

A nighttime cityscape featuring a prominent building under construction with two yellow cranes on its roof. The building's facade is dark, with some illuminated windows. The background shows other city buildings and a road with light trails from traffic. A large red and orange gradient banner is overlaid on the top half of the image, containing the title text.

2014 ANNUAL REPORT

CYRELA

CONTENTS

01

CYRELA

Opening Message	04
Cyrela Culture	05
Cyrela Profile	06
Timeline	07
Main Awards	08

02

OUR IDENTITY

A Renewed Brand	10
-----------------	----

03

OUR WAY OF BEING

Stakeholder Management	15
Other Stakeholders	20
Corporate Governance	24
Organizational Structure	27

04

OUR WAY OF OPERATING

Integrated Business Model	31
Engineering	34
Developments	37
Financial Performance	45
Macroeconomic Scenario	49
Prospects	49
Scenario	50

05

OUR WAY OF BUILDING SUCCESSION

Cyrela Institute	52
Environmental Management	55

FINANCIAL STATEMENTS

58

CREDITS

59



01

CYRELA

Opening Message	04
Cyrela Culture	05
Cyrela Profile	06
Timeline	07
Main Awards	08

OPENING MESSAGE

Hello and welcome to our 2014 Annual Report, where you will find the Company's highlights for last year.

2014 was extremely challenging. Events like the World Cup, the elections and Brazil's political and economic instability negatively impacted all sectors of the economy.

And the real estate segment was no exception. We continued to invest in process management and launched products for distinct target groups, thus minimizing the cyclical effect of the market.

Our launches in 2014 continued to be underpinned by quality and innovation, the highlights being MedPlex, Cyrela by Pininfarina, Riserva Golf and Living Magic.

In addition to being innovative, these projects convey the essence of Cyrela's new identity, launched in 2014, and through which our purpose of "persevering in order to build for the better" was disseminated among those who every day make these projects come true: our employees.

Our people are essential in this context and should reflect the "Cyrela way of being", engaging themselves in our culture, guided mainly by the ability of each employee to see the good in everything they do, turning dreams into reality.

Another important 2014 highlight was our trainee program, which had a record number of applicants, becoming the country's second most competitive program in terms of applicants per place, according to *Exame* magazine.

In 2015, we will continue our efforts to consolidate management processes and remain focused on innovating our launches.

Our teams are fully prepared and motivated to ensure that we retain our position as a leading company that prides itself on its operational excellence and the highest standards of ethical behavior.

Please feel free to browse through our report and find out more about this and other issues that played an important role in our performance in 2014.

Good reading!

Sincerely,
Eric Alencar
Cyrela's CFO

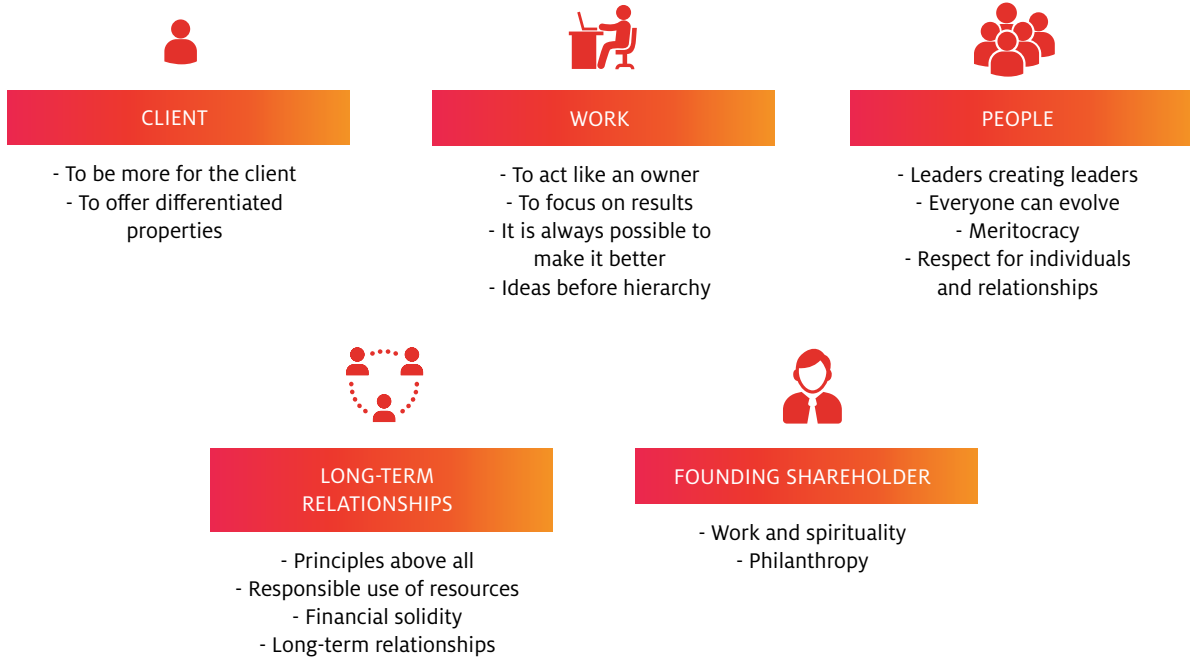
Quality and innovation were crucial factors in Cyrela's 2014 launches



CYRELA CULTURE

Made by people for people. This is the Cyrela that we strive to perpetuate through our Way of Being, guided mainly by the value of our connections and by the ability of each employee to do good, turning dreams into reality.

Our culture is made up of five pillars, as shown in the image below, which orient our daily actions, our ideas and our business. For more than 50 years we have been guided by ethics and we remain focused on our clients, our work, our people and on building succession for our company.



REFERENCE TO ATTRACT, EVALUATE AND DEVELOP



K by Cyrela, São Paulo

CYRELA PROFILE

Currently, we have more than 8,000 employees dedicated to building dreams, transforming that which cannot be seen into reality, perpetuating the connections of value for our company, one of the most admired residential property developers in Brazil. We believe in people and we work to ensure ethics, transparency and quality in each project we deliver. We inspire confidence and mutual respect with a focus on our main purpose, which is to persevere in order to build for the better.

Since our foundation, in 1962, we have built homes for approximately 200,000 families. Aware of our important role in the growth of cities, we aim to always do the right thing, with the responsibility of people committed to a pioneering approach and constant innovation.

Through the most advanced construction technology, we operate in different income segments, integrating development, construction, sales and services. Currently, Cyrela is focused on the high-end and luxury segments, while the Living brand is directed towards the mid-market segment. We are also capable of serving other markets through our **joint ventures**. With Cury, we operate in the economy and super-economy segments. In addition, MAC, SKR and Plano & Plano complement our operations in the mid-market and high-end segments.

Cyrela operates in 67 cities in 16 Brazilian states, as well as the Federal District.



K by Cyrela, São Paulo

TIMELINE

1962



- Cyrela's official foundation in São Paulo.

1981



- Creation of Cyrela Construtora.
 - Creation of Seller.

2000



- Start-up of the Construindo Pessoas (building people) literacy program.

2005



- Cyrela's first IPO.
- Its corporate name changes to Cyrela Brazil Realty S.A.
- Pioneer implementation of waste management in its construction sites.

RENOVATING IS PART OF LIFE.
AND LIFE IS PART OF CYRELA.

2006



- Creation of Living.
- Merger of RJZ Engenharia, with operations in Rio de Janeiro.

2009



- Merger of Goldsztein Participações, with operations in the South region.

2011



- Creation of the Cyrela Institute.
- First Brazilian real estate company to close a sale through Facebook.

2014

CYRELA





- Cyrela renovates its identity.


MAIN AWARDS


This is the acknowledgment every Cyrela employee receives for their hard work and dedication.


 **Ranking ITC:** Inteligência Empresarial da Construção (ITC) annually elects the 100 largest builders in Brazil, in terms of m². Since 2010, we were included in the ITC ranking and, in 2014, we were ranked third among the largest builders in Brazil. In the ranking by category, we were elected the largest in the Southeast region in the residential segment.

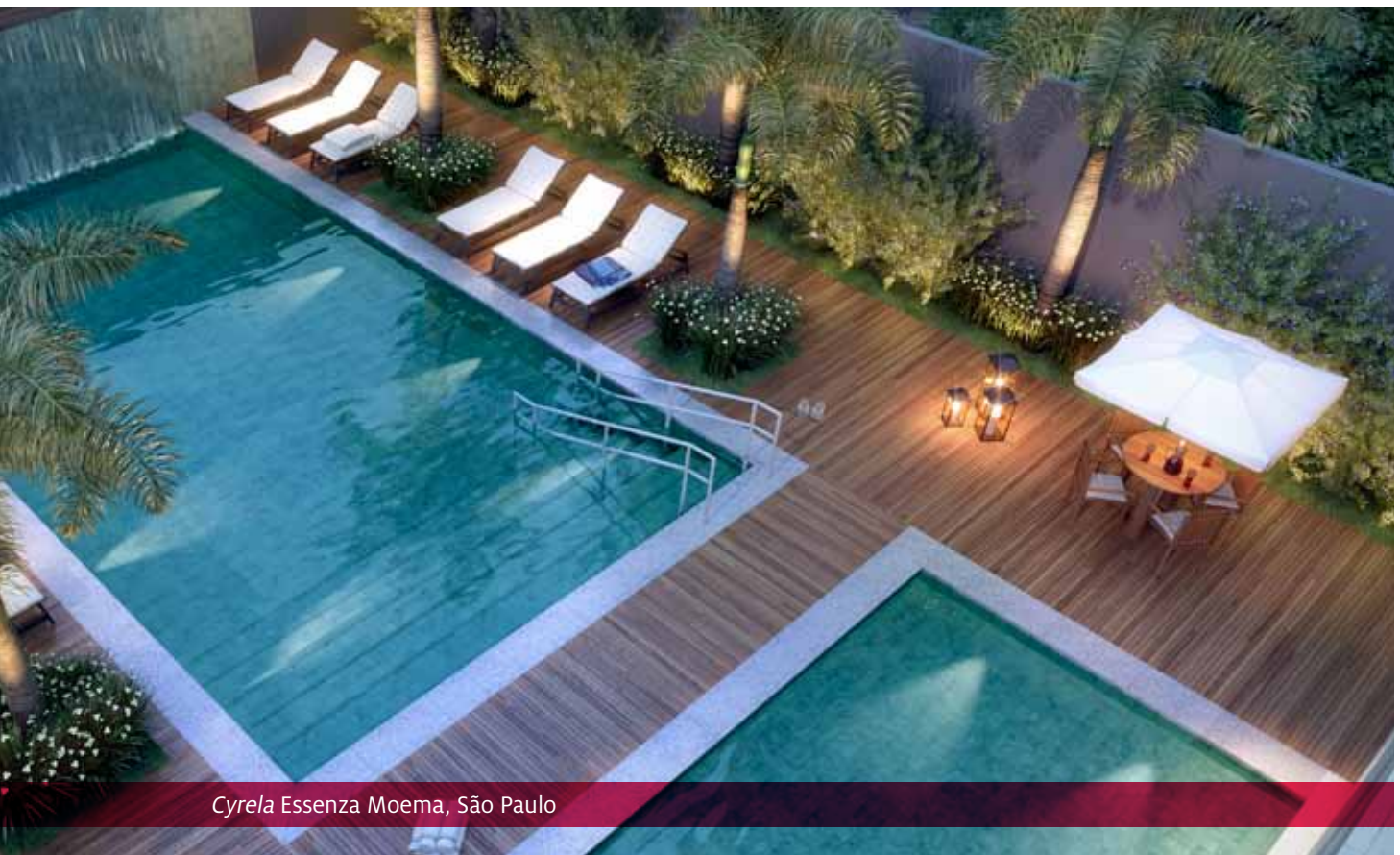
 **Top Imobiliário Award:** We have been included in the Top Imobiliário ranking for 15 years and in 2014 we were ranked third in the Developers category.

 **Exame Biggest and Best:** Each year, *Exame* magazine elects the 1,000 largest companies in Brazil. In the 2014 edition we occupied the 86th position among the 200 largest groups.

 **Valor 1000:** In the ranking published by the newspaper *Valor Econômico* we were ranked 85th among the 1,000 largest Brazilian companies.

 **Euromoney Real State Awards 2014:** We were elected the Best Developer in Brazil by Euromoney.

 We were also included in the “**The 100 Most Innovative Companies 2014**”, published by IT Mídia and PwC.



