

Gafisa S.A.  
Form 6-K  
November 24, 2017

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of November, 2017**

**(Commission File No. 001-33356),**

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**Gafisa S.A.**

*(Translation of Registrant's name into English)*

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**Av. Nações Unidas No. 8501, 19th floor**  
**São Paulo, SP, 05425-070**  
**Federative Republic of Brazil**  
*(Address of principal executive office)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes  No

Indicate by check mark if the registrant is submitting  
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Yes  No

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Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes \_\_\_\_\_ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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**Gafisa S.A.**

Quarterly information

September 30, 2017

(A free translation of the original report in Portuguese as published in  
Brazil containing Quarterly Information (ITR) prepared in  
accordance with accounting practices adopted in Brazil)

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**COMPANY DATA / CAPITAL COMPOSITION**

|                        | <b>Number of Shares<br/>(in thousands)</b> | <b>CURRENT QUARTER<br/>09/30/2017</b> |
|------------------------|--|---------------------------------------|
| <b>Paid-in Capital</b> |  |                                       |
| <b>Common</b>          |  | 28,040                                |
| <b>Preferred</b>       |  | -                                     |
| <b>Total</b>           |  | 28,040                                |
| <b>Treasury shares</b> |  |                                       |
| <b>Common</b>          |  | 972                                   |
| <b>Preferred</b>       |  | -                                     |
| <b>Total</b>           |  | 972                                   |

**INDIVIDUAL FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS (in thousands of Brazilian Reais)**

| <b>CODE</b>   | <b>DESCRIPTION</b>   | <b>ACTUAL QUARTER</b> | <b>PRIOR YEAR</b> |
|---------------|--|-----------------------|-------------------|
|               |  | <b>09/30/2017</b>     | <b>12/31/2016</b> |
| 1             | Total Assets   | 4,202,548             | 5,225,376         |
| 1.01          | Current Assets   | 1,461,329             | 2,107,806         |
| 1.01.01       | Cash and cash equivalents                                      | 4,324                 | 19,811            |
| 1.01.01.01    | Cash and banks   | 4,324                 | 19,811            |
| 1.01.02       | Short-term investments   | 109,356               | 163,562           |
| 1.01.02.01    | Fair value of short-term investments                           | 109,356               | 163,562           |
| 1.01.03       | Accounts receivable  | 423,165               | 524,337           |
| 1.01.03.01    | Trade accounts receivable                                      | 423,165               | 524,337           |
| 1.01.03.01.01 | Receivables from clients of developments                       | 407,637               | 503,923           |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 15,528                | 20,414            |
| 1.01.04       | Inventories  | 838,155               | 870,201           |
| 1.01.04.01    | Properties for sale  | 838,155               | 870,201           |
| 1.01.07       | Prepaid expenses   | 4,907                 | 2,102             |
| 1.01.07.01    | Prepaid expenses and others                                    | 4,907                 | 2,102             |
| 1.01.08       | Other current assets   | 81,422                | 527,793           |
| 1.01.08.01    | Non current assets held for sale                               | 3,270                 | 3,306             |
| 1.01.08.02    | Assets from discontinued operations                            | -                     | 439,020           |
| 1.01.08.02.01 | Disposal group held for sale                                   | -                     | 439,020           |
| 1.01.08.03    | Others   | 78,152                | 85,467            |
| 1.01.08.03.01 | Other assets   | 48,958                | 39,280            |
| 1.01.08.03.02 | Derivative financial instruments                               | 377                   | -                 |
| 1.01.08.03.03 | Receivables from related parties                               | 28,817                | 46,187            |
| 1.02          | Non current assets   | 2,741,219             | 3,117,570         |
| 1.02.01       | Non current assets   | 726,263               | 951,563           |
| 1.02.01.03    | Accounts receivable  | 164,946               | 225,270           |
| 1.02.01.03.01 | Receivables from clients of developments                       | 164,946               | 225,270           |
| 1.02.01.04    | Inventories  | 371,158               | 535,376           |
| 1.02.01.04.01 | Properties for sale  | 371,158               | 535,376           |
| 1.02.01.09    | Others non current assets                                      | 190,159               | 190,917           |
| 1.02.01.09.03 | Other assets   | 169,431               | 156,358           |
| 1.02.01.09.04 | Receivables from related parties                               | 20,728                | 25,529            |
| 1.02.01.09.05 | Derivative Financial Instruments                               | -                     | 9,030             |
| 1.02.02       | Investments  | 1,974,579             | 2,116,509         |
| 1.02.03       | Property and equipment   | 21,541                | 21,720            |
| 1.02.03.01    | Operation property and equipment                               | 21,541                | 21,720            |
| 1.02.04       | Intangible assets  | 18,836                | 27,778            |
| 1.02.04.01    | Intangible assets  | 18,836                | 27,778            |

**INDIVIDUAL FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)**

| CODE          | DESCRIPTION  | ACTUAL QUARTER | PRIOR YEAR |
|---------------|--|----------------|------------|
|               |  | 09/30/2017     | 12/31/2016 |
| 2             | Total Liabilities  | 4,202,548      | 5,225,376  |
| 2.01          | Current liabilities  | 2,128,834      | 2,458,597  |
| 2.01.01       | Social and labor obligations                                       | 26,865         | 28,041     |
| 2.01.01.02    | Labor obligations  | 26,865         | 28,041     |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                       | 26,865         | 28,041     |
| 2.01.02       | Suppliers  | 72,421         | 61,177     |
| 2.01.02.01    | Local suppliers  | 72,421         | 61,177     |
| 2.01.03       | Tax obligations  | 32,791         | 35,819     |
| 2.01.03.01    | Federal tax obligations  | 32,791         | 35,819     |
| 2.01.04       | Loans and financing  | 535,833        | 953,872    |
| 2.01.04.01    | Loans and financing  | 297,162        | 639,733    |
| 2.01.04.02    | Debentures   | 238,671        | 314,139    |
| 2.01.05       | Other obligations  | 1,358,094      | 1,300,634  |
| 2.01.05.01    | Payables to related parties  | 1,120,263      | 1,073,255  |
| 2.01.05.02    | Others   | 237,831        | 227,379    |
| 2.01.05.02.04 | Obligations for purchase of properties and advances from customers | 140,262        | 146,522    |
| 2.01.05.02.05 | Other payables   | 71,446         | 50,660     |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables               | 26,123         | 24,907     |
| 2.01.05.02.08 | Derivative financial instruments                                   | -              | 5,290      |
| 2.01.06       | Provisions   | 102,830        | 79,054     |
| 2.01.06.01    | Tax, labor and civil lawsuits                                      | 102,830        | 79,054     |
| 2.01.06.01.01 | Tax lawsuits   | 675            | 1,369      |
| 2.01.06.01.02 | Labor lawsuits   | 20,237         | 23,818     |
| 2.01.06.01.04 | Civil lawsuits   | 81,918         | 53,867     |
| 2.02          | Non current liabilities  | 856,628        | 838,454    |
| 2.02.01       | Loans and financing  | 548,271        | 504,326    |
| 2.02.01.01    | Loans and financing  | 504,688        | 367,197    |
| 2.02.01.01.01 | Loans and financing in local currency                              | 504,688        | 367,197    |
| 2.02.01.02    | Debentures   | 43,583         | 137,129    |
| 2.02.02       | Other liabilities  | 139,755        | 154,435    |
| 2.02.02.02    | Others   | 139,755        | 154,435    |
| 2.02.02.02.03 | Obligations for purchase of properties and advances from customers | 82,997         | 90,311     |
| 2.02.02.02.04 | Other liabilities  | 7,924          | 13,218     |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables               | 48,834         | 50,906     |
| 2.02.03       | Deferred taxes   | 100,405        | 100,405    |
| 2.02.03.01    |  | 100,405        | 100,405    |

|               |   |            |           |
|---------------|---|------------|-----------|
|               | Deferred income tax and social contribution   |            |           |
| 2.02.04       | Provisions                                    | 68,197     | 79,288    |
| 2.02.04.01    | Tax, labor and civil lawsuits                 | 68,197     | 79,288    |
| 2.02.04.01.01 | Tax lawsuits                                  | 1,880      | 1,755     |
| 2.02.04.01.02 | Tax and labor lawsuits                        | 38,609     | 33,350    |
| 2.02.04.01.04 | Civil lawsuits                                | 27,708     | 44,183    |
| 2.03          | Equity  | 1,217,086  | 1,928,325 |
| 2.03.01       | Capital                                       | 2,521,152  | 2,740,662 |
| 2.03.02       | Capital Reserves                              | 52,657     | 49,424    |
| 2.03.02.04    | Granted options                               | 156,081    | 153,165   |
| 2.03.02.05    | Treasury shares                               | -30,139    | -32,524   |
| 2.03.02.07    | Reserve for expenditures with public offering | -71,217    | -71,217   |
| 2.03.02.08    | Result of transfers in treasury shares        | -2,068     | -         |
| 2.03.05       | Retained earnings/accumulated losses          | -1,356,723 | -861,761  |



**INDIVIDUAL FINANCIAL STATEMENTS - INCOME - (in thousands of Brazilian Reais)**

| CODE       | DESCRIPTION   | ACTUAL        |               | SAME          | YEAR TO       |
|------------|---|---------------|---------------|---------------|---------------|
|            |   | QUARTER       | YEAR TO DATE  | QUARTER       | DATE FROM     |
|            |   | 07/01/2017 to | 01/01/2017 to | PREVIOUS      | PREVIOUS      |
|            |   | 09/30/2017    | 09/30/2017    | YEAR          | YEAR          |
|            |   |               |               | 07/01/2016 to | 01/01/2016 to |
|            |   |               |               | 09/30/2016    | 09/30/2016    |
| 3.01       | Gross Sales and/or Services                             | 113,405       | 327,706       | 186,131       | 472,272       |
| 3.01.01    | Revenue from real estate development                    | 125,001       | 359,722       | 203,711       | 515,562       |
| 3.01.03    | Taxes on real estate sales and services                 | -11,596       | -32,016       | -17,580       | -43,290       |
| 3.02       | Cost of sales and/or services                           | -125,556      | -357,987      | -200,429      | -465,347      |
| 3.02.01    | Cost of real estate development                         | -125,556      | -357,987      | -200,429      | -465,347      |
| 3.03       | Gross profit  | -12,151       | -30,281       | -14,298       | 6,925         |
| 3.04       | Operating expenses/income                               | -121,796      | -360,149      | -73,283       | -193,002      |
| 3.04.01    | Selling expenses  | -19,908       | -54,557       | -21,455       | -53,472       |
| 3.04.02    | General and administrative expenses                     | -16,373       | -50,346       | -12,254       | -58,779       |
| 3.04.05    | Other operating expenses                                | -11,050       | -79,386       | -21,610       | -68,294       |
| 3.04.05.01 | Depreciation and amortization                           | -8,169        | -25,337       | -8,025        | -22,125       |
| 3.04.05.02 | Other operating expenses                                | -2,881        | -54,049       | -13,585       | -46,169       |
| 3.04.06    | Income from equity method investments                   | -74,465       | -175,860      | -17,964       | -12,457       |
| 3.05       | Income (loss) before financial results and income taxes | -133,947      | -390,430      | -87,581       | -186,077      |
| 3.06       | Financial   | -23,894       | -94,987       | -8,086        | -14,672       |
| 3.06.01    | Financial income  | 6,131         | 20,852        | 5,728         | 41,405        |
| 3.06.02    | Financial expenses                                      | -30,025       | -115,839      | -13,814       | -56,077       |
| 3.07       | Income before income taxes                              | -157,841      | -485,417      | -95,667       | -200,749      |
| 3.09       | Income (loss) from continuing operation                 | -157,841      | -485,417      | -95,667       | -200,749      |
| 3.10       | Income (loss) from discontinuing operation              | -             | 98,175        | 23,045        | 36,461        |
| 3.10.01    | Net income (loss) from discontinued operations          | -             | 98,175        | 23,045        | 36,461        |
| 3.11       | Income (loss) for the period                            | -157,841      | -387,242      | -72,622       | -164,288      |

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|            |   |          |           |          |          |
|------------|---|----------|-----------|----------|----------|
| 3.99       | Earnings per Share –<br>(Reais / Share) | -        | -         | -        | -        |
| 3.99.01    | Basic Earnings per<br>Share             | -        | -         | -        | -        |
| 3.99.01.01 | ON                                      | -5.87343 | -14.40969 | -2.69278 | -6.09169 |
| 3.99.02    | Diluted Earnings per<br>Share           | -        | -         | -        | -        |
| 3.99.02.01 | ON                                      | -5.87343 | -14.40969 | -2.69278 | -6.09169 |

**INDIVIDUAL FINANCIAL STATEMENTS - COMPREHENSIVE INCOME (LOSS) - (in thousands of Brazilian Reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>ACTUAL<br/>QUARTER<br/>07/01/2017 to<br/>09/30/2017</b> | <b>YEAR TO<br/>DATE<br/>01/01/2017 to<br/>09/30/2017</b> | <b>SAME</b>   |   |
|-------------|---|--|--|---|---|
|             |   |  |  | <b>QUARTER<br/>PREVIOUS<br/>YEAR<br/>07/01/2016 to<br/>09/30/2016</b> | <b>YEAR TO<br/>DATE FROM<br/>PREVIOUS<br/>YEAR<br/>01/01/2016 to<br/>09/30/2016</b> |
| 4.01        | Income (loss) for the period                  | -157,841   | -387,242   | -72,622   | -164,288  |
| 4.03        | Comprehensive income (loss)<br>for the period | -157,841   | -387,242   | -72,622   | -164,288  |

**INDIVIDUAL FINANCIAL STATEMENTS - CASH FLOWS - INDIRECT METHOD - (in thousands of Brazilian Reais)**

| CODE       | DESCRIPTION   | YEAR TO DATE                | YEAR TO DATE                                      |
|------------|---|-----------------------------|---|
|            |   | 01/01/2017 to<br>09/30/2017 | FROM PREVIOUS<br>YEAR 01/01/2016 to<br>09/30/2016 |
| 6.01       | Net cash from operating activities                                      | 118,278                     | 58,155  |
| 6.01.01    | Cash generated in the operations  | -176,844                    | -54,238   |
| 6.01.01.01 | Income (loss) before income and social contribution taxes               | -485,417                    | -164,288  |
| 6.01.01.02 | Income from equity method investments                                   | 175,860                     | -24,004   |
| 6.01.01.03 | Stock options expenses  | 2,898                       | 5,506   |
| 6.01.01.04 | Unrealized interest and finance charges, net                            | 35,102                      | 72,727  |
| 6.01.01.05 | Financial instruments   | -790                        | -13,525   |
| 6.01.01.06 | Depreciation and amortization   | 25,337                      | 22,125  |
| 6.01.01.07 | Provision for legal claims  | 61,584                      | 43,511  |
| 6.01.01.08 | Provision for profit sharing  | 9,395                       | 12,500  |
| 6.01.01.09 | Warranty provision  | -7,439                      | -9,234  |
| 6.01.01.10 | Write-off of property and equipment, net                                | -                           | 279   |
| 6.01.01.11 | Allowance for doubtful accounts   | 17,767                      | 7,871   |
| 6.01.01.12 | Provision for realization of non-financial assets - properties for sale | -11,141                     | -6,302  |
| 6.01.01.13 | Provision for penalties due to delay in construction works              | -                           | -1,404  |
| 6.01.02    | Variation in assets and liabilities                                     | 295,122                     | 112,393   |
| 6.01.02.01 | Trade accounts receivable   | 121,494                     | 155,261   |
| 6.01.02.02 | Properties for sale   | 207,441                     | 2,463   |
| 6.01.02.03 | Other accounts receivable   | -10,242                     | -5,556  |
| 6.01.02.04 | Prepaid expenses  | -2,805                      | -6  |
| 6.01.02.05 | Obligations for purchase of properties and adv. from customers          | -13,574                     | -77,891   |
| 6.01.02.06 | Taxes and contributions   | -3,028                      | -5,927  |
| 6.01.02.07 | Suppliers   | 11,732                      | -2,694  |
| 6.01.02.08 | Salaries and payroll charges  | -10,577                     | -10,990   |
| 6.01.02.09 | Transactions with related parties                                       | 31,263                      | 169,196   |
| 6.01.02.10 | Other obligations   | -36,582                     | -111,463  |
| 6.02       | Net cash from investing activities                                      | 249,250                     | 125,435   |
| 6.02.01    | Purchase of property and equipment and intangible assets                | -16,216                     | -19,948   |
| 6.02.02    | Increase in investments   | 1,295                       | -19,595   |
| 6.02.03    | Redemption of short-term investments                                    | 732,351                     | 867,144   |
| 6.02.04    | Purchase of short-term investments                                      | -678,145                    | -702,166  |
| 6.02.05    | Receivable from exercise of preemptive rights Tenda                     | 219,510                     | -   |
| 6.02.06    | Transaction cost  | -9,545                      | -   |
| 6.03       | Net cash from financing activities                                      | -383,015                    | -154,386  |

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|         |  |          |          |
|---------|--|----------|----------|
| 6.03.02 | Increase in loans, financing and debentures              | 190,252  | 348,800  |
| 6.03.03 | Payment of loans, financing and debentures               | -599,448 | -546,294 |
| 6.03.04 | Repurchase of treasury shares                            | -        | -8,693   |
| 6.03.06 | Loan transactions with related parties                   | 5,625    | 7,530    |
| 6.03.07 | Obligation with investors                                | -1,140   | -2,433   |
| 6.03.08 | Disposal of treasury shares                              | 317      | 2,149    |
| 6.03.09 | Result of the disposal of treasury shares                | -        | -2,140   |
| 6.03.10 | Assignment of receivables                                | 21,379   | 46,695   |
| 6.05    | Net increase (decrease) of cash and cash equivalents     | -15,487  | 29,204   |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 19,811   | 44,044   |
| 6.05.02 | Cash and cash equivalents at the end of the period       | 4,324    | 73,248   |

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**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 01/01/2017 TO 09/30/2017 (in thousands of Brazilian reais)**

| CODE  | DESCRIPTION                            | Capital   | Capital reserves,<br>stock options<br>and treasury<br>shares | Profit reserves | Retained<br>earnings | Other<br>comprehensive<br>income | Total<br>Equity |
|-------|--|-----------|--|-----------------|----------------------|----------------------------------|-----------------|
| 01    | Opening balance                        | 2,740,662 | 49,424   | -               | -861,761             | -                                | 1,928,325       |
| 03    | Opening adjusted balance               | 2,740,662 | 49,424   | -               | -861,761             | -                                | 1,928,325       |
| 04    | Capital transactions with shareholders | -219,510  | 3,233  | -               | -107,720             | -                                | -327,242        |
| 04.03 | Stock option plan                      | -         | 2,916  | -               | -                    | -                                | 2,916           |
| 04.05 | Treasury shares sold                   | -         | 317  | -               | -                    | -                                | 317             |
| 04.08 | Capital reduction                      | -219,510  | -  | -               | -107,720             | -                                | -327,242        |
| 05    | Total of comprehensive income (loss)   | -         | -  | -               | -387,242             | -                                | -387,242        |
| 05.01 | Net income (loss) for the period       | -         | -  | -               | -387,242             | -                                | -387,242        |
| 07    | Closing balance                        | 2,521,152 | 52,657   | -               | -1,356,723           | -                                | 1,217,086       |

**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 07/01/2016 TO 09/30/2016 (in thousands of Brazilian reais)**

| CODE  | DESCRIPTION  | Capital   | Capital reserves,<br>stock options<br>and treasury<br>shares | Profit reserves | Retained<br>earnings | Other<br>comprehensive<br>income | Total<br>Equity |
|-------|--|-----------|--|-----------------|----------------------|----------------------------------|-----------------|
| 01    | Opening<br>balance                                       | 2,740,662 | 50,854   | 303,975         | -                    | -                                | 3,095,496       |
| 03    | Opening<br>adjusted<br>balance                           | 2,740,662 | 50,854   | 303,975         | -                    | -                                | 3,095,496       |
| 04    | Capital<br>transactions<br>with<br>shareholders          | -         | -2,612   | -2,140          | -                    | -                                | -4,752          |
| 04.03 | Stock option<br>plan                                     | -         | 3,932  | -               | -                    | -                                | 3,932           |
| 04.04 | Treasury<br>shares acquired                              | -         | -8,693   | -               | -                    | -                                | -8,693          |
| 04.05 | Treasury<br>shares sold                                  | -         | 2,149  | -2,140          | -                    | -                                | -               |
| 05    | Total of<br>comprehensive<br>income (loss)<br>Net income | -         | -  | -               | -164,288             | -                                | -164,288        |
| 05.01 | (loss) for the<br>period                                 | -         | -  | -               | -164,288             | -                                | -164,288        |
| 07    | Closing balance  | 2,740,662 | 48,242   | 301,835         | -164,288             | -                                | 2,926,451       |

**INDIVIDUAL STATEMENT OF VALUE ADDED (in thousands of Brazilian Reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>YEAR TO DATE</b>                 | <b>YEAR TO DATE</b>  |
|-------------|---|-------------------------------------|--|
|             |   | <b>01/01/2017 to<br/>09/30/2017</b> | <b>FROM PREVIOUS<br/>YEAR 01/01/2016 to<br/>09/30/2016</b> |
| 7.01        | Revenues                                      | 359,722                             | 515,562  |
| 7.01.01     | Real estate development, sales and services   | 377,489                             | 523,433  |
| 7.01.04     | Allowance for doubtful accounts               | -17,767                             | -7,871   |
| 7.02        | Inputs acquired from third parties            | -278,707                            | -391,828   |
| 7.02.01     | Cost of Sales and/or Services                 | -295,990                            | -371,342   |
| 7.02.02     | Materials, energy, outsourced labor and other | -80,892                             | -56,947  |
| 7.02.04     | Others  | 98,175                              | 36,461   |
| 7.02.04.01  | Result from discontinued operation            | 98,175                              | 36,461   |
| 7.03        | Gross value added                             | 81,015                              | 123,734  |
| 7.04        | Retentions                                    | -25,337                             | -22,125  |
| 7.04.01     | Depreciation and amortization                 | -25,337                             | -22,125  |
| 7.05        | Net value added produced by the Company       | 55,678                              | 101,609  |
| 7.06        | Added value received on transfer              | -155,008                            | 28,948   |
| 7.06.01     | Income from equity method investments         | -175,860                            | -12,457  |
| 7.06.02     | Financial income                              | 20,852                              | 41,405   |
| 7.07        | Value added total to be distributed           | -99,330                             | 130,557  |
| 7.08        | Value added distribution                      | -99,330                             | 130,557  |
| 7.08.01     | Personnel and payroll charges                 | 63,447                              | 82,318   |
| 7.08.01.01  | Direct remuneration                           | 63,447                              | 82,318   |
| 7.08.02     | Taxes and contributions                       | 43,653                              | 57,704   |
| 7.08.02.01  | Federal                                       | 43,653                              | 57,704   |
| 7.08.03     | Compensation – Interest                       | 180,812                             | 154,823  |
| 7.08.03.01  | Interest                                      | 177,836                             | 150,082  |
| 7.08.03.02  | Rent  | 2,976                               | 4,741  |
| 7.08.04     | Compensation – Company capital                | -387,242                            | -164,288   |
| 7.08.04.03  | Net income (Retained losses)                  | -387,242                            | -164,288   |



**CONSOLIDATED FINANCIAL STATEMENTS - BALANCE SHEET - ASSETS (in thousands of Brazilian Reais)**

| CODE          | DESCRIPTION  | ACTUAL QUARTER | PRIOR YEAR |
|---------------|--|----------------|------------|
|               |  | 09/30/2017     | 12/31/2016 |
| 1             | Total Assets   | 3,422,331      | 5,210,089  |
| 1.01          | Current Assets   | 1,845,722      | 3,400,200  |
| 1.01.01       | Cash and cash equivalents                                      | 26,626         | 29,534     |
| 1.01.01.01    | Cash and banks   | 26,626         | 29,534     |
| 1.01.02       | Short-term investments   | 129,372        | 223,646    |
| 1.01.02.01    | Fair value of short-term investments                           | 129,372        | 223,646    |
| 1.01.02.01.02 | Short-term investments available for sale                      | 129,372        | 223,646    |
| 1.01.03       | Accounts receivable  | 570,303        | 722,640    |
| 1.01.03.01    | Trade accounts receivable                                      | 570,303        | 722,640    |
| 1.01.03.01.01 | Receivables from clients of developments                       | 554,023        | 701,906    |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 16,280         | 20,734     |
| 1.01.04       | Inventories  | 987,657        | 1,122,724  |
| 1.01.04.01    | Properties for sale  | 987,657        | 1,122,724  |
| 1.01.07       | Prepaid expenses   | 5,526          | 2,548      |
| 1.01.07.01    | Prepaid expenses and others                                    | 5,526          | 2,548      |
| 1.01.08       | Other current assets   | 126,238        | 1,299,108  |
| 1.01.08.01    | Non current assets for sale                                    | 3,270          | 3,306      |
| 1.01.08.02    | Assets from discontinued operations                            | -              | 1,189,011  |
| 1.01.08.02.01 | Assets held for sale   | -              | 1,189,011  |
| 1.01.08.03    | Others   | 122,968        | 106,791    |
| 1.01.08.03.01 | Other accounts receivable and others                           | 57,120         | 49,336     |
| 1.01.08.03.02 | Receivables from related parties                               | 65,471         | 57,455     |
| 1.01.08.03.03 | Derivative financial instruments                               | 377            | -          |
| 1.02          | Non current assets   | 1,576,609      | 1,809,889  |
| 1.02.01       | Non current assets   | 866,183        | 957,773    |
| 1.02.01.03    | Accounts receivable  | 197,407        | 271,322    |
| 1.02.01.03.01 | Receivables from clients of developments                       | 197,407        | 271,322    |
| 1.02.01.04    | Inventories  | 475,700        | 592,975    |
| 1.02.01.04.01 | Properties for sale  | 475,700        | 592,975    |
| 1.02.01.09    | Others non current assets                                      | 193,076        | 93,476     |
| 1.02.01.09.03 | Other assets   | 172,348        | 58,917     |
| 1.02.01.09.04 | Receivables from related parties                               | 20,728         | 25,529     |
| 1.02.01.09.05 | Derivative financial instruments                               | -              | 9,030      |
| 1.02.02       | Investments  | 665,813        | 799,911    |
| 1.02.02.01    | Interest in associates and affiliates                          | 665,813        | 799,911    |
| 1.02.03       | Property and equipment   | 24,871         | 23,977     |
| 1.02.03.01    | Operation property and equipment                               | 24,871         | 23,977     |
| 1.02.04       | Intangible assets  | 19,742         | 28,228     |
| 1.02.04.01    | Intangible assets  | 19,742         | 28,228     |



**CONSOLIDATED FINANCIAL STATEMENTS - BALANCE SHEET - LIABILITIES AND EQUITY (in thousands of Brazilian Reais)**

| CODE          | DESCRIPTION  | ACTUAL QUARTER | PRIOR YEAR |
|---------------|--|----------------|------------|
|               |  | 09/30/2017     | 12/31/2016 |
| 2             | Total Liabilities  | 3,422,331      | 5,210,089  |
| 2.01          | Current liabilities  | 1,239,683      | 2,275,550  |
| 2.01.01       | Social and labor obligations                                       | 29,387         | 28,880     |
| 2.01.01.02    | Labor obligations  | 29,387         | 28,880     |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                       | 29,387         | 28,880     |
| 2.01.02       | Suppliers  | 89,975         | 79,120     |
| 2.01.03       | Tax obligations  | 50,412         | 51,842     |
| 2.01.03.01    | Federal tax obligations  | 50,412         | 51,842     |
| 2.01.04       | Loans and financing  | 593,263        | 983,934    |
| 2.01.04.01    | Loans and financing  | 354,592        | 669,795    |
| 2.01.04.01.01 | In Local Currency  | 354,592        | 669,795    |
| 2.01.04.02    | Debentures   | 238,671        | 314,139    |
| 2.01.05       | Other obligations  | 373,816        | 400,908    |
| 2.01.05.01    | Payables to related parties  | 81,933         | 85,611     |
| 2.01.05.02    | Others   | 291,883        | 315,297    |
| 2.01.05.02.04 | Obligations for purchase of properties and advances from customers | 170,680        | 205,388    |
| 2.01.05.02.06 | Other payables   | 87,496         | 69,921     |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables               | 33,707         | 34,698     |
| 2.01.05.02.08 | Derivative financial instruments                                   | -              | 5,290      |
| 2.01.06       | Provisions   | 102,830        | 79,054     |
| 2.01.06.01    | Tax, labor and civil lawsuits                                      | 102,830        | 79,054     |
| 2.01.06.01.01 | Tax lawsuits   | 675            | 1,369      |
| 2.01.06.01.02 | Labor lawsuits   | 20,237         | 23,818     |
| 2.01.06.01.04 | Civil lawsuits   | 81,918         | 53,867     |
| 2.01.07       | Liabilities related to assets from discontinued operations         | -              | 651,812    |
| 2.01.07.01    | Liabilities on Non-current Assets for Sale                         | -              | 651,812    |
| 2.01.07.01.01 | Liabilities held for sale  | -              | 651,812    |
| 2.02          | Non current liabilities  | 961,555        | 1,004,086  |
| 2.02.01       | Loans and financing  | 626,009        | 653,634    |
| 2.02.01.01    | Loans and financing  | 582,426        | 516,505    |
| 2.02.01.01.01 | Loans and financing in local currency                              | 582,426        | 516,505    |
| 2.02.01.02    | Debentures   | 43,583         | 137,129    |
| 2.02.02       | Other obligations  | 162,760        | 166,143    |
| 2.02.02.02    | Others   | 162,760        | 166,143    |
| 2.02.02.02.03 | Obligations for purchase of properties and advances from customers | 98,117         | 90,309     |
| 2.02.02.02.04 | Other payables   | 5,764          | 11,502     |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables               | 58,879         | 64,332     |
| 2.02.03       | Deferred taxes   | 100,405        | 100,405    |

