

Gafisa S.A.  
Form 6-K  
November 20, 2014

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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, 2014**

**(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  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

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

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to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

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

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, 2014

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

To the Shareholders, Board of Directors and Officers

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, 2014, which comprises the balance sheet as at September 30, 2014 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 Brazilian (CPC) 21 – 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 Brazilian (CPC) and approved by the Brazilian Securities 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.

**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 the Brazilian (CPC) and approved by the Brazilian Securities 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, which considers the Technical Orientation - OCPC 04 - Application of technical interpretation ICPC02 to the Brazilian Real Estate Development Entities, issued by the Brazilian (CPC) and approved by the Brazilian Securities Commission (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 prepared in accordance with the IFRS applicable to the real estate development entities also considers the Technical Orientation OCPC04, edited by the Brazilian (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**

*Statements of value added*

We have also reviewed the individual and consolidated statement of value added for the nine-month period ended September 30, 2014, prepared under the responsibility of the Company's management, the presentation of which in the interim financial information is required by the rules of the CVM applicable to Quarterly Information (ITR), and as supplementary information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, we are not aware of any fact that makes us believe that they were not prepared, in all material respects, according to the individual and consolidated interim financial information taken as a whole.

São Paulo, November 7<sup>th</sup>, 2014

KPMG Auditores Independentes

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Giuseppe Masi

Accountant CRC 1SP176273/O-7

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**COMPANY DATA/ CAPITAL COMPOSITION**

| <b>Number of shares</b> |   | <b>CURRENT QUARTER 9/30/2014</b> |
|-------------------------|---|----------------------------------|
| <b>(in thousands)</b>   |   |                                  |
| Paid-in Capital         |   |                                  |
| Common                  |   | 435,559                          |
| Preferred               | - |                                  |
| <b>Total</b>            |   | <b>435,559</b>                   |
| Treasury shares         |   |                                  |
| Common                  |   | 30,289                           |
| Preferred               | - |                                  |
| <b>Total</b>            |   | <b>30,289</b>                    |

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

| <b>CODE</b>   | <b>DESCRIPTION</b>   | <b>ACTUAL</b>    | <b>PRIOR</b>      |
|---------------|--|------------------|-------------------|
|               |  | <b>QUARTER</b>   | <b>YEAR</b>       |
|               |  | <b>9/30/2014</b> | <b>12/31/2013</b> |
| 1             | Total Assets   | 6,663,217        | 6,823,205         |
| 1.01          | Current Assets   | 2,890,237        | 3,312,510         |
| 1.01.01       | Cash and cash equivalents                                      | 62,306           | 39,032            |
| 1.01.01.01    | Cash and banks   | 13,517           | 11,940            |
| 1.01.01.02    | Securities purchased under agreement to resell                 | 48,789           | 27,092            |
| 1.01.02       | Short-term investments   | 764,159          | 1,241,026         |
| 1.01.03       | Accounts receivable  | 804,177          | 1,034,833         |
| 1.01.03.01    | Trade accounts receivable                                      | 804,177          | 1,034,833         |
| 1.01.03.01.01 | Receivables from clients of developments                       | 790,211          | 1,005,840         |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 13,966           | 28,993            |
| 1.01.04       | Inventories  | 1,069,935        | 780,867           |
| 1.01.07       | Prepaid expenses   | 11,281           | 21,440            |
| 1.01.08       | Other current assets   | 178,379          | 195,312           |
| 1.01.08.01    | Non current assets for sale                                    | 8,147            | 7,064             |
| 1.01.08.03    | Other  | 170,232          | 188,248           |
| 1.01.08.03.01 | Other accounts receivable and other                            | 5,844            | 15,749            |
| 1.01.08.03.02 | Derivative financial instruments                               | -                | 183               |
| 1.01.08.03.03 | Receivables from related parties                               | 164,388          | 172,316           |
| 1.02          | Non current assets   | 3,772,980        | 3,510,695         |
| 1.02.01       | Non current assets   | 795,879          | 772,600           |
| 1.02.01.03    | Accounts receivable  | 250,585          | 182,069           |
| 1.02.01.03.01 | Receivables from clients of developments                       | 250,585          | 182,069           |
| 1.02.01.04    | Inventories  | 301,101          | 337,265           |
| 1.02.01.06    | Deferred taxes   | 49,099           | 49,099            |
| 1.02.01.06.01 | Deferred income tax and social contribution                    | 49,099           | 49,099            |
| 1.02.01.09    | Other non current assets                                       | 195,094          | 204,167           |
| 1.02.01.09.03 | Other accounts receivable and other                            | 119,105          | 105,895           |
| 1.02.01.09.04 | Receivables from related parties                               | 75,989           | 98,272            |
| 1.02.02       | Investments  | 2,915,578        | 2,679,833         |
| 1.02.02.01    | Interest in associates and affiliates                          | 2,800,857        | 2,559,393         |
| 1.02.02.01.02 | Interest in subsidiaries                                       | 2,800,857        | 2,468,337         |
| 1.02.02.01.04 | Other investments  | -                | 91,056            |
| 1.02.02.02    | Interest in subsidiaries                                       | 114,721          | 120,440           |
| 1.02.02.02.01 | Interest in subsidiaries - goodwill                            | 114,721          | 120,440           |
| 1.02.03       | Property and equipment   | 21,985           | 12,239            |
| 1.02.03.01    | Operation property and equipment                               | 21,985           | 12,239            |
| 1.02.04       | Intangible assets  | 39,538           | 46,023            |
| 1.02.04.01    | Intangible assets  | 39,538           | 46,023            |



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

| <b>CODE</b>   | <b>DESCRIPTION</b>  | <b>ACTUAL<br/>QUARTER<br/>9/30/2014</b> | <b>PRIOR<br/>YEAR<br/>12/31/2013</b> |
|---------------|---|---|--------------------------------------|
| 2             | Total Liabilities   | 6,663,217                               | 6,823,205                            |
| 2.01          | Current liabilities   | 1,853,035                               | 1,925,787                            |
| 2.01.01       | Social and labor obligations  | 50,374                                  | 59,330                               |
| 2.01.01.02    | Labor obligations   | 50,374                                  | 59,330                               |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                        | 50,374                                  | 59,330                               |
| 2.01.02       | Suppliers   | 49,909                                  | 51,415                               |
| 2.01.02.01    | Local suppliers   | 49,909                                  | 51,415                               |
| 2.01.03       | Tax obligations   | 29,142                                  | 115,775                              |
| 2.01.03.01    | Federal tax obligations   | 29,142                                  | 115,775                              |
| 2.01.04       | Loans and financing   | 662,376                                 | 730,318                              |
| 2.01.04.01    | Loans and financing   | 381,272                                 | 376,047                              |
| 2.01.04.02    | Debentures  | 281,104                                 | 354,271                              |
| 2.01.05       | Other obligations   | 963,268                                 | 896,830                              |
| 2.01.05.01    | Payables to related parties   | 517,627                                 | 202,175                              |
| 2.01.05.02    | Other   | 445,641                                 | 694,655                              |
| 2.01.05.02.01 | Declared dividends  | 32,945                                  | 150,067                              |
| 2.01.05.02.04 | Obligations for purchase of real estate and advances from customers | 263,358                                 | 284,366                              |
| 2.01.05.02.05 | Other obligations   | 119,100                                 | 101,296                              |
| 2.01.05.02.06 | Payables to venture partners  | 7,297                                   | 108,742                              |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables                | 22,548                                  | 50,184                               |
| 2.01.05.02.08 | Derivative financial instruments                                    | 393                                     | -                                    |
| 2.01.06       | Provisions  | 97,966                                  | 72,119                               |
| 2.01.06.01    | Tax, labor and civil lawsuits                                       | 97,966                                  | 72,119                               |
| 2.01.06.01.01 | Tax lawsuits  | 218                                     | 163                                  |
| 2.01.06.01.02 | Labor lawsuits  | 41,282                                  | 31,564                               |
| 2.01.06.01.04 | Civil lawsuits  | 56,466                                  | 40,392                               |
| 2.02          | Non current liabilities   | 1,703,266                               | 1,706,694                            |
| 2.02.01       | Loans and financing   | 1,529,262                               | 1,530,523                            |
| 2.02.01.01    | Loans and financing   | 818,451                                 | 873,137                              |
| 2.02.01.01.01 | Loans and financing in local currency                               | 818,451                                 | 873,137                              |
| 2.02.01.02    | Debentures  | 710,811                                 | 657,386                              |
| 2.02.02       | Other obligations   | 113,286                                 | 108,691                              |
| 2.02.02.02    | Other   | 113,286                                 | 108,691                              |
| 2.02.02.02.03 | Obligations for purchase of real estate and advances from customers | 45,731                                  | 35,729                               |
| 2.02.02.02.04 | Other liabilities   | 39,208                                  | 38,151                               |
| 2.02.02.02.05 | Payables to venture partners  | 7,145                                   | 10,794                               |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables                | 16,521                                  | 24,017                               |
| 2.02.02.02.07 | Derivative financial instruments                                    | 4,681                                   | -                                    |
| 2.02.04       | Provisions  | 60,718                                  | 67,480                               |
| 2.02.04.01    | Tax, labor and civil lawsuits                                       | 60,718                                  | 67,480                               |
| 2.02.04.01.04 | Civil lawsuits  | 60,718                                  | 67,480                               |

|         |                  |           |           |
|---------|------------------|-----------|-----------|
| 2.03    | Equity           | 3,106,916 | 3,190,724 |
| 2.03.01 | Capital          | 2,740,662 | 2,740,662 |
| 2.03.02 | Capital Reserves | -51,901   | -18,687   |

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

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>ACTUAL QUARTER 9/30/2014</b> | <b>PRIOR YEAR 12/31/2013</b> |
|-------------|---|---------------------------------|------------------------------|
| 2.03.02.04  | Granted options                               | 139,028                         | 125,600                      |
| 2.03.02.05  | Treasury shares                               | -109,048                        | -73,070                      |
| 2.03.02.07  | Reserve for expenditure swith public offering | -71,217                         | -71,217                      |
| 2.03.02.08  | Income from treasury shares transfer          | -10,664                         |                              |
| 2.03.04     | Income Reserve                                | 468,749                         | 468,749                      |
| 2.03.04.01  | Legal Reserve                                 | 31,593                          | 31,593                       |
| 2.03.04.02  | Statutory Reserve                             | 437,156                         | 437,156                      |
| 2.03.05     | Accumulated losses/profit                     | -50,594                         |                              |

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

| CODE       | DESCRIPTION   | YEAR TO     |           | SAME      | YEAR TO   |
|------------|---|-------------|-----------|-----------|-----------|
|            |   | ACTUAL      | DATE      | QUARTER   | DATE      |
|            |   | QUARTER     | 1/1/2014  | FROM      | PREVIOUS  |
|            |   | 7/1/2014 to | to        | PREVIOUS  | YEAR      |
|            |   | 9/30/2014   | 9/30/2014 | YEAR      | 9/30/2013 |
|            |   |             |           | 9/30/2013 | 9/30/2013 |
| 3.01       | Gross Sales and/or Services                             | 267,777     | 784,855   | 298,783   | 898,550   |
| 3.01.01    | Revenue from real estate development                    | 293,813     | 864,232   | 329,801   | 986,571   |
| 3.01.03    | Taxes on real estate sales and services                 | -26,036     | -79,377   | -31,018   | -88,021   |
| 3.02       | Cost of sales and/or services                           | -191,081    | -543,093  | -168,001  | -596,713  |
| 3.02.01    | Cost of real estate development                         | -191,081    | -543,093  | -168,001  | -596,713  |
| 3.03       | Gross profit  | 76,696      | 241,762   | 130,782   | 301,837   |
| 3.04       | Operating expenses/income                               | -63,980     | -250,626  | -96,326   | -292,866  |
| 3.04.01    | Selling expenses  | -17,415     | -55,719   | -23,746   | -85,301   |
| 3.04.02    | General and administrative expenses                     | -33,293     | -95,879   | -30,109   | -90,588   |
| 3.04.05    | Other operating expenses                                | -22,147     | -79,639   | -31,621   | -68,517   |
| 3.04.05.01 | Depreciation and amortization                           | -7,206      | -27,923   | -15,266   | -29,792   |
| 3.04.05.02 | Other operating expenses                                | -14,941     | -51,716   | -16,355   | -38,725   |
| 3.04.06    | Equity pick-up  | 8,875       | -19,389   | -10,850   | -48,460   |
| 3.05       | Income (loss) before financial results and income taxes | 12,716      | -8,864    | 34,456    | 8,971     |
| 3.06       | Financial   | -15,244     | -29,377   | -41,351   | -119,001  |
| 3.06.01    | Financial income  | 18,533      |           | 8,077     | 23,281    |
| 3.06.02    | Financial expenses                                      | -33,777     | -99,547   | -49,428   | -142,282  |
| 3.07       | Income before income taxes                              | -2,528      | -38,241   | -6,895    | -110,030  |
| 3.08       | Income and social contribution taxes                    | -7,426      | -12,353   | -         | -         |
| 3.08.01    | Current   | -7,426      | -12,353   | -         | -         |
| 3.09       | Income (loss) from continuing operation                 | -9,954      | -50,594   | -6,895    | -110,030  |
| 3.10       | Income (loss) from discontinuing operation              | -           | -         | 22,672    | 56,191    |
| 3.10.01    | Income (loss) from discontinuing operation              | -           | -         | 22,672    | 56,191    |
| 3.11       | Income (loss) for the period                            | -9,954      | -50,594   | 15,777    | -53,839   |
| 3.99       | Earnings per share                                      |             |           |           |           |
| 3.99.01    | Basic earnings per share                                |             |           |           |           |
| 3.99.01.01 | ON  | -0.0246     | -0.1248   | 0.0368    | -0.1259   |
| 3.99.02    | Diluted earnings per share                              |             |           |           |           |
| 3.99.02.01 | ON  | -0.0246     | -0.1248   | 0.0358    | -0.1259   |

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

| CODE | DESCRIPTION                                | ACTUAL<br>QUARTER<br>7/1/2014 to<br>9/30/2014 | YEAR TO<br>DATE<br>1/1/2014 to<br>9/30/2014 | SAME YEAR TO<br>QUARTERDATE FROM<br>FROM PREVIOUS<br>YEAR |                          |
|------|--|---|---|---|--------------------------|
|      |  |   |   | PREVIOUS<br>YEAR<br>7/1/2013 to<br>9/30/2013              | 1/1/2013 to<br>9/30/2013 |
| 4.01 | Income (loss) for the period               | -9,954  | -50,594                                     | 15,777  | -53,839                  |
| 4.03 | Comprehensive income (loss) for the period | -9,954  | -50,594                                     | 15,777  | -53,839                  |



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

| <b>CODE</b> | <b>DESCRIPTION</b>  | <b>ACTUAL<br/>QUARTER<br/>9/30/2014</b> | <b>PRIOR<br/>YEAR<br/>9/30/2013</b> |
|-------------|---|---|-------------------------------------|
| 6.01        | Net cash from operating activities                                      | -90,439                                 | 78,305                              |
| 6.01.01     | Cash generated in the operations  | 126,387                                 | 79,420                              |
| 6.01.01.01  | Loss before income and social contribution taxes                        | -38,241                                 | -110,030                            |
| 6.01.01.02  | Stock options expenses  | 27,265                                  | 13,611                              |
| 6.01.01.03  | Unrealized interest and finance charges, net                            | 30,868                                  | 39,439                              |
| 6.01.01.04  | Depreciation and amortization   | 27,923                                  | 29,792                              |
| 6.01.01.05  | Decrease of permanent assets  | 246                                     | 10,707                              |
| 6.01.01.06  | Provision for legal claims  | 40,420                                  | 32,772                              |
| 6.01.01.07  | Warranty provision  | -2,874                                  | -4,246                              |
| 6.01.01.08  | Provision for profit sharing  | 13,910                                  | 14,699                              |
| 6.01.01.09  | Allowance for doubtful accounts   | -825                                    | -3,798                              |
| 6.01.01.10  | Provision for realization of non-financial assets – properties for sale | -                                       | -559                                |
| 6.01.01.11  | Provision for penalties due to delay in construction works              | -2,748                                  | -3,971                              |
| 6.01.01.12  | Financial instruments   | 4,354                                   | 5,273                               |
| 6.01.01.13  | Equity pick-up  | 19,389                                  | 48,460                              |
| 6.01.01.14  | Provision for realization of non-financial assets – intangible          | -                                       | 571                                 |
| 6.01.01.15  | Decrease of investing   | 6,700                                   | 6,700                               |
| 6.01.02     | Variation in Assets and Liabilities                                     | -216,826                                | -1,115                              |
| 6.01.02.01  | Trade accounts receivable   | 127,834                                 | -161,649                            |
| 6.01.02.02  | Properties for sale   | -253,987                                | -178,985                            |
| 6.01.02.03  | Other accounts receivable   | 9,322                                   | -6,820                              |
| 6.01.02.04  | Transactions with related parties                                       | 57,970                                  | 327,661                             |
| 6.01.02.05  | Prepaid expenses  | 10,159                                  | 14,576                              |
| 6.01.02.06  | Suppliers   | -1,507                                  | 12,262                              |
| 6.01.02.07  | Obligations for purchase of land and adv. from customers                | -11,005                                 | 82,231                              |
| 6.01.02.08  | Taxes and contributions   | -10,521                                 | 19,887                              |
| 6.01.02.09  | Salaries and payable charges  | -22,859                                 | -16,377                             |
| 6.01.02.10  | Other obligations   | -33,767                                 | -93,901                             |
| 6.01.02.11  | Income tax and social contribution payable                              | -88,465                                 | -                                   |
| 6.02        | Net cash from investing activities                                      | 465,264                                 | 83,303                              |
| 6.02.01     | Purchase of property and equipment and intangible assets                | -31,429                                 | -50,792                             |
| 6.02.02     | Redemption of short-term investments                                    | 1,806,396                               | 1,348,642                           |
| 6.02.03     | Purchase of short-term investments                                      | -1,329,530                              | -1,218,735                          |
| 6.02.04     | Increase in investments   | -22,643                                 | -4,587                              |
| 6.02.05     | Received dividends  | 42,470                                  | 8,775                               |
| 6.03        | Net cash from financing activities                                      | -351,551                                | -173,611                            |
| 6.03.01     | Increase in capital   | -                                       | 4,866                               |
| 6.03.02     | Increase in loans, financing and debentures                             | 544,021                                 | 571,720                             |
| 6.03.03     | Payment of loans, financing and debentures                              | -643,472                                | -638,071                            |
| 6.03.04     | Paid dividends  | -117,126                                | -                                   |
| 6.03.06     | Obligation with investors   | -105,094                                | -101,709                            |

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|         |  |         |         |
|---------|--|---------|---------|
| 6.03.07 | Payables to venture partners                             | -5,966  | -10,417 |
| 6.03.08 | Repurchase of treasury shares                            | -30,833 | -       |
| 6.03.09 | Alienation of treasury shares                            | 17,583  | -       |
| 6.03.10 | Income from treasury shares' alienation                  | -10,664 | -       |
| 6.05    | Net decrease of cash and cash equivalents                | 23,274  | -12,003 |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 39,032  | 95,836  |
| 6.05.02 | Cash and cash equivalents at the end of the period       | 62,306  | 83,833  |

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**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 1/1/2014 to 9/30/2014 (in thousands of Brazilian reais)**

| <b>CODE DESCRIPTION</b>                     | <b>Capital</b> | <b>Capital reserves, stock options and treasury shares</b> | <b>Profit Retained reserves</b> | <b>Other comprehensive earnings</b> | <b>Total Equity</b> |
|---|----------------|--|---------------------------------|-------------------------------------|---------------------|
| 5.01 Opening balance                        | 2,740,662      | -18,687  | 468,749                         | -                                   | -3,190,722          |
| 5.03 Opening adjusted balance               | 2,740,662      | -18,687  | 468,749                         | -                                   | -3,190,722          |
| 5.04 Capital transactions with shareholders | -              | -33,214  | -                               | -                                   | -33,214             |
| 5.04.03 Realization of granted options      | -              | 13,427   | -                               | -                                   | 13,427              |
| 5.04.04 Acquired treasury shares            | -              | -53,560  | -                               | -                                   | -53,560             |
| 5.04.05 Sold treasury shares                | -              | 6,919  | -                               | -                                   | 6,919               |
| 5.05 Total of comprehensive loss            | -              | -  | -                               | -50,594                             | -50,594             |
| 5.05.01 Loss for the period                 | -              | -  | -                               | -50,594                             | -50,594             |
| 5.07 Closing balance                        | 2,740,662      | -51,901  | 468,749                         | -50,594                             | -3,106,910          |

**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 1/1/2013 to 9/30/2013 (in thousands of Brazilian reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                     | <b>Capital</b> | <b>Capital reserves, stock options and treasury shares</b> | <b>Profit Retained reserves</b> | <b>earnings</b> | <b>comprehensive Other income</b> | <b>Total Equity</b> |
|-------------|--|----------------|--|---------------------------------|-----------------|-----------------------------------|---------------------|
| 5.01        | Opening balance                        | 2,735,794      | 35,233   | -                               | -226,523        | -                                 | -2,544,500          |
| 5.03        | Opening adjusted balance               | 2,735,794      | 35,233   | -                               | -226,523        | -                                 | -2,544,500          |
| 5.04        | Capital transactions with shareholders | 4,866          | -26,254  | -                               | -               | -                                 | -21,388             |
| 5.04.01     | Increase in capital                    | 4,866          | -  | -                               | -               | -                                 | 4,866               |
| 5.04.03     | Realization of granted options         | -              | 13,716   | -                               | -               | -                                 | 13,716              |
| 5.04.04     | Acquired treasury shares               | -              | -39,970  | -                               | -               | -                                 | -39,970             |
| 5.05        | Total of comprehensive loss            | -              | -  | -                               | -53,839         | -                                 | -53,839             |
| 5.05.01     | Loss for the period                    | -              | -  | -                               | -53,839         | -                                 | -53,839             |
| 5.07        | Closing balance                        | 2,740,660      | 8,979  | -                               | -280,362        | -                                 | -2,469,272          |

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

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>YEAR TO DATE</b>              |                                  |
|-------------|---|----------------------------------|----------------------------------|
|             |   | <b>1/1/2014 to<br/>9/30/2014</b> | <b>1/1/2013 to<br/>9/30/2013</b> |
| 7.01        | Revenues                                      | 864,232                          | 986,571                          |
| 7.01.01     | Real estate development, sale and services    | 863,407                          | 982,773                          |
| 7.01.04     | Allowance for doubtful accounts               | 825                              | 3,798                            |
| 7.02        | Inputs acquired from third parties            | -531,450                         | -557,671                         |
| 7.02.01     | Cost of Sales and/or Services                 | -474,909                         | -538,017                         |
| 7.02.02     | Materials, energy, outsourced labor and other | -56,541                          | -19,654                          |
| 7.03        | Gross added value                             | 332,782                          | 428,900                          |
| 7.04        | Retentions                                    | -27,923                          | -29,792                          |
| 7.04.01     | Depreciation and amortization                 | -27,923                          | -29,792                          |
| 7.05        | Net added value produced by the Company       | 304,859                          | 399,108                          |
| 7.06        | Added value received on transfer              | 50,781                           | -27,606                          |
| 7.06.01     | Equity pick-up                                | -19,389                          | -50,887                          |
| 7.06.02     | Financial income                              | 70,170                           | 23,281                           |
| 7.07        | Total added value to be distributed           | 355,640                          | 371,502                          |
| 7.08        | Added value distribution                      | 355,640                          | 371,502                          |
| 7.08.01     | Personnel and payroll charges                 | 120,123                          | 117,946                          |
| 7.08.02     | Taxes and contributions                       | 111,099                          | 106,417                          |
| 7.08.03     | Compensation – Interest                       | 175,012                          | 200,978                          |
| 7.08.04     | Compensation – Company capital                | -50,594                          | -53,839                          |
| 7.08.04.03  | Retained losses                               | -50,594                          | -53,839                          |

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

| <b>CODE</b>   | <b>DESCRIPTION</b>   | <b>ACTUAL<br/>QUARTER<br/>9/30/2014</b> | <b>PRIOR<br/>YEAR<br/>12/31/2013</b> |
|---------------|--|---|--------------------------------------|
| 1             | Total Assets   | 7,578,854                               | 8,183,030                            |
| 1.01          | Current Assets   | 5,195,046                               | 5,679,907                            |
| 1.01.01       | Cash and cash equivalents                                      | 161,767                                 | 215,194                              |
| 1.01.01.01    | Cash and banks   | 72,804                                  | 121,222                              |
| 1.01.01.02    | Securities purchased under agreement to resell                 | 63,463                                  | 93,972                               |
| 1.01.01.03    | Resources custody of third parties                             | 25,500                                  | -                                    |
| 1.01.02       | Short-term investments   | 1,301,658                               | 1,808,969                            |
| 1.01.03       | Accounts receivable  | 1,575,922                               | 1,909,877                            |
| 1.01.03.01    | Trade accounts receivable                                      | 1,575,922                               | 1,909,877                            |
| 1.01.03.01.01 | Receivables from clients of developments                       | 1,545,292                               | 1,849,329                            |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 30,630                                  | 60,548                               |
| 1.01.04       | Inventories  | 1,868,671                               | 1,442,019                            |
| 1.01.07       | Prepaid expenses   | 20,015                                  | 35,188                               |
| 1.01.07.01    | Prepaid expenses and other                                     | 20,015                                  | 35,188                               |
| 1.01.08       | Other current assets   | 267,013                                 | 268,660                              |
| 1.01.08.01    | Non current assets for sale                                    | 82,171                                  | 114,847                              |
| 1.01.08.03    | Other  | 184,842                                 | 153,813                              |
| 1.01.08.03.01 | Other accounts receivable                                      | 66,076                                  | 71,083                               |
| 1.01.08.03.02 | Receivables from related parties                               | 118,766                                 | 82,547                               |
| 1.01.08.03.03 | Derivative financial instruments                               | -                                       | 183                                  |
| 1.02          | Non Current assets   | 2,383,808                               | 2,503,123                            |
| 1.02.01       | Non current assets   | 1,261,780                               | 1,240,322                            |
| 1.02.01.03    | Accounts receivable  | 355,292                                 | 313,791                              |
| 1.02.01.03.01 | Receivables from clients of developments                       | 355,292                                 | 313,791                              |
| 1.02.01.04    | Inventories  | 633,137                                 | 652,395                              |
| 1.02.01.09    | Other non current assets                                       | 273,351                                 | 274,136                              |
| 1.02.01.09.03 | Other accounts receivable and other                            | 156,293                                 | 137,628                              |
| 1.02.01.09.04 | Receivables from related parties                               | 117,058                                 | 136,508                              |
| 1.02.02       | Investments  | 975,597                                 | 1,120,076                            |
| 1.02.02.01    | Interest in associates and affiliates                          | 975,597                                 | 1,120,076                            |
| 1.02.03       | Property and equipment   | 50,025                                  | 36,385                               |
| 1.02.03.01    | Operation property and equipment                               | 50,025                                  | 36,385                               |
| 1.02.04       | Intangible assets  | 96,406                                  | 106,340                              |
| 1.02.04.01    | Intangible assets  | 53,326                                  | 63,260                               |
| 1.02.04.02    | Goodwill   | 43,080                                  | 43,080                               |
| 1.02.04.02.01 | Goodwill   | 43,080                                  | 43,080                               |



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

| <b>CODE</b>   | <b>DESCRIPTION</b>  | <b>ACTUAL<br/>QUARTER<br/>9/30/2014</b> | <b>PRIOR<br/>YEAR<br/>12/31/2013</b> |
|---------------|---|---|--------------------------------------|
| 2             | Total Liabilities   | 7,578,854                               | 8,183,030                            |
| 2.01          | Current liabilities   | 2,121,335                               | 2,683,023                            |
| 2.01.01       | Social and labor obligations  | 79,305                                  | 96,187                               |
| 2.01.01.02    | Labor obligations   | 79,305                                  | 96,187                               |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                        | 79,305                                  | 96,187                               |
| 2.01.02       | Suppliers   | 83,467                                  | 79,342                               |
| 2.01.02.01    | Local suppliers   | 83,467                                  | 79,342                               |
| 2.01.03       | Tax obligations   | 108,722                                 | 216,625                              |
| 2.01.03.01    | Federal tax obligations   | 108,722                                 | 216,625                              |
| 2.01.04       | Loans and financing   | 864,800                                 | 1,154,218                            |
| 2.01.04.01    | Loans and financing   | 474,361                                 | 590,386                              |
| 2.01.04.01.01 | In Local Currency   | 474,361                                 | 590,386                              |
| 2.01.04.02    | Debentures  | 390,439                                 | 563,832                              |
| 2.01.05       | Other obligations   | 887,075                                 | 1,064,532                            |
| 2.01.05.01    | Payables to related parties   | 166,087                                 | 133,678                              |
| 2.01.05.02    | Other   | 720,988                                 | 930,854                              |
| 2.01.05.02.01 | Minimum mandatory dividends   | 32,945                                  | 150,067                              |
| 2.01.05.02.04 | Obligations for purchase of real estate and advances from customers | 492,293                                 | 408,374                              |
| 2.01.05.02.05 | Payables to venture partners  | 9,935                                   | 112,886                              |
| 2.01.05.02.06 | Other obligations   | 147,895                                 | 176,740                              |
| 2.01.05.02.07 | Obligations assumed on assignment of receivables                    | 37,527                                  | 82,787                               |
| 2.01.05.02.08 | Derivative financial instruments                                    | 393                                     | -                                    |
| 2.01.06       | Provisions  | 97,966                                  | 72,119                               |
| 2.01.06.01    | Tax, labor and civil lawsuits                                       | 97,966                                  | 72,119                               |
| 2.01.06.01.01 | Tax lawsuits  | 218                                     | 163                                  |
| 2.01.06.01.02 | Labor lawsuits  | 41,282                                  | 31,564                               |
| 2.01.06.01.04 | Civil lawsuits  | 56,466                                  | 40,392                               |
| 2.02          | Non current liabilities   | 2,328,382                               | 2,285,524                            |
| 2.02.01       | Loans and financing   | 1,966,369                               | 1,905,310                            |
| 2.02.01.01    | Loans and financing   | 955,558                                 | 1,047,924                            |
| 2.02.01.01.01 | Loans and financing in local currency                               | 955,558                                 | 1,047,924                            |
| 2.02.01.02    | Debentures  | 1,010,811                               | 857,386                              |
| 2.02.02       | Other obligations   | 181,934                                 | 197,753                              |
| 2.02.02.02    | Other   | 181,934                                 | 197,753                              |
| 2.02.02.02.03 | Obligations for purchase of real estate and advances from customers | 76,159                                  | 79,975                               |
| 2.02.02.02.04 | Other obligations   | 65,722                                  | 69,874                               |
| 2.02.02.02.05 | Payables to venture partners  | 7,145                                   | 10,794                               |
| 2.02.02.02.06 | Obligations assumed on assignment of receivables                    | 28,227                                  | 37,110                               |
| 2.02.02.02.07 | Derivative financial instruments                                    | 4,681                                   | -                                    |
| 2.02.03       | Deferred taxes  | 54,299                                  | 56,652                               |
| 2.02.03.01    | Deferred income tax and social contribution                         | 54,299                                  | 56,652                               |
| 2.02.04       | Provisions  | 125,780                                 | 125,809                              |



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|               |   |           |           |
|---------------|---|-----------|-----------|
| 2.02.04.01    | Tax, labor and civil lawsuits                 | 125,780   | 125,809   |
| 2.02.04.01.01 | Tax lawsuits                                  | 202       | 10        |
| 2.02.04.01.02 | Labor lawsuits                                | 34,154    | 31,708    |
| 2.02.04.01.04 | Civil lawsuits                                | 91,424    | 94,091    |
| 2.03          | Equity  | 3,129,137 | 3,214,483 |
| 2.03.01       | Capital                                       | 2,740,662 | 2,740,662 |
| 2.03.02       | Capital Reserves                              | -51,901   | -18,687   |
| 2.03.02.04    | Granted options                               | 139,028   | 125,600   |
| 2.03.02.05    | Treasury shares                               | -109,048  | -73,070   |
| 2.03.02.07    | Reserve for expenditures with public offering | -71,217   | -71,217   |
| 2.03.02.08    | Income from treasury shares' transfer         | -10,664   | -         |
| 2.03.04       | Income Reserve                                | 468,749   | 468,749   |
| 2.03.04.01    | Legal Reserve                                 | 31,593    | 31,593    |
| 2.03.04.02    | Statutory Reserve                             | 437,156   | 437,156   |
| 2.03.05       | Retained earnings/accumulated losses          | -50,594   | -         |
| 2.03.09       | Non-controlling interest                      | 22,221    | 23,759    |