Cyrela Essenza Moema, São Paulo



02

OUR IDENTITY

A Renewed Brand

10



A RENEWED BRAND

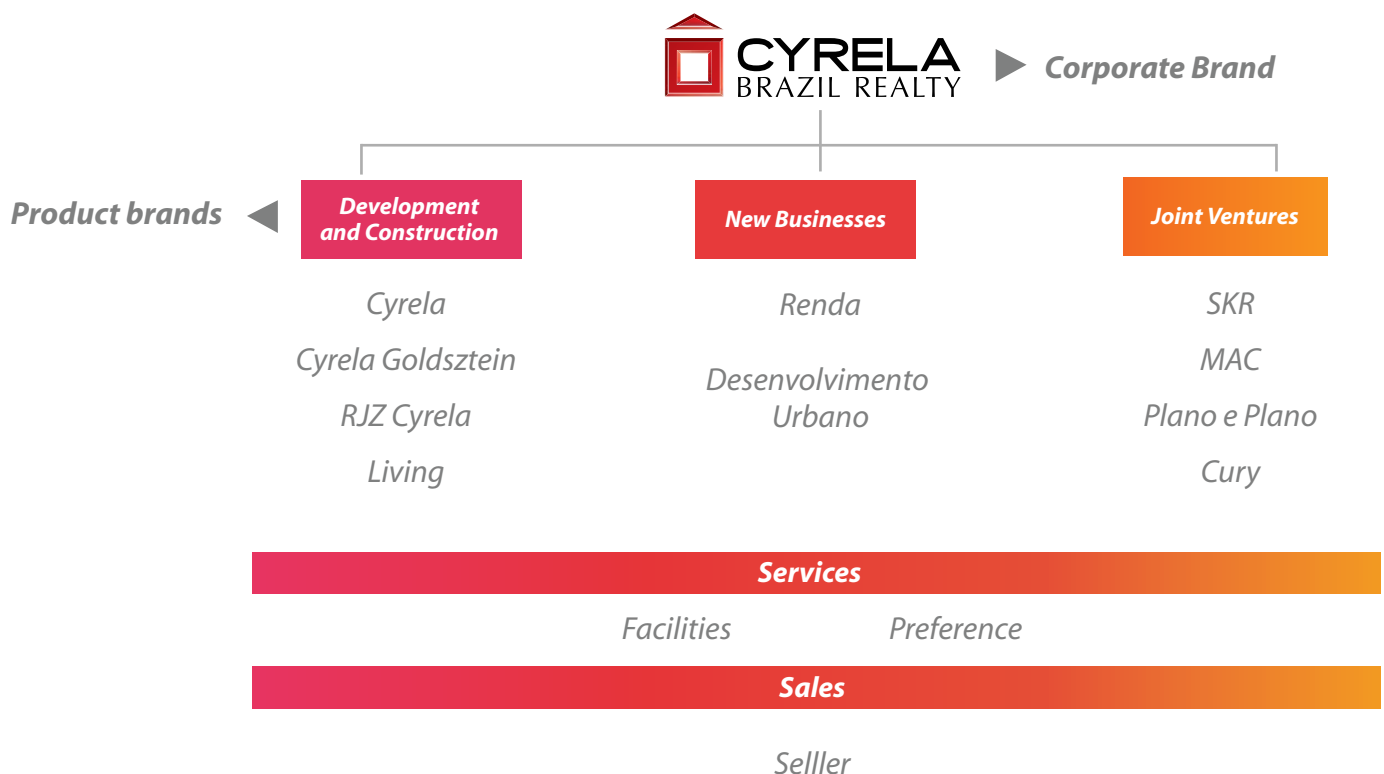
At the end of 2013, with the support of the brand consulting firm Interbrand, we began a project that went beyond the concept of changing our brands, representing a complete renewal.

After the thorough and strategic look at Cyrela as a brand, its attributes and values, we reached one of the main conclusions of this project: we understand that our corporate brand – which can be translated as a business platform – and our product brands demanded distinct placements. From there, through the identification of our target audiences and the purposes of our brands, the entire renewal process began to take shape.

CYRELA

Main findings

We believe that Cyrela is a business platform, in which each business has its own positioning needs.



Putting Life into Cyrela

The creation of a new institutional brand was the natural result of this renewal process. Inspired by our certainty that life guides our purpose of persevering in order to build for the better, to do right in all of our activities and for all of our stakeholders, our brand was redesigned to include the “chai”, a symbol of life in Hebrew.

Our logo



THE SYMBOL OF LIFE

Because we believe in the value and significance of the word “renewal,” we chose a new color, which symbolizes the light of the sun at sunrise and sunset, to represent us. The mix of red and orange refers to the energy that is brought to us daily, reflecting the cycle of life.





Legacy Vila Mariana, São Paulo

Cyrela: New Segmentation

This renewal also resulted in a new segmentation for our product brands, reflected in their repositioning. Through this process, the Cyrela brand was assigned to high-end and luxury developments, as shown below.

Segmentation

High-End

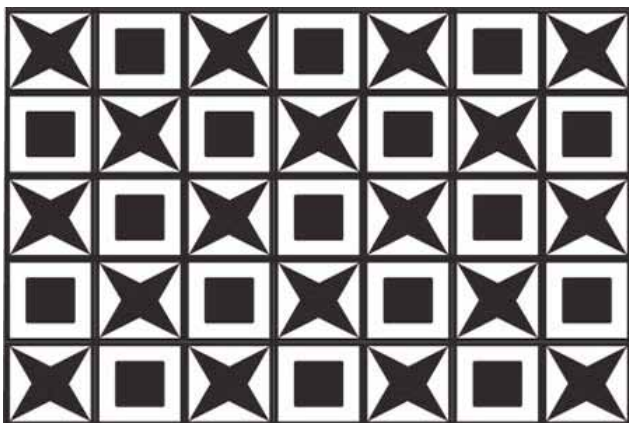


Luxury



In order to create spaces that inspire lives, the brand is reinforcing its goal to surprise and delight clients through efficiency, aesthetics and the **exclusive details of its products**.

Another innovation was the creation of the pattern, a proprietary graphic for our brand, which originated with the brand logo: the “little house”, which became exclusive for our product brand.



Pattern Cyrela



Pattern Cyrela

Living: renovation

Created in 2006 to serve the economy segment, the brand was redirected to the mid-market segment and had its identity totally reformulated to reflect its new positioning.



Based on this new focus, the Living products are intended for people who are sharing in the brand's moment of renewal. Put simply, it is directed at people who are starting a new phase of life and want to buy a property without interrupting or delaying other plans and dreams.

In order to symbolize a smart choice, the Living brand has been expanding in a manner that is completely aligned with its repositioning, increasingly strengthening ties with the central regions of São Paulo. In addition, the focus on the mid-market segment has opened new markets, such as Jundiaí, Campinas and Osasco, for example.

By combining efficient construction expertise, accumulated in recent years, with the standard of quality of a Cyrela Group brand, Living now represents an excellent opportunity for people seeking a dynamic, uncomplicated approach to purchasing a property.

Our Organization

CYRELA — INSTITUTO CYRELA SELLER

MCMV

High-End

Luxury





03

OUR WAY OF BEING

Stakeholder Management	15
Other Stakeholders	20
Corporate Governance	24
Organizational Structure	27





People: the key to building succession

STAKEHOLDER MANAGEMENT

People

For a company whose fundamental purpose is to persevere in order to build for the better, people go beyond being a priority; they serve as a foundation. Therefore, they are a fundamental part of our plan for building succession, which began in 2009 and allowed us to identify our values, insert them within a culture that has been revised so that it is more closely aligned with our strategy and to define the Cyrela Way of Being, in 2012. During this process, the company's leaders not only contributed to the design of what now constitutes our **culture**, but they were responsible for the dissemination and replication of all that it involves.

Our new identity, whose formation refers directly to our Way of Being, is fundamentally inspired by life, which only makes sense when it's shared with others. Our history permeates the growth of cities and we understand our responsibility, because we are part of the daily lives of families and of society's way of life.

That is why we say that we are a company formed by people and for people. Just like our brand, our employees symbolize the fortress of Cyrela. We believe that our way of doing business is directly related to the way that our professionals perform their duties and, even more so, the way they identify and engage with our culture. Founded on this premise, we invite you to learn more about our recruitment and selection programs.

Recruitment and Selection

Summer Job

Through partnerships with international universities, we seek out young Brazilian who are studying abroad and want to return to their country of origin to complete their studies, in order to be part of our journey at Cyrela.

Internship Program

Through this program we seek to complement the academic experience of young students from a variety of areas and to develop professionals who will be able to join our teams in the future. In 2014, we had nearly 500 interns throughout Brazil, mainly in the Projects area.

Trainee Program

Directed at recent graduates, our trainee program broke records last year. There were a total of 12,467 applicants, which represented 1,781 candidates per vacancy. These figures led to Cyrela being highlighted in 2014 on the *Exame* website, which indicated that we have the second most sought-after trainee program among the 14 others with up to 1.9 thousand applicants per vacancy. We are confident that our work building the brand among young people, coupled with initiatives such as the Cyrela Open House, which invited interested candidates to visit our company for a day, led to the high number of applicants in 2014.

Accelerated Development Program

Featuring the characteristics of both the internship and trainee programs, the Accelerated Development Program (PDA) is focused on identifying and attracting talented university students to embark on a

journey of accelerated development. With a duration of 16 months, it allows interns to come into contact with the company's key leaders and managers, who serve as their sponsors, coaches and mentors during the program. Last year, Cyrela's PDA received 4,250 applications for 13 positions.

Evaluation

Guided by the premises of our Way of Being, we evaluate our employees based on "what," which involves quantitative and qualitative targets, and "how," which represents the professional's adherence to our way of doing things and our culture.

To do this, we have an annual 360° evaluation, through which our employees evaluate and are also evaluated from every angle; peers, subordinates and superiors. Another important tool in this respect comes through the Executive Career Committee, in which our executive officers (corporate officers and regional heads) dedicate one day out of the year to evaluate Cyrela's 40 key executives. Similarly, there is also a Career Committee focused on all of the Company's employees. Over the course of two months, a variety of management groups meet to evaluate all of the employees.

This format provides us with a thorough and complete view of our professional staff, allowing us to evaluate our meritocracy and compensation policies, and, most importantly, the Individual Evaluation Plans of our employees.

Development

Our leaders are developed at the **Cyrela Academy**, through programs such as the in-company MBA, carried out in partnership with Fundação Dom Cabral and formatted especially for Cyrela.

In March 2014, we completed the final module of the second MBA class, which began in May 2013 and had 26 participants from a variety of Cyrela's business areas and regional offices. The final phase of the program was conducted at Northwestern University's Kellogg School of Business, recognized internationally for its expertise in management, business, marketing and innovation. Due to its location in Evanston, which is close to Chicago (USA), the module included five days of immersion and visits by the participants to areas and offices in Chicago, which is an international reference in architecture and urban development.

Topics such as "explosions and collapses in the housing markets," "communications and marketing in a digital world" and "the behavior of new generations and how this may create new necessities" were addressed by international professors during the closing module of the Cyrela MBA.

When they return to their work routines with the considerable toolkit of new information and insights, the participants are able to multiply the knowledge they have acquired among their teams. In the South region, for example, there was a Cyrela MBA II Panel, during which a summary of this information was provided, with a focus on engaging all of the leaders present. Issues related to decision-making, which must keep pace with the rapid rate of change in the world, as well as trends, which must be quickly absorbed, mainly through a proactive professional approach, guided the content of the panel.

Organizational Climate

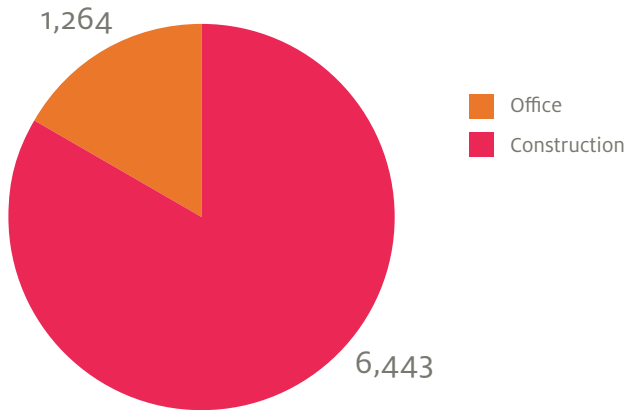
Over the last three years, we have made significant progress on our organizational climate survey. During this period, our overall result grew more than 22% and, in the 2014 survey, 82% of employees stated that Cyrela is an excellent place to work. The data obtained annually are essential sources for the realization of specific projects and initiatives, developed through structured action plans that involve everyone from the executives to the teams, so that we can work together to build a company that gets better with each passing day.