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|               |   |            |           |
|---------------|---|------------|-----------|
| 2.02.03.01    | Deferred income tax and social contribution   | 100,405    | 100,405   |
| 2.02.04       | Provisions                                    | 72,381     | 83,904    |
| 2.02.04.01    | Tax, labor and civil lawsuits                 | 72,381     | 83,904    |
| 2.02.04.01.01 | Tax lawsuits                                  | 1,880      | 1,755     |
| 2.02.04.01.02 | Labor lawsuits                                | 42,637     | 37,837    |
| 2.02.04.01.04 | Civil lawsuits                                | 27,864     | 44,312    |
| 2.03          | Equity  | 1,221,093  | 1,930,453 |
| 2.03.01       | Capital                                       | 2,521,152  | 2,740,662 |
| 2.03.01.01    | Capital                                       | 2,521,152  | 2,740,662 |
| 2.03.02       | Capital Reserves                              | 52,657     | 49,424    |
| 2.03.02.04    | Granted options                               | 156,081    | 153,165   |
| 2.03.02.05    | Treasury shares                               | -30,139    | -32,524   |
| 2.03.02.07    | Reserve for expenditures with public offering | -71,217    | -71,217   |
| 2.03.02.08    | Result of transfers in treasury shares        | -2,068     | -         |
| 2.03.05       | Retained earnings/accumulated losses          | -1,356,723 | -861,761  |
| 2.03.09       | Non-controlling interest                      | 4,007      | 2,128     |

**CONSOLIDATED FINANCIAL STATEMENTS - INCOME - (in thousands of Brazilian Reais)**

| CODE       | DESCRIPTION   | ACTUAL        | YEAR TO DATE  | SAME          | YEAR TO DATE  |
|------------|---|---------------|---------------|---------------|---------------|
|            |   | QUARTER       | 01/01/2017 to | QUARTER       | 01/01/2016 to |
|            |   | 07/01/2017 to | 09/30/2017    | 07/01/2016 to | 09/30/2016    |
|            |   | 09/30/2017    | 09/30/2017    | 09/30/2016    | 09/30/2016    |
| 3.01       | Gross Sales and/or Services                             | 160,325       | 444,117       | 268,271       | 651,881       |
| 3.01.01    | Revenue from real estate development                    | 173,520       | 480,398       | 288,032       | 699,736       |
| 3.01.03    | Taxes on real estate sales and services                 | -13,195       | -36,281       | -19,761       | -47,855       |
| 3.02       | Cost of sales and/or services                           | -167,956      | -483,318      | -267,308      | -621,378      |
| 3.02.01    | Cost of real estate development                         | -167,956      | -483,318      | -267,308      | -621,378      |
| 3.03       | Gross profit  | -7,631        | -39,201       | 963           | 30,503        |
| 3.04       | Operating expenses/income                               | -129,829      | -361,644      | -82,568       | -208,936      |
| 3.04.01    | Selling expenses  | -22,929       | -63,169       | -24,701       | -61,692       |
| 3.04.02    | General and administrative expenses                     | -21,441       | -68,548       | -27,544       | -74,070       |
| 3.04.05    | Other operating expenses                                | -18,408       | -87,266       | -22,701       | -71,386       |
| 3.04.05.01 | Depreciation and amortization                           | -8,379        | -25,962       | -8,180        | -23,332       |
| 3.04.05.02 | Other operating expenses                                | -10,029       | -61,304       | -14,521       | -48,054       |
| 3.04.06    | Income from equity method investments                   | -67,051       | -142,661      | -7,622        | -1,788        |
| 3.05       | Income (loss) before financial results and income taxes | -137,460      | -400,845      | -81,605       | -178,433      |
| 3.06       | Financial   | -21,069       | -83,019       | -5,911        | -10,098       |
| 3.06.01    | Financial income  | 6,604         | 23,680        | 7,479         | 48,493        |
| 3.06.02    | Financial expenses                                      | -27,673       | -106,699      | -13,390       | -58,591       |
| 3.07       | Income before income taxes                              | -158,529      | -483,864      | -87,516       | -188,531      |
| 3.08       | Income and social contribution taxes                    | 622           | -1,673        | -1,076        | -6,645        |
| 3.08.01    | Current   | 622           | -1,673        | -1,076        | -7,608        |
| 3.08.02    | Deferred  | 0             | 0             | 0             | 963           |
| 3.09       | Income (loss) from continuing operation                 | -157,907      | -485,537      | -88,592       | -195,176      |
| 3.10       | Income (loss) from discontinued                         | 0             | 98,175        | 16,555        | 32,927        |

|            |  |          |           |          |          |
|------------|--|----------|-----------|----------|----------|
|            | operation  |          |           |          |          |
|            | Net income (loss)                                    |          |           |          |          |
| 3.10.01    | from discontinued operations                         | 0        | 98,175    | 16,555   | 32,927   |
| 3.11       | Income (loss) for the period                         | -157,907 | -387,362  | -72,037  | -162,249 |
| 3.11.01    | Income (loss) attributable to the Company            | -157,841 | -387,242  | -72,622  | -164,288 |
| 3.11.02    | Net income attributable to non-controlling interests | -66      | -120      | 585      | 2,039    |
| 3.99       | Earnings per Share – (Reais / Share)                 | 0        | 0         | 0        | 0        |
| 3.99.01    | Basic Earnings per Share                             | 0        | 0         | 0        | 0        |
| 3.99.01.01 | ON   | -5.87343 | -14.40969 | -2.69278 | -6.09169 |
| 3.99.02    | Diluted Earnings per Share                           | -        | -         | -        | -        |
| 3.99.02.01 | ON   | -5.87343 | -14.40969 | -2.69278 | -6.09169 |

**CONSOLIDATED FINANCIAL STATEMENTS - COMPREHENSIVE INCOME  
(LOSS) - (in thousands of Brazilian Reais)**

| CODE    | DESCRIPTION   | ACTUAL                      |                             | SAME             | YEAR TO          |
|---------|---|-----------------------------|-----------------------------|------------------|------------------|
|         |   | QUARTER                     | YEAR TO DATE                | QUARTER          | DATE FROM        |
|         |   | 07/01/2017 to<br>09/30/2017 | 01/01/2017 to<br>09/30/2017 | PREVIOUS<br>YEAR | PREVIOUS<br>YEAR |
| 4.01    | Consolidated Income (loss)<br>for the period                  | -157,907                    | -387,362                    | -72,037          | -162,249         |
| 4.03    | Consolidated<br>comprehensive income (loss)<br>for the period | -157,907                    | -387,362                    | -72,037          | -162,249         |
| 4.03.01 | Income (loss) attributable to<br>the Company                  | -157,841                    | -387,242                    | -72,622          | -164,288         |
| 4.03.02 | Net income attributable to<br>the noncontrolling interests    | -66                         | -120                        | 585              | 2,039            |

**CONSOLIDATED FINANCIAL STATEMENTS - CASH FLOWS - INDIRECT METHOD - (in thousands of Brazilian Reais)**

| CODE       | DESCRIPTION  | YEAR TO DATE             |                          |
|------------|--|--------------------------|--------------------------|
|            |  | 01/01/2017 to 09/30/2017 | 01/01/2016 to 09/30/2016 |
| 6.01       | Net cash from operating activities   | 200,941                  | 93,287                   |
| 6.01.01    | Cash generated in the operations   | -196,146                 | -47,058                  |
| 6.01.01.01 | Income (loss) before income and social contribution taxes                  | -483,864                 | -188,531                 |
| 6.01.01.02 | Income from equity method investments                                      | 142,661                  | 1,788                    |
| 6.01.01.03 | Stock options expenses   | 2,898                    | 5,506                    |
| 6.01.01.04 | Unrealized interest and finance charges, net                               | 46,975                   | 74,899                   |
| 6.01.01.05 | Financial instruments  | -790                     | -13,526                  |
| 6.01.01.06 | Depreciation and amortization  | 25,962                   | 23,332                   |
| 6.01.01.07 | Provision for legal claims   | 61,431                   | 44,542                   |
| 6.01.01.08 | Provision for profit sharing   | 9,394                    | 12,500                   |
| 6.01.01.09 | Warranty provision   | -7,439                   | -9,234                   |
| 6.01.01.10 | Write-off of property and equipment, net                                   | 0                        | 1,501                    |
| 6.01.01.11 | Allowance for doubtful accounts  | 17,767                   | 7,871                    |
| 6.01.01.12 | Provision for realization of non-financial assets - properties for sale    | -11,141                  | -6,302                   |
| 6.01.01.13 | Provision for penalties due to delay in construction works                 | 0                        | -1,404                   |
| 6.01.02    | Variation in assets and liabilities  | 345,128                  | 45,952                   |
| 6.01.02.01 | Trade accounts receivable  | 180,528                  | 199,882                  |
| 6.01.02.02 | Properties for sale  | 263,519                  | 388                      |
| 6.01.02.03 | Other accounts receivable  | -9,272                   | 12,692                   |
| 6.01.02.04 | Prepaid expenses   | -2,978                   | -233                     |
| 6.01.02.05 | Obligations for purchase of properties and adv. from customers             | -26,900                  | -93,326                  |
| 6.01.02.06 | Taxes and contributions  | -1,430                   | -13,454                  |
| 6.01.02.07 | Suppliers  | 10,520                   | -4,626                   |
| 6.01.02.08 | Salaries and payroll charges   | -8,887                   | -10,607                  |
| 6.01.02.09 | Transactions with related parties  | -22,906                  | 84,337                   |
| 6.01.02.10 | Other obligations  | -35,393                  | -122,456                 |
| 6.01.02.11 | Income tax and social contribution payable                                 | -1,673                   | -6,645                   |
| 6.01.03    | Others   | 51,959                   | 94,393                   |
| 6.01.03.01 | Net cash from operating activities related to disposal group held for sale | 51,959                   | 94,393                   |
| 6.02       | Net cash from investing activities   | 335,826                  | 128,585                  |
| 6.02.01    | Purchase of property and equipment and intangible assets                   | -18,370                  | -30,449                  |
| 6.02.02    | Increase in investments  | 1,294                    | -15,267                  |
| 6.02.03    | Redemption of short-term investments                                       | 851,218                  | 1,202,191                |
| 6.02.04    | Purchase of short-term investments   | -756,944                 | -1,039,966               |
| 6.02.05    |  | 219,510                  | 0                        |



|         |  |          |          |
|---------|--|----------|----------|
|         | Receivable from exercise of preemptive rights Tenda                        |          |          |
| 6.02.06 | Transaction cost   | -9,545   | 0        |
| 6.02.07 | Net cash from investing activities related to disposal group held for sale | 48,663   | 12,076   |
| 6.03    | Net cash from financing activities   | -414,964 | -143,172 |
| 6.03.02 | Increase in loans, financing and debentures                                | 255,805  | 515,891  |
| 6.03.03 | Payment of loans, financing and debentures                                 | -721,076 | -642,640 |
| 6.03.04 | Repurchase of treasury shares  | 0        | -8,693   |
| 6.03.06 | Loan transactions with related parties                                     | 5,625    | 7,530    |
| 6.03.07 | Obligation with investors  | -1,237   | -1,752   |
| 6.03.08 | Disposal of treasury shares  | 317      | 2,149    |
| 6.03.09 | Result of the disposal of treasury shares                                  | 0        | -2,140   |
| 6.03.10 | Assignment of receivables  | 21,513   | 53,828   |
| 6.03.11 | Net cash from financing activities related to disposal group held for sale | 24,089   | -67,345  |
| 6.04    | Foreign Exchange Gains and Losses on Cash and Cash Equivalents             | -124,711 | 0        |
| 6.05    | Net increase (decrease) of cash and cash equivalents                       | -2,908   | 78,700   |
| 6.05.01 | Cash and cash equivalents at the beginning of the period                   | 29,534   | 82,640   |
| 6.05.02 | Cash and cash equivalents at the end of the period                         | 26,626   | 161,340  |

**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 01/01/2017 TO 09/30/2017 (in thousands of Brazilian Reals)**

| CODE | DESCRIPTION                            | Capital   | Capital reserves, stock options and treasury shares | Profit reserves | Retained earnings | Other comprehensive income | Total Shareholders equity | Non Controlling interest | Total equity Consolidated |
|------|--|-----------|---|-----------------|-------------------|----------------------------|---------------------------|--------------------------|---------------------------|
| 1    | Opening balance                        | 2,740,662 | 49,424  | -               | -861,761          | -                          | 1,928,325                 | 2,128                    | 1,930,453                 |
| 3    | Opening adjusted balance               | 2,740,662 | 49,424  | -               | -861,761          | -                          | 1,928,325                 | 2,128                    | 1,930,453                 |
| 4    | Capital transactions with shareholders | -219,510  | 3,233   | -               | -107,720          | -                          | -323,997                  | 1,999                    | -321,998                  |
| 4.03 | Stock option plan                      | -         | 2,916   | -               | -                 | -                          | 2,916                     | -                        | 2,916                     |
| 4.05 | Treasury shares sold                   | -         | 317   | -               | -                 | -                          | 317                       | -                        | 317                       |
| 4.08 | Capital reduction                      | -219,510  | -   | -               | -107,720          | -                          | -327,230                  | -                        | -327,230                  |
| 4.10 | Low discontinued operation             | -         | -   | -               | -                 | -                          | -                         | 1,999                    | 1,999                     |
| 5    | Total of comprehensive income (loss)   | -         | -   | -               | -387,242          | -                          | -387,242                  | -120                     | -387,362                  |
| 5.01 | Net income (loss) for the period       | -         | -   | -               | -387,242          | -                          | -387,242                  | -120                     | -387,362                  |
| 7    | Closing balance                        | 2,521,152 | 52,657  | -               | -1,356,723        | -                          | 1,217,086                 | 4,007                    | 1,221,093                 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 01/01/2016 TO 09/30/2016 (in thousands of Brazilian real)**

| DESCRIPTION                            | Capital reserves, stock options and treasury shares | Capital reserves | Profit Retained earnings | comprehensive income | Shareholders equity | Non Controlling interest | Total Consolidated |
|--|---|------------------|--------------------------|----------------------|---------------------|--------------------------|--------------------|
| Opening balance                        | 2,740,662   | 50,854           | 303,975                  | -                    | 3,095,491           | 1,745                    | 3,097,236          |
| Opening adjusted balance               | 2,740,662   | 50,854           | 303,975                  | -                    | 3,095,491           | 1,745                    | 3,097,236          |
| Capital transactions with shareholders | -   | -2,612           | -2,140                   | -                    | -4,752              | -1,535                   | -6,287             |
| 01 Capital increase                    | -   | -                | -                        | -                    | -                   | 1,383                    | 1,383              |
| 03 Stock option plan                   | -   | 3,932            | -                        | -                    | 3,932               | -                        | 3,932              |
| 04 Treasury shares acquired            | -   | -8,693           | -                        | -                    | -8,693              | -                        | -8,693             |
| 05 Treasury shares sold                | -   | 2,149            | -2,140                   | -                    | 9                   | -                        | 9                  |
| 06 Dividends                           | -   | -                | -                        | -                    | -                   | -2,918                   | -2,918             |
| Total of comprehensive income (loss)   | -   | -                | -                        | -164,288             | -164,288            | 2,039                    | -162,249           |
| Net income (loss) for the period       | -   | -                | -                        | -164,288             | -164,288            | 2,039                    | -162,249           |
| Reserves                               | -   | -                | -                        | -                    | -                   | 49                       | 49                 |
| 01 Constitution of reserves            | -   | -                | -                        | -                    | -                   | 49                       | 49                 |
| Closing balance                        | 2,740,662   | 48,242           | 301,835                  | -164,288             | 2,926,451           | 2,298                    | 2,928,749          |

**CONSOLIDATED STATEMENT OF VALUE ADDED (in thousands of Brazilian Reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>YEAR TO DATE</b>                 |  |
|-------------|---|-------------------------------------|--|
|             |   | <b>01/01/2017 to<br/>09/30/2017</b> | <b>FROM PREVIOUS<br/>YEAR 01/01/2016 to<br/>09/30/2016</b> |
| 7.01        | Revenues                                      | 480,398                             | 699,736  |
| 7.01.01     | Real estate development, sales and services   | 498,165                             | 707,607  |
| 7.01.04     | Allowance for doubtful accounts               | -17,767                             | -7,871   |
| 7.02        | Inputs acquired from third parties            | -397,028                            | -547,124   |
| 7.02.01     | Cost of Sales and/or Services                 | -392,201                            | -503,359   |
| 7.02.02     | Materials, energy, outsourced labor and other | -103,002                            | -76,692  |
| 7.02.04     | Others  | 98,175                              | 32,927   |
| 7.02.04.01  | Result from discontinued operation            | 98,175                              | 32,927   |
| 7.03        | Gross value added                             | 83,370                              | 152,612  |
| 7.04        | Retentions                                    | -25,962                             | -23,332  |
| 7.04.01     | Depreciation and amortization                 | -25,962                             | -23,332  |
| 7.05        | Net value added produced by the Company       | 57,408                              | 129,280  |
| 7.06        | Value added received on transfer              | -118,981                            | 46,706   |
| 7.06.01     | Income from equity method investments         | -142,661                            | -1,788   |
| 7.06.02     | Financial income                              | 23,680                              | 48,494   |
| 7.07        | Total value added to be distributed           | -61,573                             | 175,986  |
| 7.08        | Value added distribution                      | -61,573                             | 175,986  |
| 7.08.01     | Personnel and payroll charges                 | 72,061                              | 87,451   |
| 7.08.01.01  | Direct remuneration                           | 72,061                              | 87,451   |
| 7.08.02     | Taxes and contributions                       | 51,393                              | 70,055   |
| 7.08.02.01  | Federal                                       | 51,393                              | 70,055   |
| 7.08.03     | Compensation – Interest                       | 202,215                             | 182,768  |
| 7.08.03.01  | Interest                                      | 197,816                             | 176,610  |
| 7.08.03.02  | Rent  | 4,399                               | 6,158  |
| 7.08.04     | Compensation – Company capital                | -387,242                            | -164,288   |
| 7.08.04.03  | Net income (Retained losses)                  | -387,242                            | -164,288   |

**FOR IMMEDIATE RELEASE** - Gafisa S.A. (B3: GFSA3; NYSE: GFA), one of Brazil's leading homebuilders, today reports its financial results for the third quarter ended September 30, 2017

## **GAFISA REPORTS RESULTS FOR 3Q17**

### **MANAGEMENT COMMENTS AND HIGHLIGHTS**

#### **CONFERENCE CALL**

**August 11, 2017**

10:00 am Brasilia Time  
In Portuguese

Phones:

+55 (11) 3193-1001 /  
2820-4001 (Brazil)

Code: Gafisa

07:00 am US EST  
In English (simultaneous  
translation

from Portuguese)

+ 1-646828-8246 / + 1 786  
924-6977 (USA)

Code: Gafisa

Webcast:

[www.gafisa.com.br/ri](http://www.gafisa.com.br/ri)

Replay:

+55 (11) 3193-1012 /  
2820-4012 (Brazil)

Portuguese: 1099857#

English: 7920629#

**Shares**

GFSA3 – B3 (former  
BM&FBovespa)

The third quarter 2017 was characterized by the new project launches, after a semester where we prioritized the sales of units in inventory. The four projects launched in the quarter, which performed well, totaled R\$464 million in PSV, reflecting the Company's business planning and strategy, with a more precise launch profile to face the complexities of the macroeconomic scenario. Despite the gradual improvements in indicators such as inflation, employment and, particularly, interest rates, the still uncertain pace of the Brazilian economic recovery reinforces the cautious stance Gafisa is taking in real estate market.

Another relevant achievement was the ongoing positive operating results, a direct consequence of the improvements on Gafisa's business model. The evolution of the model can be seen in the "Sales over Supply" (SoS) indicator, which grew for the fourth consecutive quarter and reached 37.6% in the 12 months up to the end of the 3Q17. In the quarter, the SoS was 18.3%, a considerable improvement over the 7.9% in the 2Q17, reflecting not only good performance of launches but also of sales of inventory in the period. The 3Q17 had the best quarterly performance in SoS of the last five years.

Our constant initiatives to increase the quality of credit analysis, combined with the improvements in the economy, reinforced the downward trend of dissolutions, which came to R\$84.4 million in 3Q17, down 25.7% over the 2Q17 and down 20.5% over 3Q16, the lowest level since 2014.

GFA – NYSE

Total shares outstanding:  
28.040.162

Average Daily Trading  
Volume (90 days<sup>2</sup>):

R\$4.2 million

(1) Including 972,347  
treasury shares;

(2) Until Seeptember 30,  
2017.

As a result of the factors mentioned above, net pre-sales came to R\$354.0 million in 3Q17, a substantial growth over R\$127.1 million recorded in 2Q17 and R\$258.3 million recorded in 3Q16. Launches sales came to 63.5% of total net sales in the quarter.

It is important to mention that Gafisa, in line with our decision-making process for new projects, will not have the same volume of launches in the fourth quarter. Therefore, we will concentrate our efforts on sales of inventories, thus, resulting in slower sales velocity.

Net revenue came to R\$160.3 million in 3Q17, up 8.9% q-o-q, but still 40.2% lower than 3Q16. Dissolutions, which were at a lower level during the quarter, are concentrated in units of the older legacy projects,

negatively impacting the Company's revenues. There is also a concentration of net sales on projects that are more recent and with slower work evolution, which impedes a faster recovery of revenues. In the accumulated during the first nine months of 2017, net revenues totaled R\$444.1 million.

Deferred income totaled R\$220.2 million, up 36.5% over the previous quarter and 53.6% over the previous year, a result of good operating performance and correct placement of projects, contributing to the build-up of revenues over the next quarters.

The initiatives to increase efficiency and productivity of our operations succeeded for another quarter. General and administrative expenses which totaled R\$21.4 million in 3Q17, remained in line sequentially but went down 22.2% the same quarter of last year. Selling expenses increased 8.2% over the previous quarter, reflecting the launches in the period, but decreased 7.2% in comparison to the 3Q16.

Thus, this quarter Gafisa recorded a net loss of R\$100.5 million, versus a net loss of R\$134.6 million in 2Q17 and R\$80.0 million in 3Q16, excluding Alphaville equity income and effects of the Tenda transaction.

Gafisa continues with a conservative cash management strategy. Operating cash generation came to R\$93.0 million in 3Q17, down 8.4% from the 2Q17 due to a reduced number of deliveries in the quarter and, consequently, a 9.7% drop in transfers. Net cash generation totaled R\$49.1 million, more than double the R\$20.5 million registered in 2Q17. In the first nine months of 2017, and excluding the inflow of funds from Tenda transaction, the operating cash flows came to R\$290.0 million, with a net cash generation of R102.8 million.

Gafisa's net debt came to R\$1.1 billion at the end of 3Q17, down 18% from the previous quarter and down 26% from last year. The balance of leverage, measured by the net debt to shareholders' equity ratio, reached 87.1% in 3Q17 and remains one of the Company's management main areas of focus. Excluding projects' financing, the net debt to shareholders' equity ratio stood at 12.7%. It is important to highlight the negotiations to increase debt maturity, which reflects in the lower proportion of short-term debt, from 62.4% of total debt in the 2Q17 to 48.7% in 3Q17. Gafisa will additionally receive R\$100.0 million relating to the Tenda transaction in the next periods, as contractually agreed.

Despite the short-term uncertainties, the evolution of the financial results during the third quarter, albeit mild, points to a slow and gradual inflection of our results. As we have mentioned previously, results are still impacted by the lower relevance of more recent projects. Over the future, we should start to recognize the positive impacts of these more recent projects, that command margins that are more adequate.

We are confident that the strategic actions adopted by Gafisa, focused on reducing inventories, a rigorous process to define project launches and higher operating efficiency, position us favorably for the recovery of the real estate markets over the coming years.

**Sandro Gamba**

**CEO**

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## 3Q QUARTERLY INFORMATION

### OPERATIONAL RESULTS

- § Decrease in dissolutions, which totaled R\$84.4 million in the quarter, a decrease of 25.7% over 2Q17 and 20.5% over 3Q16, to the lowest volume since 2014.
- § Consolidated sales over supply (SoS) reached 18.3% in 3Q17, compared to 7.9% in 2Q17 and 11.5% in 3Q16. In the last 12 months, SoS reached 37.6%, the highest level of the last five years.
- § Net pre-sales in 3Q17 totaled R\$354.0 million, up 37.0% compared to R\$258.3 million in 3Q16. In 9M17, net pre-sales totals R\$598.6 million, an increase of 32% vs. 9M16.
- § During the 3Q17, the Company delivered a 296 units project, representing total PSV of R\$75.2 million. In the 9M17 aggregate, the PSV delivered was R\$820.2 million.
- § Launches accounted for 63.5% of total net sales. Consolidated inventory at market value increased by 7.1% in relation to 2Q17, totaling R\$1.6 billion.

### FINANCIAL RESULTS

- § Operating cash generation reached R\$93.0 million in 3Q17, with a net generation of R\$49.1 million. In the year accumulated, operating cash generation was R\$290.0 million, and net generation reached r\$102.8 million.
- § The quarterly net income recognized by the “PoC” method totaled R\$160.3 million, 9% increase in comparison with the previous quarter. In 9M17, net revenue reached R\$444.1 million.
- § Adjusted gross income was R\$18.7 million, compared to adjusted gross income of R\$ 12.4 million in 2Q17 and R\$47.2 million in the previous year, closing 9M17 at R\$51.9 million. Adjusted gross margin reached 11.7% compared to adjusted gross margin of 8.4% in 2Q17, and 17.6% in the annual comparison. In 9M17, the adjusted gross margin reached the level of 11.7%.



## OPERATIONAL RESULTS

### Launches and Pre-sales

The launches of 3Q17 totaled R\$ 463.8 million, represented by four projects, three in São Paulo and one in Curitiba (the third phase of Ecoville Park). The sales speed of these launches reached 47.7%.

**Table1. Launches, Sales and Dissolutions (R\$ thousand)**

|          |           |          |           |         |           |           |         |
|----------|-----------|----------|-----------|---------|-----------|-----------|---------|
| 463,841  | -         | -        | 410,966   | 13%     | 463,841   | 621,429   | -25%    |
| 438,429  | 240,795   | 82.1%    | 364,454   | 20.3%   | 914,834   | 863,553   | 5.6%    |
| (84,390) | (113,648) | -25.7%   | (106,122) | -20.5%  | (316,251) | (408,860) | -22.7%  |
| 354,039  | 127,146   | 178%     | 258,332   | 37%     | 598,583   | 454,693   | 32%     |
| 18.3%    | 7.9%      | 1040 bps | 11.5%     | 680 bps | 27.5%     | 18.7%     | 880 bps |
| 75,227   | 479,869   | -84.3%   | 935,678   | -92.0%  | 820,153   | 1,452,827 | -43.5%  |

### Net Pre-Sales

In 3Q17, gross sales totaled R\$438.4 million, growing both in relation to 2Q17 (+82.1%) and to 3Q16 (+20.3%), reflecting the good sales performance of the launches combined with the continuation of sales of remaining units at the same level as in 2Q17. Dissolutions decreased and totaled R\$84.4 million, 25.7% and 20.5% lower than in 2Q17 and in 3Q16, respectively. As a result, net sales reached R\$354.0 million in 3Q17, compared to R\$127.1 million in 2Q17 and R\$258.3 million in 3Q16. In the year to date, net sales reached R\$598.6 million, 31.6% higher than in the same period of 2016.

The project launches accounted for 63.5% of total net sales in 3Q17. Regarding the sale of units in inventory, 78.9% refer to sales of projects launched until the end of 2015, improving the profile of our inventory. Dissolutions were higher in projects launched until 2014, where work has progressed further, with consequent impact on revenue recognition and margin composition.

## Sales over Supply (SoS)

Good business performance in the quarter drove sales speeds. Quarterly SoS increased to 18.3%, the best quarterly performance since 2012, and SoS accumulated in twelve months reached 37.6%, the highest level since 2013. These results reinforce that we were correct on our launch strategy and on the balance of selling the inventory of remaining units.

## Dissolutions

Dissolutions totaled R\$84.4 million in 3Q17, the lowest level since 2014 and a significant reduction both in relation to the R\$113.6 million in 2Q17 and to the R\$106.1 million in 3Q16. The accumulated volume of dissolutions in 2017 reached R\$316.3 million, a reduction of 22.7% compared to 9M16.

The reduction of the dissolutions is due to the successful initiatives to increase the quality of the credit analysis adopted over the last three years by Gafisa, as well as the slight improvement in the macroeconomic scenario after a strong recession.

## Inventory (Property for Sale)

The inventory at market value reached R\$1,581.4 million at the end of 3Q17, 7.1% higher than in 2Q17, due to the launches made in the period, although these have achieved good sales speed.

**Table 2. Inventory at Market Value 2Q17 x 3q17 (R\$ thousand)**

|                  |                |               |                  |                |                  |             |
|------------------|----------------|---------------|------------------|----------------|------------------|-------------|
| 1,149,787        | 406,672        | 64,255        | (379,398)        | (3,991)        | 1,237,325        | 7.6%        |
| 280,397          | -              | 18,151        | (30,648)         | (1,039)        | 266,861          | -4.8%       |
| 46,097           | 57,168         | 1,983         | (28,383)         | 351            | 77,216           | 67.5%       |
| <b>1,476,281</b> | <b>463,840</b> | <b>84,389</b> | <b>(438,429)</b> | <b>(4,679)</b> | <b>1,581,402</b> | <b>7.1%</b> |

<sup>1</sup> Adjustments reflect the updates related to the project scope, launch date and pricing update in the period.