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

| CODE       | DESCRIPTION   | YEAR TO DATE FROM PREVIOUS YEAR      |                                    |  |  |
|------------|---|--------------------------------------|------------------------------------|--|--|
|            |   | ACTUAL QUARTER 7/1/2014 to 9/30/2014 | YEAR TO DATE 1/1/2014 to 9/30/2014 | SAME QUARTER FROM PREVIOUS YEAR 9/30/2013 to 9/30/2013 | YEAR TO DATE FROM PREVIOUS YEAR 9/30/2013 to 9/30/2013 |
| 3.01       | Gross Sales and/or Services                             | 494,191                              | 1,501,722                          | 628,047  | 1,776,463  |
| 3.01.01    | Revenue from real estate development                    | 533,571                              | 1,626,242                          | 680,029  | 1,933,052  |
| 3.01.03    | Taxes on real estate sales and services                 | -39,380                              | -124,520                           | -51,982  | -156,591   |
| 3.02       | Cost of sales and/or services                           | -365,338                             | -1,110,617                         | -454,544   | -1,381,015   |
| 3.02.01    | Cost of real estate development                         | -365,338                             | -1,110,617                         | -454,544   | -1,381,015   |
| 3.03       | Gross profit  | 128,853                              | 391,105                            | 173,503  | 395,448  |
| 3.04       | Operating expenses/income                               | -121,344                             | -396,791                           | -145,376   | -396,138   |
| 3.04.01    | Selling expenses  | -37,024                              | -110,899                           | -46,165  | -161,792   |
| 3.04.02    | General and administrative expenses                     | -50,887                              | -158,724                           | -55,155  | -157,753   |
| 3.04.05    | Other operating expenses                                | -39,029                              | -134,339                           | -46,259  | -82,423  |
| 3.04.05.01 | Depreciation and amortization                           | -11,715                              | -41,714                            | -18,142  | -38,573  |
| 3.04.05.02 | Other operating expenses                                | -27,314                              | -92,625                            | -28,117  | -43,849  |
| 3.04.06    | Equity pick-up  | 5,596                                | 7,171                              | 2,203  | 5,833  |
| 3.05       | Income (loss) before financial results and income taxes | 7,509                                | -5,686                             | 28,127   | -69,212  |
| 3.06       | Financial   | -8,028                               | -19,014                            | -48,486  | -131,313   |
| 3.06.01    | Financial income  | 36,473                               | 118,634                            | 16,998   | 52,686   |
| 3.06.02    | Financial expenses                                      | -44,501                              | -137,648                           | -65,484  | -183,999   |
| 3.07       | Income before income taxes                              | -519                                 | -24,700                            | -20,359  | -132,005   |
| 3.08       | Income and social contribution taxes                    | -9,163                               | -27,432                            | -7,019   | -20,443  |
| 3.08.01    | Current   | -10,022                              | -26,896                            | -4,492   | -13,653  |
| 3.08.02    | Deferred  | 859                                  | -536                               | -2,527   | -6,790   |
| 3.09       | Income (loss) from continuing operation                 | -9,682                               | -52,132                            | -27,378  | -152,453   |
| 3.10       | Income (loss) from discontinuing operation              | -                                    | -                                  | 46,993   | 127,753  |
| 3.10.01    | Income (loss) from discontinuing operation              | -                                    | -                                  | 46,993   | 127,753  |
| 3.11       | Income (loss) for the period                            | -9,682                               | -52,132                            | 19,615   | -24,699  |
| 3.11.01    | Income (loss) attributable to the Company               | -9,954                               | -50,594                            | 15,777   | -53,833  |
| 3.11.02    | Net income attributable to non-controlling interests    | 272                                  | -1,538                             | 3,838  | 29,144   |
| 3.99       | Earnings per share                                      |                                      |                                    |  |  |
| 3.99.01    | Basic earnings per share                                |                                      |                                    |  |  |
| 3.99.01.01 | ON  | -0.0246                              | -0.1248                            | 0.0368   | -0.1250  |
| 3.99.02    | Diluted earnings per share                              |                                      |                                    |  |  |
| 3.99.02.01 | ON  | -0.0246                              | -0.1248                            | 0.0368   | -0.1250  |

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

| <b>CODE DESCRIPTION</b>   | <b>ACTUAL<br/>QUARTER<br/>7/1/2014 to<br/>9/30/2014</b> | <b>YEAR TO<br/>DATE<br/>1/1/2014<br/>to<br/>9/30/2014</b> | <b>SAME<br/>QUARTER<br/>FROM<br/>YEAR<br/>7/1/2013 to<br/>9/30/2013</b> | <b>YEAR TO<br/>DATE<br/>FROM<br/>YEAR<br/>1/1/2013 to<br/>9/30/2013</b> |
|---|---|---|---|---|
| 4.01 Income (loss) for the period                               | -9,682  | -52,132   | 19,615  | -24,695   |
| 4.03 Consolidated comprehensive income (loss) for the period    | -9,682  | -52,132   | 19,615  | -24,695   |
| 4.03.01 Income (loss) attributable to Gafisa                    | -9,954  | -50,594   | 15,777  | -53,840   |
| 4.03.02 Net income attributable to the noncontrolling interests | 272   | -1,538  | 3,838   | 29,145  |

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

| <b>CODE</b> | <b>DESCRIPTION</b>  | <b>ACTUAL<br/>QUARTER<br/>9/30/2014</b> | <b>PRIOR<br/>YEAR<br/>9/30/2013</b> |
|-------------|---|---|-------------------------------------|
| 6.01        | Net cash from operating activities  | -937                                    | 46,026                              |
| 6.01.01     | Cash generated in the operations  | 167,770                                 | 53,773                              |
| 6.01.01.01  | Loss before income and social contribution taxes                                | -24,700                                 | -132,005                            |
| 6.01.01.02  | Stock options expenses  | 27,577                                  | 13,715                              |
| 6.01.01.03  | Unrealized interest and finance charges, net                                    | 47,414                                  | 48,904                              |
| 6.01.01.04  | Depreciation and amortization   | 41,714                                  | 38,573                              |
| 6.01.01.05  | Write-off of property and equipment, net  | 6,836                                   | 20,098                              |
| 6.01.01.06  | Provision for legal claims  | 77,283                                  | 47,388                              |
| 6.01.01.07  | Warranty provision  | -7,020                                  | -624                                |
| 6.01.01.08  | Provision for profit sharing  | 26,151                                  | 26,235                              |
| 6.01.01.09  | Allowance for doubtful accounts   | -9,662                                  | -5,731                              |
| 6.01.01.10  | Provision for realization of non-financial assets – properties for sale         | -9,684                                  | -1,373                              |
| 6.01.01.11  | Provision for penalties due to delay in construction works                      | -5,322                                  | -1,417                              |
| 6.01.01.12  | Financial instruments   | 4,354                                   | 5,273                               |
| 6.01.01.13  | Equity pick-up  | -7,171                                  | -5,834                              |
| 6.01.01.14  | Provision for realization of non-financial assets – intangible                  | -                                       | 571                                 |
| 6.01.02     | Variation in Assets and Liabilities   | -168,707                                | -7,747                              |
| 6.01.02.01  | Trade accounts receivable   | 292,887                                 | 51,683                              |
| 6.01.02.02  | Properties for sale   | -409,947                                | -235,647                            |
| 6.01.02.03  | Other accounts receivable   | 10,839                                  | -41,393                             |
| 6.01.02.04  | Transactions with related parties   | -4,038                                  | 40,943                              |
| 6.01.02.05  | Prepaid expenses  | 15,170                                  | 19,520                              |
| 6.01.02.06  | Suppliers   | 4,125                                   | 11,308                              |
| 6.01.02.07  | Obligations for purchase of land and adv. from customers                        | 80,103                                  | 45,090                              |
| 6.01.02.08  | Taxes and contributions   | -31,791                                 | -13,060                             |
| 6.01.02.09  | Salaries and payable charges  | -43,023                                 | -36,909                             |
| 6.01.02.10  | Other obligations   | 19,976                                  | 159,288                             |
| 6.01.02.11  | Income tax and social contribution paid   | -103,008                                | -8,570                              |
| 6.02        | Net cash from investing activities  | 501,832                                 | -122,671                            |
| 6.02.01     | Purchase of property and equipment and intangible assets                        | -52,256                                 | -60,350                             |
| 6.02.02     | Redemption of short-term investments  | 2,387,569                               | 3,708,304                           |
| 6.02.03     | Short-term investments obtained   | -1,880,258                              | -3,399,254                          |
| 6.02.04     | Investments increase  | -11,534                                 | -19,454                             |
| 6.02.05     | Received dividends  | 58,311                                  | 14,745                              |
| 6.02.06     | Purchase of AUSA  | -                                       | -366,662                            |
| 6.03        | Net cash from financing activities  | -554,322                                | -80,932                             |
| 6.03.01     | Increase in capital   | -                                       | 4,866                               |
| 6.03.02     | Loans and financing obtained  | 666,692                                 | 1,237,027                           |
| 6.03.03     | Payment of loans and financing  | -941,847                                | -1,158,400                          |
| 6.03.04     | Purchase of treasury shares   | -53,561                                 | -39,970                             |
| 6.03.05     | Proceeds from subscription of redeemable equity interest in securitization fund | -                                       | -5,089                              |

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|         |  |          |          |
|---------|--|----------|----------|
| 6.03.06 | Payables to venture partners                             | -106,600 | -106,675 |
| 6.03.07 | Loans with related parties                               | -8,799   | -12,691  |
| 6.03.08 | Treasury shares  | 17,583   | -        |
| 6.03.09 | Income from treasury shares' alienation                  | -10,664  | -        |
| 6.03.10 | Paid dividends   | -117,126 | -        |
| 6.05    | Net increase of cash and cash equivalents                | -53,427  | -157,577 |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 215,194  | 432,202  |
| 6.05.02 | Cash and cash equivalents at the end of the period       | 161,767  | 274,625  |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 1/1/2014 TO 9/30/2014 (in thousands of Braz**

| <b>CODE</b> | <b>DESCRIPTION</b>                     | <b>Capital</b> | <b>Capital reserves, stock options and treasury shares</b> | <b>Profit Retained reserves</b> | <b>earnings</b> | <b>Other comprehensive income</b> | <b>Shareho</b> |
|-------------|--|----------------|--|---------------------------------|-----------------|-----------------------------------|----------------|
| 5.01        | Opening balance                        | 2,740,662      | -18,687  | 468,749                         | -               | -                                 | 3,19           |
| 5.03        | Opening adjusted balance               | 2,740,662      | -18,687  | 468,749                         | -               | -                                 | 3,19           |
| 5.04        | Capital transactions with shareholders | -              | -33,214  | -                               | -               | -                                 | -3             |
| 5.04.03     | Realization of granted options         | -              | 13,427   | -                               | -               | -                                 | 1              |
| 5.04.04     | Acquired treasury shares               | -              | -53,560  | -                               | -               | -                                 | -5             |
| 5.04.05     | Sold treasury shares                   | -              | 6,919  | -                               | -               | -                                 | -              |
| 5.05        | Total of comprehensive income (loss)   | -              | -  | -                               | -50,594         | -                                 | -5             |
| 5.05.01     | Income (loss) for the period           | -              | -  | -                               | -50,594         | -                                 | -5             |
| 5.07        | Closing balance                        | 2,740,662      | -51,901  | 468,749                         | -50,594         | -                                 | 3,10           |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM 1/1/2013 TO 9/30/2013 (in thousands of Braz**

| <b>CODE DESCRIPTION</b>   | <b>Capital</b> | <b>Capital reserves, stock options and treasury shares</b> | <b>Profit Retained reserves</b> | <b>Profit Retained earnings</b> |
|---|----------------|--|---------------------------------|---------------------------------|
| 5.01 Opening balance  | 2,735,794      | 35,233   | -                               | -226,523                        |
| 5.03 Opening adjusted balance                                       | 2,735,794      | 35,233   | -                               | -226,523                        |
| 5.04 Capital transactions with shareholders                         | 4,866          | -278,703   | -                               | -                               |
| 5.04.01 Increase in capital   | 4,866          | -  | -                               | -                               |
| 5.04.03 Realization of granted options                              | -              | 13,716   | -                               | -                               |
| 5.04.04 Acquired treasury shares                                    | -              | -39,970  | -                               | -                               |
| 5.04.06 Dividends   | -              | -  | -                               | -                               |
| 5.04.08 Acquisition of investment with non-controlling shareholders | -              | -252,449   | -                               | -                               |
| 5.05 Total of comprehensive income (loss)                           | -              | -  | -                               | -53,839                         |
| 5.05.01 Income (loss) for the period                                | -              | -  | -                               | -53,839                         |
| 5.07 Closing balance  | 2,740,660      | -243,470   | -                               | -280,362                        |

**CONSOLIDATED 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>1/1/2014 to<br/>9/30/2014</b> | <b>1/1/2013 to<br/>9/30/2013</b> |
| 7.01        | Revenues                                      | 1,626,242                        | 1,933,052                        |
| 7.01.01     | Real estate development, sale and services    | 1,571,666                        | 1,842,997                        |
| 7.01.04     | Allowance for doubtful accounts               | 54,576                           | 90,055                           |
| 7.02        | Inputs acquired from third parties            | -1,145,977                       | -1,252,174                       |
| 7.02.01     | Cost of sales and/or services                 | -984,448                         | -1,268,679                       |
| 7.02.02     | Materials, energy, outsourced labor and other | -161,529                         | 16,505                           |
| 7.03        | Gross added value                             | 480,265                          | 680,878                          |
| 7.04        | Retentions                                    | -41,714                          | -38,573                          |
| 7.04.01     | Depreciation and amortization                 | -41,714                          | -38,573                          |
| 7.05        | Net added value produced by the Company       | 438,551                          | 642,305                          |
| 7.06        | Added value received on transfer              | 125,805                          | 58,520                           |
| 7.06.01     | Equity pick-up                                | 7,171                            | 5,834                            |
| 7.06.02     | Financial income                              | 118,634                          | 52,686                           |
| 7.07        | Total added value to be distributed           | 564,356                          | 700,825                          |
| 7.08        | Added value distribution                      | 564,356                          | 700,825                          |
| 7.08.01     | Personnel and payroll charges                 | 161,323                          | 238,886                          |
| 7.08.02     | Taxes and contributions                       | 178,708                          | 219,443                          |
| 7.08.03     | Compensation – Interest                       | 274,919                          | 296,335                          |
| 7.08.03.01  | Interest                                      | 274,919                          | 296,335                          |
| 7.08.04     | Compensation – Company capital                | -50,594                          | -53,839                          |
| 7.08.04.03  | Retained losses                               | -50,594                          | -53,839                          |





## **GAFISA RELEASES 3Q14 RESULTS**

### **FOR IMMEDIATE RELEASE**

**São Paulo, November 07, 2014**

Gafisa S.A. (Bovespa: GFSA3; NYSE: GFA), one of Brazil's leading homebuilders, today reported financial results for the quarter ended September 30, 2014.

### **MANAGEMENT COMMENTS AND HIGHLIGHTS**

During this challenging macroeconomic climate, the Company is remaining focused on maintaining profitability and generating cash flow. Corrections and improvements by the Company and our business partners undertaken in recent years have increased the efficiency of the production cycle, thereby reducing the construction period, strengthening financial management, and improving the quality and speed of the transfer process. As a result, we have achieved better operating performance, enhancing the profile of our capital employed. These factors have also positioned the Company well for the current economic environment.

In this context, Gafisa and Tenda's projects performance has been solid during recent quarters, contributing to adjusted gross margin of 36.4% in the third quarter on a consolidated basis. The Gafisa segment's results were stable, with an adjusted gross margin of 38.7%, while in the Tenda segment, the proportional increase in contribution from new projects has resulted in increasing our expectation that we will be able to maintain an adjusted gross margin level of between 28-30% for new projects.

Similar to the second quarter, Gafisa's third quarter performance was impacted by continued weakness in the economic environment. Accordingly, Gafisa is taking a selective approach to product development and launches, as it prioritizes pursuing a solid level of profitability.

In the Gafisa segment, third quarter launches totaled R\$419.1 million, with gross pre-sales of R\$345.6 million. During the quarter, more cautious buying behavior on the part of consumers resulted in a reduction in launches sales velocity. In the 3Q14, Gafisa's SoS was 7.2%.

Recently, in line with our commitment to transparency, capital discipline and value generation to shareholders, the Company announced the reduction of its guidance for 2014 expected launches for the Gafisa segment. Despite having projects already approved and ready for launch through the end of the year, the Company believes that, based on the continuing uncertainties of the current economic environment, these launches should be postponed to 2015, which will allow for more appropriate timing in order to maintain these projects' target margins. As a result, in the 3Q14 Gafisa completed R\$1.0 billion of launches in 9M14, attaining 89% of the midpoint of newly established guidance of between R\$1.1 billion to R\$1.2 billion. Looking ahead to the last quarter of the year, the Gafisa segment is dedicating even more focus on the sale of inventories of its previously launched projects.

Tenda experienced lower launch activity in the third quarter due to a greater than expected period in finalizing the legalization and contracting of new projects with financing agents, which resulted in the postponement of some projects to the fourth quarter. Third quarter launches totaled R\$91.3 million, with gross pre-sales of R\$182.3 million. The level of dissolutions in 3Q14 still presented a high volume of R\$146.3 million, driven mainly by the strong delivery of legacy projects, which accounted for 70% of PSV in the period. Our expectation is that the volume of cancellations in the last quarter will remain at a similar level, due to the delivery of most of the remaining legacy projects, coupled with the transition to a new sales accounting policy, where the sale is booked only after payment by the customer.

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The higher volume of dissolutions impacted significantly sales velocity in this third quarter, reaching 4.6%. The World Cup, which had an adverse effect on the number of visitations to the shops, and a change in the sales accounting policy have also contributed to a pre-sales reduction in the period. However, we continue to believe in the resilience of Tenda's market segment, even in the face of economic uncertainty. Demand in the low income housing segment is still quite strong, due to Brazil's low unemployment rate and the availability of credit for the segment.

In the 9M14, Tenda launches reached R\$371.8 million, and facing terms longer than expected for legalization and contracting, remains seeking the floor for its launch guidance of R\$600 to R\$800 million, to the end of the year.

Consolidated Gafisa and Tenda launch volumes for the quarter reached R\$510.4 million and R\$1.4 billion in the first nine months of the year, which represents 75% of the midpoint of newly revised guidance of R\$1.7 to R\$2.0 billion. Net pre-sales were R\$230.8 million and R\$903.1 million in the 9M14. Adjusted gross profit was R\$179.9 million, with a margin of 36.4% in the quarter, 2 percentage points above that of the previous year. In the 9M14, adjusted gross profit totaled R\$517.3 million, with a margin of 34.4%, 5.8 percentage points above that of the 9M13, demonstrating Gafisa and Tenda improved operating performance.

Consolidated net income was a loss of R\$9.9 million, comprised by Gafisa's net income of R\$15.3 million, and a loss in Tenda of approximately R\$25.2 million. For the 9M14, net income was negative R\$50.6 million, with Gafisa presenting income of R\$30.1 million, and Tenda reporting a loss of R\$80.7 million.

Operational cash generation performed well during the year. The Company ended 3Q14 with operating cash flow of R\$49.4 million, reaching R\$195.5 million in the 9M14, reflecting: (i) the transfer/receiving process for units sold with financing agents, with around R\$1.2 billion transferred during the year, and; (ii) greater control over the Company's business cycle. Free cash flow generation in 3Q14 was positive again at R\$23.5 million, totaling R\$42.7 million during the year.

At the end of September, 2014, the Company's Net Debt/Equity ratio reached 44.3%, which is in line with the previous quarter. Excluding project finance, the Net Debt/Equity ratio was negative 22.8%.

The separation process of the business units continues to progress, and as soon as we have information on the next steps, the Company will inform its shareholders and the market.

As the year end approaches, we are pleased to have seen major evolution in the financial and operating cycles of both companies. We continue to work with having profitability and shareholder value creation goals as our guidelines, always seeking ongoing improvement in our results.

**Sandro Gamba**  
**Chief Executive Officer – Gafisa S.A.**

**Rodrigo Osmo**  
**Chief Executive Officer – Tenda S.A.**



## FINANCIAL RESULTS

Net revenue recognized by the “PoC” method was R\$365.3 million in the Gafisa segment and R\$128.9 million in the Tenda segment. This resulted in consolidated revenue of R\$494.2 million in the third quarter, a reduction of 21.3% compared with the 3Q13, and 14.0% from the 2Q14. In the 9M14, net revenue reached R\$1.5 billion.

Adjusted gross profit for 3Q14 was R\$179.9 million, down from R\$216.1 million in 3Q13 and R\$205.3 million in the previous quarter. Even though, adjusted gross margin rose to 36.4% versus 34.4% in the prior-year period and 35.7% in the 2Q14. Gafisa’s contribution was an adjusted gross profit of R\$141.5 million, with an adjusted margin of 38.7%, while Tenda’s contribution was R\$38.4 million, with a margin of 29.8% in 3Q14. In the first nine months, consolidated adjusted gross profit was R\$517.3 million, and adjusted gross margin was 34.4%.

Adjusted EBITDA was R\$73.5 million in the 3Q14. The Gafisa segment reported adjusted EBITDA of R\$76.7 million, while the Tenda segment’s adjusted EBITDA was negative at R\$9.8 million. Please note that consolidated adjusted EBITDA includes Alphaville equity income, while the Gafisa segment’s adjusted EBITDA is net of this effect. At the end of 9M14, consolidated adjusted EBITDA reached R\$189.8 million. Consolidated EBITDA margin reached 14.9% in 3Q14 and 12.6% in 9M14.

The Company reported a consolidated net loss of R\$9.9 million in the third quarter. Gafisa reported a profit of R\$15.3 million, including the contribution of R\$6.6 million from Alphaville, while Tenda reported a loss of R\$25.2 million. In the 9M14, the net loss reached R\$50.6 million.

Operating cash generation reached R\$49.4 million in the 3Q14 and R\$195.5 million in the 9M14. In the 3Q14, the Company recorded cash generation of R\$23.5 million, while in the 9M14, cash generation was R\$42.7 million.

## OPERATING RESULTS

Launches totaled R\$510.4 million in the 3Q14, comprising 4 Gafisa projects and 2 Tenda projects, compared to R\$413.7 million in the 2Q14. In 9M14, R\$1.4 billion was launched. The Gafisa segment accounted for R\$1.0 billion, while the Tenda segment launched the remaining R\$371.8 million.

Consolidated pre-sales totaled R\$230.8 million in the 3Q14, of which R\$194.9 million related to Gafisa and R\$35.9 million to Tenda, compared to sales of R\$338.9 million in the 3Q13. In the 9M14, sales reached R\$903.1 million, with R\$633.7 million in the Gafisa segment and R\$269.4 million in the Tenda segment. Consolidated sales from launches in the 9M14 represented 66.2% of the total, while sales from inventory comprised the remaining 33.8%.

Consolidated sales over supply (SoS) reached 6.7% in 3Q14, compared to 12.6% in 2Q14 and 11.6% in the year-ago period. In the quarter, SoS was 7.2% at Gafisa and 4.6% at Tenda. Over the past 12 months Gafisa's SoS was 30.4%, while Tenda's was 37.8%

Consolidated inventory at market value increased R\$195.6 million in the quarter, reaching R\$3.2 billion. Gafisa's inventory reached R\$2.5 billion and Tenda's inventory totaled R\$712.4 million.

Throughout the third quarter, the Company delivered 11 projects, totaling 1,549 units, representing R\$366.9 million in PSV. The Gafisa segment delivered 366 units, while the Tenda segment delivered the remaining 1,183 units.

## ANALYSIS OF RESULTS

### Gafisa Segment

#### Gross Margin Expansion and Reduction in Expenses Benefit Operating Results

The Gafisa segment's margin has been improving in recent quarters, due to the consolidation of operations in certain markets and the delivery of legacy projects. Accordingly, the segment's profitability increased. Adjusted gross profit totaled R\$141.5 million in 3Q14, with a margin of 38.7%. Another quarterly highlight is the 6.4% y-o-y reduction in the amount of expenses, primarily due to lower selling expenses. The reduction was achieved despite higher launch volumes in the period.

#### Net Income

Net income for the period was R\$15.3 million, compared to R\$17.1 million in 2Q14, and R\$76.7 million in the year-ago period. Excluding R\$6.6 million in equity from Alphaville, the Gafisa segment's net income was R\$8.7 million. The result was stable versus the 2Q14, and reflects improved operating performance despite lower revenue. In the 9M14, net income totaled R\$18.5 million, compared to a loss of R\$50.8 million in the prior year, underscoring the improvement in Gafisa's performance in recent quarters.

To note, currently Gafisa holds a 30% stake in Alphaville, while in 3Q13 it owned 100%.

|                                      |              |              |              |              |               |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|
| <b>Adjusted Gross Profit</b>         | <b>141.5</b> | <b>151.5</b> | <b>191.9</b> | <b>409.4</b> | <b>446.3</b>  |
| <i>Adjusted Gross Margin</i>         | 38.7%        | 38.1%        | 44.4%        | 37.6%        | 38.0%         |
| <b>Net Profit</b>                    | <b>15.3</b>  | <b>17.1</b>  | <b>76.7</b>  | <b>30.1</b>  | <b>77.0</b>   |
| <i>Equity income from Alphaville</i> | 6.6          | 8.4          | 47.0         | 11.6         | 127.8         |
| <b>Net Profit Ex-Alphaville</b>      | <b>8.7</b>   | <b>8.7</b>   | <b>29.7</b>  | <b>18.5</b>  | <b>(50.8)</b> |

### Tenda Segment

#### High Volume of Dissolution of Legacy Impacted Revenue

Lower quarterly launch volumes, due to delays in obtaining licenses and contracting projects with financing agents, coupled with a higher level of dissolutions in this 3Q14, especially due to the large volume of deliveries of legacy projects, negatively impacted sales results and revenue recognition of Tenda this quarter. With the higher concentration of dissolutions in legacy projects, the revenue breakdown was positively impacted by increased participation of projects related to the New Model, thereby allowing the maintenance of the adjusted gross margin at a high level, reaching 29.8% in the quarter.



In late August we implemented a new sales accounting policy, where the sale is booked only after payment by the customer. Until then, revenue was generated by the issuance of the customer purchase and sale agreement. We hope that this change presents a significant impact on reducing the level of dissolutions of new pre-sales starting in September.

A streamlined cost structure, which better reflects the size of operations, also contributed to the segment's third quarter results. Selling, general and administrative expenses once again decreased sharply from a year earlier. Selling expenses were impacted by lower gross sales in the period, while general and administrative expenses recorded annual savings of 24.7%, due to reduced operational complexity in the Tenda segment, with the reduction in the number of legacy projects.

### **Net Income**

The third quarter net loss was R\$25.2 million, compared to a net loss of R\$18.0 million in 2Q14, and R\$60.9 million in 3Q13. While Tenda's 3Q14 bottom line was impacted by lower launch volumes and net sales, the segment's performance has improved over a longer timeframe. In the 9M14, Tenda's net loss declined 38.3% year-over-year, closing the period at R\$80.7 million.

|                              |               |               |               |               |                |
|------------------------------|---------------|---------------|---------------|---------------|----------------|
| <b>Adjusted Gross Profit</b> | <b>38.5</b>   | <b>53.8</b>   | <b>24.2</b>   | <b>107.8</b>  | <b>61.5</b>    |
| <i>Adjusted Gross Margin</i> | <i>29.8%</i>  | <i>30.4%</i>  | <i>12.3%</i>  | <i>26.2%</i>  | <i>10.2%</i>   |
| <b>Net Profit</b>            | <b>(25.2)</b> | <b>(18.0)</b> | <b>(60.9)</b> | <b>(80.7)</b> | <b>(130.8)</b> |

## RECENT EVENTS

### Share Buyback Program

Regarding the share buyback program in place, on October 30, 2014, the Company had acquired around 30 million shares, or around 94% of the total amount permitted, considering the maximum amount of 32,938,554 shares.

The approved program is conditional on the maintenance of consolidated net debt at a level equal to or less than 60% of net equity and does not oblige the Company to acquire any particular amount of shares in the market. The program may be suspended at any time.

On February 26, 2014, the Company canceled an open share buyback program in place in the Tenda subsidiary and opened a new program in Gafisa, containing the same previously defined conditions. The new program can repurchase the remaining balance of shares.

### Revision of 2014 Guidance

In line with the Company's commitment to transparency, capital discipline and value generation to shareholders, it was disclosed in a Material Fact dated October 20 that the Company lowered its guidance for 2014 expected launches for the Gafisa segment. The new launch guidance for the segment was lowered to R\$1.1 to R\$1.2 billion from R\$1.5 to R\$1.7 billion previously. Despite having projects already approved and ready for launch through the end of the year, the Company believes that, based on the continuing uncertainties of the current economic environment, these launches should be postponed to 2015.

Due to the change in the volume of 2014 launches projected for the Gafisa segment, guidance for the ratio of Administrative Expenses to Launch Volumes, which was 7.5% for 2014, has been impacted. While projected administrative expenses for the year, and the basis for previous guidance, are within expectations, this guidance becomes is no longer applicable for 2014.

Gafisa remains strongly committed to the recovery plan for its profitability level and focused on the generation of value for its shareholders.



## Key Numbers for the Gafisa Group

**Table 1 – Gafisa Segment - Operating and Financial Highlights – (R\$000, and % Gafisa)**

|                                     |           |           |           |           |           |           |           |          |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Launches                            | 419,134   | 314,733   | 33.2%     | 107,248   | 290.8%    | 1,023,012 | 406,187   | 151.9%   |
| Net pre-sales                       | 194,892   | 251,290   | -22.4%    | 188,716   | 3.3%      | 633,738   | 506,742   | 25.1%    |
| Net pre-sales of Launches           | 130,368   | 116,334   | 12.1%     | 36,885    | 253.4%    | 154,249   | 164,052   | -6.0%    |
| Sales over Supply (SoS)             | 7.2%      | 9.8%      | -2.6 p.p. | 9.2%      | -2.0 p.p. | 20.2%     | 21.4%     | 1.2 p.p. |
| Delivered projects (Units)          | 366       | 1,504     | -75.7%    | 1,477     | -75.2%    | 2,394     | 3,205     | -25.3%   |
| Net Revenue                         | 365,256   | 397,907   | -8.2%     | 432,252   | -15.5%    | 1,089,913 | 1,173,897 | -7.2%    |
| Adjusted Gross Profit <sup>1</sup>  | 141,462   | 151,456   | -6.6%     | 191,895   | -26.3%    | 409,448   | 446,313   | -8.3%    |
| Adjusted Gross Margin <sup>1</sup>  | 38.7%     | 38.1%     | 60 bps    | 44.4%     | -570 bps  | 37.6%     | 38.0%     | -40 bps  |
| Adjusted EBITDA <sup>2</sup>        | 76,690    | 83,353    | -8.0%     | 121,031   | -36.6%    | 214,855   | 223,278   | -3.8%    |
| Adjusted EBITDA Margin <sup>2</sup> | 21.0%     | 20.9%     | 10 bps    | 28.0%     | -700 bps  | 19.7%     | 19.0%     | -830 bps |
| Net Income (Loss)                   | 15,263    | 17,132    | -10.9%    | 76,731    | -80.1%    | 30,068    | 76,979    | -60.9%   |
| Backlog revenues                    | 1,157,390 | 1,298,089 | -10.8%    | 1,625,581 | -28.8%    | 1,157,390 | 1,625,581 | -28.8%   |
| Backlog results <sup>3</sup>        | 448,963   | 470,361   | -4.5%     | 561,524   | -20.0%    | 448,963   | 561,524   | -20.0%   |
| Backlog margin <sup>3</sup>         | 38.8%     | 36.2%     | 260 bps   | 34.5%     | 430 bps   | 38.8%     | 34.5%     | 430 bps  |

1) Adjusted by capitalized interests

2) Adjusted by expenses with stock option plans (non-cash), minority. EBITDA from Gafisa segment does not consider the equity income from Alphaville.