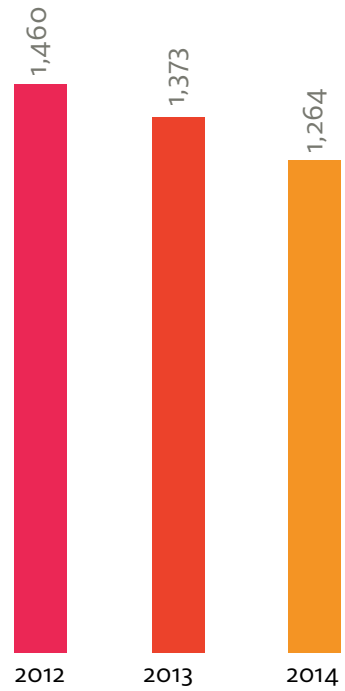
Cyrela: We believe in people

Learn more about our employees

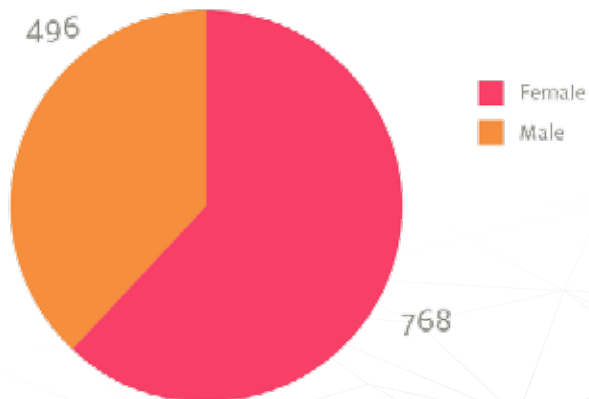
Total Employees



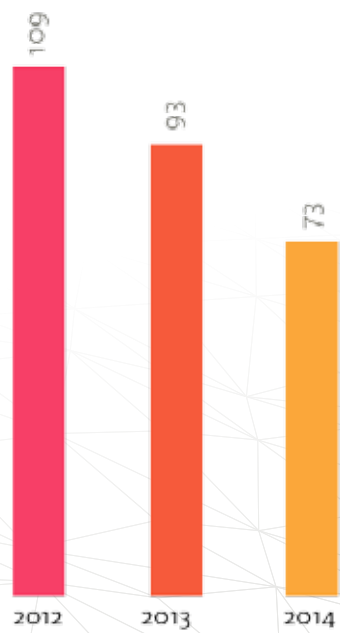
Office Workers



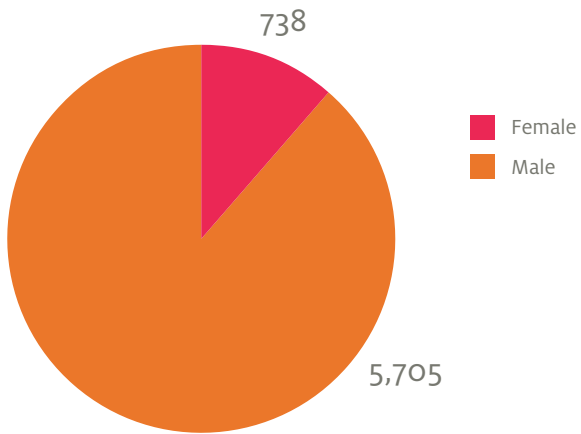
Office Employees



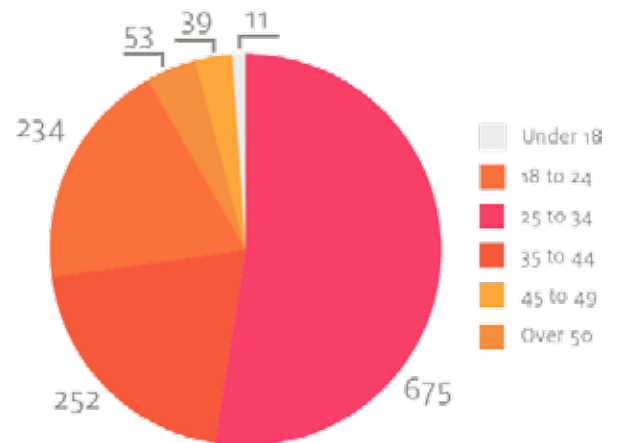
Office Interns



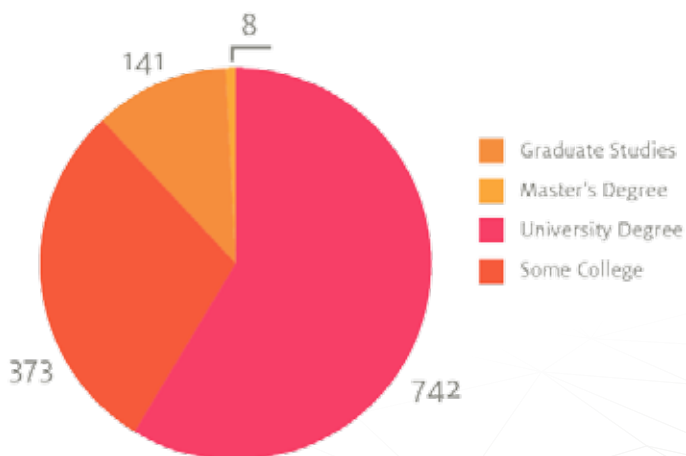
Construction Workers



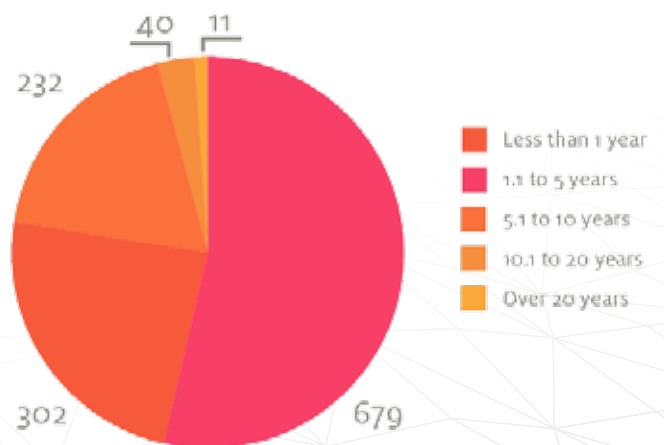
Age Range



Education Level



Time with the Company



OTHER STAKEHOLDERS

Our goal of persevering in order to build for the better emphasizes the importance of our connections, given that we can only achieve this goal through relationships of value. The nature of our business means that we interact with various stakeholders, with whom we work at different moments and in different ways. Cyrela regards all of them as essential.

Clients

In order to understand and provide excellent service to our clients, we utilize customer satisfaction surveys at different moments, in order to prepare ourselves to further grow and innovate. With this same focus, in recent years we have made significant investments in improving our relationship with our clients.

In 2014, our Technical Assistance Department – responsible for serving the customers who live in Cyrela developments – registered 93% of clients satisfied with the customer service, terms and services provided. This evaluation was based on 1,534 responses received from people served and it followed the guidelines of Cyrela's internal management system, audited by Lloyds. In 2013, the percentage was 88%, characterizing the increase in customer satisfaction as a result of our efforts to increasingly improve our service and availability to our clients.

Internally, we reformulated our CRM to evolve in terms of managing deadlines and, consequently, increasing the agility of our customer service. In other words, we can say that we have altered the level of our system, which has gone beyond being a database to becoming an information management tool, with significant marketing gains. Last year, our CRM was selected by Microsoft as a successful **case** study in implementation in business areas that deal with clients. In addition, ITMídia, through the publication of IT Forum, named Cyrela one of the 100 most innovative companies in

the use of IT. The CRM project resulted in Cyrela being ranked 87th overall and 4th in the construction and construction materials segment.

Aligned with the growing demand for technology and attentive to trends in communication, we have completely reformulated our interface and in September 2014 we launched the new Client Portal, which is fully compatible with any mobile device. In addition to following the guidelines of our **new identity**, it meets the expectation of our more connected clients, expanding self-service.

Using this new platform, requests for technical assistance, reissued bank payment slips, scheduling unit inspections, and other services, can be carried out **online**.

In total, there are 15 financial management tools available – such as calculation memory, financial position, prepayment and installment renegotiation – providing more independence to our clients when they need more time and autonomy in relation to scheduling Cyrela services. Two months after the implementation of the Client Portal, we registered a 30% reduction in the volume of telephone calls.

Investors

Cyrela's investors are strategic for our evolution. They believe in our operations, guided by our ethical and transparent culture, and monitor the Company's development through the Investor Relations team and a specific direct channel: the IR website. Through the **website** it is possible to access a variety of information about our management, our results, corporate initiatives and other issues of interest for these stakeholders.

The Company currently has almost 7,000 shareholders worldwide and its shares were ranked 30th among the most traded on the BM&FBovespa in 2014.

Our Reference Form, which can be accessed through our IR website, is a highly important and very comprehensive document, with plenty of information, ranging from the Company's history, the risks of the operation and the shareholding structure, through to the management compensation. This material is constantly updated and is available for full access.

Foreign investors may invest in the Company via ADRs. Aiming to provide these investors with improved access to the Company's information, in August 2014 Cyrela adhered to the OTC Markets trading platform, in the OTCQX segment (ticker symbol: CYRBY) and has a webpage at www.otcm Markets.com which provides a brief description of the Cyrela and its activities and contains all its financial statements, and a variety of other documents filed by the Company as well as the trading history of the ADRs and their respective closing prices and volumes.

Those interested in accompanying the Company's activities can also register on the IR mailing list to receive everything that is sent.

Sales Consultants

Our sales consultants, who are members of Seller, our in-house sales team, are essential to fulfilling our purpose. Dedicated to deeply understanding our Way of Being and how it translated into unique products in terms of quality and innovation, they are responsible for interfacing with our customers when selling our developments.

Throughout 2014, they were responsible for results that positioned us very well in the market in terms of the speed of sales, overcoming challenges in the difficult year for the real estate market. In addition to training and a focus on active prospecting, we're certain that the engagement of our consultants was essential to achieving these positive results.

In light of what we have achieved with the launch of the Client Portal, we are also investing in the modernization of the work platforms used by our sales consultants, in order to provide for a more agile and plugged-in customer service experience, as well as allowing for a more dynamic management of the information connected to customer relations and sales.



Cyrela: evolution never stops

Communities

Our history has always been closely related with a focus on our social actions. Moving beyond the measurement of the potential impacts that we may cause in the communities with whom we interact, we are aware of our responsibility to transform them. In that sense, we carry out actions in order to prevent and mitigate some of the environmental impacts. Examples include waste collection in the areas surrounding our projects, maintenance of public green space, recycling of waste from project construction and the management of project waste.

Suppliers

Partners without whom our operational excellence and constant quest for better services would be compromised. That is how we see our suppliers, with whom we work to build succession and share innovations.



"We have an excellent relationship with Cyrela. Our more than 30 years of partnership is proof of this. This strong relationship is the result of similar beliefs - ethics, innovation, growth - transparency between the parties; intelligent negotiations, given that the company always gauges earnings opportunities through the specific analysis of each new project; process expertise, which generates greater interaction; and the perception by both companies of the value of this alliance, in relation to new technologies, productivity or quality."

Luciano Bispo Mandinga
Votorantim Cimentos

"The longstanding relationship between Cyrela and Deca is a perfect example. Based on the values and principles that are practiced on a daily basis by our employees, who make the difference, resulting in a final product that provides our clients and society with a dream fulfilled, a better quality of life and a better country. This is supported by a strong chain that is truly sustainable in practice."

Andrea, Arnaldo and Felipe
Duratex S.A. – Divisão Deca

"Trust is the word that best defines the relationship of many years between our companies. Mutual trust in the certainty of a job well done, in the quest for better performance, with quality and total respect by both parties. We feel as though we are more than supply partners; we feel that we are active members of Cyrela and its history."

Ronald Sant'Angelo and Pablo Riquelme
L.SANT'ANGELO PINTURAS

Last year we became listed on the United States-based OTC trading platform, which increases our exposure, mainly to individual investors, as well as the liquidity of our shares.



Transparency and respect for all stakeholders

CORPORATE GOVERNANCE

Transparency and respect for all of the stakeholders with whom we interact are the foundations of our Corporate Governance practices. Our business management and monitoring models, as well as the rendering of accounts, are based on strict ethical principles, which allow us to establish a long-term relationship with our investors.

We spontaneously amended our **Bylaws** to adhere to the rules of the Novo Mercado and on July 29, 2005 we signed the Novo Mercado Participation Agreement with the current BM&FBOVESPA, through which we adhered to the rules of the Novo Mercado immediately after our IPO. This listing segment is reserved for trading shares issued by companies that voluntarily commit to adopt certain specific Corporate Governance and **disclosure** practices that are more than what is required by law.

We believe that credibility is our forte. Proof of this is that even after the intense brand renewal process that we underwent in 2014, our values of ethics and transparency, which transcend being obligatory, were preserved and strengthened.

