(898)	5,449	4,698	5,125	(359)	2,180
Lorena Empreendimentos Imobiliários SPE Ltda	10,00	10,00	10,00	10,00	30,247	17,358	19,163	15,471	3,025	1,736	1,916	1,547
Luanda Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	106,943	103,453	(88)	4,048	106,943	103,453	(88)	4,048
Lucio Brazil Real Estate S/A	50,00	50,00	50,00	50,00	36,718	32,918	4,909	(1,478)	18,359	16,459	2,455	(739)
Mac Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	65,490	155,908	2,830	43,078	32,745	77,954	1,415	21,539

## Explanatory Notes

	Total Equity interest - %				Profit (loss) for the							
	09/2018		2017		Shareholder's Equity		period		Investment		Equivalence	
	Total	Direct	Total	Direct	09/2018	2017	09/2018	09/2017	09/2018	2017 (iv)	09/2018	09/2017
Magnum Investimento Imobiliária Ltda	30,00	30,00	30,00	30,00	12,221	4,225	(0)	(9)	3,666	1,268	(0)	(3)
Marques de Iru SPE Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	21,019	24,509	(1,381)	303	10,510	12,255	(691)	151
Moinho Velho Empreendimentos Imobiliários SPE Ltda	50,00	50,00	50,00	50,00	12,084	11,928	(3)	(1)	6,042	5,964	(2)	(1)
Pionner-4 Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	17,124	15,410	(618)	(17)	17,124	15,410	(618)	(17)
Pitombeira Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	12,110	1,565	(1,267)	667	12,110	1,565	(1,267)	667
Plano & Plano Construções e Participações Ltda	(i) 97,90	97,90	100,00	100,00	251,768	273,635	(9,990)	(2,958)	246,480	273,635	(9,780)	(2,958)
Plano & Plano Desenvolvimento Imobiliários Ltda	50,00	50,00	50,00	50,00	52,255	40,686	25,756	19,891	26,128	20,343	12,878	9,946
Plano Anoreira Empreendimentos Imobiliários SPE Ltda	60,00	60,00	60,00	60,00	72,009	70,383	1,893	13,142	43,205	42,230	1,136	7,885
Parcon Cyrela Empreendimentos Imobiliários SPE Ltda	50,00	50,00	50,00	50,00	14,648	10,822	1,613	(4,705)	7,324	5,411	806	(2,352)
Queiroz Galvao Mac Cyrela Veneza Empreendimentos Imobiliários S/A	15,00	15,00	15,00	15,00	17,831	14,805	3,027	2,360	2,675	2,221	454	354
Ravenna Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	51,150	51,448	4,583	6,133	51,150	51,448	4,583	6,133
Reserva Casa Grande Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	30,528	29,699	6,454	2,878	15,264	14,850	3,227	1,439
Rua dos Alpes Empreendimentos Imobiliários Ltda	100,00	100,00	100,00	100,00	45,360	37,312	5,032	1,880	45,360	37,312	5,032	1,880
SCP Veredas Buriis Fase II	6,00	6,00	6,00	6,00	17,716	17,184	758	1,523	1,063	1,031	46	91
SCP Vinson Praça Piratinga	2,92	2,92	2,92	2,92	34,331	24,823	4,949	1,641	1,002	725	145	48
Seattle Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	113,233	106,631	7,788	(135)	56,617	53,315	3,894	(135)
SK Realty Empreendimentos Imobiliários S/A	50,00	50,00	50,00	50,00	188,609	172,245	11,910	23,122	94,304	86,122	5,955	11,561
SPE Barbacena Empreendimentos Imobiliários Ltda	50,00	50,00	50,00	50,00	48,937	47,592	2,950	2,932	24,469	23,796	1,475	1,466
SPE Brasil Incorporação 83 Ltda	50,00	50,00	50,00	50,00	55,528	44,599	(1,575)	1,390	27,764	22,300	(788)	695
SPE CHL Cv Incorporacoes Ltda	50,00	50,00	50,00	50,00	19,272	12,411	(1,579)	(1,817)	9,636	6,205	(789)	(909)
Tamoios Empreendimentos Imobiliários SPE Ltda	60,00	60,00	60,00	60,00	26,886	28,802	(1,388)	804	16,132	17,281	(833)	482
Tecnisa S/A	(i) 7,68	7,68	7,91	7,91	836,196	1,049,061	(73,367)	(345,443)	43,982	56,464	(10,396)	(1,937)
Toulon Empreendimentos Imobiliários SPE Ltda	100,00	100,00	100,00	100,00	21,300	21,301	(1)	(0)	21,300	21,301	(1)	(0)
Vinson Empreendimentos Imobiliários Ltda	74,51	74,51	74,51	74,51	117,712	126,145	(5,564)	(1,072)	87,707	93,991	(4,146)	(799)
Others 363 SPEs with equity up to 10MM					230,840	664,541	(100,788)	(219,655)	337,122	534,064	(91,584)	(203,486)
<b>Sub-total</b>												
									<b>4,895,576</b>	<b>5,235,239</b>	<b>(118,024)</b>	<b>(102,546)</b>
Interest capitalization (iii)									<b>42,534</b>	<b>49,474</b>	<b>(8,748)</b>	<b>(12,248)</b>
									<b>4,938,110</b>	<b>5,384,713</b>	<b>(126,773)</b>	<b>(114,794)</b>

(i) Change derived from increase/(decrease) in interest.

(ii) Refers to formation/entry of new company.

(iii) The parent company's investments have capitalization of interest on loans, financing and debentures, which are identified directly to the real estate developments of its investees. In consolidated, these amounts are capitalized to inventories, according to Note 6.

(iv) It does not consider the first-time adoption of CPC 48/IFRS 9, which included the provision for expected loss (note 2.2, item "adoption of new accounting pronouncement").

Changes in the Company's investments may be presented as follow:

	Individual	Consolidated
<b>Balance as at December 31, 2016</b>	<b>5,721,686</b>	<b>903,345</b>
Subscription / (decrease) of Capital	640,773	157,088
Dividends	(938,430)	(297,301)
Equity Equivalence	(40,725)	73,690
Interest capitalization	1,409	-
<b>Balance as at December 31, 2017</b>	<b>5,384,713</b>	<b>836,822</b>
<b>Balance as at December 31, 2017</b>	<b>5,384,713</b>	<b>836,822</b>
Subscription / (decrease) of Capital	67,790	23,734
Dividends	(389,429)	(43,811)
Equity Equivalence	(126,773)	46,859
Interest capitalization	1,809	-
<b>Balance as at September 30, 2018</b>	<b>4,938,110</b>	<b>863,604</b>

b) The total balances of the equity accounts and P/L accounts of consolidated and jointly-controlled companies or associated companies, directly and indirectly, included in the consolidated financial information, as of September 30, 2018 and December 31, 2017, can be demonstrated as follows:

## Explanatory Notes

	Total Equity interest - %		09/2018				2017			09/2017	
	09/2018	2017	Assets	Liabilities	Shareholder's Equity	Profit (loss) for the period	Assets	Liabilities	Shareholder's Equity	Profit (loss) for the period	
Ak 19 - Empreendimentos E Participações Ltda	26,00	26,00	126,115	99,232	26,884	(2,030)	134,712	85,401	49,311	(251)	
Alphaville Nova Esplanada 3 Empreendimentos Ltda	25,00	25,00	32,438	8,642	23,796	(3,718)	37,526	8,123	29,404	(2,804)	
Andora Empreendimentos Imobiliários Ltda	80,00	80,00	138,042	74,255	63,787	19,247	171,816	100,431	71,386	37,053	
Api SPE35 Planejamento E Desenvolvimento Ltda	50,00	50,00	15,468	4,830	10,637	2,949	26,202	13,515	12,687	5,990	
Australia Empreendimentos Imobiliários Ltda	100,00	100,00	21,400	10,477	10,922	(6,496)	27,077	5,949	21,129	602	
Austria Incorporadora Ltda	50,00	50,00	42,137	4,276	37,860	7,740	34,342	5,390	28,953	660	
Batel Empreendimentos Imobiliários Ltda	80,00	80,00	23,468	2,618	20,850	1,637	35,861	11,198	24,663	(3,725)	
Bello Vilarinho Empreendimentos Imobiliários Ltda	50,00	50,00	14,444	86	14,358	0	13,904	93	13,810	34	
Camargo Correa Cyrela Enpr Im SPE Ltda	50,00	50,00	21,868	1,889	19,979	(36)	19,240	2,254	16,987	(340)	
Campos Sales Empreendimentos Imobiliários Ltda	40,00	40,00	41,980	6,965	35,015	1,381	51,324	17,690	33,634	(2,588)	
Canoa Quebrada Empreendimentos Imobiliários Ltda	100,00	100,00	26,714	141	26,572	(2,243)	28,144	46	28,098	(72)	
Carapa Empreendimentos Imobiliários Ltda	60,00	60,00	89,521	57,416	32,105	(5,774)	137,786	89,393	48,393	13,139	
Carlos Petit Empreendimentos Imobiliários Ltda	75,00	50,00	65,235	36,027	29,207	(97)	23,058	14,001	9,058	(128)	
CBR 008 Empreendimentos Imobiliários Ltda	100,00	100,00	85,229	6,145	79,084	(3,082)	152,144	78,708	73,436	(20,657)	
CBR 011 Empreendimentos Imobiliários Ltda	32,50	32,50	75,043	30,641	44,402	1,587	98,151	13,148	85,003	10,687	
CBR 024 Empreendimentos Imobiliários Ltda	50,00	50,00	262,507	93,692	168,816	(7,206)	261,400	97,609	163,791	(7,967)	
CBR 030 Empreendimentos Imobiliários Ltda	50,00	50,00	239,163	97,002	142,162	(5,687)	243,420	133,052	110,368	65	
CBR 031 Empreendimentos Imobiliários Ltda	100,00	100,00	145,676	38,242	107,434	20,447	133,051	25,975	107,076	(3,829)	
CBR 040 Empreendimentos Imobiliários Ltda	100,00	100,00	141,199	104,767	36,432	(176)	8	-	8	(0)	
Chr 051 Empreendimentos Imobiliários Ltda	50,00	50,00	117,013	2,074	114,939	(462)	103,625	8	103,617	(1)	
CCISA 02 Incorporadora Ltda	49,95	49,95	22,554	4,542	18,013	(776)	28,202	9,361	18,841	455	
CCISA 03 Incorporadora Ltda	25,00	25,00	75,800	38,116	37,684	4,741	62,763	29,563	33,200	3,478	
CCISA 04 Incorporadora Ltda	49,95	49,95	32,314	1,500	30,815	413	38,828	6,960	31,867	20	
CCISA 05 Incorporadora Ltda	25,00	25,00	68,533	10,529	58,004	8,840	69,821	9,837	59,984	66	
CCISA 11 Incorporadora Ltda	49,95	49,95	11,908	1,745	10,163	1,077	14,423	1,592	12,831	7,325	
CCISA 12 Incorporadora Ltda	49,95	49,95	21,243	5,831	15,412	5,185	22,367	11,900	10,468	7,255	
CCISA 25 Incorporadora Ltda	49,95	49,95	45,563	18,490	27,073	24,430	73,934	57,074	16,860	7,630	
CCISA 31 Incorporadora Ltda	75,00	75,00	76,640	66,115	10,524	7,870	66,767	64,042	2,725	3,428	
CCISA 42 Incorporadora Ltda	49,95	49,95	46,326	32,599	13,727	9,370	25,899	21,404	4,495	(120)	
Chillan Investimentos Imobiliários Ltda	25,00	25,00	30,942	677	30,265	437	31,140	1,288	29,852	1,625	
Cotia Empreendimentos Imobiliários Ltda	100,00	100,00	23,453	5,549	17,904	(246)	9,462	2,178	7,285	(53)	
Country de Investimento Imobiliária Ltda	97,25	97,25	15,016	2,294	12,722	(571)	15,484	2,286	13,199	(156)	
Cury Construtora E Incomp S/A	50,00	50,00	747,871	435,019	312,852	87,880	692,131	439,405	252,726	65,982	
Cyrela Aconegua Empreendimentos Imobiliários Ltda	100,00	100,00	49,548	10,271	39,277	(9,950)	50,890	1,364	49,526	253	
Cyrela Alasca Empreendimentos Imobiliários Ltda	100,00	100,00	66,409	48,628	17,781	(892)	5,393	949	4,444	4,870	
Cyrela Asteca Empreendimentos Imobiliários Ltda	100,00	100,00	46,927	60	46,868	(38)	44,924	67	44,857	(55)	
Cyrela Borgonha Empreendimentos Imobiliários Ltda	80,00	80,00	17,893	1,004	16,890	(43)	12,679	8	12,671	0	
Cyrela Brazil Realty Rjz Empreendimentos Imobiliária Ltda	100,00	100,00	80,751	(2,604)	83,355	21,271	74,920	26,657	48,263	3,285	
Cyrela Ccp Canela Empreendimentos Imobiliários Ltda	50,00	50,00	31,791	18	31,773	(292)	32,003	8	31,995	(290)	
Cyrela Cristal Empreendimentos Imobiliários Ltda	100,00	100,00	70,131	20,923	49,208	(182)	115,441	82,570	32,871	3,175	
Cyrela Diamante Empreendimentos Imobiliários Ltda	51,02	51,02	15,674	890	14,784	421	17,274	2,089	15,186	1,869	
Cyrela Empreendimentos Imobiliários Comercial Importadora e Exportadora Ltda	100,00	100,00	24,307	8,905	15,402	(4,624)	22,257	1,601	20,656	(4,370)	
Cyrela Europa Empreendimentos Imobiliários Ltda	100,00	100,00	108,265	64,539	43,727	584	119,753	68,273	51,480	(1,689)	
Cyrela Gerbera Empreendimentos Imobiliários Ltda	80,00	80,00	35,082	15,332	19,750	9,292	6,447	658	5,789	(17)	
Cyrela Greenwood de Investimento Imobiliária Ltda	95,75	95,75	46,123	1,260	44,863	(262)	41,664	97	41,568	(519)	
Cyrela Imobiliária Ltda	100,00	100,00	46,024	11,797	34,227	(8,882)	54,023	8,099	45,923	(1)	
Cyrela Índico Empreendimentos Imobiliários Ltda	72,00	72,00	27,048	-	27,048	2,567	32,940	1	32,939	7,622	
Cyrela Magik Monaco Empreendimentos Imobiliários Ltda	80,00	80,00	47,606	24,351	23,255	2,502	62,644	37,596	25,048	1,544	
Cyrela Maguari Empreendimentos Imobiliários Ltda	100,00	100,00	19,535	6,436	13,098	3,987	29,587	17,734	11,853	6,764	
Cyrela Malasia Empreendimentos Imobiliários Ltda	100,00	100,00	15,776	2,723	13,053	(1,636)	18,398	4,297	14,102	3,625	
Cyrela Malibu Empreendimentos Imobiliários Ltda	100,00	100,00	10,243	-	10,243	(1)	10,244	0	10,243	(4)	
Cyrela Montblanc Empreendimentos Imobiliários Ltda	100,00	100,00	103,682	32,345	71,337	(76,103)	172,073	37,988	134,084	(27,572)	
Cyrela Monza Empreendimentos Imobiliários Ltda	100,00	100,00	192,742	19,502	173,240	(1,119)	209,187	22,855	186,332	12,394	
Cyrela Nordeste Empreendimentos Imobiliários Ltda	100,00	100,00	75,363	4,323	71,040	(13,800)	89,336	3,863	85,474	(16,375)	
Cyrela Nonandia Empreendimentos Imobiliários Ltda	100,00	100,00	26,582	3,763	22,819	(9)	7	-	7	(0)	
Cyrela Pacifico Empreendimentos Imobiliários S/A	80,00	80,00	29,282	14	29,267	(28)	29,218	114	29,104	37	
Cyrela Pamplona Empreendimentos Imobiliários Ltda	100,00	100,00	18,364	6,744	11,620	2,841	25,808	12,958	12,849	(47)	
Cyrela Parana Empreendimentos Imobiliários Ltda	100,00	100,00	66,874	6,718	60,156	(4,874)	87,677	16,359	71,318	(1,353)	
Cyrela Paris Empreendimentos Imobiliários Ltda	100,00	100,00	133,659	60,713	72,946	(7,246)	178,003	115,357	62,646	(12,278)	
Cyrela Piracema Empreendimentos Imobiliários Ltda	100,00	100,00	28,840	20	28,819	1,421	27,993	1,428	26,565	(49)	
Cyrela Polinesia Empreendimentos Imobiliários Ltda	100,00	100,00	111,228	71,390	39,838	4,417	72,501	15,660	56,841	(6,304)	
Cyrela Portugal Empreendimentos Imobiliários Ltda	100,00	100,00	75,652	44,324	31,328	12,775	72,255	27,993	44,261	2,488	
Cyrela Recife Empreendimentos Imobiliários Ltda	100,00	100,00	475,239	342,628	132,611	(26,523)	457,588	295,153	162,435	2,382	
Cyrela Rjz Construtora e Empreendimentos Imobiliários Ltda	100,00	100,00	123,839	51,496	72,343	(27,206)	123,509	15,995	107,514	(19,153)	
Cyrela Rjz Empreendimentos Imobiliários Ltda	97,45	97,45	31,494	(30,675)	62,169	(14,004)	42,177	(39,931)	82,107	(3,649)	
Cyrela Rjz Jcgentio Empreendimentos Imobiliária Ltda	43,00	43,00	174,790	66,613	108,177	10,269	219,789	97,636	122,152	30,465	
Cyrela Salamanca Empreendimentos Imobiliários Ltda	80,00	80,00	12,126	1,870	10,257	557	11,272	1,572	9,700	793	
Cyrela Somerset de Investimentos Imobiliários Ltda	83,00	83,00	22,539	177	22,362	(1,968)	25,436	384	25,052	(1,023)	
Cyrela Suecia Empreendimentos Imobiliários Ltda	98,95	100,00	225,280	173,158	52,123	(5,604)	242,658	180,106	62,552	(7,195)	
Cyrela Sul001 Empreendimentos Imobiliários SPE Ltda	92,50	92,50	72,352	4,770	67,582	(3,460)	136,830	10,070	126,760	44,368	
Cyrela Sul002 Empreendimentos Imobiliários SPE Ltda	92,50	92,50	23,789	1,378	22,411	(2,023)	34,531	2,528	32,003	8,447	
Cyrela Sul003 Empreendimentos Imobiliários SPE Ltda	92,50	92,50	25,723	7,082	18,641	2,920	24,467	6,971	17,496	4,904	
Cyrela Sul004 Empreendimentos Imobiliários SPE Ltda	92,50	92,50	19,704	444	19,260	(152)	18,060	6	18,054	(88)	
Cyrela Sul006 Empreendimentos Imobiliários SPE Ltda	92,50	92,50	21,305	5,553	15,752	2,240	27,083	12,972	14,111	1,320	
Cyrela Sul008 Empreendimentos Imobiliários SPE Ltda	90,00	90,00	36,153	4,163	31,990	1,754	28,895	2,517	26,378	(290)	
Cyrela Sul013 Empreendimentos Imobiliários Ltda	92,50	92,50	38,507	9,630	28,877	6,260	34,223	14,854	19,369	2,663	
Cyrela Sul014 Empreendimentos Imobiliários SPE Ltda	90,00	90,00	79,017	26,020	52,997	22,488	55,995	29,099	26,897	12,162	
Cyrela Toleca Empreendimentos Imobiliários Ltda	100,00	100,00	29,910	19,303	10,607	10,363	13,557	5,225	8,332	919	
Cyrela Trentino Empreendimentos Imobiliários Ltda	100,00	100,00	19,281	11	19,270	(1)	44	18	26	(0)	
Cyrela Vermont de Investimento Imobiliária Ltda	97,90	97,90	13,505	-	13,505	(4)	13,500	2	13,498	(48)	
Cyrela Violeta Empreendimentos Imobiliários Ltda	100,00	100,00	25,512	1,790	23,722	4,507	18,323	34	18,289	(15)	
DGC João Gualberto Ltda	95,00	95,00	27,672	1,822	25,850	(789)	37,349	1,867	35,482	(11,456)	
DGC Map Parana Empreendimentos Imobiliários Ltda	88,25	88,25	36,041	8,240	27,801	10,641	43,713	12,444	31,269	3,344	
Dona Margarida II Empreendimentos Imobiliários Ltda	100,00	100,00	34,916	2,784	32,132	4,122	25,210	1,006	24,204	4,964	
Emmerin Incorporações Ltda	49,95	49,95	53,917	34,733	19,184	16,480	62,405	49,088	13,317	32,768	
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda	85,00	85,00	23,437	0	23,437	(1)	23,433	0	23,433	(2)	
Flamingo Investimento Imobiliária Ltda	100,00	100,00	14,444	86	14,358	(2)	13,707	281	13,426	(1)	
Forest Hill de Investimento Imobiliária Ltda	49,45	49,45	10,102	0	10,102	(1)	10,228	9,807	420	(2)	
Galeria Boulevard Negocios Imobiliários S/A	48,62	48,62	14,199	2,403	11,796	(25)	14,199	2,378	11,821	337	
Gcln Incorporações E Empreendimentos Ltda	80,00	80,00	41,286	1,902	39,384	86	42,240	2,849	39,392	(3,265)	
Goldstein Cyrela Empreendimentos Imobiliários S/A	100,00	100,00	681,672	45,763	635,909	(3,439)	839,140	129,680	709,460	46,445	
GRC 03 Incorporações e Participações Ltda	50,00	-	10,146	57	10,089	(55)	-	-	-	-	
Imperio do Ocidente Incorporações Ltda	75,00	75,00	16,235	634	15,601	179	16,153	758	15,395	8	
Iracema Incorporadora Ltda	50,00	50,00	57,919	142	57,777	(85)	57,075	5	57,069	(3)	
Jacira Reis Empreendimentos Imobiliários Ltda	50,00	50,00	37,927	13,278	24,650	(4,629)	69,319	37,407	31,913	(10,479)	
Jaguariuna Empreendimentos Imobiliários Ltda	50,00	50,00	58,108	40,781	17,327	4,448	47,297	34,060	13,237	8,096	
Jardim Leao Empreendimentos Imobiliários Ltda	100,00	100,00	15,929	1,347	14,582	(448)	20,287	2,606	17,681	923	
Jardim Loureiro da Silva Empreendimentos Imobiliários Ltda	65,00	65,00	42,588	7,085							