3) Backlog results net of PIS/COFINS taxes – 3.65%, and excluding the impact of PVA (Present Value Adjustment) method according to Law 11,638.

## Key Numbers for Tenda

**Table 2 – Tenda Segment - Operating and Financial Highlights – (R\$000, and % Tenda)**

|                                    |         |         |            |         |            |         |         |           |
|------------------------------------|---------|---------|------------|---------|------------|---------|---------|-----------|
| Launches                           | 91,294  | 99,011  | -7.8%      | 103,644 | -11.9%     | 371,749 | 250,396 | 48.5%     |
| Net pre-sales                      | 35,892  | 181,728 | -80.3%     | 150,151 | -76.1%     | 269,387 | 326,777 | -17.6%    |
| Net pre-sales of Launches          | 22,490  | 42,299  | -46.8%     | 74,307  | -69.7%     | 85,387  | 142,848 | -40.2%    |
| Sales over Supply (SoS)            | 4.6%    | 20.8%   | -16.2 p.p. | 17.4%   | -12.8 p.p. | 26.7%   | 30.8%   | -4.1 p.p. |
| Delivered projects (Units)         | 1,183   | 2,185   | -45.9%     | 1,014   | 16.7%      | 4,640   | 3,540   | 31.1%     |
| Net Revenue                        | 128,935 | 176,923 | -27.1%     | 195,795 | -34.1%     | 411,809 | 602,563 | -31.7%    |
| Adjusted Gross Profit <sup>1</sup> | 38,458  | 53,805  | -28.5%     | 24,177  | 59.1%      | 107,826 | 61,470  | 75.4%     |

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|                                     |          |          |          |          |          |          |           |          |
|-------------------------------------|----------|----------|----------|----------|----------|----------|-----------|----------|
| Adjusted Gross Margin <sup>1</sup>  | 29.8%    | 30.4%    | -60 bps  | 12.3%    | 1750 bps | 26.2%    | 10.2%     | 1600 bps |
| Adjusted EBITDA <sup>2</sup>        | (9,828)  | (1,907)  | -415.4%  | (28,027) | 64.9%    | (36,648) | (59,346)  | 27.7%    |
| Adjusted EBITDA Margin <sup>2</sup> | -7.6%    | -1.1%    | -650 bps | -14.3%   | 670 bps  | -8.9%    | -9.8%     | 90 bps   |
| Net Income (Loss)                   | (25,219) | (17,983) | -40.2%   | (60,955) | 58.6%    | (80,662) | (130,819) | 34.0%    |
| Backlog revenues                    | 139,318  | 207,912  | -33.0%   | 274,642  | -49.3%   | 139,318  | 274,642   | -49.3%   |
| Backlog results <sup>3</sup>        | 40,010   | 61,563   | -35.0%   | 62,789   | -36.3%   | 40,010   | 62,789    | -36.3%   |
| Backlog margin <sup>3</sup>         | 28.7%    | 29.6%    | -90 bps  | 22.9%    | 580 bps  | 28.7%    | 22.9%     | 580 bps  |

1) Adjusted by capitalized interests

2) Adjusted by expenses with stock option plans (non-cash), minority. Tenda does not hold equity in Alphaville.

3) Backlog results net of PIS/COFINS taxes – 3.65%, and excluding the impact of PVA (Present Value Adjustment) method according to Law 11,638.

## Key Consolidated Numbers

**Table 3 - Operating and Financial Highlights – (R\$000, and % Company)**

|  |           |           |           |           |            |           |           |
|--|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| Launches                                   | 510,428   | 413,744   | 23.4%     | 210,892   | 142.0%     | 1,394,761 | 656,588   |
| Launches, units                            | 1,534     | 1,089     | 40.9%     | 844       | 81.8%      | 4,413     | 2,633     |
| Pre-sales                                  | 230,784   | 433,018   | -46.7%    | 338,867   | -31.9%     | 903,125   | 833,511   |
| Pre-sales, units                           | 682       | 1,628     | -58.1%    | 1,410     | -51.6%     | 3,079     | 3,600     |
| Pre-sales of Launches                      | 152,858   | 158,633   | -3.6%     | 111,193   | 37.5%      | 239,636   | 306,900   |
| Sales over Supply (SoS)                    | 6.7%      | 12.6%     | -47.0%    | 11.6%     | -42.7%     | 21.8%     | 24.3%     |
| Delivered projects (PSV)                   | 366,917   | 678,171   | -45.9%    | 529,624   | -30.7%     | 1,602,596 | 1,298,511 |
| Delivered projects, units                  | 1,549     | 3,689     | -58.0%    | 2,491     | -37.8%     | 7,034     | 6,740     |
| Net Revenue                                | 494,191   | 574,830   | -14.0%    | 628,047   | -21.3%     | 1,501,722 | 1,776,460 |
| Adjusted Gross Profit <sup>1</sup>         | 179,920   | 205,261   | -12.3%    | 216,072   | -16.7%     | 517,274   | 507,780   |
| Adjusted Gross Margin <sup>1</sup>         | 36.4%     | 35.7%     | 70 bps    | 34.4%     | 200 bps    | 34.4%     | 28.6%     |
| Adjusted EBITDA <sup>2</sup>               | 73,457    | 89,838    | -18.2%    | 139,997   | -47.5%     | 189,767   | 291,680   |
| Adjusted EBITDA Margin <sup>2</sup>        | 14.9%     | 15.6%     | -80 bps   | 22.3%     | -750 bps   | 12.6%     | 16.4%     |
| Net Income (Loss)                          | (9,956)   | (851)     | -1,269.9% | 15,777    | -163.1%    | (50,594)  | (53,840)  |
| Backlog revenues                           | 1,296,708 | 1,506,001 | -13.9%    | 1,900,224 | -31.8%     | 1,296,708 | 1,900,224 |
| Backlog results <sup>3</sup>               | 488,973   | 531,924   | -8.1%     | 624,313   | -21.7%     | 488,973   | 624,313   |
| Backlog margin <sup>3</sup>                | 37.7%     | 35.3%     | 240 bps   | 32.9%     | 480 bps    | 37.7%     | 32.9%     |
| Net Debt + Investor Obligations            | 1,384,795 | 1,408,283 | -1.7%     | 2,858,095 | -51.5%     | 1,384,795 | 2,858,095 |
| Cash and cash equivalents                  | 1,463,454 | 1,279,568 | 14.4%     | 781,606   | 87.2%      | 1,463,454 | 781,606   |
| Shareholder's Equity                       | 3,106,916 | 3,116,182 | -0.2%     | 2,216,828 | 40.3%      | 3,106,916 | 2,216,828 |
| Shareholder's Equity+ Minority             | 3,129,137 | 3,138,131 | -0.3%     | 2,267,662 | 38.0%      | 3,129,137 | 2,267,662 |
| Total Assets                               | 7,578,854 | 7,288,403 | 4.8%      | 8,199,678 | -6.9%      | 7,635,296 | 8,199,678 |
| (Net Debt + Obligations) / (SE + Minority) | 44.3%     | 44.9%     | -60 bps   | 126.0%    | -8.170 bps | 44.3%     | 126.0%    |

1) Adjusted by capitalized interests

2) Adjusted by expenses with stock option plans (non-cash), minority. Consolidated EBITDA considers the equity income from Alphaville.

3) Backlog results net of PIS/COFINS taxes – 3.65%, and excluding the impact of PVA (Present Value Adjustment) method according to Law 11,638.



## **Update on the Separation Process**

### **Administrative Split and Next Steps**

The Company continued to evaluate the potential separation of the Gafisa and Tenda business units during the quarter.

As previously reported, a separation would be the next step in a comprehensive plan initiated by management to enhance value creation for both business units and its shareholders.

Since the beginning of the year the Company has been moving toward the effective separation of Gafisa and Tenda's administrative structures, so that they can operate independently in the future.

In recent months the actual division of various departments such as Services, Personnel and Management Center, Legal, among others has been implemented. The Company is currently working on the completion of this process, defining guidelines for the separation and independent operation of some remaining departments that still operate in a shared way.

At the same time, the Company continues to evaluate separation alternatives for the two companies.

Among the initiatives and studies being undertaken, we highlight:

(1) Review of relationship with agents potentially linked to the separation process in order to align contractual, operational and financial issues related to the possible separation;

(2) Amendment with the Brazilian Securities and Exchange Commission (CVM), related to the category of Tenda as an issuer. Since late July 2014, Tenda became registered under Category A;



(3) Continuity of studies the most appropriate capital structure for the business cycle of each company, as well as liquidity, and fiscal, tax, legal, corporate aspects, among others.

The Company will keep its shareholders and the market informed as to the progress and development of this process.

## **GAFISA SEGMENT**

### **Operating Results**

#### **Launches and Pre-Sales**

Third-quarter launches totaled R\$419.1 million and comprised 4 projects/phases located in the cities of São Paulo, São Caetano and Rio de Janeiro. Also in the quarter, the Company requested renunciation of a development launched in early 2014 in São Paulo, with a PSV of R\$64.8 million, to modify the project. Therefore, in the first 9M14, excluding the effect of the project mentioned above, the segment's launches totaled R\$1.0 billion, compared to R\$406.2 million in the same period last year.

Gafisa segment 3Q14 gross pre-sales totaled R\$345.6 million and R\$984.8 million in the 9M14. Dissolutions reached R\$150.7 million, affecting net pre-sales that reached R\$194.9 million. In the 9M14, net sales totaled R\$633.7 million and the volume of dissolutions was R\$351.1 million. Units launched during the quarter represented 54.2% of total sales, amounting to R\$105.6 million, while in the 9M14 launches represented 44.9% of pre-sales. The segment accounted for 82.1% of consolidated launches for the quarter and 74.5% for the 9M14.

#### **Table 4. Gafisa Segment – Launches and Pre-sales (R\$000)**

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|           |         |         |        |         |        |           |         |        |
|-----------|---------|---------|--------|---------|--------|-----------|---------|--------|
| Launches  | 419,134 | 314,733 | 33.2%  | 107,248 | 290.8% | 1,023,012 | 406,187 | 151.9% |
| Pre-sales | 194,892 | 251,290 | -22.4% | 188,716 | 3.3%   | 633,738   | 506,742 | 25.1%  |

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### Sales over Supply (SoS)

3Q14 sales velocity was 7.2%, compared with 9.8% in 2Q14 and 9.2% in the previous year. Considering the last 12 months, Gafisa's SoS ended the 3Q14 at 30.4%.

### Dissolutions

Uncertainties related to the current Brazilian economic scenario resulted in an increase in dissolutions, reaching R\$150.7 million in the quarter, compared to R\$119.9 million in the 2Q14 and R\$73.0 million in the previous year. In the 9M14, the level of dissolutions was R\$351.1 million, down 12.7% compared to the R\$402.3 million in the same period of 2013, despite a more difficult macroeconomic environment.

In the last three years, the Company has been working on initiatives in search of higher credit quality of its sales, aiming at reaching a reduced level of dissolutions throughout the construction and delivery cycle. It is worth mentioning the importance of assertiveness in the credit review process at the time of the sale, which has generated great efficiency in the process of transferring Gafisa customers, despite deteriorating macroeconomic conditions throughout the year.

In the 3Q14, of the 289 Gafisa segment units cancelled and returned to inventory, 69.1% were resold. For the year, 691 units have been cancelled, of which 58.5% have already been resold.

### Inventory

In 3Q14, Gafisa maintained its focus on inventory reduction initiatives. Accordingly, inventory represented 55.1% of total sales in the period. The market value of Gafisa segment inventory reached R\$2.5 billion in the 3Q14, as compared to R\$2.3 billion in the previous quarter. Finished units outside of core markets accounted for R\$191.1 million, or 7.6% of total inventory.

**Table 5. Gafisa Segment – Inventory at Market Value (R\$000)**

|                |           |         |         |           |          |           |
|----------------|-----------|---------|---------|-----------|----------|-----------|
| São Paulo      | 1,550,518 | 355,992 | 108,095 | (256,513) | (50,550) | 1,707,542 |
| Rio de Janeiro | 550,633   | 63,141  | 14,128  | (37,313)  | 7,558    | 598,146   |

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|               |                  |                |                |                  |                 |                  |
|---------------|------------------|----------------|----------------|------------------|-----------------|------------------|
| Other Markets | 220,931          | -              | 28,524         | (51,813)         | (6,568)         | 191,074          |
| <b>Total</b>  | <b>2,322,081</b> | <b>419,134</b> | <b>150,746</b> | <b>(345,639)</b> | <b>(49,561)</b> | <b>2,496,761</b> |

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During the same period, finished units comprised R\$278.9 million, or 11.2% of total inventory. Of this amount, inventory from projects launched outside core markets represented R\$148.3 million, down 17.8% and 24.6% as compared to R\$180.3 million in 2Q14 and R\$196.7 million in early 2014, respectively. The Company has seen an improvement in sales velocity in these markets over the past few quarters, and believes that between the end of 2015 and beginning of 2016 it will have monetized a large portion of its inventory in non-core markets.

It is worth noting that the largest share of the Gafisa inventory, approximately 69.5% or R\$1.7 billion, is concentrated in projects that are to be delivered from early 2016. This will account for the sale of inventory in coming quarter, rather than finished units.

**Table 6. Gafisa Segment – Inventory at Market Value - Construction Status (R\$000)**

|                |                |                |                |                  |                |                |                  |
|----------------|----------------|----------------|----------------|------------------|----------------|----------------|------------------|
| São Paulo      | 471,621        | 471.620        | 22,165         | 1,020,858        | 91,706         | 101,193        | 1,707,542        |
| Rio de Janeiro | 55,281         | 55.281         | 160,706        | 110,529          | 242,229        | 29,401         | 598,146          |
| Other Markets  |                | -              | -              | -                | 42,758         | 148,315        | 191,074          |
| <b>Total</b>   | <b>526,902</b> | <b>526.902</b> | <b>182,871</b> | <b>1,131,387</b> | <b>376,692</b> | <b>278,910</b> | <b>2,496,761</b> |

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

Third quarter adjustments reflect updates related to project scope, expected launch date and inflationary adjustments. Also in the quarter, there was the impact from a renunciation of a development launched in early 2014.

### Inventory Delivery Schedule



## Landbank

Gafisa segment landbank, with a PSV of approximately R\$6.3 billion, is comprised of 31 different projects/phases,

amounting to nearly 11.1 thousand units, 78% located in São Paulo and 22% in Rio de Janeiro. The largest portion of land acquired through swap agreements is in Rio de Janeiro, thereby impacting the total amount of land acquired through swaps, which reached 57% in the third quarter.

**Table 7. Gafisa Segment- Landbank (R\$000)**

|                |                  |            |            |           |               |               |
|----------------|------------------|------------|------------|-----------|---------------|---------------|
| São Paulo      | 4,885,752        | 41.2%      | 38.8%      | 2%        | 9,240         | 10,617        |
| Rio de Janeiro | 1,404,067        | 89.3%      | 89.3%      | 0%        | 1,866         | 1,870         |
| <b>Total</b>   | <b>6,289,819</b> | <b>57%</b> | <b>55%</b> | <b>2%</b> | <b>11,107</b> | <b>12,486</b> |

**Table 8. Gafisa Segment - Changes in the Landbank (R\$000)**

|                |                  |                |                  |                |                  |
|----------------|------------------|----------------|------------------|----------------|------------------|
| São Paulo      | 4,736,453        | 363,350        | (355,992)        | 141,941        | 4,885,752        |
| Rio de Janeiro | 1,413,300        | -              | (63,141)         | 53,908         | 1,404,067        |
| <b>Total</b>   | <b>6,149,753</b> | <b>363,350</b> | <b>(419,134)</b> | <b>195,849</b> | <b>6,289,819</b> |

In 3Q14, the Company acquired 3 new land plots located in the city of São Paulo, with potential PSV of R\$361.1 million at a cost of R\$67.9 million, of which 83% was acquired with cash, and 17% through swap agreements. In regards to the land acquired in the quarter, about R\$40.3 million was disbursed in 3Q14 and approximately another R\$27.6 million will be disbursed starting in 2015.

Third quarter adjustments reflect updates related to project scope, expected launch date and inflationary adjustments to landbank during the period.



## Gafisa Vendas

During the 3Q14, Gafisa Vendas – the Company’s independent sales unit, with operations in Sao Paulo and Rio de Janeiro - accounted for 57.3% of gross sales. Gafisa Vendas currently has a team of 354 highly trained, dedicated consultants, combined with an online sales force.

## Delivered Projects

During 3Q14, Gafisa delivered 3 projects/phases and 366 units. In the year, 15 projects/ phases were delivered, representing 2,394 units.

**Table 9. Gafisa Segment - Delivered Project**

|                              |         |         |        |         |        |           |         |        |
|------------------------------|---------|---------|--------|---------|--------|-----------|---------|--------|
| PSV Transferred <sup>1</sup> | 180,857 | 210,677 | -14.2% | 243,274 | -25.7% | 623,610   | 678,010 | -8.0%  |
| Delivered Projects           | 3       | 8       | -62.5% | 6       | -50.0% | 15        | 16      | -6.3%  |
| Delivered Units              | 366     | 1,504   | -75.7% | 1,477   | -75.2% | 2,394     | 3,205   | -25.3% |
| Delivered PSV <sup>2</sup>   | 214,826 | 454,880 | -52.8% | 373,144 | -42.4% | 1,128,126 | 848,178 | 33.0%  |

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

2) PSV - Potential sales value of delivered units.

## Financial Results

### Revenues

Net revenues for the Gafisa segment in 3Q14 totaled R\$365.3 million, down 8.2% versus 2Q14 and 15.5% versus the prior year period. The decline reflects the lower level of sales in the period.

In the 3Q14, approximately 97.0% of Gafisa Segment revenues were derived from projects in Rio de Janeiro/ São Paulo, while 3.0% were derived from projects in non-core markets. The table below provides additional details.

**Table 10. Gafisa Segment - Revenue Recognition (R\$000)**

|               |                |             |                |             |                |             |                |             |
|---------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| 2014          | 130,368        | 67%         | 10,583         | 3%          | -              | 0%          | -              | 0%          |
| 2013          | 15,349         | 8%          | 30,555         | 8%          | 36,885         | 20%         | 21,782         | 5%          |
| 2012          | 19,783         | 10%         | 140,022        | 38%         | 40,995         | 22%         | 100,993        | 23%         |
| ≤ 2011        | 29,393         | 15%         | 184,095        | 50%         | 110,836        | 59%         | 282,878        | 65%         |
| <b>Total</b>  | <b>194,892</b> | <b>100%</b> | <b>365,255</b> | <b>100%</b> | <b>188,716</b> | <b>100%</b> | <b>432,252</b> | <b>100%</b> |
| SP + RJ       | 171,603        | 88%         | 354,210        | 97%         | 174,510        | 92%         | 413,665        | 96%         |
| Other Markets | 23,289         | 12%         | 11,045         | 3%          | 14,206         | 8%          | 18,587         | 4%          |

### Gross Profit & Margin

Gross profit for the Gafisa segment in 3Q14 was R\$106.7 million, compared to R\$119.1 million in 2Q14, and R\$165.9 million in the prior year period. Gross margin for the quarter was 29.2%, in line with the margin of 29.9% in the previous quarter. Excluding financial impacts, the adjusted gross margin reached 38.7% in 3Q14 compared to 38.1% in the 2Q14 and 37.6% in the prior year. Gafisa's margins and profitability have improved, in keeping with the delivery of legacy projects and the strategic consolidation of the segment's footprint. At the same time, the increased contribution of newer, more profitable projects launched by the end of 2013 positively impacted results.

The below table contains more details on the breakdown of Gafisa's gross margin in 3Q14.

**Table 11. Gafisa Segment– Gross Margin (R\$000)**

|                              |                |                |               |                |               |                  |                  |               |
|------------------------------|----------------|----------------|---------------|----------------|---------------|------------------|------------------|---------------|
| <b>Net Revenue</b>           | <b>365,256</b> | <b>397,907</b> | <b>-8.2%</b>  | <b>432,252</b> | <b>-15.5%</b> | <b>1,089,913</b> | <b>1,173,897</b> | <b>-7.2%</b>  |
| <b>Gross Profit</b>          | <b>106,723</b> | <b>119,135</b> | <b>-10.4%</b> | <b>165,939</b> | <b>-35.7%</b> | <b>314,748</b>   | <b>377,772</b>   | <b>-16.7%</b> |
| <i>Gross Margin</i>          | 29.2%          | 29.9%          | -72 bps       | 38.4%          | -917 bps      | 28.9%            | 32.2%            | -330 bps      |
| (-) Financial costs          | (34,739)       | (32,321)       | 7.5%          | 25,956         | 33.8%         | 94,700           | 68,541           | 38.2%         |
| <b>Adjusted Gross Profit</b> | <b>141,462</b> | <b>151,456</b> | <b>-6.6%</b>  | <b>191,895</b> | <b>-26.3%</b> | <b>409,448</b>   | <b>446,313</b>   | <b>-8.3%</b>  |
| <i>Adjusted Gross Margin</i> | 38.7%          | 38.1%          | 60 bps        | 44.4%          | -570 bps      | 37.6%            | 38.0%            | -40 bps       |

**Table 12. Gafisa Segment – Gross Margin Composition (R\$000)**

|                              |                |               |                |
|------------------------------|----------------|---------------|----------------|
| <b>Net Revenue</b>           | <b>354,210</b> | <b>11,046</b> | <b>365,255</b> |
| <b>Adjusted Gross Profit</b> | <b>140,361</b> | <b>1,101</b>  | <b>141,461</b> |
| <i>Adjusted Gross Margin</i> | 39.6%          | 10.0%         | 38.7%          |

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

SG&A expenses totaled R\$53.4 million in the 3Q14, a 6.4% y-o-y decrease. Selling expenses decreased by R\$5.6 million, or 20.4% y-o-y, despite the higher volume of launches, reflecting lower marketing expenses and sales commissions. For the year, sales expenses totaled R\$69.1 million, a significant reduction of 31.7% over the same period last year.

The segment's general and administrative expenses reached R\$32.0 million in 3Q14, remaining stable compared with the previous quarter, and growing 6.4% compared to 3Q13, due to a higher volume of spending on outsourced services and IT. In the 9M14, these expenses totaled R\$95.9 million, compared to R\$90.6 million in the year-ago comparison.

The reduction in the level of selling, general and administrative expenses in the Gafisa segment reflects the Company's commitment to improve operational efficiency and achieve costs and expenses that are appropriate for the business cycle.

**Table 13. Gafisa Segment– SG&A Expenses (R\$000)**

|                                   |               |               |               |               |              |                |                |               |
|-----------------------------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
| Selling Expenses                  | 21,713        | 28,425        | -23.6%        | 27,287        | -20.4%       | 69,133         | 101,166        | -31.7%        |
| General & Administrative Expenses | 32,031        | 31,406        | 2.0%          | 30,108        | 6.4%         | 95,886         | 90,586         | 5.9%          |
| <b>Total SG&amp;A Expenses</b>    | <b>53,744</b> | <b>59,831</b> | <b>-10.2%</b> | <b>57,395</b> | <b>-6.4%</b> | <b>165,019</b> | <b>191,752</b> | <b>-13.9%</b> |
| Launches                          | 419,134       | 314,733       | 33.2%         | 107,248       | 290.8%       | 1,023,012      | 406,187        | 151.9%        |
| Net Pre-Sales                     | 194,892       | 251,290       | -22.4%        | 188,716       | 3.3%         | 633,738        | 506,742        | 25.1%         |
| Net Revenue                       | 365,256       | 397,907       | -8.2%         | 432,252       | -15.5%       | 1,089,913      | 1,173,897      | -7.2%         |

The Other Revenues / Operating Expenses line totaled an expense of R\$15.7 million, down 36.0% compared to the 2Q14, and an increase of 31.9% compared to the previous year. The below table contains more details on the breakdown of this expense.

**Table 14. Gafisa Segment– Other Revenues / Operating Expenses (R\$000)**

|  |                 |                 |               |                 |                 |               |
|--|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Litigation expenses  | (13,750)        | (10,667)        | 28.9%         | (13,750)        | (10,667)        | 28.9%         |
| Expenses w/ upgrading the balance of the stock options program for AUSA shares |                 | -(13,863)       | 100.0%        |                 | -(13,863)       | 100.0%        |
| Other  | (1,829)         | 179             | -1121.8%      | (1,829)         | 179             | -1121.8%      |
| <b>Total</b>   | <b>(15,579)</b> | <b>(24,351)</b> | <b>-36.0%</b> | <b>(15,579)</b> | <b>(24,351)</b> | <b>-36.0%</b> |

Strong deliveries over the past two years, including delayed projects in other markets, were instrumental in the increase of the contingency level. Given Gafisa's narrowed footprint to São Paulo and Rio de Janeiro and the delivery of outstanding legacy projects in other markets, we should perceive a reduction of this potential liability. In fact, over the course of the coming years, a reduction in the volume of these expenses is expected.



## Adjusted EBITDA

Adjusted EBITDA for the Gafisa segment totaled R\$76.7 million in the 3Q14, down 36.6%, as compared to R\$121.0 million in the previous year, and 8.0% as compared to the R\$83.4 million recorded in 2Q14. The result was impacted by lower revenue in the period. Adjusted EBITDA does not take into consideration the impact of Alphaville equity income. The adjusted EBITDA margin, using the same criteria, reached 21.0%, compared with a margin of 28.0% in the year-ago period, and 20.9% in the 2Q14. In the 9M14, the Gafisa segment's adjusted EBITDA reached R\$214.8 million, with a margin of 19.7%, an increase when compared to 19.0% in 2013.

**Table 15. Gafisa Segment - Adjusted EBITDA (R\$000)**

|                                 |                |                |               |                |                 |                  |                  |                 |
|---------------------------------|----------------|----------------|---------------|----------------|-----------------|------------------|------------------|-----------------|
| <b>Net (Loss) Profit</b>        | <b>15,263</b>  | <b>17,132</b>  | <b>-10.9%</b> | <b>76,731</b>  | <b>-80.1%</b>   | <b>30,068</b>    | <b>76,979</b>    | <b>-60.9%</b>   |
| (+) Financial results           | 13,086         | 4,405          | 197.1%        | 42,115         | -68.9%          | 25,315           | 129,774          | -80.5%          |
| (+) Income taxes                | 8,789          | 7,208          | 21.9%         | 2,396          | 266.8%          | 20,019           | 8,772            | 128.2%          |
| (+) Depreciation & Amortization | 7,744          | 11,311         | -31.5%        | 15,284         | -49.3%          | 30,261           | 30,328           | -0.2%           |
| (+) Capitalized interests       | 34,739         | 32,321         | 7.5%          | 25,956         | 33.8%           | 94,700           | 68,541           | 38.2%           |
| (+) Expenses w/ stock options   | 2,886          | 20,809         | -58.5%        | 4,131          | -30.1%          | 27,265           | 13,611           | 100.3%          |
| (+) Minority shareholders       | 778            | (1,441)        | -154.0%       | 1,413          | -44.9%          | (1,213)          | 23,030           | -105.3%         |
| (-) Alphaville Effect Result    | (6,595)        | (8,392)        | -21.4%        | (46,993)       | -86.0%          | (11,560)         | (127,758)        | -91.0%          |
| <b>Adjusted EBITDA</b>          | <b>76,690</b>  | <b>83,353</b>  | <b>-8.0%</b>  | <b>121,034</b> | <b>-36.6%</b>   | <b>214,855</b>   | <b>223,278</b>   | <b>-3.8%</b>    |
| <b>Net revenue</b>              | <b>365,256</b> | <b>397,907</b> | <b>-8.2%</b>  | <b>432,252</b> | <b>-15.5%</b>   | <b>1,089,913</b> | <b>1,173,897</b> | <b>-7.2%</b>    |
| <b>Adjusted EBITDA Margin</b>   | <b>21.0%</b>   | <b>20.9%</b>   | <b>5 bps</b>  | <b>28.0%</b>   | <b>-700 bps</b> | <b>19.7%</b>     | <b>19.0%</b>     | <b>-829 bps</b> |

- 1) EBITDA is adjusted by expenses associated with stock option plans, as this is a non-cash expense.
- 2) Gafisa segment EBITDA does not consider the impact of Alphaville equity income.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R\$448.9 million in the 3Q14. The consolidated margin for the quarter was 38.8%, an increase of 430 bps compared to the result posted last year.

**Table 16. Gafisa Segment - Results to be recognized (REF) (R\$000)**

|                                     |                  |                  |                |                  |                |
|-------------------------------------|------------------|------------------|----------------|------------------|----------------|
| Revenues to be recognized           | <b>1,157,390</b> | <b>1,298,089</b> | <b>-10.8%</b>  | <b>1,625,581</b> | <b>-28.8%</b>  |
| Costs to be recognized (units sold) | (708,427)        | (827,728)        | -14.4%         | (1,064,057)      | -33.4%         |
| <b>Results to be Recognized</b>     | <b>448,963</b>   | <b>470,361</b>   | <b>-4.5%</b>   | <b>561,524</b>   | <b>-20.0%</b>  |
| <b>Backlog Margin</b>               | <b>38.8%</b>     | <b>36.2%</b>     | <b>260 bps</b> | <b>34.5%</b>     | <b>430 bps</b> |



## TENDA SEGMENT

### Operating Results

#### Tenda Segment Launches

Third quarter launches totaled R\$91.3 million and included 2 projects/phases in the states of Rio de Janeiro and Bahia. In the 9M14, 8 projects were launched, totaling R\$371.4 million. The brand accounted for 17.9% of 3Q14 consolidated launches and 25.5% for the 9M14.

During 3Q14, gross sales reached R\$182.2 million, while net pre-sales totaled R\$35.9 million. In the 9M14, Tenda reached R\$726.5 million in gross sales and R\$269.4 million in net pre-sales. Sales from inventory accounted for 79.2% of the total, while sales from units launched during 3Q14 accounted for the remaining 20.8%. For the year, launches accounted for 31.6% of the total sold.

All new projects under the Tenda brand are being developed in phases, in which all pre-sales are contingent on the ability to pass mortgages onto financial institutions.

**Table 17. Tenda Segment – Launches and Pre-sales (R\$000)**

|           |        |         |        |         |        |         |         |        |
|-----------|--------|---------|--------|---------|--------|---------|---------|--------|
| Launches  | 91,294 | 99,011  | -7.8%  | 103,644 | -11.9% | 371,749 | 250,396 | 48.5%  |
| Pre-sales | 35,892 | 181,728 | -80.3% | 150,151 | -76.1% | 269,387 | 326,777 | -17.6% |





## Sales over Supply (SoS)

In 3Q14, sales velocity (sales over supply) was 4.6%, considering the last 12 months, Tenda SoS ended the 3Q14 at 37.8%.

## Dissolutions

The level of dissolutions in the Tenda segment totaled R\$146.3 million in 3Q14, an increase of 9.6% over the 3Q13 and 24.4% compared to 2Q14. In the 9M14, dissolutions totaled R\$457.1 million.

This quarter, the level of dissolutions in the Tenda segment was particularly impacted by the high volume of deliveries related to legacy projects, representing 70% of PSV delivered in the period. Of the total dissolutions in the Tenda segment in 3Q14, 78% was related to legacy projects.