Governance Structure

To ensure compliance with one of our main objectives, which is to build succession, our governance structure seeks to ensure the alignment and quality of our activities and services in all of our areas of activity. To do this, our governance is based on certain pillars, which are listed below:

Board of Directors

- Currently composed of eight members, three of whom are independent, all of them serving two-year terms, elected in April 2014.
- Their responsibilities include the development of policies and operational guidelines for Cyrela, the supervision of management, the evaluation of plans and projects proposed by the Executive Board and the direct contribution to achieving the expected results.
- The Board of Directors elects the Executive Board.

Executive Board

- Composed of six members, with three-year terms, who may be removed at any time.
- Responsible for executing the business strategy defined by the Board of Directors and for Cyrela's operating and financial performance.
- It also captures the development of the Company's strategic plans.

Internal Committees

Created to solidify our governance without bureaucratizing our decision-making process, they are listed below:

Performance

Analyzes and monitors the progress of that which has been budgeted vs. that which has been performed, verifying the progress on achieving Cyrela's goals

Tax

Aims to monitor and analyze tax practices.

Ethics

Assures Code of Conduct applicability and adherence.

Career

Evaluates the performance of all of Cyrela's employees.

Land

Resolves on land acquisitions that have already been approved by a technical committee.

Development

Analyzes and decides on the development of products or projects.

Launches

Resolves on the launch of developments throughout Brazil.

Sales

Analyzes and monitors sales results.

Engineering

Monitors the conduct and performance of projects with respect to deadlines, cost, quality and maintenance costs.

Credit, Collections and Transfers

Analyzes the evolution of the receivables portfolio and defines the lending and financing policies.

Finance

Analyzes and monitors the cash flow for projects and the Company.

People

Analyzes and closely monitors the progress and needs of our talent.

Co-CEOs: A Well Conducted Succession

Sustained by our Governance model, as well as the work done by the committees, on May 2014 we carried out an important organizational restructuring, putting into practice a studied succession plan. After 52 years at the helm of Cyrela, Elie Horn, who will remain as the Chairman of the Board of Directors, relinquished his position of Cyrela's CEO to the executives Efraim and Raphael Horn, who became co-CEOs of the Company. These changes to Cyrela's highest office are part of the renewal process, which was more intense over the last year.

Risk Management

All of Cyrela's areas have their own risk management and are responsible for their respective mitigation actions. However, we have three main forums focused on the issues thought to pose risks to Cyrela. They are: technical land purchasing committees, responsible for evaluating the main risks involved in purchasing a plot of land until its final approval; finance committee, responsible

for analyzing all of the Company's financial risks, from payment to currency risks; and a crisis committee, which handles the risks related to the Company's image.

Code of Conduct

Available to all of our employees on the Intranet, as well as the Investor Relations site, our Code of Conduct brings together the main guidelines of our culture and provides guidance about the ideal manner to handle relationships with a variety of stakeholders, also covering relationships with the environment.

Required reading for all of the professionals who join the Company, the document is an essential instrument for engagement and emphasizing the responsibility of each employee with regard to putting its term into everyday practice. Issues that are included in the Code are frequently covered in seminars, events and internal training at Cyrela.

In 2014, the Code incorporated two important issues (Secure Contact and Anti-Corruption Law), presented below.

Secure Contact

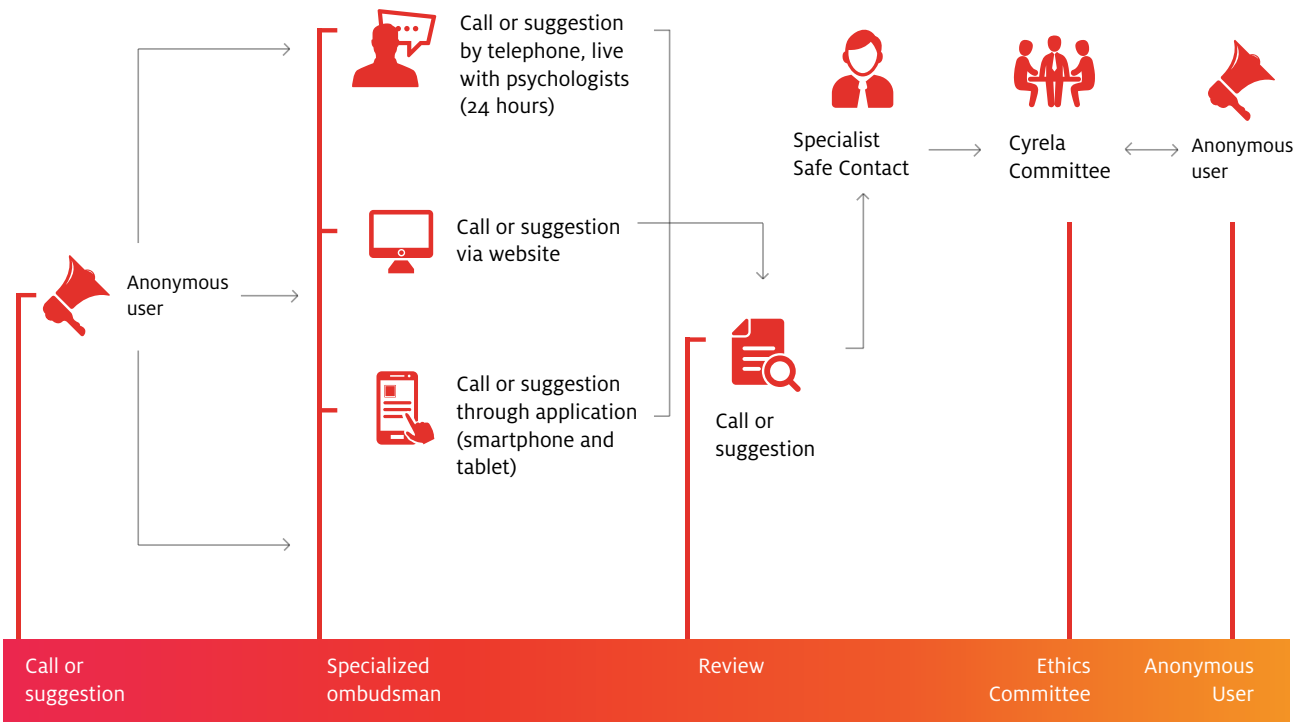
Launched in March 2014, Cyrela's Secure Contact is a confidential channel through which employees, clients or partners can submit any type of complaint, without the need to identify themselves. Notifications about conduct not in accordance with the Company's principles, established by the Code of Conduct, can be reported, by telephone or online, with a full guarantee of confidentiality and security. The channel is also able to receive suggestions for the improvement of any area at Cyrela.

Secure Contact Channels

Site: www.contatoseguro.com.br/cyrela

Telephone: 0800-648-6308

Learn more about the process:



Anti-Corruption Law

Attentive to the enactment and imminent entry into force of the Anti-Corruption Law, we contracted the Ernst & Young consulting firm to conduct training focused on the law’s content for Cyrela employees throughout Brazil. More than one thousand professionals took part in this initiative from August 18 to October 10, 2014.

ORGANIZATIONAL STRUCTURE

Statutory Officers

Efraim Horn

He holds a degree in Business Administration and Philosophy from the Talmudic University of Florida (TUF), and has an MBA from Fundação Armando Álvares Penteado (FAAP). He has worked for Cyrela Brazil Realty since 2004, operating in the Land and

Finance areas. Mr. Horn led the Company’s expansion in the North and Northeast of Brazil and is currently co-CEO responsible for the São Paulo, North and Northeast Business Units as well as for Land and Urban Development.

Raphael Horn

He holds a degree in Business Administration from ESPM University. Mr. Horn joined Cyrela in 2005, working in the Real Estate Development area, and has led the Company’s corporate areas for the past few years. Cyrela’s current co-CEO, he manages the Finance, Legal and Personnel Departments, and is also responsible for overseeing the South and Rio de Janeiro Business Units.

Rogério Jonas Zylbersztajn

Vice Chairman of the Board of Directors and an Executive Vice President of Cyrela since 2006, Rogério Jonas Zylberman is also a Vice President at ADEMI

and Vice President at Sinduscon Rio. Since 1985, he has served as a partner and executive officer at RJZ Engenharia Ltda., which was merged into Cyrela in 2006. Currently, he is responsible for the company's operations in the state of Rio de Janeiro. He holds a degree in Civil Engineering from Santa Úrsula University in Rio de Janeiro.

Eric Alencar

Company CFO Eric Alencar has been with Cyrela since 2008, having served as the Corporate Financial Planning Officer, Chief Financial Officer for the Rio de Janeiro region and, subsequently, Corporate Strategic Planning and Management Officer. He holds a degree in Engineering from Poli-USP in São Paulo and an MBA from Wharton Business School.

Cláudio Carvalho de Lima

Corporate Officer at Cyrela Brazil Realty since 2006, responsible for the corporate areas encompassing Legal, Compliance, Governance and Internal Auditing. He earned his Law degree in 1991 from Mackenzie University and has worked in the real estate market for more than 20 years, having served as an executive officer in the area, a specialist in strategy, structuring partnerships, JVs and M&As, a member of the Board at the Brazilian Association of Real Estate Developers (ABRAINC), as a representative to the Sector Class Associations. He began his career in 1988 at Badesp S/A (Banco de Desenvolvimento do Estado de São Paulo S/A), later served as the Legal Director at Unibanco and Multicanal (currently Net), he was a Senior Manager and Executive Officer at the companies of the Real Estate Development Company (Redevco do Brasil), a company of the Dutch Group Cofra AG, where he was responsible for the legal and partners area in Brazil between 2001 and 2007.

Cássio Mantelmacher

Cássio Mantelmacher holds a degree in Civil Engineering from USP in São Paulo and began his career in the real estate industry in 1986, working

at the companies Gafisa and Schahin. In May 2005, he joined the Cyrela Group, to lead the Real Estate Development area.

Members of the Board of Directors

Elie Horn - Chairman

Founder of Cyrela and Chairman of the Board of Directors, Horn holds a degree in Law from Mackenzie Presbyterian University in São Paulo and he has significant experience in the real estate business and development segments. Since the Company was launched in 1962, he had conducted his career in a conservative and discrete manner. His values are supported by pillars such as integrity, respect, doing good, optimism and dedication to work.

Rogério Jonas Zylbersztajn - Vice Chairman of RJZ Cyrela

Vice Chairman of the Board of Directors and an Executive Vice President of Cyrela since 2006, Rogério Jonas Zylberman is also a Vice President at ADEMI and Vice President at Sinduscon Rio. Since 1985, he has served as a partner and executive officer at RJZ Engenharia Ltda., which was merged into Cyrela in 2006. Currently, he is responsible for the company's operations in the state of Rio de Janeiro. He holds a degree in Civil Engineering from Santa Úrsula University in Rio de Janeiro.

George Zausner - Board Member

An officer at Cyrela Empreendimentos Imobiliários Ltda. since 1982, George Zausner has been a member of the Company's Board of Directors since 1997. He was also a Manager of FOA – Engenharia e Fundações Ltda. He holds a degree in Civil Engineering from the Polytechnic School of the University of Bahia.

Rafael Novelino - Board Member

Rafael Novellino holds a degree in Accounting from Trinta de Outubro Technical Trade School and Economics from the São Luís School of Economics, and has been a member of the Board of Directors at

Cyrela since 1997. He served as the Company's Chief Financial Officer from 1982 to 2009. Previously, he served as the Chief Financial Officer of Indústria Anhembi, controller at the Ferraz de Andrade Group and Financial Manager of Supergasbras Distribuidora de Gás.

Fernando Goldsztein - Director General of the South Unit

Fernando Goldsztein is a member of the Board of Directors at Cyrela and Executive Officer for Operations in the South Region. In 2005, he served as the Commercial Officer at Goldsztein Participações and, in 2006, as the Commercial and Development Officer at JV Goldsztein Cyrela. In 2008, he became the CEO of JV Goldsztein Cyrela. He holds a degree in Business Administration from PUC in Rio Grande do Sul, with a specialization in Marketing from UFRGS and graduate studies at Fundação Dom Cabral. He also holds a Master's in Business Administration from the MIT Sloan School of Management, in the United States.

Sergio A. L. Rial - Independent Board Member

Sergio A. L. Rial currently serves as the Chairman of the Board of Directors at Santander Brasil. He previously served as CEO of Marfrig Global Foods and CFO of Cargill Inc., where he was a member of the Board of Directors and the Global Executive Committee. He was also a Senior Executive Officer at Bear Stearns, in New York, where he also led the institution's investments division. He worked for 18 years at ABN AMRO, where he holds positions in a variety of countries and was the first non-Dutch member of the Board of Directors. Before that, he served as the Chairman of the Board of Directors at Carval Investors LLC and he was a Board Member at Mosaic Fertilizers. Recently, he joined the Board of The Nature Conservancy for Latin America, one of the most important NGOs in the world. He has served as a member of the Board of Directors at Cyrela since 2010 and holds a degree in Law from

the Federal University of Rio de Janeiro (UFRJ) and in Economics from Universidade Gama Filho. He also holds an MBA from the Brazilian Institute of Capital Markets (IBMEC) and completed specialization courses at the Harvard Business School, the INSEAD Institute and Wharton.