## Explanatory Notes

	Total Equity interest - %						09/2018		2017		09/2017	
	09/2018	2017	Assets	Liabilities	Shareholder's Equity	Profit (loss) for the period	Assets	Liabilities	Shareholder's Equity	Profit (loss) for the period		
Living 002 Empreendimentos Imobiliários Ltda	100.00	100.00	28,849	17,113	11,737	3,824	29,691	16,945	12,746	5,006		
Living Amoreira Empreendimentos Imobiliários Ltda	100.00	100.00	37,335	21,648	15,687	(70)	13,537	321	13,216	(28)		
Living Amparo Empreendimentos Imobiliários Ltda	100.00	100.00	77,025	56,862	20,163	(6,907)	108,995	81,982	27,013	(11,109)		
Living Apiai Empreendimentos Imobiliários Ltda	100.00	100.00	162,513	79,055	83,458	15,773	146,069	68,242	77,827	10,561		
Living Batatais Empreendimentos Imobiliários Ltda	100.00	100.00	59,743	20,791	38,952	14,363	75,929	23,833	52,096	(876)		
Living Batacena Empreendimentos Imobiliários Ltda	100.00	100.00	18,664	668	17,996	1,165	26,747	11,676	15,071	(11,380)		
Living Botucatu Empreendimentos Imobiliários Ltda	75.00	75.00	124,931	82,481	42,450	18,034	123,696	99,116	24,580	6,307		
Living Cantagalo Empreendimentos Imobiliários Ltda	100.00	100.00	18,234	5,278	12,955	(947)	8,036	204	7,832	(4)		
Living Carita Empreendimentos Imobiliários Ltda	100.00	100.00	34,015	4,159	29,857	3,660	38,475	1,271	37,204	9,561		
Living Cedro Empreendimentos Imobiliários Ltda	100.00	100.00	63,711	3,881	59,831	7,575	130,225	4,908	125,317	(26,555)		
Living Empreendimentos Imobiliários S/A	100.00	100.00	621,804	47,582	574,222	(31,008)	758,490	34,092	724,397	(23,925)		
Living Loreto Empreendimentos Imobiliários Ltda	100.00	100.00	43,843	24,779	19,064	10,551	7,369	928	6,441	(401)		
Living Martini Empreendimentos Imobiliários Ltda	100.00	100.00	30,813	20,439	10,374	(1,119)	59,496	44,325	15,171	(2,589)		
Living Panama Empreendimentos Imobiliários Ltda	100.00	100.00	101,864	56,488	45,376	(18,585)	149,631	42,357	107,273	(17,188)		
Living Pitangui Empreendimentos Imobiliários Ltda	(i)	98.95	100.00	44,999	29,837	15,163	(1,495)	99,003	80,095	18,908	6,684	
Living Provance Empreendimentos Imobiliários Ltda	100.00	100.00	94,465	75,497	18,968	(6,840)	100,180	69,349	30,831	3,714		
Living Ribeirao Empreendimentos Imobiliários Ltda	100.00	100.00	26,849	5,998	20,851	(197)	35,189	18,230	16,960	2,473		
Living Sabara Empreendimentos Imobiliários Ltda	100.00	100.00	30,012	9,371	20,640	(103)	43,022	23,187	19,835	3,712		
Living Sabino Empreendimentos Imobiliários Ltda	100.00	100.00	37,151	22,278	14,873	5,270	24,444	13,133	11,311	2,621		
Living Salazares Empreendimentos Imobiliários Ltda	100.00	100.00	29,946	19,736	10,210	1,818	25,238	10,926	14,312	4,606		
Living Sul Empreendimentos Imobiliários Ltda	100.00	100.00	65,150	2,705	62,445	(63)	90,013	4,080	85,933	9,706		
Living Talara Empreendimentos Imobiliários Ltda	70.00	70.00	36,644	24,899	11,745	(898)	54,027	41,213	12,813	5,449		
Lorena Empreendimentos Imobiliários SPE Ltda	55.00	55.00	73,267	43,020	30,247	19,163	51,269	33,912	17,358	15,471		
Luanda Empreendimentos Imobiliários Ltda	100.00	100.00	146,175	39,232	106,943	(88)	160,013	56,560	103,453	4,048		
Lucio Brazil Real Estate S/A	50.00	50.00	38,390	1,673	36,718	4,909	34,080	1,162	32,918	(1,478)		
Mac Empreendimentos Imobiliários Ltda	50.00	50.00	96,354	30,864	65,490	2,830	177,527	21,619	155,908	43,078		
Mac Massachusetts Empreend Imobiliários Ltda	50.00	50.00	23,205	1,788	21,417	4,050	38,740	21,326	17,414	2,962		
Mac Pioneer-4 Empreend Imobiliários Ltda	100.00	100.00	19,321	2,197	17,124	(618)	17,383	1,972	15,410	(17)		
Magnum Investimento Imobiliária Ltda	30.00	30.00	12,474	253	12,221	(0)	77,288	73,063	4,225	(9)		
Marques de Itu SPE Empreendimentos Imobiliários Ltda	50.00	50.00	37,499	16,480	21,019	(1,381)	58,405	33,896	24,509	303		
Mnró Empreendimentos Imobiliários S/A	35.00	35.00	28,753	1,559	27,194	(1,671)	30,853	2,012	28,841	(6,086)		
Moinho Velho Empreendimentos Imobiliários SPE Ltda	50.00	50.00	12,095	10	12,084	(3)	10,222	94	11,928	(1)		
Pitombeira Empreendimentos Imobiliários Ltda	100.00	100.00	37,015	24,905	12,110	(1,267)	45,315	43,749	1,565	667		
Plano & Plano Construções e Participações Ltda	(i)	97.90	100.00	302,790	51,022	251,768	(9,990)	326,182	52,547	273,635	(2,958)	
Plano & Plano Desenvolvimento Imobiliários Ltda	50.00	50.00	141,390	89,135	52,255	25,756	135,932	95,246	40,686	19,891		
Plano Amoreira Empreendimentos Imobiliários SPE Ltda	(i)	99.16	100.00	89,837	17,828	72,009	1,893	107,905	37,522	70,383	13,142	
Plano Angelim Empreendimentos Imobiliários Ltda	50.00	50.00	78,677	48,919	29,759	7,375	57,304	31,097	26,207	4,772		
Plano Cedro Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	20,882	1,489	19,393	(244)	22,613	1,841	20,772	(1,172)	
Plano Flamboyant Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	21,616	5,183	16,433	(1,576)	29,924	15,156	14,768	(2,466)	
Plano Jacaranda Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	22,390	1,011	21,380	801	28,485	9,571	18,914	(6,646)	
Plano Limeiro Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	29,966	12,847	17,119	(4,854)	63,879	43,970	19,908	12,944	
Plano Macieira Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	35,946	397	35,548	(1,145)	35,903	433	35,471	(1,741)	
Plano Madeira Empreendimentos Imobiliários Ltda	50.00	50.00	30,099	16,784	13,315	10,483	3,077	366	2,712	(82)		
Plano Mangueira Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	50,103	18,382	31,721	7,429	56,944	27,348	29,596	1,027	
Plano Palmeiras Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	11,211	637	10,574	62	15,669	4,335	11,333	(6,627)	
Plano Pinheiro Empreendimentos Imobiliários Ltda	50.00	50.00	37,353	24,223	13,130	(648)	23,611	11,298	12,314	(550)		
Plano Pitangueiras Empreendimentos Imobiliários Ltda	(i)	97.90	100.00	35,791	18,379	17,412	333	36,248	18,236	18,012	(3,245)	
Plano Tocantis Empreendimentos Imobiliários Ltda	50.00	50.00	31,257	14,846	16,411	4,791	20,211	7,407	12,804	(1,152)		
Plarcon Cyrela Empreendimentos Imobiliários SPE Ltda	50.00	50.00	17,233	2,586	14,648	1,613	14,015	3,193	10,822	(4,705)		
Queiroz Galvao Mac Cyrela Veneza Empreendimentos Imobiliários S/A	30.00	30.00	55,751	37,920	17,831	3,027	55,590	40,785	14,805	2,360		
R023 Ouvires Empreendimentos Participações Ltda	25.00	25.00	70,886	58,878	12,008	10,856	30,773	29,579	1,194	(6)		
Ravenna Empreendimentos Imobiliários Ltda	100.00	100.00	56,754	5,603	51,150	4,583	100,124	48,676	51,448	6,133		
Reserva Casa Grande Empreendimentos Imobiliários Ltda	50.00	50.00	34,295	3,767	30,528	6,454	31,462	1,763	29,699	2,878		
Rgc Urbanismo Ltda	50.00	50.00	29,163	1,016	28,147	596	30,596	5,638	24,958	241		
Rua dos Alpes Empreendimentos Imobiliários Ltda	100.00	100.00	55,075	9,716	45,360	5,032	38,403	1,091	37,312	1,880		
Santo Eliseu Empreendimentos Imobiliários Ltda	50.00	50.00	10,472	384	10,088	33	10,974	78	10,896	830		
SCP Empreendimentos 2012	49.45	49.45	19,659	1,759	17,900	10,459	53,699	18,059	35,640	26,319		
SCP Veredas Bunitis Fase II	60.00	60.00	18,643	927	17,716	758	18,111	927	17,184	1,523		
SCP Vinson Praça Piratininga	2.92	2.92	47,762	13,431	34,331	4,949	35,705	10,882	24,823	1,641		
Seattle Empreendimentos Imobiliários Ltda	50.00	50.00	117,815	4,582	113,233	7,788	112,395	5,764	106,631	(135)		
SK Ipojuca Empreendimentos Imobiliários Ltda	50.00	50.00	15,735	1,501	14,235	(8)	15,671	1,603	14,068	(14)		
SK Joaquim Ferreira Lobo Empreendimentos Imobiliários SPE Ltda	50.00	50.00	17,571	2,604	14,967	(303)	16,765	2,427	14,338	(54)		
SK Jurucê Empreendimentos Imobiliários SPE Ltda	50.00	50.00	29,024	844	28,179	(303)	26,501	691	25,810	708		
SK Mourato Coelho Empreendimentos Imobiliários SPE Ltda	50.00	50.00	15,616	1,258	14,357	802	14,711	716	13,995	(751)		
SK Realty Empreendimentos Imobiliários S/A	50.00	50.00	190,170	1,561	188,609	11,910	178,119	5,874	172,245	23,122		
SK XIV Empreendimentos Imobiliários Ltda	50.00	50.00	29,239	16,740	12,499	(17)	137	1	136	(5)		
SK Xxi Empreendimentos Imobiliários Ltda	50.00	50.00	54,112	37,972	16,140	(540)	17,767	3,017	14,750	(291)		
SPE Barbacena Empreendimentos Imobiliários Ltda	50.00	50.00	79,753	30,816	48,937	2,950	69,098	21,506	47,592	2,932		
SPE Brasil Incorporação 83 Ltda	50.00	50.00	56,032	503	55,528	(1,575)	57,152	12,553	44,599	1,390		
SPE CHL Cv Incorporacoes Ltda	50.00	50.00	21,258	1,986	19,272	(1,388)	36,625	24,214	12,411	(1,817)		
Tamoios Empreendimentos Imobiliários SPE Ltda	60.00	60.00	27,211	325	26,886	(1,388)	29,403	600	28,802	804		
Tecnisa S/A	(i)	7.68	9.47	1,825,835	989,639	836,196	-	1,944,129	892,657	1,051,472	-	
Teresopolis Empreendimentos Imobiliários Ltda	80.00	80.00	24,225	12,386	11,839	(222)	24,421	12,360	12,061	(87)		
Topazio Brasil Empreendimentos Imobiliários SPE Ltda	49.90	49.90	36,745	1,232	35,513	5,693	34,210	1,450	32,760	(1,148)		
Torres Vedras Empreendimentos Imobiliários Ltda	80.00	80.00	65,433	33,482	31,951	1,291	94,855	63,023	31,831	(1,034)		
Toulon Empreendimentos Imobiliários SPE Ltda	100.00	100.00	21,301	1	21,300	(1)	21,302	1	21,301	(0)		
Vinson Empreendimentos Imobiliários SPE Ltda	74.51	74.51	148,790	31,077	117,712	(5,564)	163,567	37,421	126,145	(1,072)		
Vnss Empreendimentos Imobiliários SPE S/A	84.95	84.95	26,370	8,335	18,035	576	26,292	8,747	17,545	(12,811)		
Others 570 SPEs with equity up to 10MM			3,090,379	2,582,267	508,112	(166,733)	3,026,721	2,037,403	989,318	(164,491)		
			16,999,143	7,699,196	9,299,948	122,624	17,726,947	7,432,445	10,294,502	215,036		

(i) Change derived from increase/(decrease) in interest.

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

## Explanatory Notes

### c) Foreign investments:

The financial information of the jointly-controlled subsidiary Cyrsa S.A. (headquartered in Argentina), whose functional currency corresponds to the Argentine peso, were converted into Brazilian Real using the exchange rate in force on September 30, 2018 - R\$ 0.0986 (December 31, 2017: R\$0.1755). Effects of this balance sheet translation into the Company's presentation currency are reflected on "Other comprehensive income" in shareholders' equity, represented by R\$ 57,666 as of September 30, 2018.

### Investments in foreign companies

Brazil Realty Serviços e Investimentos Ltda.: This subsidiary is located in Bahamas and, in essence, is an extension of the Company's financial activities; its functional currency is the dollar. It does not have relevant assets and liabilities as of September 30, 2018.