**Table 18. Tenda Segment – Net Pre-sales by Market (R\$000)**

### New Model

|              |   |   |   |   |        |         |         |         |          |          |
|--------------|---|---|---|---|--------|---------|---------|---------|----------|----------|
| Gross Sales  | - | - | - | - | 13,656 | 57,011  | 59,713  | 84,491  | 94,365   | 116,302  |
| Dissolutions | - | - | - | - | -      | (2,126) | (7,433) | (6,293) | (34,195) | (25,135) |
| Net Sales    | - | - | - | - | 13,656 | 54,885  | 52,279  | 78,197  | 60,170   | 91,167   |

### Legacy Projects

|              |           |           |           |           |           |           |           |          |           |          |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|----------|
| Gross Sales  | 249,142   | 344,855   | 293,801   | 287,935   | 225,646   | 270,677   | 223,909   | 154,197  | 150,566   | 183,040  |
| Dissolutions | (339,585) | (329,127) | (263,751) | (317,589) | (232,517) | (155,722) | (126,038) | (68,769) | (158,969) | (92,479) |
| Net Sales    | (90,443)  | 15,728    | 30,050    | (29,653)  | (6,871)   | 114,956   | 97,872    | 85,429   | (8,402)   | 90,561   |

### Total

|              |           |           |           |           |           |           |           |          |           |           |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|
| Dissolutions | 3,157     | 2,984     | 2,202     | 2,509     | 1,700     | 1,172     | 924       | 491      | 1,259     | 810       |
| Gross Sales  | 249,142   | 344,855   | 293,801   | 287,935   | 239,302   | 327,689   | 283,622   | 238,688  | 244,931   | 299,342   |
| Dissolutions | (339,585) | (329,127) | (263,751) | (317,589) | (232,517) | (157,848) | (133,471) | (75,062) | (193,164) | (117,614) |
| Net Sales    | (90,443)  | 15,728    | 30,050    | (29,653)  | 6,785     | 169,841   | 150,151   | 163,626  | 51,767    | 181,728   |

|                    |                 |                |               |                 |                 |                |                |                |                |                |
|--------------------|-----------------|----------------|---------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total (R\$)</b> | <b>(90,443)</b> | <b>15,728</b>  | <b>30,050</b> | <b>(29,653)</b> | <b>6,785</b>    | <b>169,841</b> | <b>150,151</b> | <b>163,626</b> | <b>51,767</b>  | <b>181,728</b> |
| <b>MCMV</b>        | <b>(95,759)</b> | <b>21,461</b>  | <b>7,977</b>  | <b>(3,630)</b>  | <b>36,191</b>   | <b>142,602</b> | <b>119,215</b> | <b>122,428</b> | <b>57,157</b>  | <b>151,434</b> |
| <b>Out of MCMV</b> | <b>6,316</b>    | <b>(5,733)</b> | <b>22,074</b> | <b>(26,023)</b> | <b>(29,406)</b> | <b>29,239</b>  | <b>30,936</b>  | <b>41,198</b>  | <b>(5,390)</b> | <b>30,294</b>  |

Tenda remains focused on the completion and delivery of legacy projects, and is dissolving contracts with ineligible clients, so as to sell the units to new qualified customers.

Of the 901 Tenda units cancelled and returned to inventory in the quarter, 53.7% were resold to qualified customers during the same period. In the 9M14, nearly 75.7% of dissolutions related to the new Tenda model were resold in the same period. The sale and transfer process plays an important role in the New Tenda Business Model. It is expected that within a period of up to 90 days, the effective sale and transfer process will be complete.

## Tenda Segment Transfers

In the 3Q14, Tenda transferred 1,280 units to financial institutions, representing R\$160.1 million. In the 9M14, Tenda transferred 4,456 units, representing R\$573.3 million.

**Table 19. Tenda Segment - PSV Transferred - Tenda (R\$000)**

|                              |         |         |         |         |         |         |         |         |
|------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| New Projects                 | -       | 26,609  | 52,466  | 42,921  | 49,776  | 69,563  | 59,736  | 179,075 |
| Legacy                       | 274,358 | 249,699 | 230,613 | 145,038 | 139,721 | 154,155 | 100,361 | 394,236 |
| PSV Transferred <sup>1</sup> | 274,358 | 276,308 | 283,079 | 187,959 | 189,497 | 223,717 | 160,097 | 573,311 |

1) PSV transferred refers to actual effective cash inflow of the units transferred to financial institutions.

## Tenda Segment Delivered Projects

During 3Q14, Tenda delivered 8 projects/phases and 1,183 units, reaching a PSV of R\$152.1 million. In the year, 4,640 units were delivered in 23 projects/phases, totaling a PSV of R\$474.5 million. Regarding Tenda's legacy projects, there are around 3,657 remaining units to be delivered.

## Inventory

The market value of Tenda inventory was R\$712.4 million at the end of the third quarter, up 3.0% when compared to R\$691.4 million at the end of 2Q14. Inventory related to the remaining units for the Tenda segment totaled R\$386.3 million or 54.2% of the total, down 8.4% over 2Q14 and 21.2% as compared to early 2014. During the period, inventory comprising units within the Minha Casa, Minha Vida program totaled R\$533.4 million, or 74.9% of total inventory, while units outside the program totaled R\$179.0 million in the 3Q14, down 12.1% q-o-q.

**Table 20. Tenda Segment - Inventory at Market Value (R\$000) – by Region**

|                    |                |               |                |                  |                 |
|--------------------|----------------|---------------|----------------|------------------|-----------------|
| São Paulo          | 160,362        | -             | 17,083         | (33,786)         | 5,252           |
| Rio de Janeiro     | 144,591        | 49,608        | 23,508         | (37,076)         | 1,650           |
| Minas Gerais       | 98,480         | -             | 47,741         | (19,938)         | (20,554)        |
| Bahia & Pernambuco | 101,765        | 41,686        | 16,640         | (33,098)         | 2,250           |
| Others             | 186,229        | -             | 41,366         | (58,871)         | (23,072)        |
| <b>Total Tenda</b> | <b>691,428</b> | <b>91,294</b> | <b>146,337</b> | <b>(182,228)</b> | <b>(34,473)</b> |
| MCMV               | 487,857        | 91,294        | 98,927         | (137,902)        | (6,822)         |
| Out of MCMV        | 203,571        | -             | 47,410         | (44,326)         | (27,652)        |

**Table 21. Tenda Segment - Inventory at Market Value (R\$000) – Construction Status**

|                      |               |                |               |               |                |                |
|----------------------|---------------|----------------|---------------|---------------|----------------|----------------|
| New Model - MCMV     | 91,273        | 119,172        | 97,140        | 15,618        | 2,873          | 326,076        |
| Legacy - MCMV        | -             | -              | -             | 29,410        | 177,869        | 207,278        |
| Legacy – Out of MCMV | -             | -              | -             | 9,331         | 169,672        | 179,003        |
| <b>Total Tenda</b>   | <b>91,273</b> | <b>119,172</b> | <b>97,140</b> | <b>54,359</b> | <b>350,413</b> | <b>712,358</b> |

1) Inventory at market value includes projects in partnership. This indicator is not comparable to the accounting inventory, due to the implementation of new accounting practices on behalf of CPC's 18, 19 and 36.

Third quarter adjustments reflect updates related to project scope, expected launch date and inflationary adjustments to landbank during the period.

## Tenda Segment Landbank

Tenda segment landbank, with a PSV of approximately R\$3.4 billion, is comprised of 38 different projects/phases, of which 21% are located in São Paulo, 23% in Rio de Janeiro, 5% in Minas Gerais and 51% in the Northeast region, specifically in the states of Bahia and Pernambuco. Altogether these amount to more than 24 thousand units.

**Table 22. - Tenda Segment - Landbank (R\$000)**

|                |                  |              |              |             |               |               |
|----------------|------------------|--------------|--------------|-------------|---------------|---------------|
| São Paulo      | 690,949          | 6.8%         | 6.8%         | 0.0%        | 4,573         | 4,600         |
| Rio de Janeiro | 772,183          | 11.6%        | 11.6%        | 0.0%        | 5,412         | 5,464         |
| Nordeste       | 1,723,261        | 19.4%        | 11.9%        | 7.5%        | 13,335        | 13,444        |
| Minas Gerais   | 182,305          | 56.4%        | 56.4%        | 0.0%        | 1,210         | 1,292         |
| <b>Total</b>   | <b>3,368,697</b> | <b>17.7%</b> | <b>14.3%</b> | <b>3.4%</b> | <b>24,529</b> | <b>24,800</b> |

**Table 23. Tenda Segment– Changes in the Landbank**

|                 |                  |                |          |               |                 |                  |
|-----------------|------------------|----------------|----------|---------------|-----------------|------------------|
| São Paulo/South | 498,607          | 198,280        | -        | -             | (5,938)         | 690,949          |
| Rio de Janeiro  | 519,128          | 259,997        | -        | 49,608        | 42,665          | 772,183          |
| Nordeste        | 1,423,527        | 353,694        | -        | 41,686        | (12,274)        | 1,723,261        |
| Minas Gerais    | 268,930          | -              | -        | -             | (86,625)        | 182,305          |
| <b>Total</b>    | <b>2,710,192</b> | <b>811,971</b> | <b>-</b> | <b>91,294</b> | <b>(62,172)</b> | <b>3,368,697</b> |

In 3Q14, the Company acquired 9 new land plots with potential PSV of R\$811.9 million, representing an acquisition cost of R\$89.6 million. Of this land, 81% was acquired in cash and 19% through swap agreements.

## New Model Update and Turnaround

During the 9M14, Tenda launched projects under its New Business Model, which is based on three pillars: operational efficiency, risk management and capital discipline. Currently, the Company continues to operate in four regions: São Paulo, Rio de Janeiro, Minas Gerais and Northeast (Bahia and Pernambuco states), with a launched PSV of R\$685.7 million to date. Below is a brief description of the performance of these projects:

**Table 24. Tenda – New Model Monitoring**

|        |        |        |        |        |        |        |        |        |        |        |    |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|
| Launch | Mar-13 | Mar-13 | May-13 | Jun-13 | Aug-13 | Nov-13 | Dec-13 | Jan-14 | Mar-14 | Mar-14 | Ma |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|

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| Local               | SP    | BA   | SP   | BA   | SP    | RJ   | SP   | BA   | RJ   | PE   |
|---------------------|-------|------|------|------|-------|------|------|------|------|------|
| Units               | 580   | 440  | 240  | 339  | 260   | 300  | 300  | 340  | 440  | 432  |
| Total PSV (R\$000)  | 65.1  | 45.9 | 31.2 | 38.6 | 40.8  | 39.7 | 48   | 42.2 | 57.7 | 57.7 |
| Sales               | 580   | 421  | 240  | 307  | 257   | 209  | 260  | 116  | 138  | 149  |
| % Sales             | 100%  | 96%  | 100% | 91%  | 99%   | 70%  | 87%  | 34%  | 31%  | 34%  |
| SoS avg (Month)     | 14.1% | 5.6% | 8.2% | 6.0% | 10.9% | 6.3% | 8.6% | 3.8% | 4.4% | 4.9% |
| Transferred (Sales) | 578   | 392  | 230  | 279  | 254   | 144  | 220  | 87   | 98   | 76   |
| % Transferred       | 100%  | 93%  | 96%  | 91%  | 99%   | 69%  | 85%  | 75%  | 71%  | 51%  |
| Work progress       | 100%  | 99%  | 100% | 62%  | 89%   | 81%  | 55%  | 62%  | 47%  | 6%   |

\* This project was launched in the last weekend of the quarter.

The Recanto de Abrantes development was launched at the end of the quarter. Therefore, it was too early to determine its performance.

The run-off of legacy projects is on schedule and expected to be mostly concluded in 2014, with approximately 95% of the remaining units to be delivered by the end of the year.

## Financial Result

### Revenues

Tenda's net revenue in 3Q14 totaled R\$128.9 million, a reduction of 27.1% compared with the previous quarter. The decline reflects the lower level of sales in the period. As shown in the table below, revenues from new projects accounted for 64.2% of Tenda's revenues in 3Q14, while revenues from older projects accounted for the remaining 35.8%. In the 9M14, Tenda recorded net income of R\$411.8 million, of which R\$205.7 million, or 49.9%, is related to the New Business Model.

**Table 25. Tenda - Pre-Sales and Recognized Revenues (R\$000)**

|               |               |             |                |             |                |             |                |             |
|---------------|---------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| 2014          | 22,490        | 63%         | 9,535          | 8%          | -              | 0%          | -              | 0%          |
| 2013          | 21,043        | 59%         | 69,192         | 56%         | 74,307         | 49%         | 15,801         | 8%          |
| 2012          | -             | 0%          | -              | 0%          | -              | 0%          | -              | 0%          |
| ≤ 2011        | (7,641)       | -21%        | 50,208         | 36%         | 75,844         | 51%         | 168,605        | 86%         |
| Landbank Sale | -             | 0%          | -              | 0%          | -              | 0%          | 11,389         | 6%          |
| <b>Total</b>  | <b>35,891</b> | <b>100%</b> | <b>128,935</b> | <b>100%</b> | <b>150,151</b> | <b>100%</b> | <b>195,795</b> | <b>100%</b> |
| Legacy        | (7,641)       | -21.3%      | 50,208         | 35.8%       | 75,844         | 50.5%       | 179,994        | 91.9%       |
| New Model     | 43,532        | 121.3%      | 78,727         | 64.2%       | 74,307         | 49.5%       | 15,801         | 8.1%        |

### Gross Profit & Margin

Gross profit in 3Q14 reached R\$22.1 million, compared to R\$45.8 million in 2Q14, and R\$7.6 million in the previous year. Gross margin for the quarter reached 17.2%, compared to 25.9% in 2Q14 and 3.9% in the prior-year period. The year-over-year improvement in gross margin is due to the increased participation of projects launched under the New Business Model, which have higher margins and profitability, revenue levels of Tenda, as has been observed in recent quarters and more sharply in 2014.

Below is Tenda's gross margin breakdown in 3Q14. It is worth noting that the gross margin for the first projects under Tenda's new business model also benefits from the use of landbank acquired in the past, resulting in increased profitability.

**Table 26. Tenda – Gross Margin (R\$000)**

|                     |                |                |               |                |               |                |                |               |
|---------------------|----------------|----------------|---------------|----------------|---------------|----------------|----------------|---------------|
| <b>Net Revenue</b>  | <b>128,935</b> | <b>176,923</b> | <b>-27.1%</b> | <b>195,795</b> | <b>-34.1%</b> | <b>411,809</b> | <b>602,564</b> | <b>-31.7%</b> |
| <b>Gross Profit</b> | <b>22,130</b>  | <b>45,769</b>  | <b>-51.6%</b> | <b>7,564</b>   | <b>192.6%</b> | <b>76,357</b>  | <b>17,674</b>  | <b>332.0%</b> |
| Gross Margin        | 17.2%          | 25.9%          | -871 bps      | 3.9%           | 1330 bps      | 18.5%          | 2.9%           | 1561 bps      |



|                              |               |               |               |               |              |                |               |              |
|------------------------------|---------------|---------------|---------------|---------------|--------------|----------------|---------------|--------------|
| ( - ) Financial Costs        | (16,328)      | (8,036)       | 103.2%        | (16,613)      | -1.7%        | (31,469)       | (43,796)      | -28.1%       |
| <b>Adjusted Gross Profit</b> | <b>38,458</b> | <b>53,805</b> | <b>-28.5%</b> | <b>24,177</b> | <b>59.1%</b> | <b>107,826</b> | <b>61,470</b> | <b>75.4%</b> |
| <i>Adjusted Gross Margin</i> | 29.8%         | 30.4%         | -60 bps       | 12.3%         | 1750 bps     | 26.2%          | 10.2%         | 1600 bps     |

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

During 3Q14, selling, general and administrative expenses totaled R\$34.2 million, a 22.2% decrease compared to R\$43.9 million in 3Q13. For the year the reduction was 18.1%, with selling, general and administrative expenses totaling R\$104.6 million.

Selling expenses totaled R\$15.3 million in 3Q14, a 18.9% decrease y-o-y, due to the sale of units through the segment's own stores, which started with the implementation of the New Business Model in early 2013. In the 9M14, selling expenses were reduced by 31.1%, reaching R\$41.8 million.

Regarding general and administrative expenses, there was a reduction of R\$6.2 million or 24.7% over the previous year, reaching R\$18.9 million in the quarter. In the 9M14, general and administrative expenses reached R\$62.8 million, down 6.5% compared to the 9M13.

**Table 27. Tenda – SG&A Expenses (R\$000)**

|                                |                |                |               |                |               |                |                |               |
|--------------------------------|----------------|----------------|---------------|----------------|---------------|----------------|----------------|---------------|
| Selling Expenses               | 15,311         | 14,668         | 4.4%          | 18,878         | -18.9%        | 41,766         | 60,626         | -31.1%        |
| General & Administ. Expenses   | 18,856         | 25,012         | -24.6%        | 25,047         | -24.7%        | 62,838         | 67,173         | -6.5%         |
| <b>Total SG&amp;A Expenses</b> | <b>34,167</b>  | <b>39,680</b>  | <b>-13.9%</b> | <b>43,925</b>  | <b>-22.2%</b> | <b>104,604</b> | <b>127,799</b> | <b>-18.1%</b> |
| Launches                       | 91,294         | 99,011         | -7.8%         | 103,644        | -11.9%        | 371,749        | 250,396        | 48.5%         |
| Net Pre-Sales                  | 35,892         | 181,728        | -80.3%        | 150,151        | -76.1%        | 269,387        | 326,777        | -17.6%        |
| <b>Net Revenue</b>             | <b>128,935</b> | <b>176,923</b> | <b>-27.1%</b> | <b>195,795</b> | <b>-34.1%</b> | <b>411,809</b> | <b>602,563</b> | <b>-31.7%</b> |

The Other Revenues / Operating Expenses line totaled an expense of R\$11.7 million, down 21.6% compared to the 2Q14, and 28.3% compared to the previous year. The below table contains more details on the breakdown of this expense.

**Table 28. Tenda Segment– Other Revenues / Operating Expenses (R\$000)**

|                     |                 |                 |              |                 |              |                 |                 |                |
|---------------------|-----------------|-----------------|--------------|-----------------|--------------|-----------------|-----------------|----------------|
| Litigation expenses | (11,737)        | (14,981)        | 21.7%        | (14,764)        | 21.1%        | (36,864)        | (14,150)        | -160.5%        |
| Other               | 2               | 13              | -84.6%       | (1,473)         | -100.1%      | 158             | (1,473)         | 110.7%         |
| <b>Total</b>        | <b>(11,735)</b> | <b>(14,968)</b> | <b>21.6%</b> | <b>(16,237)</b> | <b>28.3%</b> | <b>(36,706)</b> | <b>(15,623)</b> | <b>-134.9%</b> |

### Adjusted EBITDA

Adjusted EBITDA was negative R\$9.8 million in 3Q14, compared to negative R\$28.0 million last year and negative R\$1.9 million in 2Q14. For the year, adjusted EBITDA was negative R\$36.6 million, compared to negative R\$59.3 million last year.

Despite the lower level of revenue, on a year-over-year basis, Tenda was able to improve its operating performance due to the expansion of its adjusted gross margin and reduction in its cost and expense structure.

**Table 29. Tenda - Adjusted EBITDA (R\$000)**

|                          |                 |                 |               |                 |               |                 |                  |               |
|--------------------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|------------------|---------------|
| <b>Net (Loss) Profit</b> | <b>(25,219)</b> | <b>(17,983)</b> | <b>-40.2%</b> | <b>(60,955)</b> | <b>-58.6%</b> | <b>(80,662)</b> | <b>(130,819)</b> | <b>-38.3%</b> |
|--------------------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|------------------|---------------|

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|                                 |                |                |                 |                 |                |                 |                 |               |
|---------------------------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------|
| (+) Financial results           | (5,058)        | (1,333)        | -279.4%         | 6,370           | -179.4%        | (6,301)         | 1,538           | -509.7%       |
| (+) Income taxes                | 374            | 4,464          | -91.6%          | 4,622           | -91.9%         | 7,413           | 11,676          | -36.5%        |
| (+) Depreciation & Amortization | 3,971          | 4,666          | -14.9%          | 2,858           | 38.9%          | 11,453          | 8,245           | 38.9%         |
| (+) Capitalized interests       | 16,328         | 8,036          | 103.2%          | 16,613          | -1.7%          | 31,469          | 43,795          | -28.1%        |
| (+) Expenses w/ stock options   | 286            |                | 64,666.7%       | 39              | 634.0%         | 311             | 104             | 199.0%        |
| (+) Minority shareholders       | (510)          | 237            | -315.2%         | 2,425           | -121.0%        | (331)           | 6,115           | -105.4%       |
| <b>Adjusted EBITDA</b>          | <b>(9,828)</b> | <b>(1,907)</b> | <b>-415.4%</b>  | <b>(28,027)</b> | <b>-64.9%</b>  | <b>(36,648)</b> | <b>(59,346)</b> | <b>38.2%</b>  |
| <b>Net revenue</b>              | <b>128,935</b> | <b>176,923</b> | <b>-27.1%</b>   | <b>195,795</b>  | <b>-34.1%</b>  | <b>411,809</b>  | <b>602,564</b>  | <b>-31.7%</b> |
| <b>Adjusted EBITDA Margin</b>   | <b>-7.62%</b>  | <b>-1.1%</b>   | <b>-654 bps</b> | <b>-14.3%</b>   | <b>669 bps</b> | <b>-8.90%</b>   | <b>-9.85%</b>   | <b>95 bps</b> |

1) EBITDA is adjusted by expenses associated with stock option plans, as this is a non-cash expense.

2) Tenda does not hold equity interest in Alphaville.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R\$40.0 million in 3Q14. The consolidated margin for the quarter was 28.7%.

**Table 30. Results to be recognized (REF) (R\$000)**

|                                     |                |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenues to be recognized           | <b>139,318</b> | <b>207,912</b> | <b>-33.0%</b>  | <b>274,642</b> | <b>-49.3%</b>  |
| Costs to be recognized (units sold) | (99,308)       | (146,349)      | -32.1%         | (211,853)      | -53.1%         |
| <b>Results to be Recognized</b>     | <b>40,010</b>  | <b>61,563</b>  | <b>-35.0%</b>  | <b>62,789</b>  | <b>-36.3%</b>  |
| <b>Backlog Margin</b>               | <b>28.7%</b>   | <b>29.6%</b>   | <b>-90 bps</b> | <b>22.9%</b>   | <b>580 bps</b> |

## Balance Sheet and Consolidated Financial Results

### Cash and Cash Equivalents

On September 30, 2014, cash and cash equivalents, and securities, totaled R\$1.5 billion.

### Accounts Receivable

At the end of the 3Q14, total consolidated accounts receivable decreased 25.1% y-o-y to R\$3.3 billion, and was 8.8% below the R\$3.6 billion recorded in the 2Q14.

Currently, the Gafisa and Tenda segments have approximately R\$673.8 million in accounts receivable from finished units.

**Table 31. Total Receivables (R\$000)**

|   |                  |                  |              |                  |               |
|---|------------------|------------------|--------------|------------------|---------------|
| Receivables from developments (off balance sheet) | 1,345,831        | 1,563,052        | -13.9%       | 1,972,210        | -31.8%        |
| Receivables from PoC – ST (on balance sheet)      | 1,575,922        | 1,709,718        | -7.8%        | 2,103,130        | -25.1%        |
| Receivables from PoC – LT (on balance sheet)      | 355,292          | 322,356          | 10.2%        | 301,570          | 17.8%         |
| <b>Total</b>                                      | <b>3,277,045</b> | <b>3,595,126</b> | <b>-8.8%</b> | <b>4,376,910</b> | <b>-25.1%</b> |

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

Operational cash generation performed well during the year. The Company ended 3Q14 with operating cash flow of R\$49.4 million, reaching R\$195.5 million in the 9M14, reflecting: (i) the transfer/receiving process for units sold with financing agents (R\$381.1 million was transferred during the period, totaling R\$1.2 billion in the year), and; (ii) greater control over the Company's business cycle.

Free cash generation for the period was positive again, reaching R\$23.5 million. In the 9M14, excluding certain non-recurring events, free cash generation was positive at R\$42.3 million. The main non-recurring events that impacted free cash generation were: (i) R\$58.5 million used in the share buyback program; (ii) the payment of R\$63.6 million in taxes on the sale of Alphaville; and (iii) the payment of interest on own capital in the amount of R\$130.2 million.

**Table 32. Cash Generation**

|  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Availabilities</b>  | 781,606          | 2,024,163        | 1,563,226        | 1,279,568        | 1,463,425        |
| <i>Change in Availabilities<sup>(1)</sup></i>                    | (319,554)        | 1,242,557        | (460,937)        | (283,658)        | 183,857          |
| <b>Total Debt + Investor Obligations</b>                         | <b>3,639,707</b> | <b>3,183,208</b> | <b>2,967,050</b> | <b>2,687,851</b> | <b>2,848,249</b> |
| <i>Change in Total Debt + Investor Obligations<sup>(2)</sup></i> | 19,329           | (456,499)        | (216,158)        | (279,199)        | 160,399          |
| <i>Other changes in investments<sup>(3)</sup></i>                | 370,998          | (1,520,912)      | 265,284          | 268,471          | 268,471          |
| <b>Cash Generation in the period (1) + (2) + (3)</b>             | <b>32,115</b>    | <b>178,144</b>   | <b>20,505</b>    | <b>(1,273)</b>   | <b>23,488</b>    |
| <b>Cash Generation Final</b>                                     | <b>(80,855)</b>  | <b>97,289</b>    | <b>20,505</b>    | <b>19,233</b>    | <b>42,721</b>    |

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## Liquidity

At the end of September, 2014, the Company's Net Debt/Equity ratio reached 44.3%, in line with the previous quarter and significantly lower than the ratio of 126.0% recorded in 3Q13.

Excluding project finance, the Net Debt/Equity ratio was negative 22.8%.

The Company's consolidated gross debt reached R\$2.8 billion at the end of 3Q14, compared to R\$2.7 billion at the end of 2Q14 and R\$3.6 billion in 3Q13. As previously announced, the Company has been using part of the proceeds of the Alphaville transaction to reduce its gross debt. In the 3Q14, the Company amortized R\$323.0 million in debt, of which R\$190.4 million was project finance and the other R\$132.6 million was corporate debt. Considering the 9M14, the amount amortized was R\$1.2 billion or 98.1% of gross debt, maturing in 2014. However, there were disbursements of R\$666.6 million, resulting in a net amortization of R\$575.8 million.

**Table 33. Debt and Investor Obligations**

|  |                  |                  |                 |                  |                  |
|--|------------------|------------------|-----------------|------------------|------------------|
| Debentures - FGTS (A)                                    | 950,914          | 925,850          | 2.7%            | 1,089,263        | -12.7%           |
| Debentures - Working Capital (B)                         | 450,336          | 310,052          | 45.2%           | 710,069          | -36.6%           |
| Project Financing SFH – (C)                              | 1,146,570        | 1,012,618        | 13.2%           | 756,173          | 51.6%            |
| Working Capital (D)                                      | 283,349          | 424,669          | <b>-33.3%</b>   | 954,449          | -70.3%           |
| <b>Total (A)+(B)+(C)+(D) = (E)</b>                       | <b>2,831,169</b> | <b>2,673,189</b> | <b>5.9%</b>     | <b>3,509,954</b> | <b>-19.3%</b>    |
| Investor Obligations (F)                                 | 17,080           | 14,662           | 16.5%           | 129,747          | -86.8%           |
| <b>Total debt (E) + (F) = (G)</b>                        | <b>2,848,249</b> | <b>2,687,851</b> | <b>6.0%</b>     | <b>3,639,701</b> | <b>-21.7%</b>    |
| Cash and availabilities (H)                              | <b>1,463,425</b> | <b>1,279,568</b> | <b>14.4%</b>    | <b>781,606</b>   | <b>87.2%</b>     |
| <b>Net debt (G)-(H) = (I)</b>                            | <b>1,384,795</b> | <b>1,408,283</b> | <b>-1.7%</b>    | <b>2,858,095</b> | <b>-51.5%</b>    |
| <b>Equity + Minority Shareholders (J)</b>                | <b>3,129,137</b> | <b>3,138,131</b> | <b>-0.3%</b>    | <b>2,267,662</b> | <b>38.0%</b>     |
| <b>ND/Equity (I)/(J) = (K)</b>                           | <b>44.3%</b>     | <b>44.9%</b>     | <b>-62 bps</b>  | <b>126.0%</b>    | <b>-8178 bps</b> |
| <b>ND Exc. Proj Fin / Equity (I)-((A)+(C))/(J) = (L)</b> | <b>-22.8%</b>    | <b>-16.9%</b>    | <b>-588 bps</b> | <b>44.7%</b>     | <b>-6743 bps</b> |

The Company ended the third quarter of 2014 with R\$874.7 million of total debt due in the short term. It should be noted, however, that 62.4% of this volume relates to debt linked to the Company's projects.

**Table 34 - Debt Maturity (R\$000)**

|   |   |                  |                |                  |
|---|---|------------------|----------------|------------------|
| Debentures - FGTS (A)   | TR + (9.28% - 9.816%)                         | 950,914          | 226,919        | 349,512          |
| Debentures - Working Capital (B)  | CDI + (1.90% - 1.95%) / IPCA + 7.96%          | 450,336          | 163,520        | 169,818          |
| Project Financing SFH – (C)   | TR + (8.30% - 11.00%) / (117.0% - 120.0%) CDI | 1,146,570        | 319,138        | 453,164          |
| Working Capital (D)   | CDI + (1.30% - 3.04%) / (117.9% - 123.0%) CDI | 283,349          | 155,223        | 108,438          |
| <b>Total (A)+(B)+(C)+(D) = (E)</b>  |   | <b>2,831,169</b> | <b>864,800</b> | <b>1,080,932</b> |
| Investor Obligations (F)  | CDI + 0.59%                                   | 17,080           | 9,935          | 4,865            |
| <b>Total debt (E) + (F) = (G)</b>   |   | <b>2,848,249</b> | <b>874,735</b> | <b>1,085,797</b> |
| <b>% Total maturity per period</b>  |   |                  | 31%            | 38%              |
| Volume of maturity of Project finance as % of total debt ((A)+(C))/(G)    |   |                  | 62.4%          | 73.9%            |
| Volume of maturity of Corporate debt as % of total debt ((B)+(D)+(F))/(G) |   |                  | 37.6%          | 26.1%            |
| Ratio Corporate Debt / Mortgages  |   |                  | 26%            | 74%              |

## Financial Results

### Revenue

On a consolidated basis, net revenue in the 3Q14 totaled R\$494.2 million, down 14.0% over the previous quarter. In the 9M14 total net revenue was R\$1.5 billion.

In the 3Q14, the Gafisa segment represented 73.9% of revenues while Tenda accounted for 26.1%. For the year, Gafisa accounted for 72.6% while Tenda accounted for 27.4% of consolidated revenue.

### Gross Profit & Margin

Gross profit in 3Q14 was R\$128.9 million, compared to R\$164.9 million in 2Q14, and R\$173.5 million in the previous year. The result was impacted by lower revenue in the period. Gross margin for the quarter reached

26.1%, down 155 bps over the previous year. Adjusted gross profit reached R\$179.9 million, with a margin of 36.4%, compared to 35.7% in the 2Q14 and 34.4% in the previous year. The gross margin is improving as Gafisa and Tenda segment legacy projects are replaced by projects launched in core markets and under the new Tenda business model, which contain improved profitability. The increased contribution of more profitable projects to consolidated results can be observed in recent quarters. In the 9M14 adjusted gross profit reached R\$517.3 million with a gross margin of 34.4%, versus R\$507.8 million and an adjusted gross margin of 28.6% in the same period last year.

**Table 35. Gafisa Group – Gross Margin (R\$000)**

|                              |                |                |               |                |               |                  |                  |               |
|------------------------------|----------------|----------------|---------------|----------------|---------------|------------------|------------------|---------------|
| <b>Net Revenue</b>           | <b>494,191</b> | <b>574,830</b> | <b>-14.0%</b> | <b>628,047</b> | <b>-21.3%</b> | <b>1,501,722</b> | <b>1,776,461</b> | <b>-15.5%</b> |
| <b>Gross Profit</b>          | <b>128,853</b> | <b>164,904</b> | <b>-21.9%</b> | <b>173,503</b> | <b>-25.7%</b> | <b>391,105</b>   | <b>395,446</b>   | <b>-1.1%</b>  |
| <i>Gross Margin</i>          | 26.1%          | 28.7%          | -261 bps      | 27.6%          | -155 bps      | 26.0%            | 22.3%            | 378 bps       |
| (-) Financial costs          | (51,067)       | (40,357)       | 26.5%         | (42,569)       | 20.0%         | (126,169)        | (112,337)        | 12.3%         |
| <b>Adjusted Gross Profit</b> | <b>179,920</b> | <b>205,261</b> | <b>-12.3%</b> | <b>216,072</b> | <b>-16.7%</b> | <b>517,274</b>   | <b>507,783</b>   | <b>1.9%</b>   |
| <i>Adjusted Gross Margin</i> | 36.4%          | 35.7%          | 70 bps        | 34.4%          | 200 bps       | 34.4%            | 28.6%            | 586 bps       |

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



SG&A expenses totaled R\$87.9 million in the 3Q14, down 13.2% y-o-y. Compared to the 2Q14, the decrease was 11.7%. For the first nine months of the year, selling, general and administrative expenses totaled R\$269.6 million, 15.6% lower year-on-year.