João Cesar de Queiroz Tourinho - Independent Board Member

João Cesar de Queiroz Tourinho has served as a Partner and Executive Officer with Mauá Sekular Investimentos since 2009 and served as Executive Vice President of Banco Safra for 12 years, where he was responsible for the Treasury and the Investment Bank. In addition, he was a member of the Ethics Committee of the BM&F Bovespa. He holds a degree in Mechanical Engineering and Production from the Pontifical Catholic University of Rio de Janeiro (PUC-Rio), with an Executive MBA in Finance from IBMEC. He has served as an Independent Board Member at Cyrela since April 2011.

Rogério Frota Melzi - Independent Board Member

Rogério Frota Melzi holds a degree in Mechanical Engineering from Mackenzie University, a graduate degree in Administration from FGV/SP and an MBA from Stanford University. He has served as an Independent Board Member at Cyrela since 2014 and has served as the CEO of Estácio Participações S.A. since April 2012, where he also served as the Chief Financial and Investor Relations Office from March 2011 to March 2012, and Planning and Services Officer from July 2008 to September 2009. Prior to joining Estácio, he was the Financial Planning and Control Officer at Suzano Holding, Supply Chain Planning & Performance from 2005 to 2008, Executive Officer at Inbev/Labatt, Corporate Budget & Performance Manager at Ambev from 2001 to 2005, and Associate at Booz-Allen & Hamilton in 2000.

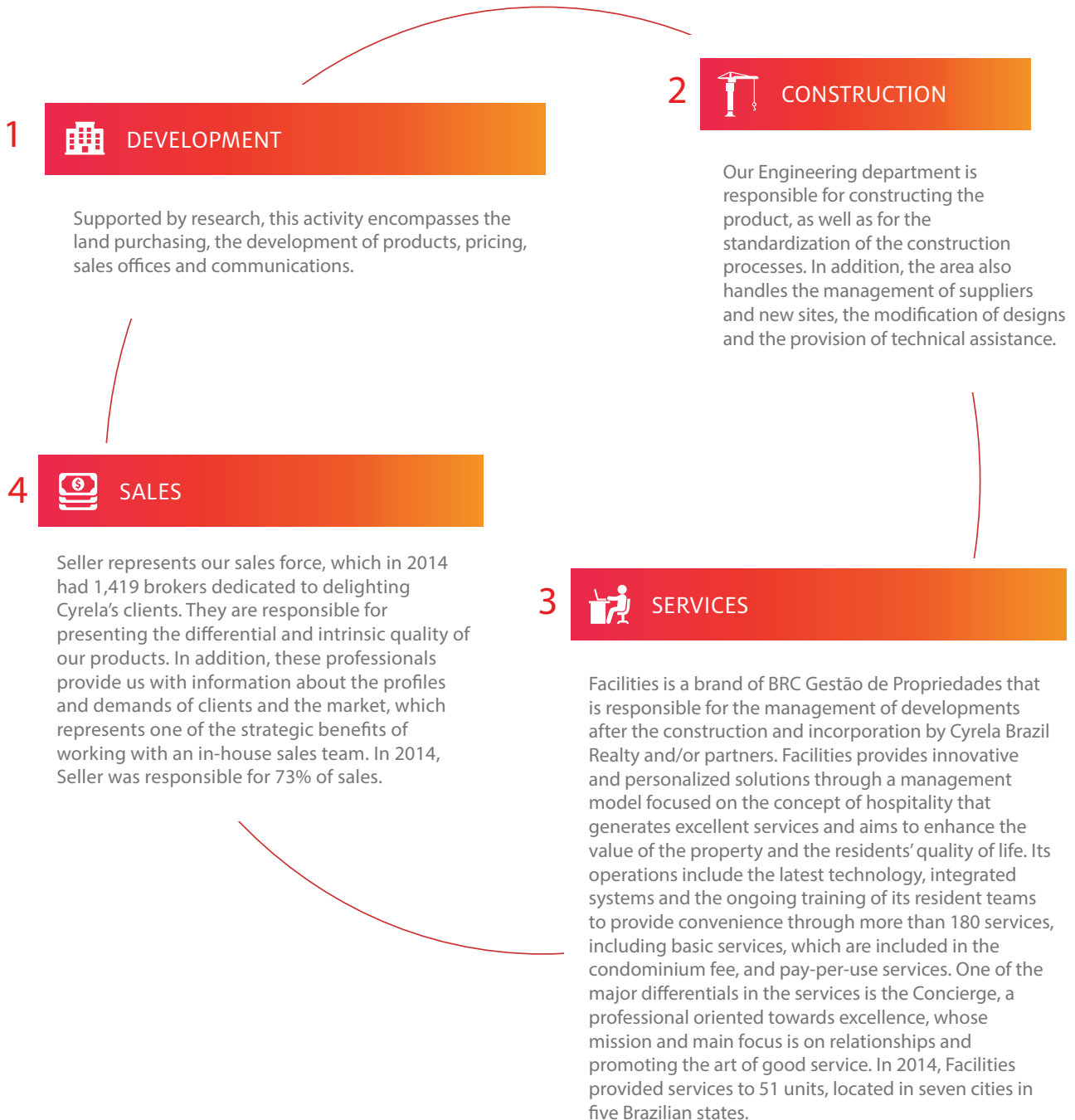


04

OUR WAY OF OPERATING

Integrated Business Model	31
Engineering	34
Developments	37
Financial Performance	45
Macroeconomic Scenario	49
Prospects	49
Scenario	50

INTEGRATED BUSINESS MODEL



Business Platform

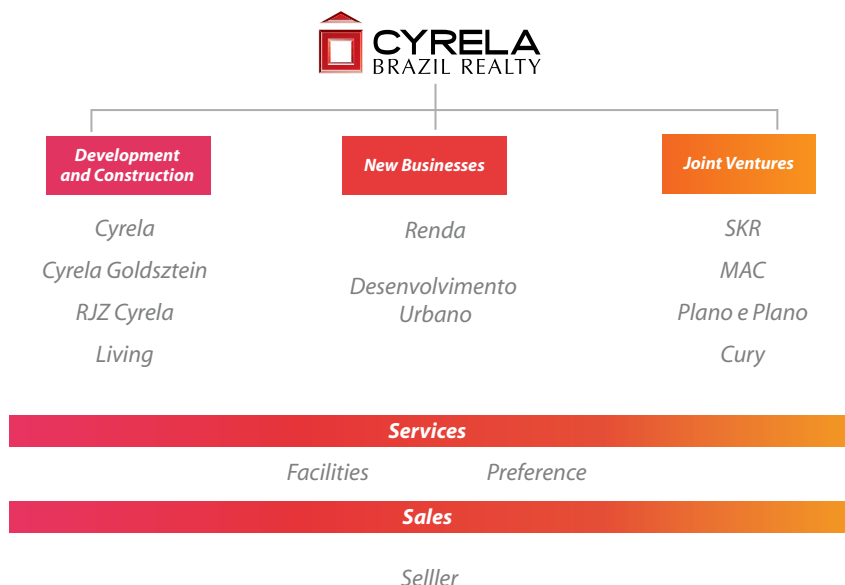
Focused on the expansion and maintenance of our customer service in Brazil, we have partnerships with four joint ventures that share our values and are aligned with our culture. They are: Cury, Mac, SKR and Plano&Plano.

As was explained in the chapter in which we discussed our **new identity**, Living, which was previously created to serve the economy segment of the real estate market, underwent an intense renewal process and is now directed at the mid-market segment.

Segmentation



Cyrela is a business platform, in which each business has its own positioning needs.





Cyrela's participation: 50%

Present in the São Paulo real estate market since 1985, SKR is recognized for its high construction standards, which seek to meet the expectation of consumers who value quality of life and design in their properties. Beginning in 2007, SKR and Cyrela began working together in the market, represented through their joint venture, SK Realty Empreendimentos S/A.



Cyrela's participation: 50%

Founded in 1981, MAC is an established high-end builder and developer, which prioritizes quality and personalization in its projects. In the early 1990s, the successful launch of The Point drove the company to expand and diversify its line of products. Today, MAC is experiencing solid growth, while valuing the tradition and respect that it has earned since the start of its activities.



Cyrela's participation: 80%

Plano&Plano, the builder and developer that has been operating in the real estate market for the last 15 years, partnered with Cyrela in 2006, consolidating its market share. It currently has more than 1.5 million m² launched, 900,000 m² built, 420,000 m² under construction, 8,000 active clients and 770 direct employees. The company's portfolio includes residential products for both the economy and upper mid-market segments, as well as commercial products.



Cyrela's participation: 50%

Cury Construtora e Incorporadora has been building and developing real estate projects since 1962. The brand is now present in 27 cities in the states of São Paulo and Rio de Janeiro. From 2009 to 2013, the company contracted more than 45,000 units through the "Minha Casa Minha Vida" program, establishing itself as one of the largest builders in the low-income market.

*Procedures
play an
important role
at Cyrela: for
every project
there are more
than 400 of
them.*

ENGINEERING

Engineering is an area of operations that is essential to our development, which is totally connected to our purpose of persevering in order to build for the better. It effectively participates in all stages of the life cycle of our developments. Guided by operational excellence and the quality assurance inherent to the Cyrela standard, the area makes ongoing investments in processes, new materials and construction techniques.

In addition to sharing the premises that make up our Way of Being, an unquestionable differential of Cyrela Engineering is the management of its processes and indicators, through which it is possible to achieve the planned results.

Key Engineering indicators

Construction Cost → A strategic indicator that is monitored on a monthly basis by corporate

Project Deadlines → A strategic indicator that is monitored on a monthly basis by corporate

Quality → Ongoing evaluation, during every stage of project management, with a focus on adhering to the ISO 9000 management system.

Each week, accompanied by the CEO of the company, Engineering discusses the development and management of projects and the main project indicators for each Cyrela regional office.

Standardization of Processes

Deployed and consolidated at all of our regional offices in 2013, the use of the Fênix management system matured over the course of 2014, further improving our controls and the resulting observance of possible improvements to our projects, the time required for intervention and the execution. Through Fênix, we remain focused on the standardization of our processes and the continuous advancement of our delivery excellence, through key points such as the reduction of **waste** production at our work sites.

As a result of this and also of the moment of renewal in which our company is fully involved, we made some changes to our Engineering leadership, reviewing organizational charts in order to identify possible positive changes.

Training

Our management system also monitors specific training that is mandatory for all employees, including those who provide services to Cyrela. For those who operate at our work sites, entry is only allowed after confirmation, via the system, that the required training has been completed, such as those that cover issues of occupational health and safety.

Over the last year, more than 10 thousand training sessions were provided.

Consolidated Career

São Paulo

- Of the 25 engineers who make up the area, 20 (77%) began as interns.
- Among the 25 leaders in the area, 20 were interns.
- In 2014, 44% of Engineering interns were hired.

Rio de Janeiro

- At the Rio de Janeiro regional office, 42% of leaders joined the company through the Internship Program.

Structure Day

In 2014, the Cyrela's Quality and Technological Development area held the third edition of Structure Day. With the presence of 160 participants, including employees from Cyrela Engineering and Living, as well as representatives from some of the regional offices, the event included leading professionals from the market, such as Ricardo França, Márcio Ramalho and Paulo Helene. Throughout the day, there was an exchange of best practices in the segment and a discussion of issues such as execution of reinforced concrete structures and masonry projects.

To close the event, there was an homage to Corporate Engineering Office Antônio Carlos Zorzi, who had his Master's thesis – entitled “Wooden molding for reinforced concrete structures: guidelines for high productivity and cost savings” – published by his colleagues in the area.



Cyrela and Living employees at Structure Day

Life Cycle of Developments

1



LAND PURCHASE

- Pricing based on the parameterization of the construction cost;
- Technical and financial support in defining the product;
- Technical and financial support in implementing the product.

2



PRODUCT DEVELOPMENT

- Technical and financial support;
- Project compatibility;
- Definition of planning and construction period.

3



LAUNCH

- Training for the sales force;
- Establishment of final cost and deadlines, with support from Engineering;
- Participation in determining the physical location of the point of sale (stand), focused on optimizing removal for the start of work.

4



SALES

- Technical support from the broker and the sales staff;
- Technical training on the product and Cyrela's processes.