### d) Breakdown of investments presented in consolidated:

	Total Equity interest - %				Shareholder's Equity		Profit (loss) for the period		Investment		Equivalence		
	09/2018		2017		09/2018		09/2017		09/2018		09/2017		
	Total	Direct (iii)	Total	Direct (iii)									
Ak 19 - Empreendimentos E Participações Ltda	26.00	26.00	26.00	26.00	26,884	49,311	(2,030)	(251)	6,990	12,821	(528)	(65)	
Austria Incorporadora Ltda	50.00	50.00	50.00	50.00	37,860	28,953	7,740	660	18,930	14,476	3,870	330	
Bello Villarrinho Empreendimentos Imobiliários Ltda	50.00	50.00	50.00	50.00	14,358	13,810	0	34	7,179	6,905	0	17	
Camargo Correa Cyrela Enpr Im SPE Ltda	50.00	50.00	50.00	50.00	19,979	16,987	(36)	(340)	9,989	8,493	(18)	(170)	
Campos Sales Empreendimentos Imobiliários Ltda	(v)	40.00	40.00	-	35,015	-	-	-	14,006	-	552	-	
Carapa Empreendimentos Imobiliários S/A	(v)	60.00	60.00	-	32,105	-	-	-	19,263	-	(3,464)	-	
CBR 011 Empreendimentos Imobiliários Ltda		32.50	32.50	32.50	44,402	85,003	1,587	10,687	14,431	27,626	516	3,473	
Chr 024 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	168,816	-	-	-	-	-	-	-	
Chr 030 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	142,162	-	-	-	-	-	-	-	
Chr 051 Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	114,939	103,617	(462)	-	57,470	51,808	(231)	-	
Cicsa31 Incorporadora Ltda	(iv)	50.00	50.00	50.00	10,524	2,725	-	3,428	5,262	1,363	3,935	1,714	
Cury Construtora E Incorp S/A	(iv)	50.00	50.00	50.00	312,852	252,726	87,880	65,982	156,426	126,363	43,940	32,991	
Fazenda Sao Joao Empreendimentos Imobiliários SPE Ltda		85.00	85.00	85.00	23,437	23,433	(1)	(2)	19,921	19,918	(1)	(2)	
Forest Hill de Investimento Imobiliária Ltda		50.00	50.00	50.00	10,102	420	(1)	(2)	5,051	210	(0)	(1)	
Galeria Boulevard Negocios Imobiliários S/A		50.00	50.00	50.00	11,796	11,821	-	337	5,898	5,911	(13)	169	
GRC 03 Incorporações e Participações Ltda	(ii)	50.00	50.00	-	10,089	-	(55)	-	5,044	-	(28)	-	
Imperio do Ocidente Incorporações Ltda	(iv)	50.00	50.00	50.00	15,601	15,395	179	8	7,801	7,697	90	4	
Iracema Incorporadora Ltda	(v)	50.00	50.00	-	57,777	-	-	-	28,889	-	(43)	-	
Jacira Reis Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	24,650	31,913	(4,629)	(10,479)	12,325	15,956	(2,314)	(5,240)	
Jardim Loureiro Da Silva Empreendimentos Imobiliários Ltda	(v)	65.00	65.00	-	35,503	-	-	-	23,077	-	(2,174)	-	
Lamballe Incorporadora Ltda	(iv)	40.00	40.00	40.00	33,041	31,470	1,727	7,359	13,216	12,588	691	2,944	
Lb 2017 Empreendimentos E Participações Imobiliárias Ltda	(ii)	12.39	12.39	-	12,691	-	(8)	-	1,572	-	(1)	-	
Living Botucatu Empreendimentos Imobiliários Ltda	(iv)	50.00	50.00	50.00	42,450	24,580	-	6,307	21,225	12,290	9,017	3,153	
Living Talara Empreendimentos Imobiliários Ltda	(iv)	40.00	40.00	40.00	11,745	12,813	(898)	5,449	4,698	5,125	(359)	2,180	
Lucio Brazil Real Estate S/A		50.00	50.00	50.00	36,718	32,918	4,909	(1,478)	18,359	16,459	2,455	(739)	
Mac Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	65,490	155,908	2,830	43,078	32,745	77,954	1,415	21,539	
Magnum Investimento Imobiliária Ltda		30.00	30.00	30.00	12,221	4,225	(0)	(9)	3,666	1,268	(0)	(3)	
Manques de Itu SPE Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	21,019	24,509	(1,381)	303	10,510	12,255	(691)	151	
Moinho Velho Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	12,084	11,928	(3)	(1)	6,042	5,964	(2)	(1)	
Parcon Cyrela Empreendimentos Imobiliários SPE Ltda		50.00	50.00	50.00	14,648	10,822	1,613	(4,705)	7,324	5,411	806	(2,352)	
Queiroz Galvao Mac Cyrela Veneza Empreendimentos Imobiliários S/A		15.00	15.00	15.00	17,831	14,805	3,027	2,360	2,675	2,221	454	354	
Reserva Casa Grande Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	30,528	29,699	6,454	2,878	15,264	14,850	3,227	1,439	
Rge Urbanismo Ltda		50.00	50.00	50.00	28,147	24,958	-	241	14,073	12,479	298	120	
Santo Eliseu Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	10,088	10,896	-	830	5,044	5,448	17	415	
SCP Veredas Baris Fase II		60.00	6.00	60.00	6.00	17,716	758	1,523	1,063	1,031	46	91	
Seattle Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	113,233	106,631	7,788	-	56,617	53,315	3,894	-	
SPE Barbacena Empreendimentos Imobiliários Ltda		50.00	50.00	50.00	48,937	47,592	2,950	2,932	24,469	23,796	1,475	1,466	
SPE Brasil Incorporação 83 Ltda		50.00	50.00	50.00	55,528	44,599	-	1,390	27,764	22,300	(788)	695	
SPE CHL Cv Incorporacoes Ltda		50.00	50.00	50.00	19,272	12,411	-	(1,817)	9,636	6,205	(789)	(909)	
Tamoios Empreendimentos Imobiliários SPE Ltda		60.00	60.00	60.00	26,886	28,802	(1,388)	804	16,132	17,281	(833)	482	
Tecnisa S/A	(i / vi)	7.68	7.68	7.91	7.91	836,196	1,051,472	(73,367)	(345,443)	43,982	56,464	(10,396)	(1,937)
Teresopolis Empreendimentos Imobiliários Ltda		80.00	80.00	80.00	11,839	12,061	(222)	(87)	9,471	9,649	(178)	(70)	
Others 130 SPE's with equity up to 10MM		-	-	-	182,861	287,746	(9,280)	(23,473)	100,108	162,922	(6,988)	(16,102)	
		<b>863,606</b>	<b>836,822</b>	<b>46,859</b>	<b>46,139</b>								

(i) Change derived from increase/(decrease) in interest.

(ii) Refers to formation/entry of new company.

(iii) Corresponds to the stake of the parent company and its subsidiaries that compose the consolidated investments.

(iv) Company controlled by Cury Construtora e Incorporadora S/A.

(v) Change of control, going from subsidiary to associated company.

(vi) Considering the characteristics of significant influence over the investee (CPC 18 (R2) - Investment in Associated Company, Subsidiary, and Joint Ventures), the Company classified the investment as equity interest in a related company, and the equity income of subsidiaries was recognized as net of fair value adjustment. The Company calculated adjustment to fair value (CPC 15 – Business Combination) considering dates of admission to Tecnisa on August 25, 2016 and April 27, 2017.

## Explanatory Notes

### e) Investment recorded at fair value

The Company's interest in Cyrela Commercial Properties S/A Empreendimentos e Participações was recognized as investment at fair value, in line with CPC 48 (IFRS 09) - Financial Instruments, since there is no significant influence on Investee's relevant decisions. As of September 30, 2018, the investment totaled R\$ 19,215 (R\$ 16,766 as of December 31, 2017) considering 1,883,805 shares held by the Company and marked-to-market per share of R\$ 10.20, pursuant to the last closing date on September 29, 2018.

## 8. PROPERTY, PLANT AND EQUIPMENT

Changes are shown below:

Cost:	Individual						Total
	Machinery and Equipments	Furniture and Fixtures	Computers	Facilities	Company Cars	Leasehold improvements (i)	
Balance at 12.31.2016	1,498	5,917	11,104	374	92	24,220	43,205
Additions	19	4	173	-	-	1,727	1,923
Balance at 12.31.2017	1,517	5,921	11,277	374	92	25,947	45,128
Balance at 12.31.2017	1,517	5,921	11,277	374	92	25,947	45,128
Additions	-	-	19	-	-	3,410	3,429
Decrease	(160)	-	-	-	-	-	(160)
Balance at 09.30.2018	1,357	5,921	11,296	374	92	29,357	48,397

Depreciation:	Individual						Total
	10% pa. - Machinery and Equipments	10% pa. - Furniture and Fixtures	20% pa. - Computadors	10% pa. - Facilities	20% pa. - Company Cars	Leasehold improvements (i)	
Balance at 12.31.2016	(1,020)	(4,307)	(10,151)	(247)	(92)	(16,816)	(32,633)
Depreciation	(248)	(629)	(515)	(47)	-	(1,687)	(3,126)
Balance at 12.31.2017	(1,268)	(4,936)	(10,666)	(294)	(92)	(18,503)	(35,759)
Balance at 12.31.2017	(1,268)	(4,936)	(10,666)	(294)	(92)	(18,503)	(35,759)
Depreciation	(47)	(296)	(275)	(40)	-	(1,852)	(2,511)
Decrease	98	-	-	-	-	-	98
Balance at 09.30.2018	(1,217)	(5,232)	(10,941)	(334)	(92)	(20,355)	(38,172)

Residual balance at 12.31.2016	478	1,610	953	127	-	7,404	10,572
Residual balance at 12.31.2017	250	984	611	80	-	7,444	9,369
Residual balance at 09.30.2018	140	688	355	39	-	9,002	10,225

Cost:	Consolidated							Total
	Machinery and Equipments	Furniture and Fixtures	Computers	Facilities	Company Cars	Leasehold improvements (i)	Sales booth (ii)	
Balance at 12.31.2016	5,761	13,976	17,890	1,083	162	37,277	566,199	642,348
Additions	-	4,036	-	-	-	4,146	22,013	30,195
Decrease	(202)	-	(854)	-	-	-	(9,818)	(10,874)
Balance at 12.31.2017	5,559	18,012	17,036	1,083	162	41,423	578,394	661,669
Balance at 12.31.2017	5,559	18,012	17,036	1,083	162	41,423	578,394	661,669
Additions	122	1,259	19	2	-	4,394	41,480	47,276
Decrease	(17)	(1,885)	-	(2)	-	-	(4,888)	(6,792)
Balance at 09.30.2018	5,664	17,386	17,055	1,083	162	45,817	614,986	702,153

Depreciation:	Consolidated							Total
	10% pa. - Machinery and Equipments	10% pa. - Furniture and Fixtures	20% pa. - Computadors	10% pa. - Facilities	20% pa. - Company Cars	Leasehold improvements (i)	Sales booth (ii)	
Balance at 12.31.2016	(3,958)	(9,263)	(15,949)	(738)	(151)	(24,095)	(502,504)	(556,658)
Depreciation	(487)	(1,266)	66	(138)	(9)	(3,787)	(38,231)	(43,852)
Balance at 12.31.2017	(4,445)	(10,530)	(15,883)	(876)	(160)	(27,882)	(540,735)	(600,510)
Balance at 12.31.2017	(4,445)	(10,530)	(15,883)	(876)	(160)	(27,882)	(540,735)	(600,510)
Depreciation	(176)	-	(467)	(110)	(2)	(2,782)	(33,787)	(37,325)
Decrease	-	653	-	-	-	-	-	653
Balance at 09.30.2018	(4,621)	(9,876)	(16,350)	(986)	(162)	(30,664)	(574,522)	(637,182)

Residual balance at 12.31.2016	1,803	4,713	1,941	345	11	13,182	63,695	85,690
Residual balance at 12.31.2017	1,114	7,483	1,153	207	2	13,541	37,659	61,159
Residual balance at 09.30.2018	1,043	7,510	705	97	-	15,153	40,464	64,972

- (i) The expenses are appropriated to P/L according to the term of lease of the properties, ranging from three to five years.  
(ii) The depreciation is made according to the useful life of the assets, with average term of 24 months used during the year of sale of the joint ventures and recorded in the result under the caption "Sales Expenses".

## Explanatory Notes

As of September 30, 2018 and December 31, 2017, no assets requiring provision for impairment were identified.

### 9. INTANGIBLE ASSETS

Changes are shown below:

Cost:	Individual					
	Trademarks and patents	Implementation costs	Software license	Sub-total	Goodwill	Total
Balance at 12.31.2016	37	72,763	25,214	98,014	139,624	237,638
Additions	-	26	165	191	-	191
Balance at 12.31.2017	37	72,789	25,379	98,205	139,624	237,829
Balance at 12.31.2017	37	72,789	25,379	98,205	139,624	237,829
Additions	-	-	-	-	3,093	3,093
Decrease	-	(2)	-	(2)	-	(2)
Balance at 09.30.2018	37	72,787	25,379	98,203	142,717	240,920

Amortization:	Individual					
	Trademarks and patents	14% p.a. - Implementation cost	20% p.a. - Software license	Sub-total	Goodwill	Total
Balance at 12.31.2016	-	(35,805)	(17,352)	(53,157)	(107,054)	(160,211)
Amortization	-	(9,695)	(1,718)	(11,413)	(24,014)	(35,427)
Balance at 12.31.2017	-	(45,500)	(19,070)	(64,570)	(131,068)	(195,638)
Balance at 12.31.2017	-	(45,500)	(19,070)	(64,570)	(131,068)	(195,638)
Amortization	-	(8,713)	(2,209)	(10,922)	(175)	(11,097)
Balance at 09.30.2018	-	(54,213)	(21,279)	(75,492)	(131,243)	(206,735)
Residual balance at 12.31.2016	37	36,958	7,862	44,857	32,570	77,427
Residual balance at 12.31.2017	37	27,289	6,309	33,635	8,556	42,191
Residual balance at 09.30.2018	37	18,574	4,101	22,711	11,474	34,186

Cost:	Consolidated					
	Trademarks and patents	Implementation costs	Software license	Sub-total	Goodwill	Total
Balance at 12.31.2016	72	89,621	43,079	132,772	130,867	263,639
Additions	-	98	-	98	745	843
Decrease	-	-	(4,414)	(4,414)	-	(4,414)
Balance at 12.31.2017	72	89,719	38,665	128,456	131,612	260,068
Balance at 12.31.2017	72	89,719	38,665	128,456	131,612	260,068
Additions	2	-	155	157	2,348	2,505
Decrease	-	(3)	(116)	(119)	-	(119)
Balance at 09.30.2018	74	89,716	38,704	128,494	133,960	262,454

Amortização:	Consolidated					
	Trademarks and patents	14% p.a. - Implementation cost	20% p.a. - Software license	Sub-total	Goodwill	Total
Balance at 12.31.2016	-	(48,349)	(31,429)	(79,778)	(117,797)	(197,575)
Amortization	-	(10,982)	(661)	(11,643)	(11,039)	(22,682)
Balance at 12.31.2017	-	(59,331)	(32,090)	(91,421)	(128,836)	(220,257)
Balance at 12.31.2017	-	(59,331)	(32,090)	(91,421)	(128,836)	(220,257)
Amortization	-	(9,688)	(1,810)	(11,498)	(175)	(11,673)
Balance at 09.30.2018	-	(69,019)	(33,900)	(102,919)	(129,011)	(231,930)
Residual balance at 12.31.2016	72	41,272	11,650	52,994	13,069	66,063
Residual balance at 12.31.2017	72	30,388	6,575	37,034	2,775	39,809
Residual balance at 09.30.2018	74	20,697	4,804	25,575	4,948	30,523

## Explanatory Notes

Asset gains balances have a defined useful life according to the construction of the joint ventures, and are allocated to the headings of “Real Estate to be Sold” in the consolidated financial information, and at the parent company, are in the Intangible Assets group.

As of September 30, 2018 and December 31, 2017, no assets requiring provision for impairment were identified.

For other intangibles, Management periodically reviews the useful life of the Company’s intangible assets.

The analytical movement of asset gains balances with defined useful lives is shown below:

	<u>Individual</u>			
	<u>Balance at 12.31.2017</u>	<u>Goodwill</u>	<u>Amortization</u>	
<b>Goodwill in the Company</b>				
Spe Mg 02 Empreendimentos Imobiliários Ltda	4,410	-	-	4,410
Spe Mg 01 Empreendimentos Imobiliários Ltda	-	-	-	-
Spe Mg 03 Empreendimentos Imobiliários Ltda	3,289	-	-	3,289
Spe Barbacena Empreendimentos Imobiliários S/A	850	-	(168)	682
Cyma Desenvolvimento Imobiliario S/A	-	1,606	-	1,606
Trimmo Emp e Participações S/A	-	1,487	-	1,487
Others goodwill up to 500 thousands	7	-	(7)	0
<b>Total</b>	<b>8,556</b>	<b>3,093</b>	<b>(175)</b>	<b>11,474</b>
<b>Consolidated</b>				
	<u>Balance at 12.31.2017</u>	<u>Goodwill</u>	<u>Amortization</u>	<u>Balance at 09.30.2018</u>
<b>Goodwill in the Company</b>				
Cyma Desenvolvimento Imobiliario S/A	745	861	-	1,606
Living Sul Empreendimentos imobiliarios Ltda	1,175	-	-	1,175
Spe Barbacena Empreendimentos Imobiliários S/A	850	-	(168)	680
Trimmo Emp e Participações S/A	-	1,487	-	1,487
Others goodwill up to 500 thousands	7	-	(7)	-
<b>Total</b>	<b>2,775</b>	<b>2,348</b>	<b>(175)</b>	<b>4,948</b>

## 10. LOANS AND FINANCING

	<u>Individual</u>		<u>Consolidated</u>	
	<u>09/2018</u>	<u>2017</u>	<u>09/2018</u>	<u>2017</u>
Loans - principal	892,504	443,003	1,004,528	574,471
Interest payable - Loans	16,197	10,160	18,472	12,231
Transaction costs - Loans	(2,254)	(2,316)	(2,254)	(2,316)
Financing - principal	53,593	-	878,524	1,527,216
Interest Payable - Financing	292	-	3,192	6,059
Net Interests- Swap (i)	(5,445)	(4,217)	(5,445)	(4,217)
	<b>954,887</b>	<b>446,630</b>	<b>1,897,017</b>	<b>2,113,444</b>
<b>Current</b>	<b>352,325</b>	<b>104,501</b>	<b>590,028</b>	<b>930,347</b>
<b>Noncurrent</b>	<b>602,562</b>	<b>342,129</b>	<b>1,306,989</b>	<b>1,183,097</b>

## Explanatory Notes

As of September 30, 2018, financing of R\$ 878,524 (R\$ 1,527,216 on December 31, 2017) corresponds to real estate loan agreements, subject to interest rates between 8.30% and 9.75% per annum, plus TR (Reference Rate). They have early maturity clauses in case of non-compliance with the commitments assumed therein, such as the investment of the resources in the object of the agreement, registration of the mortgage of the joint venture, compliance with the construction timetables, and others. The financing guarantees are comprised of collateral of receivables, representing 120% to 130% of the loan amounts, mortgage of the land and future units, as well as the Company's surety.

As of June 8, 2015, the Company contracted a Fixed Rate x DI swap at a pre rate of 10.52% p.a. (asset position), and a rate of 85.03% of CDI (liability position). This transaction is related to debt in the amount of R\$ 208,401, as mentioned in item (i) above and has the same maturity dates. As of September 30, 2018, the accounting position of such swap was R\$ 3,418 receivable.

As of February 1, 2016, the Company contracted a Fixed Rate x DI swap at a pre rate of 10.59% p.a. (asset position), and a rate of 71.86% of CDI (liability position). This transaction is related to debt in the amount of R\$ 134,102, as mentioned in item (i) above and has the same maturity dates. As of September 30, 2018, the accounting position of such swap was R\$ 1,429 receivable.

On December 22, 2017, a Swap transaction was contracted; the Company in asset position at fixed rate of 8.3% p.a. and liability position at 88.7% of CDI. This transaction corresponds to construction financing debt contracted in the same period. As of September 30, 2018, the accounting position of such swap was R\$ 124 receivable. Loans in domestic currency are represented by:

<b>Issue</b>	<b>09/2018</b>	<b>2017</b>	<b>Rate</b>
dec-13	20,000	35,000	CDI + 0.703%
dec-13	91,547	95,569	TJLP + 3.78%
apr-14	87	350	3.5% p.a
apr-14	-	100,000	TR + 8.75%
may-14	-	500	112% CDI
may-15	208,401	208,401	TR + 9.72%
jun-15	120	188	6% p.a
dec-15	270	361	9.5% p.a
feb-16	134,102	134,102	TR + 10.59%
jun-18	300,000	-	110% CDI
ago-18	100,000	-	104% CDI
sep-18	150,000	-	110% CDI
<b>Total</b>	<b>1,004,527</b>	<b>574,471</b>	

Interest on loans from real estate loan agreements, eligible for capitalization to inventories, net of yield from interest earning bank deposits totaled in the period ended September 30, 2018 totaled R\$ 68,413 (R\$ 136,181 on September 30, 2017).

