

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
EZ TEC Empreendimentos e Participações S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of EZ TEC Empreendimentos e Participações S.A. (the "Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2017, which comprises the balance sheet as at September 30, 2017, and the related income statement and statement of comprehensive income for the quarter and nine-month period then ended, and statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), which considers OCPC 04 on the application of ICPC 02 to real estate development entities in Brazil, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), as well as for the presentation of such information in accordance with the standards issued by the CVM, applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, which takes into consideration OCPC 04 on the application of ICPC 02 to real estate development entities in Brazil, issued by CPC and approved by CVM and CFC, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

Emphasis of matter

As described in note 2, the individual (Parent) and consolidated interim financial information has been prepared in accordance with accounting practices adopted in Brazil (CPC 21(R1)). The consolidated interim financial information prepared in accordance with International Financial Reporting Standards (IFRS) applicable to real estate development entities in Brazil (IAS 34 for interim financial information) also considers OCPC 04 issued by CPC. This guideline addresses the recognition of revenue by real estate development entities, including the matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units, as detailed in note 2. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the nine-month period ended September 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR) and considered supplemental information for IFRS that does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information, taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, November 9, 2017

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Ismar de Moura
Engagement Partner

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(In thousands of Brazilian reais - R\$)

ASSETS	Note	Company		Consolidated		LIABILITIES AND EQUITY	Note	Company		Consolidated	
		30/09/2017	31/12/2016	30/09/2017	31/12/2016			30/09/2017	31/12/2016	30/09/2017	31/12/2016
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	14.671	24.141	56.146	103.875	Trade accounts payable		2.129	527	21.045	19.585
Short-term investments	4	995.209	444.245	1.074.969	459.980	Payroll and related taxes		2.290	1.188	6.447	4.422
Trade accounts receivable	5	-	-	421.601	622.340	Taxed payable		6.074	4.533	39.746	12.692
Properties for sale	6	-	-	774.794	1.042.903	Borrowings and financing	10	-	-	282.323	224.958
Recoverable taxes	7	-	6	2.979	1.956	Provision for investment losses	8	909	-	-	-
Dividends receivable from joint ventures	13	8.622	4.886	8.622	4.886	Accounts payable		775	773	41.217	48.160
Current account with partners at the developments		-	-	-	-	Provision for warranty		-	-	18.640	15.536
Other receivable		1.083	629	25.365	27.147	Advances from customers		-	-	12.817	12.254
Total current assets		1.019.585	473.907	2.364.476	2.263.087	Land payable	11	-	-	10.986	7.081
						Dividends payable	15	-	54.676	-	54.676
NONCURRENT ASSETS						Related parties	13	705.278	419.897	19.494	19.506
Trade accounts receivable	5	14.618	14.618	324.833	296.885	Deferred taxes	12	-	-	17.924	26.177
Properties for sale	6	-	-	497.677	598.875	Total current liabilities		717.455	481.594	470.639	445.047
Recoverable taxes	7	23.729	17.522	23.748	17.522						
Related parties	13	1.717	596	459	483	NONCURRENT LIABILITIES					
Notes receivable	13	-	-	14.618	14.618	Borrowings and financing	10	-	-	15.258	128.507
Other receivable		17.435	29.795	27.639	13.135	Land payable	11	-	-	-	62.029
Investments	8	2.678.034	2.779.383	301.998	306.453	Provision for warranty		-	-	1.252	3.543
Property, plant and equipment		264	843	3.418	1.111	Provision for risks and contingencies	14	5.285	5.285	11.658	11.658
Intangible assets		3.189	3.985	3.200	3.996	Deferred taxes	12	-	5.941	13.015	18.014
Total noncurrent assets		2.738.986	2.846.742	1.197.590	1.253.078	Other payables to third parties		-	-	2.142	2.954
						Total noncurrent liabilities		5.285	11.226	43.325	226.705
						EQUITY	15				
						Capital	15.a	1.356.704	1.356.704	1.356.704	1.356.704
						Capital reserves	15.b	38.297	38.297	38.297	38.297
						Special reserves for goodwill	15.c	(49.414)	(49.414)	(49.414)	(49.414)
						Earnings reserves	15.d, 15.e, 15.f	1.356.704	1.482.242	1.356.704	1.482.242
						Net income for the period		333.540	-	333.540	-
						Company's owners		3.035.831	2.827.829	3.035.831	2.827.829
						Noncontrolling interests in subsidiaries equity		-	-	12.271	16.584
						Total equity		3.035.831	2.827.829	3.048.102	2.844.413
TOTAL ASSETS		3.758.571	3.320.649	3.562.066	3.516.165	TOTAL LIABILITIES AND EQUITY		3.758.571	3.320.649	3.562.066	3.516.165

The accompanying notes are an integral part of this interim financial information.

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE QUARTERS AND SEMESTERS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Brazilian reais - R\$, except basic earnings per share)

	Note	Company				Consolidated			
		07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016
NET REVENUE	17	-	-	-	-	691.683	894.600	115.526	420.790
Cost of properties sold and services rendered	18	-	-	-	-	(377.117)	(484.728)	(64.559)	(231.909)
GROSS PROFIT		-	-	-	-	314.566	409.872	50.967	188.881
OPERATING INCOME (EXPENSES)									
Selling expenses	18	-	-	-	-	(20.903)	(50.454)	(7.103)	(41.790)
General and administrative expenses	18	(11.111)	(34.607)	(11.328)	(35.892)	(17.646)	(54.867)	(19.177)	(59.173)
Management compensation	19	(2.147)	(6.593)	(2.442)	(7.329)	(2.426)	(7.429)	(2.755)	(8.202)
Share of profit (loss) of subsidiaries		281.403	353.349	46.150	174.363	7.456	15.629	7.457	30.825
Provision for investment losses		(909)	(909)	-	-	-	-	-	-
Tax expenses		(4)	(60)	(102)	(360)	(325)	(4.871)	(851)	(4.288)
Other operating expenses, net		(795)	(23.443)	2.177	(8.414)	354	(484)	1.682	747
PROFIT FROM OPERATIONS BEFORE FINANCE INCOME		266.437	287.737	34.455	122.368	281.076	307.396	30.220	107.000
Finance income	20	12.502	40.316	14.327	36.714	19.722	60.845	27.633	77.978
Finance costs	20	(3)	(7)	-	(14)	(8.325)	(18.772)	(5.527)	(14.250)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		278.936	328.046	48.782	159.068	292.473	349.469	52.326	170.728
Current income taxes and social contribution		(51)	(447)	-	-	(16.546)	(23.709)	(3.483)	(12.691)
Deferred income taxes and social contribution		1.172	5.941	-	2.107	4.276	9.442	150	3.532
PROFIT FOR THE PERIOD		280.057	333.540	48.782	161.175	280.203	335.202	48.993	161.569
Company's owners						280.057	333.540	48.782	161.175
Noncontrolling interests						146	1.662	211	394
BASIC AND DILUTED EARNINGS PER SHARE (in Brazilian reais - R\$)	16	1.70	2.02	0.29	0.99	1.70	2.02	0.29	0.98

The accompanying notes are an integral part of this interim financial information.

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS AND SEMESTERS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Brazilian reais - R\$)

	Company				Consolidated			
	07/01/2017 to 09/30/2017	01/01/2017 to 09/30/2017	07/01/2016 to 09/30/2016	01/01/2016 to 09/30/2016	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
PROFIT FOR THE PERIOD	280.057	333.540	48.782	161.175	280.203	335.202	48.993	161.569
Other components of comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>280.057</u>	<u>333.540</u>	<u>48.782</u>	<u>161.175</u>	<u>280.203</u>	<u>335.202</u>	<u>48.993</u>	<u>161.569</u>
Company's owners					280.057	333.540	38.782	161.175
Noncontrolling interests					<u>146</u>	<u>1.662</u>	<u>211</u>	<u>394</u>
					<u>280.203</u>	<u>335.202</u>	<u>38.993</u>	<u>161.569</u>

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE SEMESTERS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Brazilian reais - R\$)

	Capital	Capital reserve	Capital reserve goodwill	Earnings reserves	Retained earnings	Controlling shareholders' equity	Noncontrolling shareholders' interest in subsidiaries' equity	Consolidated equity
BALANCES AS OF DECEMBER 31, 2016	1.220.000	38.297	(49.414)	1.493.409	-	2.702.292	3.262	2.705.554
Capital increase	136.704	-	-	(136.704)	-	-	-	-
Additional dividend	-	-	-	(50.000)	-	(50.000)	-	(50.000)
Effect of non-controlling interests in subsidiaries	-	-	-	-	-	-	(225)	(225)
Profit for the period	-	-	-	-	161.175	161.175	183	161.358
BALANCES AS OF SEPTEMBER 30, 2016	<u>1.356.704</u>	<u>38.297</u>	<u>(49.414)</u>	<u>1.306.705</u>	<u>161.175</u>	<u>2.813.467</u>	<u>3.220</u>	<u>2.816.687</u>
BALANCES AS OF DECEMBER 31, 2016	1.356.704	38.297	(49.414)	1.482.242	-	2.827.829	16.584	2.844.413
Additional dividend	-	-	-	(125.538)	-	(125.538)	(5.975)	(131.513)
Effect of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	333.540	333.540	1.662	335.202
BALANCES AS OF SEPTEMBER 30, 2017	<u>1.356.704</u>	<u>38.297</u>	<u>(49.414)</u>	<u>1.356.704</u>	<u>333.540</u>	<u>3.035.831</u>	<u>12.271</u>	<u>3.048.102</u>