5



DEVELOPMENT OF THE EXECUTIVE PROJECT

- Establishment of the construction budget based on the executive projects

6



CONSTRUCTION

- Construction of the development;
- "As built" of the projects;
- Certificate of Occupancy;
- Preparation of the manuals for the property owner and the building manager;
- Monitoring construction progress and costs.

7



CUSTOMER DELIVERY INSPECTION

- Customer delivery inspection of the private units;
- Customer delivery inspection of the common areas.

8



DELIVERY

- Condo management meeting.

9



TECHNICAL ASSISTANCE

- Provide technical assistance within the warrant period for the development;
- Feedback to all areas of the company.

Developments

Launching a project involves research, attention to trends and a focus on innovation. But we also understand that with each development launched we are building new stories, which are shares from the moment that one of our main goals is achieved, which is to delight and surprise the people who choose to be our clients.

In 2014, we carried out 53 launches, with the majority concentrated in the São Paulo and Rio de Janeiro regions, which together accounted for 76% of the developments of the year. We believe that differentiated projects stand out on the market, making the difference and achieving solid results, even in an atypical and challenging year, such as this last one.

Learn more about our main case studies in 2014:

Cyrela by Pininfarina

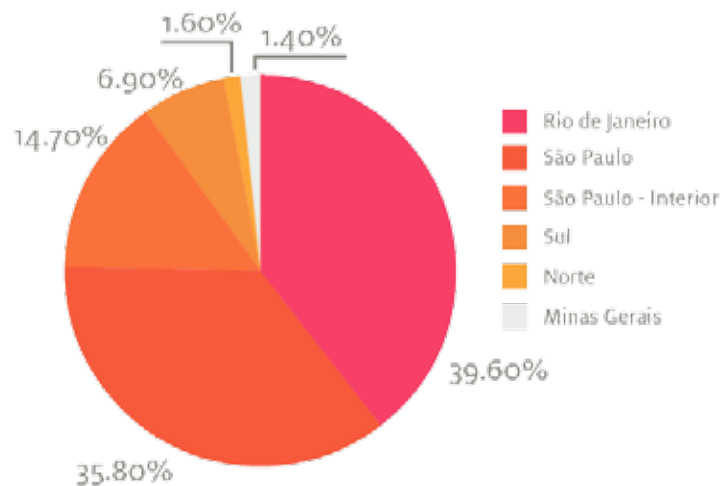
São Paulo

Through a pioneering partnership, we launched Cyrela by Pininfarina in September of last year. Recognized internationally for designing Ferrari cars, the Pininfarina design studio worked together with our team and together we shattered construction paradigms, launching a development that epitomizes the city of São Paulo: futuristic and extremely innovative.

An undulating façade, curved balconies that do not face each other and a slightly circular axis. These are the most striking features of the building, which will have 23 floors and 92 apartments, with layouts ranging from 50 to 100 m², with four units per floor. Located in Vila Olímpia, the development will occupy an area of 2,050 m² and is scheduled for delivery in early 2018.

More than 50% of the units were sold 60 days after the start of the sales campaign, proof of a successful launch.

Launches by Region in 2014



Cyrela by Pininfarina is a unique project, aimed at people interested in a differentiated product, who value design and exclusivity, and whose expectations go beyond the concept of “reside”.



Cyrela by Pininfarina, São Paulo

Arq 50 Contest

What will it be like to live in a 50 m² apartment in 2025?

In April 2014, we asked this question to architecture students in São Paulo, inviting them to take part in our Arq 50 contest. Over a period of four months, we received more than 150 applications, responding to the challenging of bringing together creativity, technology and viability.

To announce the top three finishers and award them with three-month internships with Cyrela, we held an event at the Cyrela by Pininfarina sales stand, hours before its official inauguration. At the event, Cyrela co-CEO Efraim Horn and Paolo Pininfarina, the CEO of the design studio, discussed each of the projects and presented the awards to the university students. Currently, two of the three winners had their contracts extended and are still with Cyrela.

In addition to the internship, student André Mesquita Britto, who took place in the contest, was awarded a trip to Italy, where he visited the Pininfarina design studio, located in the city of Turin.

Riserva Golf

Rio de Janeiro

The first residential project in Brazil to receive pre-certification from the Leadership in Energy and Environmental Design (LEED) program, the most widely recognized sustainability seal, Riserva Golf makes use of concepts that are fully aligned with nature and the lifestyle in Barra da Tijuca, the neighborhood that is home to the development.

Located on a more than 31 thousand m² plot of land, across from a future golf course, Riserva Golf brings together ample leisure areas – permeated with landscaping based around native species – with a project that seeks to strengthen the relationship of residents with the nature inherent to the Rio de Janeiro region. To reinforce this concept, the project



includes a façade made with glass and marble and an entryway built with an imposing metal panel featuring glass boxes, which allow for the entry of natural lighting and ventilation.

Scheduled for delivery in March 2018, Reserva Golf features apartments with four to six bedrooms, with private areas that range from 266 to 648 m² and penthouse units with up to 1,308 m² of private area.

MEDPLEX

Porto Alegre

Directed at healthcare professionals, MEDPLEX brings an innovative concept to the capital city of Rio Grande do Sul, through a development that takes into account the main demands of its target audience. Inspired by the world's best medical centers, it was designed to serve as a reference.

Located in a region that is modern and conducive to the provision of healthcare services, the project included prior studies that also took into account the evolution of the location in the coming years, both in terms of infrastructure, as well as real estate values.

Made up of two towers, the first of which features offices ranging from 35 to 65 m² – with combinations up to 737 m² – and the second with rooms up to 30 m² – with combinations up to 215 m², MEDPLEX is scheduled for completion in November 2017. All of the common areas were designed to adhere to the Brazilian Health Surveillance Agency (ANVISA) norms and regulations.



Medplex, Porto Alegre



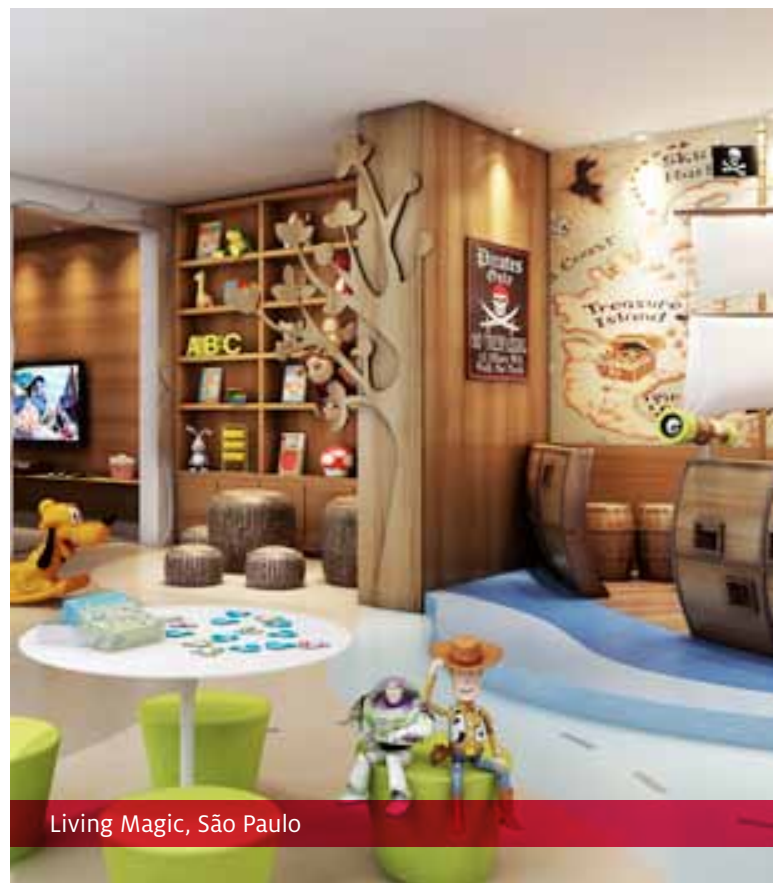
Living Magic, São Paulo

Living Magic

Osasco, SP

In 2014, Living presented its first development under its new identity, Living Magic. The project offers some new features in relation to previous projects, such as the façade, which has more modern lines, and the large balconies with barbecues, which are a first for a project under this brand. Living signed a partnership with Disney, one of the largest entertainment companies in the world. As a result, the common areas for children were inspired by and decorated with licensed Disney products.

Apartments with two or three bedrooms, ranging from 55 to 83 m² of space, are featured in Living Magic, which occupies a 9,639 m² plot of land. This project is scheduled for delivery in January 2018 and it is being built in Vila Yara, a neighborhood in Osasco that stands out for its ongoing development.



Living Magic, São Paulo

Major Deliveries:

Throughout 2014, we concluded the delivery of 81 developments, totaling 20,804 units. Below are some of the highlights:

Luzes da Mooca

São Paulo

Inspired by the glow emanating from the chimneys of the project's towers – five in total – the idea was based on the old facilities of the Açúcar União sugar refinery company, which was a symbol of the industrialization of Mooca. As such, our aim was, together with Magik Empreendimentos Imobiliários, to emphasize the neighborhood's traditions and subsequently restore the heritage of the famous União factory.

Four residential towers and one office tower were built on an area covering 33,000 square meters. The Villa Solare condominium, which features larger apartments, has options ranging from 172 to 204 m². Next, Villagio Luna offers apartments that range from 110 to 155 million square meters, while Portale Mattino has residences ranging from 82 to 108 square meters. Spazio Lume offers the practicality of the Facilitie Home services and has apartments ranging from 47 to 52 square meters. Finally, Atrio Giorno, the project's commercial building, offers offices ranging from 46 to 89 square meters, with the possibility of combined duplex offices of between 62 and 113 square meters.



Thera Berrini

São Paulo

Thera Berrini features a residential tower and an office tower with independent condos totaling 575 units.

The project is located on a plot of land covering more than 23,000 square meters, combining the service options of Avenida Engenheiro Luiz Carlos Berrini with

the tranquility of Rua Kansas. This project confirmed our hunch during the launch, in 2010, of the growing market for residential buildings with services that also integrate commercial units. In four days of sales, all of the units were sold.

With two and three bedroom apartments featuring en-suite bathrooms, the 321 units of Thera Residence Kansas range from 66 to 84 square meters with

automated entry infrastructure for all of the apartment and leisure options such as a Sky Lounge, with a triple height ceiling, located on the 21st floor of the building, providing residents who entertain guests host parties with a privileged view of the city.

In a totally independent condominium, which occupies 17,000 square meters, Thera Office Berrini was built, encompassing 254 units with options ranging from 42 to 51 square meters, with combinations possible, as well as meeting rooms and auditoriums. The project features unique landscaping, which provides for moments of relaxation during the day.

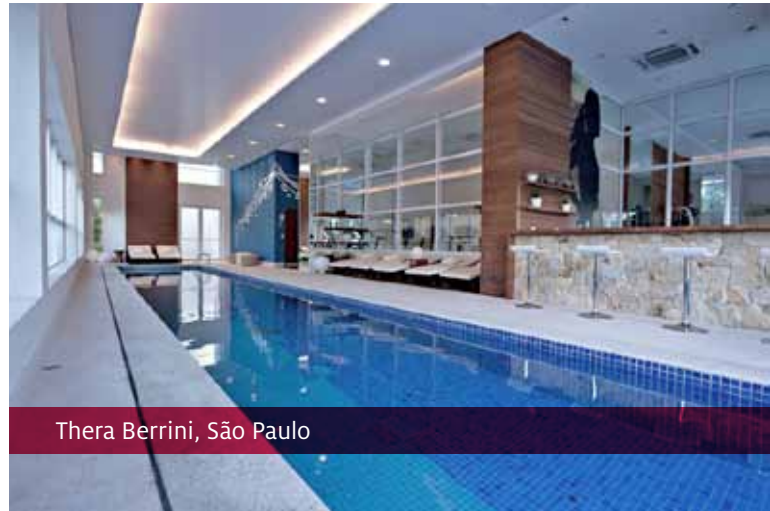
Wave Ipanema

Rio de Janeiro

With a privileged location in the South Zone of Rio de Janeiro, the development occupies a 1,813 m² plot of land on a block directly across from Ipanema beach. In addition to its location in a coveted region, the residence has some other important differentials, such as its high liquidity and its impressive 49% profit margin, one of the highest in Cyrela's history.

The excellence of the project was recognized with the Master Imobiliário Awards, where Wave Ipanema was awarded the 2013 Rio ADEMI Highlight trophy, in the Small Residential Project category.

Its 84 units with double suites range in size from 73 to 85 m². In addition, in order to provide stunning view of Ipanema beach, the apartments were built above five floors of garage space, favoring four of the building's six columns.