**Table 36. Gafisa Group – SG&A Expenses (R\$000)**

|                                |                |                |               |                |               |                  |                  |               |
|--------------------------------|----------------|----------------|---------------|----------------|---------------|------------------|------------------|---------------|
| Selling Expenses               | 37,024         | 43,093         | -14.1%        | 46,165         | -19.8%        | 110,899          | 161,792          | -31.5%        |
| General & Administ. Expenses   | 50,887         | 56,418         | -9.8%         | 55,155         | -7.7%         | 158,724          | 157,759          | 0.6%          |
| <b>Total SG&amp;A Expenses</b> | <b>87,911</b>  | <b>99,511</b>  | <b>-11.7%</b> | <b>101,320</b> | <b>-13.2%</b> | <b>269,623</b>   | <b>319,551</b>   | <b>-15.6%</b> |
| Launches                       | 510,428        | 413,744        | 23.4%         | 210,892        | 142.0%        | 1,394,761        | 656,583          | 112.4%        |
| Net Pre-Sales                  | 230,784        | 433,018        | -46.7%        | 338,867        | -31.9%        | 903,124          | 833,519          | 8.4%          |
| <b>Net Revenue</b>             | <b>494,191</b> | <b>574,830</b> | <b>-14.0%</b> | <b>628,047</b> | <b>-21.3%</b> | <b>1,501,722</b> | <b>1,776,460</b> | <b>-15.5%</b> |

With the turnaround process coming to an end, the Company is seeking to streamline its cost and expense structure and SG&A. In the coming quarters, the Company is looking to improve productivity and increase the efficiency and assertiveness of its operations.

Note that in 2014, certain non-recurring expenses were incurred, recorded in previous quarters, as advisory services to the Alphaville operation (R\$4.4 million), and also due to the Gafisa and Tenda separation process (R\$4.2 million). Excluding these effects, general and administrative expenses totaled R\$158.7 million in the 9M14, a decrease of 4.8% compared to the 9M13, thereby confirming the Company's commitment and efforts to reduce its level of expenses.

The Other Revenues / Operating Expenses line totaled an expense of R\$27.3 million, down 30.5% compared to the 2Q14, and 2.8% compared to the previous year. The table below contains more details on the breakdown of this expense.

**Table 37. Gafisa Segment– Other Revenues / Operating Expenses (R\$000)**

|  |                 |                 |               |               |
|--|-----------------|-----------------|---------------|---------------|
| Litigation expenses  | (25,487)        | (25,648)        | -0.6%         | (30.5%)       |
| Expenses w/ upgrading the balance of the stock options program for AUSA shares |                 | -(13,863)       | 100%          |               |
| Other  | (1,827)         | 192             | -1051.6%      |               |
| <b>Total</b>   | <b>(27,314)</b> | <b>(39,319)</b> | <b>-30.5%</b> | <b>(2.8%)</b> |

### Consolidated Adjusted EBITDA

Adjusted EBITDA totaled R\$73.5 million in the 3Q14, considering the Alphaville equity income impact. Consolidated adjusted EBITDA margin, using the same criteria, was 14.9%, compared with a 22.3% margin reported in the previous year and 15.6% reported in 2Q14. In the 9M14, consolidated EBITDA was R\$189.8 million, with a margin of 12.6%.

**Table 38. Gafisa Group - Consolidated Adjusted EBITDA (R\$000)**

|                                 |                |                |                  |                |                |                  |                  |               |
|---------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|------------------|---------------|
| <b>Net (Loss) Profit</b>        | <b>(9,956)</b> | <b>(851)</b>   | <b>-1,069.9%</b> | <b>15,777</b>  | <b>-163.1%</b> | <b>(50,594)</b>  | <b>(53,840)</b>  | <b>6.0%</b>   |
| (+) Financial Results           | 8,028          | 3,072          | 161.3%           | 48,486         | -83.4%         | 19,014           | 131,313          | -85.5%        |
| (+) Income taxes                | 9,163          | 11,672         | -21.5%           | 7,019          | 30.5%          | 27,432           | 20,448           | 34.2%         |
| (+) Depreciation & Amortization | 11,715         | 15,977         | -26.7%           | 18,142         | -35.4%         | 41,714           | 38,573           | 8.1%          |
| (+) Capitalized interests       | 51,067         | 40,357         | 26.5%            | 42,569         | 20.0%          | 126,169          | 112,336          | 12.3%         |
| (+) Expenses w/ stock options   | 3,172          | 20,815         | -54.4%           | 4,170          | -23.9%         | 27,576           | 13,715           | 101.1%        |
| (+) Minority shareholders       | 268            | (1,204)        | 122.3%           | 3,838          | -93.0%         | (1,544)          | 29,145           | -105.3%       |
| <b>Adjusted EBITDA</b>          | <b>73,457</b>  | <b>89,838</b>  | <b>-18.2%</b>    | <b>140,001</b> | <b>-47.5%</b>  | <b>189,767</b>   | <b>291,690</b>   | <b>-34.9%</b> |
| <b>Net Revenues</b>             | <b>494,191</b> | <b>574,830</b> | <b>-14.0%</b>    | <b>628,047</b> | <b>-21.3%</b>  | <b>1,501,722</b> | <b>1,776,460</b> | <b>-15.5%</b> |
| <b>Margem EBITDA Ajustada</b>   | <b>14.9%</b>   | <b>15.6%</b>   | <b>-76 bps</b>   | <b>22,3%</b>   |                | <b>12.6%</b>     | <b>16.4%</b>     |               |

**-743**  
**bps****-378**  
**bps**

(1) EBITDA adjusted by expenses associated with stock option plans, as this is a non-cash expense.

### **Depreciation and Amortization**

Depreciation and amortization in the 3Q14 reached R\$11.7 million, a decrease of 35.4%, compared to R\$18.1 million recorded in the 3Q13. In the 9M14, this line totaled R\$41.7 million, compared to R\$38.6 million recorded a year ago.

### **Financial Results**

The net financial result was negative R\$8.0 million in the 3Q14, a sharp improvement compared to a net financial result of negative R\$48.5 million in 3Q13. The result compared with a net financial result of negative R\$3.1 million in the 2Q14. Financial revenues totaled R\$36.5 million, a 114.6% y-o-y increase due to higher cash balances and higher average interest rates in the period. Financial expenses reached R\$44.5 million, compared to R\$65.5 million in 3Q13, impacted by lower debt levels and also higher interest rates in the period. For the year, R\$118.6 million was added to financial revenues and R\$137.6 million in expenses, resulting in a negative net balance of R\$19 million, compared to a net result of negative R\$131.3 million in the same period last year.

## Taxes

Income taxes, social contribution and deferred taxes for 3Q14 amounted to R\$9.2 million and totaled R\$27.4 million for the year.

## Net Income

Gafisa Group ended the 3Q14 with a net loss of R\$9.9 million. Excluding the equity income from Alphaville, the Company's net loss was R\$16.5 million in the quarter, compared to a net loss of R\$31.2 million recorded in 3Q13. In the 9M14, net income was negative R\$50.6 million, compared to R\$53.8 million in the previous year.

**Table 39 – Consolidated - Net Results - (R\$000)**

|  |                 |                 |                |                 |                  |                |
|--|-----------------|-----------------|----------------|-----------------|------------------|----------------|
| Net Revenue                              | 494,191         | 628,047         | -21.3%         | 1,501,722       | 1,776,460        | -15.5%         |
| <b>Gross Profit</b>                      | <b>128,853</b>  | <b>173,503</b>  | <b>-25.7%</b>  | <b>391,105</b>  | <b>395,446</b>   | <b>-1.1%</b>   |
| Gross Margin                             | 26.1%           | 27.6%           | -155 bps       | 26.0%           | 22.3%            | 378 bps        |
| <b>Adjusted Gross Profit<sup>1</sup></b> | <b>179,920</b>  | <b>216,072</b>  | <b>-16.7%</b>  | <b>517,274</b>  | <b>507,783</b>   | <b>1.9%</b>    |
| Adjusted Gross Margin <sup>1</sup>       | <b>36.4%</b>    | <b>34.4%</b>    | <b>200 bps</b> | <b>34.4%</b>    | <b>28.6%</b>     | <b>580 bps</b> |
| <b>Adjusted EBITDA<sup>2</sup></b>       | <b>73,457</b>   | <b>139,997</b>  | <b>-47.5%</b>  | <b>189,767</b>  | <b>291,689</b>   | <b>-34.9%</b>  |
| Adjusted EBITDA Margin <sup>2</sup>      | 14.9%           | 22.3%           | -750 bps       | 12.6%           | 16.4%            | -380 bps       |
| <b>Net Income</b>                        | <b>(9,956)</b>  | <b>15,777</b>   | <b>-163.1%</b> | <b>(50,594)</b> | <b>(53,840)</b>  | <b>-6.0%</b>   |
| (-) Alphaville Equity Income             | (6,595)         | (46,993)        | -86.0%         | (11,560)        | (127,758)        | -91.0%         |
| <b>Net Profit Ex-Alphaville</b>          | <b>(16,551)</b> | <b>(31,216)</b> | <b>-47.0%</b>  | <b>(62,154)</b> | <b>(181,598)</b> | <b>-65.8%</b>  |

1) Adjusted by capitalized interests;

2) EBITDA adjusted by expenses associated with stock option plans, as this is a non-cash expense;

3) Consolidated EBITDA includes the effect of the Alphaville Equity.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R\$489.0 million in the 3Q14. The consolidated margin for the quarter was 37.7%.

**Table 40. Gafisa Group - Results to be recognized (REF) (R\$000)**

|                                     |                  |                  |               |                  |               |
|-------------------------------------|------------------|------------------|---------------|------------------|---------------|
| Revenues to be recognized           | <b>1,296,708</b> | <b>1,506,001</b> | <b>-13.9%</b> | <b>1,900,224</b> | <b>-31.8%</b> |
| Costs to be recognized (units sold) | (807,735)        | (974,077)        | -17.1%        | (1,275,911)      | -36.7%        |

|                                 |                |                |                |                |                |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Results to be Recognized</b> | <b>488,973</b> | <b>531,924</b> | <b>-8.1%</b>   | <b>624,313</b> | <b>-21.7%</b>  |
| <b>Backlog Margin</b>           | <b>37.7%</b>   | <b>35.3%</b>   | <b>239 bps</b> | <b>32.9%</b>   | <b>485 bps</b> |

### **Alphaville sells R\$ 405 million in 9M14**

São Paulo, November 7th, 2014 – Alphaville Urbanismo SA releases its results for the 3<sup>rd</sup> quarter 2014, which are subjected to review by auditors.

#### **Launches**

Launches totaled R\$ 67 million this quarter, 77% below 3Q13. The company ended the 9M14 with R\$ 376 million in launches, 38% below the same period of 2013.

#### **Sales**

The volume of sales totaled R\$ 102 million this quarter, 13% above 3Q13. Considering 9M14, sales amounted to R\$ 405 million, representing an increase of 10% compared to 2013.

## Financial Results

During 3Q14, net revenues were R\$ 209 million, 0.3% above 3Q13 and 4.6% below net revenues in 2Q14. Net profit in 3Q14 was R\$ 22 million, R\$ 4 million below the previous quarter.

|                    |     |     |        |     |        |
|--------------------|-----|-----|--------|-----|--------|
| <b>Net revenue</b> | 209 | 208 | 0,3%   | 219 | -4,6%  |
| <b>Net profit</b>  | 22  | 43  | -49,0% | 26  | -15,4% |
| Net margin         | 11% | 21% |        | 12% |        |

In the first nine months of 2014, net revenues totaled R\$ 580 million, 3.8% lower than 9M13. In the same period, net profit was R\$ 39 million, 65.7% below the same period of 2013.

|                    |     |     |        |
|--------------------|-----|-----|--------|
| <b>Net revenue</b> | 580 | 603 | -3,8%  |
| <b>Net profit</b>  | 39  | 112 | -65,7% |
| <b>Net margin</b>  | 7%  | 19% |        |

The lower net profit is a result of lower revenues, the non-cash impact of the SELIC change on the NPV of receivables, non-recurring expenses associated to the spin-off of the back office from Gafisa and increased financial expenses.

For further information, please contact our Investor Relations team at [ri@alphaville.com.br](mailto:ri@alphaville.com.br) or +55 11 3038-7164.

## OUTLOOK

On October 20, 2014, the Company disclosed in a Material Fact a revision to its 2014 launch guidance ("Guidance") for the Gafisa segment, due to continuing uncertainties in the current economic environment. This change in the projected volume of launches has also affected guidance for the ratio of Administrative Expenses to Launch Volumes for the Gafisa segment, as well as projected consolidated launches.

Launches in the first nine months of 2014 totaled R\$1,395 million, representing 75.4% of the midpoint of full year guidance. Gafisa segment accounted for 82.1% of launches and Tenda represented the remaining 17.9%.

### Launch Guidance (2014E)

**Table 41. Guidance - Launches (2014E)**

|                           |                    |                    |                 |     |
|---------------------------|--------------------|--------------------|-----------------|-----|
| Consolidated Launches     | R\$2.1 – R\$2.5 bn | R\$1.7 – R\$2.0 bn | 1,394.8 million | 75% |
| <b>Breakdown by Brand</b> |                    |                    |                 |     |
| Gafisa Launches           | R\$1.5 – R\$1.7 bn | R\$1.1 – R\$1.2 bn | 1,023.0 million | 89% |
| Tenda Launches            | R\$600 – R\$800 mn | R\$600 – R\$800 mn | 371.7 million   | 53% |

With the completion of the sale of the Alphaville stake in 2013, the Company began 2014 with a solid liquidity position. As reported in this release, the Company's Net Debt/Equity ratio has remained stable at 44.3% since the 1Q14. Given this result, and considering the Company's business plan for 2014, the Company expects leverage to remain between 55% - 65%, as measured by the Net Debt/Equity ratio.

**Table 42. Guidance - Leverage (2014E)**

|                   |                             |                             |       |    |
|-------------------|-----------------------------|-----------------------------|-------|----|
| Consolidated Data | 55% - 65% Net Debt / Equity | 55% - 65% Net Debt / Equity | 44.3% | OK |
|-------------------|-----------------------------|-----------------------------|-------|----|

Also on October 20, the Company withdrew its guidance for 2014 regarding the ratio of Administrative Expenses to Launch Volumes for Gafisa. With the reduction in launch guidance for the year, the Company



is unable to meet this projection.

**Table 43. Guidance - Administrative Expenses / Launches Volume (2014E)**

|        |                |                |
|--------|----------------|----------------|
| Gafisa | 7.5%           | Not applicable |
| Tenda  | Not applicable | Not applicable |

**Table 44. Guidance - Administrative Expenses / Launches Volume (2015E)**

|        |      |      |
|--------|------|------|
| Gafisa | 7.5% | 7.5% |
| Tenda  | 7.0% | 7.0% |

Finally, the Company defined as a benchmark for profitability the Return on Capital Employed (ROCE), and it expects that in the next three year period, this ratio shall be between 14% - 16% for both the Tenda and Gafisa segments.

**Table 45. Guidance – Return on Capital Employed (3 years)**

|        |           |           |
|--------|-----------|-----------|
| Gafisa | 14% - 16% | 14% - 16% |
| Tenda  | 14% - 16% | 14% - 16% |

**FINANCIAL STATEMENTS GAFISA SEGMENT**

|  |                |                |               |                |               |                  |                  |                |
|--|----------------|----------------|---------------|----------------|---------------|------------------|------------------|----------------|
| <b>Net Operating Revenue</b>             | <b>365,256</b> | <b>397,907</b> | <b>-8.2%</b>  | <b>432,252</b> | <b>-15.5%</b> | <b>1,089,913</b> | <b>1,173,896</b> | <b>-7.2%</b>   |
| Operating Costs                          | (258,533)      | (278,772)      | -7.3%         | (266,313)      | -2.9%         | (775,165)        | (796,125)        | -2.7%          |
| <b>Gross profit</b>                      | <b>106,723</b> | <b>119,135</b> | <b>-10.4%</b> | <b>165,939</b> | <b>-35.7%</b> | <b>314,748</b>   | <b>377,771</b>   | <b>-16.7%</b>  |
| <i>Gross Margin</i>                      | 29.2%          | 29.9%          | -70 bps       | 38.4%          | -920 bps      | 28.9%            | 32.2%            | -330 bps       |
| <b>Operating Expenses</b>                |                |                |               |                |               |                  |                  |                |
| Selling Expenses                         | (21,713)       | (28,425)       | -23.6%        | (27,287)       | -20.4%        | (69,133)         | (101,166)        | -31.5%         |
| General and Administrative Expenses      | (32,031)       | (31,406)       | 2.0%          | (30,108)       | 6.4%          | (95,886)         | (90,586)         | 5.8%           |
| Other Operating Revenues / Expenses      | (15,585)       | (24,351)       | -36.0%        | (11,880)       | 31.2%         | (55,925)         | (28,225)         | 98.2%          |
| Depreciation and Amortization            | (7,744)        | (11,311)       | -31.5%        | (15,284)       | -49.3%        | (30,261)         | (30,328)         | -0.2%          |
| Equity pickup                            | 8,266          | 3,662          | 125.7%        | (5,717)        | -244.6%       | 10,646           | (16,668)         | -163.3%        |
| <b>Operational Result</b>                | <b>37,916</b>  | <b>27,304</b>  | <b>38.9%</b>  | <b>75,663</b>  | <b>-49.9%</b> | <b>74,189</b>    | <b>110,798</b>   | <b>-33.0%</b>  |
| Financial Income                         | 20,583         | 24,160         | -14.8%        | 9,594          | 114.5%        | 75,903           | 27,060           | 180.1%         |
| Financial Expenses                       | (33,669)       | (28,565)       | 17.9%         | (51,710)       | -34.9%        | (101,218)        | (156,835)        | -35.5%         |
| <b>Net Income Before Taxes on Income</b> | <b>24,830</b>  | <b>22,899</b>  | <b>8.4%</b>   | <b>33,547</b>  | <b>-26.0%</b> | <b>48,874</b>    | <b>(18,977)</b>  | <b>-357.1%</b> |
| Deferred Taxes                           | (1)            | (91)           | -98.9%        | 146            | -100.7%       | (384)            | (318)            | 20.3%          |
| Income Tax and Social Contribution       | (8,788)        | (7,117)        | 23.5%         | (2,542)        | 245.7%        | (19,635)         | (8,454)          | 132.1%         |
| <b>Net Income After Taxes on Income</b>  | <b>16,041</b>  | <b>15,691</b>  | <b>2.2%</b>   | <b>31,151</b>  | <b>-48.5%</b> | <b>28,855</b>    | <b>(27,749)</b>  | <b>-204.2%</b> |
| Net income from discontinued operations  | -              | -              | -             | 46,993         | -100.0%       | -                | 127,758          | -100.0%        |
| Minority Shareholders                    | 778            | (1,441)        | -154.0%       | 1,413          | -44.9%        | (1,213)          | 23,030           | -105.2%        |
| <b>Net Result</b>                        | <b>15,263</b>  | <b>17,132</b>  | <b>-10.9%</b> | <b>76,731</b>  | <b>-80.1%</b> | <b>30,068</b>    | <b>76,979</b>    | <b>-60.3%</b>  |

**FINANCIAL STATEMENTS TENDA SEGMENT**

|  |                 |                 |                 |                 |                 |                 |                  |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| <b>Net Operating Revenue</b>             | <b>128,935</b>  | <b>176,923</b>  | <b>-27.1%</b>   | <b>195,795</b>  | <b>-34.1%</b>   | <b>411,809</b>  | <b>602,564</b>   | <b>-31.1%</b>   |
| Operating Costs                          | (106,805)       | (131,154)       | -18.6%          | (188,231)       | -43.3%          | (335,452)       | (584,889)        | -42.1%          |
| <b>Gross profit</b>                      | <b>22,130</b>   | <b>45,769</b>   | <b>-51.6%</b>   | <b>7,564</b>    | <b>192.6%</b>   | <b>76,357</b>   | <b>17,675</b>    | <b>332.1%</b>   |
| <i>Gross Margin</i>                      | <i>17.2%</i>    | <i>25.9%</i>    | <i>-870 bps</i> | <i>3.8%</i>     | <i>1340 bps</i> | <i>18.5%</i>    | <i>2.9%</i>      | <i>1560 bps</i> |
| <b>Operating Expenses</b>                |                 |                 |                 |                 |                 |                 |                  |                 |
| Selling Expenses                         | (15,311)        | (14,668)        | 4.4%            | (18,878)        | -18.9%          | (41,766)        | (60,626)         | -31.1%          |
| General and Administrative Expenses      | (18,856)        | (25,012)        | -24.6%          | (25,047)        | -24.7%          | (62,838)        | (67,173)         | -6.1%           |
| Other Operating Revenues / Expenses      | (11,735)        | (14,968)        | -21.6%          | (16,237)        | -27.7%          | (36,706)        | (15,623)         | 134.4%          |
| Depreciation and Amortization            | (3,971)         | (4,666)         | -14.9%          | (2,858)         | 38.9%           | (11,453)        | (8,245)          | 38.5%           |
| Equity pickup                            | (2,670)         | (1,070)         | 149.5%          | 7,920           | -133.7%         | (3,475)         | 22,502           | -115.1%         |
| <b>Operational Result</b>                | <b>(30,413)</b> | <b>(14,615)</b> | <b>108.1%</b>   | <b>(47,536)</b> | <b>-36.0%</b>   | <b>(79,881)</b> | <b>(111,490)</b> | <b>-28.3%</b>   |
| Financial Income                         | 15,890          | 13,805          | 15.1%           | 7,404           | 114.6%          | 42,731          | 25,626           | 66.1%           |
| Financial Expenses                       | (10,832)        | (12,472)        | -13.1%          | (13,774)        | -21.4%          | (36,430)        | (27,164)         | 34.1%           |
| <b>Net Income Before Taxes on Income</b> | <b>(25,355)</b> | <b>(13,282)</b> | <b>90.9%</b>    | <b>(53,906)</b> | <b>-53.0%</b>   | <b>(73,580)</b> | <b>(113,028)</b> | <b>-34.1%</b>   |
| Deferred Taxes                           | 860             | (1,771)         | -148.6%         | (2,673)         | -132.2%         | (152)           | (6,473)          | -97.1%          |
| Income Tax and Social Contribution       | (1,234)         | (2,693)         | -54.2%          | (1,950)         | -36.7%          | (7,261)         | (5,203)          | 39.1%           |
| <b>Net Income After Taxes on Income</b>  | <b>(25,729)</b> | <b>(17,746)</b> | <b>45.0%</b>    | <b>(58,529)</b> | <b>-56.0%</b>   | <b>(80,993)</b> | <b>(124,704)</b> | <b>-35.2%</b>   |
| Minority Shareholders                    | (510)           | 237             | -315.2%         | 2,425           | -121.0%         | (331)           | 6,115            | -105.1%         |
| <b>Net Result</b>                        | <b>(25,219)</b> | <b>(17,983)</b> | <b>40.2%</b>    | <b>(60,954)</b> | <b>-58.6%</b>   | <b>(80,662)</b> | <b>(130,819)</b> | <b>-38.3%</b>   |

**CONSOLIDATED FINANCIAL STATEMENTS**

|  |                |                |                 |                 |                 |                  |                  |
|--|----------------|----------------|-----------------|-----------------|-----------------|------------------|------------------|
| <b>Net Operating Revenue</b>             | <b>494,191</b> | <b>574,830</b> | <b>-14.0%</b>   | <b>628,047</b>  | <b>-21.3%</b>   | <b>1,501,722</b> | <b>1,776,461</b> |
| Operating Costs                          | (365,338)      | (409,926)      | -10.9%          | (454,544)       | -19.6%          | (1,110,617)      | (1,381,015)      |
| <b>Gross profit</b>                      | <b>128,853</b> | <b>164,904</b> | <b>-21.9%</b>   | <b>173,503</b>  | <b>-25.7%</b>   | <b>391,105</b>   | <b>395,446</b>   |
| <i>Gross Margin</i>                      | <i>26.1%</i>   | <i>28.7%</i>   | <i>-260 bps</i> | <i>27.6%</i>    | <i>-150 bps</i> | <i>26.0%</i>     | <i>22.3%</i>     |
| <b>Operating Expenses</b>                |                |                |                 |                 |                 |                  |                  |
| Selling Expenses                         | (37,024)       | (43,093)       | -14.1%          | (46,165)        | -19.8%          | (110,899)        | (161,792)        |
| General and Administrative Expenses      | (50,887)       | (56,418)       | -9.8%           | (55,155)        | -7.7%           | (158,724)        | (157,759)        |
| Other Operating Revenues / Expenses      | (27,320)       | (39,319)       | -30.5%          | (28,117)        | -2.8%           | (92,631)         | (43,848)         |
| Depreciation and Amortization            | (11,715)       | (15,977)       | -26.7%          | (18,142)        | -35.4%          | (41,714)         | (38,573)         |
| Equity pickup                            | 5,596          | 2,592          | 115.9%          | 2,203           | 154.0%          | 7,171            | 5,834            |
| <b>Operational Result</b>                | <b>7,503</b>   | <b>12,689</b>  | <b>-40.9%</b>   | <b>28,127</b>   | <b>-73.3%</b>   | <b>(5,692)</b>   | <b>(692)</b>     |
| Financial Income                         | 36,473         | 37,965         | -3.9%           | 16,998          | 114.6%          | 118,634          | 52,686           |
| Financial Expenses                       | (44,501)       | (41,037)       | 8.4%            | (65,484)        | -32.0%          | (137,648)        | (183,999)        |
| <b>Net Income Before Taxes on Income</b> | <b>(525)</b>   | <b>9,617</b>   | <b>-105.5%</b>  | <b>(20,359)</b> | <b>-97.4%</b>   | <b>(24,706)</b>  | <b>(132,005)</b> |
| Deferred Taxes                           | 859            | (1,862)        | -146.1%         | (2,527)         | -134.0%         | (536)            | (6,791)          |
| Income Tax and Social Contribution       | (10,022)       | (9,810)        | 2.2%            | (4,492)         | 123.1%          | (26,896)         | (13,657)         |
| <b>Net Income After Taxes on Income</b>  | <b>(9,688)</b> | <b>(2,055)</b> | <b>371.4%</b>   | <b>(27,378)</b> | <b>-64.6%</b>   | <b>(52,138)</b>  | <b>(152,453)</b> |
| Net income from discontinued operations  | -              | -              | -               | 46,993          | -100.0%         | -                | 127,758          |
| Minority Shareholders                    | 268            | (1,204)        | -122.3%         | 3,838           | -93.0%          | (1,544)          | 29,144           |
| <b>Net Result</b>                        | <b>(9,956)</b> | <b>(851)</b>   | <b>1,069.9%</b> | <b>15,777</b>   | <b>-163.1%</b>  | <b>(50,594)</b>  | <b>(53,839)</b>  |

**BALANCE SHEET GAFISA SEGMENT****Current Assets**

|                             |                  |                  |              |                  |              |
|-----------------------------|------------------|------------------|--------------|------------------|--------------|
| Cash and cash equivalents   | 903,901          | 661,449          | 36.7%        | 337,984          | 167.4%       |
| Receivables from clients    | 1,212,289        | 1,285,496        | -5.7%        | 1,409,006        | -14.0%       |
| Properties for sale         | 1,298,367        | 1,050,259        | 23.6%        | 926,481          | 40.1%        |
| Other accounts receivable   | 191,596          | 256,083          | -25.2%       | 107,503          | 78.2%        |
| Prepaid expenses and others | 13,517           | 19,024           | -28.9%       | 32,957           | 59.0%        |
| Properties for sale         | 8,175            | 7,747            | 5.5%         | 5,800            | 40.9%        |
| Asset Available for Sale    | -                | -                | -            | 449,151          | -100.0%      |
| Financial Instruments       | -                | -                | -            | 2,830            | -100.0%      |
|                             | <b>3,627,845</b> | <b>3,280,058</b> | <b>10.6%</b> | <b>3,271,712</b> | <b>10.9%</b> |

**Long-term Assets**

|                          |                |                |              |                  |              |
|--------------------------|----------------|----------------|--------------|------------------|--------------|
| Receivables from clients | 332,124        | 298,596        | 11.2%        | 281,191          | 18.1%        |
| Properties for sale      | 451,383        | 467,708        | -3.5%        | 502,000          | -10.1%       |
| Financial Instruments    | -              | -              | -            | (157)            | -100.0%      |
| Other                    | 198,545        | 221,212        | -10.2%       | 220,514          | -10.0%       |
|                          | <b>982,052</b> | <b>987,516</b> | <b>-0.6%</b> | <b>1,003,549</b> | <b>-2.1%</b> |
| Intangible               | 63,755         | 63,149         | 1.0%         | 71,111           | -10.3%       |
| Investments              | 1,898,323      | 1,989,855      | -4.6%        | 2,355,090        | -19.4%       |

**Total Assets**

|  |                  |                  |             |                  |              |
|--|------------------|------------------|-------------|------------------|--------------|
|  | <b>6,571,975</b> | <b>6,320,578</b> | <b>4.0%</b> | <b>6,701,462</b> | <b>-1.9%</b> |
|--|------------------|------------------|-------------|------------------|--------------|

**Current Liabilities**

|  |                  |                  |              |                  |               |
|--|------------------|------------------|--------------|------------------|---------------|
| Loans and financing                          | 440,892          | 548,548          | -19.6%       | 515,449          | -14.5%        |
| Debentures                                   | 281,104          | 254,466          | 10.5%        | 228,417          | 23.1%         |
| Obligations for purchase of land and clients | 348,970          | 293,195          | 19.0%        | 314,269          | 11.0%         |
| Materials and service suppliers              | 62,865           | 55,888           | 12.5%        | 74,331           | -15.4%        |
| Taxes and contributions                      | 57,399           | 59,857           | -4.1%        | 81,916           | -29.9%        |
| Investor Obligations                         | 9,935            | 7,517            | 32.2%        | 76               | 12978.8%      |
| Other  | 352,048          | 364,314          | -3.4%        | 899,907          | -60.9%        |
|  | <b>1,553,213</b> | <b>1,583,785</b> | <b>-1.9%</b> | <b>2,114,366</b> | <b>-26.5%</b> |

**Long-term Liabilities**

|  |                  |                  |              |                  |              |
|--|------------------|------------------|--------------|------------------|--------------|
| Loans and financings                         | 932,132          | 756,049          | 23.3%        | 943,276          | -1.2%        |
| Debentures                                   | 710,811          | 582,508          | 22.0%        | 826,411          | -14.0%       |
| Obligations for purchase of land and clients | 55,072           | 66,983           | -17.8%       | 99,604           | -44.7%       |
| Deferred taxes                               | 44,515           | 44,667           | -0.3%        | 67,424           | -34.0%       |
| Provision for contingencies                  | 60,718           | 67,745           | -10.4%       | 4,580            | 1225.8%      |
| Investor Obligations                         | 7,145            | 7,145            | 0.0%         | 14,443           | -50.5%       |
| Other  | 80,129           | 74,555           | 7.5%         | 138,594          | -42.2%       |
|  | <b>1,890,522</b> | <b>1,599,652</b> | <b>18.2%</b> | <b>2,094,331</b> | <b>-9.7%</b> |

**Shareholders' Equity**

|                           |                  |                  |              |                  |              |
|---------------------------|------------------|------------------|--------------|------------------|--------------|
| Shareholders' Equity      | 3,106,915        | 3,116,181        | -0.3%        | 2,469,276        | 25.8%        |
| Non-controlling interests | 21,325           | 20,960           | 1.7%         | 23,490           | -9.2%        |
|                           | <b>3,128,240</b> | <b>3,137,141</b> | <b>-0.3%</b> | <b>2,492,765</b> | <b>25.5%</b> |