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SEMESTERS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the period	333.540	161.175	335.202	161.569
Adjustments to reconcile profit to net cash:				
from operating activities:				
Present value adjustment of trade accounts receivable	-	-	(16.091)	(5.290)
Inflation adjustment and interest, net	(40.753)	(36.793)	(48.162)	(70.681)
Depreciation and amortization	26.306	14.035	2.865	5.222
Share of profit (loss) of subsidiaries	(353.349)	(174.363)	(15.629)	(30.825)
Provision for lawsuits	-	1.000	-	1.000
Loss on permanent investments	-	135	-	135
Provision for investment losses	909	-	-	-
Current and deferred income and social contribution taxes	(5.494)	(2.108)	(9.441)	9.158
(Increase) decrease in operating assets:				
Trade accounts receivable	-	-	205.458	119.505
Properties for sale	-	-	332.872	(43.795)
Other assets	3.195	21.808	(25.685)	3.663
Prepaid expenses	-	-	3.203	(3.057)
Increase (decrease) in operating liabilities:				
Advances from customers	-	-	563	(12.185)
Trade accounts payable	1.602	131	1.460	8.112
Other liabilities	3.543	2.438	28.604	7.287
Dividends received from subsidiaries	529.051	283.455	20.829	59.996
Income and social contribution taxes paid	(447)	-	(10.283)	(12.718)
Interest paid	-	-	(30.840)	(15.720)
Other	-	-	-	-
Net cash from operating activities	<u>498.103</u>	<u>270.913</u>	<u>774.925</u>	<u>181.376</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of financial investment	(721.408)	(247.512)	(849.908)	(257.812)
Redemption of financial investment	209.970	139.783	275.544	160.717
Acquisition of investments	(101.964)	(46.229)	(2.076)	(2.782)
Goodwill on investment acquisition	-	-	-	-
Acquisition of fixed and intangible assets	(112)	(104)	(3.038)	(236)
Net cash used in investing activities	<u>(613.514)</u>	<u>(154.062)</u>	<u>(579.478)</u>	<u>(100.113)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings and financing	-	-	391.555	130.256
Repayment of borrowings	-	-	(448.553)	(46.968)
Effect of non-controlling interests in subsidiaries	-	-	(5.976)	(2.902)
Related parties	286.143	70.288	-	-
Dividends paid	(180.202)	(155.445)	(180.202)	(155.445)
Net cash from (used in) financing activities	<u>105.941</u>	<u>(85.157)</u>	<u>(243.176)</u>	<u>(75.059)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(9.470)</u>	<u>31.694</u>	<u>(47.729)</u>	<u>6.204</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>24.141</u>	<u>3.151</u>	<u>103.875</u>	<u>78.840</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>14.671</u>	<u>34.845</u>	<u>56.146</u>	<u>85.044</u>

The accompanying notes are an integral part of this interim financial information.

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SEMESTERS ENDED SEPTEMBER 30, 2017 AND 2016
(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016
REVENUES				
Revenue from properties sold and services rendered			915.341	431.792
Others	-	4.883	-	5.041
	<u>-</u>	<u>4.883</u>	<u>915.341</u>	<u>436.833</u>
Inputs acquired from third parties (including taxes - ICMS, IPI, PIS and COFINS):				
Cost of properties sold and services rendered	-	-	(484.728)	(208.445)
Materials, electric power, outside services and other	(6.548)	(10.384)	(86.854)	(69.120)
Others	-	(2.421)	(483)	(1.870)
	<u>(6.548)</u>	<u>(12.805)</u>	<u>(572.065)</u>	<u>(279.435)</u>
GROSS VALUE ADDED (CONSUMED)	<u>(6.548)</u>	<u>(7.922)</u>	<u>343.276</u>	<u>157.398</u>
DEPRECIATION AND AMORTIZATION	(26.306)	(14.035)	(2.865)	(5.222)
WEALTH CREATED (CONSUMED) BY THE COMPANY	<u>(32.854)</u>	<u>(21.957)</u>	<u>340.411</u>	<u>152.176</u>
WEALTH RECEIVED IN TRANSFER				
Share of profit (loss) of subsidiaries	353.349	174.363	15.629	30.825
Finance income	40.316	36.714	60.845	77.978
	<u>393.665</u>	<u>211.077</u>	<u>76.474</u>	<u>108.803</u>
TOTAL WEALTH TO BE DISTRIBUTED	<u>360.811</u>	<u>189.120</u>	<u>416.885</u>	<u>260.979</u>
DISTRUBUTION OF WEALTH	<u>360.811</u>	<u>189.120</u>	<u>416.885</u>	<u>260.979</u>
Personnel	<u>20.689</u>	<u>21.801</u>	<u>45.387</u>	<u>50.160</u>
Salaries and wages	17.056	18.303	35.405	40.240
Benefits	2.761	2.540	7.293	7.230
FGTS	872	958	2.689	2.690
Taxes, charges and contributions	<u>3.757</u>	<u>3.711</u>	<u>14.706</u>	<u>32.580</u>
Federal	3.721	3.378	7.190	25.566
Municipal	36	333	7.516	7.014
State	-	-	-	-
Debt capital	<u>2.825</u>	<u>2.433</u>	<u>21.590</u>	<u>16.670</u>
Finance costs	7	13	18.772	14.250
Rents	2.818	2.420	2.818	2.420
Shareholders	<u>333.540</u>	<u>161.175</u>	<u>335.202</u>	<u>161.569</u>
Retained earnings for the year	333.540	161.175	333.540	161.175
Noncontrolling shareholders in retained profits	-	-	1.662	394

The accompanying notes are an integral part of this interim financial information.

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EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE NINE-MONTH PERIOD SEPTEMBER 30, 2017

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

1. GENERAL INFORMATION

EZ TEC Empreendimentos e Participações S.A. (“Company”), headquartered at Avenida República do Líbano, 1921, City of São Paulo, São Paulo State, is listed at the “Novo Mercado” segment of Bolsa de Valores, Mercadorias e Futuros - BM&FBOVESPA S.A. since June 21, 2007, and its shares are traded under the ticker symbol “EZTC3”. EZ TEC Empreendimentos e Participações S.A. is the holding of the companies mentioned in note 8.

The Company, through its subsidiaries and joint ventures, is primarily engaged in: (a) development and sale of real estate projects of any type, including through financing; (b) management and rental of own properties; (c) land plotting; (d) construction of condominiums; (e) provision of services related to construction, supervision, studies and projects and performance of any construction work and provision of civil engineering services on a technical and economic basis; and (f) holding equity interest in other companies, incorporated or unincorporated, either as a partner or shareholder.

2. SIGNIFICANT ACCOUNTING POLICIES

The individual and consolidated interim financial information has been prepared consistently with the accounting policies described in note 2 to the individual and consolidated annual financial statements for the year ended December 31, 2016, and should, therefore, be read in conjunction with said financial statements.

The individual and consolidated interim financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”) and technical pronouncement CPC 21 (R1) – Interim Financial Reporting, including OCPC 04 – Application of ICPC 02 to real estate development entities in Brazil, with respect to the recognition of real estate industry revenues and involves matters related to the meaning and the application of the continuous transfer of risks, benefits and control on the sale of real estate units and other standards issued by the Brazilian Securities Commission (“CVM”), applicable to the Interim Financial Information (“ITR”).

The preparation of interim financial information requires the use of certain critical accounting estimates and the exercise of judgment by the Company’s management in the process of application of the accounting policies. The accounting estimates and assumptions are constantly assessed and are based on prior experience and other factors, including expected future events considered as reasonable in view of circumstances. Actual results may differ from those estimates.

Management asserts that all relevant information for the interim financial information, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

In relation to the standards and interpretations not yet adopted, in May 2014, IASB and FASB issued together IFRS 15 - Revenue from Contracts with Customers to clarify and converge the recognition of revenue, including in real estate development transactions, to be adopted beginning January 1, 2018. CPC 47, corresponding to this IFRS 15 was issued, and the Company's management will assess the possible impacts on its financial statements until the closing of 2017.

3. CASH AND CASH EQUIVALENTS

Represented by:

	Company		Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Cash and banks	937	3,360	33,761	53,609
Short-term investments – repurchase agreements	<u>13,734</u>	<u>20,781</u>	<u>22,385</u>	<u>50,266</u>
	<u>14,671</u>	<u>24,141</u>	<u>56,146</u>	<u>103,875</u>

The yield of short-term investments in repurchase agreements ranges from 93% to 100.5% of the Interbank Deposit (CDI) rate.

4. SHORT-TERM INVESTMENTS

As at September 30, 2017, highly liquid short-term investments are to be used in accordance with the Company's cash requirements.

All short-term investments are measured at amortized cost and their effects are recognized in profit or loss.

	Interest rate	Company		Consolidated	
		<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Short-term investments in CDBs	72% to 102% of CDI	126,486	145,727	129,085	161,359
Investments in non-exclusive investment funds (*)	98.5% to 103.9% of CDI	258,458	298,518	335,619	298,621
Short-term investments in repurchase agreements (**)	70% to 100% of CDI	<u>610,265</u>	<u>-</u>	<u>610,265</u>	<u>-</u>
		<u>995,209</u>	<u>444,245</u>	<u>1,074,969</u>	<u>459,980</u>

(*) Composed of time deposits, repurchase agreements, debentures, bonds and other investments.