## Explanatory Notes

The amounts of non-current liabilities are broken down by year of maturity as shown below:

Year	Individual		Consolidated	
	09/2018	2017	09/2018	2017
2019	(90)	342,129	32,081	575,683
2020	131,895	-	413,661	331,416
2021	275,515	-	473,802	166,193
2022	195,242	-	294,562	57,362
2023	-	-	50,924	11,734
2024 to 2027	-	-	41,959	40,709
<b>Total</b>	<b>602,562</b>	<b>342,129</b>	<b>1,306,989</b>	<b>1,183,097</b>

Changes in the balances are as follows:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>Opening balance</b>	<b>446,630</b>	<b>612,947</b>	<b>2,113,444</b>	<b>2,870,821</b>
Additions	603,778	-	995,594	917,733
Principal repayment	(104,184)	(165,564)	(1,201,352)	(1,576,738)
Interest paid	(23,611)	(51,941)	(105,371)	(247,063)
Interest and charges	32,275	51,188	94,702	148,691
<b>Closing balance</b>	<b>954,888</b>	<b>446,630</b>	<b>1,897,017</b>	<b>2,113,444</b>

## Covenants

Some loan agreements mentioned above have covenants that determine maximum levels of indebtedness and leverage, as well as minimum levels of coverage of installments falling due, which must be met on a quarterly basis. Below, we demonstrate the required indices:

	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

All contractual clauses were addressed as of September 30, 2018.

**Explanatory Notes**

## 11. DEBENTURES (INDIVIDUAL AND CONSOLIDATED)

a) The summary of the characteristics and the balances of the debentures shown below:

	<b>Cyma 01</b>	<b>CYRE10</b>
Series issued	First	First
Type of issuance	Simple	Simple
Nature of issuance	Private	Public
Issuance date	10/31/2017	07/31/2018
Maturity date	10/31/2022	07/17/2020
Type of debenture	Unsecured	Unsecured
Yield	0.3% of net units sales revenue from Klabin Cyma Development	102% CDI
Par Value (unit)	500	1,000
Securities issued (unit)	8	150,000
Securities outstanding (unit)	8	150,000
Type of interest payment (unit)	-	0
Type of interest payment	6 months after maturity	Six-monthly
Amortization installments	1	1

Consolidated		
<b>Balance:</b>	<b>09/2018</b>	<b>09/2018</b>
	<b>CYRE 10</b>	<b>CYMA 01</b>
Debentures payable	150,000	4,000
Interest over Debentures payable	1,588	572
Transaction cost - Debentures	(300)	
	<b>151,288</b>	<b>4,572</b>
<b>Current</b>	<b>1,288</b>	<b>572</b>
<b>Noncurrent</b>	<b>150,000</b>	<b>4,000</b>

The debentures may be redeemed in advance, at the sole discretion of the Company. The Company may also acquire debentures circulating on the market, subject to current legislation.

The balances of non-current liabilities are broken down as follow:

<b>Year</b>	<b>09/2018</b>	<b>2017</b>
48 months	154,000	4,000
<b>Total</b>	<b>154,000</b>	<b>4,000</b>

## Explanatory Notes

Changes in the “Debentures” balance are shown below:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>Opening balance</b>	<b>44,450</b>	<b>45,640</b>	<b>48,555</b>	<b>45,640</b>
Additions	150,000	-	150,000	4,000
Principal repayment	(42,630)	-	(42,630)	-
Interest payment	(3,437)	(5,594)	(3,437)	(5,594)
Interest and charges	2,905	4,404	3,372	4,509
<b>Closing balance</b>	<b>151,288</b>	<b>44,450</b>	<b>155,860</b>	<b>48,555</b>

### b) Contract clauses

Debentures issuance deed CYMA 01 presents clauses that determine early maturity in case of Issuer’s bankruptcy or court-ordered reorganization claims.

On July 17, 2018, the Company made its 10th issuance of simple CYRE 10 debentures, non-convertible into book-entry, registered and unsecured shares in a single series for public distribution with restricted efforts amounting to R\$ 150,000. Debentures will mature in 731 days counted as of Issuance Date, maturing on July 17, 2020 and full amortization on maturity date. The Debentures will be entitled to a remuneration considering compensation interest at 102% from the daily accumulated average-rate change in Interbank Deposits (DI) of one day, extra-group, as a percentage to the year 7, basis 252 Business Days, daily calculated and disclosed by B3, paid half-yearly, in January and July of each year, with the first payment due on January 17, 2019 and the last payment on the maturity date.

Private instrument for issuance of debentures has covenants, determining maximum levels of indebtedness and leverage, as well as minimum levels of coverage of installments falling due and costs to be incurred.

These contractual clauses were fully addressed in the year ended September 30, 2018.

## 12. CERTIFICATES OF REAL ESTATE RECEIVABLE - CRI (PARENT COMPANY AND CONSOLIDATED)

### a) Brazil Realty Companhia Securitizadora de Créditos Imobiliários S/A (“Securitizadora”)

On September 14, 2011, Securitizadora carried out its 1st series of the 1st issuance of CRI operations, approved at a meeting of the Board of Directors held on February 23, 2011. On September 30, 2016, Securitizadora carried out the 5th issue of CRI, approved at a meeting of the Board of Directors held on September 30, 2016. As of December 6, 2016, the Securitization Company carried out the 6th issuance of CRI approved in Board of Directors’ Meeting held on December 06, 2016. As of December 21, 2016, the Securitization Company carried out the 7th issuance of CRI approved in Board of Directors’ Meeting held on December 21, 2016. On May 09, 2018, Securitizadora carried out the 8th issuance of CRI, approved at a meeting of the Board of Directors held on May 08, 2018.

## Explanatory Notes

The placement of the CRIs on the market of the 1st series of the 1st issuance occurred through the public offering of 900 nominative and book-entry CRIs with a unit value of R\$ 300, totaling R\$ 270,000; the 5th issuance with 150,000 nominative and book-entry CRIs, with a unit value of R\$ 1, totaling R\$ 150,000; the 6th issuance with 200,000 nominative and book-entry CRIs with a unit value of R\$ 1, totaling R\$ 200,000; the 7th issuance of 30,000 nominative and book-entry CRIs with a unit value of R\$ 1, totaling R\$ 30,000, and the 8th issuance of 390,000 nominative and book-entry CRIs with a unit value of R\$ 1, totaling R\$ 390,000. As defined in the Terms of Securitization of Real Estate Credit, the CRIs of the 1st issuance is guaranteed by the lien of:

- Credit rights arising from the sale of real estate development units owned by the fiduciary assignor (investees of the Parent Company) and of the Company, rights and amounts deposited by the purchasers of the real estate units, by the fiduciary assignor or by the Parent Company, in bank accounts specifically designated for the receipt of such amounts, pursuant to the agreement on fiduciary assignment.

The CRIs of the 1st issuance are leveraged by real estate credits arising from CCBs issued by the Company, the CRIs of the 5th, 6th and 8th issuances are leveraged by real estate credits arising from Debentures issued by the Company, and the CRIs of the 7th issuance are leveraged by real estate credits arising from a CCB issued by Plano & Plano Desenvolvimento Imobiliário Ltda., all real estate credits are represented by a Real Estate Credit Bill - CCI, which were acquired by Securitizadora pursuant to Law 10.931/04 (“Real Estate Credits”) by means of private instrument regarding a real estate credit assignment agreement. Securitizadora established the “Fiduciary Regime” on Real Estate Credits, in accordance with the Term of Securitization, pursuant to article 9th of Law 9.514/97, with the appointment of Pentágono S.A. Distributor of Securities as a fiduciary agent. The Real Estate Credits and the Guarantee subject to the Fiduciary Regime will be detached from the shareholder’s equity of the subsidiary and will become separate assets, specifically for the payment of CRIs and other obligations related to the Fiduciary Regime, pursuant to article 11 of Law 9.514/97. The CRIs were admitted to negotiation in the CETIP 21 System of CETIP S.A. - Organized Counter of Assets and Derivatives and, in the Bovespafix System of B3 S.A. - Bolsa de Valores, Mercadorias e Futuros, respectively.

## Explanatory Notes

The main characteristics of the 1st, 5th, 6th, 7th and 8th issuances, are:

Features	1st series from 1st issue (i)	1st series from 5th issue (iii)
Issue date	06/14/2011	09/30/2016
Amortization date	Half-yearly interests and principal amount on 1st June, 2023.	December 06, 2018.
Unit face value on the issue date	300	1
Amount of disclosed certificates	900	150,000
Remuneration	There will no be monetary update and will be interests over the unit face value balance, since issue date, corresponding the rate of 107% multiplied by DI rate evaluated and showed by CETIP.	The remuneratory interests corresponding to 98% (ninety eighth percent) of DI rate evaluated and showed by CETIP.
Retrocession	None	None
Restrictive contractual terms	The minimum hedge index calculation is realized by the ratio between (a) related account balances multiplied by 1.1, summed with the amount equivalent to the outstanding balance of real estate credit rights (b) the obligations guarantee outstanding balance on the calculus date. Tha ratio income should be equal or greater than 110%.	The non-compliance of any financial index to calculated quarterly by the debtor considering its audited consolidated financial statements from every quarter ending on corresponding period, and validated by Securitization, five day before the calculus sent by the Debtor. a. the ratio between (A) the Liquid debit and payables properties; and (B) Equity; should be always equal or greater than 0.80 (eigh hundredth); b. the ratio between (A) the total of trade receivables and properties for sale; and (B) the sum of Liquid Debit, Payable properties and Costs and Expenses to be appropriated., should be equal or greater than 1.5 (one and half) or lower than 0 (zero); and c. The ratio between (A) EBIT and (B) Net Financial Expenses. should be equal or greater than 1.5 (one and half) or lower than 0 (zero). In additional the EBIT should be greater than zero.

Features	1st and 2nd series of the 6th is issue - code (i)	1st series of the 7th - code (i)	1st series from 8th issue (i / ii)
Issue date	12/06/2016	12/21/2016	05/09/2018
Amortization date	1st series: December 15, 2017 2nd serie: September, 17, October 15 and November 15, 2018.	December 14, 2018.	June 09, 2020, June 09, 2021 and 09 June 09, 2022.
Unit face value on the issue date	1	1	1
Amount of disclosed certificates	200,000	30,000	390,000
Remuneration	The remuneratory interests corresponding to 98% (ninety eighth percent) of DI rate evaluated and showed by CETIP.	The remuneratory interests corresponding to 100% (one hundred percent) of DI rate evaluated and showed by CETIP.	The remuneratory interests corresponding to 102% (one hundred and two percent) of DI rate evaluated and showed 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;

- (i) The default of receivables linked to the issuance of the CRI does not have any impact on the operation, since the receivables are only a guarantee of future payment.
- (ii) Risk rating: On July 2, 2018, the Company obtained a rating of Ba2 (global scale) and Aa3.br (national scale), through a rating agency. As per CVM Instruction No. 414/04, the Company monitors the risk rating reports of the securitization operations every three months, since the aforementioned Instruction requires this restatement for operations with a unit par value equal to or greater than R\$ 300.

## Explanatory Notes

(iii) Risk rating: on May 07, 2018, the rating agency Standard & Poor's maintained the 'brAA- (sf)' risk rating assigned to the 1st series of the 5th issuance of CRIs. The risk classification of the issuance must exist during the entire duration of the CRIs, and such classification should be updated quarterly in accordance with the provisions of article 7, paragraph 7 of CVM Instruction 414/04.

### b) Gaia Securitizadora S/A (“Gaia”)

CRI's of Gaia's fourth issuance of the 102<sup>nd</sup> and 103<sup>rd</sup> series are backed by receivables portfolio acquired by Gaia, which, on its turn, issued 256 per Real Estate Credit Notes (CCI) in conformity with Law 10.931/04 (“Real Estate Credits”). Gaia established the “Fiduciary Regime” on Real Estate Credits, in accordance with the Term of Securitization, pursuant to article 9 of Law 9.514/97, with the appointment of Pentágono S.A. Distributor of Securities as a fiduciary agent. The Real Estate Credits and the Guarantee subject to the Fiduciary Regime will be detached from the shareholders' equity of Gaia and will become separate assets, specifically for the payment of CRIs and other obligations related to the Fiduciary Regime, pursuant to article 11 of Law 9.514/97. CRI's were accepted for negotiation in CETIP 21 System of B3.

The placement of the CRIs in the market occurred through a public offer of 792 registered and book-entry senior CRIs (102<sup>nd</sup> series), with par value of R\$ 100, totalling R\$ 79,210, and 210 registered and book-entry subordinated CRIs (103<sup>rd</sup> series), with par value of R\$ 100, totaling R\$ 21,056, fully acquired by the Company. The Senior CRIs have preference in receiving interest, principal and late payment charges incurred in relation to Subordinated CRIs. Accordingly, Subordinated CRIs can not be redeemed by the Issuer prior to the full redemption of Senior CRIs.

CRI's of Gaia's fourth issuance of the 109<sup>th</sup> and 110<sup>th</sup> series are backed by receivables portfolio acquired by Gaia, which, on its turn, issued 147 per Real Estate Credit Notes (CCI) in conformity with Law 10931/04 (“Real Estate Credits”). Gaia established the “Fiduciary Regime” on Real Estate Credits, in accordance with the Term of Securitization, pursuant to article 9 of Law 9.514/97, with the appointment of Pentágono S.A. Distributor of Securities as a fiduciary agent. The Real Estate Credits and the Guarantee subject to the Fiduciary Regime will be detached from the shareholders' equity of Gaia and will become separate assets, specifically for the payment of CRIs and other obligations related to the Fiduciary Regime, pursuant to article 11 of Law 9.514/97. CRI's were accepted for negotiation in CETIP 21 System of B3.

The placement of the CRIs in the market occurred through a public offer with restricted efforts of 802 registered and book-entry senior CRIs (109<sup>th</sup> series), with par value of R\$ 126.23, totalling R\$ 101,234, and 213 registered and book-entry subordinated CRIs (110<sup>th</sup> series), with par value of R\$ 126.34, totaling R\$ 26,910, fully acquired by the Company. The Senior CRIs have preference in receiving interest, principal and late payment charges incurred in relation to Subordinated CRIs. Accordingly, Subordinated CRIs can not be redeemed by the Issuer prior to the full redemption of Senior CRIs.

## Explanatory Notes

Features	102nd serie of the 4th issue	103rd serie of 4th issue	109th serie of 4th issue	110th serie of 4th issue
Issue date	07/06/2017	07/06/2017	06/20/2018	06/20/2018
Amortization date	Monthly as per Annex II to the Securitization Terms		Monthly as per Annex II to the Securitization Terms	
Unit par value on insurance	100.01	100.27	126.23	126.34
Remuneration	Interest at 100% of the D1 rate and increased by a spread of 1.2% p.a	Interest at 100% of de D1 rate and increased by a spread of 5% p.a	Interest at 100% of the D1 rate and increased by a spread of 1.2% p.a	Interest at 100% of de D1 rate and increased by a spread of 5% p.a
Retraction	None		None	
Restrictive Covents	Payment of Senior CRI: The Resources of payments and prepayments of Total Loans will be used, in full and in accordance with the Cascade of Payments, for the exclusive payment of the Senior CRI ("Senior CRI Payment"), whenever (i) the sum of total amounts received in the period, is greater than or equal to 80% (eighty percent) ("Payment Event of the Senior CRI") Payment of the Subordinated CRI: Observed the Cascade of Payments, the resources of the payments and prepayments of the Real Estate Credits Due to the Subordinated CRI will be retained in the Centralizing Account if it is verified monthly hat the ratio between (i) the value of the payment due to the Senior CRI in the period, and (ii) the sum of the total amounts received in the period is less than 80% (eighty percent) and greater or equal to 77.50% (seventy-seven whole and fifty hundredths percent) during the respective month, as verified by the Issuer ("Subordinated CRI Payment Event"). The resources held in the Centralizing Account, as provided in item 8.5 above, will be used to pay the Subordinated CRI ("Payment of Subordinated CRI") whenever: (i) the ratio of (i) the amount of the payment due to the CRI Seniors in the period, and (ii) the sum of total amounts received in the period, is less than 77.50% (seventy-seven whole and fifty hundredths percent) during the respective month, as verified by the Issuer, and (ii) the following equation is complied with, respecting the payment dates established in the current Table: NPV CRI Senior / NPV ≤ 80%.		Payment of Senior CRI: The Resources of payments and prepayments of Total Loans and the Cyrela CCI real estate loans issued will be used, in full and in accordance with the Cascade of Payments, for the exclusive payment of the Senior CRI ("Senior CRI Payment"), whenever (i) the sum of total amounts received in the period, is greater than or equal to 80% (eighty percent) ("Payment Event of the Senior CRI") Payment of the Subordinated CRI: Observed the Cascade of Payments, the resources of the payments and prepayments of the Real Estate Credits and the Cyrela CCI real estate loans issued Due to the Subordinated CRI will be retained in the Centralizing Account if it is verified monthly hat the ratio between (i) the value of the payment due to the Senior CRI in the period, and (ii) the sum of the total amounts received in the period is less than 80% (eighty percent) and greater or equal to 77.50% (seventy-seven whole and fifty hundredths percent) during the respective month, as verified by the Issuer ("Subordinated CRI Payment Event"). The resources held in the Centralizing Account, will be used to pay the Subordinated CRI ("Payment of Subordinated CRI") whenever: (i) the ratio of (i) the amount of the payment due to the CRI Seniors in the period, and (ii) the sum of total amounts received in the period, is less than 77.50% (seventy-seven whole and fifty hundredths percent) during the respective month, as verified by the Issuer, and (ii) the following equation is complied with, respecting the payment dates established in the current Table: NPV CRI Senior / NPV ≤ 80%.	