In a quarter characterized by new launches and the delivery of a project, the Company was able to maintain a commercial balance between launches and complete units. The inventory of finished units fell from R\$565.4 million (38.3% of total inventory) in 2Q17 to R\$507.2 million in 3Q17 (32.1% of total).

The inventory of projects outside the strategic markets, of R\$ 77.2 million, represents 4.9% of the total inventory, of which 52% are completed units. The increase of R\$31.1 million compared to 2Q17 is explained by the launch of another phase of the Ecoville Park in Curitiba, as previously planned.

Of the total inventory completed, 60.0% are commercial projects. This proportion is due both to the high volume of deliveries over the last few years and to the lower sales speeds in this segment, where liquidity is still relatively lower.

**Table 3 – Inventory at Market Value – Work Status- POC - (R\$ 000)**

|                |               |                |                |                |                  |
|----------------|---------------|----------------|----------------|----------------|------------------|
| 208,808        | 28,121        | 544,580        | 214,363        | 241,453        | 1,237,325        |
| -              | 7,971         | -              | 33,045         | 225,845        | 266,861          |
| 37,348         | -             | -              | -              | 39,868         | 77,216           |
| <b>246,156</b> | <b>36,092</b> | <b>544,580</b> | <b>247,408</b> | <b>507,166</b> | <b>1,581,402</b> |

1) Inventory at market value includes projects in partnership. This index is not comparable to the accounting inventory, due to the implementation of new accounting practices on account of CPCs 18, 19 and 36.

## Delivered Projects

The Company delivered 286 units in 3Q17, all in project Go Maraville, located in Jundiaí, São Paulo state, with PSV of R\$75.2 million. In the 9M17, deliveries totaled 1,890 units and R\$820.2 million. Currently, Gafisa has 18 projects under construction, all of which are on schedule according to the Company's business plan

## Transfers

Over the past few years, the Company has been taking steps to improve the performance of its receivables/transfer process, in an attempt to achieve higher rates of return on invested capital. Currently, the Company's strategy is to transfer 90% of eligible units in a 90-day period after the delivery of the project. In accordance with this policy, transfers in 3Q17 totaled R\$125.6 million, explained by the lower number of deliveries. In the 9M17, transfers reached R\$366.4 million, 3.3% lower than the same period in 2016.

**Table 4 – Delivered Projects (R\$000 and %)**

|               |                |               |                |               |                |                  |               |
|---------------|----------------|---------------|----------------|---------------|----------------|------------------|---------------|
| 125,609       | 139,038        | -9.7%         | 126,013        | -0.3%         | 366,392        | 378,733          | -3.3%         |
| 1             | 4              | -75.0%        | 7              | -85.7%        | 8              | 13               | -38.5%        |
| 296           | 1,241          | -76.1%        | 1,899          | -84.4%        | 1,890          | 3,331            | -43.3%        |
| <b>75,227</b> | <b>412,307</b> | <b>-81.8%</b> | <b>935,678</b> | <b>-92.0%</b> | <b>820,153</b> | <b>1,452,827</b> | <b>-43.5%</b> |

1) PSV refers to potential sales value of the units transferred to financial institutions;

2) PSV = Potential sales value of delivered units.

## Landbank

The Company's landbank, with a PSV of R\$ 4.3 billion, represents 35 potential projects/phases or nearly 8 thousand units, 72% of potential projects/phases are in São Paulo and the rest in Rio de Janeiro. About 60% of the land was acquired through swap agreements, being the largest portion located in Rio de Janeiro. In 3Q17, the Company did not acquire new land for its landbank.

The quarterly adjustments reflect mainly updates related to project scope and expected launch dates.

**Table 5 - Landbank (R\$ 000)**

|                  |              |              |             |              |              |
|------------------|--------------|--------------|-------------|--------------|--------------|
| 2,518,279        | 51.7%        | 51.7%        | 0.0%        | 5,802        | 6,473        |
| 1,774,833        | 73.0%        | 73.0%        | 0.0%        | 2,246        | 2,300        |
| <b>4,293,112</b> | <b>60.0%</b> | <b>60.0%</b> | <b>0.0%</b> | <b>8,048</b> | <b>8,773</b> |

1) The swap percentage is measured compared to the historical cost of land acquisition.



2) Potential units are net of swaps and refer to the Gafisa's and/or its partners' stake in the project.

**Table 6 – Changes in the Landbank (2Q17 x 3Q17 - R\$ 000)**

|                  |          |                  |          |                 |                  |
|------------------|----------|------------------|----------|-----------------|------------------|
| 3,018,977        | -        | (463,841)        | -        | (36,857)        | 2,518,279        |
| 1,778,752        | -        | -                | -        | (3,919)         | 1,774,833        |
| <b>4,797,729</b> | <b>-</b> | <b>(463,841)</b> | <b>-</b> | <b>(40,776)</b> | <b>4,293,112</b> |

## FINANCIAL RESULTS

### Revenue

3Q17 net revenues totaled R\$160.3 million, up 8.9% from 2Q17, and down 40.2% from 3Q16. In the year to date, net revenues reached R\$444.1 million. Revenue recognition is affected by the mix of net sales in the period, with sales concentrated in the most recent launches and, consequently, lower revenue recognition. Dissolutions were down in the quarter but continued to have a material impact on the Company's revenue.

**Table 7 – Revenue Recognition (R\$ 000)**

| Pre-Sales | %<br>Sales | Revenue | %<br>Revenue | Pre-Sales | %<br>Sales | Revenue | %<br>Revenue |
|-----------|------------|---------|--------------|-----------|------------|---------|--------------|
| 224,814   | 63.5%      | -       | 0.0%         | -         | 0.0%       | -       | 0.0%         |
| 27,258    | 7.7%       | 19,555  | 12.2%        | 146,728   | 56.8%      | 57,865  | 21.6%        |
| 40,346    | 11.4%      | 73,627  | 45.9%        | 38,110    | 14.8%      | 46,046  | 17.2%        |
| 34,399    | 9.7%       | 42,920  | 26.8%        | 32,649    | 12.6%      | 92,382  | 34.4%        |
| 27,222    | 7.7%       | 24,223  | 15.1%        | 40,844    | 15.8%      | 71,976  | 26.8%        |
| 354,039   | 100.0%     | 160,324 | 100.0%       | 258,332   | 100.0%     | 268,270 | 100.0%       |
| 349,248   | 98.6%      | 160,757 | 100.3%       | 227,963   | 88.2%      | 264,897 | 98.7%        |
| 4,791     | 1.4%       | (433)   | -0.3%        | 30,369    | 11.8%      | 3,373   | 1.3%         |

### Gross Profit & Margin

Adjusted gross income in the 3Q17 was R\$18.7 million, up 50.4% from 2Q17, but down 60.4% from 3Q16. In 9M17, the adjusted gross income was R\$51.9 million, down 65.0% from the 9M16. Even with a low level of dissolutions in the 3Q17, the impact of the sales mix in the revenue prevented a quicker margin recovery. Even so, the gross margin of -4.8% showed an evolution to the -9.8% of the previous quarter. Excluding the financial effects, the adjusted gross margin was 11.7% in the 3Q17, which compares to 8.4% in the 2Q17 and to 17.6% in the 3Q16.

Details of Gafisa's gross margin breakdown in 3Q17 are presented below.

**Table 8 – Gross Margin (R\$ 000)**

|         |          |         |         |          |          |         |           |
|---------|----------|---------|---------|----------|----------|---------|-----------|
| 160,325 | 147,253  | 9%      | 268,271 | 40%      | 444,117  | 651,881 | -32%      |
| (7,631) | (14,403) | -47%    | 963     | -892%    | (39,201) | 30,503  | -229%     |
| -4.8%   | -9.8%    | 500 bps | 0.4%    | -520 bps | -8.8%    | 4.7%    | -1350 bps |
| 26,317  | 26,824   | -2%     | 46,258  | -43%     | 91,117   | 118,019 | -23%      |
| 18,686  | 12,421   | 50%     | 47,221  | -60%     | 51,916   | 148,522 | -65%      |
| 11.7%   | 8.4%     | 330 bps | 17.6%   | -590 bps | 11.7%    | 22.8%   | -1110 bps |

1) Adjusted by capitalized interests

## Selling, General and Administrative Expenses (SG&A)

In the 3Q17, the selling, general and administrative expenses (SG&A) totaled R\$44.4 million, 8.4% up from 2Q17 and 15.1% down from 3Q16. In the year to date, the SG&A totaled R\$131.7 million, 3.0% down from the same period in 2016.

The sales expenses totaled R\$22.9 million, with a growth of 8.2% from the 2Q17 as a result of the launches in the period, which resulted in higher sales volume. In comparison to 3Q16, there was a 7.2% reduction.

The efforts improve operational efficiency continue to show positive results. The general and administrative expenses totaled R\$21.4 million, 9% higher in comparison to last quarter, but with 22.2% reduction in comparison to 3Q16. Year to date, the reduction was 7.5%.

We keep pursuing a balanced operational structure. The recent structural redesign allowed us to reduce costs and expenses and, with more efficiency and agility, put us in a competitive position for the new development cycle of the Brazilian real estate market.

**Table 9 – SG&A Expenses (R\$ 000)**

|          |          |    |          |      |           |           |     |
|----------|----------|----|----------|------|-----------|-----------|-----|
| (22,929) | (21,184) | 8% | (24,701) | -7%  | (63,169)  | (61,692)  | 2%  |
| (21,441) | (19,738) | 9% | (27,544) | -22% | (68,548)  | (74,070)  | -7% |
| (44,370) | (40,922) | 8% | (52,245) | -15% | (131,717) | (135,762) | -3% |
| 160,325  | 147,253  | 9% | 268,271  | -40% | 444,117   | 651,881   | 32% |

The Other Operating Revenues/Expenses totaled R\$10.0 million, 68% below the R\$31.6 million of the previous quarter, which was negatively impacted due to early conclusion of an arbitration proceeding, with a net effect of R\$18.2 million.

The table below contains more details on the breakdown of this expense.

**Table 10 – Other Operating Revenues/Expenses (R\$ 000)**

|                 |                 |             |                 |             |                 |                 |            |
|-----------------|-----------------|-------------|-----------------|-------------|-----------------|-----------------|------------|
| (14,654)        | (30,041)        | 51%         | (13,278)        | 10%         | (61,431)        | (44,543)        | 38%        |
| 4,625           | (1,528)         | -403%       | (1,243)         | -472%       | 127             | (3,511)         | -104%      |
| <b>(10,029)</b> | <b>(31,569)</b> | <b>-68%</b> | <b>(14,521)</b> | <b>-31%</b> | <b>(61,304)</b> | <b>(48,054)</b> | <b>28%</b> |

## **Adjusted EBITDA**

Adjusted EBITDA was negative R\$44.2 million in the quarter, compared with R\$-65.1 million in 2Q17 and R\$-15.7 million in 3Q16.

It is worth noting that Gafisa's adjusted EBITDA does not consider the impact of the income from discontinued operations (Tenda) and the effect of Alphaville's equity income.

**Table 11 - Adjusted EBITDA (R\$ 000)**

|           |           |             |          |              |           |           |              |
|-----------|-----------|-------------|----------|--------------|-----------|-----------|--------------|
| (157,841) | (180,004) | -12%        | (72,622) | 117%         | (387,242) | (164,288) | 136%         |
| -         | (9,545)   | -100%       | 16,555   | -100%        | 98,175    | 32,927    | 198%         |
| (157,841) | (170,459) | 88%         | (89,177) | 77%          | (485,417) | (197,215) | 146%         |
| 21,069    | 33,390    | -37%        | 5,911    | 256%         | 83,019    | 10,098    | 722%         |
| (622)     | 949       | -166%       | 1,076    | -158%        | 1,673     | 6,645     | -75%         |
| 8,379     | 8,875     | -6%         | 8,180    | 2%           | 25,962    | 23,332    | 11%          |
| 26,317    | 26,824    | -2%         | 46,258   | -43%         | 91,117    | 118,019   | -23%         |
| 1,194     | (424)     | -382%       | 2,316    | -48%         | 2,898     | 5,506     | -47%         |
| (66)      | (100)     | -34%        | 585      | -111%        | (120)     | 2,039     | -106%        |
| 57,371    | 35,891    | 60%         | 9,158    | 526%         | 124,286   | 10,230    | 1115%        |
| (44,199)  | (65,054)  | -32%        | (15,693) | 182%         | (156,582) | (21,346)  | 634%         |
| 160,325   | 147,253   | 9%          | 268,271  | -40%         | 444,117   | 651,881   | -32%         |
| -27.6%    | -44.2%    | 1660<br>bps | -5.8%    | -2180<br>bps | -35.3%    | -3.3%     | -3200<br>bps |

1) Sale of Tenda shares;

2) Adjusted by expense with stock option plan (non-cash) and minority shareholders. EBITDA does not consider Alphaville's equity income.

## Financial Results

In the 3Q17, financial results were 28.3% smaller when compared to the 2Q17, and 11.7% smaller than the 3Q16, reflecting the reduction of the basic interest rate and the lower cash balance in the period. Financial expenses reached R\$27.7 million, compared to the R\$42.6 million of the 2Q17 and the R\$13.4 million of the 3Q16.

Therefore, the net financial result was negative R\$21.1 million in the 3Q17, compared to the negative net financial results of R\$33.4 million in the 2Q17, and R\$5.9 million in the 3Q16. The accumulated net financial result was R\$83.0 negative in the 9M17.

## **Taxes**

In the 3Q17, the income tax and social contribution line were positive at R\$0.6 million. In the 9M17, income tax and social contribution expenses totaled R\$1.7 million.

## **Net Income**

As results of the previously discussed effects, the net income of the 3Q17, excluding the results of the Alphaville's equity income, was negative in R\$100.5 million, which compares with the net loss of R\$134.6 million in the 2Q17 and of R\$80.0 million in the 3Q16.

**Table 12 – Net Income (R\$ 000)**

|           |           |          |          |           |           |           |           |
|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|
| 160,325   | 147,253   | 9%       | 268,271  | 40%       | 444,117   | 651,881   | -32%      |
| (7,631)   | (14,403)  | -47%     | 963      | -892%     | (39,201)  | 30,503    | -229%     |
| -4.8%     | -9.8%     | 500 bps  | 0.4%     | -520 bps  | -8.8%     | 4.7%      | -1350 bps |
| 18,686    | 12,421    | 50%      | 47,221   | -60%      | 51,916    | 148,522   | -65%      |
| 11.7%     | 8.4%      | 330 bps  | 17.6%    | -590 bps  | 11.7%     | 22.8%     | -1110 bps |
| (44,199)  | (65,054)  | -32%     | (15,693) | 182%      | (156,582) | (21,346)  | 634%      |
| -27.6%    | -44.2%    | 1660 bps | -5.8%    | -2180 bps | -35.3%    | -3.3%     | -3200 bps |
| -         | (9,545)   | -100%    | -        | 0%        | 98,175    | 32,927    | 198%      |
| (157,841) | (170,459) | -7%      | (89,177) | 77%       | (485,417) | (197,215) | 146%      |
| (57,371)  | (35,891)  | 60%      | (9,158)  | 526%      | (124,286) | (10,230)  | 1115%     |
| (100,470) | (134,568) | -25%     | (80,019) | 26%       | (361,131) | (186,985) | 93%       |

1) Adjusted by capitalized interests;

2) Adjusted by note 1, by expense with stock option plan (non-cash) and minority shareholders. EBITDA does not consider Alphaville's equity income;

3) Sale of Tenda shares;

4) Adjusted by item 3.

### Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method totaled R\$220.2 million in the 3Q17. The consolidated margin was 34.9% this quarter, compared to 35.8% in the 2Q17. The growth of the backlog in this quarter reflects the resumption of the launches in the period, combined with the good sales performance of projects launched in 2014 and 2015, signaling a positive outlook for revenues and gross profit in the next periods.

**Table 13 – Backlog Results (REF) (R\$ 000)**



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|           |           |         |           |          |
|-----------|-----------|---------|-----------|----------|
| 630,168   | 450,923   | 40%     | 394,475   | 60%      |
| (409,994) | (289,632) | 42%     | (251,151) | 63%      |
| 220,174   | 161,291   | 37%     | 143,324   | 54%      |
| 34.9%     | 35.8%     | -90 bps | 36.3%     | -140 bps |

1) Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

2) Backlog results comprise the projects restricted by condition precedent.

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## BALANCE SHEET

### Cash and Cash Equivalents and Securities

On September 30, 2017, cash and cash equivalents and marketable securities totaled R\$156.0 million, down 27.3% from June 30, 2017.

### Receivables

At the end of 3Q17, total accounts receivable totaled R\$1.5 billion, an increase of 11.0% compared to R\$1.3 billion in 2Q17.

Currently, the Company has approximately R\$ 365.7 million in accounts receivable from finished units.

**Table 14. Total Receivables (R\$ 000)**

|           |           |     |           |      |
|-----------|-----------|-----|-----------|------|
| 654,040   | 468,005   | 40% | 409,419   | 60%  |
| 570,303   | 602,295   | -5% | 780,968   | -27% |
| 197,407   | 208,230   | -5% | 313,802   | -37% |
| 1,421,750 | 1,278,530 | 11% | 1,504,189 | -5%  |

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAAP.

### Cash Generation

The operational cash generation totaled R\$93.0 million in the 3Q17, lower than the R\$101.5 million generated in the 2Q17, due mainly to the lower number of delivered projects and consequent reduction in transfers, and the concentration of launches in the second half of the quarter, which dilutes cash inflows between 3Q17 and 4Q17. The good operating cash performance resulted in net cash generation of R\$49.1 million in the 3Q17. Year to date,

excluding inflows from the Tenda transaction, operational cash flow totaled R\$290.0 million, with net cash generation reaching R\$102.8 million.

**Table 15. Cash Generation (R\$ 000)**

|  |           |           |           |
|--|-----------|-----------|-----------|
|  | 236,934   | 214,572   | 155,997   |
|  | (16,246)  | (22,362)  | (58,575)  |
|  | 1,589,312 | 1,326,977 | 1,219,273 |
|  | (49,492)  | (262,335) | (107,704) |
|  | 237,109   | 237,109   | 237,109   |
|  | -         | -         | -         |
|  | -         | 219,510   | -         |
|  | 33,246    | 20,463    | 49,130    |
|  | 33,246    | 53,710    | 102,840   |
| 1) Cash and cash equivalents, and marketable securities. |           |           |           |

## Liquidity

At the end of the 3Q17, the Company's Net Debt/Shareholders' Equity ratio was 87.1%, compared to 80.7% in the previous quarter, as a reflection of accumulation of losses from the previous periods faster than the reduction of debt. Excluding project finance, the Net Debt/Shareholders' Equity ratio was 12.7%.

In the 3Q17, the gross debt reached R\$1.2 billion, down 8% q-o-q, and 41.0% y-o-y. The net debt amounted to R\$1.1 billion, 4% smaller than the 2Q17. It is importante to mention that the Company will receive, over the few quarters, R\$100.0 million from the Tenda transaction, as contractually established.

**Table 16. Debt and Investor Obligations (R\$ 000)**

|              |             |                |              |                 |
|--------------|-------------|----------------|--------------|-----------------|
| 154,830      | 150,890     | 3%             | 492,498      | -69%            |
| 127,424      | 130,817     | -3%            | 167,448      | -24%            |
| 753,639      | 861,930     | -13%           | 1,188,494    | -37%            |
| 183,379      | 183,339     | 0%             | 201,571      | -9%             |
| 1,219,272    | 1,326,976   | -8%            | 2,050,011    | -41%            |
| -            | -           | 0%             | 3,143        | -100%           |
| 1,219,272    | 1,326,976   | -8%            | 2,053,154    | -41%            |
| 155,998      | 214,573     | -27%           | 609,898      | -74%            |
| 1,063,274    | 1,112,403   | -4%            | 1,443,256    | -26%            |
| 1,221,093    | 1,378,424   | -11%           | 2,928,749    | -58%            |
| 87.1%        | 80.7%       | 640 bps        | 49.3%        | 3780 bps        |
| <b>12.7%</b> | <b>7.2%</b> | <b>550 bps</b> | <b>-8.1%</b> | <b>2080 bps</b> |

\* Considers Gafisa only.

### 1) Cash and cash equivalents and marketable securities

The Company ended 3Q17 with R\$593.3 million in total debt maturing in the short term, or 48.7% of the total debt, compared to 62.4% in the conclusion of 2Q17. The longer debt maturity profile, which was again obtained during the quarter, is in line with gafisa's conservative cash strategy. It should be noted, however, that 74.5% of this volume relates to debt linked to the Company's projects. Currently, the average cost of consolidated debt is 13.23% per year, or 158.59% of the CDI.

**Table 17 – Debt Maturity**

|  |           |               |         |         |        |
|--|-----------|---------------|---------|---------|--------|
| TR + 10.38%                                      | 154,830   | 154,830       | -       | -       | -      |
| CDI + 1.90% /<br>IPCA + 8.22 %                   | 127,424   | 83,841        | 21,789  | 21,794  | -      |
| TR + 8.30% a 14%<br>/ 120%CDI /<br>129%CDI       | 753,639   | 247,416       | 333,047 | 165,422 | 7,754  |
| 130%CDI / CDI +<br>2.5% / CDI + 3% /<br>CDI + 5% | 183,379   | 107,176       | 47,911  | 19,043  | 9,249  |
|  | 1,219,272 | 593,263       | 402,747 | 206,259 | 17,003 |
|  |           | 48.7%         | 33.0%   | 16.9%   | 1.4%   |
|  |           | 67.8%         | 82.7%   | 80.2%   | 45.6%  |
|  |           | 32.2%         | 17.3%   | 19.8%   | 54.4%  |
|  |           | 25.5% / 74.5% |         |         |        |

**SUBSEQUENT EVENT**

On November 09, 2017, the Board of Directors approved to call an Extraordinary Shareholders' Meeting (the "Meeting") to be held on December 11, 2017, to resolve on the Company's capital increase up to the total amount of three hundred million Reais (R\$300,000,000.00), with the possibility of partial ratification in the case of subscription of at least, two hundred million and ten Reais (R\$200,000,010.00), by means of the issue for private subscription of at least 13,333,334 and at most 20,000,000 non-par, registered, book-entry new common shares of the Company, at a price per share of R\$ 15.00, based on Article 170, Paragraph 1, item III of Law No. 6.404/76 ("**Capital Increase**").

The Capital Increase is part of the Company's plans to strengthen cash and cash equivalents, reinforce its capital structure in view of its current level of indebtedness, and make viable the Company's strategic and operational positioning within this new cycle of the Brazilian real estate market.

Wishbone Management, LP, shareholder of the company, jointly with Conifer Capital Management, LLC, and investment funds under management of their affiliates ("**Investors**"),

undertake to subscribe the shares and eventual unsold shares in the context of this Capital Increase, by exercising their preemptive rights in share subscription, so to guarantee that will subscribe, at least, two hundred million Reais R\$200,000,000.00, being the total amount to be effectively subscribed contingent on the result of preemptive right exercise and the subscription of unsold shares by other shareholders of the Company. Investors' subscription commitment is subject to (i) the postponement of the Company's debts maturity in the amount of, at least, three hundred million Reais R\$300,000,000.00, until 2020 and 2021, and (ii) the lack of adverse material effects.

More details on the Capital Increase are available on the call notice and management proposals published today on the Company's investor relations website ([www.gafisa.com.br/ri/](http://www.gafisa.com.br/ri/)) and on the websites of B3 S.A. – Brasil, Bolsa e Balcão ([www.b3.com.br](http://www.b3.com.br)) and of the Comissão de Valores Mobiliários ([www.cvm.gov.br](http://www.cvm.gov.br)).

São Paulo, August 09, 2017.

Alphaville Urbanismo SA releases its results for the 3<sup>rd</sup> quarter of 2017

### Financial results

In the 3<sup>rd</sup> quarter of 2017, net revenues were R\$ 41 million and the net loss was R\$ -191 million.

|                        |      |     |      |
|------------------------|------|-----|------|
| <b>Net Revenue</b>     | 41   | 165 | -75% |
| <b>Net Profit/Loss</b> | -191 | -31 | n/a  |

For further information, please contact our Investor Relations team at [ri@alphaville.com.br](mailto:ri@alphaville.com.br) or +55 11 3038-7131.

## Consolidated Financial Statements

|  | <b>3Q17</b>      | <b>2Q17</b>      | <b>Q/Q<br/>(%)</b> | <b>3Q16</b>     | <b>Y/Y<br/>(%)</b> | <b>9M17</b>      | <b>9M16</b>      | <b>Y/Y<br/>(%)</b> |
|--|------------------|------------------|--------------------|-----------------|--------------------|------------------|------------------|--------------------|
| <b>Net Revenue</b>                         | 160,325          | 147,253          | 9%                 | 268,271         | -40%               | 444,117          | 651,881          | -32%               |
| <b>Operating Costs</b>                     | (167,956)        | (161,656)        | 4%                 | (267,308)       | -37%               | (483,318)        | (621,378)        | -22%               |
| <b>Gross Profit</b>                        | <b>(7,631)</b>   | <b>(14,403)</b>  | <b>-47%</b>        | <b>963</b>      | <b>-892%</b>       | <b>(39,201)</b>  | <b>30,503</b>    | <b>-229%</b>       |
| <b>Gross Margin</b>                        | -4.8%            | -9.8%            | 502<br>bps         | 0.4%            | -512<br>bps        | -8.8%            | 4.7%             | -1351<br>bps       |
| <b>Operating Expenses</b>                  | <b>(129,829)</b> | <b>(121,817)</b> | <b>7%</b>          | <b>(82,568)</b> | <b>57%</b>         | <b>(361,644)</b> | <b>(208,936)</b> | <b>73%</b>         |
| <b>Selling Expenses</b>                    | (22,929)         | (21,184)         | 8%                 | (24,701)        | -7%                | (63,169)         | (61,692)         | 2%                 |
| <b>General and Administrative Expenses</b> | (21,441)         | (19,738)         | 9%                 | (27,544)        | -22%               | (68,548)         | (74,070)         | -7%                |
| <b>Other Operating Revenue/Expenses</b>    | (10,029)         | (31,569)         | -68%               | (14,521)        | -31%               | (61,304)         | (48,054)         | 28%                |
| <b>Depreciation and Amortization</b>       | (8,379)          | (8,875)          | -6%                | (8,180)         | 2%                 | (25,962)         | (23,332)         | 11%                |
| <b>Equity Income</b>                       | (67,051)         | (40,451)         | 66%                | (7,622)         | 780%               | (142,661)        | (1,788)          | 7879%              |
| <b>Operational Result</b>                  | <b>(137,460)</b> | <b>(136,220)</b> | <b>1%</b>          | <b>(81,605)</b> | <b>68%</b>         | <b>(400,845)</b> | <b>(178,433)</b> | <b>125%</b>        |
| <b>Financial Income</b>                    | 6,604            | 9,206            | -28%               | 7,479           | -12%               | 23,680           | 48,493           | -51%               |
| <b>Financial Expenses</b>                  | (27,673)         | (42,596)         | -35%               | (13,390)        | 107%               | (106,699)        | (58,591)         | 82%                |
| <b>Net Income Before taxes on Income</b>   | <b>(158,529)</b> | <b>(169,610)</b> | <b>-7%</b>         | <b>(87,516)</b> | <b>81%</b>         | <b>(483,864)</b> | <b>(188,531)</b> | <b>157%</b>        |
| <b>Deferred Taxes</b>                      | -                | -                | 0%                 | -               | 0%                 | -                | 963              | -100%              |
| <b>Income Tax and Social Contribution</b>  | 622              | (949)            | -166%              | (1,076)         | -158%              | (1,673)          | (7,608)          | -78%               |
| <b>Net Income After Taxes on Income</b>    | <b>(157,907)</b> | <b>(170,559)</b> | <b>-7%</b>         | <b>(88,592)</b> | <b>78%</b>         | <b>(485,537)</b> | <b>(195,176)</b> | <b>149%</b>        |
| <b>Continued Op. Net Income</b>            | <b>(157,907)</b> | <b>(170,559)</b> | <b>-7%</b>         | <b>(88,592)</b> | <b>78%</b>         | <b>(485,537)</b> | <b>(195,176)</b> | <b>149%</b>        |
| <b>Discontinued Op. Net Income</b>         | -                | (9,545)          | -100%              | 16,555          | -100%              | 98,175           | 32,927           | 198%               |
| <b>Minority Shareholders Net Income</b>    | (66)             | (100)            | -34%               | 585             | -111%              | (120)            | 2,039            | -106%              |
| <b>Net Income</b>                          | <b>(157,841)</b> | <b>(180,004)</b> | <b>-12%</b>        | <b>(72,622)</b> | <b>117%</b>        | <b>(387,242)</b> | <b>(164,288)</b> | <b>136%</b>        |