(**) Amount of short-term investments in repurchase agreements that in October 2017 was transferred to investments in non-exclusive investment funds.

5. TRADE RECEIVABLES

6.

	Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>
Receivables from real estate development - completed works	614,807	388,572
Receivables from real estate development – construction in progress (*)	129,853	528,988
Trade notes receivable - services	<u>1,774</u>	<u>1,665</u>
	<u>746,434</u>	<u>919,225</u>
Current (note 9)	<u>421,601</u>	<u>622,340</u>
Noncurrent (note 9)	<u>324,833</u>	<u>296,885</u>

(*) Net adjustment to present value as at September 30, 2017, in the amount of R\$2,554 (R\$18,645 as at December 31, 2016). The average rate for the nine-month period ended September 30, 2017 was 5.0% per year (5.9% per year as at December 31, 2016) for receivables of undelivered units.

The noncurrent portion as at September 30, 2017 and December 31, 2016 matures as follows:

Year	Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>
2018	20,803	93,925
2019	74,982	55,042
2020	59,025	41,945
Beginning 2021	<u>170,023</u>	<u>105,973</u>
	<u>324,833</u>	<u>296,885</u>

As at September 30, 2017 and December 31, 2016, the aging list of trade receivables is as follows:

	Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>
Current	525,663	875,819
Past due:		
Up to 30 days	28,201	14,276
31 to 60 days	121,439	4,881
61 to 90 days	43,029	2,558
91 to 120 days	1,139	21,047
Over 120 days	<u>53,465</u>	<u>35,542</u>
	247,273	78,304
Provision for terminations	<u>(26,502)</u>	<u>(34,898)</u>
	<u>746,434</u>	<u>919,225</u>

Of the past-due amounts as at September 30, 2017, 76.1% (74% as at December 31, 2016) refers to customers whose request for bank financing is being analyzed. Probable losses have already been recorded in the interim financial information.

Such transactions are collateralized by mortgage on the financed properties when real estate credits are originated.

7. PROPERTIES FOR SALE

	Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>
Completed properties	409,089	630,480
Properties under construction	117,038	220,956
Land for the construction of new projects	721,110	748,531
Finance charges	25,126	41,339
Advances to suppliers	<u>108</u>	<u>472</u>
	<u>1,272,471</u>	<u>1,641,778</u>
Current	<u>774,794</u>	<u>1,042,903</u>
Noncurrent	<u>497,677</u>	<u>598,875</u>

The developments scheduled to be launched by October 2018 were classified under noncurrent assets.

The Company's management annually assesses its inventory of land and units completed and under construction, at market price, and based on the outcome of these assessments, makes the adjustments for impairment. At the balance sheet date, no inventory losses were recorded.

8. RECOVERABLE TAXES

Represented by:

	Company		Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Withholding Income Tax (IRRF) (*)	23,729	17,522	25,083	18,887
Other	<u>-</u>	<u>6</u>	<u>1,644</u>	<u>591</u>
	<u>23,729</u>	<u>17,528</u>	<u>26,727</u>	<u>19,478</u>
Current	<u>-</u>	<u>6</u>	<u>2,979</u>	<u>1,956</u>
Noncurrent	<u>23,729</u>	<u>17,522</u>	<u>23,748</u>	<u>17,522</u>

(*) The income tax on short-term investments represents withholdings, including from prior years, which, in accordance with article 66 of Law 8383/91, with the new wording established by article 58 of Law 9069/95, establishes the right of offset against taxes of the same nature or reimbursement request, which ensures the Company its full realization at adjusted amounts. The Company filed a request for reimbursement of a portion of this amount, and the required amounts were partially repaid, as duly restated.

9. INVESTMENTS

Subsidiaries	Company							Investments	
	Direct interest - %	Assets	Liabilities	Equity	Profit or loss	Share of profit (loss) of investees	09/30/2017	12/31/2016	
AK 14 Empreend. e Part. Ltda. (a)	60.00%	34,089	20,409	13,680	(357)	(214)	8,208	7,674	
Alessandra Incorporadora Ltda.	99.99%	11,905	909	10,996	(809)	(809)	10,996	11,806	
Alexandria Incorporadora Ltda.	99.99%	30,816	1,297	29,519	313	313	29,519	33,298	
Alfenas Incorporadora Ltda.	99.99%	30,829	929	29,900	148	148	29,900	29,751	
Analisis Consultoria, Planej. e Part. S/S	99.99%	133	59	74	-	-	74	74	
Arambaré Incorporadora Ltda.	99.99%	24,936	92	24,844	(256)	(256)	24,844	24,851	
Arapanés Incorporadora Ltda.	99.99%	34,816	9,846	24,970	1,965	1,965	24,970	23,727	
Ares da Praça Empreend. Imob. Ltda. (a)	70.00%	93,023	5,391	87,632	7,530	5,271	61,342	66,046	
Arizona Incorporadora Ltda.	99.99%	10,154	39	10,115	(18)	(18)	10,115	-	
Aurillac Incorporadora Ltda.	99.99%	24,984	2,611	22,373	510	510	22,373	21,658	
Áustria Incorporadora Ltda. (a)	50.00%	33,145	5,004	28,141	623	312	14,070	13,759	
Bergamo Incorporadora Ltda.	99.99%	16,029	9	16,020	(87)	(87)	16,020	16,008	
Bonneville Incorporadora Ltda. (a)	50.00%	5,230	189	5,041	(121)	(60)	2,521	2,548	
Cabo Frio Incorporadora Ltda. (a)	50.00%	36,637	357	36,280	(49)	(25)	18,140	18,105	
Cabreuva Incorporadora Ltda.	99.99%	28,163	53	28,110	(64)	(64)	28,110	28,058	
Camila Empreend. Imobiliários Ltda.	99.99%	18,934	4,097	14,768	(356)	(384)	14,837	14,559	
Campo Limpo Incorporadora Ltda.	99.99%	1,259	-	1,259	(33)	(33)	1,259	62	
Catarina Incorporadora Ltda.	99.99%	20,722	890	19,832	(637)	(637)	19,832	23,605	
Cayowaa Incorporadora Ltda.	99.99%	7,040	71	6,969	900	900	6,969	6,450	
CCISA07 Incorporadora Ltda. (a)	50.00%	4,474	101	4,373	(31)	(16)	2,186	2,202	
Center Jabaquara Empreend. Ltda.	99.99%	26,490	1,151	25,339	934	934	25,339	24,429	
Coimbra Incorporadora Ltda.	99.99%	1,979	-	1,979	(1)	(1)	1,979	1,895	
Crown Incorporadora Ltda.	99.99%	37,376	2,151	35,225	(147)	(147)	35,225	35,423	
Curupá Empreend. Imobiliários Ltda.	99.99%	6,722	108	6,614	172	172	6,614	6,492	
Dakota Incorporadora Ltda.	99.99%	2	-	2	-	-	2	-	
E.Z.L.I. Empreend. Imobiliários Ltda.	70.00%	510,902	257,434	253,468	508	356	177,428	173,258	
Elba Incorporadora Ltda.	99.99%	43,587	1,150	42,437	2,513	2,513	42,437	39,969	
Esmima Incorporadora Ltda.	99.99%	10,140	287	9,853	349	349	9,852	9,593	
EZ Park Estacionamento Ltda.	99.99%	203	24	179	(92)	(92)	179	140	
EZ TEC Técnica Eng. e Construção Ltda.	99.99%	10,038	2,884	7,154	(2,500)	(2,500)	7,154	9,653	
Florença Incorporadora Ltda.	99.99%	25,129	742	24,387	248	248	24,387	24,138	
Florianópolis Empreend. Imob. Ltda. (a)	50.00%	54,202	26,411	27,791	2,007	1,004	13,895	15,273	
Galia Incorporadora Ltda.	99.99%	25,273	110	25,163	(348)	(348)	25,163	23,626	
Garicema Empreend. Imobiliários Ltda.	99.99%	225,140	53,918	171,222	291,352	291,352	171,222	317,455	
Genova Incorporadora Ltda. (a)	60.00%	1,556	680	876	43	26	526	500	
Giopris Empreend. Imobiliários Ltda.	99.99%	62,173	11,280	50,893	3,857	3,857	50,893	47,312	
Giovanna Incorporadora Ltda.	99.99%	23,651	422	23,229	507	507	23,229	22,722	
Gol Incorporadora Ltda.	99.99%	34,165	129	34,036	(2)	(2)	34,036	32,073	
Grauna Incorporadora Ltda.	99.99%	3,819	8	3,811	(66)	(66)	3,811	3,807	
Guara Incorporadora Ltda.	99.99%	59,766	-	59,766	(219)	(219)	59,766	58,280	
Hannover Incorporadora Ltda.	99.99%	8,520	5	8,515	(229)	(229)	8,515	8,454	
Ibiuna Incorporadora Ltda.	99.99%	5,987	-	5,987	(1)	(1)	5,987	5,987	
Iracema Incorporadora Ltda. (a)	50.00%	57,024	142	56,882	(3)	(2)	28,441	28,099	
Islandia Incorporadora Ltda.	99.99%	118	-	118	(2)	(2)	118	-	
Itagi Incorporadora Ltda.	80.00%	2,349	29	2,320	1	1	1,856	1,855	
J.J. Rodrigues Empr. Imob. Ltda (a)	50.00%	9,125	4,649	4,476	3,427	1,714	2,238	524	
Jauaperi Incorporadora Ltda.	99.99%	48,267	5,988	42,279	4,997	4,997	42,279	37,661	
Juquitiba Incorporadora Ltda.	99.99%	20,078	13	20,065	(115)	(115)	20,065	19,873	
Juriti Empreend. Imobiliários Ltda.	99.99%	10,845	465	10,380	194	194	10,380	10,186	
Lafaiete Incorporadora Ltda.	99.99%	28,351	597	27,754	1,075	1,075	27,754	26,679	
Larissa Incorporadora Ltda.	99.99%	2	-	2	-	-	2	-	
Lausane Incorporadora Ltda.	99.99%	13,370	581	12,789	99	99	12,789	12,690	
Limoges Incorporadora Ltda.	99.99%	78,656	3,481	75,175	8,616	8,616	75,175	67,394	
Livorno Incorporadora Ltda.	99.99%	49,552	17,102	32,450	4,058	4,058	32,450	28,382	
Mairiporã Incorporadora Ltda.	99.99%	173,175	1,620	171,555	(572)	(572)	171,555	166,177	
Marcella Empreend. Imobiliários Ltda.	99.99%	39,377	925	38,452	(433)	(433)	38,452	38,990	
Marina Empreend. Imobiliários Ltda.	99.99%	102,297	30,159	72,138	9,280	9,280	72,138	63,402	
Michigan Incorporadora Ltda.	99.99%	16,404	9,538	6,866	(356)	(356)	6,866	-	
Mix Residencial Ltda.	99.99%	3	-	3	(1)	(1)	3	2	
Miziara Empreend. Imobiliários Ltda.	99.99%	35,917	3,159	32,758	9,384	9,384	32,758	33,803	
Mônaco Incorporação Ltda. (c)	80.00%	62,821	5,262	57,559	8,079	6,464	46,047	63,183	
Monza Incorporadora Ltda.	99.99%	17,767	20	17,747	(18)	(18)	17,747	17,765	
Otawa Incorporadora Ltda.	99.99%	17,297	616	16,681	(10)	(10)	16,681	16,690	
Paraíso Empreend. Imobiliários Ltda.	99.99%	35,646	2,190	33,456	3,814	3,814	33,456	29,642	
Park Empreend. Imobiliários Ltda.	99.99%	21,654	3,208	18,446	(57)	(57)	18,446	18,503	
Phaser Incorporação SPE S.A. (a)	27.50%	457,869	131,970	325,899	(2,179)	(599)	89,622	98,664	
Pinhal Incorporadora Ltda.	99.99%	25,693	97	25,596	(223)	(223)	25,596	25,527	