### c) Balances, maturities and changes in CRIs

The funds obtained through the subscription of CRIs were used exclusively to pay the amount of the assignment of the receivables portfolio. The risks and benefits of the Real Estate Credits remain with the economic group; thus, the consolidated balance in liabilities, reported in the financial information, can be demonstrated as follows:

Issue	Individual					
	09/2018			2017		
	Balance	Interest payable	Total	Balance	Interest payable	Total
1st serie of the 1st - code 11F0013690	43,200	977	44,177	43,200	262	43,462
1st serie of the 5th - code 16I0999367	150,000	3,029	153,029	150,000	751	150,751
less: CRI issuance costs	(160)	-	(160)	(844)	-	(844)
1st and 2nd serie of the 6th issue - code 16L0074259 e 16L0074261	66,670	185	66,855	100,000	259	100,259
less: CRI issuance costs	-	-	-	-	-	-
102nd serie of 4th issue - code 17G0848381	23,091	89	23,180	30,287	123	30,410
less: CRI issuance costs	-	-	-	-	-	-
103rd serie of 4th issue - code 17G0848382	-	-	-	9,691	1,344	11,035
1st serie of the 8th issue - code 18E0907339	390,000	7,104	397,104	-	-	-
less: CRI issuance costs	(6,442)	-	(6,442)	-	-	-
109th serie of 4th issue - code 18F0924515	79,235	176	79,411	-	-	-
less: CRI issuance costs	-	-	-	-	-	-
	<b>745,594</b>	<b>11,560</b>	<b>757,154</b>	<b>332,334</b>	<b>2,739</b>	<b>335,073</b>
<b>Current</b>	<b>234,564</b>	<b>11,560</b>	<b>246,124</b>	<b>258,662</b>	<b>2,739</b>	<b>261,401</b>
<b>Noncurrent</b>	<b>511,030</b>	<b>-</b>	<b>511,030</b>	<b>73,672</b>	<b>-</b>	<b>73,672</b>

**Explanatory Notes**

Issue	Consolidated					
	09/2018			2017		
	Balance	Interest payable	Total	Balance	Interest payable	Total
1st serie of the 1st - code 11F0013690	43,200	977	<b>44,177</b>	43,200	262	<b>43,462</b>
1st serie of the 5th - code 16I0999367	150,000	3,029	<b>153,029</b>	150,000	751	<b>150,751</b>
<b>less:</b> CRI issuance costs	(160)	-	<b>(160)</b>	(844)	-	<b>(844)</b>
1st and 2nd serie of the 6th issue - code 16L0074259 e 16L0074261	66,670	185	<b>66,855</b>	100,000	259	<b>100,259</b>
1st serie of the 7th issue - code 16L0195217	30,000	566	<b>30,566</b>	30,000	87	<b>30,087</b>
<b>less:</b> CRI issuance costs	-	-	-	-	-	-
102nd serie of 4th issue - code 17G0848381	50,394	89	<b>50,483</b>	65,802	123	<b>65,925</b>
<b>less:</b> CRI issuance costs	-	-	-	-	-	-
103rd serie of 4th issue - code 17G0848382	-	-	-	21,058	1,343	<b>22,401</b>
1st serie of the 8th issue - code 18E0907339	390,000	7,104	<b>397,104</b>	-	-	-
<b>less:</b> CRI issuance costs	(6,442)	-	<b>(6,442)</b>	-	-	-
109th serie of 4th issue - code 18F0924515	100,219	176	<b>100,395</b>	-	-	-
<b>less:</b> CRI issuance costs	-	-	-	-	-	-
	<b>823,881</b>	<b>12,126</b>	<b>836,007</b>	<b>409,216</b>	<b>2,825</b>	<b>412,041</b>
<b>Current</b>	<b>279,643</b>	<b>12,126</b>	<b>291,769</b>	<b>302,151</b>	<b>2,825</b>	<b>304,976</b>
<b>Noncurrent</b>	<b>544,238</b>	<b>-</b>	<b>544,238</b>	<b>107,065</b>	<b>-</b>	<b>107,065</b>

The balances of non-current liabilities are broken down as follow:

Year	Individual		Consolidated	
	09/2018	2017	09/2018	2017
2019	12,325	8,510	20,622	19,950
2020	144,219	6,284	152,441	14,411
2021	141,859	4,671	147,347	9,509
2022	139,065	3,527	142,589	6,648
2023 to 2027	73,562	50,680	81,239	56,547
<b>Total</b>	<b>511,030</b>	<b>73,672</b>	<b>544,238</b>	<b>107,065</b>

## Explanatory Notes

The movements of the balances are shown below:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>Opening balance</b>	<b>335,073</b>	<b>477,937</b>	<b>412,041</b>	<b>507,203</b>
Additions	469,235	115,456	490,219	168,180
Principal repayment	(50,342)	(255,567)	(69,793)	(261,411)
Interest payment	(15,576)	(51,872)	(16,528)	(55,640)
Interest and charges	18,763	49,119	20,069	53,709
<b>Closing balance</b>	<b>757,153</b>	<b>335,073</b>	<b>836,008</b>	<b>412,041</b>

### 13. CREDITS RECEIVABLE AND OBLIGATIONS PAYABLE WITH RELATED PARTIES

#### a) Loan operations with related parties to finance civil works

The balances of the loan operations maintained with related parties have no predetermined maturity and are not subject to financial charges, except those signed with the joint ventures, when indicated.

Balances in parent company and consolidated financial information is presented as follows:

	Individual				Consolidated			
	Credits receivable with related parties		Obligations payable with related parties		Credits receivable with related parties		Obligations payable with related parties	
	09/2018	2017	09/2018	2017	09/2018	2017	09/2018	2017
Alegre Emp Imob Spe Ltda.	-	-	-	-	-	-	1,498	-
Angra Dos Reis Empreendimentos Imobiliários Ltda	8	11	1,794	1,412	7,682	-	8,850	1,455
Arizona Investimento Imobiliária Ltda	-	175	-	5,934	-	175	-	5,934
Batel Empreendimentos Imobiliários Ltda	0	44	-	-	744	-	-	-
Bko Desen Imob Xviii Ltda	30	1,176	-	-	30	1,176	-	-
Carcavelos Empreendimentos Imobiliários Ltda	-	-	3,636	752	-	-	3,636	752
Cbr 011 Empreendimentos I	3,250	-	-	-	3,250	-	-	-
Cbr 014 Empreendimentos Imobiliários Ltda	1,134	2	-	-	-	-	-	-
Cbr 030 Empreendimentos Imobiliários Ltda	-	8,109	-	-	-	1,913	-	9,706
Cbr 044 Empreendimentos Imobiliários Ltda.	5	2,055	-	-	-	-	-	-
Chiachiarretta Emp. Imob.	0	3	-	-	199	661	-	6
Cipasa Votorantim Empreend Imob S/A	4,112	4,607	-	-	4,112	4,607	-	-
Construtora Santa Izabel Ltda	1,093	1,030	-	-	1,093	1,030	-	-
Corsega Empreendimentos Imobiliários Ltda	3,823	3	-	-	1	-	-	-
Crua Empreendimentos S/A	5,573	8,533	-	-	5,573	8,533	-	-
Cury Construtora E Incorp S/A	50,726	121,226	1	1	50,726	121,226	1	1
Cyma Desenv Imob S.A	3	-	556	-	0	-	-	-
Cyrela Andrade Mendonca	1	3	-	-	776	629	1,232	870
Cyrela Anis Empreendimentos Imobiliários Ltda	22	920	1,046	1,046	2	-	-	-
Cyrela Boraceia Empreendimentos Imobiliários Ltda	2,704	2,676	-	-	0	-	-	-
Cyrela Braga Empreendimentos Imobiliários Ltda	4,620	3,146	-	-	-	-	-	-
Cyrela Chile Empreendimentos Imobiliários Ltda	16	598	-	-	15	-	-	105
Cyrela Comercial Imob.	2,326	3,116	-	-	113	106	-	1,026
Cyrela Cristal Empreendimentos Imobiliários Ltda	17,610	10,702	685	-	2	-	685	-
Cyrela Empreend.Imobil.	4,307	1,279	3,512	-	27	13	-	-
Cyrela Esmeralda Empreendimentos Imobiliários Ltda	4	594	-	-	1	-	-	1
Cyrela Extrema Empreendimentos Imobiliários Ltda	114,861	121,674	-	-	0	-	-	-
Cyrela Iberia Empreendimentos Imobiliários Ltda	1,507	1,623	-	-	-	-	-	-
Cyrela Imobiliária Ltda	8	631	-	-	30	-	-	-
Cyrela Invest. E Partic.	1	2	-	-	388	388	-	2,564
Cyrela Maguari Empreendimentos Imobiliários Ltda	4,451	27	-	-	1	-	-	-
Cyrela Malasia Emp. Imob.	514	1,939	-	-	7	-	-	-
Cyrela Manaus Emp. Imob.	4,632	4,644	-	-	1,475	1,475	-	-
Cyrela Maresias Emp. Imob	758	1,042	-	-	-	-	-	-
Cyrela Moinho Empreendimentos Imobiliários Ltda	21,955	27,581	-	-	30	-	-	-
Cyrela Montblanc Empreendimentos Imobiliários S.A	2,699	2,699	-	-	-	-	-	-
Cyrela Monza Emp. Imob.	39	85	-	-	85	874	26	-

## Explanatory Notes

	Individual				Consolidated			
	Credits receivable with related parties		Obligations payable with related parties		Credits receivable with related parties		Obligations payable with related parties	
	09/2018	2017	09/2018	2017	09/2018	2017	09/2018	2017
Cyrela Pamplona Empreendimentos Imobiliários Ltda	5,792	0	-	-	1	-	-	-
Cyrela Paris Empreendimentos Imobiliários Ltda	21,637	18,588	-	-	201	-	-	-
Cyrela Piemonte Empreendimentos Imobiliários Ltda	938	6	-	-	938	6	-	-
Cyrela Pompeia Empreendimentos Imobiliários Ltda	602	605	-	-	-	-	-	-
Cyrela Puglia Empreendimentos Imobiliários Ltda	1,002	14	-	27,296	16	-	6	-
Cyrela Recife Emp. Imob.	91,164	61,623	-	-	-	-	-	-
Cyrela Rjz Construtora	22,802	147	22,789	-	57,150	80,892	-	278
Cyrela Rjz Emp. Imob.	354	2,541	-	-	517	1	-	-
Cyrela Sul 008 Emp Imob Spe Ltda	2,827	-	-	-	-	-	-	-
Cyrela Tolteca Empreendimentos Imobiliários Ltda	2	2,857	-	-	0	-	-	-
Cyrela White River De Inv	464	465	580	580	-	-	-	-
Cytec Empreendimentos Imo	-	-	-	-	1,389	-	-	613
Elbrus Empreendimento Imobiliária Ltda	304	544	-	-	304	544	-	-
Emporio Jardim Shoppings Centers S.A.	965	965	-	-	-	-	-	-
Forest Hill De Investimento Imobiliária Ltda	-	-	-	2,720	-	-	3,205	2,720
Goldsstein Cyrela Empreend Imob S/A	0	18,435	-	-	27,027	22,494	879	-
Imobiliária 513 Do Brasil Projet	(0)	53,168	-	-	-	53,168	-	-
Jacira Reis Empreendimentos Imobiliários Ltda	1	10,704	-	-	1	10,704	-	-
Joe Horn	8,671	-	-	-	8,671	-	-	-
Jose Celso Gontijo Eng S/A	9,220	-	2,473	-	9,220	-	2,473	-
Kalahari Empreendimentos Imobiliários Ltda	2,843	113	-	-	-	-	-	-
Lavvi Empreendimentos Imobiliários Ltda	-	-	-	-	10	0	-	1,696
Living Abaete Empreendimentos Imobiliários Ltda	19,504	28,707	-	-	-	-	-	-
Living Afenas Empreendimentos Imobiliários Ltda	31,457	35,886	-	-	-	-	-	-
Living Amparo Empreendimentos Imobiliários Ltda	33,301	26,498	-	-	90	-	-	-
Living Emp. Imob. Ltda	-	-	-	-	417	733	-	5,309
Living Martini Empreendimentos Imobiliários Ltda	11,921	11,499	-	-	1	32	-	1
Living Nazare Empreendimentos Imobiliários Ltda	2,465	1,975	-	-	1	-	-	-
Living Pirassununga Empreendimentos Imobiliários Ltda	12,040	10,776	-	-	-	-	-	-
Living Provance Empreendimentos Imobiliários Ltda	66,106	61,158	-	-	-	-	-	-
Living Sul Empreendimentos Imobiliários Ltda	2	26	-	-	895	785	-	-
Living Talara Empreendimentos Imobiliários Ltda	3,428	3,428	-	-	3,428	3,428	-	-
Lombok Incorporadora Ltda	1,127	1,938	-	-	1	62	-	-
Mac Empreend Imob Ltda	11,598	-	100	100	11,598	-	320	100
Mac Veneza Emp Imob Ltda	-	-	1,010	-	-	-	1,010	-
Magnum Invest Imob Ltda	-	-	-	4,195	-	-	-	4,195
Mdl Realty Incorp S/A	-	-	-	841	-	-	-	841
Nova Iguacu Empreendimentos Imobiliários Ltda	1,988	25	-	-	1	-	-	-
Nova Zelandia Empreendimentos Imobiliários Ltda	415	542	-	-	-	-	-	-
Option De Investimento Imobiliária Ltda	85	-	644	644	1	-	-	-
Pdg Realty S/A Empreend EPartici	-	-	-	2,314	-	-	-	2,314
Plano & Plano Construções E Participações Ltda	-	-	-	-	815	-	750	-
Plano Pitangui Empreendimentos Imobiliários Spe Ltda	8,628	128	-	-	2	-	-	-
Plarcon Cyrela Emp. Imob.	620	623	-	-	620	623	-	-
Precon Engenharia S.A	3,754	-	-	-	3,754	-	-	-
Queiroz Galvao Desenv Imob Ltda	2,663	5,006	-	-	2,663	5,006	-	-
Ravenna Empreendimentos Imobiliários Ltda	737	36	-	-	721	-	-	-
Reserva Casa Grande Empreendimentos Imobiliários Ltda	760	7	-	-	760	7	-	-
Rubem Vasconcelos Imoveis Ltda	1,295	-	-	-	1,295	-	-	-
Sanca Desenv Urbano Ltda	-	0	476	695	-	0	476	695
Scp Isla	2,598	2,598	150	-	2,598	2,598	150	-
Seller Cons. Imob. Rep.	722	129	-	10	15,834	14,981	-	-
Sevilha Empreendimentos Imobiliários Ltda	1,535	1,041	-	-	-	-	-	-
Sk Realty Empreend Imob S/A	-	-	-	-	6,602	-	-	-
Spe Brasil Inc 55 Ltda	250	-	250	-	250	-	1,302	-
Spe Brasil Incorporação 28 Ltda	1,680	-	2,560	1,005	1,680	-	2,525	1,005
Spe Brasil Incorporação 59 Ltda	-	-	2,000	-	-	-	2,000	-
Spe Chl Cv Incorporações Ltda	-	1,682	-	-	-	1,682	-	-
Spe Faicalville Incorporação 1 Ltda	2,245	-	7,881	1,236	2,245	-	7,881	1,236
Tm Participacoes Societarias E	-	2,574	-	-	-	2,574	-	-
Trimmo Empreendimentos E Participacoes S	-	-	2,486	-	-	-	2,486	-
Vinson Empreendimentos Imobiliários Ltda	-	-	-	-	-	-	-	5,513
Vix One Emp. Imob. Spe	37,962	6,772	-	-	2,246	2,246	-	3
Vnss Empreendimento Imobi	3	7	-	-	933	932	705	16
Others 321 SPE's with balance up to R\$500	8,332	8,550	1,580	1,542	6,558	3,609	8,528	1,227
<b>Total</b>	<b>691,599</b>	<b>714,344</b>	<b>56,209</b>	<b>52,323</b>	<b>247,821</b>	<b>349,914</b>	<b>50,624</b>	<b>50,182</b>

The Company has loan balances totaling R\$ 7,027 in the consolidated, on September 30, 2018 (R\$ 7,027 on December 31, 2017). Guarantees given to the Company are linked to delivery of shares in subsidiary or jointly-controlled subsidiaries.

## Explanatory Notes

As of September 30, 2018, there is a balance of R\$ 57,112 (R\$ 54,490 as of December 31, 2017), which corresponds to advances granted to the company from which the land was acquired, as established in contract. Advances are subject to restatement based on the changes in CDI Interest is payable monthly, and the principal will be amortized through receipts corresponding to its stake in the joint venture.

As of September 30, 2018, the Company has dividends receivable from the investee Cury Construtora e Incorporadora S/A, totaling R\$ 50,529.

### b) Operations

Operations maintained with related parties mainly represent services that involve the technical responsibility of projects and the control of all contractors who provide skilled construction labor, applied in the development of the joint ventures of the Company and its investees.

These operations are classified as costs incurred by the units under construction and allocated to P/L according to the stage of marketing of the units of the joint venture.

### c) Directors' fees

#### i) Global remuneration

The total remuneration to the Company's administrators for the year 2018 was fixed at R\$ 13,839, according to the Annual and General Shareholders' Meeting of April 27, 2018 (in 2017, the global remuneration paid totaled R\$12,562).

#### ii) Fixed Compensation

The fixed remunerations recorded in the Company's income (loss) are included under "Expenses on Management Fees" and may be stated as follows:

	Individual		Consolidated		Total members	
	09/2018	09/2017	09/2018	09/2017	09/2018	09/2017
Executive Committee	1,187	884	1,187	1,493	8	6
Audit Committee	61	-	61	-	3	-
Board of Directors	2,059	2,223	2,059	2,223	6	6
Charges	661	622	661	743	-	-
	<b>3,968</b>	<b>3,729</b>	<b>3,968</b>	<b>4,459</b>	<b>17</b>	<b>12</b>
Benefits - Executive Committee	2,373	2,213	2,373	2,240		
Benefits - Board of Directors	226	185	226	185		
	<b>2,599</b>	<b>2,398</b>	<b>2,599</b>	<b>2,425</b>		
<b>Total</b>	<b>6,567</b>	<b>6,127</b>	<b>6,567</b>	<b>6,884</b>		
<b>Compensation in the six - month period:</b>						
Executive Committee - higher compensation	220	192	220	801		
Executive Committee - lower compensation	148	16	148	625		
Board of Directors - higher compensation	544	544	544	544		
Board of Directors - lower compensation	185	185	185	185		
Audit Committee - higher compensation	20	-	20	-		
Audit Committee - lower compensation	20	-	20	-		

## Explanatory Notes

### iii) Variable compensation

Payment of profit sharing to administrators will only occur in fiscal years in which shareholders are assured the payment of the minimum mandatory dividend provided for in Article 41 of the Bylaws.

The Company maintains stock options. All administrators who are entitled to receive the annual bonus, and who do not have commissions directly or indirectly linked to the sale or purchase of assets for the Company as a component of their remuneration, are eligible for this modality. Losses related to the provision for “stock options” are recorded in a specific caption of “General and administrative expenses”.

The Company did not pay values as: (1) post-employment benefits (pensions, other retirement benefits, post-employment life insurance and medical care); (2) long-term benefits (license for years of service and long-term disability benefits); and (3) benefits on termination of employment contract.

## 14. CURRENT ACCOUNTS WITH PARTNERS OF JOINT VENTURES

The balances in net assets and liabilities are shown below:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
Cyrela Imobiliária Ltda	-	-	940	1,102
Cyrela Brazil Realty S.A Empreendimentos Participações	5,955	5,972	5,955	5,972
Plano Cambara Empreendimentos Imobiliários Ltda	-	-	(106)	(106)
Plano Guapira Empreendimentos Imobiliários Ltda	-	-	(525)	(541)
Cyrela Polinesia Empreendimentos Imobiliários Ltda	-	-	488	488
Cybra De Investimento Imobiliária Ltda	-	-	(501)	-
Cyrela Construtora Ltda	-	-	371	-
Abc Realty De Investimento Imobiliária Ltda	-	-	976	1,227
Cyrela Rjz Construtora E Empreendimentos Imobiliários Ltda	-	-	(1,054)	(864)
Cyrela Brazil Realty Rjz Empreendimentos Imobiliária Ltda	-	-	2,547	2,374
Cyrela Paris Empreendimentos Imobiliários Ltda	-	-	(270)	(270)
Cyrela Europa Empreendimentos Imobiliários Ltda	-	-	(3,774)	(4,168)
Cyrela Roraima Empreendimentos Imobiliários Ltda	-	-	(1,921)	(881)
Vero Santa Isabel Empreendimentos Imobiliários Spe Ltda	-	-	(1,960)	(2,053)
Goldsztein Cyrela Empreendimentos Imobiliários S/A	-	-	244	244
Cyrela Iberia Empreendimentos Imobiliários Ltda	-	-	612	615
Cyrela Suecia Empreendimentos Imobiliários Ltda	-	-	(13,241)	(15,842)
Lorena Empreendimentos Imobiliários Spe Ltda	-	-	(579)	(313)
Plano Aroeira Empreendimentos Imobiliários Ltda	-	-	1,100	1,100
Maiastra 1 Empreendimentos Imobiliários Ltda	-	-	229	(16)
Maiastra 2 Empreendimentos Imobiliários Ltda	-	-	(245)	-
Living Sabara Empreendimentos Imobiliários Ltda	-	-	(163)	(19)
Cyrela Lambari Empreendimentos Imobiliários Ltda	-	-	(1,246)	(1,246)
Pitombeira Empreendimentos Imobiliários Ltda	-	-	(1,673)	(240)
Living Sabino Empreendimentos Imobiliários Ltda	-	-	690	(253)
Corsega Empreendimentos Imobiliários Ltda	-	-	(2,217)	(525)
Cyrela Begonia Empreendimentos Imobiliária Ltda	-	-	116	212
Cyrela Jasmim Ltda	-	-	492	120
Kalahari Empreendimentos Imobiliários Ltda	-	-	(2,372)	(972)
Cbr014 Empreendimentos Imobiliários Ltda	-	-	(1,821)	(1,686)
Cyrela Urbanismo 5 - Empreendimentos Imobiliários Ltda	-	-	(3,569)	(3,507)
Plano Pinheiro Empreendimentos Imobiliários Ltda	-	-	(4,241)	-
Plano Cambui Empreendimentos Imobiliários Ltda	-	-	152	(3,292)
Plano Limeira Empreendimentos Imobiliários Ltda	-	-	(244)	-
Plano Xingu Empreendimentos Imobiliários Ltda	-	-	(3,131)	-
Scp H.Aidar (Cyrela Begonia)	-	-	(692)	(470)
Others 10 SPE's with balance up to R\$100	-	-	(133)	776
	<b>5,955</b>	<b>5,972</b>	<b>(30,766)</b>	<b>(23,035)</b>
<b>Current</b>	<b>5,955</b>	<b>5,972</b>	<b>14,918</b>	<b>14,255</b>
<b>Noncurrent</b>	<b>-</b>	<b>-</b>	<b>45,682</b>	<b>37,290</b>

## Explanatory Notes

### 15. WORKS IN PROGRESS

As a result of the procedure established by CVM Resolution 561/08 (OCPC 01 (R1), as amended by Resolution 624/10, the balances of sales income and corresponding budgeted costs, for the units sold and with costs not yet incurred, are not reflected in the financial information of the Company and its subsidiaries.