## Consolidated Balance Sheet

|   | 3Q17      | 2Q17      | Q/Q(%) | 3Q16      | Y/Y(%) |
|---|-----------|-----------|--------|-----------|--------|
| <b>Current Assets</b>   |           |           |        |           |        |
| <b>Cash and cash equivalents</b>                                    | 26,626    | 37,979    | -30%   | 161,340   | -83%   |
| <b>Securities</b>   | 129,372   | 176,594   | -27%   | 448,558   | -71%   |
| <b>Receivables from clients</b>                                     | 570,303   | 602,295   | -5%    | 1,129,351 | -50%   |
| <b>Properties for sale</b>  | 987,657   | 996,928   | -1%    | 2,118,652 | -53%   |
| <b>Other accounts receivable</b>                                    | 122,968   | 105,812   | 16%    | 200,529   | -39%   |
| <b>Prepaid expenses and other</b>                                   | 5,526     | 5,903     | -6%    | 5,811     | -5%    |
| <b>Land for sale</b>  | 3,270     | 3,270     | 0%     | 74,753    | -96%   |
| <b>Subtotal</b>   | 1,845,722 | 1,928,781 | -4%    | 4,138,994 | -55%   |
| <b>Long-term Assets</b>   |           |           |        |           |        |
| <b>Receivables from clients</b>                                     | 197,407   | 208,230   | -5%    | 440,056   | -55%   |
| <b>Properties for sale</b>  | 475,700   | 582,445   | -18%   | 523,895   | -9%    |
| <b>Other</b>  | 193,076   | 194,880   | -1%    | 158,146   | 22%    |
| <b>Subtotal</b>   | 866,183   | 985,555   | -12%   | 1,122,097 | -23%   |
| <b>Intangible. Property and Equipment</b>                           | 44,613    | 45,318    | -2%    | 127,527   | -65%   |
| <b>Investments</b>  | 665,813   | 731,405   | -9%    | 964,700   | -31%   |
| <b>Total Assets</b>   | 3,422,331 | 3,691,059 | -7%    | 6,353,318 | -46%   |
| <b>Current Liabilities</b>  |           |           |        |           |        |
| <b>Loans and financing</b>  | 354,592   | 654,200   | -46%   | 650,973   | -46%   |
| <b>Debentures</b>   | 238,671   | 174,242   | 37%    | 373,449   | -36%   |
| <b>Obligations for purchase of land and advances from customers</b> | 170,680   | 194,787   | -12%   | 369,029   | -54%   |
| <b>Material and service suppliers</b>                               | 89,975    | 73,249    | 23%    | 66,018    | 36%    |
| <b>Taxes and contributions</b>                                      | 50,412    | 46,343    | 9%     | 81,677    | -38%   |
| <b>Other</b>  | 335,353   | 337,235   | -1%    | 423,298   | -21%   |
| <b>Subtotal</b>   | 1,239,683 | 1,480,056 | -16%   | 1,964,444 | -37%   |

|   |           |           |      |           |      |
|---|-----------|-----------|------|-----------|------|
| <b>Long-term liabilities</b>  |           |           |      |           |      |
| <b>Loans and financings</b>   | 582,426   | 391,069   | 49%  | 739,092   | -21% |
| <b>Debentures</b>   | 43,583    | 107,465   | -59% | 286,497   | -85% |
| <b>Obligations for Purchase of Land and advances from customers</b> | 98,117    | 71,149    | 38%  | 131,149   | -25% |
| <b>Deferred taxes</b>   | 100,405   | 100,405   | 0%   | 22,173    | 353% |
| <b>Provision for Contingencies</b>                                  | 72,381    | 81,515    | -11% | 139,026   | -48% |
| <b>Other</b>  | 64,643    | 80,976    | -20% | 142,188   | -55% |
| <b>Subtotal</b>   | 961,555   | 832,579   | 15%  | 1,460,125 | -34% |
| <b>Shareholders' Equity</b>   |           |           |      |           |      |
| <b>Shareholders' Equity</b>   | 1,217,086 | 1,374,347 | -11% | 2,926,451 | -58% |
| <b>Minority Shareholders</b>  | 4,007     | 4,077     | -2%  | 2,298     | 74%  |
| <b>Subtotal</b>   | 1,221,093 | 1,378,424 | -11% | 2,928,749 | -58% |
| <b>Total Liabilities and Shareholders' Equity</b>                   | 3,422,331 | 3,691,059 | -7%  | 6,353,318 | -46% |

## Cash Flow

|  | <b>3Q17</b> | <b>3Q16</b> | <b>9M17</b> | <b>9M16</b> |
|--|-------------|-------------|-------------|-------------|
| <b>Income Before Taxes on Income and Social Contribution</b>                 | (158,533)   | (111,933)   | (483,864)   | (188,531)   |
| <b>Expenses/Income not affecting working capital</b>                         | 102,356     | 72,285      | 287,718     | 141,473     |
| <b>Depreciation and amortization</b>   | 8,379       | 8,180       | 25,962      | 23,332      |
| <b>Impairment</b>  | -           | -           | (11,141)    | (6,302)     |
| <b>Expense with stock option plan and shares</b>                             | 1,195       | 2,317       | 2,898       | 5,506       |
| <b>Project delay fines</b>   | -           | (1,393)     | -           | (1,404)     |
| <b>Unrealized interest and financial</b>                                     | 4,240       | 36,111      | 46,975      | 74,899      |
| <b>Equity income</b>   | 67,051      | 7,622       | 142,661     | 1,788       |
| <b>Disposal of fixed asset</b>   | -           | 319         | -           | 1,501       |
| <b>Provision for guarantee</b>   | (4,124)     | (1,362)     | (7,439)     | (9,234)     |
| <b>Provision for lawsuits</b>  | 14,654      | 13,278      | 61,431      | 44,542      |
| <b>Profit Sharing provision</b>  | 1,037       | 6,250       | 9,394       | 12,500      |
| <b>Allowance for doubtful accounts and dissolutions</b>                      | 10,068      | 2,273       | 17,767      | 7,871       |
| <b>Income from financial instruments</b>                                     | (144)       | (1,310)     | (790)       | (13,526)    |
| <b>Clients</b>   | 22,086      | 53,681      | 180,528     | 199,882     |
| <b>Properties held for sale</b>  | 116,052     | 69,784      | 263,519     | 388         |
| <b>Other accounts receivable</b>   | (9,673)     | 10,285      | (9,272)     | 12,693      |
| <b>Prepaid expenses</b>  | 377         | (832)       | (2,978)     | (233)       |
| <b>Obligations on land purchase and advances from clients</b>                | 2,861       | (33,384)    | (26,900)    | (93,326)    |
| <b>Taxes and contributions</b>   | 4,069       | (4,263)     | (1,430)     | (13,454)    |
| <b>Providers</b>   | 10,939      | (3,862)     | 10,520      | (4,626)     |
| <b>Salaries and payroll charges</b>  | (10,701)    | 1,393       | (8,887)     | (10,607)    |
| <b>Other liabilities</b>   | (6,419)     | (84,524)    | (35,393)    | (122,457)   |
| <b>Related party transactions</b>  | (13,203)    | 58,512      | (22,906)    | 84,337      |
| <b>Taxes paid</b>  | 622         | (1,076)     | (1,673)     | (6,645)     |
| <b>Cash provided by/used in operating activities /discontinued operation</b> | -           | 40,324      | 51,959      | 94,393      |
| <b>Net cash from operating activities</b>                                    | 60,833      | 66,390      | 200,941     | 93,287      |
| <b>Investment activities</b>   |             |             |             |             |
| <b>Purchase of fixed and intangible asset</b>                                | (7,674)     | (16,080)    | (18,370)    | (30,449)    |
| <b>Capital contribution in subsidiaries</b>                                  | 853         | (2,628)     | 1,294       | (15,267)    |
| <b>Redemption of financial investment</b>                                    | 163,743     | 352,339     | 851,218     | 1,202,191   |
| <b>Funding financial investments</b>   | (116,521)   | (344,004)   | (756,944)   | (1,039,966) |
|  | -           | 6,205       | 48,663      | 12,076      |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| <b>Cash provided by/used in investment activities / discontinued operation</b> |           |           |           |           |
| <b>Discontinued operation transaction costs</b>                                | -         | -         | (9,545)   | -         |
| <b>Receivable from exercise of preemptive rights Tenda</b>                     | -         | -         | 219,510   | -         |
| <b>Net cash from investment activities</b>                                     | 40,401    | (4,168)   | 335,826   | 128,585   |
| <b>Financing activities</b>  |           |           |           |           |
| <b>Related party contributions</b>   | -         | 768       | (1,237)   | (1,752)   |
| <b>Addition of loans and financing</b>   | 69,523    | 207,009   | 255,805   | 515,891   |
| <b>Amortization of loans and financing</b>                                     | (181,467) | (198,121) | (721,076) | (642,640) |
| <b>Share buyback</b>   | -         | (498)     | -         | (8,693)   |
| <b>Result from the sale of treasury shares</b>                                 | -         | (2,140)   | -         | (2,140)   |
| <b>Assignment of credit receivables, net</b>                                   | -         | 12,019    | 21,513    | 53,828    |
| <b>Loan operations with related parties</b>                                    | (643)     | (1,918)   | 5,625     | 7,530     |
| <b>Sale of treasury shares</b>   | -         | 2,144     | 317       | 2,149     |
| <b>Cash provided by/used in financing activities/ discontinued operation</b>   | -         | (77,882)  | 24,089    | (67,345)  |
| <b>Net cash from financing activities</b>                                      | (112,587) | (58,619)  | (414,964) | (143,172) |
| <b>Net cash variation/discontinued operation</b>                               | -         | -         | (124,711) | -         |
| <b>Increase (decrease) in cash and cash equivalents</b>                        | (11,353)  | 3,603     | (2,908)   | 78,700    |
| <b>Opening balance of cash and cash equivalents</b>                            | 37,979    | 157,737   | 29,534    | 82,640    |
| <b>Closing balance of cash and cash equivalentes</b>                           | 26,626    | 161,340   | 26,626    | 161,340   |
| <b>Increase (decrease) in cash and cash equivalents</b>                        | (11,353)  | 3,603     | (2,908)   | 78,700    |

Gafisa is one Brazil's leading residential and commercial properties development and construction companies. Founded over 60 years ago, the Company is dedicated to growth and innovation oriented to enhancing the well-being, comfort and safety of an increasing number of households. More than 15 million square meters have been built, and approximately 1,100 projects delivered under the Gafisa brand - more than any other company in Brazil. Recognized as one of the foremost professionally managed homebuilders, Gafisa's brand is also one of the most respected, signifying both quality and consistency. In addition to serving the upper-middle and upper class segments through the Gafisa brand, the Company also participates through its 30% interest in Alphaville, a leading urban developer in the national development and sale of residential lots. Gafisa S.A. is a Corporation traded on the Novo Mercado of the B3 – Brasil, Bolsa, Balcão (B3:GFSA3) and is the only Brazilian homebuilder listed on the New York Stock Exchange (NYSE:GFA) with an ADR Level III, which ensures best practices in terms of transparency and corporate governance.

*This release contains forward-looking statements about the business prospects, estimates for operating and financial results and Gafisa's growth prospects. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors; therefore, they are subject to change without prior notice.*

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## **Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

### **1. Operations**

Gafisa S.A. ("Gafisa" or "Company") is a publicly traded company with registered office at Avenida das Nações Unidas, 8.501, 19<sup>th</sup> floor, in the city and state of São Paulo, Brazil and commenced its operations in 1997 with the objectives of: (i) promoting and managing all forms of real estate ventures on its own behalf or for third parties (in the latter case, as construction company and proxy); (ii) selling and purchasing real estate properties; (iii) providing civil construction and civil engineering services; (iv) developing and implementing marketing strategies related to its own and third party real estate ventures; and (v) investing in other companies that share similar objectives.

The Company has stocks traded at B3 S.A. – Brasil, Bolsa, Balcão (former BM&FBovespa) and the New York Stock Exchange (NYSE), reporting its information to the Brazilian Securities and Exchange Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

The Company enters into real estate development projects with third parties through specific purpose partnerships ("Sociedades de Propósito Específico" or "SPEs"), or through the formation of consortia and condominiums. Controlled entities substantially share managerial and operating structures, and corporate, managerial and operating costs with the Company. SPEs, condominiums and consortia operate solely in the real estate industry and are linked to specific ventures.

On December 14, 2016, the Company disclosed a material fact informing about the signature of the stock sale and purchase agreement with Jaguar Real Estate Partners LP ("Jaguar") for disposal of up to 30% of the shares issued by Tenda, for the price of R\$ 8.13 per share, with a total estimate of R\$539,020 for



paying-in Tenda's capital. The completion of the transaction was subject to the verification of certain conditions precedent, of which the following are worth noting: (i) decrease in the capital stock of the Company, by refunding its shareholders for the shares corresponding to 50% of the capital stock of Tenda; and (ii) the completion of the procedure related to the exercise by Gafisa's shareholders of the preemptive right to acquire 50% of Tenda's shares.

The deadline for creditors objecting the capital decrease was April 22, 2017, and no objection was made, so the decrease was made by delivering to the Company's shareholders, as refund for the decreased capital, one common share of Tenda to each common share of Gafisa they owned, not including treasury shares. In relation to the preemptive right, the shareholders acquired the totality of shares made available, no share remaining for Jaguar. Accordingly, the shares representing 50% of Tenda's capital were delivered to the shareholders who exercised the preemptive right, and the agreement that had been entered into with Jaguar was terminated.

The Company also obtained, during this period, all contractual authorizations required for carrying out the transaction. With this, the spin-off between Gafisa and Tenda was completed on May 4, 2017, with the effective delivery of the totality of the shares representing Tenda's capital in the respective capital reduction and preemptive right processes. The inflow of funds from the Preemptive Rights, as well as the amount receivable from the refund of Tenda's capital will contribute to improve the liquidity condition and capital structure of the Company.

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

**2. Presentation of quarterly information and summary of significant accounting policies**

**2.1. Basis of presentation and preparation of individual and consolidated quarterly information**

On November 09, 2017, the Company's Board of Directors approved these individual and consolidated quarterly information of the Company and authorized their disclosure.

The individual quarterly information (Company) and consolidated quarterly information were prepared and are being presented based on the technical pronouncement CPC 21(R1) – Interim Financial Reporting, using the same accounting practices, judgments, estimates and assumptions adopted in the presentation and preparation of the financial statements for the year ended December 31, 2016. Therefore, the corresponding quarterly information shall be read together with the financial statements as of December 31, 2016.

The individual quarterly information, identified as "Company", has been prepared and is being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncement Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and are disclosed together with the consolidated quarterly information.

The consolidated quarterly information of the Company has been prepared and is being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the CPC, approved by the CVM, and according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in

Brazil, including the Guideline OCPC 04 - Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, in relation to the treatment of the recognition of revenue from this sector and involves certain matters related to application of the continuous transfer of the risks, rewards and control over the real estate units sold.

The individual quarterly information of the Company is not considered in compliance with the International Financial Reporting Standards (IFRS), once it considers the capitalization of interest on qualifying assets of investees in the individual quarterly information of the Company. In view of the fact that there is no difference between the Company's and the Consolidated equity and profit or loss, the Company opted for presenting the accompanying individual and consolidated information in only one set.

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

**2. Presentation of quarterly information and summary of significant accounting policies**

--Continued

**2.1. Basis of presentation and preparation of individual and consolidated quarterly information**

--Continued

The quarterly information has been prepared on a going concern basis. Management periodically makes an assessment of the Company's ability to continue as going concern when preparing the quarterly information.

All amounts reported in the accompanying quarterly information are in thousands of Reais, except as otherwise stated.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 2.1 to the individual and consolidated financial statements as of December 31, 2016.

2.1.1. Consolidated quarterly information

The accounting practices were uniformly adopted in all subsidiaries included in the consolidated quarterly information and the fiscal year of these companies is the same of the Company. See further details in Note 9.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 2.1.1 to the individual and consolidated financial statements as of December 31, 2016.

#### 2.1.2. Statement of Cash Flows

In view of the disclosure of the discontinued operations related to Tenda, and in line with CPCs 03 – Statement of Cash Flows and CPC 31 - Non-current Assets Held for Sale and Discontinued Operations, the information on operating, financing and investing activities related to discontinued operations are presented in separated lines in the Statement of Cash Flows of the Company for the periods ended September 30, 2017 and 2016 (restated). Accordingly, the line item "Foreign Exchange Gains and Losses on Cash and Cash Equivalents", shown in the Statement of Cash Flows for the period ended September 30, 2017, refers to the net increase (decrease) in cash and cash equivalents of asset held for sale and is being presented in this line item as it is impossible to change the line item's name in this Quarterly Information Form.

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## **Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

## **2. Presentation of quarterly information and summary of significant accounting policies**

--Continued

### **2.2. Restatement of Quarterly Information as of September 30, 2016**

As required by the CPC 31 – Non-current Assets Held for Sale and Discontinued Operations, for comparability purposes, the information of the statements of profit or loss and value added as of September 30, 2016 is being presented on the same basis of the current period, and its retrospective effects are shown below. The statements of cash flow were restated to segregate into continued and discontinued operations (Note 2.1.2), without showing, however, the changes in the total amounts of operating, investing and financing activities.

|   | <b>Company</b>                                       |   |  | <b>Consolidated</b>                                  |   |  |
|---|--|---|--|--|---|--|
|   | <b>Balances originally reported as of 09/30/2016</b> | <b>Impact of the adoption of CPC 31</b> | <b>Balances after the adoption of CPC 31</b> | <b>Balances originally reported as of 09/30/2016</b> | <b>Impact of the adoption of CPC 31 (a)</b> | <b>Balances after the adoption of CPC 31</b> |
| <b><u>Statement of profit or loss</u></b> |  |   |  |  |   |  |
| Net operating revenue                     | 472,272  | -                                       | 472,272                                      | 1,417,685  | (765,804)                                   | 651,881                                      |
| Operating costs                           | (465,347)  | -                                       | (465,347)                                    | (1,160,100)  | 538,722                                     | (621,378)                                    |
| Operating (expenses) income               | (180,545)  | -                                       | (180,545)                                    | (376,484)  | 169,336                                     | (207,148)                                    |
| Income from equity method investments     | 24,004   | (36,461)                                | (12,457)                                     | (1,776)  | (12)  | (1,788)                                      |
| Financial income (expenses)               | (14,672)   | -                                       | (14,672)                                     | (21,895)   | 11,797                                      | (10,098)                                     |
|   | -  | -                                       | -  | (19,679)   | 13,034                                      | (6,645)                                      |

Cash Flow

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|  |                  |          |                  |                  |          |                  |
|--|------------------|----------|------------------|------------------|----------|------------------|
| Income tax and social contribution                   |                  |          |                  |                  |          |                  |
| Non-controlling interests                            | -                | -        | -                | 2,039            | -        | 2,039            |
| Profit or loss of discontinued operations (Note 8.2) | -                | 36,461   | 36,461           | -                | 32,927   | 32,927           |
| <b>Net (loss) income for the period</b>              | <b>(164,288)</b> | <b>-</b> | <b>(164,288)</b> | <b>(164,288)</b> | <b>-</b> | <b>(164,288)</b> |

**Statement of value added**

|  |         |          |         |         |           |         |
|--|---------|----------|---------|---------|-----------|---------|
| Net value added produced by the entity | 65,148  | 36,461   | 101,609 | 335,089 | (205,809) | 129,280 |
| Value added received on transfer       | 65,409  | (36,461) | 28,948  | 70,583  | (23,877)  | 46,706  |
| Total value added to be distributed    | 130,557 | -        | 130,557 | 405,672 | (229,686) | 175,986 |

(a) Amounts after elimination of consolidation items.

**3. New standards, changes and interpretation of standards issued and not yet adopted**

There is no standard, change to standard or interpretation issued and not yet adopted that could, on the Management's opinion, have significant impact arising from its adoption on its quarterly information, besides those already disclosed in Note 3 to the individual and consolidated financial statements as of December 31, 2016.

Accordingly, the other explanations related to this note were not subject to material changes in relation to the disclosures in Note 3 to the individual and consolidated financial statements as of December 31, 2016.

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

**4. Cash and cash equivalents and short-term investments**

**4.1. Cash and cash equivalents**

|                                   | <b>Company</b>    |            | <b>Consolidated</b> |            |
|-----------------------------------|-------------------|------------|---------------------|------------|
|                                   | <b>09/30/2017</b> | 12/31/2016 | <b>09/30/2017</b>   | 12/31/2016 |
| Cash and banks                    | <b>4,324</b>      | 19,811     | <b>26,626</b>       | 29,534     |
| Total cash and cash equivalents   |                   |            |                     |            |
| (Note 20.i.d, 20.ii.a and 20.iii) | <b>4,324</b>      | 19,811     | <b>26,626</b>       | 29,534     |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 4.1 to the financial statements as of December 31, 2016.

**4.2. Short-term investments**

|  | <b>Company</b>    |            | <b>Consolidated</b> |            |
|--|-------------------|------------|---------------------|------------|
|  | <b>09/30/2017</b> | 12/31/2016 | <b>09/30/2017</b>   | 12/31/2016 |



|  |                |         |                |         |
|--|----------------|---------|----------------|---------|
| Fixed-income funds                               | <b>20,657</b>  | 95,672  | <b>28,750</b>  | 123,868 |
| Government bonds (LFT)                           | <b>630</b>     | 3,762   | <b>1,368</b>   | 6,018   |
| Corporate securities (LF/DPGE)                   | -              | 19,845  | -              | 31,742  |
| Securities purchased under resale agreements (a) | <b>966</b>     | 11,600  | <b>1,416</b>   | 11,935  |
| Bank certificates of deposit (b)                 | <b>28,430</b>  | 17,332  | <b>31,009</b>  | 27,834  |
| Restricted cash in guarantee to loans            | <b>45,721</b>  | 10,669  | <b>45,721</b>  | 10,669  |
| Restricted credits                               | <b>12,952</b>  | 4,682   | <b>21,108</b>  | 11,580  |
| Total short-term investments                     |                |         |                |         |
| (Note 20.i.d, 20.ii.a and 20.iii)                | <b>109,356</b> | 163,562 | <b>129,372</b> | 223,646 |

(a) As of September 30, 2017, the securities purchased under resale agreement include interest earned from 100.5% of Interbank Deposit Certificates (CDI) (from 75% to 101.5% of CDI in 2016). All investments are carried out with what management considers to be top tier financial institutions.

(b) As of September 30, 2017, the Bank Certificates of Deposit (CDBs) include interest earned ranging from 90% to 100% of Interbank Deposit Certificates (CDI) (from 90% to 100.8% of CDI in 2016).

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 4.2 to the financial statements as of December 31, 2016.

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## Gafisa S.A.

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

### 5. Trade accounts receivable of development and services

|   | Company         |            | Consolidated    |            |
|---|-----------------|------------|-----------------|------------|
|   | 09/30/2017      | 12/31/2016 | 09/30/2017      | 12/31/2016 |
| Real estate development and sales                           | <b>625,950</b>  | 769,743    | <b>806,767</b>  | 1,019,359  |
| ( - ) Allowance for doubtful accounts                       | <b>(37,082)</b> | (19,315)   | <b>(37,082)</b> | (19,315)   |
| ( - ) Present value adjustments                             | <b>(16,285)</b> | (21,235)   | <b>(18,255)</b> | (26,816)   |
| Services and construction and other receivables             | <b>15,528</b>   | 20,414     | <b>16,280</b>   | 20,734     |
| Total trade accounts receivable of development and services |                 |            |                 |            |
| (Note 20.i.d and 20.ii.a)                                   | <b>588,111</b>  | 749,607    | <b>767,710</b>  | 993,962    |
| Current   | <b>423,165</b>  | 524,337    | <b>570,303</b>  | 722,640    |
| Non-current   | <b>164,946</b>  | 225,270    | <b>197,407</b>  | 271,322    |

The current and non-current portions have the following maturities:

| Maturity            | Company        |            | Consolidated   |            |
|---------------------|----------------|------------|----------------|------------|
|                     | 09/30/2017     | 12/31/2016 | 09/30/2017     | 12/31/2016 |
| Past due:           |                |            |                |            |
| Up to 90 days       | <b>47,396</b>  | 46,235     | <b>61,000</b>  | 64,830     |
| From 91 to 180 days | <b>26,133</b>  | 41,705     | <b>28,968</b>  | 45,442     |
| Over 180 days       | <b>94,698</b>  | 73,652     | <b>118,303</b> | 93,265     |
|                     | <b>168,227</b> | 161,592    | <b>208,271</b> | 203,537    |

|                                       |                 |          |                 |          |
|---------------------------------------|-----------------|----------|-----------------|----------|
| Maturities:                           |                 |          |                 |          |
| 2017                                  | <b>97,088</b>   | 383,477  | <b>173,701</b>  | 544,292  |
| 2018                                  | <b>210,186</b>  | 94,231   | <b>242,664</b>  | 111,007  |
| 2019                                  | <b>90,179</b>   | 97,079   | <b>110,686</b>  | 120,367  |
| 2020                                  | <b>68,721</b>   | 41,775   | <b>78,906</b>   | 45,552   |
| 2021 onwards                          | <b>7,077</b>    | 12,003   | <b>8,819</b>    | 15,338   |
|                                       | <b>473,251</b>  | 628,565  | <b>614,776</b>  | 836,556  |
| ( - ) Present value adjustment        | <b>(16,285)</b> | (21,235) | <b>(18,255)</b> | (26,816) |
| ( - ) Allowance for doubtful accounts | <b>(37,082)</b> | (19,315) | <b>(37,082)</b> | (19,315) |
|                                       | <b>588,111</b>  | 749,607  | <b>767,710</b>  | 993,962  |

The change in the allowance for doubtful accounts for the period ended September 30, 2017, is as follows:

|                                  |  |
|----------------------------------|--|
|                                  | <b>Company and<br/>Consolidated<br/>09/30/2017</b> |
| Balance at December 31, 2016     | (19,315)   |
| Additions (Note 22)              | (18,107)   |
| Write-offs / Reversals (Note 22) | 340  |
| Balance at September 30, 2017    | <b>(37,082)</b>                                    |

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

**5. Trade accounts receivable of development and services --Continued**

In the period ended September 30, 2017, the Company entered into the following Real Estate Receivables Agreement (CCI) transactions, which are aimed at the assignment by the assignor to the assignee of a portfolio comprising select business real estate receivables performed and to be performed arising out of Gafisa and its subsidiaries. The assigned portfolio, discounted to its present value, is classified into the line item "Obligations assumed on assignment of receivables" (Note 14).

| Transaction date | Assigned accounting portfolio | Portfolio discounted to present value | Transaction balance at               |              |
|------------------|-------------------------------|---------------------------------------|--------------------------------------|--------------|
|                  |                               |                                       | September 30, 2017 (Note 14) Company | Consolidated |
| 03/29/2017       | 23,748                        | 22,993                                | 16,684                               | 16,819       |

In the transaction above, the Company and its subsidiaries are jointly responsible until the time of the transfer of the conditional sale to the securitization company.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 5 to the financial statements as of December 31, 2016.

**6. Properties for sale**

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Land   | <b>590,571</b>    | 667,805           | <b>760,740</b>      | 823,516           |
| ( - ) Provision for loss on realization of land  | <b>(43,505)</b>   | (43,505)          | <b>(43,505)</b>     | (43,505)          |
| ( - ) Provision for loss on realization of inventory surplus                                 | -                 | -                 | <b>(62,343)</b>     | (62,343)          |
| ( - ) Present value adjustment   | <b>(8,010)</b>    | (8,089)           | <b>(8,267)</b>      | (8,781)           |
| Property under construction (Note 29)  | <b>348,059</b>    | 328,783           | <b>454,767</b>      | 509,049           |
| Completed units  | <b>370,720</b>    | 520,246           | <b>410,487</b>      | 557,426           |
| ( - ) Provision for loss on realization of properties under construction and completed units | <b>(48,522)</b>   | (59,663)          | <b>(48,522)</b>     | (59,663)          |
| Total properties for sale  | <b>1,209,313</b>  | 1,405,577         | <b>1,463,357</b>    | 1,715,699         |
| Current portion  | <b>838,155</b>    | 870,201           | <b>987,657</b>      | 1,122,724         |
| Non-current portion  | <b>371,158</b>    | 535,376           | <b>475,700</b>      | 592,975           |

In the period ended September 30, 2017, the change in the provision for loss on realization of properties for sale is summarized as follows:

|                               | <b>Company</b>  | <b>Consolidated</b> |
|-------------------------------|-----------------|---------------------|
| Balance at December 31, 2016  | (103,168)       | (165,511)           |
| Write-offs / Reversals        | <b>11,141</b>   | <b>11,141</b>       |
| Balance at September 30, 2017 | <b>(92,027)</b> | <b>(154,370)</b>    |

The amount of properties for sale offered as guarantee for financial liabilities is described in Note 12.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 6 to the financial statements as of December 31, 2016.

**7. Other assets**

|   | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Advances to suppliers   | <b>2,415</b>      | 1,758             | <b>3,079</b>        | 2,567             |
| Recoverable taxes (IRRF, PIS, COFINS, among other)                    | <b>29,643</b>     | 15,708            | <b>37,362</b>       | 25,901            |
| Judicial deposit (Note 16)  | <b>82,424</b>     | 78,172            | <b>85,120</b>       | 79,785            |
| Refund of capital receivable from Tenda (Note 20.i.d, 20.ii.a and 31) | <b>103,907</b>    | 100,000           | <b>103,907</b>      | -                 |
| Total other assets  | <b>218,389</b>    | 195,638           | <b>229,468</b>      | 108,253           |
| Current portion   | <b>48,958</b>     | 39,280            | <b>57,120</b>       | 49,336            |
| Non-current portion   | <b>169,431</b>    | 156,358           | <b>172,348</b>      | 58,917            |

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### **8. Assets held for sale**

#### **8.1 Land available for sale**

The changes in land available for sale are summarized as follows:

|                               | <b>Company and Consolidated</b> |                                     |                    |
|-------------------------------|---------------------------------|-------------------------------------|--------------------|
|                               | <b>Cost</b>                     | <b>Provision for<br/>impairment</b> | <b>Net balance</b> |
| Balance at December 31, 2016  | 12,236                          | (8,930)                             | 3,306              |
| Reversals / Write-offs        | (36)                            | -                                   | (36)               |
| Balance at September 30, 2017 | 12,200                          | (8,930)                             | 3,270              |

#### **8.2 Disposal group held for sale and profit or loss of discontinued operations**

|                           | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---------------------------|-------------------|-------------------|---------------------|-------------------|
|                           | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Investment portion        | -                 | 1,049,125         | -                   | -                 |
| Impairment loss (i)       | -                 | (610,105)         | -                   | (610,105)         |
| Assets held for sale (ii) | -                 | -                 | -                   | 1,799,116         |

|  |   |         |   |           |
|--|---|---------|---|-----------|
| <b>Total assets held for sale</b>        | - | 439,020 | - | 1,189,011 |
| Refund of capital receivable<br>(Note 7) | - | 100,000 | - | -         |
| <b>Total</b>                             | - | 539,020 | - | 1,189,011 |

|  |   |   |   |         |
|--|---|---|---|---------|
| <b>Liabilities related to the assets<br/>of discontinued operations (ii)</b> | - | - | - | 651,812 |
|--|---|---|---|---------|

|  | 09/30/2017    | 09/30/2016    | 09/30/2017    | 09/30/2016    |
|--|---------------|---------------|---------------|---------------|
| Reversal of impairment loss (i)                                | 215,440       | -             | 215,440       | -             |
| Portion related to payable for sale<br>of shares (iii)         | (107,720)     | -             | (107,720)     | -             |
| Transaction costs  | (9,545)       | -             | (9,545)       | -             |
| Impairment loss on Tenda's profit<br>or loss                   | (22,780)      | -             | (22,780)      | -             |
| Tenda's profit or loss for the<br>period ended May 4, 2017(ii) | 22,780        | 36,461        | 22,780        | 32,927        |
| <b>Profit or loss of discontinued<br/>operations</b>           | <b>98,175</b> | <b>36,461</b> | <b>98,175</b> | <b>32,927</b> |

(i) The measurement of non-current assets held for sale at the lower of the carrying value and the fair value less cost to sell. For the period ended May 4, 2017, the fair value of discontinued operations was adjusted, considering the weighted average price per share for exercising preemptive rights at R\$12.12 (R\$8.13 per share as of December 31, 2016, according to the agreement).