Subsidiaries	Company							
	Direct interest - %	Assets	Liabilities	Equity	Profit or loss	Share of profit (loss) of investees	Investments 09/30/2017	Investments 12/31/2016
Pirassununga Incorporadora Ltda.	99.99%	16,953	23	16,930	(359)	(359)	16,930	16,937
Priscilla Empreend. Imobiliários Ltda.	99.99%	16,767	47	16,720	(177)	(177)	16,720	16,982
Puebla Incorporadora Ltda. (a)	65.00%	119,967	79,616	40,351	13,272	8,627	26,228	17,589
Reno Incorporadora Ltda.	99.99%	105,312	3,244	102,068	3,725	3,725	102,068	102,424
San Diego Incorporadora Ltda.	99.99%	19,587	1,572	18,015	350	350	18,015	17,666
Santa Lídia Empr. e Part. SPE Ltda. (a)	50.00%	13,240	4,953	8,287	(532)	(266)	4,144	4,410
Santarém Incorporadora Ltda.	99.99%	14,557	119	14,438	(162)	(162)	14,438	14,288
Savona Incorporadora Ltda.	90.00%	1,837	972	865	90	81	778	752
Scipião Incorporadora Ltda. (c)	99.99%	16,692	1,356	15,336	(1,381)	(1,381)	15,336	15,149
Serra Azul Incorporadora Ltda. (c)	90.00%	3,945	1,170	2,775	1,485	1,337	2,497	1,790
Siena Incorporadora Ltda.	99.99%	14,679	8	14,671	(81)	(81)	14,671	2,872
Silvana Empreend. Imobiliários Ltda.	99.99%	18,699	326	18,373	(218)	(218)	18,373	18,478
Sinco São Paulo Empr. Imob. Ltda (a)	76.87%	20,620	4	20,616	(181)	(140)	15,602	15,500
Solidaire Empreend. Imob Ltda. (a)	50.00%	2,387	1,679	708	428	214	354	170
Tatuapé Empreend. Imobiliários Ltda.	99.99%	19,588	1,439	18,149	(1,541)	(1,541)	18,149	19,645
Tec Vendas Consultoria de Imóveis Ltda.	99.99%	1,624	1,890	(266)	(4,104)	(3,837)	-	809
Tirol Incorporadora Ltda.	99.99%	59,916	24,162	35,754	(6,602)	(6,602)	35,754	40,505
Torino Incorporadora Ltda.	99.99%	10,459	504	9,955	217	217	9,955	9,738
Toscana Incorporadora Ltda.	99.99%	30,801	4,050	26,751	2,116	2,116	26,751	24,455
Trento Incorporadora Ltda.	99.99%	24,985	1,150	23,835	1,113	1,113	23,835	22,723
Treviso Incorporadora Ltda.	90.00%	6,356	7,070	(714)	(1,102)	(349)	-	349
Tupi Incorporadora Ltda	99.99%	53,328	381	52,947	(1,080)	(1,080)	52,947	51,716
Vale do Paraíba Incorporadora Ltda.	99.99%	69,248	929	68,319	(611)	(611)	68,319	57,925
Valentina Empreend. Imobiliários Ltda.	99.99%	76,396	169	76,227	151	151	76,227	74,442
Vanguarda Incorporadora Ltda.	99.99%	4,996	8	4,988	(29)	(29)	4,988	4,966
Venezia Incorporadora Ltda.	99.99%	6,303	-	6,303	(141)	(141)	6,303	2,704
Vermont Incorporadora Ltda.	99.99%	30,311	338	29,973	(482)	(482)	29,973	29,810
Verona Incorporadora Ltda.	99.99%	21,698	763	20,935	16	16	20,935	20,919
Village of Kings Incorporadora Ltda.	99.99%	85,853	5,136	80,717	2,705	2,705	80,717	79,059
Vinhedo Incorporadora Ltda.	99.99%	16,939	4,191	12,748	(2,288)	(2,288)	12,748	12,406
Wanessa Incorporadora Ltda.	99.99%	9,565	373	9,192	183	183	9,192	9,009
Vip Consultoria Imobiliária Ltda.	99.99%	1,326	323	1,003	439	439	1,003	564
Windsor Incorporadora Ltda.	99.99%	28,228	876	27,352	489	489	27,352	27,013
Ýpe Incorporadora Ltda.	99.99%	4,673	1	4,672	(507)	(507)	4,672	5,167
Subtotal						353,349	2,672,812	2,749,342
Asset appreciation (b)						5,222	5,222	30,041
Total investments							2,678,034	2,779,383

(a) Joint ventures not consolidated in the interim financial information.

(b) In asset appreciation, amounts of properties for sale and trade receivables were recognized, which, after acquired, were stated at fair value and, in subsequent periods, tested for impairment by internal and external specialists;

Joint ventures	Consolidated							
	Interest	Assets	Liabilities	Equity	Profit or loss	Share of profit (loss) of investees	Investments 09/30/2017	Investments 12/31/2016
Phaser Incorporação SPE S.A. (a)	27.50%	457,869	131,970	325,899	(2,179)	(599)	89,622	98,664
Ares da Praça Empreend. Imob Ltda. (a)	70.00%	93,023	5,391	87,632	7,530	5,271	61,342	66,046
Iracema Incorporadora Ltda. (a)	50.00%	57,024	142	56,882	(3)	(2)	28,441	28,099
Cabo Frio Incorporadora Ltda. (a)	50.00%	36,637	357	36,280	(49)	(25)	18,140	18,105
J.J. Rodrigues Empreend. Imob. Ltda (a)	50.00%	9,125	4,649	4,476	3,427	1,714	2,238	524
Sinco São Paulo Empreend. Imob. Ltda.	76.87%	20,620	4	20,616	(181)	(138)	15,602	15,500
Bonneville Incorporadora Ltda.	50.00%	5,230	189	5,041	(121)	(60)	2,521	2,548
Áustria Incorporadora Ltda.	50.00%	33,145	5,004	28,141	623	312	14,070	13,759
Florianópolis Empreend. Imob. Ltda. (a)	50.00%	54,202	26,411	27,791	2,007	1,004	13,895	15,273
Genova Incorporadora Ltda. (a)	60.00%	1,556	680	876	43	26	526	500
AK 14 Empreend. e Part. Ltda. (a)	60.00%	34,089	20,409	13,680	(357)	(214)	8,208	7,674
Solidaire Empreend. Imob Ltda. (a)	50.00%	2,387	1,679	708	428	214	354	170
CCISA07 Incorporadora Ltda. (a)	50.00%	4,474	101	4,373	(31)	(16)	2,186	2,202
Puebla Incorporadora Ltda. (a)	65.00%	119,967	79,616	40,351	13,272	8,627	26,228	17,601
Santa Lídia Empr. e Part. SPE Ltda. (a)	50.00%	13,240	4,953	8,287	(532)	(266)	4,144	4,410
Avignon Empreend. Imob. Ltda (a)	45.00%	21,137	253	20,884	(484)	(219)	9,413	8,973
Subtotal						15,629	296,930	300,048
Asset appreciation						5,068	5,068	6,405
Total investments							301,998	306,453