The main balances to be reflected as costs are incurred are presented below:

- a) Contracted real estate operations to be appropriated from accumulated construction works in progress.

	<u>09/2018</u>	<u>2017</u>
(+) Total gross sales revenue	6,157,143	6,944,278
(-) Total recognized gross revenue	<u>(4,678,691)</u>	<u>(5,290,248)</u>
<b>(=) Unrecognized sales revenue:</b>	<b>(i) 1,478,452</b>	<b>1,654,030</b>
(+) Total cost of properties sold	3,679,978	4,165,791
(-) Total recognized cost	<u>(2,798,802)</u>	<u>(3,156,397)</u>
<b>(=) Unrecognized cost</b>	<b>(ii) 881,176</b>	<b>1,009,394</b>
<b>Unrecognized profit</b>	<b><u>597,276</u></b>	<b><u>644,636</u></b>

(i) It does not include taxes on income

(ii) It does not include expenses with unrecognized guarantees

- b) Commitments to costs budgeted and not yet incurred, referring to units sold:

	<u>09/2018</u>	<u>2017</u>
<b>Amounts not reflected in the financial statements</b>		
Current	505,911	547,452
Noncurrent	<u>375,265</u>	<u>461,942</u>
	<b>881,176</b>	<b>1,009,394</b>

### 16. ADVANCES FROM CLIENTS

	<u>Consolidated</u>	
	<u>09/2018</u>	<u>2017</u>
<b>Amounts received for property sales</b>		
Amounts received for Project sales:		
Others advances	<u>20,696</u>	<u>4,991</u>
	<b>20,696</b>	<b>4,991</b>
Unit sold in projects under constructions		
Allocated revenue	(2,136,685)	(1,201,625)
Receivable revenue	<u>2,255,915</u>	<u>1,321,419</u>
	<b>119,230</b>	<b>119,794</b>
	<b><u>139,926</u></b>	<b><u>124,785</u></b>
<b>Amount received for physical barter</b>		
Barter with land	<u>595,437</u>	<u>348,896</u>
<b>Total advances from clients</b>	<b><u>735,363</u></b>	<b><u>473,681</u></b>
<b>Current</b>	<b>321,647</b>	<b>314,803</b>
<b>Noncurrent</b>	<b>413,716</b>	<b>158,878</b>

**Explanatory Notes****17. PROVISION FOR PROPERTY MAINTENANCE**

	<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>
Accrued construction warranties (i)	92,890	108,975
Other provisions (ii)	107,210	73,308
<b>Total</b>	<b>200,100</b>	<b>182,283</b>
<b>Current</b>	<b>154,969</b>	<b>96,268</b>
<b>Noncurrent</b>	<b>45,131</b>	<b>86,015</b>

- (i) The Company and its subsidiaries offer guarantees to their clients in the sale of their properties. These warranties have specific characteristics in accordance with certain items and are provided for years that vary to up to 5 years after the completion of the work and are partially shared with suppliers of goods and services.
- (ii) Balances of suppliers of operations in progress, also including the full provision for estimated indemnities and work costs required to renovate the Grand Parc Residential Resort project in Vitória - ES and Northeastern region.

**18. ACCOUNTS PAYABLE FOR ACQUISITION OF LAND**

Refer to pieces of land acquired for the purpose of launching new joint ventures, isolated or with participation of third parties, with the following maturity schedule:

<b>Year</b>	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>	<b>09/2018</b>	<b>2017</b>
2019	-	76,285	9,846	121,623
2020	-	-	2,855	2,075
2021	-	-	2,065	1,740
<b>Noncurrent</b>	-	<b>76,285</b>	<b>14,766</b>	<b>125,439</b>
<b>Current</b>	<b>65,104</b>	<b>2,516</b>	<b>280,281</b>	<b>107,932</b>
<b>Total</b>	<b>65,104</b>	<b>78,801</b>	<b>295,047</b>	<b>233,371</b>

They are adjusted at INCC change, IGP-M change, or change in the Special Clearance and Custody System (SELIC) rate.

Interest and inflation adjustments eligible to capitalization of inventories, referring to balance of land payable, totaled R\$ 376 in the year ended September 30, 2018 (Reversal of R\$ 3,702 on September 30, 2017).

## Explanatory Notes

### 19. PROVISION FOR TAX, LABOR AND CIVIL RISKS

Provisions for risks of probable losses are summarized as follows:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
Civil lawsuits	1,657	3,010	84,548	88,550
Tax lawsuits	27	16	1,911	953
Labor lawsuits	2,101	1,170	44,381	37,687
Contract terminations (i)	-	-	-	16,616
	<b>3,784</b>	<b>4,196</b>	<b>130,839</b>	<b>143,805</b>

Total amount involving lawsuits classified as possible and remote loss in consolidated financial statements is as follows:

	09/2018		
	Possible	Remote	Total
Civil	130,109	46,597	176,706
Labor	62,667	1,676	64,343
Tax	156,003	123,076	279,079
	<b>348,779</b>	<b>171,349</b>	<b>520,128</b>

	2017		
	Possible	Remote	Total
Civil	133,308	19,105	152,413
Labor	97,206	23,635	120,841
Tax	165,457	89,054	254,511
	<b>395,971</b>	<b>131,794</b>	<b>527,765</b>

Main lawsuits classified as possible loss are as follows:

- The Company is a party to a tax administrative proceeding deriving from Federal Revenue Service (SRF) tax assessment notice referring to collection of alleged IRRF (withholding income tax) and INSS (national institute of social security) tax credits related to stock option plan. This proceeding is being defended in the administrative sphere and has not yet been analyzed by tax authorities.
- The Company and its investees are parties to tax administrative proceedings deriving from Federal Revenue Service decision on non-homologation of taxes paid through credit offset. These credits mostly derive from the use of withheld taxes of balance determined in annual adjustment return. These lawsuits are being defended in the administrative sphere and have not yet been analyzed by tax authorities. These lawsuits total R\$12,621 (R\$12,252 as of December 31, 2017) as of September 30, 2018.
- Certain Company's subsidiaries are parties to administrative proceeding deriving from tax assessment referring to collection of social security contributions on Profit Sharing distribution for calendar year 2008 and on contributions of self-employed workers. Companies challenged decisions and are awaiting tax authorities' position. This lawsuit totaled R\$6,944 (R\$6,562 as of December 31, 2017) as of September 30, 2018.

## Explanatory Notes

- Queiroz Galvão MAC Cyrela Veneza, organization in which the Company holds 30% of interest, is a party to public civil lawsuit that discusses validity of Construction License for joint venture Domínio Marajoara.

Change in provision balances is as follows:

	<b>Individual</b>			
	<b>Civil</b>	<b>Tax</b>	<b>Labor</b>	<b>Total</b>
<b>Balance at 12.31.2016</b>	<b>7,164</b>	<b>610</b>	<b>585</b>	<b>8,359</b>
Additions	1,518	16	1,344	2,878
Payments	(1,073)	-	(1,773)	(2,846)
Reversal	(2,089)	(610)	715	(1,984)
Adjustments	(2,510)	-	298	(2,212)
<b>Balance at 12.31.2017</b>	<b>3,010</b>	<b>16</b>	<b>1,169</b>	<b>4,196</b>
<b>Balance at 12.31.2017</b>	<b>3,010</b>	<b>16</b>	<b>1,170</b>	<b>4,196</b>
Additions	2,669	5	1,458	4,132
Payments	(247)	-	(1,009)	(1,256)
Reversal	(3,753)	-	110	(3,643)
Adjustments	(22)	6	371	355
<b>Balance at 09.30.2018</b>	<b>1,657</b>	<b>27</b>	<b>2,100</b>	<b>3,784</b>

	<b>Consolidated</b>				
	<b>Civil</b>	<b>Tax</b>	<b>Labor</b>	<b>Contract terminations (*)</b>	<b>Total</b>
<b>Balance at 12.31.2016</b>	<b>107,693</b>	<b>4,567</b>	<b>78,702</b>	<b>22,996</b>	<b>213,958</b>
Additions	55,952	173	53,088	(149)	109,065
Payments	(74,413)	-	(32,014)	-	(106,427)
Reversal	(13,884)	(3,897)	(62,089)	(6,231)	(86,101)
Adjustments	13,202	109	-	-	13,311
<b>Balance at 12.31.2017</b>	<b>88,550</b>	<b>952</b>	<b>37,687</b>	<b>16,616</b>	<b>143,806</b>
<b>Balance at 12.31.2017</b>	<b>88,550</b>	<b>952</b>	<b>37,687</b>	<b>16,616</b>	<b>143,806</b>
Additions	42,372	1,287	30,174	-	73,833
Payments	(40,237)	-	(21,848)	-	(62,085)
Reversal (i)	(19,627)	(262)	(2,807)	(16,616)	(39,312)
Adjustments	13,490	(67)	1,174	-	14,598
<b>Balance at 09.30.2018</b>	<b>84,548</b>	<b>1,910</b>	<b>44,381</b>	<b>-</b>	<b>130,839</b>

(\*) Refers to write-off of provision for cancellation of agreements to make it adequate to the provision for credit risk deriving from first-time adoption of CPC

48 (IFRS 9), which included the provision for expected loss.

(i) Includes reclassification of the amount of R\$6,592, referring to change of control in investees

## 20. DEFERRED TAXES AND CONTRIBUTIONS FOR PAYMENT

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

These are recorded to reflect tax effects deriving from tax basis temporary differences, which determine the time of payment, as property sales are received (SRF Regulatory Instruction no. 84/79), and effective recognition of real estate earnings, in conformity with CFC

**Explanatory Notes**

Resolution no. 1,266/09 and CVM Decision no. 561/08, as amended by CVM Resolution no. 624/10 (OCPC 01(R1)).

Balances of taxes and contributions with deferred payments are as follows:

	<b>Consolidated</b>			
	<b>09/2018</b>	<b>2017</b>		
<b>Assets</b>				
IRPJ	702	693		
CSLL	370	365		
<b>Subtotal</b>	<b>1,072</b>	<b>1,058</b>		
PIS	288	285		
COFINS	899	884		
<b>Subtotal</b>	<b>1,187</b>	<b>1,169</b>		
<b>Total:</b>	<b>2,259</b>	<b>2,227</b>		
<b>Current</b>	<b>1,188</b>	<b>2,227</b>		
<b>Noncurrent</b>	<b>1,072</b>	<b>-</b>		

	<b>Individual</b>		<b>Consolidated</b>	
	<b>09/2018</b>	<b>2017</b>	<b>09/2018</b>	<b>2017</b>
<b>Liabilities</b>				
IRPJ	815	875	29,432	35,378
CSLL	293	316	15,165	18,272
<b>Subtotal</b>	<b>1,108</b>	<b>1,191</b>	<b>44,597</b>	<b>53,650</b>
PIS	85	91	8,343	10,134
COFINS	390	419	38,547	46,826
<b>Subtotal</b>	<b>475</b>	<b>510</b>	<b>46,890</b>	<b>56,960</b>
<b>Total</b>	<b>1,583</b>	<b>1,701</b>	<b>91,487</b>	<b>110,610</b>
<b>Current</b>	<b>142</b>	<b>599</b>	<b>33,789</b>	<b>85,989</b>
<b>Noncurrent</b>	<b>1,441</b>	<b>1,102</b>	<b>57,698</b>	<b>24,621</b>

Effective payment of these taxes occurs as sales installments are received.

As a result of previously-mentioned tax credits and obligations, corresponding tax effects (deferred income tax and social contribution) were recognized, as follows:

## Explanatory Notes

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>In current and noncurrent assets</b>				
Difference of profit on real estate activities - deemed income	-	-	273	242
Difference of profit on real estate activities - RET	-	-	799	816
	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>1,058</u>
<b>In current and noncurrent liabilities</b>				
Difference of profit on real estate activities - taxable income	(1,108)	(1,190)	(2,802)	(2,639)
Difference of profit on real estate activities - deemed income	-	-	(7,888)	(5,840)
Difference of profit on real estate activities - RET	-	-	(33,909)	(45,170)
	<u>(1,108)</u>	<u>(1,190)</u>	<u>(44,599)</u>	<u>(53,649)</u>

### b) Calculation basis for temporary differences from deferred income

The Company and its subsidiaries have the following negative balances to offset, deducted from or added to future taxable income calculation bases to be determined based on taxable income. In addition, certain subsidiaries have differences to be taxed in future years deriving from profit in real estate activities taxed at the cash system and recorded at the accrual system and Special taxation regime – RET, considering taxation at deemed profit, as follows:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
<b>Credits for offset - taxable income</b>				
Tax loss carryforwards to be offset against future taxable income	<u>1,665,484</u>	<u>1,604,898</u>	<u>2,766,642</u>	<u>2,626,930</u>
<b>Taxable obligations - taxable income</b>				
Difference between profit from real estate activities taxed on a cash basis and the amount recorded on the accrual basis	<u>(3,259)</u>	<u>(3,501)</u>	<u>(8,241)</u>	<u>(7,763)</u>
<b>Taxable obligations - deemed income</b>				
Difference between the profit from taxable real estate activities on a cash basis and the amount recorded on the accrual basis				
Income tax base	-	-	19,769	14,575
Social contribution base	-	-	29,694	21,779
<b>Taxable obligations - special taxation regime - RET</b>				
Deferred tax base	-	-	1,719,390	2,314,515

### c) Balance of PIS and COFINS

Deferred PIS and COFINS calculated on the difference between income taxed at the cash system and income recognized at the accrual system are recorded under caption “Taxes and contributions with deferred payment” in current and non-current liabilities, according to expected settlement:

## Explanatory Notes

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
Current	-	-	1,572	1,943
Deferred payment	475	510	46,889	56,960
	<b>475</b>	<b>510</b>	<b>48,461</b>	<b>58,903</b>

### d) Income and social contribution tax expense for the period

Income and social contribution tax expenses for periods ended September 30, 2018 and 2017 may be reconciled with income (loss) before taxes:

	Individual				Consolidated			
	07/01/2018	01/01/2018	07/01/2017	01/01/2017	07/01/2018	01/01/2018	07/01/2017	01/01/2017
	to	to	to	to	to	to	to	to
	09/30/2018	09/30/2018	09/30/2017	09/30/2017	09/30/2018	09/30/2018	09/30/2017	09/30/2017
<b>Profit before income tax and social contribution</b>	<b>(120,743)</b>	<b>(200,556)</b>	<b>(6,862)</b>	<b>(143,876)</b>	<b>(78,688)</b>	<b>(106,521)</b>	<b>28,451</b>	<b>(41,833)</b>
(x) Statutory rate:	-34%	-34%	-34%	-34%	-34%	-34%	-34%	-34%
(=) <b>Expected income tax and social contribution expense</b>	<b>41,053</b>	<b>68,189</b>	-	-	<b>26,754</b>	<b>36,217</b>	<b>(9,673)</b>	-
(+/-) <b>Effect of the statutory rate on:</b>								
Share of profit of subsidiaries	(28,929)	(43,103)	-	-	7,713	15,932	8,529	15,687
Temporary additions and deductions and other (i)	(10,856)	(44,101)	(48,656)	(88,767)	39,917	84,794	(48,656)	(88,767)
Unrecognized tax credits (ii)	(1,278)	19,097	48,755	88,877	(20,328)	(57,811)	48,755	88,877
Effect of tax gain from adopting the deemed income or RET regime	-	-	-	-	(69,445)	(120,470)	(13,242)	(59,875)
(=) <b>Income tax and social contribution expense</b>	<b>(10)</b>	<b>82</b>	<b>99</b>	<b>110</b>	<b>(15,389)</b>	<b>(41,337)</b>	<b>(14,288)</b>	<b>(44,078)</b>
Deferred taxes	(10)	82	99	110	2,662	7,368	6,156	17,314
Current taxes	-	-	-	-	(18,051)	(48,705)	(20,444)	(61,392)
	<b>(10)</b>	<b>82</b>	<b>99</b>	<b>110</b>	<b>(15,389)</b>	<b>(41,337)</b>	<b>(14,288)</b>	<b>(44,078)</b>

(i) Refers to balance of unaccounted tax losses and negative basis.

(ii) Refers to balances of unrecorded tax losses.

## 21. SHAREHOLDERS' EQUITY

### a) Capital

On September 30, 2018, subscribed and paid-in capital totals R\$ 3,395,744 (R\$ 3,395,744 as of December 31, 2017) is represented by 399,742,799 nominative common shares.

The Company's Board of Directors is authorized to increase capital - regardless of Shareholders' Meeting or amendments to the Bylaws - up to the limit of 750,000,000 common nominative shares for distribution in the country and/or abroad, either publicly or privately.

### b) Treasury shares

According to decision of the Board of Directors, the Company may acquire its own shares to keep them in treasury and, then, cancel them or dispose of them.

## Explanatory Notes

Considering provisions of Article 8 of CVM Instruction no. 10/80, the following was decided:

- (i) The Company's purpose is to acquire its own shares to keep them in treasury and then cancel them or dispose of them in order to invest funds available and maximize value to shareholders.
- (ii) The number of common shares issued by the Company that is outstanding in the market is 254,996,620 , as informed by depositary institution on September 30, 2018 (252,703,489 as of December 31, 2017).