**Liabilities and Shareholders' Equity**

|  |                  |                  |             |                  |              |
|--|------------------|------------------|-------------|------------------|--------------|
|  | <b>6,571,975</b> | <b>6,320,578</b> | <b>4.0%</b> | <b>6,701,462</b> | <b>-1.9%</b> |
|--|------------------|------------------|-------------|------------------|--------------|



**BALANCE SHEET TENDA SEGMENT****Current Assets**

|                            |                  |                  |              |                  |               |
|----------------------------|------------------|------------------|--------------|------------------|---------------|
| Cash and cash equivalents  | 559,524          | 618,119          | -9.5%        | 443,621          | 26.1%         |
| Receivables from clients   | 363,633          | 424,221          | -14.3%       | 694,124          | -37.1%        |
| Properties for sale        | 570,304          | 527,646          | 8.1%         | 563,058          | -16.1%        |
| Other accounts receivable  | 131,971          | 131,914          | 0.0%         | 523,815          | -74.8%        |
| Prepaid expenses and other | -                | -                | 0.0%         | 9,040            | -100.0%       |
| Properties for sale        | 73,996           | 98,564           | -24.9%       | 116,368          | -36.4%        |
| Asset Available for Sale   | -                | -                | 0.0%         | 375,216          | -100.0%       |
|                            | <b>1,699,428</b> | <b>1,800,464</b> | <b>-5.6%</b> | <b>2,725,241</b> | <b>-37.6%</b> |

**Long-term Assets**

|                          |                |                |              |                |              |
|--------------------------|----------------|----------------|--------------|----------------|--------------|
| Receivables from clients | 23,168         | 23,760         | -2.5%        | 20,379         | 13.7%        |
| Properties for sale      | 181,754        | 110,772        | 64.1%        | 154,715        | 17.5%        |
| Other                    | 89,770         | 86,017         | 4.4%         | 82,955         | 8.2%         |
|                          | <b>294,692</b> | <b>220,549</b> | <b>33.6%</b> | <b>258,049</b> | <b>14.2%</b> |
| Intangible               | 39,596         | 39,429         | 0.4%         | 35,943         | 10.2%        |
| Investments              | 203,766        | 193,544        | 5.3%         | 205,761        | 1.0%         |

**Total Assets**

|  |                  |                  |              |                  |               |
|--|------------------|------------------|--------------|------------------|---------------|
|  | <b>2,237,482</b> | <b>2,253,986</b> | <b>-0.7%</b> | <b>3,224,993</b> | <b>-30.6%</b> |
|--|------------------|------------------|--------------|------------------|---------------|

**Current Liabilities**

|  |                |                |             |                |             |
|--|----------------|----------------|-------------|----------------|-------------|
| Loans and financing                          | 33,469         | 74,395         | -55.0%      | 110,158        | -69.6%      |
| Debentures                                   | 109,335        | 98,928         | 10.5%       | 195,795        | -44.2%      |
| Obligations for purchase of land and clients | 143,323        | 71,442         | 100.6%      | 78,833         | 93.9%       |
| Materials and service suppliers              | 20,602         | 20,732         | -0.6%       | 24,633         | -16.4%      |
| Taxes and contributions                      | 79,485         | 90,748         | -12.4%      | 77,701         | 2.3%        |
| Other  | 314,136        | 317,405        | -1.0%       | 183,320        | 66.9%       |
|  | <b>700,350</b> | <b>673,650</b> | <b>4.0%</b> | <b>670,440</b> | <b>4.5%</b> |

**Long-term Liabilities**

|                                  |                |                |              |                |               |
|----------------------------------|----------------|----------------|--------------|----------------|---------------|
| Loans and financings             | 23,426         | 58,295         | -59.8%       | 141,738        | -83.5%        |
| Debentures                       | 300,000        | 300,000        | 0.0%         | 548,709        | -45.3%        |
| Obligations for purchase of land | 21,087         | 3,175          | 564.2%       | 8,391          | 151.3%        |
| Deferred taxes                   | 9,783          | 10,643         | -8.1%        | 14,969         | -34.6%        |
| Provision for contingencies      | 65,062         | 65,783         | -1.1%        | -              | 0.0%          |
| Other                            | 68,629         | 67,850         | 1.1%         | 121,094        | -43.3%        |
|                                  | <b>487,987</b> | <b>505,746</b> | <b>-3.5%</b> | <b>834,901</b> | <b>-41.6%</b> |

**Shareholders' Equity**

|   |                  |                  |              |                  |               |
|---|------------------|------------------|--------------|------------------|---------------|
| Shareholders' Equity                        | 1,024,864        | 1,049,799        | -2.4%        | 1,683,593        | -39.1%        |
| Non-controlling interests                   | 24,281           | 24,791           | -2.1%        | 36,059           | -32.7%        |
|   | <b>1,049,145</b> | <b>1,074,590</b> | <b>-2.4%</b> | <b>1,719,652</b> | <b>-39.0%</b> |
| <b>Liabilities and Shareholders' Equity</b> | <b>2,237,482</b> | <b>2,253,986</b> | <b>-0.7%</b> | <b>3,224,993</b> | <b>-30.6%</b> |





**CONSOLIDATED BALANCE SHEETS****Current Assets**

|                             |                  |                  |             |                  |               |
|-----------------------------|------------------|------------------|-------------|------------------|---------------|
| Cash and cash equivalents   | 1,463,425        | 1,279,568        | 14.4%       | 781,606          | 87.2%         |
| Receivables from clients    | 1,575,922        | 1,709,718        | -7.8%       | 2,103,130        | -25.1%        |
| Properties for sale         | 1,868,671        | 1,577,905        | 18.4%       | 1,489,538        | 25.5%         |
| Other accounts receivable   | 184,842          | 217,263          | 14.9%       | 153,865          | 20.1%         |
| Prepaid expenses and others | 20,015           | 26,223           | -23.7%      | 42,003           | -52.3%        |
| Properties for sale         | 82,171           | 106,311          | -22.7%      | 122,168          | -32.7%        |
| Asset Available for Sale    | -                | -                | 0.0%        | 1,532,226        | -100.0%       |
| Financial Instruments       | -                | -                | 0.0%        | 2,830            | -100.0%       |
|                             | <b>5,195,046</b> | <b>4,916,988</b> | <b>5.7%</b> | <b>6,227,366</b> | <b>-16.6%</b> |

**Long-term Assets**

|                          |                  |                  |             |                  |             |
|--------------------------|------------------|------------------|-------------|------------------|-------------|
| Receivables from clients | 355,292          | 322,356          | 10.2%       | 301,570          | 17.8%       |
| Properties for sale      | 633,137          | 578,480          | 9.4%        | 656,715          | -3.6%       |
| Financial Instruments    | 273,351          | 292,260          | -6.5%       | 288,424          | -5.2%       |
|                          | <b>1,261,780</b> | <b>1,193,096</b> | <b>5.8%</b> | <b>1,246,709</b> | <b>1.2%</b> |
| Intangible               | 146,431          | 145,657          | 0.5%        | 212,867          | -31.2%      |
| Investments              | 975,597          | 1,032,662        | -5.5%       | 512,736          | 90.3%       |

**Total Assets**

|  |                  |                  |             |                  |              |
|--|------------------|------------------|-------------|------------------|--------------|
|  | <b>7,578,854</b> | <b>7,288,403</b> | <b>4.0%</b> | <b>8,199,678</b> | <b>-7.6%</b> |
|--|------------------|------------------|-------------|------------------|--------------|

**Current Liabilities**

|  |                  |                  |             |                  |               |
|--|------------------|------------------|-------------|------------------|---------------|
| Loans and financing                          | 474,361          | 622,942          | -23.9%      | 625,608          | -24.2%        |
| Debentures                                   | 390,439          | 353,394          | 10.5%       | 424,212          | -8.0%         |
| Obligations for purchase of land and clients | 492,293          | 364,637          | 35.0%       | 445,257          | 10.6%         |
| Materials and service suppliers              | 83,467           | 76,619           | 8.9%        | 98,964           | -15.7%        |
| Taxes and contributions                      | 108,722          | 117,728          | -7.6%       | 159,617          | -31.9%        |
| Investor Obligations                         | 9,935            | 7,517            | 32.2%       | 115,304          | -91.4%        |
| Obligations with Asset Available for Sale    | -                | -                | 0.0%        | 693,160          | -100.0%       |
| Other  | 562,118          | 551,057          | 2.0%        | 486,374          | 15.6%         |
|  | <b>2,121,335</b> | <b>2,093,894</b> | <b>1.3%</b> | <b>3,048,496</b> | <b>-30.4%</b> |

**Long-term Liabilities**

|  |                  |                  |              |                  |               |
|--|------------------|------------------|--------------|------------------|---------------|
| Loans and financings                         | 955,558          | 814,345          | 17.3%        | 1,085,014        | -11.9%        |
| Debentures                                   | 1,010,811        | 882,508          | 14.5%        | 1,375,120        | -26.5%        |
| Obligations for purchase of land and clients | 76,159           | 70,158           | 8.6%         | 107,995          | -29.5%        |
| Deferred taxes                               | 54,299           | 55,310           | -1.8%        | 82,393           | -34.1%        |
| Provision for contingencies                  | 125,780          | 133,528          | -5.8%        | 135,097          | -6.9%         |
| Investor Obligations                         | 7,145            | 7,145            | 0.0%         | 14,443           | -50.5%        |
| Other  | 98,630           | 93,384           | 5.6%         | 83,458           | 18.2%         |
|  | <b>2,328,382</b> | <b>2,056,378</b> | <b>13.2%</b> | <b>2,883,520</b> | <b>-19.3%</b> |

**Shareholders' Equity**

|                           |                  |                  |              |                  |              |
|---------------------------|------------------|------------------|--------------|------------------|--------------|
| Shareholders' Equity      | 3,106,916        | 3,116,182        | -0.3%        | 2,216,828        | 40.2%        |
| Non-controlling interests | 22,221           | 21,949           | 1.2%         | 50,834           | -56.3%       |
|                           | <b>3,129,137</b> | <b>3,138,131</b> | <b>-0.3%</b> | <b>2,267,662</b> | <b>38.0%</b> |

**Liabilities and Shareholders' Equity**

|  |                  |                  |             |                  |              |
|--|------------------|------------------|-------------|------------------|--------------|
|  | <b>7,578,854</b> | <b>7,288,403</b> | <b>4.0%</b> | <b>8,199,678</b> | <b>-7.6%</b> |
|--|------------------|------------------|-------------|------------------|--------------|



**CASH FLOW**

|   |                  |                  |                 |                  |
|---|------------------|------------------|-----------------|------------------|
| <b>Income Before Taxes on Income</b>                        | <b>(519)</b>     | <b>(20,359)</b>  | <b>(24,700)</b> | <b>(132,005)</b> |
| Expenses (income) not affecting working capital             | <b>63,715</b>    | <b>114,379</b>   | <b>193,129</b>  | <b>185,778</b>   |
| Depreciation and amortization                               | 11,715           | 18,142           | 41,714          | 38,573           |
| Impairment allowance  | (10,063)         | (384)            | (9,684)         | (802)            |
| Expense on stock option plan                                | 3,172            | 4,170            | 27,577          | 13,715           |
| Penalty fee over delayed projects                           | (4,647)          | 10,681           | (5,322)         | (1,417)          |
| Unrealized interest and charges, net                        | 27,102           | 29,480           | 47,414          | 48,904           |
| Equity pickup   | (5,596)          | (2,203)          | (7,171)         | (5,834)          |
| Disposal of fixed asset                                     | 4,639            | 14,912           | 6,836           | 20,098           |
| Warranty provision  | 3,937            | 1,816            | (7,020)         | (624)            |
| Provision for contingencies                                 | 25,487           | 32,150           | 77,283          | 47,388           |
| Profit sharing provision                                    | 9,726            | 8,808            | 26,151          | 26,235           |
| Allowance (reversal) for doubtful debts                     | (6,356)          | (2,766)          | (9,662)         | (5,731)          |
| Profit / Loss from financial instruments                    | 4,599            | (427)            | 4,354           | 5,273            |
| Clients   | 113,865          | (45,143)         | 292,887         | 51,683           |
| Properties for sale   | (328,569)        | (96,780)         | (409,947)       | (235,647)        |
| Other receivables   | 13,237           | (18,320)         | 10,839          | (41,393)         |
| Deferred selling expenses and pre-paid expenses             | 6,206            | 5,630            | 15,170          | 19,520           |
| Obligations on land purchases                               | 133,657          | 20,470           | 80,103          | 45,090           |
| Taxes and contributions                                     | (703)            | 4,043            | (31,791)        | (13,060)         |
| Accounts payable  | 6,848            | (2,229)          | 4,125           | 11,308           |
| Salaries, payroll charges and bonus provision               | 2,803            | 2,417            | (43,023)        | (36,909)         |
| Other accounts payable                                      | 49,968           | 84,052           | 19,980          | 159,288          |
| Current account operations                                  | 47,232           | 54,640           | (4,038)         | 40,943           |
| Paid taxes  | (18,326)         | (4,636)          | (103,008)       | (8,570)          |
| <b>Cash used in operating activities</b>                    | <b>89,414</b>    | <b>98,165</b>    | <b>(937)</b>    | <b>46,026</b>    |
| <b>Investments</b>  |                  |                  |                 |                  |
| Purchase of property and equipment                          | (17,128)         | (33,793)         | (52,256)        | (60,350)         |
| Redemption of securities, restricted securities and loans   | (157,180)        | 1,066,444        | 2,387,569       | 3,708,304        |
| Investments in marketable securities, restricted securities | -                | (949,013)        | (1,880,258)     | (3,399,254)      |
| Investments increase  | (15,954)         | (15,578)         | (11,534)        | (19,454)         |
| Dividends receivables                                       | (1,990)          | 9,480            | 58,311          | 14,745           |
| Acquisition remaining portion from 20% in AUSA              | -                | (366,662)        | -               | (366,662)        |
| <b>Cash used in investing activities</b>                    | <b>(192,252)</b> | <b>(289,122)</b> | <b>501,832</b>  | <b>(122,671)</b> |
| <b>Financing</b>  |                  |                  |                 |                  |
| Capital increase  | -                | 3                | -               | 4,866            |
| Contributions from venture partners                         | 2,418            | 1,908            | (106,600)       | (106,675)        |
| Increase in loans and financing                             | 430,491          | 288,714          | 666,692         | 1,237,027        |
| Repayment of loans and financing                            | (298,994)        | (300,778)        | (941,844)       | (1,158,400)      |
| Purchase of treasury shares                                 | (2,207)          | -                | (53,561)        | (39,970)         |
| Dividend payments   | -                | -                | (117,129)       | -                |
| Proceeds from subscription of redeemable equity interest    | -                | -                | -               | (5,089)          |
| Operations of mutual  | (2,201)          | (1,014)          | (8,799)         | (12,691)         |

|   |                |                  |                  |                  |
|---|----------------|------------------|------------------|------------------|
| Sale of treasury shares                                     | 4,103          | -                | 17,583           | -                |
| Result of sale of treasury shares                           | (4,094)        | -                | (10,664)         | -                |
| <b>Net cash provided by financing activities</b>            | <b>129,516</b> | <b>(11,167)</b>  | <b>(554,322)</b> | <b>(80,932)</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>26,678</b>  | <b>(202,124)</b> | <b>(53,427)</b>  | <b>(157,577)</b> |
| At the beginning of the period                              | 135,089        | 476,749          | 215,194          | 432,202          |
| At the end of the period                                    | 161,767        | 274,625          | 161,767          | 274,625          |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>26,678</b>  | <b>(202,124)</b> | <b>(53,427)</b>  | <b>(157,577)</b> |

## **GLOSSARY**

### **Affordable Entry Level**

Residential units targeted to the mid-low and low income segments with prices below R\$200 thousand per unit.

### **Backlog of Revenues**

As a result of the Percentage of Completion Method of recognizing revenues, we recognize revenues and expenses over a multi-year period for each residential unit we sell. Our backlog of results represents revenues minus costs that will be incurred in future periods from past sales.

### **Backlog of Results**

As a result of the Percentage of Completion Method of recognizing revenues, we recognize revenues and expenses over a multi-year period for each residential unit we sell. Our backlog represents revenues that will be incurred in future periods from past sales.

### **Backlog Margin**

Equals to "Backlog of Results" divided "Backlog of Revenues" to be recognized in future periods.

### **LandBank**

Land that Gafisa holds for future development paid either in cash or through swap agreements. Each decision to acquire land is analyzed by our investment committee and approved by our Board of Directors.

### **LOT (Urbanized Lots)**

Land subdivisions, or lots, with prices ranging from R\$150 to R\$600 per square meter.

### **PoC Method**

Under Brazilian GAAP, real estate development revenues, costs and related expenses are recognized using the percentage-of-completion ("PoC") method of accounting by measuring progress towards completion in terms of actual costs incurred versus total budgeted expenditures for each stage of a development.

### **Pre-Sales**

Contracted pre-sales are the aggregate amount of sales resulting from all agreements for the sale of units entered into during a certain period, including new units and units in inventory. Contracted pre-sales will be recorded as revenue as construction progresses (PoC method). There is no definition of "contracted pre-sales" under Brazilian GAAP.

## **PSV**

Potential Sales Value.

## **SFH Funds**

Funds from SFH are originated from the Governance Severance Indemnity Fund for Employees (FGTS) and from savings accounts deposits. Banks are required to invest 65% of the total savings accounts balance in the housing sector, either to final customers or developers, at lower interest rates than the private market.

## **Swap Agreements**

A system in which we grant the land-owner a certain number of units to be built on the land or a percentage of the proceeds from the sale of units in such development in exchange for the land. By acquiring land through this system, we intend to reduce our cash requirements and increase our returns.

## **Operating Cash Flow**

Operating cash flow (non-accounting)

## **ABOUT GAFISA**

Gafisa is a leading diversified national homebuilder serving all demographic segments of the Brazilian market. Established almost 60 years ago, we have completed and sold more than 1,100 developments and built more than 12 million square meters of housing under the Gafisa brand - more than any other residential development company in Brazil. Recognized as one of the foremost professionally managed homebuilders, Gafisa is also one of the most respected and best-known brands in the real estate market, recognized for its quality and consistency among potential homebuyers, brokers, lenders, landowners, competitors and investors. Our pre-eminent brands include Tenda, serving the affordable/entry-level housing segment, and we hold a 30% stake in Alphaville, one of the most important companies in the residential lots segment in Brazil. Gafisa S.A. is traded on the Novo Mercado of the BM&FBOVESPA (BOVESPA:GFS3) and on the New York Stock Exchange (NYSE:GFA).

(A free translation from the original in Portuguese into English)

## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information

September 30, 2014

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

### **1. Operations**

Gafisa S.A. ("Gafisa" or "Company") is a publicly traded company with headquarters at Avenida das Nações Unidas, 8.501, 19º andar, in the City of São Paulo, State of São Paulo, Brazil, and started 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, taking into consideration that in the case of the latter, as construction company and proxy; (ii) selling and purchasing real estate properties in general; (iii) carrying out civil construction and civil engineering services; (iv) developing and implementing marketing strategies related to its own or third party real estate ventures; and (v) investing in other companies which have similar objectives as the Company's.

The real estate development projects entered into by the Company with third parties are structured through specific purpose partnerships ("Sociedades de Propósito Específico" or "SPEs") or the formation of consortia and condominiums. Controlled entities substantially share the managerial and operating structures and the 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 February 7, 2014, the Company disclosed a material fact informing to its shareholders and the market in general that its Board of Directors authorized the Company's management to begin studies aimed at a potential separation of the Gafisa and Tenda business units into two publicly-held and independent companies in order to reinforce the creation of value to the Company and its shareholders. In case the plan is approved by the Board of Directors and shareholders, this transaction could be completed throughout 2015.

On July 28, 2014, giving continuity to the process for separating the business units, the Brazilian Securities Commission (CVM) granted the request of the subsidiary Tenda for converting the registry of the securities issuer into the "A" Category.

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

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

On November 07, 2014, the Company's Board of Directors approved these individual and consolidated quarterly information of the Company and has authorized their disclosure.



(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

Notes to the individual and consolidated quarterly information

September 30, 2014

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

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

--Continued

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

--Continued

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, 2013. Therefore, the corresponding quarterly information shall be read together with the financial statements as of December 31, 2013.

The individual quarterly information, identified as “Company”, were prepared according to the accounting practices adopted in Brazil and the standards issued by the Accounting Pronouncement Committee (CPC) and are disclosed together with the consolidated quarterly information.

The consolidated quarterly information is specifically in compliance with the International Financial Reporting Standards (IFRS) 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 the application of the continuous transfer of the risks, benefits and control over the real estate unit sales.

The individual and consolidated quarterly information were prepared based on historical cost basis, except if otherwise stated in the summary of significant accounting practices. The historical cost is usually based on the considerations paid in exchange for assets.

The quarterly information has been prepared over the normal course of business. Management makes an assessment of the Company's ability to continue as going concern when preparing the financial statements. The Company is in compliance with all its debt covenants at the date of issue of this quarterly information.

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

(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

Notes to the individual and consolidated quarterly information

September 30, 2014

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

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

--Continued

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

--Continued

Except for the profit (loss) for the period, the Company does not have other comprehensive income (loss).

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 2 to the individual and consolidated financial statements as of December 31, 2013.

**2.1.1. Quarterly consolidated 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 on these subsidiaries and jointly-controlled investees 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, 2013.

**3. Pronouncements (new or revised) and interpretation adopted from 2013 or applicable as of January 1, 2014 and 2015**

IFRS 15 – Revenue from contracts with customers

On May 28, 2014, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) issued new standards for recognizing revenue under both IFRS and U.S. GAAP, respectively. The IFRS 15, Revenue from Contracts with Customers, requires that an entity recognizes the amount of revenue reflecting the consideration that it expects to receive in exchange for the control over those goods or services. The new standard is going to replace most of the detailed guidance on recognition of revenue that currently exists under IFRS and U.S. GAAP when it is adopted. The application is necessary for years beginning on or after January 1, 2017, with early adoption permitted for IFRS purposes and not locally permitted before the harmonization and approval from the CPC and the CVM.

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**3. Pronouncements (new or revised) and interpretation adopted from 2013 or applicable as of January 1, 2014 and 2015 --Continued**

IFRS 15 – Revenue from contracts with customers --Continued

The Company is examining the effects of IFRS 15 on its Financial Statements and has not yet completed its analysis, not being able to measure the impact of the adoption of this standard.

The other explanations regarding the pronouncement and interpretation revisions and issues did not have significant changes in relation to those reported in Note 3 to the financial statements as of December 31, 2013.

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

**4.1. Cash and cash equivalents**

|  | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|--|------------------|-------------------|---------------------|-------------------|
|  | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Cash and banks                                     | <b>13,517</b>    | 11,940            | <b>72,804</b>       | 121,222           |
| Securities purchased under agreement to resell (a) | <b>48,789</b>    | 27,092            | <b>63,463</b>       | 93,972            |

|   |               |        |                |         |
|---|---------------|--------|----------------|---------|
| Funds held in trust by third parties (b)                  | -             | -      | <b>25,500</b>  | -       |
| Total cash and cash equivalents (Note 21.i.d and 21.ii.a) | <b>62,306</b> | 39,032 | <b>161,767</b> | 215,194 |

(a) As of September 30, 2014, the securities purchased under agreement to resell include interest earned from 60% to 101.3% of Interbank Deposit Certificates (CDI) (from 75% to 101.8% of CDI in 2013). All investments are made with financial institutions considered by management to be first class.

(b) Amount held in trust by Itaú Corretora de Valores S.A., for settlement, on October 1, 2014, of the first interest installment and the fifth amortization installment related to the first placement of debentures of the subsidiary Tenda, the total paid amounting to R\$29,496 (Note 33 (ii)).

The explanation related to this note was not subject to significant changes in relation to those reported in Note 4.1 to the financial statements as of December 31, 2013.

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### 4. Cash and cash equivalents and short-term investments --Continued

#### 4.2. Short-term investments

|  | Company        |            | Consolidated     |            |
|--|----------------|------------|------------------|------------|
|  | 9/30/2014      | 12/31/2013 | 9/30/2014        | 12/31/2013 |
| Fixed-income Investment funds                          | <b>275,265</b> | 587,878    | <b>444,009</b>   | 706,481    |
| Government bonds (LFT)                                 | <b>38,323</b>  | 116,888    | <b>61,816</b>    | 140,210    |
| Securities purchased under agreement to resell         | <b>241,282</b> | 328,169    | <b>390,596</b>   | 393,648    |
| Bank deposit certificates (a)                          | <b>38,053</b>  | 113,611    | <b>142,061</b>   | 291,871    |
| Restricted cash in guarantee to loans                  | <b>149,580</b> | 74,305     | <b>154,033</b>   | 105,380    |
| Restricted credits                                     | <b>21,656</b>  | 20,175     | <b>109,143</b>   | 171,367    |
| Other  | -              | -          | -                | 12         |
| Total short-term investments (Note 21.i.d and 21.ii.a) | <b>764,159</b> | 1,241,026  | <b>1,301,658</b> | 1,808,969  |

(a) As of September 30, 2014, Bank Deposit Certificates (CDBs) include interest earned varying from 70% to 108% (from 70% to 109% in 2013) of Interbank Deposit Certificates (CDI). The CDBs earn an average income in excess of those from securities purchased under agreement to resell (Note 4.1); however, the Company invests in short term (up to 20 working days) through securities purchased under agreement to resell taking into account the exemption of IOF, which is not granted in the case of CDBs.

The explanation related to this note was not subject to significant changes in relation to those reported in Note 4.2 to the financial statements as of December 31, 2013.

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

|   | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|---|------------------|-------------------|---------------------|-------------------|
|   | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Real estate development and sales                             | <b>1,064,471</b> | 1,205,137         | <b>2,050,604</b>    | 2,356,976         |
| ( - ) Allowance for doubtful accounts and cancelled contracts | <b>(6,215)</b>   | (7,040)           | <b>(124,796)</b>    | (179,372)         |
| ( - ) Adjustments to present value                            | <b>(17,460)</b>  | (10,188)          | <b>(25,224)</b>     | (14,484)          |
| Services and construction and other receivables               | <b>13,966</b>    | 28,993            | <b>30,630</b>       | 60,548            |
|   | <b>1,054,762</b> | 1,216,902         | <b>1,931,214</b>    | 2,223,668         |
| Current   | <b>804,177</b>   | 1,034,833         | <b>1,575,922</b>    | 1,909,877         |
| Non-current   | <b>250,585</b>   | 182,069           | <b>355,292</b>      | 313,791           |



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

The current and non-current portions fall due as follows:

| Maturity   | Company          |            | Consolidated     |            |
|--|------------------|------------|------------------|------------|
|  | 9/30/2014        | 12/31/2013 | 9/30/2014        | 12/31/2013 |
| 2014   | <b>541,094</b>   | 1,052,062  | <b>1,001,051</b> | 2,103,733  |
| 2015   | <b>349,904</b>   | 95,610     | <b>831,874</b>   | 183,140    |
| 2016   | <b>98,897</b>    | 43,011     | <b>118,557</b>   | 61,963     |
| 2017   | <b>40,692</b>    | 12,011     | <b>70,298</b>    | 31,677     |
| 2018   | <b>10,584</b>    | 6,979      | <b>13,167</b>    | 8,275      |
| 2019 onwards   | <b>37,266</b>    | 24,457     | <b>46,287</b>    | 28,736     |
|  | <b>1,078,437</b> | 1,234,130  | <b>2,081,234</b> | 2,417,524  |
| ( - ) Adjustment to present value                            | <b>(17,460)</b>  | (10,188)   | <b>(25,224)</b>  | (14,484)   |
| ( - ) Allowance for doubtful account and cancelled contracts | <b>(6,215)</b>   | (7,040)    | <b>(124,796)</b> | (179,372)  |
|  | <b>1,054,762</b> | 1,216,902  | <b>1,931,214</b> | 2,223,668  |

During the period ended September 30, 2014, the changes in the allowance for doubtful accounts and cancelled contracts are summarized as follows:

|                              | Company     | Consolidated   | Net |
|------------------------------|-------------|----------------|-----|
| Balance at December 31. 2013 | (7,040)     |                |     |
| Write-offs (Note 23)         | 825         |                |     |
| Balance at September 30,2014 | (6,215)     |                |     |
|                              | Receivables | Properties for |     |

|                              |                  | <b>sale</b>   |                 |
|------------------------------|------------------|---------------|-----------------|
|                              |                  |               | <b>(Note 6)</b> |
| Balance at December 31, 2013 | (179,372)        | 107,172       | <b>(72,200)</b> |
| Write-offs (Note 23)         | 54,576           | (44,914)      | <b>9,662</b>    |
| Balance at September 30,2014 | <b>(124,796)</b> | <b>62,258</b> | <b>(62,538)</b> |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 5 to the financial statements as of December 31, 2013.

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## Gafisa S.A.

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### 6. Properties for sale

|   | <b>Company</b>   |                   | <b>Con</b>       |
|---|------------------|-------------------|------------------|
|   | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2013</b> |
| Land  | <b>802,489</b>   | 719,180           | <b>1,424,991</b> |
| Property under construction   | <b>475,633</b>   | 327,343           | <b>756,333</b>   |
| Real estate cost in the recognition of the provision for cancelled contracts - Note 5 | -                | -                 | <b>62,222</b>    |
| Completed units   | <b>96,212</b>    | 74,907            | <b>269,444</b>   |
| ( - ) Provision for impairment in the realization of properties for sale              | <b>(3,298)</b>   | (3,298)           | <b>(11,277)</b>  |
|   | <b>1,371,036</b> | 1,118,132         | <b>2,501,807</b> |
| Current portion   | <b>1,069,935</b> | 780,867           | <b>1,868,666</b> |
| Non-current portion   | <b>301,101</b>   | 337,265           | <b>633,141</b>   |

There was no change in the provision for impairment in the realization of properties for sale in the period ended September 30, 2014.

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 6 to the financial statements as of December 31, 2013.

### 7. Other accounts receivable

**Company**

**Consolidated**

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|  | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b> | <b>12/31/2013</b> |
|--|------------------|-------------------|------------------|-------------------|
| Advances to suppliers                              | <b>2,134</b>     | 2,544             | <b>5,122</b>     | 5,266             |
| Recoverable taxes (IRRF, PIS, COFINS, among other) | <b>15,206</b>    | 23,679            | <b>62,541</b>    | 70,054            |
| Judicial deposit (Note 17)                         | <b>107,605</b>   | 95,343            | <b>149,459</b>   | 127,405           |
| Other  | <b>4</b>         | 78                | <b>5,247</b>     | 5,986             |
|  | <b>124,949</b>   | 121,644           | <b>222,369</b>   | 208,711           |
| Current portion                                    | <b>5,844</b>     | 15,749            | <b>66,076</b>    | 71,083            |
| Non-current portion                                | <b>119,105</b>   | 105,895           | <b>156,293</b>   | 137,628           |

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**8. Non-current assets held for sale**

**8.1 Land available for sale**

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

|                               | <b>Cost</b>    | <b>Consolidated<br/>Provision for<br/>impairment</b> | <b>Net balance</b> |
|-------------------------------|----------------|--|--------------------|
| Balance at December 31, 2013  | 172,110        | (57,263)   | 114,847            |
| Additions                     | 4,444          | (2,675)  | 1,769              |
| Reversal/Write-offs           | (46,804)       | 12,359   | (34,445)           |
| Balance at September 30, 2014 | <b>129,750</b> | <b>(47,579)</b>                                      | <b>82,171</b>      |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 8.1 to the financial statements as of December 31, 2013.