Variations in permanent investments are broken down as follows:

	Opening balance <u>12/31/2016</u>	Advance for future capital increase and purchases	Share of profit (loss) <u>of investees</u>	Write-offs and <u>transfers</u>	<u>Dividends</u>	Closing balance <u>09/30/2017</u>
Company	2,749,342	101,964	353,349	(2,792)	(529,051)	2,672,812
Consolidated	300,048	2,076	15,629	6	(20,829)	296,930

"Surplus value" is broken down as follows:

<u>"Surplus value" of receivables and properties for sale acquired from investees</u>	<u>Company</u>		<u>Consolidated</u>	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Garicema Empreendimentos Imobiliários Ltda. (i)	-	219	-	-
Phaser Incorporação SPE S.A. (i)	2,530	2,773	2,530	2,773
Santa Lidia Empreendimentos e Participações SPE Ltda. (i)	-	97	-	97
Florianópolis Empreendimentos Imobiliários Ltda. (i)	355	429	355	429
Cabo Frio Incorporadora Ltda. (i)	315	315	315	315
Iracema Incorporadora Ltda. (i)	336	336	336	336
Monaco Incorporação S.A. (ii)	154	5,557	-	-
Puebla Incorporadora Ltda. (i)	1,532	2,455	1,532	2,455
Miziara Empreend. Imobiliários Ltda (ii)	-	16,320	-	-
Serra Azul Incorporadora Ltda (ii)	-	<u>1,540</u>	-	-
	<u>5,222</u>	<u>30,041</u>	<u>5,068</u>	<u>6,405</u>

- (i) Surplus value on acquisition of these investments was based on real estate for sale (land), and realization thereof was based on inventory realization.
- (ii) Surplus value upon acquisition was based on properties for sale (land) and trade receivables (receivables portfolio), whose performance was recorded based on inventory realization and trade receivables.

10. REAL ESTATE DEVELOPMENT AND SALE OPERATIONS

As described in note 2.16 to the financial statements for the year ended December 31, 2016, the total amounts of sale of units under construction, including the amounts already received and recorded in balance sheet accounts and the amounts not yet received, identified below as "not received", due to the revenue recognition method prescribed in OCPC 04 applicable to real estate activities, are as follows:

a) Trade receivables and advances from customers

	<u>Consolidated</u>	
	<u>09/30/2017</u>	<u>12/31/2016</u>
Current assets:		
Trade receivables - % realized (note 5)	421,601	622,340
Trade receivables - % unrealized	<u>39,958</u>	<u>159,396</u>
	<u>461,559</u>	<u>781,736</u>
Noncurrent:		
Trade receivables - % realized (note 5)	324,833	296,885
Trade receivables - % unrealized	<u>44,215</u>	<u>72,663</u>
	<u>369,048</u>	<u>369,548</u>
Current liabilities:		

Advance from customers - % unrealized	<u>12,817</u>	<u>12,254</u>
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b) Unearned income - estimate

	<u>Consolidated</u>	
	<u>09/30/2017</u>	<u>12/31/2016</u>
Unearned gross sales revenue	100,520	254,887
(-) Unrealized adjustment to present value	(3,529)	(10,574)
(-) Unincurred cost on units sold (i)	<u>(59,083)</u>	<u>(139,127)</u>
Unearned revenue from properties for sale	<u>37,908</u>	<u>105,186</u>

(i) Unincurred cost on units sold: represent estimated costs to be incurred with constructions in progress of units already sold, less costs incurred up to September 30, 2017 and December 31, 2016

c) Income earned on sale of properties under construction

	<u>Consolidated</u>	
	<u>09/30/2017</u>	<u>09/30/2016</u>
Accumulated amounts:		
Earned gross sales revenue (ii)	297,126	1,469,703
(-) Adjustment to present value	(16,091)	(24,312)
(-) Incurred cost on units sold (iii)	<u>(170,491)</u>	<u>(661,590)</u>
Income on sale of properties	<u>110,544</u>	<u>783,801</u>

(ii) Earned gross sales revenue

Refers to earned revenue accumulated from launching up to September 30, 2017 and 2016. This revenue does not include real estate projects completed in 2017 and 2016.

(iii) Incurred cost on units sold

Costs comprise expenses incurred with land, construction, finance charges from real estate financing, provision for warranty and other expenses inherent to the respective real estate development, from beginning of launching up to September 30, 2017.

d) Appropriation of assets

As at September 30, 2017, real estate projects included in “appropriation of assets”, pursuant to Law 10931/04, correspond to 65.5% of total consolidated assets (70.6% as at December 31, 2016).

11. BORROWINGS AND FINANCING

Borrowings and financing, in Consolidated, are represented by mortgage loans, adjusted for inflation based on the Reference Rate (TR), plus interest ranging from 8.5% to 10.5% p.a., with final maturity estimated for May 2019, amounting to R\$297,581 as at September 30, 2017, of which R\$282,323 in current and R\$15,258 in noncurrent (R\$353,465, of which R\$224,958 in current and R\$128,507 in noncurrent as at December 31, 2016).

Borrowings and financing are contingent upon the development of real estate, secured by real estate mortgages and customers' credit rights. These loan agreements are not subject to acceleration clauses (covenants) linked to the Company's financial ratios.

Balance in noncurrent liabilities is represented by loans falling due beginning October 2018.

Variation in consolidated borrowings and financing is as follows:

	Opening balance <u>12/31/2016</u>	Borrowing (i)	Amortization (i)	Interest paid	Interest incurred Capitalized	Expense	Closing balance <u>09/30/2017</u>
Borrowings and financing	353,465	391,555	(448,553)	(30,840)	21,689	10,265	297,581

- (i) Borrowings and amortizations in the period were impacted by portability among financial institutions related to the Cidade Maia project.

12. LAND PAYABLE

<u>Subsidiary</u>	<u>Location</u>	<u>Consolidated</u>	
		<u>09/30/2017</u>	<u>12/31/2016</u>
Crown Incorporadora Ltda.	Socorro	385	385
Michigan Incorporadora Ltda.	Moema	9,533	-
Siena Incorporadora Ltda.	Santo Amaro	-	6,480
Vale do Paraíba Incorporadora Ltda.	Santo Amaro	852	-
Ypê Incorporadora Ltda.	São Caetano	-	62,029
Other		<u>216</u>	<u>216</u>
		<u>10,986</u>	<u>69,110</u>
Current		<u>10,986</u>	<u>7,081</u>
Noncurrent		<u>-</u>	<u>62,029</u>

As at September 30, 2017, payables for land acquisition refer to land acquired from third parties by the abovementioned subsidiaries for future real estate development, which will take place beginning October 2017, except for the land acquired by subsidiary Crown Incorporadora Ltda., whose real estate project was launched in 2012.

13. DEFERRED TAXES

a) Breakdown of balances recorded in current and noncurrent liabilities

	Company		Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Tax basis of deferred tax liabilities:	-	17,473	771,255	981,917
Deferred income tax	-	4,368	9,745	16,399
Deferred social contribution	-	1,573	5,107	7,879
Deferred taxes on revenue (PIS and COFINS)	<u>-</u>	<u>-</u>	<u>16,087</u>	<u>19,913</u>
	<u>-</u>	<u>5,941</u>	<u>30,939</u>	<u>44,191</u>
Current	<u>-</u>	<u>-</u>	<u>17,924</u>	<u>26,177</u>
Noncurrent	<u>-</u>	<u>5,941</u>	<u>13,015</u>	<u>18,014</u>

The noncurrent portion will be realized beginning October 2018 and are consistent with the segregation of receivables.

b) Reconciliation of income tax and social contribution – current and deferred

	Company				Consolidated			
	<u>07/01/2017</u> to <u>09/30/2017</u>	<u>01/01/2017</u> to <u>09/30/2017</u>	<u>07/01/2016</u> to <u>09/30/2016</u>	<u>01/01/2016</u> to <u>09/30/2016</u>	<u>01/01/2017</u> to <u>09/30/2017</u>	<u>01/01/2017</u> to <u>09/30/2017</u>	<u>07/01/2016</u> to <u>09/30/2016</u>	<u>01/01/2016</u> to <u>09/30/2016</u>
Income before income tax and social contribution	<u>278,936</u>	<u>328,046</u>	<u>48,782</u>	<u>159,068</u>	<u>292,473</u>	<u>349,469</u>	<u>52,326</u>	<u>170,728</u>
Tax rate - 34%	(94,838)	(111,536)	(16,585)	(54,083)	(99,441)	(118,819)	(17,791)	(58,048)
Effects on deductions (share of profit (loss) of investees)	95,587	120,048	15,691	59,283	2,535	5,314	2,535	10,480
Effects on additions / exclusions	(479)	(8,824)	(430)	(4,591)	303	17	(105)	(1,255)
Effect of profit or loss of subsidiaries taxed based on deemed income/special taxation regime	-	-	-	-	84,333	99,221	12,034	36,670
Unrecognized tax credits on tax loss carryforwards and temporary differences (i)	<u>851</u>	<u>5,806</u>	<u>(464)</u>	<u>1,498</u>	=	=	=	=
Total taxes	<u>1,121</u>	<u>5,494</u>	<u>-</u>	<u>2,107</u>	<u>(12,270)</u>	<u>(14,267)</u>	<u>(3,327)</u>	<u>(9,153)</u>
Current income tax and social contribution	<u>(51)</u>	<u>(447)</u>	<u>-</u>	<u>-</u>	<u>(16,546)</u>	<u>(23,709)</u>	<u>(3,483)</u>	<u>(12,691)</u>
Deferred income tax and social contribution	<u>1,172</u>	<u>5,941</u>	<u>-</u>	<u>2,107</u>	<u>4,276</u>	<u>9,442</u>	<u>150</u>	<u>3,532</u>
Effective rate	-	-	-	-	(4.1%)	(4.1%)	(5.4%)	(5.4%)

(i) The Company adopted the taxable income regime and does not record tax credits; they are only recorded when future taxable income is realized.