Thera Berrini, São Paulo



Wave Ipanema, Rio de Janeiro



Wave Ipanema, Rio de Janeiro



Universe Empresarial, Porto Alegre

Universe Empresarial

Rio de Janeiro

Aiming for a differentiated project, which encompasses work and quality of life, Universe Empresarial was out first commercial development located in the Metropolitan Center of Barra, the new growth area in Rio de Janeiro. The building also neighbors the future Olympic facilities, providing proof of its privileged position.

Made up of seven buildings, totaling 642 units, with 632 offices and 10 stores, the high-end development was built over an area of 64,000 m². Its list of differentials includes a business & health area on the top floor of the buildings, with a fitness center, indoor pool, sauna and showers, a flexible business center with eight meeting rooms that can be transformed into an auditorium for 143 people and duplex villa offices, with private gardens and exclusive entryways.



Universe Empresarial, Porto Alegre

Jardins Novo Higienópolis

Porto Alegre, RS

Providing an external space that is as comfortable and cozy as the living room of an apartment is the goal of this development. Made up of five towers, Jardins Novo Higienópolis features two and three bedroom apartments, with en-suite bathrooms.



Riserva Anita

Porto Alegre

Designed as the perfect environment for families to live as they have always dreamed, Riserva Anita is located in the upscale part of the Boa Vista neighborhood, combining the tranquility and green space of the Country Club and the modern structure of Avenidas Nilo Peçanha and Avenida Carlos Gomes.

The development includes two towers with two and three bedroom apartment, featuring en-suite bathrooms.



Visionnaire

Florianópolis

On a privileged plot of land, with ocean views and palm trees, this modern development has a variety of leisure options. Made up of four towers, the development includes two and three bedroom apartments, with en-suite bathrooms.



FINANCIAL

PERFORMANCE

Along with many other industries, we were constantly challenged in 2014. The slowdown in the domestic economy caused by the need for economic adjustments, combined with a scenario of high inflation and a decline in consumer confidence made an atypical year even more complex, marked by two major events of international interest: the World Cup and the presidential elections.

From the beginning, we knew that it would be a different year, not only because of the events we have cited, but mainly due to the volatility of the international economic environment. To deal with the challenges to come, we prepared ourselves in the best way possible, focusing on three fundamental pillars: people, culture and management. We gave a lot of focus to selling inventory. New sales increasingly require a highly qualified team, product-specific management and differentiated marketing strategies, and we were able to successfully apply these tools. In addition, the current environment requires assertive launches.

In moments like these, good products stand out, and we believe that the unquestionable quality that permeates all of our activities allowed us to remain at the forefront of our industry.

While 2013 was marked by the performance of our joint ventures, the last year was marked by a variety of investments in our internal structure, always focused on the quest for operational excellence. As a result, in 2014 we grew the Company's organic operation, which reached R\$3.959 million in launched in %CBR versus R\$3.695 million in the previous year. Contracted sales closed 2014 at R\$5,684 million, 20.8% down on the same period in 2013, partially offset by the %CBR increase from 71% in 2013 to 82% in 2014.

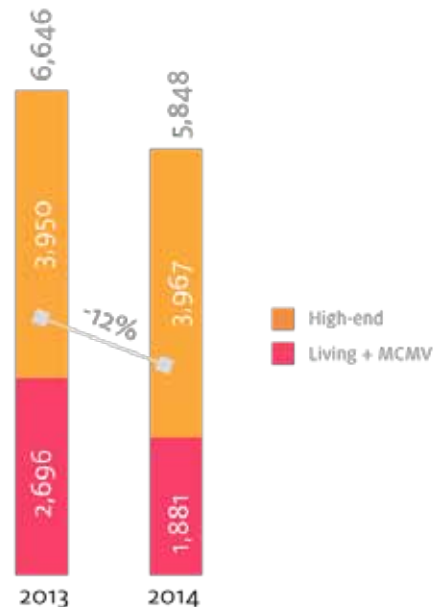
Once again, our strategy of operating in all segments of the residential real estate market proved to be important. We launched developments focused on a wide range of target audiences. This allowed us to reduce the cyclical effect of our market, providing us with more stability.

If on the one hand we seek to anticipate trends and innovate with our products, on the other hand we are proud of being a financial conservative company, which allows us to calmly endure difficult times and even take advantage of the opportunities that may arise. In 2014, Cyrela was able to achieve record cash flow of R\$867 million, which further confirms our financial strength.

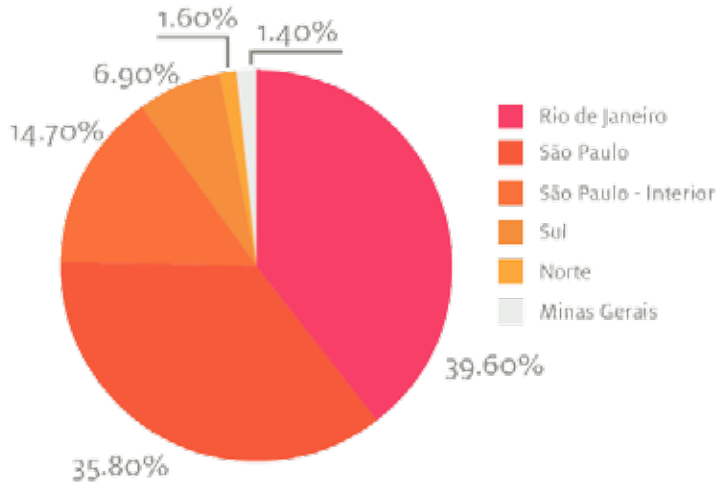
Cash Flow
(R\$ million)



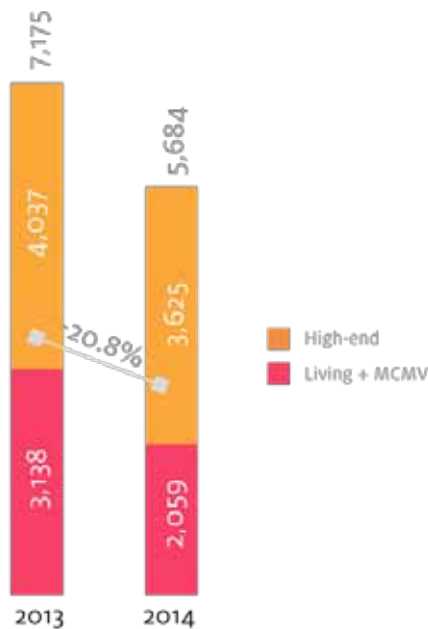
Launched PSV
(R\$ million)



Launches by Region in 2014



Contracted sales (R\$ million)



And, even amidst this troubled scenario, we increased our satisfaction rate, both internally and externally. This recognition is fundamental and it provides us with even greater motivation to continue delighting our clients and engaged our employees.

Investments

We believe that investments must go beyond the traditional concept of company operations. As such, we believe that investments must cover the basic raw material of our core business, in the form of relationships, communications, land and brands.

Based on this principle, in 2010 we decided to invest more in people. From that moment, a variety of internal programs were established, focused on training and recruiting, and we now have no doubt that we have reaped positive results. The alignment of our teams with our culture and our purpose is latent, which keeps us in line with our goal of building succession.

Land is also a constant investment focus for Cyrela. Approximately R\$1 billion is spent annually, strengthening our recognized consistency in this type of investment and ensuring raw material over the long term.

Improving the relationship with our clients has also received significant investments, coupled with significant dedication by the responsible teams. We launched a new website, we created new processes that ensure greater monitoring and measurement of the service provided, and we have expanded our lines of communication.

Comparative Analysis of the VAS

Aware of the role that we play in society, we believe that generating wealth is essential for healthy and consistent growth, as well as being one of the factors behind the perpetuation of Cyrela's reputation in the market of Brazilian real estate developers. Therefore,

beyond identifying the value generated by our operations, the value added statement indicates our performance with respect to society and our effective contribution to generating wealth in the national economy.

VALUE ADDED STATEMENT (%)

Shareholders	26.8%
Employees (compensation and benefits for employees)	21.9%
Government	7.8%
Retained Earnings	25.3%
Interest and Rent (Operating Costs)	17.8%
Investments in the Community	0.3%

SUMMARIZED VALUE ADDED STATEMENT (IN R\$ '000)

1 - Revenue	5,946,563
2 - Inputs Acquired from Third Parties	-3,949,181
3 - Gross Value Added (1 - 2)	1,997,382
4 - Deductions	471,318
5 - Net Value Added Produced by the Organization (3 - 4)	1,526,064
6 - Value Added Received in Transfer	118,221
7 - Total Value Added to Distribute (5 + 6)	1,664,285

VALUE ADDED STATEMENT

1 - Revenue	5,946,563
1.1) Sales of Merchandise, Products and Services	5,946,563
1.2) Provision for Doubtful Accounts (Reversal/Constitution)	0
1.3) Non-Operational	0
2 - Inputs Acquired from Third Parties (Includes ICMS and IPI)	- 3,949,181
2.1) Raw Materials Consumed	- 3,949,181
2.2) Cost of Goods and Services Sold	0
2.3) Materials, Energy, Third Party Services and Other	0
2.4) Loss/Recovery of Assets	0
3) Gross Value Added	1,997,382
4 - Deductions	471,318
4.1) Depreciation, Amortization and Depletion	88,600
5 - Net Value Added Produced by the Company	1,908,782
6 - Value Added Received in Transfer	396,864

6.1) Equity Income	118,221
6.2) Financial Revenue	278,643
7 – Total Value Added to Distribute	2,305,646
8 – Distribution of Value Added	1,863,619
8.1) Personnel and Related Charges	408,301
8.2) Taxes and Contributions	146,000
8.3) Interest and Rent	332,000
8.4) Interest on Equity and Dividends	500,000
8.5) Retained Earnings/Losses for the Year	471,318
8.6) Investments in the Community	6,000
Accumulated Economic Value (Economic Value Generated - Economic Value Distributed)	

MACROECONOMIC SCENARIO

In 2014, Brazil suffered a downturn in economic activity. According to data from the Brazilian Institute of Geography and Statistics (IBGE), the Gross Domestic Product (GDP) grew by 0.1%, versus an increase of 2.3% in 2013.

The IPCA inflation rate (LTM) in December 2014 reached 6.41% (versus 5.91% during the same period in 2013), bordering on the target ceiling (6.50%). The Central Bank of Brazil implemented a series of increases to the basic interest rate (SELIC), which closed the month of December 2014 at 11.75% for the year, up from 10% in December of the previous year. Given the deterioration of the fiscal accounts and the volatility of the global economic environment, the challenges expected for 2014, with the World Cup in June and the presidential elections in October, were magnified.

For the third consecutive year, the industry reduced launches and it has been preparing for an economically sluggish 2015.

PROSPECTS

In 2015, we will continue to consolidate the management standardization processes, according to the action plans established in 2014. At the same time, we will remain attentive to new technologies in order to reduce costs, optimize deadlines and surprise customers.

We also plan to further strengthen the Living brand, through competitive products. To do this, we anticipate investments in engineering, which will enable us to carry out developments with lower construction costs.

We are also structuring our supply area, with a focus on being more competitive, expanding the area's operations throughout the Company. To this end, we create the corporate Procurement office, to improve the management of suppliers and internal clients. Studies have shown that we are on the right track.

SCENARIO

Market perception in relation to the development sector has been harmed since the beginning of 2015 due to factors including adjustments announced by the federal government, the prospect of rising unemployment, higher real estate financing costs and the reduction of consumer confidence, which fell in January of this year to 89.8, the lowest level since the series began, in 2005. (Source: Valor Econômico)

Our teams are prepared for a tough year, and they are motivated to keep us in the lead, even in the midst of an unfavorable environment, supported by our more than 50 year history and the expertise that we have added along this journey.

We have the best rating in the industry from the three largest agencies in the market and it was maintained even during a challenging year like 2014. We remain focused on the work of improving capital allocation, focusing on ready inventory items, purchasing land and launching developments in a more agile manner, as well as repurchasing shares, when appropriate.

We cannot change the behavior of the market nor the factors that are driving it, but we can and will strengthen ourselves to remain the best in the business. That's our way of being.



Cyrela: evolution never stops



05

OUR WAY OF BUILDING SUCCESSION

Cyrela Institute
Environmental Management

52
55

CYRELA INSTITUTE

Doing good is a fundamental and historical part of our Way of Being. Our journey, from the outset, has been driven by a high sense of social responsibility. We see education and professional training as transformative themes in people's lives. With this outlook and a significant amount of dedication, **we developed programs for the community** with an emphasis that ensures that they are closely related to our company and our industry.

Created in 2011, the Cyrela Institute handles the management of our social investments and dedicates itself to the creation of educational programs, guided by the purpose of improving income and, consequently, the quality of life and living conditions of construction workers.