**8.2 Non-current assets held for sale and income from discontinued operations**

In order to meet the provisions of 38 of CPC 31 – Non-current Asset Held for Sale and Discontinued Operations, the Company shows below the main lines of the statement of profit or loss and cash flows of the associate Alphaville Urbanismo S.A. (AUSA):

**Statement of profit or loss****9/30/2013**

|                                    |                |
|------------------------------------|----------------|
| Net operating revenue              | 603,097        |
| Operating costs                    | (328,814)      |
| Operating expenses, net            | (97,953)       |
| Depreciation and amortization      | (13,924)       |
| Equity pick-up                     | 4,179          |
| Financial expenses                 | (20,846)       |
| Income and social contribution tax | (17,981)       |
|                                    | 127,758        |
| Noncontrolling interests           | (15,375)       |
| <b>Profit for the period</b>       | <b>112,383</b> |

**Cash flows****9/30/2013**

|                      |           |
|----------------------|-----------|
| Operating activities | (203,149) |
| Investing activities | 102,463   |
| Financing activities | (18,386)  |

On December 9, 2013, the Company disclosed a material fact informing about the completion of transaction for selling the majority interest it held of 70% in AUSA. Therefore, with the disposal and cease of control over AUSA, the remaining stake of 30% is recognized using the equity method.

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 8.2 to the financial statements as of December 31, 2013.

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## Gafisa S.A.

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### 9. Investments in ownership interests

#### (i) Ownership interests

##### (a) *Information on subsidiaries and jointly-controlled investees*

| Direct investees                | Ownership interest - % | Total assets | Equity and advance |            |           |            | Income (loss) for the period |           | Company Investment |
|---------------------------------|------------------------|--------------|--------------------|------------|-----------|------------|------------------------------|-----------|--------------------|
|                                 |                        |              | 9/30/2014          | 12/31/2013 | 9/30/2014 | 12/31/2013 | 9/30/2014                    | 9/30/2013 |                    |
|                                 |                        |              |                    |            |           |            |                              |           |                    |
| Construtora Tenda S.A.          | -                      | 100%         | 2,237,481          | 1,173,075  | 1,064,406 | 1,127,970  | (80,663)                     | (122,175) | 1,064,406          |
| Alphaville Urbanismo S.A.       | (g)                    | 10%          | 1,925,842          | 1,433,122  | 492,720   | 454,054    | 38,535                       | 98,526    | 49,272             |
| Shertis Emp. e Part. S.A.       | -                      | 100%         | 366,064            | 90,968     | 275,096   | 267,415    | 7,682                        | 22,064    | 275,096            |
| Gafisa SPE 26 Ltda.             | (h)                    | 100%         | 176,953            | 10,490     | 166,463   | 162,059    | 4,404                        | -         | 166,463            |
| Gafisa SPE 89 Ltda.             | -                      | 100%         | 78,352             | 9,553      | 68,799    | 77,656     | (2,157)                      | 20,646    | 68,799             |
| Gafisa SPE 51 Ltda.             | -                      | 100%         | 62,722             | 3,955      | 58,767    | 57,377     | (51)                         | (1,151)   | 58,767             |
| Gafisa SPE 72 Ltda.             | -                      | 100%         | 53,907             | 10,283     | 43,624    | 41,596     | 2,028                        | (3,768)   | 43,624             |
| Gafisa SPE 116 Empr. Imob. Ltda | (a)                    | 50%          | 82,754             | 1,691      | 81,063    | 82,075     | (2,937)                      | (105)     | 40,532             |

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|                                      |      |      |                |               |               |        |                |         |               |  |
|--------------------------------------|------|------|----------------|---------------|---------------|--------|----------------|---------|---------------|--|
| Parque Ecoville SPE                  | -    |      |                |               |               |        |                |         |               |  |
| 29 Emp. Imob. S.A.                   | 100% | 100% | <b>85,705</b>  | <b>47,131</b> | <b>38,574</b> | 40,008 | <b>(1,434)</b> | 9,437   | <b>38,574</b> |  |
| EDSP 88 Participações S.A.           | 100% | 100% | <b>43,305</b>  | <b>5,867</b>  | <b>37,438</b> | 39,883 | <b>(2,445)</b> | (2,705) | <b>37,438</b> |  |
| GAFISA SPE 130 Empr. Imob. Ltda      | 100% | 100% | <b>50,350</b>  | <b>13,709</b> | <b>36,641</b> | (7)    | <b>7,031</b>   | (1)     | <b>36,641</b> |  |
| Manhattan Residencial 02 SPE Ltda    | 100% | 100% | <b>35,402</b>  | <b>4</b>      | <b>35,398</b> | 3,088  | <b>8</b>       | (46)    | <b>35,398</b> |  |
| Città Ville SPE Emp. Imob. Ltda.     | 50%  | 50%  | <b>64,302</b>  | <b>3,803</b>  | <b>60,499</b> | 55,886 | <b>(305)</b>   | 1,130   | <b>30,249</b> |  |
| Gafisa SPE 110 Empr. Imob. Ltda      | 100% | 100% | <b>60,015</b>  | <b>30,593</b> | <b>29,422</b> | 25,745 | <b>3,677</b>   | 7,317   | <b>29,422</b> |  |
| Gafisa SPE 107 Empr. Imob. Ltda      | 100% | 0%   | <b>32,786</b>  | <b>3,614</b>  | <b>29,172</b> | 28,971 | <b>201</b>     | -       | <b>29,172</b> |  |
| Sítio Jatiuca Emp. Imob. SPE Ltda.   | 50%  | 50%  | <b>58,636</b>  | <b>4,609</b>  | <b>54,027</b> | 64,035 | <b>2,011</b>   | 488     | <b>27,014</b> |  |
| Gafisa SPE 41 Ltda.                  | 100% | 100% | <b>27,772</b>  | <b>1,289</b>  | <b>26,483</b> | 26,357 | <b>126</b>     | (461)   | <b>26,483</b> |  |
| Gafisa SPE 50 Ltda.                  | 100% | 100% | <b>51,372</b>  | <b>25,568</b> | <b>25,804</b> | 25,837 | <b>(33)</b>    | (326)   | <b>25,804</b> |  |
| Gafisa SPE 31 Ltda.                  | 100% | 100% | <b>26,340</b>  | <b>629</b>    | <b>25,711</b> | 25,494 | <b>217</b>     | (400)   | <b>25,711</b> |  |
| Gafisa SPE 47 Ltda.                  | 80%  | 80%  | <b>31,478</b>  | <b>115</b>    | <b>31,363</b> | 31,275 | <b>(1)</b>     | (1)     | <b>25,091</b> |  |
| Gafisa SPE 88 Ltda.                  | 100% | 0%   | <b>28,256</b>  | <b>3,374</b>  | <b>24,882</b> | 25,600 | <b>(680)</b>   | -       | <b>24,882</b> |  |
| Gafisa SPE 111 Empr. Imob. Ltda      | 100% | 100% | <b>75,582</b>  | <b>52,410</b> | <b>23,172</b> | 10,561 | <b>12,611</b>  | 2,648   | <b>23,172</b> |  |
| Varandas Grand Park Em. Im. SPE Ltda | 50%  | 50%  | <b>120,597</b> | <b>75,380</b> | <b>45,217</b> | 25,982 | <b>2,993</b>   | 12,392  | <b>21,647</b> |  |
| Gafisa SPE 112 Empr. Imob. Ltda      | 100% | 0%   | <b>23,245</b>  | <b>1,690</b>  | <b>21,555</b> | 20,634 | <b>921</b>     | -       | <b>21,555</b> |  |
| Gafisa SPE 123 Empr. Imob. Ltda      | 100% | 100% | <b>98,665</b>  | <b>77,185</b> | <b>21,480</b> | 10,462 | <b>11,019</b>  | 5,892   | <b>21,480</b> |  |
| Parque das Árvores Emp. Imob. Ltda.  | 50%  | 50%  | <b>39,764</b>  | <b>-</b>      | <b>39,764</b> | 37,990 | <b>1,798</b>   | 5,632   | <b>19,882</b> |  |



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|                                       |     |             |      |               |               |               |        |                |       |               |
|---------------------------------------|-----|-------------|------|---------------|---------------|---------------|--------|----------------|-------|---------------|
| Gafisa SPE<br>121 Empr.<br>Imob. Ltda | -   | <b>100%</b> | 100% | <b>90,231</b> | <b>70,480</b> | <b>19,751</b> | 6,151  | <b>13,600</b>  | 3,312 | <b>19,751</b> |
| Gafisa SPE<br>32 Ltda.                | -   | <b>100%</b> | 100% | <b>19,180</b> | <b>1,076</b>  | <b>18,104</b> | 18,070 | <b>22</b>      | 91    | <b>18,104</b> |
| Manhattan<br>Comercial 02<br>SPE Ltda | -   | <b>100%</b> | 100% | <b>18,019</b> | <b>63</b>     | <b>17,956</b> | 1,797  | <b>49</b>      | (157) | <b>17,956</b> |
| Gafisa SPE<br>119 Empr.<br>Imob. Ltda | -   | <b>100%</b> | 100% | <b>49,444</b> | <b>31,668</b> | <b>17,776</b> | 10,163 | <b>7,612</b>   | 2,062 | <b>17,776</b> |
| Gafisa SPE<br>30 Ltda.                | (h) | <b>100%</b> | 100% | <b>63,780</b> | <b>47,642</b> | <b>16,138</b> | 16,033 | <b>105</b>     | (145) | <b>16,138</b> |
| Fit 13 SPE<br>Empr. Imob.<br>Ltda.    | (a) | <b>50%</b>  | 50%  | <b>38,153</b> | <b>6,696</b>  | <b>31,457</b> | 16,398 | <b>79</b>      | 7,021 | <b>15,728</b> |
| Gafisa SPE<br>106 Empr.<br>Imob. Ltda | (h) | <b>100%</b> | 0%   | <b>17,456</b> | <b>1,780</b>  | <b>15,676</b> | 17,010 | <b>(1,333)</b> | -     | <b>15,676</b> |
| Gafisa SPE<br>92 Ltda.                | (h) | <b>100%</b> | 0%   | <b>16,414</b> | <b>902</b>    | <b>15,512</b> | 14,644 | <b>868</b>     | -     | <b>15,512</b> |
| Diodon<br>Participações<br>Ltda.      | -   | <b>100%</b> | 100% | <b>15,415</b> | <b>-</b>      | <b>15,415</b> | 15,372 | <b>43</b>      | -     | <b>15,472</b> |
| Gafisa SPE<br>71 Ltda.                | (a) | <b>100%</b> | 80%  | <b>15,642</b> | <b>1,262</b>  | <b>14,380</b> | 19,617 | <b>59</b>      | 485   | <b>14,380</b> |

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**9. Investments in ownership interests --Continued**(i) Ownership interests(a) *Information on subsidiaries and jointly-controlled investees--Continued*

| Direct investees                        | Ownership interest |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Income (loss) for the period |           | Investment |        |
|---|--------------------|------------|--------------|-------------------|--|------------|------------------------------|-----------|------------|--------|
|   | - %                |            |              |                   |  |            |                              |           |            |        |
|   | 9/30/2014          | 12/31/2013 | 9/30/2014    | 9/30/2014         | 9/30/2014                                      | 12/31/2013 | 9/30/2014                    | 9/30/2013 | 9/30/2014  |        |
| Gafisa SPE 33 Ltda.                     | -                  | 100%       | 100%         | 13,622            | -  | 13,622     | 14,179                       | (406)     | -          | 13,622 |
| Aram SPE Emp. Imob. Ltda.               | -                  | 100%       | 100%         | 14,060            | 844  | 13,216     | 6,081                        | 3,565     | -          | 13,216 |
| Apoena SPE Emp. Imob. S.A.              | -                  | 100%       | 100%         | 13,867            | 1,071  | 12,796     | 12,941                       | (145)     | 262        | 12,796 |
| Alto da Barra São Miguel Emp. Im. Ltda. | (a)                | 50%        | 50%          | 24,097            | 1,336  | 22,761     | 22,943                       | (182)     | (37)       | 11,381 |
| Gafisa SPE 25 Ltda.                     | (h)                | 100%       | 100%         | 11,530            | 322  | 11,208     | 11,411                       | (203)     | -          | 11,208 |
| Gafisa SPE 65 Ltda.                     | -                  | 100%       | 80%          | 19,110            | 7,973  | 11,137     | 13,831                       | 657       | (78)       | 11,137 |
| Gafisa SPE-73 Ltda                      | -                  | 80%        | 80%          | 13,951            | 65   | 13,886     | 13,389                       | 27        | (6)        | 11,109 |
|   | (a)                | 60%        | 60%          | 68,004            | 49,934   | 18,070     | 15,648                       | 3,864     | 4,831      | 10,842 |

|   |             |      |               |               |               |        |                |          |               |  |
|---|-------------|------|---------------|---------------|---------------|--------|----------------|----------|---------------|--|
| Gafisa SPE<br>113 Empr.<br>Imob.                |             |      |               |               |               |        |                |          |               |  |
| Gafisa SPE (h)<br>81 Ltda                       | <b>100%</b> | 0%   | <b>65,876</b> | <b>55,737</b> | <b>10,139</b> | 6,290  | <b>3,849</b>   | -        | <b>10,139</b> |  |
| Dubai (a)<br>Residencial<br>Emp. Imob.<br>Ltda. | <b>50%</b>  | 50%  | <b>19,461</b> | -             | <b>19,461</b> | 19,400 | <b>(206)</b>   | 5,169    | <b>9,730</b>  |  |
| Gafisa SPE (a)<br>55 Empr. (h)<br>Imob.Ltda     | <b>80%</b>  | 0%   | <b>15,161</b> | <b>3,118</b>  | <b>12,043</b> | -      | <b>3,149</b>   | -        | <b>9,634</b>  |  |
| Parque das<br>Águas Emp. (a)<br>Imob. Ltda.     | <b>50%</b>  | 50%  | <b>17,734</b> | -             | <b>17,734</b> | 15,289 | <b>338</b>     | 2,156    | <b>8,867</b>  |  |
| Gafisa SPE -<br>36 Ltda.                        | <b>100%</b> | 100% | <b>24,158</b> | <b>16,123</b> | <b>8,035</b>  | 7,691  | <b>343</b>     | 1,188    | <b>8,035</b>  |  |
| Gafisa SPE -<br>38 Ltda.                        | <b>100%</b> | 100% | <b>8,135</b>  | <b>148</b>    | <b>7,987</b>  | 7,890  | <b>96</b>      | 136      | <b>7,987</b>  |  |
| Gafisa SPE -<br>84 Empr.<br>Imob. Ltda          | <b>100%</b> | 0%   | <b>15,088</b> | <b>7,216</b>  | <b>7,872</b>  | 8,109  | <b>(237)</b>   | -        | <b>7,872</b>  |  |
| Atins Empr. (a)<br>Imob. Ltda                   | <b>50%</b>  | 50%  | <b>26,547</b> | <b>11,147</b> | <b>15,400</b> | -      | <b>70</b>      | -        | <b>7,700</b>  |  |
| Gafisa SPE (h)<br>109 Empr.<br>Imob.Ltda        | <b>100%</b> | 0%   | <b>8,894</b>  | <b>1,586</b>  | <b>7,308</b>  | 6,938  | <b>371</b>     | -        | <b>7,308</b>  |  |
| Gafisa SPE -<br>120 Empr.<br>Imob.Ltda          | <b>100%</b> | 100% | <b>31,011</b> | <b>23,739</b> | <b>7,272</b>  | 1,255  | <b>6,018</b>   | (568)    | <b>7,272</b>  |  |
| Gafisa SPE (a)<br>85 Empr.<br>Imob.Ltda         | <b>80%</b>  | 80%  | <b>43,424</b> | <b>34,963</b> | <b>8,461</b>  | 7,064  | <b>1,504</b>   | (12,987) | <b>6,769</b>  |  |
| Gafisa SPE -<br>37 Ltda.                        | <b>100%</b> | 100% | <b>7,545</b>  | <b>795</b>    | <b>6,750</b>  | 6,811  | <b>(61)</b>    | 223      | <b>6,750</b>  |  |
| Costa (a)<br>Maggiore<br>Emp. Imob.<br>Ltda     | <b>50%</b>  | 50%  | <b>14,928</b> | <b>1,647</b>  | <b>13,281</b> | 15,463 | <b>1,119</b>   | 2,795    | <b>6,641</b>  |  |
| Gafisa SPE (h)<br>90 Ltda                       | <b>100%</b> | 0%   | <b>11,056</b> | <b>4,569</b>  | <b>6,487</b>  | 6,351  | <b>136</b>     | -        | <b>6,487</b>  |  |
| O Bosque (a)<br>Empr. Imob.<br>Ltda             | <b>60%</b>  | 60%  | <b>9,126</b>  | <b>355</b>    | <b>8,771</b>  | 9,123  | <b>(380)</b>   | (32)     | <b>5,262</b>  |  |
| Gafisa SPE -<br>22 Ltda.                        | <b>100%</b> | 100% | <b>5,863</b>  | <b>612</b>    | <b>5,251</b>  | 5,255  | <b>(4)</b>     | 16       | <b>5,251</b>  |  |
| Gafisa SPE -<br>27 Ltda.                        | <b>100%</b> | 100% | <b>21,159</b> | <b>15,971</b> | <b>5,188</b>  | 5,973  | <b>(785)</b>   | 800      | <b>5,188</b>  |  |
| Gafisa SPE (h)<br>77 Empr.<br>Imob.Ltda         | <b>65%</b>  | 65%  | <b>34,972</b> | <b>27,072</b> | <b>7,900</b>  | 9,565  | <b>(1,664)</b> | -        | <b>5,135</b>  |  |

|               |   |     |                |                |                |               |                |              |               |
|---------------|---|-----|----------------|----------------|----------------|---------------|----------------|--------------|---------------|
| OCPC01 (b)    |   |     |                |                |                |               |                |              |               |
| Adjustments   |   |     |                |                |                |               |                |              |               |
| – Capitalized |   |     |                |                |                |               |                |              | <b>26,061</b> |
| Interests     |   |     |                |                |                |               |                |              |               |
| Other (*)     | - |     | <b>345,139</b> | <b>179,818</b> | <b>165,321</b> | (43,048)      | <b>(8,297)</b> | (1,521)      | <b>6,091</b>  |
| Gafisa Spe    | - |     |                |                |                |               |                |              |               |
| 55 Ltda.      |   | 0%  | 80%            | -              | -              | -             | 47,591         | -            | -             |
| Saí Amarela   | - |     |                |                |                |               |                |              |               |
| S/A           |   | 50% | 50%            | <b>2,388</b>   | <b>38</b>      | <b>2,350</b>  | 1,935          | <b>(69)</b>  | (153)         |
| Sunshine      | - |     |                |                |                |               |                |              |               |
| SPE S/A       |   | 60% | 60%            | <b>5,934</b>   | <b>1,975</b>   | <b>3,960</b>  | 360            | <b>(452)</b> | (14)          |
| Other (*)     | - |     |                | <b>5,801</b>   | <b>477</b>     | <b>5,323</b>  | 17,807         | <b>(192)</b> | (18,409)      |
| Indirect      |   |     |                |                |                |               |                |              |               |
| Subsidiaries  |   |     |                | <b>14,123</b>  | <b>2,490</b>   | <b>11,633</b> | 67,693         | <b>(713)</b> | (18,576)      |
| Gafisa        |   |     |                |                |                |               |                |              |               |

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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information

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

**9. Investments in ownership interests --Continued**

(i) Ownership interests

*(a) Information on subsidiaries and jointly-controlled investees -- Continued*

| Direct investees                         | Ownership interest |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Income (loss) for the period |           | Investment |           |
|--|--------------------|------------|--------------|-------------------|--|------------|------------------------------|-----------|------------|-----------|
|  | 9/30/2014          | 12/31/2013 |              |                   | 9/30/2014                                      | 12/31/2013 | 9/30/2014                    | 9/30/2013 |            | 9/30/2014 |
| Acedio SPE Emp. Imob. Ltda.              | -                  | 55%        | 55%          | 4,868             | 1  | 4,867      | 4,696                        | 6         | (1)        | -         |
| Maria Inês SPE Emp. Imob. Ltda.          | -                  | 60%        | 60%          | 21,321            | 437  | 20,885     | 20,836                       | 49        | 346        | -         |
| FIT 02 SPE Emp. Imob. Ltda.              | -                  | 60%        | 60%          | 12,500            | 607  | 11,894     | 11,758                       | 136       | (38)       | -         |
| FIT Jardim Botânico SPE Emp. Imob. Ltda. | -                  | 55%        | 55%          | 40,498            | 1,368  | 39,130     | 39,404                       | (250)     | 693        | -         |
| FIT 11 SPE Emp. Imob. Ltda.              | -                  | 70%        | 70%          | 57,937            | 31,220   | 26,717     | 27,452                       | (1,105)   | 5,327      | -         |
| FIT 31 SPE Emp. Imob. Ltda.              | -                  | 70%        | 70%          | 24,118            | 12,174   | 11,944     | 15,155                       | (2,863)   | 694        | -         |

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|   |     |     |         |        |         |         |         |         |   |
|---|-----|-----|---------|--------|---------|---------|---------|---------|---|
| FIT 34 SPE -<br>Emp. Imob.<br>Ltda.                 | 70% | 70% | 32,650  | 967    | 31,683  | 29,964  | 1,535   | 2,241   | - |
| FIT 03 SPE -<br>Emp. Imob.<br>Ltda.                 | 80% | 80% | 10,983  | 611    | 10,372  | 10,044  | 328     | (2,152) | - |
| FIT Campolim-<br>SPE Emp.<br>Imob. Ltda<br>AC       | 55% | 55% | 6,726   | 0      | 6,726   | 6,623   | (1)     | -       | - |
| Participações<br>Ltda.                              | 80% | 80% | 26,892  | 5,980  | 20,912  | 23,755  | (3,406) | 1,513   | - |
| Consolidado -<br>FIT 13                             | 50% | 50% | 38,628  | 7,171  | 31,457  | 31,207  | 79      | -       | - |
| Imbuí I SPE -<br>Emp. Imob.<br>Ltda.                | 50% | 50% | 9,465   | 574    | 8,891   | 8,899   | 10      | (66)    | - |
| Città Ipitanga -<br>SPE Emp.<br>Imob. Ltda.         | 50% | 50% | 12,914  | 979    | 11,935  | 16,578  | (577)   | (361)   | - |
| Klabin Segall -<br>Fit 1 Emp.<br>Imob. SPE<br>Ltda. | 0%  | 50% | -       | -      | -       | 7,130   | -       | (89)    | - |
| Parque dos<br>Pássaros<br>SPE Emp. Im.<br>Ltda.     | 50% | 50% | 41,569  | 5,244  | 36,326  | 35,230  | 2,439   | 2,272   | - |
| Citta Itapua -<br>Emp. Imob.<br>SPE Ltda.           | 50% | 50% | 14,764  | 1,650  | 13,114  | 14,757  | (627)   | (650)   | - |
| SPE Franere -<br>Gafisa 08<br>Emp. Imob.<br>Ltda.   | 50% | 50% | 85,885  | 22,805 | 63,079  | 59,996  | 65      | 1,836   | - |
| Other (*)<br>Indirect<br>subsidiaries<br>of Tenda   |     |     | 1       | -      | (1)     | 6,212   | (1)     | -       | - |
|   |     |     | 441,719 | 91,788 | 349,931 | 369,696 | (4,183) | 11,565  | - |

Equity and advance

|                         | Ownership interest |            | Total<br>assets | Total<br>liabilities | for future capital<br>increase |            | Income (loss) for<br>the period |           | Investments   |           |
|-------------------------|--------------------|------------|-----------------|----------------------|--------------------------------|------------|---------------------------------|-----------|---------------|-----------|
|                         | 9/30/2014          | 12/31/2013 |                 |                      | 9/30/2014                      | 12/31/2013 | 9/30/2014                       | 9/30/2013 |               | 9/30/2014 |
| <b>Direct investees</b> | 7,640,741          | 13,782,115 | 3,858,626       | 3,546,489            | 33,300                         | 63,038     | 2,692,557                       | 2,360,037 | 5,189(43,827) | 599,744   |
| <b>Subtotal</b>         |                    |            |                 |                      |                                |            |                                 |           |               |           |

|  |                  |                  |              |                 |                 |
|--|------------------|------------------|--------------|-----------------|-----------------|
| Other investments  |                  |                  |              |                 |                 |
| (c)  | -                | 91,056           | -            | -               | -               |
| Goodwill on acquisition of subsidiaries (d)              | <b>43,080</b>    | 43,080           | -            | -               | -               |
| Goodwill based on inventory surplus                      | <b>71,641</b>    | 77,360           | -            | -               | -               |
| Addition to remeasurement of investment in associate (e) |                  |                  |              |                 |                 |
| Gafisa   | <b>108,300</b>   | 108,300          | -            | -               | <b>-108,300</b> |
| Shertis  | -                | -                | -            | -               | <b>-267,553</b> |
| Total investments  |                  |                  |              |                 |                 |
|  | <b>2,915,578</b> | <b>2,679,833</b> | <b>5,189</b> | <b>(43,827)</b> | <b>975,597</b>  |

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

(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

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September 30, 2014

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

**9. Investments in ownership interests --Continued**(i) Ownership interests*(a) Information on subsidiaries and jointly-controlled investees -- Continued*

| Direct investees  | Ownership interest |      | Total assets | Total liabilities | Equity and advance for future capital increase |            | Income (loss) for the period |           | Provision for capital deficit |
|---|--------------------|------|--------------|-------------------|--|------------|------------------------------|-----------|-------------------------------|
|   | - %                | - %  |              |                   | 9/30/2014                                      | 12/31/2013 | 9/30/2014                    | 9/30/2013 |                               |
| Provision for net capital deficiency (f): Manhattan Emp. Imob. Res. 01 SPE Ltda | 50%                | 50%  | 85,917       | 147,644           | (61,727)                                       | (43,283)   | (17,066)                     | (1,401)   | (30,864)                      |
| Gafisa Vendas Intermediação Imob. Ltda.   | 100%               | 100% | 5,766        | 20,444            | (14,678)                                       | (5,398)    | (9,280)                      | (3,304)   | (14,678)                      |
| Gafisa SPE-69 Emp. Imob. Ltda.  | 100%               | 100% | 951          | 6,593             | (5,642)  | (2,862)    | (2,780)                      | (607)     | (5,642)                       |
| Gafisa SPE-117 Emp.   | 100%               | 100% | 15,936       | 21,233            | (5,296)  | (5,735)    | 439                          | 212       | (5,296)                       |



|   |      |      |                |         |                  |          |                 |         |                 |
|---|------|------|----------------|---------|------------------|----------|-----------------|---------|-----------------|
| Imob. Ltda.<br>Gafisa<br>SPE-122 Emp.                         |      |      | <b>49,458</b>  | 52,497  | <b>(3,039)</b>   | (230)    | <b>(2,809)</b>  | -       | <b>(3,039)</b>  |
| Imob. Ltda.   | 100% | 100% |                |         |                  |          |                 |         |                 |
| Gafisa SPE-83<br>Emp. Imob.<br>Ltda.                          | 100% | 100% | <b>4,639</b>   | 6,622   | <b>(1,984)</b>   | (1,605)  | <b>(379)</b>    | (245)   | <b>(1,984)</b>  |
| Península 2<br>SPE S/A<br>Gafisa SPE-74                       | 50%  | 50%  | <b>1,603</b>   | 4,735   | <b>(3,133)</b>   | (3,887)  | <b>649</b>      | 487     | <b>(1,566)</b>  |
| Emp. Imob.<br>Ltda.   | 100% | 100% | -              | 1,289   | <b>(1,289)</b>   | (1,282)  | <b>(1)</b>      | (1)     | <b>(1,283)</b>  |
| Gafisa<br>SPE-129 Emp.<br>Imob. Ltda.                         | 100% | 100% | <b>24,317</b>  | 25,346  | <b>(1,030)</b>   | 1        | <b>(1,030)</b>  | (3)     | <b>(1,030)</b>  |
| Jardim II<br>Planej,<br>Promoção e<br>Venda Ltda.             | 100% | 100% | <b>5,508</b>   | 6,491   | <b>(982)</b>     | (976)    | <b>(7)</b>      | (371)   | <b>(982)</b>    |
| Other (*)   |      |      | <b>34,548</b>  | 36,652  | <b>(2,103)</b>   | 12,880   | <b>304</b>      | (390)   | <b>(2,076)</b>  |
| <b>Total<br/>provision for<br/>net capital<br/>deficiency</b> |      |      | <b>228,643</b> | 329,546 | <b>(100,903)</b> | (52,377) | <b>(31,960)</b> | (5,623) | <b>(68,440)</b> |
| <b>Total equity<br/>pick-up</b>                               |      |      |                |         |                  |          |                 |         | -               |

(a) Jointly-controlled investees.

(b) Financial charges of the subsidiary not appropriated to the income (loss) of subsidiaries, as required by paragraph 6 of OCPC01.

(c) At a meeting of the venture partners held on February 3, 2014, the reduction in the capital of the unincorporated venture ("SCP") was resolved in the amount of R\$100,000 Class B shares, thus fulfilling all obligations provided for in the contract, and carrying out its dissolution. As of December 31, 2013, the Company's shares in such venture amounted to R\$91,056 (Note 15).

(d) See composition in Note 11.

(e) Amount regarding the addition to the remeasurement of the portion of the remaining investment of 30% in the associate AUSA, in the amount of R\$375,853, of which R\$108,300 refers to the portion of 10% in Gafisa and R\$267,553 refers to the portion of 20% in Shertis. On October 9, 2014, the subsidiary Shertis was merged into the Company (Note 33 (i)).

(f) Provision for net capital deficiency is recorded in account "Other payables" (Note 16).

(g) The Company's interest of 30% in AUSA is composed of 10% in the parent company Gafisa and 20% in the subsidiary Shertis.

(h) Entities reclassified from the SCP to the parent company (see item (c), in view of the settlement of the obligations provided for in the contract and its subsequent dissolution (Note 15).

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**Gafisa S.A.**

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September 30, 2014

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

**9. Investments in ownership interests --Continued**

*(b) Change in investments*

|  | <b>Company Consolidated</b> |                  |
|--|-----------------------------|------------------|
| <b>Balance at December 31, 2013</b>  | <b>2,679,833</b>            | <b>1,120,076</b> |
| Equity pick-up   | (19,389)                    | 7,171            |
| Redemption of shares of subsidiaries   | (a) (100,000)               | -                |
| Contribution (reduction) of capital  | 11,762                      | (70,120)         |
| Effect reflecting the program for purchase of treasury shares of Gafisa by Tenda   | (b) (22,728)                | -                |
| Reclassification of SCP investments  | (c) 389,642                 | -                |
| Dividends receivable   | (42,740)                    | (58,311)         |
| Other investments  | 14,211                      | (23,219)         |
| Reclassification of the provision for investment losses to the investments heading | 11,417                      | -                |
| Usufruct of shares (paid dividends) (Note 15)                                      | (6,700)                     | -                |
| <b>Balance at September 30, 2014</b>   | <b>2,915,578</b>            | <b>975,597</b>   |

(a) It refers to the redemption of shares of the Company's subsidiary (Note 15(a))

(b) In the period ended February 26, 2014, cancellation date of this share purchase program, 7,000,000 shares in the total amount of R\$22,728 were acquired by Tenda (Note 19.1).

(c) Reclassification because of the termination of the SCP and the transfer of the balances of assets and liabilities of investments to the parent company (Note 15 (a)).

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 9 to the financial statements as of December 31, 2013.