14. RELATED PARTIES

	<u>Company</u>		<u>Consolidated</u>	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Noncurrent assets (*):				
Analisis Consultoria, Planejamento e Participações S/S.	1,005	137	-	-
Ares da Praça Empreend. Imob. Ltda.	385	385	385	385
Other	<u>327</u>	<u>74</u>	<u>74</u>	<u>98</u>
	<u>1,717</u>	<u>596</u>	<u>459</u>	<u>483</u>
Current liabilities (*):				
Alfnas Incorporadora Ltda.	28,283	27,528	-	-
Aurillac Incorporadora Ltda.	17,403	7,263	-	-
Bonneville Incorporadora Ltda.	1,406	1,431	1,420	1,431
Cabo Frio Incorporadora Ltda.	15,315	15,400	15,400	15,400
CCISA07 Incorporadora Ltda.	2,060	2,060	2,060	2,060
Crown Incorporadora Ltda.	25,743	21,353	-	-
Elba Incorporadora Ltda.	20,905	16,655	-	-
Ez Tec Tecnica Engenharia e Construções Ltda.	9,215	11,415	-	-
Florença Incorporadora Ltda.	21,276	20,963	-	-
Garicema Empreendimentos Imobiliários Ltda.	158,175	-	-	-
Giopris Empreendimentos Imobiliários Ltda.	26,565	26,591	-	-
Giovanna Incorporadora Ltda.	19,228	17,818	-	-
Jauaperi Incorporadora Ltda.	11,686	11,596	-	-
Lausanne Incorporadora Ltda.	11,018	10,733	-	-
Lafaite Incorporadora Ltda.	18,175	9,920	-	-
Limoges Incorporadora Ltda.	31,825	-	-	-
Marcella Empreendimentos Imobiliários Ltda.	34,193	30,696	-	-
Monza Incorporadora Ltda.	18,025	17,465	-	-
Otawa Incorporadora Ltda.	16,492	16,282	-	-
Paraíso Empreend. Imob. Ltda.	21,524	8,994	-	-
Park Empreendimentos Imobiliários Ltda.	20,384	19,811	-	-
Priscilla Empreendimentos Imobiliários Ltda.	15,726	13,351	-	-
San Diego Incorporadora Ltda.	12,847	12,847	-	-
Tatuapé Empreendimentos Imobiliários Ltda.	8,044	9,074	-	-
Tec Vendas Consultoria de Imóveis Ltda.	-	1,287	-	-
Torino Incorporadora Ltda.	8,806	8,196	-	-
Verona Incorporadora Ltda.	12,999	17,869	-	-
Village of Kings Incorporadora Ltda.	42,586	19,134	-	-
Wanessa Incorporadora Ltda.	9,095	9,135	-	-
Windsor Incorporadora Ltda.	12,890	9,030	-	-
Other	<u>53,389</u>	<u>26,000</u>	<u>614</u>	<u>615</u>
	<u>705,278</u>	<u>419,897</u>	<u>19,494</u>	<u>19,506</u>

(*) Represents loan agreements not subject to finance charges.

In the periods ended September 30, 2017 and December 31, 2016, in addition to the abovementioned transactions, the Company carried out or maintains the following transactions:

- Lease contract with the controlling shareholder for the property where part of its facilities is located, at the monthly cost of R\$210 as at September 30, 2017 (R\$204 as at December 31, 2016), annually adjusted for inflation based on the positive variation of IGP DI-FGV. The lease contract is effective for five years, renewed in August 2015, and a fine equivalent to three-month period lease is imposed in case of termination. The market conditions and amounts are the same as those that would be applied to third parties;

- Sale of 11,696 Certificates of Additional Construction Potential (CEPAC) to subsidiary AK14 Empreendimentos Imobiliários Ltda., amounting to R\$14,618 as at September 30, 2017 and December 31, 2016, whose amount receivable is recorded in line item “Trade receivables”. This transaction does not provide for inflation adjustment or interest; and
- Dividends receivable from joint ventures Phaser Incorporação S.A., Genova Incorporadora Ltda. And Florianópolis Empreendimento Imobiliários Ltda., in the amount of R\$8,622 as at September 30, 2017 (R\$4,886 as at December 31, 2016).

15. PROVISION FOR RISKS

As at September 30, 2017, the Company and its subsidiaries do not have contingent assets with probable gains that might require disclosure.

Based on individual analysis of tax, civil and labor risks, Management set up provision at an amount deemed sufficient to cover probable losses, amounting to, as at September 30, 2017 and December 31, 2016, R\$5,285 and R\$11,658, Company and Consolidated, respectively.

The Company and its subsidiaries are parties to lawsuits assessed as possible loss, in the amount of R\$51,573, of which R\$42,925 refers to civil lawsuits and R\$8,648 refers to labor lawsuits as at September 30, 2017 (as at December 31, 2016, R\$52,919, of which R\$34,285 refers to civil lawsuits and R\$18,634 refers to labor lawsuits).

16. EQUITY

a) Capital

As at September 30, 2017 and December 31, 2016, capital amounts to R\$1,356,704 represented by 165,001,783 common shares without par value.

The Company is authorized to increase its capital by up to 200,000,000 common shares, including shares already issued, regardless of any amendment to the bylaws, based on a Board of Directors’ resolution.

b) Capital reserve

Capital reserve derives from gain on disposal of treasury shares in 2011 and may be used in compliance with article 200 of Law 6404/76, as amended.

As at September 30, 2017 and December 31, 2016, the balance is R\$38,297.

c) Goodwill on transactions with shareholders

Refers to the appreciation related to the acquisition of noncontrolling interest in the amount of R\$49,414.

d) Legal reserve

This reserve is compulsorily set up by the Company at a rate of 5% of profit for the year, limited to 20% of paid-in capital. The legal reserve may only be used to increase the capital or to offset accumulated losses. As at September 30, 2017 and December 31, 2016, the balance is R\$146,442.

e) Expansion reserve

As provided for by article 25, item “f”, of the Company’s bylaws, the statutory earnings reserve, denominated “Expansion reserve” is intended to finance the expansion of the Company’s and/or its subsidiaries’ and associates’ activities, including by means of subscription of capital increases or creation of new real estate projects, and will be made up with 100% of profit remaining after legal and statutory deductions, and whose balance, in addition to the balances of other earnings reserves, except for unrealized earnings reserve and provision for risks, may not exceed 100% of the Company’s subscribed capital.

As at September 30, 2017 and December 31, 2016, the balance is R\$1,210,262.

f) Dividends

In accordance with the Company’s bylaws, shareholders are entitled to a minimum dividend of 25% of the profit for the year, adjusted pursuant to the Brazilian Corporate Law.

On April 28, 2017 the Annual Shareholders' Meeting approved the distribution of dividends for the year 2016 of R\$180,214 (R\$54,676 of mandatory minimum dividends and R\$125,538 of additional dividends), duly paid on September 15, 2017.

17. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are broken down as follows:

	Company and Consolidated	
	<u>09/30/2017</u>	<u>09/30/2016</u>
Income attributable to controlling shareholders	333,540	161,175
Weighted average of outstanding common shares (in thousands)	<u>165,002</u>	<u>161,510</u>
Basic and diluted earnings per share - in Brazilian reais	<u>2.02</u>	<u>0.99</u>

The Company does not have any instruments convertible into shares; therefore, there are no differences between basic and diluted earnings per share.

18. NET REVENUE

Net revenue for the quarters and nine-month periods is broken down as follows:

	Consolidated			
	<u>07/01/2017 to</u> <u>09/30/2017</u>	<u>01/01/2017 to</u> <u>09/30/2017</u>	<u>07/01/2016</u> <u>to</u> <u>09/30/2016</u>	<u>01/01/2016 to</u> <u>09/30/2016</u>
Gross operating revenue: (*)				
Revenue from sale of properties	791,773	1,148,159	226,005	697,233
Revenue from rents and services provided	<u>9,045</u>	<u>29,732</u>	<u>4,434</u>	<u>19,866</u>
Total gross operating revenue	<u>800,818</u>	<u>1,177,891</u>	<u>230,439</u>	<u>717,099</u>
Deductions from gross revenue:				
Sales cancellations	(93,909)	(262,551)	(112,064)	(285,307)
Taxes on sales, including deferred taxes	<u>(15,226)</u>	<u>(20,740)</u>	<u>(2,849)</u>	<u>(11,002)</u>
Total gross revenue deductions	<u>(109,135)</u>	<u>(283,291)</u>	<u>(114,913)</u>	<u>(296,309)</u>
Net revenue	<u>691,683</u>	<u>894,600</u>	<u>115,526</u>	<u>420,790</u>

(*) In the current quarter, revenue from sales of properties considers the sale of “Tower B” of “EZ TOWERS” project, which was sold for R\$650,382.