### Program for repurchase of shares / cancellation of shares

Quotation of said shares on September 30, 2018 was R\$ 10.74 per share, market value expressed in Brazilian Reais (R\$ 13.22 – value expressed in Brazilian Reais as of December 31, 2017). Market value is obtained using quotation of the Company's shares at B3 S.A. – Bolsa de Valores, Mercadorias e Futuros as reference.

The balance may be shown as follows as of September 30, 2018:

<u>Position</u>	<u>Number</u>	<u>Buyback price</u>	<u>Average buyback price</u>	<u>Market price</u>
<b>Balance at 12/31/2017</b>	<b>17,035,589</b>	<b>214,887</b>	<b>12.61</b>	<b>229,088</b>
Plan 2011 (Retention)- granted- 10/01/2011	(66,269)	(836)		(711)
Plan 2014- Match Employee (2x) - 3 years- 05/02/2014	(77,600)	(979)		(832)
Plan2013- Match Employee (1x) - 5 years - 03/28/2013	(46,000)	(580)		(493)
Plan 2013 03/28/2013 - Match Employee (1x) - 5 years	(1,028,038)	(12,968)		(11,040)
Plan 2013- Match Employee (2x) - 5 years 05/02/2013	(231,988)	(2,926)		(2,491)
<b>Balance at 09/30/2018</b>	<b>15,585,694</b>	<b>196,598</b>	<b>12.61</b>	<b>213,521</b>

#### c) Other reserves

These are represented by expenditures with issuance of shares and changes in capital transactions. Capital reserves are primarily explained by acquisition of minority interests in entities that were already consolidated in the Company's financial information.

#### d) Capital management

Company's capital management aims to ensure that a proper credit rating is maintained before institutions, as well as a strong capital relationship, so as to support business and leverage shareholders' value.

The Company controls its capital structure by adjusting it to the current economic conditions. In order to maintain an adjusted structure, the Company may pay dividends, return capital to the shareholders, take out new loans and issuances of debentures. Since the year ended December 31, 2008, there was no change in the objectives, policies or processes of capital structure.

## Explanatory Notes

### e) Intermediary dividends

On May 2, 2018, the distribution of interim dividends for profit reserves, totaling R\$ 200,000 was approved by unanimous vote of the members attending the Board of Directors' meeting, pursuant to article 27, sub-items “n”, of the Company's bylaws. Scheduled and made available on July 2, 2018 to holders of shares of the Company as of May 7, 2018.

## 22. BENEFITS TO OFFICERS AND EMPLOYEES

Benefits to employees and administrators are all in the form of remuneration paid, payable, provided by the Company or on behalf of it, in exchange for services that are provided to the Company.

### a) Post-retirement benefits

The Company and its subsidiaries do not provide private pension plans to its employees, but make monthly contributions based on social security payroll, which are recorded in expenses at the accrual system.

### b) Profit sharing program - PLR

The Company and other Group's companies have a profit sharing program in accordance with the collective agreement entered into with the São Paulo Civil Construction Worker Industries' Union. On September 30, 2018, this provision is R\$ 9,000 (R\$ 8,500 on December 31, 2017), recorded in income under caption “General and administrative expenses” and in liabilities under “Salaries, payroll charges and interests”, based on indicators and parameters defined in signed agreement and on projections of results.

### c) Stock options

#### Plan description

To take part in the program, manager or collaborator must acquire shares from the Company at predefined terms, using own resources or resources deriving solely from receipt of annual bonus granted according to prevailing remuneration policy.

In return for acquisition of shares, the Company enters or will enter into an Instrument for the Grant of Stock Options with each beneficiary; through this instrument, the Company grants stock options within previously-defined limits and conditions to each acquired share.

Calculation of these amounts and accounting recognition of stock options are performed in accordance with criteria established in CVM Resolution No. 650/10 – Share-based Payments (CPC 10 (R1)).

## Explanatory Notes

Number of granted stock options, grace period and exercise period approved in the Company's Shareholders' Meeting are commented below:

### Plan's quantities, values and terms

	Plans granted on							
	2007	2008	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	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	5 (five) years 05/17/2012 10/08/2012 10/01/2014 12/01/2015 02/01/2016 08/01/2017 09/02/2018	5 (five) years	3 (three) years 5 (five) years	5 (five) years 3 (three) years 2 (two) years	5 (five) years 3 (three) years	5 (five) years	5 (five) years	
Exercise period	05/17/2012 10/08/2012 10/01/2014 12/01/2015 02/01/2016 08/01/2017 09/02/2018	04/28/2013	04/27/2015 04/27/2017	05/30/2015 04/30/2016 03/30/2018 12/12/2018	05/02/2017 05/02/2019	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	
<b>Number of shares at 12/31/2016</b>	<b>161,894</b>	<b>11,533</b>	<b>148,908</b>	<b>1,934,740</b>	<b>523,485</b>	<b>77,600</b>	<b>200,000</b>	<b>3,058,160</b>
Granted shares	-	224	-	-	-	-	-	224
Exercised shares	(92,975)	(224)	(148,908)	(4,617)	(311,219)	-	-	(557,943)
Cancelled shares	(2,650)	(11,116)	-	(514)	(4,307)	-	-	(18,587)
<b>Number of shares at 12/31/2017</b>	<b>66,269</b>	<b>417</b>	<b>-</b>	<b>1,929,609</b>	<b>207,959</b>	<b>77,600</b>	<b>200,000</b>	<b>2,481,854</b>
<b>Number of shares at 12/31/2017</b>	<b>66,269</b>	<b>417</b>	<b>-</b>	<b>1,929,609</b>	<b>207,959</b>	<b>77,600</b>	<b>200,000</b>	<b>2,481,854</b>
Granted shares	-	-	-	-	-	-	-	-
Exercised shares	(66,269)	-	-	(1,306,026)	(77,600)	-	-	(1,449,895)
Cancelled shares	-	(417)	-	(421,290)	-	-	-	(421,707)
<b>Number of shares at 09/30/2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,293</b>	<b>130,359</b>	<b>77,600</b>	<b>200,000</b>	<b>610,252</b>

Market value of each stock option is estimated on grant date using "Black-Scholes" model of share pricing, which uses grant price, exercise price, grace period, volatility of share price, percentage of distributed dividends, and risk-free rate as basic assumptions.

Amounts of amortizations recorded as expenses in financial information, as a contra-entry to the Company's shareholders' equity from grant date to September 30, 2018, are described below:

## Explanatory Notes

Plan	Average strike price	Grant Date	Accumulated expenses 09/2018	Accumulated expenses 09/2017
2006	14.60	05/04/2006	2,744	2,744
		05/17/2007		
2007	0.01	10/08/2007 10/01/2009 12/01/2010 02/01/2011 08/01/2012 09/02/2013	78,492	78,450
2008	0.01	04/29/2008	22,457	22,457
2011	0.01	08/11/2011	3,794	3,794
2012	0.01	05/02/2012	5,029	5,029
2013	0.01	03/28/2013 05/02/2013 10/01/2013 12/12/2013	32,794	29,974
2014	0.01	05/02/2017 05/02/2019	5,515	5,209
2015	0.01	08/10/2015	315	213
2016	0.01	09/01/2016	697	367
		<b>Total</b>	<b>151,837</b>	<b>148,237</b>

## 23. FINANCIAL INSTRUMENTS

### a) Description of significant financial instruments

The Company and its subsidiaries are parties in transactions involving financial instruments, all recorded in assets and liabilities, which are designed to satisfy their needs, and to reduce credit, currency and foreign exchange and interest rate risk exposure. The management of these risks is performed by means of the definition of strategies, establishment of control systems and determination of limits of positions. The Company does not carry out financial instrument transactions for speculative purposes.

	Individual		Consolidated		Classification
	09/2018	2017	09/2018	2017	
<b>FINANCIAL ASSETS</b>	<b>2,351,377</b>	<b>1,446,591</b>	<b>4,527,672</b>	<b>4,394,164</b>	
Cash and cash equivalents	2,378	49,772	129,272	195,630	Fair value through profit or loss (*)
Securities	1,641,926	666,384	2,010,556	1,167,131	Fair value through profit or loss (*)
Trade receivables	9,521	10,119	2,125,100	2,667,234	Amortized cost (**)
Related Parties	691,597	714,344	247,826	349,914	Amortized cost (**)
Current accounts with venture partners	5,955	5,972	14,918	14,255	Amortized cost (**)
<b>FINANCIAL LIABILITIES</b>	<b>1,991,412</b>	<b>960,137</b>	<b>3,501,949</b>	<b>3,010,125</b>	
Loans and financing	954,887	446,630	1,897,017	2,113,444	Amortized cost
Debentures	151,288	44,450	155,860	48,555	Amortized cost
Certificates of Real Estate Receivables - CRI	757,154	335,073	836,007	412,041	Amortized cost
Payables for property acquisitions	65,104	78,801	295,047	233,371	Amortized cost
Trade payables and provision for guarantee	6,770	2,860	221,710	115,242	Amortized cost
Related Parties	56,209	52,323	50,624	50,182	Amortized cost
Current accounts with venture partners	-	-	45,684	37,290	Amortized cost

(\*) Financial assets recognized at fair values with level 2 measurement. In accordance with CPC 48 (IFRS 09), these financial assets were designated as measured at fair value through profit or loss because they are administered based on their fair values and their performances are monitored on that basis.

(\*\*) Previously classified as loans and receivables. Change in classification deriving from first-time adoption of CPC 48 (IFRS 09).

### b) Sensitivity analysis of financial assets and liabilities

#### Financial assets

## Explanatory Notes

Based on probable scenario in the next 12 months for accumulated CDI, scenarios with financial assets' deterioration of 25% and 50% were defined. Probable rate for accumulated CDI in the next 12 months was defined – 7.02% p.a. – based on pre-swap reference rates x one-year DI disclosed by B3 and alternative scenarios considering CDI of 5.26% p.a. and 3.51% p.a. The "gross financial income" was calculated for each scenario, not taking into account the incidence of taxes on investment yields. Sensitivity of securities to scenarios of monthly average remuneration was calculated based on balance on September 30, 2018. For cases in which risk factor is the change in USD rate over the following 12-month scenario, of R\$ 4.10, scenarios with deterioration of 25% and 50% were defined, considering North-American dollar at R\$3.08 and R\$2.05, respectively.

Based on probable scenario in the next 12 months for accumulated IGPM, scenarios with financial assets' deterioration of 25% and 50% were defined to the realized portfolio of accounts receivable. Probable rate for accumulated IGPM in the next 12 months was defined – 4.91% p.a. – based on report disclosed by Santander and alternative scenarios considering IGPM of 3.68% p.a. and 2.45% p.a. Realized portfolios have contractual interest of 12% p.a.

Based on probable scenario in the next 12 months for accumulated INCC, scenarios with financial assets' deterioration of 25% and 50% were defined to the unrealized portfolio of accounts receivable. Probable rate for accumulated INCC in the next 12 months was defined – 4.87% p.a. – based on report disclosed by Santander and alternative scenarios considering INCC of 3.65% p.a. and 2.44% p.a.

Said rates used for market projections were extracted from an external source.

<b>Transaction</b>	<b>Position 09/2018</b>	<b>Risk Factor</b>	<b>Scenario I Probable</b>	<b>Scenario II</b>	<b>Scenario III</b>
Investment fund - fixed income Projected income	1,498,330	CDI	7.02% 105,108	5.26% 78,812	3.51% 52,591
Sundry investment funds Projected income	82,787	CDI	7.02% 5,808	5.26% 4,355	3.51% 2,906
Bank deposit certificates Projected income	210,026	CDI	7.02% 14,733	5.26% 11,047	3.51% 7,372
Financial Treasury Bills Projected income	21,852	CDI	7.02% 1,533	5.26% 1,149	3.51% 767
Certificate of Real Estate Credits - Seniors Projected income	7,758	CDI	9.96% 773	7.44% 577	4.95% 384
Others Projected income	218,670	IGPM	4.91% 10,737	3.68% 8,047	2.45% 5,357
	<b>2,039,422</b>		<b>138,692</b>	<b>103,987</b>	<b>69,377</b>

## Explanatory Notes

<u>Accounts Receivable</u>	<u>Position 09/2018</u>	<u>Risk Factor</u>	<u>Scenario I Probable</u>	<u>Scenario II</u>	<u>Scenario III</u>
Portfolio performed	1,159,383	IGPM	4.91%	3.68%	2.45%
Projected income			56,926	42,665	28,405
Non-performing portfolio	1,090,051	INCC	4.87%	3.65%	2.44%
Projected income			53,106	39,830	26,553
<b>Total (*)</b>	<b>2,249,434</b>		<b>110,032</b>	<b>82,495</b>	<b>54,958</b>

(\*) Balance before provision for credit risk and service provision.

### Financial liabilities

The Company has securities (debentures and CRI's) at the total amount of R\$998,469, gross of issuance expenditures, that are remunerated at interest rates from 98% to 107% of CDI. In order to verify the sensitivity of indebtedness linked to CDI, interest rate risk factor to which the Company had a liability exposure on June 30, 2018, three different scenarios were defined. Accumulated CDI probable rate for the next 12-month period of 7.02% p.a. was defined based on pre-swap reference rate x one-year DI disclosed by BM&FBOVESPA, which is equivalent to possible scenarios listed below. Based on probable scenario for CDI, deterioration scenarios with average rate of 8.77% p.a. and 10.52% p.a. were defined for the following 12 months. Sensitivity of financial expenses to the scenarios for risk of changes in CDI rate was calculated based on balances existing on September 30, 2018, gross of issuance expenditures, as highlighted below:

<u>Transaction</u>	<u>Position 09/2018</u>	<u>Risk Factor</u>	<u>Scenario I Probable</u>	<u>Scenario II</u>	<u>Scenario III</u>
Debentures CYMA 01	4,572	IPCA	3.35%	4.19%	5.02%
Projected expense			153	192	230
Debentures CYRE 10	151,288	CDI	7.16%	8.95%	10.74%
Projected expense			327	409	491
CRI - 1st Issue	44,177	CDI	7.52%	9.41%	11.30%
Projected expense			3,322	4,157	4,992
CRI - 5th Issue	153,029	CDI	6.87%	8.59%	10.30%
Projected expense			10,513	13,145	15,762
CRI - 6th Issue	66,855	CDI	6.87%	8.59%	10.30%
Projected expense			4,593	5,743	6,886
CRI - 7th Issue	30,566	CDI	7.01%	8.77%	10.52%
Projected expense			2,143	2,681	3,216
CRI - 8th Issue	397,104	CDI	7.16%	8.95%	10.74%
Projected expense			28,433	35,541	42,649
CRI - 4th Issue - 102nd serie	50,483	CDI	8.30%	10.08%	11.85%
Projected expense			4,190	5,089	5,982
CRI - 4th Issue - 109nd serie	100,395	CDI	12.37%	14.21%	16.05%
Projected expense			12,419	14,266	16,113
<b>Total</b>	<b>998,469</b>		<b>66,093</b>	<b>81,223</b>	<b>96,321</b>

Financing for the construction of properties are subject to interest of 8.75% p.a., as average, indexed at Reference Rate. Accordingly, for the purpose of showing sensitivity of “financial expenses” to Reference Rate, interest rate risk factor to which the Company is exposed on June 30, 2018, three different scenarios were defined. Future Reference Rate (12 months) was used based on projection of Reference Rate for one year, which is equivalent to probable Reference Rate scenario of 0.01% p.a. Based on probable scenario for Reference Rate, scenarios with deteriorations of 25% and 50% were defined, and annual rate applied to financing of construction work was recalculated. For each scenario, financial expenses were

## Explanatory Notes

calculated not taking into consideration tax effects and payment flow scheduled for 2018. Sensitivity of financial expenses was calculated based on balance existing on September 30, 2018.

Debt assumed with the National Bank for Economic and Social Development (BNDES) is remunerated at 3.78% p.a., added to TJLP (long-term reference rate). For the purpose of verifying sensitivity of indebtedness pegged to TJLP, interest rates risk factors to which the Company was exposed on base date September 30, 2018, three different scenarios were defined using TJLP of 6.64% p.a. for probable scenario. Based on it, scenarios with deteriorations of 25% and 50% were defined and annual rate applied to this financing was recalculated as follows:

Transaction	Position 09/2018	Conditions of operation	Scenario I Probable	Scenario II	Scenario III
BNDES Projected expense	91,537	TJLP	10.67% 9,767	12.39% 11,341	14.12% 12,925
Domestic Borrowing Projected expense	931,463	CDI e TR	8.94% 83,273	9.87% 91,935	10.81% 100,691
Construction financing Projected expense	881,716	TR	9.24% 81,471	9.24% 81,471	9.25% 81,559
	<b>1,904,716</b>		<b>174,511</b>	<b>184,747</b>	<b>195,175</b>

### c) Operation with derivative financial instrument

According to CVM Resolution no. 550 dated October 17, 2008 states that public companies must disclose, in a specific explanatory note, information on all derivative financial instruments. Derivative financial instruments are used by the Company to manage market risks related to interest rate, mainly for CCB-type loans, which are fixed.

#### (i) Cash flow swap

This type of swap permits payment of interest difference during contract period at periodic intervals (constant flow). The Company has two transactions of that type:

- ✓ The Company is in the long leg at fixed rate of 10.52% p.a. and in the short leg at rate of 85.03% of CDI, contracted on September 08, 2016, with maturity on May 6, 2019 and amortization of principal value in the last four months of the contract.

Description	Original amount in R\$ thousand	Long position (Cyrela)	Short position (Banco Morgan Stanley)	Gain (loss) AVJ
Cash flow swap linked to borrowing	200,000	10.52% p.a.	85.03% CDI	3,971

## Explanatory Notes

- ✓ The Company is in the long leg at fixed rate of 10.59% p.a. and in the short leg at rate of 71.86% of CDI, contracted on February 01, 2016, with maturity on February 5, 2019 and amortization of principal value on contract maturity.

Description	Original amount in R\$ thousand	Long position (Cyrela)	Short position (Banco Morgan Stanley)	Gain (loss) AVJ
Cash flow swap linked to borrowing	145,439	10.59% p.a.	71.86% CDI	1,274

- ✓ The Company is in the asset position at pre-rate of 8.30% p.a. and liability position at the rate of 88.70% of CDI, contracted on December 22, 2017, with maturity on February 1, 2022 and amortization of principal value according to debt maturity dates on which the contract is related.

Description	Original amount in R\$ thousand	Long position (Cyrela)	Short position (Banco Morgan Stanley)	Gain (loss) AVJ
Cash flow swap linked to borrowing	162,474	8.3% p.a.	88.7% CDI	200

### d) Considerations on capital risks and management

Key market risks to which the Company and its subsidiaries are exposed to in conducting their activities are:

#### (i) Market risk

Market risk is linked to fluctuations in fair value of a financial instrument's future cash flows in active market. Market prices are mainly affected by the change in interest rate (inflation) and by foreign currency fluctuation. Financial instruments affected by market risk include securities, accounts receivable, accounts payable, loans payable, financial instruments available for sale and derivative financial instruments.

- Risk of interest rate: the Company and its subsidiaries' income are subject to changes in interest rates levied on investments, securities and debts, mainly by CDI in trade accounts receivable that are remunerated at INCC-M and IGPM according to contract model.
- Risk of client contract cancellation: The Company efficiently applies its policies for credit analysis for the purpose of guaranteeing credit at the end of construction work and definitive client transfer to the bank. In spite of that, a greater number of clients have sought the Company to cancel their respective purchase and sale promise agreements, reflex of Brazilian economic retraction.