(ii) Amounts of assets held for sale, liabilities related to assets held for sale, and profit or loss of discontinued operations, net of the eliminations related to intercompany transactions.

(iii) Amount of R\$107,720 related to the obligation to sell 50% of Construtora Tenda S.A.'s shares for the price of R\$8.13 per share, settled on May 4, 2017, reflected in the profit or loss of discontinued operations, in order to reflect the difference between the fair value of the group of assets held for sale and the effective selling price.

For the period ended May 4, 2017, the Company carried out the remeasurement of the fair value of the disposal group held for sale, related to Construtora Tenda S.A., considering the weighted average value per share for exercising preemptive rights traded over the period between March 17 and 31, 2017, as measurement basis, leading to the price of R\$12.12 per share, and, accordingly, valuing Construtora Tenda S.A. at R\$754,460 (R\$539,020 in 2016).

The remeasurement of the fair value of the disposal group held for sale is required by CPC 31 – Non-current Assets Held for Sale and Discontinued Operations, with changes recognized in gains or losses on discontinued operations, as well as by ICPC 07 – Distributions of Non-cash Assets to Owners, requires the adjustment of non-cash dividends related to the capital decrease at fair value until its settlement, with changes recognized in equity, as mentioned in Note 18.1.





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### **8. Assets held for sale --Continued**

#### **8.2 Disposal group held for sale and profit or loss of discontinued operations --Continued**

For purposes of compliance with paragraph 38 of CPC 31 – Non-current Asset Held for Sale and Discontinued Operations, the Company shows below the main classes of assets and liabilities classified as held for sale of the subsidiary Tenda as of December 31, 2016, after eliminations of consolidation items, demonstrated as follows:

| <b><u>Assets</u></b>        | <b>12/31/2016</b> | <b><u>Liabilities</u></b>                                      | <b>12/31/2016</b> |
|-----------------------------|-------------------|--|-------------------|
| Current assets              |                   | Current liabilities  |                   |
| Cash and cash equivalents   | 28,414            | Loans and financing  | 41,333            |
| Short-term investments      | 195,073           | Payables for purchase of properties and advance from customers | 131,280           |
| Trade accounts receivable   | 250,474           | Other payables   | 150,663           |
| Properties for sale         | 563,576           |  |                   |
| Land for sale               | 75,227            |  |                   |
| Other current assets        | 104,606           |  |                   |
| <b>Total current assets</b> | <b>1,217,370</b>  | <b>Total current liabilities</b>                               | <b>323,276</b>    |
| Non-current                 |                   | Non-current liabilities  |                   |
| Trade accounts receivable   | 176,673           | Loans and financing  | 93,661            |
| Properties for sale         | 211,711           | Payables for purchase of properties and advance from customers | 104,343           |
| Other non-current assets    | 60,556            | Provisions for legal claims                                    | 44,951            |
| Investments                 | 84,798            |  |                   |

Cash Flow

|   |                  |                                      |                |
|---|------------------|--------------------------------------|----------------|
| Property and equity and intangible assets | 48,008           | Other payables                       | 85,581         |
| <b>Total non-current assets</b>           | <b>581,746</b>   | <b>Total non-current liabilities</b> | <b>328,536</b> |
| <b>Total assets</b>                       | <b>1,799,116</b> | <b>Total liabilities</b>             | <b>651,812</b> |

The main lines of the statements of profit or loss and cash flows of the subsidiary Tenda are as follows:

| <u>Statement of profit or loss</u>    | <u>05/04/2017</u> | <u>09/30/2016</u> | <u>Cash flow</u>     | <u>05/04/2017</u> | <u>09/30/2016</u> |
|---------------------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| Net operating revenue                 | <b>404,737</b>    | 765,804           | Operating activities | <b>51,959</b>     | 94,393            |
| Operating costs                       | <b>(269,144)</b>  | (538,722)         | Investing activities | <b>48,663</b>     | 12,076            |
| Operating expenses, net               | <b>(104,310)</b>  | (160,217)         | Financing activities | <b>24,089</b>     | (67,345)          |
| Depreciation and amortization         | <b>(5,723)</b>    | (9,119)           |                      |                   |                   |
| Income from equity method investments | <b>269</b>        | 12                |                      |                   |                   |
| Financial income (expenses)           | <b>101</b>        | (14,520)          |                      |                   |                   |
| Income tax and social contribution    | <b>(4,519)</b>    | (13,034)          |                      |                   |                   |
|                                       | <b>21,411</b>     | 30,204            |                      |                   |                   |
| Non-controlling interests             | <b>(1,369)</b>    | (6,257)           |                      |                   |                   |
| <b>Net income for the year</b>        | <b>22,780</b>     | 36,461            |                      |                   |                   |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 8 to the financial statements as of December 31, 2016.

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**9. Investments in subsidiaries and jointly controlled investees**(i) Ownership interest(a) *Information on subsidiaries, jointly-controlled investees and associates*

| Subsidiaries:                                 | Interest in capital - % |            | Total  | Total       | Equity and advance |          | Profit (loss) for the |            |            |   |
|---|-------------------------|------------|--------|-------------|--------------------|----------|-----------------------|------------|------------|---|
|   | 09/30/2017              | 12/31/2016 | assets | liabilities | for future capital | increase | 09/30/2017            | 09/30/2016 | 09/30/2017 |   |
| Gafisa SPE<br>26 Ltda.                        | -                       | 100%       | 100%   | 167,277     | 5,344              | 161,933  | 166,487               | (4,555)    | (343)      | 1 |
| Gafisa SPE-<br>130 Emp.<br>Imob. Ltda.        | -                       | 100%       | 100%   | 95,526      | 22,953             | 72,574   | 82,572                | (9,998)    | 4,890      |   |
| Gafisa<br>SPE-111<br>Emp. Imob.<br>Ltda.      | -                       | 100%       | 100%   | 66,734      | 4,398              | 62,337   | 62,511                | (174)      | (17,254)   |   |
| Maraville<br>Gafsa SPE<br>Emp. Imob.<br>Ltda. | -                       | 100%       | 100%   | 93,228      | 32,482             | 60,746   | 57,379                | 3,367      | 8,596      |   |
| Gafisa SPE -<br>122 Emp.<br>Imob. Ltda.       | -                       | 100%       | 100%   | 99,822      | 48,318             | 51,504   | 49,632                | 1,872      | 9,269      |   |
|   | -                       | 100%       | 100%   | 61,127      | 9,912              | 51,214   | 52,713                | 2          | (2,939)    |   |

Cash Flow

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|  |   |             |      |                |                |               |        |                |         |
|--|---|-------------|------|----------------|----------------|---------------|--------|----------------|---------|
| Gafisa SPE-89 Emp. Imob. Ltda.         | - |             |      |                |                |               |        |                |         |
| Gafisa SPE - 127 Emp. Imob. Ltda.      | - | <b>100%</b> | 100% | <b>46,842</b>  | <b>703</b>     | <b>46,139</b> | 46,413 | <b>(274)</b>   | 786     |
| Gafisa SPE-51 Emp. Imob. Ltda.         | - | <b>100%</b> | 100% | <b>48,464</b>  | <b>2,478</b>   | <b>45,987</b> | 45,849 | <b>137</b>     | (484)   |
| Gafisa SPE - 121 Emp. Imob. Ltda.      | - | <b>100%</b> | 100% | <b>46,167</b>  | <b>1,816</b>   | <b>44,350</b> | 44,968 | <b>(617)</b>   | (1,682) |
| Gafisa SPE 72 Emp. Imob. Ltda.         | - | <b>100%</b> | 100% | <b>44,309</b>  | <b>448</b>     | <b>43,861</b> | 43,832 | <b>29</b>      | (70)    |
| Gafisa SPE-110 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>41,270</b>  | <b>1,053</b>   | <b>40,217</b> | 40,178 | <b>40</b>      | (781)   |
| Gafisa SPE-104 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>191,600</b> | <b>152,890</b> | <b>38,710</b> | 30,945 | <b>5,701</b>   | 628     |
| Gafisa SPE - 120 Emp. Imob. Ltda.      | - | <b>100%</b> | 100% | <b>38,106</b>  | <b>634</b>     | <b>37,472</b> | 37,520 | <b>(48)</b>    | 903     |
| Manhattan Square Em. Im. Res. 02 Ltda. | - | <b>100%</b> | 100% | <b>36,096</b>  | <b>70</b>      | <b>36,026</b> | 35,949 | -              | -       |
| SPE Parque Ecoville Emp. Imob. Ltda.   | - | <b>100%</b> | 100% | <b>45,744</b>  | <b>12,608</b>  | <b>33,136</b> | 34,746 | <b>(1,610)</b> | (185)   |
| Gafisa SPE-107 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>29,523</b>  | -              | <b>29,523</b> | 29,529 | <b>(6)</b>     | 84      |
| Gafisa SPE-134 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>51,753</b>  | <b>22,777</b>  | <b>28,976</b> | 20,709 | <b>3,170</b>   | 429     |
| Gafisa SPE-129 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>29,221</b>  | <b>1,737</b>   | <b>27,484</b> | 29,539 | <b>(2,054)</b> | 5,987   |
| Gafisa SPE-41 Emp. Imob. Ltda.         | - | <b>100%</b> | 100% | <b>26,584</b>  | <b>16</b>      | <b>26,568</b> | 26,568 | -              | 93      |
| Gafisa SPE-132 Emp. Imob. Ltda.        | - | <b>100%</b> | 100% | <b>38,323</b>  | <b>14,196</b>  | <b>24,127</b> | 10,856 | <b>(1,283)</b> | (311)   |
|  | - | <b>100%</b> | 100% | <b>26,133</b>  | <b>3,715</b>   | <b>22,417</b> | 25,929 | <b>(3,511)</b> | (273)   |

Cash Flow

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|  |   |             |      |               |               |               |        |                |         |
|--|---|-------------|------|---------------|---------------|---------------|--------|----------------|---------|
| Verdes<br>Pracas Inc.<br>Imob. Ltda.<br>Gafisa<br>SPE-112<br>Emp. Imob.<br>Ltda.         | - | <b>100%</b> | 100% | <b>21,933</b> | <b>102</b>    | <b>21,831</b> | 21,834 | <b>(3)</b>     | (42)    |
| Gafisa SPE -<br>126 Emp.<br>Imob. Ltda.<br>Manhattan<br>Square Em.<br>Im. Com.02<br>Ltda | - | <b>100%</b> | 100% | <b>19,736</b> | <b>183</b>    | <b>19,553</b> | 20,373 | <b>(820)</b>   | 118     |
| Gafisa SPE<br>46 Emp.<br>Imob. Ltda.<br>Edsp 88<br>Participações<br>S.A.                 | - | <b>100%</b> | 100% | <b>17,959</b> | <b>1</b>      | <b>17,958</b> | 17,958 | -              | -       |
| Gafisa SPE<br>30 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>17,744</b> | <b>223</b>    | <b>17,521</b> | 17,912 | <b>(392)</b>   | 160     |
| Gafisa<br>SPE-92 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>29,288</b> | <b>12,543</b> | <b>16,744</b> | 16,068 | <b>676</b>     | (1,138) |
| Gafisa SPE<br>30 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>16,497</b> | <b>217</b>    | <b>16,281</b> | 16,358 | <b>(77)</b>    | 152     |
| Gafisa<br>SPE-106<br>Emp. Imob.<br>Ltda.   | - | <b>100%</b> | 100% | <b>15,775</b> | <b>113</b>    | <b>15,662</b> | 15,645 | <b>17</b>      | 155     |
| Diodon<br>Participações<br>Ltda.   | - | <b>100%</b> | 100% | <b>15,611</b> | <b>6</b>      | <b>15,605</b> | 15,606 | <b>(1)</b>     | (17)    |
| Gafisa SPE<br>33 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>15,139</b> | <b>245</b>    | <b>14,894</b> | 14,914 | <b>(20)</b>    | 10      |
| Gafisa SPE<br>71 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>13,564</b> | <b>1</b>      | <b>13,563</b> | 13,559 | <b>4</b>       | (168)   |
| Gafisa SPE<br>65 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>12,833</b> | <b>308</b>    | <b>12,525</b> | 13,763 | <b>(1,238)</b> | (96)    |
| Blue I SPE -<br>Plan., Pr., Inc.<br>e Venda Ltda   | - | <b>100%</b> | 100% | <b>11,363</b> | <b>335</b>    | <b>11,028</b> | 11,716 | <b>(688)</b>   | 102     |
| Gafisa SPE<br>36 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>10,952</b> | <b>4</b>      | <b>10,948</b> | 10,969 | <b>(21)</b>    | (83)    |
| Gafisa<br>SPE-81 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>9,247</b>  | <b>374</b>    | <b>8,874</b>  | 8,930  | <b>(56)</b>    | 85      |
| Gafisa<br>SPE-81 Emp.<br>Imob. Ltda.   | - | <b>100%</b> | 100% | <b>9,657</b>  | <b>1,269</b>  | <b>8,389</b>  | 8,718  | <b>(329)</b>   | (230)   |

Cash Flow

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|   |             |      |                  |                |                  |           |                 |         |            |   |
|---|-------------|------|------------------|----------------|------------------|-----------|-----------------|---------|------------|---|
| Gafisa SPE-38 Emp. Imob. Ltda.            | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>7,956</b>     | -              | <b>7,956</b>     | 7,954     | <b>1</b>        | (6)     |            |   |
| Gafisa SPE 77 Emp. Imob. Ltda.            | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>65%</b>  | 65%  | <b>19,395</b>    | <b>7,949</b>   | <b>11,447</b>    | 11,282    | <b>164</b>      | 5,076   |            |   |
| Gafisa SPE-109 Emp. Imob. Ltda.           | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>7,198</b>     | <b>78</b>      | <b>7,120</b>     | 7,155     | <b>(35)</b>     | (32)    |            |   |
| Gafisa SPE-37 Emp. Imob. Ltda.            | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>7,165</b>     | <b>498</b>     | <b>6,667</b>     | 6,752     | <b>(85)</b>     | 40      |            |   |
| Gafisa SPE - 123 Emp. Imob. Ltda.         | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>19,015</b>    | <b>12,386</b>  | <b>6,629</b>     | 11,969    | <b>(6,373)</b>  | (3,243) |            |   |
| Gafisa SPE-90 Emp. Imob. Ltda.            | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>8,873</b>     | <b>2,402</b>   | <b>6,471</b>     | 6,472     | <b>(1)</b>      | (1)     |            |   |
| Gafisa SPE-87 Emp. Imob. Ltda.            | -           |      |                  |                |                  |           |                 |         |            |   |
|   | <b>100%</b> | 100% | <b>5,581</b>     | <b>495</b>     | <b>5,086</b>     | 5,254     | <b>(168)</b>    | (121)   |            |   |
| OCPC01 Adjustment – capitalized Other (*) | (a)         |      | -                | -              | -                | -         | -               | -       | -          | - |
|   |             |      | <b>50,320</b>    | <b>9,962</b>   | <b>40,355</b>    | 40,177    | <b>186</b>      | (729)   |            |   |
| <b>Subtotal Subsidiaries</b>              |             |      | <b>1,686,650</b> | <b>388,242</b> | <b>1,298,408</b> | 1,296,162 | <b>(19,071)</b> | 7,335   | <b>1,3</b> |   |

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**9. Investments in subsidiaries and jointly controlled investees --Continued**(i) Ownership interest --Continued(a) *Information on subsidiaries, jointly-controlled investees and associates* --Continued

| Jointly-controlled investees:                | Interest in capital - % |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Profit (loss) for the period |            |
|--|-------------------------|------------|--------------|-------------------|--|------------|------------------------------|------------|
|  | 09/30/2017              | 12/31/2016 | 09/30/2017   | 09/30/2017        | 09/30/2017                                     | 12/31/2016 | 09/30/2017                   | 09/30/2017 |
| Gafisa SPE-116 Emp. Imob. Ltda. -            | 50%                     | 50%        | 138,595      | 25,860            | 112,736  | 120,794    | (8,058)                      | 22,34      |
| Gafisa E Ivo Rizzo SPE-47 Emp. Imob. Ltda. - | 80%                     | 80%        | 32,783       | 425               | 32,358   | 32,151     | 2                            |            |
| Parque Arvores Empr. Imob. Ltda. -           | 50%                     | 50%        | 32,103       | 3,263             | 28,840   | 26,616     | 2,225                        | 92         |
| Sitio Jatiuca Emp. Imob. SPE Ltda -          | 50%                     | 50%        | 31,281       | 3,075             | 28,206   | 38,185     | (9,979)                      | 3,93       |
| Varandas Grand Park Emp. Im. Spe Ltda -      | 50%                     | 50%        | 73,592       | 51,703            | 21,888   | 25,826     | (3,938)                      | (75        |
| Fit 13 SPE Emp. Imob Ltda. -                 | 50%                     | 50%        | 23,304       | 2,415             | 20,889   | 20,892     | (2)                          | (13,60     |
| Atins Emp. Imob. Ltda. -                     | 50%                     | 50%        | 26,602       | 8,176             | 18,426   | 18,201     | 225                          | (83        |

Cash Flow

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|   |     |     |     |                  |                  |                  |                  |                  |               |
|---|-----|-----|-----|------------------|------------------|------------------|------------------|------------------|---------------|
| Performance   |     |     |     |                  |                  |                  |                  |                  |               |
| Gafisa General Severiano Ltda   | -   | 50% | 50% | 27,367           | 16,450           | 10,916           | 10,802           | (17)             | (             |
| Gafisa SPE-113 Emp. Imob. Ltda.   | -   | 60% | 60% | 50,053           | 41,694           | 8,359            | 9,438            | (3,892)          | (9,37         |
| Other (*)   | (b) |     |     | 128,965          | 58,114           | 70,852           | 83,439           | (6,443)          | (3,22         |
| <b>Subtotal Jointly-controlled investees</b>                              |     |     |     | <b>564,645</b>   | <b>211,175</b>   | <b>353,470</b>   | <b>386,344</b>   | <b>(29,877)</b>  | <b>(58</b>    |
| <b>Associates:</b>  |     |     |     |                  |                  |                  |                  |                  |               |
| Alphaville Urbanismo S.A.   | -   | 30% | 30% | 2,427,475        | 2,218,910        | 208,565          | 596,620          | (414,288)        | (34,10        |
| Citta Ville SPE Emp. Imob. Ltda.  | -   | 50% | 50% | 17,163           | 3,290            | 13,873           | 16,332           | (2,615)          | (69           |
| Other (*)   |     |     |     | 1,301            | 108              | 1,193            | 1,185            | 7                | 3             |
| Indirect jointly-controlled investees Gafisa                              |     |     |     | 2,445,939        | 2,222,308        | 223,631          | 614,137          | (416,896)        | (34,76        |
| <b>Subtotal subsidiaries, jointly-controlled investees and associates</b> |     |     |     | <b>4,697,234</b> | <b>2,821,725</b> | <b>1,875,509</b> | <b>2,296,643</b> | <b>(465,844)</b> | <b>(28,01</b> |
| Goodwill on acquisition of associates                                     | -   |     |     |                  |                  |                  |                  |                  |               |
| Goodwill based on inventory surplus                                       | -   |     |     |                  |                  |                  |                  |                  |               |
| Goodwill from remeasurement of investment in associate                    | (c) |     |     |                  |                  |                  |                  |                  |               |

**Total investments**

(\*) Includes companies with investment balances below R\$5,000.

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**9. Investments in subsidiaries and jointly controlled investees --Continued**(i) Ownership interest --Continued(a) *Information on subsidiaries, jointly-controlled investees and associates* --Continued

| Direct investees                          | Interest in capital - % |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Profit (loss) for the period |            | Inv     |
|---|-------------------------|------------|--------------|-------------------|--|------------|------------------------------|------------|---------|
|   | 09/30/2017              | 12/31/2016 | 09/30/2017   | 09/30/2017        | 09/30/2017                                     | 12/31/2016 | 09/30/2017                   | 09/30/2016 |         |
| Provision for net capital deficiency (d): |                         |            |              |                   |  |            |                              |            |         |
| Gafisa Vendas Interm. Imobiliaria Ltda    | 100%                    | 100%       | 9,521        | 13,281            | (3,761)  | 5,795      | (9,556)                      | (8,390)    | (3,761) |
| Gafisa SPE 69 Emp. Imob. Ltda.            | 100%                    | 100%       | -            | 345               | (344)  | (270)      | (344)                        | (218)      | (344)   |
|   | 50%                     | 50%        | 6,046        | 7,247             | (1,201)  | -          | (1,894)                      | -          | (6,046) |

Cash Flow

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|   |               |               |                |       |                 |         |             |
|---|---------------|---------------|----------------|-------|-----------------|---------|-------------|
| Manhattan<br>Square Em.<br>Im. Com. 01<br>Ltda<br>Other (*)   | 2             | 13            | (11)           | (73)  | (18)            | (106)   | (           |
| <b>Total<br/>provision for<br/>net capital<br/>deficiency</b> | <b>15,569</b> | <b>20,886</b> | <b>(5,317)</b> | 5,452 | <b>(11,812)</b> | (8,714) | <b>(4,7</b> |

**Total Income  
from equity  
method  
investments**

(\*)Includes companies with investment balances below R\$5,000.

(a) Financial charges of the Company not appropriated to the profit or loss of subsidiaries, as required by paragraph 6 of OCPC01.

(b) The Company recorded expense of R\$142 in Income from equity method investments for the period ended September 30, 2017 related to the recognition, by jointly-controlled entities, of prior year adjustments, in accordance with the ICPC09 (R2) – Individual, Separate and Consolidated Financial Statements and the Equity Method of Accounting.

(c) Amount related to the goodwill arising from the remeasurement of the portion of the remaining investment of 30% in the associate AUSA, in the amount of R\$375,853, arising from the sale of control over the entity.

(d) The provision for net capital deficiency is recorded in the heading “Other payables” (Note 15).

(b) *Information on significant investees*

|                           | <b>Significant investee:<br/>Alphaville Urbanismo<br/>S.A.</b> |                   | <b>Other investees:<br/>Subsidiaries</b> |                   | <b>Jointly-controlled<br/>investees</b> |                   | <b>Associates</b> |                   |
|---------------------------|--|-------------------|--|-------------------|---|-------------------|-------------------|-------------------|
|                           | <b>09/30/2017</b>  | <b>12/31/2016</b> | <b>09/30/2017</b>                        | <b>12/31/2016</b> | <b>09/30/2017</b>                       | <b>12/31/2016</b> | <b>09/30/2017</b> | <b>12/31/2016</b> |
| Cash and cash equivalents | <b>Not available</b>   | 171,136           | <b>3,868</b>                             | 48,879            | <b>43,254</b>                           | 59,495            | <b>356</b>        | 597               |
| Current assets            | <b>Not available</b>   | 1,286,613         | <b>1,573,476</b>                         | 2,356,997         | <b>514,851</b>                          | 664,653           | <b>18,464</b>     | 20,311            |
| Non-current assets        | <b>Not available</b>   | 1,321,381         | <b>113,174</b>                           | 125,872           | <b>49,794</b>                           | 60,002            | -                 | -                 |
|                           |  | 607,508           | <b>299,194</b>                           | 1,021,702         | <b>158,106</b>                          | 216,629           | <b>3,398</b>      | 2,794             |

Cash Flow

|   |                      |                   |                 |                   |                 |                   |                |                   |            |
|---|----------------------|-------------------|-----------------|-------------------|-----------------|-------------------|----------------|-------------------|------------|
| Current liabilities                     | <b>Not available</b> |                   |                 |                   |                 |                   |                |                   |            |
| Non-current liabilities                 | <b>Not available</b> | 1,403,866         | <b>89,048</b>   | 165,059           | <b>53,069</b>   | 121,682           | -              | -                 |            |
|   |                      | <b>09/30/2017</b> | 09/30/2016      | <b>09/30/2017</b> | 09/30/2016      | <b>09/30/2017</b> | 09/30/2016     | <b>09/30/2017</b> | 09/30/2016 |
| Net revenue                             | <b>153,051</b>       | 389,702           | <b>127,099</b>  | 188,526           | <b>16,003</b>   | 76,839            | <b>(2,784)</b> | (660)             |            |
| Depreciation and Amortization           | <b>Not available</b> | Not available     | <b>(390)</b>    | (924)             | <b>(621)</b>    | (6)               | -              | -                 |            |
| Financial income (expenses)             | <b>Not available</b> | Not available     | <b>(4,131)</b>  | 1,747             | <b>(6,209)</b>  | (2,495)           | <b>6</b>       | 11                |            |
| Income tax and social contribution      | <b>Not available</b> | Not available     | <b>(3,413)</b>  | (4,675)           | <b>(520)</b>    | (1,919)           | <b>(21)</b>    | (8)               |            |
| Profit (loss) from Continued Operations | <b>(414,288)</b>     | (34,100)          | <b>(19,071)</b> | 7,335             | <b>(29,877)</b> | (589)             | <b>(2,608)</b> | (663)             |            |

(c) *Change in investments*

|   | Company Consolidated |                  |
|---|----------------------|------------------|
| <b>Balance at December 31, 2016</b>                 | <b>2,116,509</b>     | <b>799,911</b>   |
| Income from equity method investments               | <b>(168,249)</b>     | <b>(141,821)</b> |
| Capital contribution (decrease)                     | <b>30,997</b>        | <b>8,053</b>     |
| Transfer of investments with net capital deficiency | <b>(3,318)</b>       | -                |
| Dividends receivable                                | -                    | <b>(123)</b>     |
| Usufruct of shares (Note 15)                        | <b>(1,500)</b>       | -                |
| Other investments                                   | <b>140</b>           | <b>(207)</b>     |
| <b>Balance at September 30, 2017</b>                | <b>1,974,579</b>     | <b>665,813</b>   |

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**10. Property and equipment**

| Type                                     | Company        |               |                 |                              |                | Consolidated   |               |                 |                              |                |
|--|----------------|---------------|-----------------|------------------------------|----------------|----------------|---------------|-----------------|------------------------------|----------------|
|  | 12/31/2016     | Addition      | Write-off       | 100%<br>depreciated<br>items | 09/30/2017     | 12/31/2016     | Addition      | Write-off       | 100%<br>depreciated<br>items | 09/30/2017     |
| <b>Cost</b>                              |                |               |                 |                              |                |                |               |                 |                              |                |
| Hardware                                 | 13,111         | 2,936         | (4,888)         | (656)                        | <b>10,503</b>  | 13,140         | 3,072         | (4,888)         | (656)                        | <b>10,668</b>  |
| Leasehold improvements and installations | 6,261          | 2,339         | (3,468)         | -                            | <b>5,132</b>   | 6,558          | 2,383         | (3,468)         | (236)                        | <b>5,223</b>   |
| Furniture and fixtures                   | 675            | -             | -               | -                            | <b>675</b>     | 978            | -             | -               | (71)                         | <b>907</b>     |
| Machinery and equipment                  | 2,640          | -             | -               | -                            | <b>2,640</b>   | 2,639          | 1             | -               | -                            | <b>2,640</b>   |
| Sales stands                             | 12,527         | 5,824         | (4,973)         | (1,736)                      | <b>11,642</b>  | 15,974         | 7,210         | (4,973)         | (1,736)                      | <b>16,475</b>  |
|  | <b>35,214</b>  | <b>11,099</b> | <b>(13,329)</b> | <b>(2,392)</b>               | <b>30,592</b>  | <b>39,289</b>  | <b>12,666</b> | <b>(13,329)</b> | <b>(2,699)</b>               | <b>35,926</b>  |
| <b>Accumulated depreciation</b>          |                |               |                 |                              |                |                |               |                 |                              |                |
| Hardware                                 | (5,516)        | (2,248)       | 4,888           | 656                          | <b>(2,220)</b> | (5,481)        | (2,283)       | 4,888           | 656                          | <b>(2,220)</b> |
| Leasehold improvements and installations | (2,903)        | (579)         | 1,982           | -                            | <b>(1,500)</b> | (3,128)        | (629)         | 1,982           | 236                          | <b>(1,500)</b> |
| Furniture and fixtures                   | (350)          | (52)          | -               | -                            | <b>(402)</b>   | (612)          | (70)          | -               | 71                           | <b>(612)</b>   |
|  | <b>(1,608)</b> | <b>(198)</b>  | <b>-</b>        | <b>-</b>                     | <b>(1,806)</b> | <b>(1,608)</b> | <b>(198)</b>  | <b>-</b>        | <b>-</b>                     | <b>(1,806)</b> |

Cash Flow

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|                              |          |                |                |              |                |          |                 |                |              |                 |
|------------------------------|----------|----------------|----------------|--------------|----------------|----------|-----------------|----------------|--------------|-----------------|
| machinery and equipment      |          |                |                |              |                |          |                 |                |              |                 |
| sales stands                 | (3,117)  | (6,701)        | 4,959          | 1,736        | <b>(3,123)</b> | (4,483)  | (7,092)         | 4,959          | 1,736        | <b>(4,883)</b>  |
|                              | (13,494) | <b>(9,778)</b> | <b>11,829</b>  | <b>2,392</b> | <b>(9,051)</b> | (15,312) | <b>(10,272)</b> | <b>11,829</b>  | <b>2,699</b> | <b>(11,051)</b> |
| total property and equipment | 21,720   | <b>1,321</b>   | <b>(1,500)</b> | -            | <b>21,541</b>  | 23,977   | <b>2,394</b>    | <b>(1,500)</b> | -            | <b>24,871</b>   |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 10 to the financial statements as of December 31, 2016.