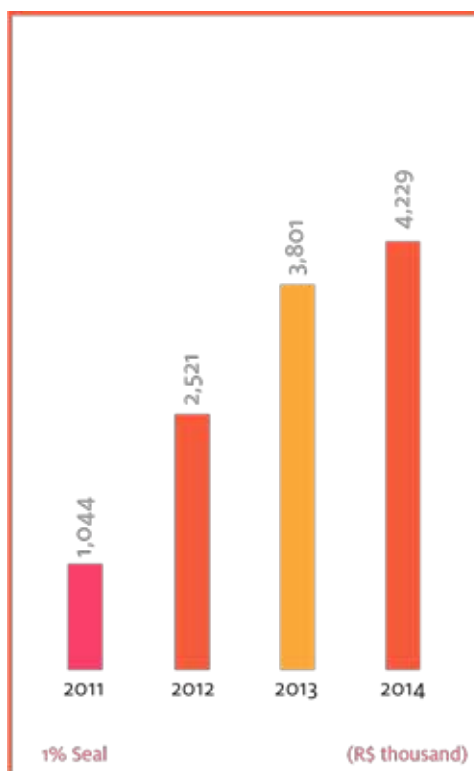
Since its foundation, the Institute has benefited more than 7,400 people in eight Brazilian states and reached the mark of R\$ 11,555,000.00 in social investments.

In 2014, another important objective of the Cyrela Institute was achieved: encouraging practices similar

1% Seal

In early 2014, motivated by the certainty that doing good is a good thing to do, we realized that mentioning initiatives in this regard can catch on among other people and companies, thereby triggering a virtuous cycle. As a result, we decided to share the good things that we are doing, creating the Cyrela Institute's 1% Seal. Through this initiative, buying into a Cyrela or Living development allows you to contribute to the transformation of Brazilian society, given that 1% of our Company's net income is donated to the Cyrela Institute, which is responsible for the development of thousands of people.

to its own in the market. Companies such as Tecnisa, CCR and MRV have sought us out to benchmark our initiatives and better understand the operations of the Institute.



Action: Share the good that you've done

Inspired by the involvement of our clients and employees with our efforts to do good, in March of this year we suggested that they tell us how doing good inspires, motivates and renews them. We asked them to share stories connected to the institutions through which they work for a better future.

Several texts were received from employees and clients throughout the month, and the winning story came from Silvio Galvão, a client who belongs to a network of volunteers that share their time to spread solidarity in various organizations. Missão Belém, an institution that takes in and looks after children and young people at risk, bringing more education, comfort and joy into their lives, was the organization involved, receiving a donation from the Cyrela Institute. In total, 21 children were helped.

“Doing Good nowadays has become complex for some people, i.e. people want others to make their daily lives happier, but they do not try to do the same for them. I am proud to be part of the Connected by Good Intentions Project, that depends 100% on donations, and our social mission is to connect all those people that want to do good for others without asking anything in return. In this NGO, we not only take care of homeless people, children, the elderly and poor communities, but we also collect donations from people that want to help financially. Doing good is satisfying for those that give and those that receive. Our most important reward is the smile on the face of each person we help. Congratulations on your initiative, Cyrela. We are all Connected by Good Intentions”, says Silvio Galvão, a Fiore Gardenia da Cyrela client.

Learn more about the initiative on the website:

facebook.com/ligadospelobem

Building Professionals

Through partnerships with educational institutions, the Building Professionals Program works to train young people over 18 who work in the construction industry. By facilitating professional courses, the Program encourages development and expands opportunities for insertion into the labor market.

In 2014, a total of 839 seats were offered in courses for tiling specialists, carpenters, residential electricians, hydraulic installers, masons, painters and assistants. The courses were held in Curitiba, Porto Alegre, Rio de Janeiro and São Paulo, and 83% of the enrolled students completed the courses.

In addition to issues related to the construction industry, courses were offered in gardening, texturing, receptionist services, office assistance, manicurist services, elderly care and web design, always focused on preparing young people for the labor market.

In 2014, we supported 16 projects by social organizations throughout Brazil and we helped offer 1,780 opportunities to young people and adults.

Since its inception, the Cyrela Institute has promoted the training of more than 1,400 professionals. Many former students were hired by Cyrela or its partner contractors. Another important indicator of the Program's success is the number of young people who went to college after completing the courses.

Building People

Created in 2000, the Building People Program represents Cyrela's most longstanding social action, borne of our belief in the power of people to transform their own lives through initiatives such as education.

With the goal of eliminating illiteracy among our construction workers and expanding the opportunity for those interested in completing their basic education, the Program benefited 159 people in 2014. Through the initiative, teachers who specialize in Youth and Adult Education teach courses in accordance with methods recognized by official teaching institutions. And the students, in turn, are evaluated by schools certified by the Ministry of Education.

Volunteering

Our essence is shared by those who, like us, build for the better every day: our employees. Solidarity and civic responsibility are inherent concepts in our culture and, therefore, we encourage participation by everyone, including their families and friend, in our Volunteer program.

To this end, there are several alternatives that range from specific campaigns to more robust and transformative initiatives. One of our main actions is Volunteer Day, an annual event when we bring together all Cyrela Volunteers in order to join together, on a single day, to do good for social institutions chosen through voting open to all Cyrela employees.

In 2014, the program had 519 volunteers. The efforts of these Cyrela employees benefited 3,470 people, through eight institutions.

Our Partners

Throughout 2014, we received essential support from specific partners without whom it would have been impossible to carry out our programs. They are listed below.

- Ação Comunitária
- Alfamol
- Art Cult
- Associação Reciclázaro
- Banco da Providência
- Calábria
- Casa de Sant'ana
- ESPRO
- Geração da Hora
- Instituto Proa
- Instituto Synthesis
- Projeto Ampliar
- Parceiros da Educação
- Parceiros Voluntários
- Projeto Pescar
- UNIBES



Those who build every day: Cyrela's employees

ENVIRONMENTAL MANAGEMENT

Strategic and essential for a company focused on building succession, sustainability is gaining increasing importance and related processes in our management. Since 2010, the Quality and Technological Development area at Cyrela has been dedicated to these issues, adding Sustainable Production activities, in order to test guidelines and monitor projects from this vantage point.

Aware of the environmental impacts inherent in our line of work, we have sought, year after year, to plan our developments in ways that minimize the

generation of waste. To do this, all of the construction materials, from the simplest to the most complex, are also evaluated from a sustainability point of view. At the same time, in recent years we have invested in monitoring the generation of waste, establishing specific indicators for each type, as well as targets for reducing waste at our construction sites.

Since the implementation of destination monitoring indicators for Class A waste – considered the most important and voluminous – we achieved a reduction on the order of 75 to 50 liters of debris per square meter.

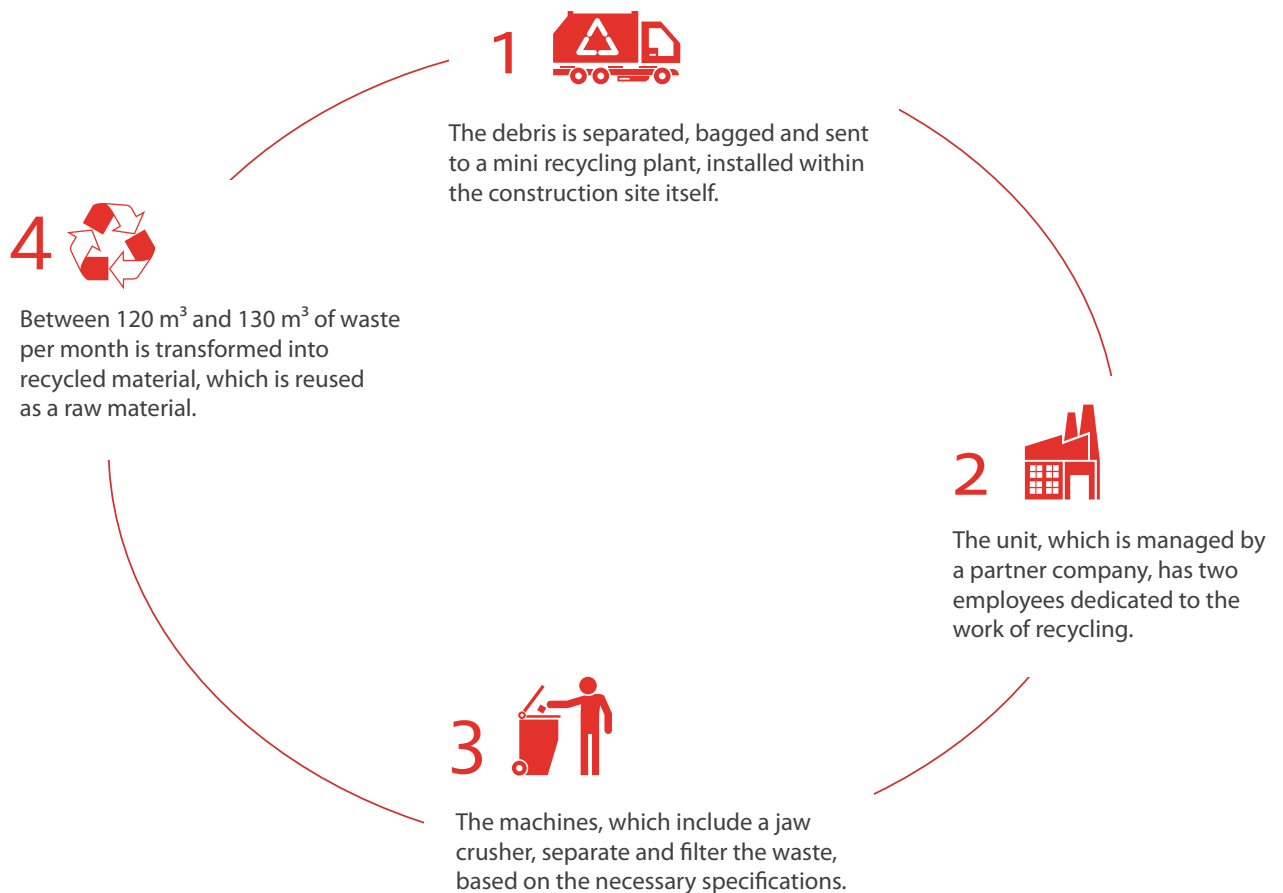
*By recycling at
the construction
sites, we eliminate
approximately 280
dumpsters of waste
that would be send
to landfills.*

Recycling at Construction Sites

With respect to generated waste, we have introduced significant recycling practices. After conducting a pilot project in 2013, which included tests at three construction sites, last year we implemented an on-site recycling project. It was implemented at a project that has become a reference in São Paulo - Thera Faria Lima, in the Pinheiros neighborhood – allowing the construction waste to become inputs, such as stones and sand, which are mixed into the natural inputs and subsequently used for flooring and plaster walls.

Through this process, we significantly reduced the volume of disposed waste and, consequently, the movement of dumpsters around our work site. In this way, we added both environmental and social gains,

as our impact on traffic in the neighborhood also fell. For 2015, we expect to replicate the project in at least two of our construction sites.



Selective Garbage Collection in the Neighboring Areas

The communities neighboring our projects receive an appropriate location for the sorted disposal of household waste. The initiative is made possible through partnerships signed with recycling cooperatives, which remove and reuse the waste collected from the designated selective collection areas.

In 2014, all of the Cyrela projects had this type of sorted waste disposal. For 2015 and the years to come, we plan to maintain and expand the initiative, given that we are certain that it allows us to provide an important service to the neighboring communities.

Performance Standards

Since 2008, Cyrela has had a permanent group focused on studying the requirements of the Performance Standard (NBR 15.575:2013 – Residential Buildings - Performance), published by the Brazilian Association of Technical Standards (ABNT), allocating investments to constructive solutions, based on the requirements. In effect since 2013, the over 400 page text of the Standard indicates the minimum level of performance for the main elements of residential developments, such as structure, fences, electrical and hydro-sanitary installations, flooring, façades and roofing.

In 2014, the study of each of the Standard's requirement was completed, allowing for the necessary adjustments to be listed and inserted into Cyrela's planning, after the appropriate revisions in order to adhere to the Standard.



Permanent study group examines Performance Standard requirements



The study of each requirement allowed improvements to Cyrela's plan

FINANCIAL STATEMENTS

Access our 2014 Financial Statements

http://cyrela.riglobal.com.br/admin/gestor/arquivos/en/ITR_3Q14.pdf

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PREPARATION OF ANNUAL REPORT

Cyrela's Institutional Communications Department

EDITING, TRANSLATION AND GRAPHIC PROJECT

MZ Group

PHOTOS

Cyrela Collection
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