19. COSTS AND EXPENSES BY NATURE

	Company				Consolidated			
	<u>07/01/2017</u> <u>to</u> <u>09/30/2017</u>	<u>01/01/2017</u> <u>to</u> <u>09/30/2017</u>	<u>07/01/2016</u> <u>to</u> <u>09/30/2016</u>	<u>01/01/2016</u> <u>to</u> <u>09/30/2016</u>	<u>07/01/2017</u> <u>to</u> <u>09/30/2017</u>	<u>01/01/2016</u> <u>to</u> <u>09/30/2016</u>	<u>07/01/2016</u> <u>to</u> <u>09/30/2016</u>	<u>01/01/2016</u> <u>to</u> <u>09/30/2016</u>
Cost of sales and services:								
Cost of construction/land/lease	-	-	-	-	(347,325)	(446,645)	(56,706)	(211,148)
Capitalized finance charges	-	-	-	-	(26,962)	(35,410)	(6,982)	(15,833)
Maintenance/warranty	-	-	-	-	<u>(2,830)</u>	<u>(2,673)</u>	<u>(871)</u>	<u>(4,928)</u>
					<u>(377,117)</u>	<u>(484,728)</u>	<u>(64,559)</u>	<u>(231,909)</u>
Selling expenses:								
Advertising expenses and sales commissions	-	-	-	-	(13,450)	(30,916)	(3,169)	(25,941)
Sales stands expenses	-	-	-	-	(2,636)	(5,131)	(666)	(4,506)
Expenses with units in stock	-	-	-	-	(4,679)	(14,171)	(3,081)	(10,874)
Other selling expenses	-	-	-	-	<u>(138)</u>	<u>(236)</u>	<u>(187)</u>	<u>(469)</u>
	-	-	-	-	<u>(20,903)</u>	<u>(50,454)</u>	<u>(7,103)</u>	<u>(41,790)</u>
General and administrative expenses:								
Expenses on payroll and related taxes	(5,054)	(15,031)	(5,210)	(15,839)	(7,068)	(20,659)	(7,023)	(21,313)
Expenses on benefits to employees	(896)	(2,761)	(635)	(2,540)	(1,411)	(4,330)	(1,157)	(4,089)
Depreciation and amortization expenses	(451)	(1,487)	(570)	(1,887)	(463)	(1,527)	(583)	(1,927)
Service expenses	(1,930)	(6,351)	(2,667)	(8,937)	(4,064)	(12,224)	(5,418)	(15,314)
Expenses on rentals and common area maintenance fees	(854)	(2,818)	(1,109)	(2,420)	(854)	(2,818)	(1,109)	(2,420)
Maintenance of properties	(59)	(246)	(107)	(320)	(75)	(312)	(148)	(385)
Taxes and fees	(62)	(150)	-	(139)	(381)	(1,175)	(295)	(1,373)
Other expenses	<u>(1,805)</u>	<u>(5,763)</u>	<u>(1,030)</u>	<u>(3,810)</u>	<u>(3,330)</u>	<u>(11,822)</u>	<u>(3,444)</u>	<u>(12,352)</u>
	<u>(11,111)</u>	<u>(34,607)</u>	<u>(11,328)</u>	<u>(35,892)</u>	<u>(17,646)</u>	<u>(54,867)</u>	<u>(19,177)</u>	<u>(59,173)</u>

20. MANAGEMENT FEES

On April 28, 2017, the General Shareholders Meeting approved an overall, annual management compensation in the amount of R\$19,000 for the year ended December 31, 2017.

In the nine-month period ended September 30, 2017, the consolidated management compensation amounted to R\$7,429, of which R\$7,219 is fixed and R\$210 is variable (R\$8,202, of which R\$7,128 fixed and R\$1,074 variable as at September 30, 2016).

21. FINANCE INCOME (COSTS)

Consists of:

	Company				Consolidated			
	<u>07/01/2017</u>	<u>01/01/2017</u>	<u>07/01/2016</u>	<u>01/01/2016</u>	<u>07/01/2017</u>	<u>01/01/2017</u>	<u>07/01/2016</u>	<u>01/01/2016</u>
	to	to	to	to	to	to	to	to
	<u>09/30/2017</u>	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2016</u>	<u>09/30/2017</u>	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>09/30/2016</u>
Revenues:								
Income from short-term investments	12,142	39,075	13,998	35,658	13,175	42,627	15,505	39,496
Interest income on trade receivables	-	-	-	-	5,035	13,855	9,566	32,833
Other revenue	<u>360</u>	<u>1,241</u>	<u>329</u>	<u>1,056</u>	<u>1,512</u>	<u>4,364</u>	<u>2,562</u>	<u>5,649</u>
	<u>12,502</u>	<u>40,316</u>	<u>14,327</u>	<u>36,714</u>	<u>19,722</u>	<u>60,845</u>	<u>27,633</u>	<u>77,978</u>
Expenses:								
Interest and inflation adjustment losses	-	-	-	-	(6,730)	(10,453)	(318)	(607)
Discounts on trade receivables	-	-	-	-	(1,907)	(7,994)	(5,157)	(13,479)
Other	<u>(3)</u>	<u>(7)</u>	<u>-</u>	<u>(14)</u>	<u>(312)</u>	<u>(325)</u>	<u>(52)</u>	<u>(164)</u>
	<u>(3)</u>	<u>(7)</u>	<u>-</u>	<u>(14)</u>	<u>(8,325)</u>	<u>(18,772)</u>	<u>(5,527)</u>	<u>(14,250)</u>
	<u>12,499</u>	<u>40,309</u>	<u>14,327</u>	<u>36,700</u>	<u>11,397</u>	<u>42,073</u>	<u>22,106</u>	<u>63,728</u>

22. FINANCIAL INSTRUMENTS

21.1. Capital risk management

The Company and its subsidiaries manage their capital to make sure that they will continue as going concerns and, at the same time, maximize return to all stakeholders or parties involved in their operations, by optimizing the debt and equity balance.

The Company's and its subsidiaries' equity structure consists of net debt (borrowings and financing detailed in note 10, less cash and cash equivalents and short-term investments detailed in notes 3 and 4, respectively) and the Company's equity (which includes capital, earnings reserves, capital reserve and noncontrolling interests).

The Company is not subject to any external capital requirement.

21.2. Net cash

The net cash ratio is as follows:

	Company		Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Borrowings and financing	-	-	(297,581)	(353,465)
Cash and cash equivalents and short-term investments	<u>1,009,880</u>	<u>468,386</u>	<u>1,131,115</u>	<u>563,855</u>
Net cash	<u>1,009,880</u>	<u>468,386</u>	<u>833,534</u>	<u>210,390</u>
Equity	<u>3,035,831</u>	<u>2,827,829</u>	<u>3,048,102</u>	<u>2,844,413</u>
Net cash to equity ratio	<u>0.33</u>	<u>0.17</u>	<u>0.27</u>	<u>0.07</u>

Categories of financial instruments

	Company		Consolidated	
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Financial assets				
Loans and receivables:				
Cash and cash equivalents	14,671	24,141	56,146	103,875
Short-term investments	995,209	444,245	1,074,969	459,980
Trade receivables	-	-	746,434	919,225
Trade notes receivable	14,618	14,618	14,618	14,618
Related parties	1,717	596	459	483
Financial liabilities				
Amortized cost:				
Trade payables	2,129	527	21,045	19,585
Borrowings and financing	-	-	297,581	353,465
Payables	775	773	41,217	48,160
Land payable	-	-	10,986	69,110
Related parties	705,278	419,897	19,494	19,506

21.3. Objectives of financial risk management

The Company monitors and manages financial risks associated with operations. These risks comprise market risk (changes in interest rates), credit risk and liquidity risk. The main purpose of the financial risk management strategy is to maintain the Company's exposure to these risks at minimum levels by using non-derivative financial instruments and assessing and controlling credit and liquidity risks.

21.4. Market risk management

The Company is engaged in real estate development, construction and sale. In addition to the risks generally affecting the real estate market, such as interruption of supply and volatility of prices of materials and construction equipment, changes in the supply of and demand for real estate developments in certain regions, strikes and environmental and zoning laws, the Company's activities are specifically affected by the following risks:

- The economic environment in Brazil, which could adversely affect the growth of the real estate sector as a whole, through slowdown of economy, increase of interest rates, currency fluctuation and political instability, among other factors.
- Future constraints in view of new market regulation or conditions and inflation adjustment of receivables, in accordance with certain inflation-adjustment rates, as currently permitted, which could make a project to become financially or economically unfeasible.
- The level of interest of buyers in a new project launched or the sales price per unit necessary to sell all units may be below expected, thus making the project to be less profitable than expected.
- In case of bankruptcy or significant financial problems faced by a big real estate company, the sector may be adversely affected as a whole, which could decrease the customers' confidence in other companies operating in the sector.
- Conditions of the local and regional real estate market, such as excess supply, shortage of land in certain regions and significant increase of land acquisition costs.
- Risk of buyers having negative perception of the security, convenience and attractiveness of the Company's properties, as well as their location.
- The Company's profit margins could be affected due to the increase in operating costs, including investments, insurance premium, real estate taxes and public tariffs.
- The real estate development opportunities may decrease.
- The construction and sale of real estate units may not be completed on schedule, thus resulting in increase of construction costs or termination of sales contracts.
- Default after delivery of the units acquired in installments. The Company has the right to file collection lawsuits, whose objective is to receive amounts due and/or repossess the unit from the defaulting buyer; however, the Company cannot assure that it will be able to recover the total debt balance or, once the property is repossessed, to sell it under reasonable conditions.
- Potential changes in the policies issued by the National Monetary Council (CMN) on the allocation of funds to the National Housing System (SFH) could reduce the offer of credit to customers.
- The decrease in the fair value of land held in inventory, before the real estate is developed, and the inability to maintain the margins previously projected for the related real estate projects.