## 11. Intangible assets

|                         | Company       |              |                           |                      |                 |
|-------------------------|---------------|--------------|---------------------------|----------------------|-----------------|
|                         | 12/31/2016    | Addition     | Write-down / amortization | 100% amortized items | 09/30/2017      |
| Software – Cost         | 65,290        | 4,885        | -                         | (29,195)             | <b>40,980</b>   |
| Software – Amortization | (42,820)      | -            | (8,519)                   | 29,195               | <b>(22,144)</b> |
| Other                   | 5,308         | 1,732        | (7,040)                   | -                    | -               |
| Total intangible assets | <b>27,778</b> | <b>6,617</b> | <b>(15,559)</b>           | -                    | <b>18,836</b>   |

|                         | Consolidated  |              |                           |                      |                 |
|-------------------------|---------------|--------------|---------------------------|----------------------|-----------------|
|                         | 12/31/2016    | Addition     | Write-down / amortization | 100% amortized items | 09/30/2017      |
| Software – Cost         | 66,023        | 5,471        | -                         | (29,201)             | <b>42,293</b>   |
| Software – Amortization | (43,102)      | -            | (8,650)                   | 29,201               | <b>(22,551)</b> |
| Other                   | 5,307         | 1,733        | (7,040)                   | -                    | -               |
| Total intangible assets | <b>28,228</b> | <b>7,204</b> | <b>(15,690)</b>           | -                    | <b>19,742</b>   |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 11 to the financial statements as of December 31, 2016.



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### 12. Loans and financing

| Type   | Maturity         | Annual interest rate      | Company        |            | Consolidated   |            |
|--|------------------|---------------------------|----------------|------------|----------------|------------|
|  |                  |                           | 09/30/2017     | 12/31/2016 | 09/30/2017     | 12/31/2016 |
| National Housing System - SFH /SFI                                 | December 2017 to | 8.30% to 14.00%<br>+ TR   | <b>618,471</b> | 842,678    | <b>753,639</b> | 1,022,038  |
|  | April 2021       | 12.87% and<br>137% of CDI |                |            |                |            |
| Certificate of Bank Credit - CCB                                   | May 2019 to      | 130% of CDI               | <b>183,379</b> | 164,252    | <b>183,379</b> | 164,262    |
|  | March 2021       | 2.5%/ 3%/<br>5%+CDI       |                |            |                |            |
| Total loans and financing (Note 20.i.d, 20.ii.a and 20.iii)        |                  |                           | <b>801,850</b> | 1,006,930  | <b>937,018</b> | 1,186,300  |
| Current portion  |                  |                           | <b>245,162</b> | 574,733    | <b>302,592</b> | 604,795    |
| Current portion – reclassification for non-fulfillment of covenant |                  |                           | <b>52,000</b>  | 65,000     | <b>52,000</b>  | 65,000     |
| Current portion  |                  |                           | <b>297,162</b> | 639,733    | <b>354,592</b> | 669,795    |
| Non-current portion  |                  |                           | <b>504,688</b> | 367,197    | <b>582,426</b> | 516,505    |



(i) In the period ended September 30, 2017, the Company made payments in the total amount of R\$59,936, of which R\$25,536 related to principal and R\$34,400 related to the interest due. Additionally, the Company entered into two CCB transactions in the total amount of R\$59,000, with final maturities in October 2019 and March 2021.

The maturities of current and non-current installments are as follows:

| Maturity     | Company        |            | Consolidated   |            |
|--------------|----------------|------------|----------------|------------|
|              | 09/30/2017     | 12/31/2016 | 09/30/2017     | 12/31/2016 |
| 2017         | <b>19,555</b>  | 639,733    | <b>22,746</b>  | 669,795    |
| 2018         | <b>399,427</b> | 354,770    | <b>460,431</b> | 422,523    |
| 2019         | <b>264,295</b> | 10,937     | <b>307,052</b> | 59,763     |
| 2020         | <b>109,249</b> | 1,490      | <b>133,166</b> | 27,126     |
| 2021 onwards | <b>9,324</b>   | -          | <b>13,623</b>  | 7,093      |
|              | <b>801,850</b> | 1,006,930  | <b>937,018</b> | 1,186,300  |

The Company and its subsidiaries have restrictive covenants under certain loans and financing that limit their ability to perform certain actions, such as the issuance of debts, and may require the acceleration or refinancing of loans if the Company does not fulfill such covenants. The ratios and minimum and maximum amounts required under such restrictive covenants as of September 30, 2017 and December 31, 2016 are disclosed in Note 13. In view of the breach of the covenants of an CCB transaction, in relation to which a waiver from the creditor is currently under negotiation, the non-current portions of this transactions were reclassified into short term in the amount of R\$52,000.

The following table shows the summary of financial expenses and charges and the capitalized rate in the line item “properties for sale”.

|  | Company         |            | Consolidated    |            |
|--|-----------------|------------|-----------------|------------|
|  | 09/30/2017      | 09/30/2016 | 09/30/2017      | 09/30/2016 |
| Total financial charges for the period | <b>117,416</b>  | 164,642    | <b>135,698</b>  | 186,442    |
| Capitalized financial charges          | <b>(29,071)</b> | (133,607)  | <b>(56,225)</b> | (160,060)  |
| Subtotal (Note 24)                     | <b>88,345</b>   | 31,035     | <b>79,473</b>   | 26,382     |

**Financial charges included in  
“Properties for sale”:**

|   |                |         |                |         |
|---|----------------|---------|----------------|---------|
| Opening balance                         | <b>329,651</b> | 287,806 | <b>343,231</b> | 299,649 |
| Capitalized financial charges (Note 31) | <b>29,071</b>  | 133,607 | <b>56,225</b>  | 160,060 |

|  |                 |          |                 |           |
|--|-----------------|----------|-----------------|-----------|
| Charges recognized in profit or loss (Note 23) | <b>(61,997)</b> | (94,005) | <b>(91,117)</b> | (118,019) |
| Closing balance                                | <b>296,725</b>  | 327,408  | <b>308,339</b>  | 341,690   |

The recorded amount of properties for sale offered as guarantee for loans, financing and debentures is R\$971,831.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 12 to the financial statements as of December 31, 2016.

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### 13. Debentures

| Program/placement   | Principal - R\$ | Annual interest | Final maturity | Company and Consolidated |                |
|---|-----------------|-----------------|----------------|--------------------------|----------------|
|   |                 |                 |                | 09/30/2017               | 12/31/2016     |
| Seventh placement (i)                                     | 150,000         | TR + 9.92%      | December 2017  | 154,830                  | 302,363        |
| Ninth placement (ii)                                      | 58,766          | CDI + 2.80%     | July 2018      | 58,410                   | 79,693         |
| Tenth placement (iii)                                     | 55,000          | IPCA + 8.22     | January 2020   | 69,014                   | 69,212         |
| <b>Total debentures (Note 20.i.d, 20.ii.a and 20.iii)</b> |                 |                 |                | <b>282,254</b>           | <b>451,268</b> |
| Current portion   |                 |                 |                | <b>238,671</b>           | <b>314,139</b> |
| Non-Current portion                                       |                 |                 |                | <b>43,583</b>            | <b>137,129</b> |

In the period ended September 30, 2017, the Company made the following payments:

|       | Face Value placement | Interest payable | Total amortization |
|-------|----------------------|------------------|--------------------|
| (i)   | 150,000              | 17,141           | 167,141            |
| (ii)  | 21,626               | 6,719            | 28,345             |
| (iii) | -                    | 5,313            | 5,313              |
|       | <b>171,626</b>       | <b>29,173</b>    | <b>200,799</b>     |

The maturities of current and non-current installments are as follows:

| <b>Maturity</b> | <b>Company and Consolidated<br/>09/30/2017</b> | <b>12/31/2016</b> |
|-----------------|--|-------------------|
| 2017            | <b>154,643</b>                                 | 314,139           |
| 2018            | <b>84,028</b>                                  | 94,316            |
| 2019            | <b>21,789</b>                                  | 21,404            |
| 2020            | <b>21,794</b>                                  | 21,409            |
|                 | <b>282,254</b>                                 | 451,268           |

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### **13. Debentures--Continued**

As of September 30, 2017, the Company exceeded the amount established in a restrictive covenant, as shown below, and entered into negotiation with the creditor to obtain a waiver for breaching the net debt for this period. For the year ended December 31, 2016. The Company obtained the waiver from the creditor. The Company analyzed the other debt agreements, and did not identify any impacts on the cross-covenants in relation to such breach. The ratios and minimum and maximum amounts required under such restrictive covenants are as follows:

|   | <b>09/30/2017</b> | <b>12/31/2016</b> |
|---|-------------------|-------------------|
| <b>Seventh placement</b>  |                   |                   |
| Total account receivable <sup>(2)</sup> plus inventory required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>  | 18.66 times       | 53.98 times       |
| Total debt less venture debt <sup>(3)</sup> , less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling interests                      | 12.68%            | 3.11%             |
| Total accounts receivable plus unappropriated income plus total inventory of completed units required to be 1.5 time over the net debt plus payable for purchase of properties plus unappropriated cost | 1.93 time         | 2.15 times        |
| <b>Ninth placement</b>  |                   |                   |
| Total account receivable <sup>(2)</sup> plus inventory required to be below zero or 2.0 times over net debt   | 2.72 times        | 2.34 times        |
| Net debt cannot exceed 100% of equity plus noncontrolling interests   | 87.08%            | 71.71%            |
| <b>Tenth placement</b>  |                   |                   |
|   | 18.66 times       | 53.98 times       |

|  |             |             |
|--|-------------|-------------|
| Total account receivable <sup>(2)</sup> plus inventory required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>                                       |             |             |
| Total debt less venture debt <sup>(3)</sup> , less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling interests | 12.68%      | 3.11%       |
| <b>Loans and financing</b>   |             |             |
| Net debt cannot exceed 70% of equity plus noncontrolling interests (a)   | 87.08%      | 71.71%      |
| Total accounts receivable <sup>(2)</sup> plus inventory required to be below zero or 2.0 times over venture debt <sup>(3)</sup>  | 3.18 times  | 2.44 times  |
| Total account receivable <sup>2)</sup> plus inventory of completed units required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>                     | 11.77 times | 33.62 times |
| Total debt, less venture debt, less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling interests                | 12.68%      | 3.11%       |

(1) Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

(2) Total receivables, whenever mentioned, refers to the amount reflected in the Balance Sheet plus the amount not shown in the Balance Sheet.

(3) Venture debt and secured guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH, as well as the debt related to the seventh placement.

(a) Covenant limit of 85% between the period ended June 30, 2017 and the year ended December 31, 2017 according to the waiver obtained from the creditor.

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 13 to the financial statements as of December 31, 2016.

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### **14. Obligations assumed on assignment of receivables**

The Company's transactions of assignment of receivables are as follows:

|   | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Obligation CCI - June /2011                                   | <b>731</b>        | 1,208             | <b>1,451</b>        | 2,148             |
| Obligation CCI - December /2011                               | <b>1,049</b>      | 1,405             | <b>1,065</b>        | 1,471             |
| Obligation CCI - July/2012                                    | <b>31</b>         | 68                | <b>31</b>           | 68                |
| Obligation CCI - November /2012                               | -                 | -                 | <b>2,836</b>        | 4,651             |
| Obligation CCI - December/2012                                | <b>4,039</b>      | 5,402             | <b>4,039</b>        | 5,402             |
| Obligation CCI - November/2013                                | <b>1,403</b>      | 1,666             | <b>3,528</b>        | 4,307             |
| Obligation CCI - November /2014                               | <b>2,010</b>      | 2,530             | <b>3,535</b>        | 4,344             |
| Obligation CCI - December /2015                               | <b>5,475</b>      | 8,005             | <b>11,939</b>       | 15,988            |
| Obligation CCI - March/2016                                   | <b>11,665</b>     | 16,091            | <b>12,601</b>       | 17,178            |
| Obligation CCI - May/2016                                     | <b>8,725</b>      | 11,481            | <b>10,882</b>       | 14,407            |
| Obligation CCI - August /2016                                 | <b>8,130</b>      | 9,164             | <b>8,191</b>        | 9,164             |
| Obligation CCI - December /2016                               | <b>14,968</b>     | 18,343            | <b>15,488</b>       | 18,948            |
| Obligation CCI - March/2017 (Note 5)                          | <b>16,684</b>     | -                 | <b>16,819</b>       | -                 |
| Obligation FIDC   | <b>47</b>         | 450               | <b>181</b>          | 954               |
| <b>Total obligations assumed on assignment of receivables</b> |                   |                   |                     |                   |
| <b>(Note 20.ii.a)</b>   | <b>74,957</b>     | 75,813            | <b>92,586</b>       | 99,030            |
| Current portion   | <b>26,123</b>     | 24,907            | <b>33,707</b>       | 34,698            |
| Cash Flow   |                   |                   |                     | 103               |

|                     |               |        |               |        |
|---------------------|---------------|--------|---------------|--------|
| Non-current portion | <b>48,834</b> | 50,906 | <b>58,879</b> | 64,332 |
|---------------------|---------------|--------|---------------|--------|

Current and non-current portions fall due as follows:

| Maturity     | Company       |            | Consolidated  |            |
|--------------|---------------|------------|---------------|------------|
|              | 09/30/2017    | 12/31/2016 | 09/30/2017    | 12/31/2016 |
| 2017         | <b>6,209</b>  | 24,907     | <b>10,369</b> | 34,698     |
| 2018         | <b>21,656</b> | 36,185     | <b>26,296</b> | 40,932     |
| 2019         | <b>14,689</b> | 13,845     | <b>18,076</b> | 20,000     |
| 2020         | <b>12,160</b> | 876        | <b>14,581</b> | 3,400      |
| 2021 onwards | <b>20,243</b> | -          | <b>23,264</b> | -          |
|              | <b>74,957</b> | 75,813     | <b>92,586</b> | 99,030     |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 14 to the financial statements as of December 31, 2016.

## 15. Other payables

|  | Company       |            | Consolidated  |            |
|--|---------------|------------|---------------|------------|
|  | 09/30/2017    | 12/31/2016 | 09/30/2017    | 12/31/2016 |
| Cancelled contract payable                                 | <b>38,720</b> | 13,347     | <b>54,995</b> | 26,255     |
| Warranty provision   | <b>22,129</b> | 29,568     | <b>22,129</b> | 29,568     |
| PIS and COFINS in long term (deferred and payable)         | <b>4,504</b>  | 6,282      | <b>5,263</b>  | 8,739      |
| Provision for net capital deficiency (Note 9 (d))          | <b>4,731</b>  | 343        | <b>600</b>    | -          |
| Long-term suppliers (Note 20.i.d)                          | <b>2,762</b>  | 2,274      | <b>3,711</b>  | 4,046      |
| Payables to venture partners (Note 20.ii a and 20.iii) (a) | -             | 1,140      | -             | 1,237      |
| Share-based payment - Phantom Shares (Note 18.3)           | <b>2,576</b>  | 2,596      | <b>2,576</b>  | 2,596      |
| Other liabilities  | <b>3,948</b>  | 8,328      | <b>3,986</b>  | 8,982      |
| Total other payables                                       | <b>79,370</b> | 63,878     | <b>93,260</b> | 81,423     |
| Current portion  | <b>71,446</b> | 50,660     | <b>87,496</b> | 69,921     |
| Non-current portion  | <b>7,924</b>  | 13,218     | <b>5,764</b>  | 11,502     |

(a) In the period ended September 30, 2017, the Company settled this transaction, and the total amount of dividends paid to partners that held preferred shares through SPE-89 Empreendimentos Imobiliários S.A was R\$1,500 (Note 9(c)).



The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 15 to the financial statements as of December 31, 2016.

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**16. Provisions for legal claims and commitments**

In the period ended September 30, 2017, the changes in the provision are summarized as follows:

| <b>Company</b>                               | <b>Civil lawsuits</b> | <b>Tax proceedings</b> | <b>Labor claims</b> | <b>Total</b>    |
|--|-----------------------|------------------------|---------------------|-----------------|
| <b>Balance at December 31, 2016</b>          | <b>98,050</b>         | <b>3,124</b>           | <b>57,168</b>       | <b>158,342</b>  |
| Additional provision (Note 23) (i)           | 48,996                | 96                     | 12,492              | <b>61,584</b>   |
| Payment and reversal of unused provision (i) | (37,420)              | (665)                  | (10,814)            | <b>(48,899)</b> |
| <b>Balance at September 30, 2017</b>         | <b>109,626</b>        | <b>2,555</b>           | <b>58,846</b>       | <b>171,027</b>  |
| Current portion                              | <b>81,918</b>         | <b>675</b>             | <b>20,237</b>       | <b>102,830</b>  |
| Non-current portion                          | <b>27,708</b>         | <b>1,880</b>           | <b>38,609</b>       | <b>68,197</b>   |

| <b>Consolidated</b>                          | <b>Civil lawsuits</b> | <b>Tax proceedings</b> | <b>Labor claims</b> | <b>Total</b>    |
|--|-----------------------|------------------------|---------------------|-----------------|
| <b>Balance at December 31, 2016</b>          | <b>98,179</b>         | <b>3,124</b>           | <b>61,655</b>       | <b>162,958</b>  |
| Additional provision (Note 23) (i)           | 48,996                | 96                     | 12,339              | <b>61,431</b>   |
| Payment and reversal of unused provision (i) | (37,393)              | (665)                  | (11,120)            | <b>(49,178)</b> |
| <b>Balance at September 30, 2017</b>         | <b>109,782</b>        | <b>2,555</b>           | <b>62,874</b>       | <b>175,211</b>  |
| Current portion                              | <b>81,918</b>         | <b>675</b>             | <b>20,237</b>       | <b>102,830</b>  |

Cash Flow

|                     |               |              |               |               |
|---------------------|---------------|--------------|---------------|---------------|
| Non-current portion | <b>27,864</b> | <b>1,880</b> | <b>42,637</b> | <b>72,381</b> |
|---------------------|---------------|--------------|---------------|---------------|

(i) Of this amount, R\$18,171 refer to the recognition of the provision and payment in connection with unfavorable outcome of two arbitration cases brought by real estate venture partners, in which the main allegation was the delay in the completion of the ventures.

(a) Civil lawsuits, tax proceedings and labor claims

As of September 30, 2017, the Company and its subsidiaries have deposited in court the amount of R\$82,424 (R\$78,172 in 2016) in the Company's statement, and R\$85,120 (R\$79,785 in 2016) in the consolidated statement (Note 7).

|                       | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|-----------------------|-------------------|-------------------|---------------------|-------------------|
|                       | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Civil lawsuits        | <b>40,167</b>     | 31,700            | <b>41,555</b>       | 33,313            |
| Tax proceedings       | <b>26,065</b>     | 24,806            | <b>26,885</b>       | 24,806            |
| Labor claims          | <b>16,192</b>     | 21,666            | <b>16,680</b>       | 21,666            |
| <b>Total (Note 7)</b> | <b>82,424</b>     | 78,172            | <b>85,120</b>       | 79,785            |

(i) Lawsuits in which likelihood of loss is rated as possible

As of September 30, 2017, the Company and its subsidiaries are aware of other civil, labor and tax lawsuits and risks. Based on the history of probable lawsuits and the specific analysis of main claims, the measurement of the claims with likelihood of loss considered possible amounted to R\$316,181 (R\$244,352 in 2016) in the Company's statement and R\$323,601 (R\$249,153 in 2016) in the Consolidated statement, based on average past outcomes adjusted to current estimates, for which the Company's Management believes it is not necessary to recognize a provision for occasional losses. The change in the period was caused by the variation in the volume of lawsuits with smaller amounts and review of the involved amounts.

|                 | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|-----------------|-------------------|-------------------|---------------------|-------------------|
|                 | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Civil lawsuits  | <b>217,095</b>    | 156,456           | <b>217,158</b>      | 156,523           |
| Tax proceedings | <b>37,420</b>     | 50,430            | <b>37,434</b>       | 52,812            |
| Labor claims    | <b>61,666</b>     | 37,466            | <b>69,009</b>       | 39,818            |
| <b>Total</b>    | <b>316,181</b>    | 244,352           | <b>323,601</b>      | 249,153           |



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**16. Provisions for legal claims and commitments --Continued**

(b) Payables related to the completion of real estate ventures

There was no material change in relation to the information disclosed in Note 16(i)(b) to the financial statements as of December 31, 2016.

(c) Other commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has commitments related to the rental of three commercial properties where its facilities are located, at a monthly cost of R\$394 indexed to the IGP-M/FGV variation. The rental term is from one to eight years and there is a fine in case of contract cancellation corresponding to three-month rent or in proportion to the contract expiration time. The estimate of minimum future payments for commercial property rentals (cancellable leases) totals R\$30,772, as follows.

| <b>Payment estimate</b> | <b>Consolidated<br/>09/30/2017</b> |
|-------------------------|------------------------------------|
| 2017                    | <b>1,008</b>                       |
| 2018                    | <b>3,868</b>                       |
| 2019                    | <b>4,431</b>                       |
| 2020                    | <b>4,652</b>                       |
| Cash Flow               | 109                                |

2021 onwards

**16,813**  
**30,772**

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 16 to the financial statements as of December 31, 2016.

**17. Payables for purchase of properties and advances from customers**

|   | Maturity                     | Company        |            | Consolidated   |            |
|---|------------------------------|----------------|------------|----------------|------------|
|   |                              | 09/30/2017     | 12/31/2016 | 09/30/2017     | 12/31/2016 |
| Payables for purchase of properties   | October 2017 to October 2022 | <b>81,580</b>  | 96,888     | <b>96,550</b>  | 118,257    |
| Adjustment to present value   |                              | <b>(8,047)</b> | (8,167)    | <b>(8,915)</b> | (9,469)    |
| Advances from customers   |                              |                |            |                |            |
| Development and sales   |                              | <b>35,070</b>  | 24,295     | <b>42,569</b>  | 35,024     |
| Barter transaction - Land (Note 31)   |                              | <b>114,656</b> | 123,817    | <b>138,593</b> | 151,885    |
| Total payables for purchase of properties and advances from customers (Note 20.i.d and 20.ii.a) |                              | <b>223,259</b> | 236,833    | <b>268,797</b> | 295,697    |
| Current portion   |                              | <b>140,262</b> | 146,522    | <b>170,680</b> | 205,388    |
| Non-current portion   |                              | <b>82,997</b>  | 90,311     | <b>98,117</b>  | 90,309     |

The maturities of current and non-current portions are as follows:

| Maturity     | Company        |            | Consolidated   |            |
|--------------|----------------|------------|----------------|------------|
|              | 09/30/2017     | 12/31/2016 | 09/30/2017     | 12/31/2016 |
| 2017         | <b>45,598</b>  | 146,522    | <b>70,882</b>  | 205,388    |
| 2018         | <b>123,470</b> | 71,121     | <b>129,930</b> | 71,119     |
| 2019         | <b>27,743</b>  | 9,243      | <b>32,849</b>  | 9,243      |
| 2020         | <b>16,464</b>  | 8,116      | <b>25,153</b>  | 8,116      |
| 2021 onwards | <b>9,984</b>   | 1,831      | <b>9,984</b>   | 1,831      |
|              | <b>223,259</b> | 236,833    | <b>268,797</b> | 295,697    |



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### **18. Equity**

#### **18.1. Capital**

As resolved in the Extraordinary Shareholders' Meeting held on February 20, 2017, the reverse split of the totality of common shares issued by the Company was carried out on March 23, 2017, at the ratio of 13.483023074 to 1, thus the 378,066,162 common shares issued by the Company started to represent 28,040,162 common shares, all registered and with no par value. Accordingly, all information related to the number of shares was retroactively adjusted to reflect such reverse split of shares.

As of September 30, 2017, the Company's authorized and paid-in capital amounts to R\$2,521,152 (R\$2,740,662 as of December 31, 2016), represented in both periods by 28,040,162 registered common shares, with no par value, of which 972,347 (1,050,249 in 2016) were held in treasury.

According to the Company's articles of incorporation, capital may be increased without need of making amendment to it, upon resolution of the Board of Directors, which shall set the conditions for issuance within the limit of 44,500,405 (forty four million five hundred thousand four hundred and five) common shares.

On February 20, 2017, the decrease in the Company's capital was approved in the amount of R\$219,510, without cancellation of shares, corresponding to 50% of Tenda's capital for purposes of distribution to its



shareholders (Note 8.2). In line with ICPC 07 – Distributions of Non-cash Assets to Owners, this amount was measured at the fair value of the assets distributed on May 4, 2017, resulting in an adjustment of R\$107,720 in the period (Note 8.2).

In the period ended September 30, 2017 the Company transferred 77,900 shares (68,814 in 2016), in the total amount of R\$2,385 (R\$2,149 in 2016) related to the exercise of options under the stock option plan of common shares by the beneficiaries, for which it received the total amount of R\$317 (R\$9 in 2016).

| Type                    | GFS A3<br>Number (i) | Treasury shares                     |                                    | Market value (*) R\$<br>thousand |               | Carrying value R\$<br>thousand |               |       |
|-------------------------|----------------------|-------------------------------------|------------------------------------|----------------------------------|---------------|--------------------------------|---------------|-------|
|                         |                      | R\$<br>Weighted<br>average<br>price | %<br>- on<br>shares<br>outstanding | 09/30/2017                       | 12/31/2016    | 09/30/2017                     | 12/31/2016    |       |
| Acquisition date        | 11/20/2001           | 44,462                              | 38.9319                            | 0.17%                            | 610           | 1,115                          | 1,731         | 1,731 |
| <b>Changes in 2013:</b> |                      |                                     |                                    |                                  |               |                                |               |       |
| Acquisitions            | 1,372,096            | 51.9927                             | 5.10%                              | 18,825                           | 34,410        | <b>71,339</b>                  | 71,339        |       |
| <b>Changes in 2014:</b> |                      |                                     |                                    |                                  |               |                                |               |       |
| Acquisitions            | 3,243,947            | 35.5323                             | 12.05%                             | 44,507                           | 81,353        | <b>115,265</b>                 | 115,265       |       |
| Transfers               | (405,205)            | 43.3928                             | -1.50%                             | (5,559)                          | (10,162)      | <b>(17,583)</b>                | (17,583)      |       |
| Cancellations           | (2,039,086)          | 44.9677                             | -7.57%                             | (27,976)                         | (51,137)      | <b>(91,693)</b>                | (91,693)      |       |
| <b>Changes in 2015:</b> |                      |                                     |                                    |                                  |               |                                |               |       |
| Acquisitions            | 884,470              | 27.3124                             | 3.28%                              | 12,135                           | 22,181        | <b>24,157</b>                  | 24,157        |       |
| Transfers               | (90,622)             | 33.3473                             | -0.34%                             | (1,243)                          | (2,272)       | <b>(3,022)</b>                 | (3,022)       |       |
| Cancellations           | (2,225,020)          | 33.3543                             | -8.26%                             | (30,527)                         | (55,800)      | <b>(74,214)</b>                | (74,214)      |       |
| <b>Changes in 2016:</b> |                      |                                     |                                    |                                  |               |                                |               |       |
| Acquisitions            | 334,020              | 26.0254                             | 1.24%                              | 4,583                            | 8,377         | <b>8,693</b>                   | 8,693         |       |
| Transfers               | (68,814)             | 31.2290                             | -0.26%                             | (944)                            | (1,726)       | <b>(2,149)</b>                 | (2,149)       |       |
| <b>Changes in 2017:</b> |                      |                                     |                                    |                                  |               |                                |               |       |
| Transfers               | (77,00)              | 30.6162                             | -0.29%                             | (1,069)                          | -             | <b>(2,385)</b>                 | -             |       |
|                         | <b>972,347</b>       | <b>30.9961</b>                      | <b>3.61%</b>                       | <b>13,341</b>                    | <b>26,339</b> | <b>30,139</b>                  | <b>32,524</b> |       |

(\*) Market value calculated based on the closing share price on September 30, 2017 at R\$13.72 (R\$25.08 in 2016, adjusted after reverse split) not considering the effect of occasional volatilities.

(i) Amount shown adjusted by the reverse split of shares at the ratio of 13.483023074 to 1, performed on March 23, 2017.



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**18. Equity --Continued**

**18.1. Capital --Continued**

The Company holds shares in treasury acquired in 2001 in order to guarantee the performance of lawsuits.