## Explanatory Notes

- **Currency risk:** the Company maintains foreign currency transactions that are exposed to market risks deriving from changes in these currencies' quotations. Any change in foreign exchange rate may increase or reduce said balances. As of September 30, 2018 and December 31, 2017, the Company did not present balance of loans in foreign currency. Securities in foreign currency presented balance of R\$ 6,905 on September 30, 2018 (R\$ 6,377 as of December 31, 2017), and this exposure was protected by future receivables from real estate development already delivered in Argentina, in US dollars.

### (ii) Credit risk

Credit risk is the risk of a deal counterparty not complying with an obligation provided for in financial instruments and contracts for the purchase and sale of properties, which would lead to financial loss. The Company is exposed to credit risk in its operating activities.

The credit risk in Company's operating activities is managed by specific client acceptance standards, credit analysis and setting of limits of exposure by the client, which are periodically reviewed.

In addition, Management conducts periodic analyses to identify if there are objective evidences that economic benefits associated to recognized income may not flow to the entity. Examples: (i) late payment of installments; (ii) unfavorable local or national economic conditions; among others. In case there are such evidences, respective provision for cancellation of agreement is recorded. Amount to be recorded in this provision considers that the property will be recovered by the Company, that possible amounts may be retained upon payment of indemnities to respective promising buyers, among others.

### (iii) Liquidity risk

The liquidity risk consists of the eventuality of the Company and its subsidiaries not having sufficient financial resources to honor their commitments on account of the different currencies and settlement terms of their rights and obligations.

Control of the liquidity and cash flow of the Company and its subsidiaries is monitored daily by the Company's management areas, in order to guarantee that operating cash generation and the previous obtainment of funding, when necessary, are sufficient for the maintenance of its schedule of commitments, not generating liquidity risks for the Company and its subsidiaries.

## Explanatory Notes

The Company's net debt could be presented as follows:

	Individual		Consolidated	
	09/2018	2017	09/2018	2017
(+) Inflation adjusted debt (principal) (i)	1,848,294	819,485	2,867,535	2,558,376
(-) Cash and Cash Equivalents, and securities	(1,644,304)	(716,156)	(2,139,828)	(1,362,761)
<b>Net debt</b>	<b>203,990</b>	<b>103,329</b>	<b>727,707</b>	<b>1,195,615</b>

(i) Comprised of loans and financing, debentures and CRI's, gross of issuance expenditures.

## 24. GROSS INCOME (LOSS)

We present below the breakdown of net income and costs related to income, presented in the statement of income:

	Individual				Consolidated			
	07/01/2018	01/01/2018	07/01/2017	01/01/2017	07/01/2018	01/01/2018	07/01/2017	01/01/2017
	to	to	to	to	to	to	to	to
	09/30/2018	09/30/2018	09/30/2017	09/30/2017	09/30/2018	09/30/2018	09/30/2017	09/30/2017
<b>Gross revenue</b>								
Real estate development and resale	76	1,989	275	870	728,261	1,812,209	604,856	1,857,354
Land subdivision	508	953	328	1,827	9,518	38,396	3,927	31,507
Service rendering and other	399	1,502	2,768	2,763	6,810	15,657	5,714	29,155
	<b>983</b>	<b>4,444</b>	<b>3,371</b>	<b>5,460</b>	<b>744,589</b>	<b>1,866,262</b>	<b>614,497</b>	<b>1,918,016</b>
Deductions from gross revenue	(117)	(527)	(457)	(633)	(19,764)	(51,276)	(16,670)	(53,046)
<b>Net revenue</b>	<b>866</b>	<b>3,917</b>	<b>2,914</b>	<b>4,827</b>	<b>724,825</b>	<b>1,814,986</b>	<b>597,827</b>	<b>1,864,970</b>
<b>Cost of sales and services</b>								
Real estate sold	(2,279)	(3,320)	(525)	(793)	(510,663)	(1,286,547)	(443,573)	(1,317,333)
Land subdivision	-	-	(401)	(1,109)	(3,503)	(15,673)	(3,350)	(17,233)
Service rendering	-	461	(84)	(356)	(5,883)	(11,910)	(3,572)	(14,466)
	<b>(2,279)</b>	<b>(2,859)</b>	<b>(1,010)</b>	<b>(2,258)</b>	<b>(520,049)</b>	<b>(1,314,130)</b>	<b>(450,495)</b>	<b>(1,349,032)</b>
<b>Gross profit</b>	<b>(1,413)</b>	<b>1,058</b>	<b>1,904</b>	<b>2,569</b>	<b>204,776</b>	<b>500,856</b>	<b>147,332</b>	<b>515,938</b>

## Explanatory Notes

### 25. SALES EXPENSES

The main expenditures incurred in the periods may be presented as follows:

	Individual				Consolidated			
	07/01/2018	01/01/2018	07/01/2017	01/01/2017	07/01/2018	01/01/2018	07/01/2017	01/01/2017
	to	to	to	to	to	to	to	to
	09/30/2018	09/30/2018	09/30/2017	09/30/2017	09/30/2018	09/30/2018	09/30/2017	09/30/2017
Sales stands	-	(25)	(27)	(82)	(23,441)	(62,457)	(20,266)	(66,642)
Advertising and publicity (media)	(880)	(2,930)	(3)	(3)	(17,256)	(41,709)	(15,162)	(47,780)
Professional services	(1,178)	(2,153)	(2,684)	(5,131)	(19,719)	(54,196)	(25,604)	(67,680)
Inventory maintenance	(8)	(15)	-	(2)	(15,472)	(53,025)	(18,673)	(52,188)
Other selling expenses (i)	(22)	(447)	-	-	(12,085)	(33,798)	(8,751)	(29,246)
	<b>(2,088)</b>	<b>(5,570)</b>	<b>(2,714)</b>	<b>(5,218)</b>	<b>(87,973)</b>	<b>(245,185)</b>	<b>(88,456)</b>	<b>(263,536)</b>

(i) Refers to recognized expenses with sales commission, salaries and other expenses of the Group's sale companies.

### 26. GENERAL AND ADMINISTRATIVE EXPENSES

Main expenditures incurred over the years may be presented as follows:

	Individual				Consolidated			
	07/01/2018	01/01/2018	07/01/2017	01/01/2017	07/01/2018	01/01/2018	07/01/2017	01/01/2017
	to	to	to	to	to	to	to	to
	09/30/2018	09/30/2018	09/30/2017	09/30/2017	09/30/2018	09/30/2018	09/30/2017	09/30/2017
Payroll and related taxes	(8,467)	(29,339)	(8,220)	(25,089)	(26,267)	(79,728)	(26,420)	(81,726)
Profit sharing (PLR)	(483)	(29)	(1,500)	(673)	(657)	(5,464)	(1,615)	(7,378)
Share-based expense (stock options)	(322)	4,617	(1,328)	(4,795)	(322)	4,617	(1,328)	(4,795)
Professional services	(7,198)	(21,952)	(7,994)	(24,729)	(23,914)	(69,244)	(19,347)	(66,257)
Leases, travel and representations	(3,220)	(10,121)	(3,219)	(10,145)	(8,223)	(22,003)	(6,598)	(19,979)
Indemnities for sundry risks (i)	(213)	(1,257)	(285)	(2,420)	(19,507)	(62,085)	(24,123)	(73,902)
Other administrative expenses	(8,773)	(19,724)	(4,952)	(15,591)	(15,049)	(40,227)	(13,503)	(39,728)
	<b>(28,676)</b>	<b>(77,805)</b>	<b>(27,498)</b>	<b>(83,442)</b>	<b>(93,939)</b>	<b>(274,134)</b>	<b>(92,934)</b>	<b>(293,765)</b>

(i) As Note 19.

## Explanatory Notes

### 27. FINANCIAL INCOME (LOSS)

The main expenditures and income incurred in the periods may be presented as follow:

	Individual				Consolidated			
	07/01/2018	01/01/2018	07/01/2017	01/01/2017	07/01/2018	01/01/2018	07/01/2017	01/01/2017
	to	to	to	to	to	to	to	to
	09/30/2018	09/30/2018	09/30/2017	09/30/2017	09/30/2018	09/30/2018	09/30/2017	09/30/2017
<b>Finance costs:</b>								
Interest - National Housing System (NHS)	-	-	-	-	(13,077)	(67,603)	(48,735)	(157,640)
Interest - domestic and foreign financing	(29,720)	(58,270)	(25,790)	(92,391)	(32,954)	(66,019)	(28,357)	(98,927)
Interest Capitalization	1,057	1,808	125	1,309	3,348	43,481	41,912	141,597
Inflation adjustments	(139)	(182)	(724)	(3,517)	(170)	(657)	(928)	(4,944)
Banking Fees	(1,820)	(5,097)	(1,379)	(4,458)	(3,377)	(8,858)	(2,736)	(8,251)
Discounts granted	-	-	-	-	(1)	(1)	(40)	(524)
Other finance costs	(3,001)	(5,801)	(1,581)	(3,680)	(3,819)	(8,182)	(3,173)	(9,735)
	<b>(33,621)</b>	<b>(67,542)</b>	<b>(29,348)</b>	<b>(102,737)</b>	<b>(50,050)</b>	<b>(107,839)</b>	<b>(42,056)</b>	<b>(138,424)</b>
<b>Finance income:</b>								
Income from short-term investments	25,870	49,737	27,682	76,023	32,100	69,207	42,723	131,048
Inflation adjustments	1,069	1,419	257	621	7,053	13,878	3,813	12,080
Discounts obtained	-	342	8	10	78	621	50	232
Sundry interest gains	11,811	31,884	8,560	32,069	6,507	19,105	5,673	23,541
Other finance income	5,248	15,440	3,023	4,964	5,817	17,175	3,929	8,816
Cofins/Pis on finance income	(2,052)	(4,913)	(2,068)	(5,892)	(2,274)	(5,682)	(2,456)	(7,443)
	<b>41,946</b>	<b>93,909</b>	<b>37,461</b>	<b>107,795</b>	<b>49,281</b>	<b>114,304</b>	<b>53,730</b>	<b>168,274</b>
<b>Finance Income (Costs)</b>	<b>8,325</b>	<b>26,367</b>	<b>8,113</b>	<b>5,059</b>	<b>(769)</b>	<b>6,465</b>	<b>11,674</b>	<b>29,851</b>

### 28. EARNING (LOSSES) PER SHARE

Basic and diluted earnings (losses) per share are as follows:

	09/2018	09/2017
<b>Profit (loss) diluted per share:</b>		
Profit (loss) of the period	(200,474)	(143,766)
Number of outstanding shares (-) treasury (shares in thousands)	254,014	382,658
<b>Profit (loss) basic per share - in R\$</b>	<b>(0.78923)</b>	<b>(0.37570)</b>
<b>Profit (loss) diluted per share:</b>		
Profit (loss) of the period	(200,474)	(143,766)
Weighted average number of shares outstanding (shares in thousands)	254,014	376,684
Effect of Stock Options granted (shares in thousands)	610,252	2,531
<b>Average number of shares outstanding - Diluted</b>	<b>864,266</b>	<b>379,215</b>
<b>Profit (loss) diluted per share</b>	<b>(0.23196)</b>	<b>(0.37911)</b>

## Explanatory Notes

### 29. SEGMENT REPORTING

#### a) Criteria for identifying operating segments

The Company defined segmentation of its operating structure taking into consideration the way in which Management manages the business. Operating segments presented in financial information are as follows:

- (i) Merger activity.
- ii) Service fee income

Development segment contemplates sale and resale of properties and allotment activity and is subdivided and presented in accordance with developed product to be traded, as follows:

- (i) Cyrela Products: projects defined by the Launching Committee as high standard and luxury, both belonging to the parent company and to joint ventures, are classified.
- (ii) Living products plus MCMV (government real estate project): projects defined by the Launching Committee as Living or *Minha Casa, Minha Vida*, both belonging to the parent company and to joint ventures, are classified.

Information on allotment activities and provision of services is presented in this note under term “Others”.

#### b) Consolidated information from operating segments

	Consolidated 09/2018				
	Cyrela	Living + MCMV	Other	Corporate	Total
Net revenue	782,782	854,654	177,551	-	1,814,986
Cost of sales and services	(575,573)	(622,425)	(116,132)	-	(1,314,130)
<b>Gross profit</b>	<b>207,209</b>	<b>232,229</b>	<b>61,419</b>	<b>-</b>	<b>500,857</b>
Operating expenses	(179,675)	(150,772)	(52,691)	(230,699)	(613,841)
<b>Operating income (expenses) before finance income (costs)</b>	<b>27,534</b>	<b>81,457</b>	<b>8,728</b>	<b>(230,699)</b>	<b>(112,980)</b>
<b>Total assets</b>	<b>3,901,015</b>	<b>2,893,249</b>	<b>88,806</b>	<b>3,616,528</b>	<b>10,499,600</b>
<b>Total liabilities</b>	<b>1,529,661</b>	<b>1,066,922</b>	<b>126,131</b>	<b>2,128,241</b>	<b>4,850,955</b>
<b>Equity</b>	<b>2,371,354</b>	<b>1,826,327</b>	<b>(37,337)</b>	<b>1,488,287</b>	<b>5,648,635</b>

	Consolidated 09/2017				
	Cyrela	Living + MCMV	Other	Corporate	Total
Net revenue	1,044,866	630,179	189,924	-	1,864,969
Cost of sales and services	(736,189)	(464,923)	(147,922)	-	(1,349,034)
<b>Gross profit</b>	<b>308,677</b>	<b>165,255</b>	<b>42,002</b>	<b>-</b>	<b>515,936</b>
Operating expenses	(129,986)	(95,295)	(38,255)	(324,081)	(587,617)
<b>Operating income (expenses) before finance income (costs)</b>	<b>178,691</b>	<b>69,960</b>	<b>3,747</b>	<b>(324,081)</b>	<b>(71,681)</b>
<b>Total assets</b>	<b>4,704,399</b>	<b>3,162,198</b>	<b>100,808</b>	<b>2,963,981</b>	<b>10,931,386</b>
<b>Total liabilities</b>	<b>1,753,394</b>	<b>1,417,254</b>	<b>44,938</b>	<b>1,396,021</b>	<b>4,611,607</b>
<b>Equity</b>	<b>2,951,005</b>	<b>1,744,944</b>	<b>55,870</b>	<b>1,567,960</b>	<b>6,319,779</b>

## Explanatory Notes

Amounts presented as corporative values involve mainly expenses of the corporate unit not allocated to other segments.

c) Information on net sales

A substantial portion of consolidated net income derives from Brazilian domestic market.

d) Information on main clients

The Company and its investees' clients do not concentrate relevant interest (above 10%) in their joint ventures which could affect operating results.

### 30. INSURANCE

The Company and its subsidiaries maintain insurance as shown below, to cover possible risks on its assets and/or responsibilities:

a) Engineering risk:

(i) Basic – R\$ 1,466,806: cover accidents (sudden and unforeseen cause) in construction work site, such as damages caused by nature or by force majeure, wind, storm, ray, flood, earthquake, etc, damage inherent to construction work, use of faulty or improper material, failures in construction, and collapse of structures.

(ii) Projects - R\$ 1,466,806: coverage of indirect damages caused by possible project errors.

(ii) Other - R\$311,400: refers to extraordinary expenses, debris removal, riots, strikes and civil commotion, among others.

b) Sales stand: fire - R\$ 10,000, theft - R\$ 450, and other risks - R\$ 2,600.

c) Contractual guarantees: R\$253,777.

d) Risk of physical damage to mortgaged properties: R\$359,761.

e) Construction risk: civil liability - R\$ 191,200.

f) Civil Liability on actions of Directors and Managers – R\$ 80,078.

### 31. Subsequent events

On October 05, the Company made the settlement of CCB loans in advance, connected to Banco Itaú with charges for reference rate, plus 10.59% p.a., totaling R\$ 134,102, which maturity date was in February 2019.

## **Explanatory Notes**

### 32. APPROVAL OF FINANCIAL INFORMATION

The Company's individual and consolidated financial information was approved in the Board of Directors' Meeting held on November 08, 2018.

In compliance with provisions of CVM Instruction no. 480/09, the Company's Executive Board declared that it discussed, reviewed and agreed with the Company's individual and consolidated financial information and with conclusion expressed in the independent auditors' report for the period ended September 30, 2018.

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**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 09/30/2018 (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	90.784.400	22,7%	90.784.400	22,7%
EH Capital Management (2)	7.502.400	1,9%	7.502.400	1,9%
Dynamo	41.797.119	10,5%	41.797.119	10,5%
Treasury Shares	15.585.694	3,9%	15.585.694	3,9%
Others	222.173.378	55,6%	222.173.378	55,6%
<b>Total</b>	<b>399.742.999</b>	<b>100,0%</b>	<b>399.742.999</b>	<b>100,0%</b>

(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, MANAGEMENT AND FREE FLOAT.**

Shareholding on 09/30/2018

Shareholders	Number of Common Shares (In Units)	%	Number of Common Shares (In Units)	%
<b>Controlling Shareholder</b>	126.164.093	31,6%	126.164.093	31,6%
<b>Managers</b>				
Board of Directors	2.024.639	0,5%	2.024.639	0,5%
Board of Executive Officers	971.952	0,2%	971.952	0,2%
<b>Fiscal Council</b>	1	0,0%	1	0,0%
<b>Treasury Shares</b>	15.585.694	3,9%	15.585.694	3,9%
<b>Others Shareholders</b>	254.996.620	63,8%	254.996.620	63,8%
<b>Total</b>	<b>399.742.999</b>	<b>100,1%</b>	<b>399.742.999</b>	<b>100,1%</b>
<b>Outstanding Shares</b>	254.996.620	63,9%	254.996.620	63,9%

**CONSOLIDATED SHAREHOLDING OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND FREE FLOAT.**

Shareholding on 09/30/2017 (12 months ago)

Shareholders	Number of Common Shares (In Units)	%	Number of Common Shares (In Units)	%
<b>Controlling Shareholder</b>	136.016.451	34,0%	136.016.451	34,0%
<b>Managers</b>				
Board of Directors	1.271.822	0,3%	1.271.822	0,3%
Board of Executive Officers	473.694	0,1%	473.694	0,1%
<b>Fiscal Council</b>	-	0,0%	-	0,0%
<b>Treasury Shares</b>	17.084.789	4,3%	17.084.789	4,3%
<b>Others Shareholders</b>	244.896.043	61,3%	244.896.043	61,3%
<b>Total</b>	<b>399.742.799</b>	<b>100,0%</b>	<b>399.742.799</b>	<b>100,0%</b>
<b>Outstanding Shares</b>	244.896.043	61,3%	244.896.043	61,3%

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 B3.

**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, Rua do Rócio, nº 109, 2º floor, room 1, Zip Code 04552-000, Vila Olímpia, 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 September 30, 2018.

São Paulo, November 08, 2018.

The Management

**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 Rua do Rócio, nº 109, 2º floor, room 1, Zip Code 04552-000, Vila Olímpia, 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 (KPMG) related to the Company's financial statements for the interim financial statements of the Company for the quarter ended September 30, 2018.

São Paulo, November 08, 2018.

The Management