21.5. Exposure to currency risks

The Company and its subsidiaries are not directly exposed to currency risks since they do not carry out foreign currency-denominated transactions.

21.6. Exposure to interest rate risks

The Company and its subsidiaries contracted loans with third parties, subject to index fluctuations as set forth in the related contracts, based on the Reference Rate (TR) and interest. They are exposed to interest rate fluctuations on trade receivables and short-term investment balances, in this case, based on the CDI rate fluctuation.

As at September 30, 2017, the Company's and its subsidiaries' management carried out a 12-month period sensitivity analysis, as determined by CVM Instruction 475, of December 17, 2008, which does not necessarily represent the Company's expectations. A decrease (income) and increase (expense) of 25% and 50%, respectively, in expected interest rates on short-term investments, borrowings and financing, and land payable were taken into account, adopting a rate of 7% (CDI), 0.5% (TR), 4.45% (IGPM), 4.32% (IGP-DI), 4.01% (IPCA) and 4.50% (INCC):

<u>Indicators</u>	<u>Company</u>			<u>Consolidated</u>		
	<u>Scenario</u>		<u>Scenario</u>	<u>Scenario</u>		<u>Scenario</u>
	<u>I</u>	<u>Scenario II</u>	<u>III</u>	<u>I</u>	<u>Scenario II</u>	<u>III</u>
	<u>Probable</u>	<u>(25%)</u>	<u>(50%)</u>	<u>Probable</u>	<u>(25%)</u>	<u>(50%)</u>
Assets						
Short-term						
investments (CDI decrease)	70,626	52,970	35,313	76,815	57,611	38,407
Trade receivables (INCC, IGP-DI and IGP-M decrease)	-	-	-	32,403	24,302	16,202
Liabilities						
Borrowings and financing (TR increase)	-	-	-	(1,488)	(1,860)	(2,232)

21.7. Liquidity risk management

The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves and credit facilities, based on the continuous monitoring of projected and actual cash flows and the combination of the maturity profiles of financial assets and financial liabilities.

As at September 30, 2017, the Company projected its non-discounted contractual cash flow of liabilities by adding to amortization charges, contractual interest and maturities of these obligations:

	Consolidated			Carrying amount
	Contractual cash flow			
	<u>Up to 1 year</u>	<u>1 to 3 years</u>	<u>Total</u>	
Borrowings and financing	298,377	19,600	317,977	297,581
Trade payables	21,045	-	21,045	21,045
Land payable	10,986	-	10,986	10,986

21.8. Risk concentration

The Company and its subsidiaries maintain bank accounts and short-term investments with prime financial institutions approved by Management according to objective criteria for diversification of credit risks. Trade receivables include several customers and no customer accounts for 10% or more of total net operating revenue or balance receivable.

21.9. Fair value of financial instruments

The carrying amounts of the Company's and its subsidiaries' financial instruments as at September 30, 2017 and December 31, 2016, stated at amortized cost, as described in note 21.3, approximate their fair values, since the nature and characteristics of conditions negotiated are similar to those available in the market on the balance sheet date. The balance of cash and cash equivalents, as well as short-term investments, is indexed to the CDI rate; accordingly, the amounts recorded approximate their fair values.

Fair value hierarchy

The Company adopts the following methodology to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: traded prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than traded prices in active markets included in Level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices).

Level 3 - inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

As at September 30, 2017 and December 31, 2016, the main financial assets and liabilities at fair value are classified under Level 2.

In the periods ended September 30, 2017 and December 31, 2016, the Company and its subsidiaries had no derivative financial instruments and/or transactions involving embedded derivatives.

23. INSURANCE

The Company and its subsidiaries have, as at September 30, 2017, the following insurance agreements:

- a) Engineering risk – civil construction works - “All Risks” insurance policy, covers all risks involved in the construction of a real estate, such as fire, theft and defects, among others. This policy allows additional coverage according to construction risks, including general civil and cross liability, extraordinary expenses, riots, employer’s civil liability and pain and suffering.
- b) Corporate insurance – covers sales stands and model apartments against fire, theft, lightning, explosion and others.
- c) Sundry risk insurance – electronic equipment – covers theft or electric damages.
- d) General civil liability insurance of management.

24. COMMITMENTS

The Company entered into lease contracts for two properties where its facilities are located, with a monthly lease amount of R\$60, adjusted based on the IGP-M/FGV rate fluctuation. The lease contract is effective for five years and a fine equivalent to three-month period lease is imposed in case of termination.

As at September 30, 2017, the Company entered into, through its subsidiaries, long-term contracts in the amount of R\$97,202 (R\$152,017 as at December 31, 2016) for the supply of services and raw materials used in real estate developments.

25. SEGMENT REPORTING

The Company’s management focuses its businesses on real estate development activities. The information is analyzed based on internal managerial report by real estate development project and the Company’s Executive Board is responsible for the allocation of funds between commercial and residential projects:

- a) Main profit or loss line items by segment:

	Commercial		Residential		Total	Total
	07/01/2017	07/01/2016	07/01/2017 to	07/01/2016 to	07/01/2017	07/01/2016
	to	to	09/30/2017	09/30/2016	to	to
	09/30/2017	09/30/2016			09/30/2017	09/30/2016
Gross sales revenue (*)	667,955	11,160	132,863	219,279	800,818	230,439
Deductions from gross revenue	<u>(26,209)</u>	<u>(17,877)</u>	<u>(82,926)</u>	<u>(97,036)</u>	<u>(109,135)</u>	<u>(114,913)</u>
Net revenue	641,746	(6,717)	49,937	122,243	691,683	115,526
Cost of properties sold and services provided	<u>(338,779)</u>	<u>(1,739)</u>	<u>(38,338)</u>	<u>(62,820)</u>	<u>(377,117)</u>	<u>(64,559)</u>
Gross profit	<u>302,967</u>	<u>(8,456)</u>	<u>11,599</u>	<u>59,423</u>	<u>314,566</u>	<u>50,967</u>
Selling expenses	<u>(5,779)</u>	<u>(1,215)</u>	<u>(15,079)</u>	<u>(5,888)</u>	<u>(20,857)</u>	<u>(7,103)</u>

	Consolidated					
	Commercial		Residential		Total	Total
	<u>01/01/2017</u> to <u>09/30/2017</u>	<u>01/01/2016</u> to <u>09/30/2016</u>	<u>01/01/2017 to</u> <u>09/30/2017</u>	<u>01/01/2016 to</u> <u>09/30/2016</u>	<u>01/01/2017</u> to <u>09/30/2017</u>	<u>01/01/2016</u> to <u>09/30/2016</u>
Gross sales revenue (*)	690,228	69,716	487,663	647,383	1,177,891	717,099
Deductions from gross revenue	<u>(31,752)</u>	<u>(54,688)</u>	<u>(251,539)</u>	<u>(241,621)</u>	<u>(283,291)</u>	<u>(296,309)</u>
Net revenue	658,476	15,028	236,124	405,762	894,600	420,790
Cost of properties sold and services provided	<u>(340,168)</u>	<u>(15,572)</u>	<u>(144,560)</u>	<u>(216,337)</u>	<u>(484,728)</u>	<u>(231,909)</u>
Gross profit	<u>318,308</u>	<u>(544)</u>	<u>91,564</u>	<u>189,425</u>	<u>409,872</u>	<u>188,881</u>
Selling expenses	<u>(10,943)</u>	<u>(8,243)</u>	<u>(39,511)</u>	<u>(33,547)</u>	<u>(50,454)</u>	<u>(41,790)</u>

(*) Commercial segment includes rental of floors/commercial rooms)

b) Main assets and liabilities by segment:

	Commercial		Consolidated Residential		Total	Total
	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>	<u>09/30/2017</u>	<u>12/31/2016</u>
Assets:						
Trade receivables	70,144	95,922	676,290	823,303	746,434	919,225
Properties for sale	121,607	455,303	1,150,864	1,186,475	1,272,471	1,641,778
Liabilities:						
Borrowings and financing	-	-	297,581	353,465	297,581	353,465
Advances from customers	-	-	12,817	12,254	12,817	12,254

26. EVENTS AFTER THE REPORTING PERIOD

After the resolution of the suspensive clauses on October 2, 2017, interests in two companies were acquired: Ares da Praça Empreendimentos Imobiliários Ltda. and Phaser Incorporação SPE S.A., of 15% and 13.75% respectively; in the case of the former, the Company now holds the control of such company. The purchase price of these investments totaled R\$56,219.

27. APPROVAL OF INTERIM FINANCIAL INFORMATION

The interim financial information was approved by the Company's Board of Directors and authorized for issuance on November 9, 2017.