The change in the number of outstanding shares is as follows:

|  | <b>Common<br/>shares - In<br/>thousands</b> |
|--|---|
| Outstanding shares as of December 31, 2016                     | <b>26,779</b>                               |
| Transfer related to the stock option plan                      | 78  |
| Change in shares held by the management members of the Company | 70  |
| Outstanding shares as of September 30, 2017                    | <b>26,928</b>                               |
| Weighted average shares outstanding (Note 27)                  | <b>26,874</b>                               |

**18.2. Stock option plan**

Expenses incurred with stock grants are recorded under the account "General and administrative expenses" (Note 23) and showed the following effects on profit or loss in the periods ended September 30, 2017 and 2016:

|  | <b>Company and Consolidated</b> |                   |
|--|---------------------------------|-------------------|
|  | <b>09/30/2017</b>               | <b>09/30/2016</b> |
| Equity-settled stock option plan             | <b>2,918</b>                    | 3,931             |
| Phantom Shares (Note 18.3)                   | <b>(20)</b>                     | 1,575             |
| <b>Total option grant expenses (Note 23)</b> | <b>2,898</b>                    | 5,506             |

(i) Gafisa

The Company has a total of five stock option plans comprising common shares, launched in 2012, 2013, 2014, 2015 and 2016 which follows the rules established in the Stock Option Plan of the Company.

The granted options entitle their holders (beneficiaries) to purchase common shares of the Company's capital, after periods that vary from one to five years of employment in the Company (essential condition to exercise the option), and expire six to ten years after the grant date.

The fair value of options is set on the grant date, and it is recognized as expense in profit or loss (as contra-entry to equity) during the grace period of the plan, to the extent the services are provided by employees and management members.

The changes in options outstanding in the period ended September 30, 2017 and year ended December 31, 2016, which include their respective weighted average exercise prices, are as follows:

|  | <b>2017</b>              |  | <b>2016</b>              |  |
|--|--------------------------|--|--------------------------|--|
|  | <b>Number of options</b> | <b>Weighted average exercise price (Reais)</b> | <b>Number of options</b> | <b>Weighted average exercise price (Reais)</b> |
| Options outstanding at the beginning of the year | <b>957,358</b>           | <b>28.50</b>                                   | 870,975                  | 24.69  |
| Options granted                                  | -                        | -  | 163,900                  | 35.33  |
| Options exercised (i)                            | <b>(93,305)</b>          | <b>(0.09)</b>                                  | (69,009)                 | (0.13)   |
|  | <b>74,107</b>            | <b>(19.40)</b>                                 | (8,508)                  | (0.13)   |

Options forfeited and amount  
adjustment due to the  
discontinued operations of Tenda,  
net

Options outstanding at the end of  
the period

**938,160**

**17.17**

957,358

28.50

(i) In the period ended September 30, 2017, the amount received through exercised options was R\$317 (R\$9 in the year ended December 31, 2016).

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### **18. Equity --Continued**

#### **18.2. Stock option plan --Continued**

Options outstanding and exercisable as of September 30, 2017, are as follows:

|                          | <b>Options outstanding</b>   |  | <b>Options exercisable</b> |  |
|--------------------------|--|--|----------------------------|--|
|                          | <b>Weighted average<br/>remaining<br/>contractual life<br/>(years)</b> | <b>Weighted average<br/>exercise price<br/>(Reais)</b> | <b>Number of options</b>   | <b>Weighted average<br/>exercise price<br/>(Reais)</b> |
| <b>Number of options</b> |  |  |                            |  |
|                          | <b>938,160</b>   | <b>4.23</b>  | <b>440,994</b>             | <b>17.93</b>   |

During the period ended September 30, 2017, the Company did not grant any options in connection with its stock option plans comprising common shares (163,900 options granted in 2016).

#### **18.3. Share-based payment – Phantom Shares**

The Company has a total of two cash-settled share-based payment, with fixed terms and conditions, according to the plans approved by the Company, launched in 2015 and 2016.

As of September 30, 2017, the amount of R\$2,576 (R\$2,596 in 2016), related to the fair value of the phantom shares granted, is recognized in the heading "Other payables" (Note 15).

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 18 to the financial statements as of December 31, 2016.

## 19. Income tax and social contribution

### (i) Current income tax and social contribution

The reconciliation of the effective tax rate for the periods ended September 30, 2017 and 2016 is as follows:

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>09/30/2016</b> | <b>09/30/2017</b>   | <b>09/30/2016</b> |
| Profit (loss) before income tax and social contribution, and statutory interest                    | <b>(485,417)</b>  | (200,749)         | <b>(483,864)</b>    | (188,531)         |
| Income tax calculated at the applicable rate - 34%   | <b>165,041</b>    | 68,254            | <b>164,514</b>      | 64,101            |
| Net effect of subsidiaries and ventures taxed by presumed profit and Special Taxation Regime (RET) | -                 | -                 | <b>(12,672)</b>     | (7,950)           |
| Equity method investments  | <b>(59,793)</b>   | (4,235)           | <b>(48,505)</b>     | (609)             |
| Stock option plan  | <b>(992)</b>      | (2,493)           | <b>(992)</b>        | (2,493)           |
| Other permanent differences  | <b>467</b>        | (2,302)           | <b>468</b>          | (2,320)           |
| Charges on payables to venture partners  | <b>(334)</b>      | (514)             | <b>(335)</b>        | (93)              |
| Net effect on discontinued operations (a)  | <b>(25,413)</b>   | -                 | <b>(25,413)</b>     | -                 |
| Tax credits recognized (not recognized)  | <b>(78,976)</b>   | (58,710)          | <b>(78,738)</b>     | (57,281)          |
| Total  | -                 | -                 | <b>(1,673)</b>      | (6,645)           |
| Tax expenses - current   | -                 | -                 | <b>(1,673)</b>      | (7,608)           |
| Tax income (expenses) - deferred   | -                 | -                 | -                   | 963               |

(a) Effect attributable to the discontinued operations not reflected in the base of profit before taxes, but with the effect of reducing the tax base of the entity.





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**19. Income tax and social contribution --Continued**

(ii) Deferred income tax and social contribution

As of September 30, 2017 and December 31, 2016, deferred income tax and social contribution are from the following sources:

|   | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Assets  |                   |                   |                     |                   |
| Provisions for legal claims                           | <b>58,149</b>     | 53,836            | <b>59,572</b>       | 55,406            |
| Temporary differences – PIS and COFINS deferred       | <b>11,167</b>     | 11,302            | <b>11,167</b>       | 11,333            |
| Provisions for realization of non-financial assets    | <b>163,455</b>    | 143,073           | <b>163,454</b>      | 143,073           |
| Temporary differences – CPC adjustment                | <b>20,398</b>     | 24,044            | <b>20,398</b>       | 24,044            |
| Provision for impairment loss of asset held for sale  | -                 | 207,436           | -                   | 207,436           |
| Other provisions                                      | <b>22,393</b>     | 15,335            | <b>22,393</b>       | 15,401            |
| Income tax and social contribution loss carryforwards | <b>290,581</b>    | 114,730           | <b>304,018</b>      | 129,163           |
| Tax benefits of subsidiaries                          | <b>49,174</b>     | 49,174            | <b>49,174</b>       | 49,174            |
|   | <b>615,317</b>    | 618,930           | <b>630,176</b>      | 635,030           |
| Recognized tax credits of asset held for sale         | -                 | (207,436)         | -                   | (207,436)         |
| Unrecognized tax credits of continued operations      | <b>(522,259)</b>  | (235,847)         | <b>(537,118)</b>    | (250,944)         |
|   | <b>(522,259)</b>  | (443,283)         | <b>(537,118)</b>    | (458,380)         |

Cash Flow

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**Liabilities**

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Negative goodwill                              | (20,848)         | (92,385)         | (20,848)         | (92,385)         |
| Temporary differences –CPC adjustment          | (140,466)        | (143,436)        | (140,466)        | (143,436)        |
| Differences between income taxed on cash basis |                  |                  |                  |                  |
| and recorded on an accrual basis               | (32,149)         | (40,231)         | (32,149)         | (41,234)         |
|  | (193,463)        | (276,052)        | (193,463)        | (277,055)        |
| <b>Total net</b>                               | <b>(100,405)</b> | <b>(100,405)</b> | <b>(100,405)</b> | <b>(100,405)</b> |

The balances of income tax and social contribution loss carryforwards for offset are as follows:

|  | <b>Company</b>    |                     |                |                   |                     |              |
|--|-------------------|---------------------|----------------|-------------------|---------------------|--------------|
|  | <b>09/30/2017</b> |                     |                | <b>12/31/2016</b> |                     |              |
|  | <b>Social</b>     |                     |                | <b>Social</b>     |                     |              |
|  | <b>Income</b>     |                     | <b>Total</b>   | <b>Income</b>     |                     | <b>Total</b> |
|  | <b>tax</b>        | <b>contribution</b> |                | <b>tax</b>        | <b>contribution</b> |              |
| Balance of income tax and social contribution loss carryforwards | 854,651           | 854,651             | -              | 337,440           | 337,440             | -            |
| <b>Deferred tax asset (25%/9%)</b>                               | <b>213,663</b>    | <b>76,919</b>       | <b>290,582</b> | 84,360            | 30,370              | 114,730      |
| <b>Recognized deferred tax asset</b>                             | <b>41,191</b>     | <b>14,829</b>       | <b>56,020</b>  | 41,191            | 14,829              | 56,020       |
| <b>Unrecognized deferred tax asset</b>                           | <b>172,472</b>    | <b>62,090</b>       | <b>234,562</b> | 43,169            | 15,541              | 58,710       |

|  | <b>Consolidated</b> |                     |                |                   |                     |              |
|--|---------------------|---------------------|----------------|-------------------|---------------------|--------------|
|  | <b>09/30/2017</b>   |                     |                | <b>12/31/2016</b> |                     |              |
|  | <b>Social</b>       |                     |                | <b>Social</b>     |                     |              |
|  | <b>Income</b>       |                     | <b>Total</b>   | <b>Income</b>     |                     | <b>Total</b> |
|  | <b>tax</b>          | <b>contribution</b> |                | <b>tax</b>        | <b>contribution</b> |              |
| Balance of income tax and social contribution loss carryforwards | 894,171             | 894,171             | -              | 379,892           | 379,892             | -            |
| <b>Deferred tax asset (25%/9%)</b>                               | <b>223,543</b>      | <b>80,475</b>       | <b>304,018</b> | 94,973            | 34,190              | 129,163      |
| <b>Recognized deferred tax asset</b>                             | <b>41,191</b>       | <b>14,829</b>       | <b>56,020</b>  | 55,712            | 20,056              | 75,768       |
| <b>Unrecognized deferred tax asset</b>                           | <b>182,352</b>      | <b>65,646</b>       | <b>247,998</b> | 39,261            | 14,134              | 53,395       |

The other explanations related to this note were not subject to material changes in relation to the disclosures in Note 19 to the financial statements as of December 31, 2016.



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**20. Financial instruments**

The Company and its subsidiaries engage in operations involving financial instruments. These instruments are managed through operational strategies and internal controls aimed at providing liquidity, return and safety. The use of financial instruments with the objective of hedging is achieved through a periodical analysis of exposure to the risk that the management intends to cover (exchange, interest rate, etc.) which is submitted to the corresponding Management bodies for approval and performance of the proposed strategy. The control policy consists of continuously monitoring the contracted conditions in relation to the prevailing market conditions. The Company and its subsidiaries do not make investments in derivatives or any other risky assets for speculative purposes. The result from these operations is consistent with the policies and strategies devised by the Company's management. The Company and its subsidiaries operations are subject to the risk factors described below:

(i) Risk considerations

a) *Credit risk*

There was no material change in relation to the credit risks disclosed in Note 20(i)(a) to the financial statements as of December 31, 2016.

b) *Derivative financial instruments*

The Company holds derivative instruments to mitigate the risk arising from its exposure to index and interest volatility recognized at their fair value in profit or loss for the year. Pursuant to its treasury policies, the Company does not own or issue derivative financial instruments other than for hedging purposes.

As of September 30, 2017, the Company had derivative contracts for hedging purposes in relation to interest fluctuations, with final maturity in July 2018. The derivative contracts are as follows:

| Swap agreements<br>(Fixed for CDI)   | Reais         | Percentage                            |                                 | Validity   |            | Unrealized gain (loss)<br>of derivative<br>instruments - net |            |         |
|--|---------------|---------------------------------------|---------------------------------|------------|------------|--|------------|---------|
|  | Face<br>value | Original<br>Index – asset<br>position | Swap –<br>liability<br>position | Beginning  | End        | 09/30/2017   | 12/31/2016 |         |
| Banco Votorantim<br>S.A. (a)   | 27,500        | Fixed<br>15.1177%                     | CDI +<br>1.6344%                | 12/20/2016 | 06/14/2017 | -  | 88         |         |
| Banco Votorantim<br>S.A.   | 130,000       | CDI + 1.90%                           | 118% CDI                        | 07/22/2014 | 07/26/2018 | <b>377</b>   | (313)      |         |
| Banco HSBC (b)   | 194,000       | Fixed<br>12.8727%                     | 120% CDI                        | 09/29/2014 | 04/17/2017 | -  | (556)      |         |
| Banco Votorantim<br>S.A. (c)   | 55,000        | IPCA +<br>8.22%                       | 120% CDI                        | 03/17/2015 | 01/19/2017 | -  | 4,521      |         |
| Total derivative financial instruments (Note 20 (i) (d) and<br>Note 20 (ii) (a)) |               |                                       |                                 |            |            | <b>377</b>   | 3,740      |         |
|  |               |                                       |                                 |            |            | Current  | <b>377</b> | (5,290) |
|  |               |                                       |                                 |            |            | Non-current  | -          | 9,030   |

In the period ended September 30, 2017, the Company made the following early redemption of derivative contracts:

| Date          | Total amount |
|---------------|--------------|
| (a)06/14/2017 | 153          |
| (b)04/17/2017 | 1,850        |
| (c)01/19/2017 | 4,259        |
|               | <b>6,262</b> |

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**20. Financial instruments** --Continued

(i) Risk considerations --Continued

During the period ended September 30, 2017, income amounting to R\$790 (R\$13,526 in 2016) in the Company's and consolidated statements, which refers to net result of the interest swap transaction, arising from the net receipt in the amount of R\$4,153 and the downward change based on the market of R\$3,363, was recognized in the "financial income (expenses)" line in the statement of profit or loss for the year, allowing correlation between the impact of such transactions and the interest rate fluctuation in the Company's balance sheet (Note 24).

The estimated fair value of derivative financial instruments contracted by the Company was determined based on information available in the market and specific valuation methodologies. However, considerable judgment was necessary for interpreting market data to produce the estimated fair value of each transaction, which may vary upon the financial settlement of transactions.

c) *Interest rate risk*

There was no material change in relation to the interest rate risks disclosed in Note 20(i)(c) to the financial statements as of December 31, 2016.

d) *Liquidity risk*

There was no material change in relation to the liquidity risks disclosed in Note 20(i)(d) to the financial statements as of December 31, 2016.

The maturities of financial instruments, loans, financing, suppliers, payables to venture partners and debentures are as follows:

| Period ended September 30, 2017   | Company          |                |               |                   | Total            |
|---|------------------|----------------|---------------|-------------------|------------------|
|   | Less than 1 year | 1 to 3 years   | 4 to 5 years  | More than 5 years |                  |
| <b>Liabilities</b>  |                  |                |               |                   |                  |
| Loans and financing (Note 12)   | 297,162          | 504,688        | -             | -                 | 801,850          |
| Debentures (Note 13)  | 238,671          | 43,583         | -             | -                 | 282,254          |
| Obligations assumed with assignment of receivables (Note 14)              | 26,123           | 31,615         | 12,746        | 4,473             | 74,957           |
| Suppliers (Note 15 and Note 20.ii.a)                                      | 72,421           | 2,762          | -             | -                 | 75,183           |
| Payables for purchase of properties and advances from customers (Note 17) | 140,262          | 71,115         | 11,882        | -                 | 223,259          |
|   | <b>774,639</b>   | <b>653,763</b> | <b>24,628</b> | <b>4,473</b>      | <b>1,457,503</b> |
| <b>Assets</b>   |                  |                |               |                   |                  |
| Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2)  | 113,680          | -              | -             | -                 | 113,680          |
| Trade accounts receivable (Note 5)  | 423,165          | 157,952        | 6,994         | -                 | 588,111          |
| Refund of capital receivable from Tenda (Note 7)                          | -                | 103,907        | -             | -                 | 103,907          |
|   | <b>536,845</b>   | <b>261,859</b> | <b>6,994</b>  | <b>-</b>          | <b>805,698</b>   |

| Period ended September 30, 2017   | Consolidated     |                |               |                   | Total            |
|---|------------------|----------------|---------------|-------------------|------------------|
|   | Less than 1 year | 1 to 3 years   | 4 to 5 years  | More than 5 years |                  |
| <b>Liabilities</b>  |                  |                |               |                   |                  |
| Loans and financing (Note 12)   | 354,592          | 582,426        | -             | -                 | 937,018          |
| Debentures (Note 13)  | 238,671          | 43,583         | -             | -                 | 282,254          |
| Obligations assumed with assignment of receivables (Note 14)              | 33,707           | 38,278         | 15,614        | 4,987             | 92,586           |
| Suppliers (Note 15 and Note 20.ii.a)                                      | 89,975           | 3,711          | -             | -                 | 93,686           |
| Payables for purchase of properties and advances from customers (Note 17) | 170,680          | 77,554         | 20,563        | -                 | 268,797          |
|   | <b>887,625</b>   | <b>745,552</b> | <b>36,177</b> | <b>4,987</b>      | <b>1,674,341</b> |
| <b>Assets</b>   |                  |                |               |                   |                  |

|  |                |                |              |   |                  |
|--|----------------|----------------|--------------|---|------------------|
| Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2) | <b>155,998</b> | -              | -            | - | <b>155,998</b>   |
| Trade accounts receivable (Note 5)                                       | <b>570,303</b> | <b>188,419</b> | <b>8,988</b> | - | <b>767,710</b>   |
| Refund of capital receivable from Tenda (Note 7)                         | -              | <b>103,907</b> | -            | - | <b>103,907</b>   |
|  | <b>726,301</b> | <b>292,326</b> | <b>8,988</b> | - | <b>1,027,615</b> |

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**20. Financial instruments** --Continued

(i) Risk considerations --Continued

d) *Liquidity risk* --Continued

Fair value classification

The Company uses the same classification disclosed in Note 20(i)(d) to the financial statements as of December 31, 2016 to determine and disclose the fair value of financial instruments by the valuation technique.

The classification level of fair value for financial instruments measured at fair value through profit or loss of the Company as of September 30, 2017 and December 31, 2016:

| As of September 30, 2017                       | Company                   |         |         | Consolidated |         |         |
|--|---------------------------|---------|---------|--------------|---------|---------|
|  | Fair value classification |         |         |              |         |         |
|  | Level 1                   | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial assets                               |                           |         |         |              |         |         |
| Short-term investments (Note 4.2)              | -                         | 109,356 | -       | -            | 129,372 | -       |
| Derivative financial instruments (Note 20.i.b) | -                         | 377     | -       | -            | 377     | -       |

| As of December 31, 2016                        | Company                   |         |         | Consolidated |         |         |
|--|---------------------------|---------|---------|--------------|---------|---------|
|  | Fair value classification |         |         |              |         |         |
|  | Level 1                   | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial assets                               |                           |         |         |              |         |         |
| Short-term investments (Note 4.2)              | -                         | 163,562 | -       | -            | 223,646 | -       |
| Derivative financial instruments (Note 20.i.b) | -                         | 3,740   | -       | -            | 3,740   | -       |

In the period ended September 30, 2017, there were no transfers between the Levels 1 and 2 fair value classifications, nor were transfers between Levels 3 and 2 fair value classifications.

(ii) Fair value of financial instruments

a) *Fair value measurement*

The Company uses the same methods and assumptions disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2016 to estimate the fair value for each financial instrument type for which the estimate of values is practicable.

The most significant carrying values and fair values of financial assets and liabilities as of September 30, 2017 and December 31, 2016, classified into Level 2 of the fair value classification, are as follows:

|                                      | Company        |            |                |            |
|--------------------------------------|----------------|------------|----------------|------------|
|                                      | 09/30/2017     |            | 12/31/2016     |            |
|                                      | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets                     |                |            |                |            |
| Cash and cash equivalents (Note 4.1) | 4,324          | 4,324      | 19,811         | 19,811     |
| Short-term investments (Note 4.2)    | 109,356        | 109,356    | 163,562        | 163,562    |

|  |                |                |         |         |
|--|----------------|----------------|---------|---------|
| Derivative financial instruments (Note 20(i)(b)) | <b>377</b>     | <b>377</b>     | 3,740   | 3,740   |
| Trade accounts receivable (Note 5)               | <b>588,111</b> | <b>588,111</b> | 749,607 | 749,607 |
| Refund of capital receivable from Tenda (Note 7) | <b>103,907</b> | <b>103,907</b> | 100,000 | 100,000 |
| Loan receivable (Note 21.1)                      | <b>20,728</b>  | <b>20,728</b>  | 25,529  | 25,529  |

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**20. Financial instruments --Continued**

(ii) Fair value of financial instruments -- Continued

a) *Fair value measurement*--Continued

|   | <b>Company</b>            |                   |                           |                   |
|---|---------------------------|-------------------|---------------------------|-------------------|
|   | <b>09/30/2017</b>         |                   | <b>12/31/2016</b>         |                   |
|   | <b>Carrying<br/>value</b> | <b>Fair value</b> | <b>Carrying<br/>value</b> | <b>Fair value</b> |
| Financial liabilities                               |                           |                   |                           |                   |
| Loans and financing (Note 12)                       | <b>801,850</b>            | <b>778,915</b>    | 1,006,930                 | 1,014,809         |
| Debentures (Note 13)                                | <b>282,254</b>            | <b>291,672</b>    | 451,268                   | 470,179           |
| Payables to venture partners (Note 15)              | -                         | -                 | 1,140                     | 1,414             |
| Suppliers (Note 20(i)(d))                           | <b>75,183</b>             | <b>75,183</b>     | 63,451                    | 63,451            |
| Obligations assumed on assignment of<br>receivables |                           |                   |                           |                   |
| (Note 14)   | <b>74,957</b>             | <b>74,957</b>     | 75,813                    | 75,813            |
|   | <b>223,259</b>            | <b>223,259</b>    | 236,833                   | 236,833           |

Cash Flow

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|   |              |              |       |       |
|---|--------------|--------------|-------|-------|
| Payables for purchase of properties and advances from customers (Note 17) |              |              |       |       |
| Loan payable (Note 21.1)  | <b>9,644</b> | <b>9,644</b> | 8,820 | 8,820 |

|   | <b>Consolidated</b>   |                   |                       |                   |
|---|-----------------------|-------------------|-----------------------|-------------------|
|   | <b>09/30/2017</b>     |                   | <b>12/31/2016</b>     |                   |
|   | <b>Carrying value</b> | <b>Fair value</b> | <b>Carrying value</b> | <b>Fair value</b> |
| <b>Financial assets</b>   |                       |                   |                       |                   |
| Cash and cash equivalents (Note 4.1)                                      | <b>26,626</b>         | <b>26,626</b>     | 29,534                | 29,534            |
| Short-term investments (Note 4.2)   | <b>129,372</b>        | <b>129,372</b>    | 223,646               | 223,646           |
| Derivative financial instruments (Note 20(i)(b))                          | <b>377</b>            | <b>377</b>        | 3,740                 | 3,740             |
| Trade accounts receivable (Note 5)  | <b>767,710</b>        | <b>767,710</b>    | 993,962               | 993,962           |
| Refund of capital receivable from Tenda (Note 7)                          | <b>103,907</b>        | <b>103,907</b>    | -                     | -                 |
| Loan receivable (Note 21.1)   | <b>20,728</b>         | <b>20,728</b>     | 25,529                | 25,529            |
| <b>Financial liabilities</b>  |                       |                   |                       |                   |
| Loans and financing (Note 12)   | <b>937,018</b>        | <b>916,532</b>    | 1,186,300             | 1,188,603         |
| Debentures (Note 13)  | <b>282,254</b>        | <b>291,672</b>    | 451,268               | 470,179           |
| Payables to venture partners (Note 15)                                    | -                     | -                 | 1,237                 | 1,414             |
| Suppliers (Note 20(i)(d))   | <b>93,686</b>         | <b>93,686</b>     | 83,166                | 83,166            |
| Obligations assumed on assignment of receivables (Note 14)                | <b>92,586</b>         | <b>92,586</b>     | 99,030                | 99,030            |
| Payables for purchase of properties and advances from customers (Note 17) | <b>268,797</b>        | <b>268,797</b>    | 295,697               | 295,697           |
| Loan payable (Note 21.1)  | <b>9,644</b>          | <b>9,644</b>      | 8,820                 | 8,820             |

There was no significant change in relation to the other information disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2016.

*b) Risk of debt acceleration*

As of September 30, 2017, the Company has loan and financing agreements in effect, with restrictive covenants related to cash generation, debt ratios, and other. These restrictive covenants have been observed by the Company and do not restrict its ability to continue as going concern. As mentioned in Notes 12 and 13, due to the non-fulfillment of the covenants related to the debt ratio of a CCB issue (Note 12), the non-current installments of this transaction were reclassified into short term. The Company is negotiating with the creditor a waiver for breaching the ratio established in covenants, thus not requiring the mandatory acceleration and/or acceleration declaration. The Company analyzed the other debt contracts and did not identify any impact on cross covenants in relation to such breach.



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### **20. Financial instruments --Continued**

#### (iii) Capital stock management

The explanations related to this note were not subject to material changes in relation to the disclosures in Note 20(iii) to the financial statements as of December 31, 2016.

The Company includes in its net debt structure: loans and financing, debentures and payables to venture partners less cash and cash equivalents and short-term investments (cash and cash equivalents and marketable securities):

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>12/31/2016</b> | <b>09/30/2017</b>   | <b>12/31/2016</b> |
| Loans and financing (Note 12)          | <b>801,850</b>    | 1,006,930         | <b>937,018</b>      | 1,186,300         |
| Debentures (Note 13)                   | <b>282,254</b>    | 451,268           | <b>282,254</b>      | 451,268           |
| Payables to venture partners (Note 15) | -                 | 1,140             | -                   | 1,237             |
| ( - ) Cash and cash equivalents and    |                   |                   |                     |                   |
| short-term investments (Notes 4.1 and  |                   |                   |                     |                   |
| 4.2)                                   | <b>(113,680)</b>  | (183,373)         | <b>(155,998)</b>    | (253,180)         |
| Net debt                               | <b>970,424</b>    | 1,275,965         | <b>1,063,274</b>    | 1,385,625         |
| Equity                                 | <b>1,217,086</b>  | 1,928,325         | <b>1,221,093</b>    | 1,930,453         |

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(iv) Sensitivity analysis

The sensitivity analysis of financial instruments for the period ended September 30, 2017, except swap contracts, which are analyzed through their due dates, describes the risks that may cause material changes in the Company's profit or loss, as provided for by CVM, through Rule No. 475/08, in order to show a 10%, 25% and 50% increase/decrease in the risk variable considered.

As of September 30, 2017, besides derivative instruments, the Company has the following financial instruments:

- a) Short-term investments, loans and financing, and debentures linked to Interbank Deposit Certificates (CDI);
- b) Loans and financing linked to the Referential Rate (TR) and CDI, and debentures linked to the CDI, National Consumer Price Index – Extended (IPCA) and TR;
- c) Accounts receivable, and payables for purchase of properties, linked to the National Civil Construction Index (INCC), General Market Price Index (IGP-M) and the country's base rate (Sistema Especial de Liquidação e Custódia - SELIC).

For the sensitivity analysis in the period ended September 30, 2017, the Company considered the interest rates of investments, loans and accounts receivables, the CDI rate at 8.14%, TR at 0%, INCC at 4.28%, IPCA at 2.54%, IGP-M at -1.46% and SELIC at 8.25%. The scenarios considered were as follows:

*Scenario I – Probable:* 10% increase/decrease in the risk variables used for pricing;

*Scenario II – Possible:* 25% increase/decrease in the risk variables used for pricing;

*Scenario III – Remote:* 50% increase/decrease in the risk variables used for pricing.



