CYRELA BRAZIL REALTY S.A. EMPREENDIMENTOS E PARTICIPAÇÕES

A Publicly-Held Company
Corporate Taxpayer's ID (CNPJ/MF): 73.178.600/0001-18
Corporate Registration Number (NIRE) 35.300.137.728

NOTICE TO THE MARKET

São Paulo, August 25, 2016 – Cyrela Brazil Realty S.A. Empreendimentos e Participações ("Cyrela" or "Company"), a residential real estate developer, announces to its shareholders and the market in general as follows, in continuation of the Material Fact Notice published by the Company on June 23, 2016. The Brazilian competition regulator has authorized the Company to participate in Tecnisa S.A.'s capital increase, as sanctioned by Cyrela's Board of Directors on June 28, 2016, under the terms of the Subscription Agreement and Other Covenants entered into on June 23, 2016 by and between Tecnisa S.A., JAR Participações Ltda. ("Jar"), Meyer Joseph Nigri ("Meyer", hereinbelow referred to, jointly with Jar, as the "Current Shareholders") and Cyrela ("Subscription Agreement"). The Company further announces it subscribed and paid for thirty-six million, six hundred seventy-five thousand, seven hundred fifty-two (36,675,752) common registered book-entry Tecnisa S.A. shares with no par value, on this date and in connection with said capital increase, in compliance with the Subscription Agreement. The total subscription price was seventy-three million, three hundred fifty-one thousand, five hundred four reais (R$73,351,504.00), corresponding to about (thirteen point forty-one percent) 13.41% of Tecnisa S.A.'s capital stock, on a diluted basis assuming all the shares connected with the capital increase are subscribed.

Nevertheless, Cyrela is going to request to subscribe up to thirteen million, three hundred twenty-four thousand, two hundred forty-eight (13,324,248) more shares, for R$2.00 (two reais) each–so that it may acquire up to nineteen point thirty-four percent (19.34%) of Tecnisa S.A.'s capital stock, on a diluted basis assuming all the

shares connected with the capital increase are subscribed–, as long as there are unsubscribed shares in connection with the aforementioned capital increase, as also provided for in the Subscription Agreement.

Additionally, Cyrela and the Current Shareholders entered on this date into a Tecnisa S.A.'s shareholders' agreement governing certain aspects of their relationship as Tecnisa S.A.'s shareholders, mainly regarding governance issues and the transfer of Tecnisa S.A.'s shares, under the terms of the Subscription Agreement.

São Paulo, August 25, 2016.

Eric Alexandre Alencar
CFO and Investor Relations Officer