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### 20. Financial instruments --Continued

#### (iv) Sensitivity analysis --Continued

The Company shows in the following chart the sensitivity to risks to which the Company is exposed, based on the above scenarios, as of September 30, 2017. The effects on equity are basically the same ones on profit or loss.

| Instrument                       | Risk                     | Scenario             |                       |                        |                        |                       |                      |
|----------------------------------|--------------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|----------------------|
|                                  |                          | I<br>Increase<br>10% | II<br>Increase<br>25% | III<br>Increase<br>50% | III<br>Decrease<br>50% | II<br>Decrease<br>25% | I<br>Decrease<br>10% |
| Short-term investments           | Increase/Decrease of CDI | 815                  | 2,037                 | 4,075                  | (4,075)                | (2,037)               | (815)                |
| Loans and financing              | Increase/Decrease of CDI | (3,488)              | (8,720)               | (17,439)               | 17,439                 | 8,720                 | 3,488                |
| Debentures                       | Increase/Decrease of CDI | (440)                | (1,099)               | (2,198)                | 2,198                  | 1,099                 | 440                  |
| Derivative financial instruments | Increase/Decrease of CDI | (56)                 | (148)                 | (300)                  | 327                    | 165                   | 69                   |
| Net effect of CDI variation      |                          | (3,169)              | (7,930)               | (15,862)               | 15,889                 | 7,947                 | 3,182                |

|                                      |                            |         |         |         |         |         |         |
|--------------------------------------|----------------------------|---------|---------|---------|---------|---------|---------|
| Loans and financing                  | Increase/Decrease of TR    | -       | -       | -       | -       | -       | -       |
| Debentures                           | Increase/Decrease of TR    | -       | -       | -       | -       | -       | -       |
| Net effect of TR variation           |                            | -       | -       | -       | -       | -       | -       |
| Debentures                           | Increase/Decrease of IPCA  | (171)   | (427)   | (854)   | 854     | 427     | 171     |
| Net effect of IPCA variation         |                            | (171)   | (427)   | (854)   | 854     | 427     | 171     |
| Accounts receivable                  | Increase/Decrease of INCC  | 1,649   | 4,123   | 8,245   | (8,245) | (4,123) | (1,649) |
| Obligations for purchase of property | Increase/Decrease of INCC  | (1,103) | (2,757) | (5,513) | 5,513   | 2,757   | 1,103   |
| Net effect of INCC variation         |                            | 546     | 1,366   | 2,732   | (2,732) | (1,366) | (546)   |
| Accounts receivable                  | Increase/Decrease of IGP-M | 542     | 1,354   | 2,708   | (2,708) | (1,354) | (542)   |
| Net effect of IGP-M variation        |                            | 542     | 1,354   | 2,708   | (2,708) | (1,354) | (542)   |
| Refund of capital receivable         | Increase/Decrease of SELIC | 792     | 1,980   | 3,960   | (3,960) | (1,980) | (792)   |
| Net effect of SELIC variation        |                            | 792     | 1,980   | 3,960   | (3,960) | (1,980) | (792)   |

## 21. Related parties

### 21.1. Balances with related parties

The transactions between the Company and related companies are made under conditions and prices established between the parties.

| Current accounts                                   | Company            |             | Consolidated    |            |
|--|--------------------|-------------|-----------------|------------|
|  | 09/30/2017         | 12/31/2016  | 09/30/2017      | 12/31/2016 |
| <b>Assets</b>                                      |                    |             |                 |            |
| Current account:                                   |                    |             |                 |            |
| Total SPEs   | <b>2,078</b>       | 24,500      | <b>52,614</b>   | 50,232     |
| Subsidiaries                                       | -                  | 1,647       | <b>42,527</b>   | 19,369     |
| Jointly-controlled investees                       | <b>2,045</b>       | 22,535      | <b>10,054</b>   | 30,545     |
| Associates   | <b>33</b>          | 318         | <b>33</b>       | 318        |
| Condominium and consortia and thirty party's works | <b>12,857</b>      | 7,223       | <b>12,857</b>   | 7,223      |
| Loan receivable (Note 20.ii.a)                     | <b>20,728</b>      | 25,529      | <b>20,728</b>   | 25,529     |
| Dividends receivable                               | <b>13,882</b>      | 14,464      | -               | -          |
|  | <b>49,545</b>      | 71,716      | <b>86,199</b>   | 82,984     |
| Current portion                                    | <b>28,817</b>      | 46,187      | <b>65,471</b>   | 57,455     |
| Non-current  | <b>20,728</b>      | 25,529      | <b>20,728</b>   | 25,529     |
| <b>Liabilities</b>                                 |                    |             |                 |            |
| Current account:                                   |                    |             |                 |            |
| Total SPEs   | <b>(1,110,619)</b> | (1,064,435) | <b>(72,289)</b> | (76,791)   |
| Subsidiaries                                       | <b>(1,076,247)</b> | (1,004,978) | <b>(37,917)</b> | (17,230)   |
| Jointly-controlled investees                       | <b>(25,672)</b>    | (50,575)    | <b>(25,672)</b> | (50,679)   |
| Associates   | <b>(8,700)</b>     | (8,882)     | <b>(8,700)</b>  | (8,882)    |
| Loan payable (Note 20.ii.a)                        | <b>(9,644)</b>     | (8,820)     | <b>(9,644)</b>  | (8,820)    |
|  | <b>(1,120,263)</b> | (1,073,255) | <b>(81,933)</b> | (85,611)   |
| Current portion                                    | <b>(1,120,263)</b> | (1,073,255) | <b>(81,933)</b> | (85,611)   |
| Non-current  | -                  | -           | -               | -          |

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### 21. Related parties --Continued

#### 21.1. Balances with related parties —Continued

The composition, nature and condition of loan receivable and payable by the Company are shown below. Loan maturities are from October 2017 and are tied to the cash flows of related ventures.

|  | Company and Consolidated |               |              |                 |
|--|--------------------------|---------------|--------------|-----------------|
|  | 09/30/2017               | 12/31/2016    | Nature       | Interest rate   |
| Square Ipiranga - Liga das Senhoras Católicas. | -                        | 6,635         | Construction | 12% p.a. + IGPM |
| Lagunas - Tembok Planej. e Desenv. Imob. Ltda. | 4,659                    | 4,250         | Construction | 12% p.a. + IGPM |
| Manhattan Residencial I                        | 1,791                    | 2,486         | Construction | 10% p.a. + TR   |
| Target Offices & Mall                          | 14,278                   | 12,158        | Construction | 12% p.a. + IGPM |
| <b>Total receivable</b>                        | <b>20,728</b>            | <b>25,529</b> |              |                 |
| Dubai Residencial                              | 3,831                    | 3,403         | Construction | 6% p.a.         |
| Parque Arvores                                 | 3,940                    | 2,437         | Construction | 6% p.a.         |
| Parque Aguas                                   | 1,873                    | 2,980         | Construction | 6% p.a.         |
| <b>Total payable</b>                           | <b>9,644</b>             | <b>8,820</b>  |              |                 |

In the period ended September 30, 2017 the recognized financial income from interest on loans amounted to R\$1,444 (R\$335 in 2016) in the Company's and consolidated statement (Note 24).

Information regarding management transactions and compensation is described in Note 25.

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 21 to the financial statements as of December 31, 2016.

## **21.2. Endorsements, guarantees and sureties**

The financial transactions of the subsidiaries are guaranteed by the endorsement or surety in proportion to the interest of the Company in the capital stock of such companies, in the amount of R\$355,593 as of September 30, 2017 (R\$424,966 in 2016).

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### **22. Net operating revenue**

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>09/30/2016</b> | <b>09/30/2017</b>   | <b>09/30/2016</b> |
| Gross operating revenue  |                   |                   |                     |                   |
| Real estate development, sale, barter transactions and construction services | <b>377,489</b>    | 523,433           | <b>498,165</b>      | 707,607           |
| (Recognition) Reversal of allowance for doubtful accounts (Note 5)           | <b>(17,767)</b>   | (7,871)           | <b>(17,767)</b>     | (7,871)           |
| Taxes on sale of real estate and services                                    | <b>(32,016)</b>   | (43,290)          | <b>(36,281)</b>     | (47,855)          |
| Net operating revenue  | <b>327,706</b>    | 472,272           | <b>444,117</b>      | 651,881           |

### **23. Costs and expenses by nature**

These are represented by the following:

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>09/30/2016</b> | <b>09/30/2017</b>   | <b>09/30/2016</b> |
| <b>Cost of real estate development and sale:</b> |                   |                   |                     |                   |
| Construction cost                                | <b>(184,458)</b>  | (201,677)         | <b>(252,272)</b>    | (278,383)         |
| Land cost  | <b>(74,075)</b>   | (130,947)         | <b>(96,910)</b>     | (177,895)         |
| Development cost                                 | <b>(19,756)</b>   | (24,464)          | <b>(25,320)</b>     | (32,827)          |

Cash Flow

|   |                  |           |                  |           |
|---|------------------|-----------|------------------|-----------|
| Capitalized financial charges (Note 12)                                 | <b>(61,997)</b>  | (94,005)  | <b>(91,117)</b>  | (118,019) |
| Maintenance / warranty  | <b>(17,701)</b>  | (14,254)  | <b>(17,699)</b>  | (14,254)  |
| Total cost of real estate development and sale                          | <b>(357,987)</b> | (465,347) | <b>(483,318)</b> | (621,378) |
| <b>Commercial expenses:</b>   |                  |           |                  |           |
| Product marketing expenses  | <b>(22,501)</b>  | (23,793)  | <b>(26,381)</b>  | (27,507)  |
| Brokerage and sale commission   | <b>(18,852)</b>  | (15,321)  | <b>(21,870)</b>  | (18,429)  |
| Customer Relationship Management (CRM) and corporate marketing expenses | <b>(12,924)</b>  | (13,520)  | <b>(14,673)</b>  | (14,852)  |
| Other   | <b>(280)</b>     | (838)     | <b>(245)</b>     | (904)     |
| Total commercial expenses   | <b>(54,557)</b>  | (53,472)  | <b>(63,169)</b>  | (61,692)  |
| <b>General and administrative expenses:</b>                             |                  |           |                  |           |
| Salaries and payroll charges  | <b>(17,504)</b>  | (18,751)  | <b>(25,877)</b>  | (26,473)  |
| Employee benefits   | <b>(1,678)</b>   | (2,370)   | <b>(2,480)</b>   | (3,196)   |
| Travel and utilities  | <b>(166)</b>     | (377)     | <b>(245)</b>     | (463)     |
| Services  | <b>(8,827)</b>   | (5,595)   | <b>(13,049)</b>  | (7,672)   |
| Rents and condominium fees  | <b>(2,976)</b>   | (4,741)   | <b>(4,399)</b>   | (6,158)   |
| IT  | <b>(6,508)</b>   | (8,580)   | <b>(9,621)</b>   | (11,668)  |
| Stock option plan (Note 18.2)   | <b>(2,898)</b>   | (5,506)   | <b>(2,898)</b>   | (5,506)   |
| Reserve for profit sharing (Note 25.iii)                                | <b>(9,395)</b>   | (12,500)  | <b>(9,395)</b>   | (12,500)  |
| Other   | <b>(394)</b>     | (359)     | <b>(584)</b>     | (434)     |
| Total general and administrative expenses                               | <b>(50,346)</b>  | (58,779)  | <b>(68,548)</b>  | (74,070)  |
| <b>Other income (expenses), net:</b>                                    |                  |           |                  |           |
| Expenses with lawsuits (Note 16)  | <b>(61,584)</b>  | (43,511)  | <b>(61,431)</b>  | (44,543)  |
| Other   | <b>7,535</b>     | (2,658)   | <b>127</b>       | (3,511)   |
| Total other income/(expenses), net                                      | <b>(54,049)</b>  | (46,169)  | <b>(61,304)</b>  | (48,054)  |

## 24. Financial income (expenses)

|  | Company         |            | Consolidated    |            |
|--|-----------------|------------|-----------------|------------|
|  | 09/30/2017      | 09/30/2016 | 09/30/2017      | 09/30/2016 |
| Financial income                                     |                 |            |                 |            |
| Income from financial investments                    | <b>14,156</b>   | 26,137     | <b>16,735</b>   | 32,546     |
| Derivative transactions (Note 20 (i) (b))            | <b>790</b>      | 13,526     | <b>790</b>      | 13,526     |
| Financial income from loans (Note 21)                | <b>1,444</b>    | 335        | <b>1,444</b>    | 335        |
| Other financial income                               | <b>4,462</b>    | 1,407      | <b>4,711</b>    | 2,086      |
| Total financial income                               | <b>20,852</b>   | 41,405     | <b>23,680</b>   | 48,493     |
| Financial expenses                                   |                 |            |                 |            |
| Interest on funding, net of capitalization (Note 12) | <b>(88,345)</b> | (31,035)   | <b>(79,473)</b> | (26,382)   |
| Amortization of debenture cost                       | <b>(4,126)</b>  | (2,175)    | <b>(4,126)</b>  | (2,174)    |
| Payables to venture partners                         | <b>(314)</b>    | (951)      | <b>(314)</b>    | (951)      |
| Banking expenses                                     | <b>(13,179)</b> | (3,362)    | <b>(14,077)</b> | (4,624)    |

|   |                  |          |                  |          |
|---|------------------|----------|------------------|----------|
| Discount granted and other financial expenses | <b>(9,875)</b>   | (18,554) | <b>(8,709)</b>   | (24,460) |
| Total financial expenses                      | <b>(115,839)</b> | (56,077) | <b>(106,699)</b> | (58,591) |



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### 25. Transactions with management and employees

#### (i) Management compensation

In the periods ended September 30, 2017 and 2016, the amounts recorded in the line item “General and administrative expenses”, related to the compensation of the Company’s Management and Fiscal Council members are as follows:

| Period ended September 30, 2017                         | Management compensation |                 |                |
|---|-------------------------|-----------------|----------------|
|   | Board of Directors      | Statutory Board | Fiscal Council |
| Number of members                                       | 7                       | 5               | 3              |
| Fixed compensation for the period (in thousands of R\$) |                         |                 |                |
| Salary / Fees   | 1,270                   | 2,317           | 149            |
| Direct and indirect benefits                            | -                       | 148             | -              |
| Other (INSS)  | 254                     | 463             | 30             |
| Monthly compensation (in thousands of R\$)              | 141                     | 257             | 17             |
| Total compensation                                      | <b>1,524</b>            | <b>2,928</b>    | <b>179</b>     |
| Profit sharing (Note 25 (iii))                          | -                       | <b>2,196</b>    | -              |
| <b>Total compensation and profit sharing</b>            | <b>1,524</b>            | <b>5,124</b>    | <b>179</b>     |

#### Management compensation

| <b>Period ended September 30, 2016</b>                  | <b>Board of<br/>Directors</b> | <b>Statutory<br/>Board</b> | <b>Fiscal Council</b> |
|---|-------------------------------|----------------------------|-----------------------|
| Number of members                                       | 7                             | 5                          | 3                     |
| Fixed compensation for the period (in thousands of R\$) |                               |                            |                       |
| Salary / Fees   | 1,256                         | 2,475                      | 147                   |
| Direct and indirect benefits                            | -                             | 259                        | -                     |
| Other (INSS)  | 251                           | 495                        | 29                    |
| Monthly compensation (in thousands of R\$)              | 140                           | 304                        | 16                    |
| Total compensation                                      | <b>1,507</b>                  | <b>3,229</b>               | <b>177</b>            |
| Profit sharing (Note 25 (iii))                          | -                             | <b>1,706</b>               | -                     |
| <b>Total compensation and profit sharing</b>            | <b>1,507</b>                  | <b>4,935</b>               | <b>177</b>            |

The amount related to expenses for granting stock options to the management members of the Company was R\$1,898 for the period ended September 30, 2017 (R\$3,048 in 2016).

The maximum aggregate compensation of the Company's management members for the year 2017 was established at R\$18,739 (R\$19,823 in 2016), as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 28, 2017.

On the same occasion the compensation limit of the Company's Fiscal Council members for their next term of office, which ends in the Annual Shareholders' Meeting to be held in 2018, was approved at R\$261 (R\$245 in 2016).

(ii) Sales transactions

In the periods ended September 30, 2017 and December 31, 2016, no transaction of units sold to Management was carried out. The total balance receivable of sales transactions made was R\$172 (R\$957 in 2016).

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**25. Transactions with management and employees --Continued**

(iii) Profit sharing

In the period ended September 30, 2017, the Company recorded a profit sharing expense amounting to R\$9,395 (R\$12,500 in 2016) in the consolidated balance, in the line item "General and Administrative Expenses" (Note 23).

|                    | <b>Company and<br/>Consolidated</b> |                   |
|--------------------|-------------------------------------|-------------------|
|                    | <b>09/30/2017</b>                   | <b>09/30/2016</b> |
| Executive officers | <b>2,196</b>                        | 1,706             |
| Other employees    | <b>7,199</b>                        | 10,794            |
|                    | <b>9,395</b>                        | 12,500            |

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 25 to the financial statements as of December 31, 2016.

**26. Insurance**

For the period ended September 30, 2017 insurance contracts were not subject to significant changes in relation to those disclosed in Note 26 to the financial statements as of December 31, 2016.

**27. Earnings (loss) per share**

The following table shows the calculation of basic and diluted earnings and loss per share. In view of the loss for the period ended September 30, 2017, shares with dilutive potential are not considered, because the impact would be antidilutive.

|  | <b>09/30/2017</b> | <b>09/30/2016</b> |
|--|-------------------|-------------------|
| Basic numerator  |                   |                   |
| Undistributed profit (loss) from continued operations                  | <b>(485,417)</b>  | (200,749)         |
| Undistributed profit (loss) from discontinued operations               | <b>98,175</b>     | 36,461            |
| Undistributed profit (loss), available to the holders of common shares | <b>(387,242)</b>  | (164,288)         |
| Basic denominator (in thousands of shares)                             |                   |                   |
| Weighted average number of shares (Note 18.1)                          | <b>26,874</b>     | 26,969            |
| Basic earnings (loss) per share in Reais                               | <b>(14.410)</b>   | (6.092)           |
| From continued operations  | <b>(18.063)</b>   | (7.444)           |
| From discontinued operations   | <b>3.653</b>      | 1.352             |
| Diluted numerator  |                   |                   |
| Undistributed profit (loss) from continued operations                  | <b>(485,417)</b>  | (200,749)         |
| Undistributed profit (loss) from discontinued operations               | <b>98,175</b>     | 36,461            |
| Undistributed profit (loss), available to the holders of common shares | <b>(387,242)</b>  | (164,288)         |
| Diluted denominator (in thousands of shares)                           |                   |                   |
| Weighted average number of shares (Note 18.1)                          | <b>26,874</b>     | 26,969            |
| Stock options  | <b>14</b>         | 104               |
| Anti-dilutive effect   | <b>(14)</b>       | (104)             |
| Diluted weighted average number of shares                              | <b>26,874</b>     | 26,969            |
| Diluted earnings (loss) per share in Reais                             | <b>(14.410)</b>   | (6.092)           |
| From continued operations  | <b>(18.063)</b>   | (7.444)           |

From discontinued operations

**3.653**

1.352

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 27 to the financial statements as of December 31, 2016.

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**Gafisa S.A.**

Notes to the quarterly information

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(Amounts in thousands of Brazilian Reais, except as otherwise stated)

**28. Segment information**

With the completion of the discontinuation of Tenda's operations (Note 8.2), the Company operates only in one segment, according to the nature of its products.

Accordingly, the reports used for making decisions are the consolidated financial statements, and no longer the analysis by operating segments. Therefore, in line with CPC 22 – Operating Segments, the Company understands that there is no reportable segment to be disclosed in the periods ended September 30, 2017 and 2016.

**29. Real estate ventures under construction – information and commitments**

In order to meet the provisions of paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are shown in the statement of profit or loss, and the advances received are shown in the account "Payables for purchase of property and advances from customer". The Company shows the following information on the ventures under construction as of September 30, 2017:

**Consolidated  
09/30/2017**

|   |           |
|---|-----------|
| Unappropriated sales revenue of units sold          | 419,267   |
| Estimated cost of units sold to be incurred         | (255,928) |
| Estimated cost of units in inventory to be incurred | (177,374) |

**(i) Unappropriated sales revenue of units sold**

|   |                |
|---|----------------|
| Ventures under construction:            |                |
| Contracted sales revenue                | 1,069,140      |
| Appropriated sales revenue              | (649,873)      |
| <b>Unappropriated sales revenue (a)</b> | <b>419,267</b> |

**(ii) Estimated cost of units sold to be incurred**

|  |                  |
|--|------------------|
| Ventures under construction:             |                  |
| Estimated cost of units                  | (667,197)        |
| Incurred cost of units                   | 411,269          |
| <b>Estimated cost to be incurred (b)</b> | <b>(255,928)</b> |

**(iii) Estimated costs of units in inventory to be incurred**

|                                      |                  |
|--------------------------------------|------------------|
| Ventures under construction:         |                  |
| Estimated cost of units              | (632,141)        |
| Incurred cost of units (Note 6)      | 454,767          |
| <b>Estimated cost to be incurred</b> | <b>(177,374)</b> |

(a) The unappropriated sales revenue of units sold are measured by the face value of contracts, plus the contract adjustments and deducted from cancellations, net of the levied taxes and adjustment to present value, and do not include ventures that are subject to restriction due to a suspensive clause (legal period of 180 days in which the Company can cancel a development) and therefore is not appropriated to profit or loss.

(b) The estimated cost of units sold to be incurred does not include financial charges, which are appropriated to properties for sale and profit or loss (cost of real estate sold) in proportion to the real estate units sold to the extent they are incurred.

As of September 30, 2017, the percentage of assets consolidated in the financial statements related to ventures included in the equity segregation structure of the development stood at 22.7% (35.7% in 2016).

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### **30. Communication with regulatory bodies**

The explanations related to this note were not subject to significant changes in relation to those disclosed in Note 30 to the financial statements as of December 31, 2016.

### **31. Transactions that did not affect Cash and Cash Equivalents**

The Company and its subsidiaries performed the following investing and financing activities that did not affect cash and cash equivalents, which were not included in the statements of cash flows:

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2017</b> | <b>09/30/2016</b> | <b>09/30/2017</b>   | <b>09/30/2016</b> |
| Capital contribution (reduction)                 | <b>(12,281)</b>   | 83,450            | <b>(12,404)</b>     | 83,450            |
| Capitalized financial charges (Note 12)          | <b>(29,071)</b>   | (133,607)         | <b>(56,225)</b>     | (160,060)         |
| Physical barter – Land (Note 17)                 | <b>(9,161)</b>    | (45,895)          | <b>(13,292)</b>     | (52,463)          |
| Refund of capital receivable from Tenda (Nota 7) | <b>103,907</b>    | -                 | <b>103,907</b>      | -                 |
|  | <b>53,394</b>     | (96,052)          | <b>21,986</b>       | (129,073)         |

### **32. Subsequent events**



(i) 11<sup>th</sup> Debenture Placement

On November 1, 2017, the Company approved the 11<sup>th</sup> Private Placement of Non-convertible Debentures, with general guarantee, in two series in the total amount of R\$120,000, of which R\$90,000 refers to the 1<sup>st</sup> series and R\$30,000 refers to the second series, with final maturity in February and November 2020, respectively. The proceeds from the placement will be used in the development of select real estate ventures and their guarantees are represented by the conditional sale of real estate receivables and the purchase of completion bond. The face value of the Placement will accrue interest corresponding to the cumulative variation of Interbank Deposit (DI) plus a surcharge equivalent to 5.25% p.a..

(ii) Capital Increase

In the meeting held on November 9, 2017, the Board of Directors of the Company approved the call for an Extraordinary Shareholders' Meeting aimed at passing a resolution on the proposal for increasing capital by the total amount of R\$300,000 (three hundred million reais). The capital increase is included in the Company's plans for reinforcing cash availability, strengthening its capital structure in view of the current indebtedness level, as well as making viable the Company's strategic and operational positioning for a new cycle of the real estate market.

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## **Gafisa S.A.**

Notes to the quarterly information

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### **Other information deemed relevant by the Company**

#### **1. SHAREHOLDERS HOLDING MORE THAN 5% OF THE VOTING CAPITAL AND TOTAL NUMBER OF OUTSTANDING SHARES**

| <b>Shareholder</b>                   | <b>9/30/2017</b>     |                |
|--------------------------------------|----------------------|----------------|
|                                      | <b>Common shares</b> |                |
|                                      | <b>Shares</b>        | <b>%</b>       |
| Treasury shares                      | 972,347              | 3.47%          |
| Wishbone Management, LP              | 4,825,000            | 17.21%         |
| River and Mercantile Management, LLP | 3,038,679            | 10.84%         |
| Outstanding shares                   | 19,204,136           | 68.49%         |
| <b>Total shares</b>                  | <b>28,040,162</b>    | <b>100.00%</b> |
|                                      |                      |                |
| <b>Shareholder</b>                   | <b>9/30/2016</b>     |                |
|                                      | <b>Common shares</b> |                |
|                                      | <b>Shares</b>        | <b>%</b>       |
| Treasury shares                      | 1,050,249            | 3.75%          |
| Polo Capital                         | 4,089,253            | 14.58%         |
| Pátria Investimentos                 | 1,570,248            | 5.60%          |
| Outstanding shares                   | 21,330,412           | 76.07%         |

|                     |                           |
|---------------------|---------------------------|
| <b>Total shares</b> | <b>28,040,162 100.00%</b> |
|---------------------|---------------------------|

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## **Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

### **Other information deemed relevant by the Company**

## **2. SHARES HELD BY PARENT COMPANIES, MANAGEMENT AND BOARD**

|   | <b>9/30/2017</b>         |                |
|---|--------------------------|----------------|
|   | <b>Common shares</b>     |                |
|   | <b>Shares</b>            | <b>%</b>       |
| Shareholders holding effective control of the Company         | 7,863,679                | 28.04%         |
| Board of Directors  | 18,067                   | 0.06%          |
| Executive directors   | 122,219                  | 0.44%          |
| Executive control, board members, officers and fiscal council | 8,003,965                | 28.54%         |
| Treasury shares   | 972,347                  | 3.47%          |
| Outstanding shares in the market (*)                          | 19,063,850               | 67.99%         |
| <b>Total shares</b>   | <b>28,040,162</b>        | <b>100.00%</b> |
|   | <b>9/30/2016</b>         |                |
|   | <b>Common shares (i)</b> |                |
|   | <b>Shares</b>            | <b>%</b>       |
| Shareholders holding effective control of the Company         | 5,659,501                | 20.18%         |
| Board of Directors  | 43,952                   | 0.16%          |
| Cash Flow   |                          | 156            |

|   |                   |                |
|---|-------------------|----------------|
| Executive directors   | 166,533           | 0.59%          |
| Executive control, board members, officers and fiscal council | 5,869,986         | 20.93%         |
| Treasury shares   | 1,050,249         | 3.75%          |
| Outstanding shares in the market (*)                          | 21,119,927        | 75.32%         |
| <b>Total shares</b>   | <b>28,040,162</b> | <b>100.00%</b> |

(\*) Excludes shares of effective control, management, board and in treasury.

(i) Post grouping, considering ratio of R\$13.483023074 for comparability.

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

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**Other relevant information**

**3 – COMMITMENT CLAUSE**

The Company, its shareholders, directors and board members undertake to settle, through arbitration, any and all disputes or controversies that may arise between them, related to or originating from, particularly, the application, validity, effectiveness, interpretation, breach and the effects thereof, of the provisions of Law No. 6404/76, the Company's By-Laws, rules determined by the Brazilian Monetary Council (CMN), by the Central Bank of Brazil and by the Brazilian Securities Commission (CVM), as well as the other rules that apply to the operation of the capital market in general, in addition to those established in the New Market Listing Regulation, Participation in the New Market Contract and in the Arbitration Regulation of the Chamber of Market Arbitration.

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

(Amounts in thousands of Brazilian Reais, except as otherwise stated)

## **Report on the review of quarterly information - ITR**

The Board of Directors and Shareholders of

Gafisa S.A.

São Paulo – SP

We have reviewed the accompanying individual and consolidated interim financial information of Gafisa S.A. (“Company”), identified as Company and Consolidated, respectively, contained in the Quarterly Information (ITR) for the quarter ended September 30, 2017, which comprises the balance sheet as of September 30, 2017 and the respective statement of operations and statement of comprehensive income (loss) for the quarter and nine-month period then ended, and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including explanatory notes.

The Company’s management is responsible for the preparation of individual interim financial information in accordance with the Technical Pronouncement of the Accounting Pronouncements Committee (CPC) 21 (R1) – Interim Financial Reporting and the 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 the Technical Orientation - OCPC 04 - Application of the Technical Interpretation

ICPC 02 to the Brazilian Real Estate Development Entities, edited by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Brazilian Federal Accounting Council (CFC), as well as for the presentation of these information in compliance with the rules issued by the CVM, applicable to the preparation of Quarterly 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 according to the Brazilian and international review standards of interim financial information (NBC TR 2410 – Review of Interim Financial Information Performed by the 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 financial information consists of inquiries, mainly of the people responsible for the financial and accounting matters, and the application of 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 from the individual and consolidated interim financial information prepared in accordance with CPC 21(R1)**

Based on our review, we are not aware of any fact that makes us believe that the individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information (ITR), and presented in compliance with the rules issued by the CVM.



*(A free translation of the original report in Portuguese as published in Brazil)*

**Gafisa S.A.**

Notes to the quarterly information

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**Conclusion from the consolidated interim information prepared in accordance with IAS 34, which considers the Technical Orientation - OCPC 04 – Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, edited by Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Brazilian Federal Accounting Council (CFC)**

Based on our review, we are not aware of any fact that makes us believe that the consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material respects, in accordance with IAS 34, issued by the IASB, which considers the Technical Orientation - OCPC 04 - Application of technical interpretation ICPC02 to the Brazilian Real Estate Development Entities, issued by the Accounting Pronouncements Committee (CPC), and approved by the CVM and the Brazilian Federal Accounting Council (CFC) applicable to the preparation of Quarterly Information (ITR), and presented in compliance with the rules issued by the CVM.

**Emphasis of matter**

As described in Note 2, the individual (Company) and consolidated interim financial information was prepared in accordance with accounting practices adopted in Brazil (CPC21 (R1)). The consolidated interim financial information were prepared in accordance with the IFRS applicable to the Brazilian Real Estate development entities IAS34 for interim financial information also considers the Technical Orientation OCPC04, edited by the Accounting Pronouncements Committee (CPC). This Technical Orientation refers to the revenue recognition of this sector and comprises other matters related to the meaning and adoption of the concept of continuous transfer of the risks, benefits and control over real estate unit sales, as further

described in Note 2. Our conclusion is not modified in view of this matter.

## **Other matters**

### ***Statement of value added***

The individual and consolidated interim financial statements related to the statements of value added (DVA) for the nine-month period ended September 30, 2017, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to review procedures performed together with the review of the quarterly information - ITR of the Company. 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 statements taken as a whole.

São Paulo, November 10, 2017

KPMG Auditores Independentes

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Giuseppe Masi

Accountant CRC 1SP176273/O-7

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

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**Reports and statements \ Management statement of interim financial information**

Management statement of interim financial information

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19<sup>th</sup> floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

- i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended September 30, 2017; and
  
- ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2017.

São Paulo, November 09, 2017.

GAFISA S.A.

Management

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**Gafisa S.A.**

Notes to the quarterly information

September 30, 2017

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**Reports and Statements \ Management statement on the report on review of interim financial information**

Management Statement on the Review Report

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19<sup>th</sup> floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

- i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended September 30, 2017; and
  
- ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2017.

São Paulo, November 09, 2017.

GAFISA S.A.

Management

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 24, 2017

**Gafisa S.A.**

By:

/s/ Sandro Gamba

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Name: Sandro Gamba

Title: Chief Executive Officer

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