(A free translation from the original in Portuguese into English)

## Gafisa S.A.

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September 30, 2014

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

### 10. Property and equipment

| Type                                     | Company    |          |           | depreciated<br>items | 9/30/2014       | Co         |          |           |
|--|------------|----------|-----------|----------------------|-----------------|------------|----------|-----------|
|  | 12/31/2013 | Addition | Write-off |                      |                 | 12/31/2013 | Addition | Write-off |
| <b>Cost</b>                              |            |          |           |                      |                 |            |          |           |
| Hardware                                 | 18,100     | 1,517    | -         | (9,198)              | <b>10,419</b>   | 32,722     | 2,300    | 2,300     |
| Vehicles                                 | -          | -        | -         | -                    | -               | 979        | -        | -         |
| Leasehold improvements and installations | 8,545      | 3,868    | -         | (4,365)              | <b>8,048</b>    | 34,256     | 5,400    | 5,400     |
| Furniture and fixtures                   | 1,717      | 168      | (246)     | (960)                | <b>679</b>      | 5,764      | 1,100    | 1,100     |
| Machinery and equipment                  | 2,637      | 3        | -         | -                    | <b>2,640</b>    | 3,836      | 2,000    | 2,000     |
| Molds                                    | -          | -        | -         | -                    | -               | 8,130      | 9,300    | 9,300     |
| Sales stands                             | 139,758    | 14,674   | -         | (139,677)            | <b>14,755</b>   | 203,236    | 17,800   | 17,800    |
|  | 170,757    | 20,230   | (246)     | (154,200)            | <b>36,541</b>   | 288,923    | 38,100   | 38,100    |
| <b>Accumulated depreciation</b>          |            |          |           |                      |                 |            |          |           |
| Hardware                                 | (13,177)   | (1,478)  | -         | 9,198                | <b>(5,457)</b>  | (21,820)   | (2,900)  | (2,900)   |
| Vehicles                                 | -          | -        | -         | -                    | -               | (979)      | -        | -         |
| Leasehold improvements and installations | (6,804)    | (1,412)  | -         | 4,365                | <b>(3,851)</b>  | (21,499)   | (4,000)  | (4,000)   |
| Furniture and fixtures                   | (1,360)    | (47)     | 246       | 960                  | <b>(201)</b>    | (3,662)    | (400)    | (400)     |
| Machinery and equipment                  | (817)      | (197)    | -         | -                    | <b>(1,014)</b>  | (1,104)    | (200)    | (200)     |
| Molds                                    | -          | -        | -         | -                    | -               | (6,945)    | (2,100)  | (2,100)   |
| Sales stands                             | (136,360)  | (7,350)  | -         | 139,677              | <b>(4,033)</b>  | (196,529)  | (11,300) | (11,300)  |
|  | (158,518)  | (10,484) | 246       | 154,200              | <b>(14,556)</b> | (252,538)  | (21,300) | (21,300)  |
|  | 12,239     | 9,746    | -         | -                    | <b>21,985</b>   | 36,385     | 16,800   | 16,800    |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 10 to the financial statements as of December 31, 2013.



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**Gafisa S.A.**

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**11. Intangible assets**

|                         | <b>Company</b>    |                 |                                     |                                     | <b>9/30/2014</b> |
|-------------------------|-------------------|-----------------|-------------------------------------|-------------------------------------|------------------|
|                         | <b>12/31/2013</b> |                 | <b>Write-down/<br/>amortization</b> | <b>100%<br/>amortized<br/>items</b> |                  |
|                         | <b>Balance</b>    | <b>Addition</b> |                                     |                                     |                  |
| Software – Cost         | 80,406            | 6,254           | -                                   | 14,780                              | <b>71,880</b>    |
| Software – Depreciation | (42,787)          | -               | (10,394)                            | (14,780)                            | <b>(38,402)</b>  |
| Other                   | 8,404             | 2,353           | (4,698)                             | -                                   | <b>6,060</b>     |
|                         | 46,023            | 8,607           | (15,092)                            | -                                   | <b>39,538</b>    |

|                               | <b>Consolidated</b> |                 |                                     |                                     | <b>9/30/2014</b> |
|-------------------------------|---------------------|-----------------|-------------------------------------|-------------------------------------|------------------|
|                               | <b>12/31/2013</b>   |                 | <b>Write-down/<br/>amortization</b> | <b>100%<br/>amortized<br/>items</b> |                  |
|                               | <b>Balance</b>      | <b>Addition</b> |                                     |                                     |                  |
| Goodwill                      |                     |                 |                                     |                                     |                  |
| AUSA                          | 25,476              | -               | -                                   | -                                   | <b>25,476</b>    |
| Cipesa                        | 40,687              | -               | -                                   | -                                   | <b>40,687</b>    |
| Provision for non-realization | (23,083)            | -               | -                                   | -                                   | <b>(23,083)</b>  |
|                               | 43,080              | -               | -                                   | -                                   | <b>43,080</b>    |
| Software – Cost               | 104,625             | 8,505           | (1,133)                             | (15,275)                            | <b>96,722</b>    |
| Software – Depreciation       | (54,708)            | -               | (13,816)                            | 15,275                              | <b>(53,249)</b>  |
| Other                         | 13,343              | 2,366           | (5,856)                             | -                                   | <b>9,853</b>     |
|                               | 63,260              | 10,871          | (20,805)                            | -                                   | <b>53,326</b>    |
|                               | 106,340             | 10,871          | (20,805)                            | -                                   | <b>96,406</b>    |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 11 to the financial statements as of December 31, 2013.

The Company evaluates the recovery of the carrying amount of goodwill at the end of each year. As of September 30, 2014, the Company did not find any indication of impairment in the carrying amount of goodwill.



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## 12. Loans and financing

| Type                                    | Maturity                     | Annual interest rate              | Company          |            | Consolidated     |            |
|---|------------------------------|-----------------------------------|------------------|------------|------------------|------------|
|   |                              |                                   | 9/30/2014        | 12/31/2013 | 9/30/2014        | 12/31/2013 |
| National Housing System - SFH / SFI (i) | October 2014 to October 2018 | 8.3% to 11.0% + TR<br>117% of CDI |                  |            |                  |            |
|   |                              | 12.87% Fixed                      | <b>916,374</b>   | 699,132    | <b>1,146,570</b> | 1,088,250  |
| Certificate of Bank Credit - CCB (ii)   | June 2015 to June 2017       | 117.9%-123% of CDI<br>2.20% + CDI |                  |            |                  |            |
|   |                              | 13.20% Fixed                      | <b>283,349</b>   | 550,052    | <b>283,349</b>   | 550,052    |
|   |                              |                                   | <b>1,199,723</b> | 1,249,184  | <b>1,429,919</b> | 1,638,311  |
| Current portion                         |                              |                                   | <b>381,272</b>   | 376,047    | <b>474,361</b>   | 590,380    |
| Non-current portion                     |                              |                                   | <b>818,451</b>   | 873,137    | <b>955,558</b>   | 1,047,929  |

(i) On September 29, 2014, the Company took out a loan for Building a Real Estate Venture in the amount of R\$194,000, with final maturity on October 8, 2018, backed by secured guarantee represented by first-grade mortgage of select real estate ventures of the Company and fiduciary assignment of real estate receivables of these selected ventures. This contract has clauses that restrict the ability of taking some actions, and may require the early maturity in case these clauses are not fulfilled. As of September 30, 2014, the Company is compliant with all of its contractual obligations.

(ii) On September 29, 2014, the Company settled in advance the amount of R\$66,000 related to the debt balance of Certificates of Bank Credit (CCB) with secured guarantee and final maturity on May 2, 2016, discharging the Company from all commitments taken on this contract as of such date.

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

| Maturity | Company          |            | Consolidated     |            |
|----------|------------------|------------|------------------|------------|
|          | 9/30/2014        | 12/31/2013 | 9/30/2014        | 12/31/2013 |
| 2014     | <b>44,628</b>    | 376,047    | <b>57,527</b>    | 590,386    |
| 2015     | <b>473,739</b>   | 489,889    | <b>612,701</b>   | 642,328    |
| 2016     | <b>382,471</b>   | 275,118    | <b>452,925</b>   | 296,464    |
| 2017     | <b>216,666</b>   | 106,898    | <b>224,444</b>   | 107,901    |
| 2018     | <b>82,219</b>    | 1,232      | <b>82,322</b>    | 1,231      |
|          | <b>1,199,723</b> | 1,249,184  | <b>1,429,919</b> | 1,638,310  |

The contracts of 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 new debts, and that could require the early redemption or refinancing of loans if the Company does not fulfill such covenants. The ratio and minimum and maximum amounts required under such restrictive covenants as of September 30, 2014 and December 31, 2013 are disclosed in Note 13.

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### 12. Loans and financing --Continued

The following table shows the summary of financial expenses and charges and the capitalized rate in the account properties for sale.

|  | <b>Company</b>   |                  | <b>Consolidated</b> |                  |
|--|------------------|------------------|---------------------|------------------|
|  | <b>9/30/2014</b> | <b>9/30/2013</b> | <b>9/30/2014</b>    | <b>9/30/2013</b> |
| Total financial charges for the period               | <b>188,839</b>   | 170,856          | <b>257,255</b>      | 232,791          |
| Capitalized financial charges                        | <b>(112,340)</b> | (58,383)         | <b>(162,343)</b>    | (102,104)        |
| Financial expenses (Note 25)                         | <b>76,499</b>    | 112,473          | <b>94,912</b>       | 130,687          |
| Financial charges included in "Properties for sale": |                  |                  |                     |                  |
| Opening balance                                      | <b>142,860</b>   | 135,582          | <b>214,298</b>      | 239,327          |
| Capitalized financial charges                        | <b>112,340</b>   | 58,383           | <b>162,343</b>      | 102,104          |
| Charges appropriated to profit or loss (Note 24)     | <b>(68,184)</b>  | (58,697)         | <b>(126,169)</b>    | (112,336)        |
| Closing balance                                      | <b>187,016</b>   | 135,268          | <b>250,472</b>      | 229,095          |

The other explanation related to this note were not subject to significant changes in relation to those reported in Note 12 to the financial statements as of December 31, 2013.

### 13. Debentures

| Program/placement               | Principal - R\$ | Annual interest | Final maturity | Company Consolidated |                  |
|---------------------------------|-----------------|-----------------|----------------|----------------------|------------------|
|                                 |                 |                 |                | 9/30/2014            | 12/31/2013       |
| Sixth placement (i)             | 100,000         | CDI + 1.50%     | June 2014      | -                    | 151,513          |
| Seventh placement               | 600,000         | TR + 9.8160%    | December 2017  | 541,579              | 548,575          |
| Eighth placement /first series  | 288,427         | CDI + 1.95%     | October 2015   | 304,423              | 299,423          |
| Eighth placement /second series | 11,573          | IPCA + 7.96%    | October 2016   | 15,802               | 14,802           |
| Ninth placement (ii)            | 130,000         | CDI + 1.90%     | July 2018      | 130,111              | 130,111          |
| First placement (Tenda) (iii)   | 600,000         | TR + 9.28%      | October 2016   | -                    | 409,356          |
|                                 |                 |                 |                | <b>991,915</b>       | <b>1,010,250</b> |
| Current portion                 |                 |                 |                | 281,104              | 350,432          |
| Non-Current portion             | -               |                 |                | 710,811              | 659,818          |

(i) On June 2, 2014, the Company made the payment in the amount of R\$158,969, of which R\$100,000 related to the Face Value of the Placement and R\$58,969 related to the interest payable, thus settling all obligations of its 6<sup>th</sup> Debenture Placement.

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**13. Debentures--Continued**

(ii) On July 22, 2014, the Company approved the ninth private placement of non-convertible debentures, with general guarantee, in sole series in the amount of R\$130,000, fully paid-in on July 28, 2014 with final maturity on July 27, 2018. The proceeds from the placement will be used in the development of select real estate ventures and their general guarantees are represented by the fiduciary assignment of real estate receivables and the real estate mortgage of such ventures. The face value of the Placement will accrue interest corresponding to the cumulative variation of the DI plus a spread equivalent to 1.90% p.a.. This placement was subject to an assignment to the securitization company by its debenture holders, which later issued mortgage-backed securities (CRI).

(iii) On March 28, 2014, the partial deferment of the payment for the fourth installment of the face value of this placement was approved in the amount of R\$90,000 until May 1, 2014, while R\$10,000 should be paid on the original due date on April 1, 2014. On April 17, 2014, the totality of the debenture holders of the first placement of subsidiary Tenda unanimously approved without any exception: (a) the change in the maturity schedule of this placement to the following amounts and due dates: (i) R\$10,000 on April 1, 2014, (ii) R\$10,000 on October 1, 2014, (iii) R\$80,000 on April 1, 2015, (iv) R\$100,000 on October 1, 2015, (v) R\$100,000 on April 1, 2016, (vi) R\$100,000 on October 1, 2016; (b) reduction in the Guaranteed Percentage to 130% of Eligible Receivables; (c) reduction to three (3) months the period for retaining the amounts in the Centralized Account previous to the maturity of each amortization and/or interest installment; (d) change in the definition of associate credit (“crédito associativo”), a government real estate finance aid, of the Indenture (e) permission for cancelling the restriction of Receivables in case of guarantee surplus; (f) exclusion of the possibility of early redemption and/or early amortization of Debentures.

The current and non-current portions fall due as follows.

| <b>Maturity</b> | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|-----------------|------------------|-------------------|---------------------|-------------------|
|                 | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| 2014            | <b>204,551</b>   | 354,271           | <b>233,886</b>      | 563,832           |
| 2015            | <b>302,776</b>   | 299,093           | <b>482,776</b>      | 499,093           |
| 2016            | <b>175,654</b>   | 158,292           | <b>375,654</b>      | 158,292           |
| 2017            | <b>244,690</b>   | 200,001           | <b>244,690</b>      | 200,001           |
| 2018            | <b>64,244</b>    | -                 | <b>64,244</b>       | -                 |
|                 | <b>991,915</b>   | 1,011,657         | <b>1,401,250</b>    | 1,421,218         |

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**13. Debentures--Continued**

The actual ratios and minimum and maximum amounts stipulated by these restrictive covenants at September 30, 2014 and December 31, 2013 are as follows:

|  | <b>9/30/2014</b> | <b>12/31/2013</b> |
|--|------------------|-------------------|
| <b>Seventh placement</b>   |                  |                   |
| Total accounts receivable plus inventory required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>   | -8.03 times      | -6.21 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             | -23.32%          | -31.6%            |
| Total receivable plus unappropriated income plus total inventory of finished units required to be 1.5 time over the net debt plus payables for purchase of properties plus unappropriated cost | 2.29 times       | 2.79 times        |
| <b>Eighth placement - first and second series and Loans and Financing</b>  |                  |                   |
| Total accounts receivable plus inventory of finished units required to be below zero or 2.0 times over net debt less venture debt  | -4.85 times      | -4.31 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                             | -23.32%          | -31.6%            |
| <b>Ninth placement</b>   |                  |                   |
| Total accounts receivable plus total inventory required to be below zero or 2.0 times over net debt  | 4.29 times       | n/a               |
| Net debt cannot exceed 100% of equity plus noncontrolling interests  | 43.71%           | n/a               |
|  | <b>9/30/2014</b> | <b>12/31/2013</b> |
| <b>First placement – Tenda</b>   |                  |                   |
|  | -2.43 times      | -2.49 times       |

Total accounts receivable plus inventory required to be equal to or 2.0 times over net debt less debt with secured guarantee <sup>(3)</sup> or below zero, considering that TR<sup>(4)</sup> plus TE<sup>(5)</sup> is always above zero.

Net debt less debt with secured guarantee <sup>(3)</sup> required to be not in excess of 50% of equity.

-54.59%      -56.97%

Total receivable plus unappropriated income plus total inventory of finished units required to be 1.5 time the net debt plus payable for purchase of properties plus unappropriated cost, or below zero

6.39 times      56.85 times

(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.

(4) Total receivables.

(5) Total inventory.

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 13 to the financial statements as of December 31, 2013.



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

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

|                       | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|-----------------------|------------------|-------------------|---------------------|-------------------|
|                       | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| CCI obligation Jun/09 | -                | -                 | <b>5,299</b>        | 12,295            |
| CCI obligation Jun/11 | <b>6,931</b>     | 13,407            | <b>9,496</b>        | 17,146            |
| CCI obligation Dec/11 | <b>3,337</b>     | 5,654             | <b>5,207</b>        | 13,686            |
| CCI obligation Jul/12 | <b>1,771</b>     | 2,578             | <b>1,771</b>        | 2,578             |
| CCI obligation Nov/12 | -                | -                 | <b>7,383</b>        | 10,639            |
| CCI obligation Dec/12 | <b>11,021</b>    | 35,831            | <b>11,021</b>       | 35,831            |
| CCI obligation Dec/13 | <b>3,926</b>     | 5,675             | <b>10,929</b>       | 17,154            |
| FIDC obligation       | <b>3,375</b>     | 5,337             | <b>6,958</b>        | 6,381             |
| Other                 | <b>8,708</b>     | 5,719             | <b>7,690</b>        | 4,187             |
|                       | <b>39,069</b>    | 74,201            | <b>65,754</b>       | 119,897           |
| Current portion       | <b>22,548</b>    | 50,184            | <b>37,527</b>       | 82,787            |
| Non-current portion   | <b>16,521</b>    | 24,017            | <b>28,227</b>       | 37,110            |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 14 to the financial statements as of December 31, 2013.

### **15. Payables to venture partners**

|                                 | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|---------------------------------|------------------|-------------------|---------------------|-------------------|
|                                 | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Payable to venture partners (a) | -                | 100,000           | -                   | 103,814           |
| Usufruct of shares (b)          | <b>14,442</b>    | 19,536            | <b>17,080</b>       | 19,866            |
|                                 | <b>14,442</b>    | 119,536           | <b>17,080</b>       | 123,680           |
| Current portion                 | <b>7,297</b>     | 108,742           | <b>9,935</b>        | 112,886           |
| Non-current portion             | <b>7,145</b>     | 10,794            | <b>7,145</b>        | 10,794            |

The current and non-current portions fall due as follows:

|              | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|--------------|------------------|-------------------|---------------------|-------------------|
|              | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| 2014         | <b>3,649</b>     | 108,742           | <b>6,287</b>        | 112,886           |
| 2015         | <b>6,081</b>     | 6,080             | <b>6,081</b>        | 6,080             |
| 2016         | <b>3,573</b>     | 3,574             | <b>3,573</b>        | 3,574             |
| 2017         | <b>1,139</b>     | 1,140             | <b>1,139</b>        | 1,140             |
| <b>Total</b> | <b>14,442</b>    | 119,536           | <b>17,080</b>       | 123,680           |

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### 15. Payables to venture partners --Continued

(a) At a meeting of the venture partners held on February 3, 2014, they decided to reduce the SCP capital by R\$100,000 Class B shares and, as consequence of this resolution, the SCP paid R\$100,000 to the partners that held such units and R\$4,742 related to the mandatory minimum dividend, thus fulfilling all obligations arising from this contract, with subsequent termination of the SCP created for this purpose.

(b) In the period ended September 30, 2014, the total amount of paid dividends to the preferred shareholders by means of the SPE-89 Empreendimentos Imobiliários S.A. was R\$6,700 (Note 9).

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 15 to the financial statements as of December 31, 2013.

### 16. Other obligations

|  | 2012   | 9/30/2014 | Company<br>12/31/2013 | Consolidated<br>9/30/2014 | Consolidated<br>12/31/2013 |
|--|--------|-----------|-----------------------|---------------------------|----------------------------|
| Acquisition of interests                                   | 2.286  | -         | 5,102                 | 1,504                     | 5,102                      |
| Provision for penalties for delay in<br>construction works | 8.883  | 4,125     | 6,873                 | 9,208                     | 14,530                     |
| Cancelled contract payable                                 | 2.363  | 13,397    | 9,457                 | 34,684                    | 38,901                     |
| Warranty provision   | 28.345 | 20,213    | 23,087                | 45,986                    | 53,006                     |
| Deferred sales taxes (PIS and COFINS)                      | 21.772 | 20,682    | 24,841                | 29,394                    | 40,461                     |
| Provision for net capital deficiency (Note 9)              | 35.570 | 68,440    | 43,600                | 32,454                    | 25,448                     |
| Long-term suppliers  |        | 17,107    | 14,754                | 33,528                    | 29,780                     |

|                     |                |                |         |                |         |
|---------------------|----------------|----------------|---------|----------------|---------|
| Other liabilities   | <b>13.781</b>  | <b>14,344</b>  | 11,733  | <b>26,859</b>  | 39,386  |
|                     | <b>113.000</b> | <b>158,308</b> | 139,447 | <b>213,617</b> | 246,614 |
| Current portion     | <b>90.953</b>  | <b>119,100</b> | 101,296 | <b>147,895</b> | 176,740 |
| Non-current portion | <b>22.047</b>  | <b>39,208</b>  | 38,151  | <b>65,722</b>  | 69,874  |

## 17. Provisions for legal claims and commitments

In the period ended September 30, 2014, the changes in the provision are summarized as follows:

| <b>Company</b>                                  | <b>Civil claims</b> | <b>Tax claims</b> | <b>Labor claims</b> | <b>Total</b>    |
|---|---------------------|-------------------|---------------------|-----------------|
| <b>Balance at December 31, 2013</b>             | 107,872             | 163               | 31,564              | 139,599         |
| Addition to and reversal of provision (Note 24) | 23,504              | 55                | 16,861              | <b>40,420</b>   |
| Payment and reversal of provision not used      | (14,192)            | -                 | (7,143)             | <b>(21,335)</b> |
| <b>Balance at September 30, 2014</b>            | 117,184             | 218               | 41,282              | <b>158,684</b>  |
| Current portion                                 | 56,466              | 218               | 41,282              | <b>97,966</b>   |
| Non-current portion                             | 60,718              | -                 | -                   | <b>60,718</b>   |

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

| <b>Consolidated</b>                             | <b>Civil claims</b> | <b>Tax claims</b> | <b>Labor claims</b> | <b>Total</b>    |
|---|---------------------|-------------------|---------------------|-----------------|
| <b>Balance at December 31, 2013</b>             | 134,483             | 173               | 63,272              | 197,928         |
| Addition to and reversal of provision (Note 24) | 42,610              | 408               | 34,265              | <b>77,283</b>   |
| Payment and reversal of provision not used      | (29,203)            | (161)             | (22,101)            | <b>(51,465)</b> |
| <b>Balance at September 30, 2014</b>            | 147,890             | 420               | 75,436              | <b>223,746</b>  |
| Current portion                                 | 56,466              | 218               | 41,282              | <b>97,966</b>   |
| Non-current portion                             | 91,424              | 202               | 34,154              | <b>125,780</b>  |

(a) Civil, tax and labor lawsuits

As of September 30, 2014, the Company and its subsidiaries have deposited in court the amount of R\$107,605 (R\$95,343 as of December 31, 2013) in the Company's statement, and R\$149,459 (R\$127,405 as of December 31, 2013) in the consolidated statement (Note 7).

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

As of September 30, 2014, the Company and its subsidiaries are aware of other civil, labor and tax claims and risks. Based on the history of probable lawsuits and the specific analysis of main claims, the estimate for lawsuits which likelihood of loss is rated as possible is of R\$565,802 (R\$435,046 as of December 31,

2013), 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 higher volume of lawsuits with smaller amounts and the review of the involved amounts.

|              | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|--------------|------------------|-------------------|---------------------|-------------------|
|              | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Civil claims | <b>240,754</b>   | 64,026            | <b>438,790</b>      | 331,976           |
| Tax claims   | <b>38,098</b>    | 39,248            | <b>53,839</b>       | 45,413            |
| Labor claims | <b>48,461</b>    | 36,227            | <b>73,173</b>       | 57,657            |
|              | <b>327,313</b>   | 139,501           | <b>565,802</b>      | 435,046           |

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

There was no significant change in relation to the information reported in Note 17(i)(b) to the financial statements as of December 31, 2013.

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

(c) Commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has the following other commitments:

(i) The Company has contracts for the rental of properties where its facilities are located, the monthly cost amounting to R\$905 adjusted by the IGP-M/FGV variation. The rental term ranges from one to ten years and there is a fine in case of cancelled contracts corresponding to three-month rent or in proportion to the contract expiration time.

As of September 30, 2014, the Company and its subsidiaries have long-term obligations in the amount of R\$23,988 (R\$29,780 as of December 31, 2013), related to the supply of the raw material used in the development of its real estate ventures.

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 17 to the financial statements as of December 31, 2013.

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

|                                     | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|-------------------------------------|------------------|-------------------|---------------------|-------------------|
|                                     | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Payables for purchase of properties | <b>116,573</b>   | 115,397           | <b>255,303</b>      | 262,902           |
| Adjustment to present value         | <b>(5,582)</b>   | (873)             | <b>(6,184)</b>      | (873)             |
| Advances from customers             |                  |                   |                     |                   |
| Development and sales               | <b>22,398</b>    | 39,868            | <b>50,819</b>       | 48,220            |
| Barter transaction - Land           | <b>175,700</b>   | 165,703           | <b>268,514</b>      | 178,100           |
|                                     | <b>309,089</b>   | 320,095           | <b>568,452</b>      | 488,349           |
| Current portion                     | <b>263,358</b>   | 284,366           | <b>492,293</b>      | 408,374           |
| Non-current portion                 | <b>45,731</b>    | 35,729            | <b>76,159</b>       | 79,975            |



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**19. Equity**

**19.1. Capital**

As of September 30, 2014 and December 31, 2013, the Company's authorized and paid-in capital amounts to R\$2,740,662, represented by 435,559,201 registered common shares, without par value, of which 30,288,991 (19,099,486 in 2013) 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 until the limit of 600,000,000 (six hundred million) common shares.

On February 26, 2014, the Board of Directors of Tenda approved the termination of the program to repurchase the common shares issued by Gafisa for holding them in treasury and later sell them. In the period ended February 26, 2014, 7,000,000 shares in free float totaling R\$22,728 were acquired.

(A free translation from the original in Portuguese into English)

## Gafisa S.A.

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### 19. Equity--Continued

#### 19.1. Capital --Continued

On the same date, the Board of Directors of the Company created a program to repurchase its common shares aimed at holding them in treasury and later selling or cancelling them, limiting the acquisition to 17,456,434 shares to be carried out in up to 365 days. In the period ended September 30, 2014, 9,652,900 shares totaling R\$30,833. were acquired. Additionally, the Company transferred 5,463,395 shares in the total amount of R\$17,583 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\$6,919.

| Type                                     | Treasury shares- 09/30/2014 |                                  |                                   | R\$ thousand<br>Market value<br>(*) | R\$ thousand<br>Carrying<br>amount |
|--|-----------------------------|----------------------------------|-----------------------------------|-------------------------------------|------------------------------------|
|  | GFS3<br>Number              | R\$<br>Weighted<br>average price | %<br>% - on shares<br>outstanding |                                     |                                    |
| Acquisition date                         |                             |                                  |                                   |                                     |                                    |
| 11/20/2001                               | 599,486                     | 2.8880                           | 0.14%                             | 2,020                               | 1,731                              |
| 1 <sup>st</sup> quarter 2013             | 1,000,000                   | 4.3316                           | 0.23%                             | 3,370                               | 4,336                              |
| 2 <sup>nd</sup> quarter 2013             | 9,000,000                   | 3.9551                           | 2.07%                             | 30,330                              | 35,634                             |
| 4 <sup>th</sup> quarter 2013             | 8,500,000                   | 3.6865                           | 1.95%                             | 28,645                              | 31,369                             |
| 1 <sup>st</sup> quarter 2014             | 14,900,000                  | 3.2297                           | 3.42%                             | 50,213                              | 48,168                             |
| 2 <sup>nd</sup> quarter 2014 (transfers) | (4,169,157)                 | 3.2168                           | -1.03%                            | (14,109)                            | (13,424)                           |
| 2 <sup>nd</sup> quarter 2014             | 1,000,000                   | 3.1843                           | 0.25%                             | 3,370                               | 3,187                              |
| 3 <sup>rd</sup> quarter 2014 (transfers) | (1,294,238)                 | 3.2135                           | -0.30%                            | (4,362)                             | (4,159)                            |
| 3 <sup>rd</sup> quarter 2014             | 752,900                     | 2.9283                           | 0.17                              | 2,537                               | 2,206                              |
|  | <b>30,288,991</b>           | <b>3.4988</b>                    | <b>6.89%</b>                      | <b>102,014</b>                      | <b>109,048</b>                     |

(\*) Market value calculated based on the closing share price at September 30, 2014 (R\$2.96), not considering the possible effect of volatilities.

| Type                         | GFSA3             | Treasury shares - 12/31/2013 |                           | R\$ thousand     | R\$ thousand    |
|------------------------------|-------------------|------------------------------|---------------------------|------------------|-----------------|
|                              |                   | R\$                          | %                         |                  |                 |
| Acquisition date             | Number            | Weighted average price       | % - on shares outstanding | Market value (*) | Carrying amount |
| 11/20/2001                   | 599,486           | 2.8880                       | 0.14%                     | 2,116            | 1,731           |
| 1 <sup>st</sup> quarter 2013 | 1,000,000         | 4.3316                       | 0.23%                     | 3,530            | 4,336           |
| 2 <sup>nd</sup> quarter 2013 | 9,000,000         | 3.9551                       | 2.07%                     | 31,770           | 35,634          |
| 4 <sup>th</sup> quarter 2013 | 8,500,000         | 3.6865                       | 1.95%                     | 30,005           | 31,369          |
|                              | <b>19,099,486</b> | <b>3.8258</b>                | <b>4.39%</b>              | <b>67,421</b>    | <b>73,070</b>   |

(\*) Market value calculated based on the closing share price at December 31, 2013 (R\$3.53), not considering the possible effect of volatilities.

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

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

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**19. Equity --Continued**

|   | <b>Common shares - In thousands</b> |
|---|-------------------------------------|
| Shares outstanding as of December 31, 2013  | <b>416,459</b>                      |
| Repurchase of treasury shares               | (16,653)                            |
| Transfer related to the stock option plan   | 5,463                               |
| Shares outstanding as of September 30, 2014 | <b>405,269</b>                      |
| Weighted average shares outstanding         | <b>405,279</b>                      |

On February 12, 2014, the Company made the settlement of interest on capital in the net amount of R\$117,122.

**19.2. Stock option plan**

Expenses for granting stocks recorded under the account "General and administrative expenses" (Note 24) in the periods ended September 30, 2014 and 2013 totaled:

|        | <b>9/30/2014</b> | <b>9/30/2013</b> |
|--------|------------------|------------------|
| Gafisa | <b>13,402</b>    | 13,611           |
| Tenda  | <b>311</b>       | 104              |
|        | <b>13,713</b>    | 13,715           |

(i) Gafisa

The Company has a total of five stock option plans comprising common shares, launched in 2010, 2011, 2012, 2013 and 2014 which follow the rules established in the Stock Option Plan of the Company.

The granted options entitle their holders (employees) 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 ten years after the grant date.

Changes in the stock options outstanding in the period ended September 30, 2014 and in the year ended December 31, 2013, including the respective weighted average exercise prices are as follows:

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**19. Equity --Continued**

**19.2. Stock option plan**

|  | 2014              |                                       | 2013              |                                       |
|--|-------------------|---------------------------------------|-------------------|---------------------------------------|
|  | Number of options | Weighted average exercise price (R\$) | Number of options | Weighted average exercise price (R\$) |
| Options outstanding at the beginning of the year | 11,908,128        | 1.47                                  | 9,742,400         | 1.32                                  |
| Options granted                                  | 4,361,763         | 1.93                                  | 5,383,627         | 1.86                                  |
| Options exercised                                | (5,463,395)       | 1.26                                  | (2,329,422)       | 2.09                                  |
| Options expired                                  | (748,518)         | 3.66                                  | -                 | -                                     |
| Options forfeited                                | (417,637)         | 0.04                                  | (888,477)         | 0.39                                  |
| Options outstanding at the end of the period     | 9,640,341         | 1.48                                  | 11,908,128        | 1.47                                  |
| Vested options at the end of the year            | 1,178,113         | 2.53                                  | -                 | -                                     |

Outstanding and exercisable options as of September 30, 2014, are as follows:

| Outstanding options |                            |                                       | Exercisable options |                                       |
|---------------------|----------------------------|---------------------------------------|---------------------|---------------------------------------|
| Number of options   | Weighted average remaining | Weighted average exercise price (R\$) | Number of options   | Weighted average exercise price (R\$) |

|                  | <b>contractual life<br/>(years)</b> |             |                  |             |
|------------------|-------------------------------------|-------------|------------------|-------------|
| <b>9,640,341</b> | <b>4.27</b>                         | <b>1.48</b> | <b>1,178,113</b> | <b>2.53</b> |

During the period ended September 30, 2014, the Company granted 4,361,760 options in connection with its stock option plan comprising common shares (5,383,627 options granted in 2013).

The fair value of the new options granted totaled R\$7,464 (R\$11,048 in 2013), which was determined based on the following assumptions:

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### **19. Equity --Continued**

#### **19.2. Stock option plan**

| Pricing model                           | <b>2014</b>                          | <b>2013</b>     |                   |
|---|--------------------------------------|-----------------|-------------------|
|   | <b>MonteCarlo</b>                    | <b>Binomial</b> | <b>MonteCarlo</b> |
| Exercise price of options (R\$)         | R\$3.13 type A and<br>R\$0.01 type B | R\$2.73         | R\$2.73 e R\$0.01 |
| Weighted average price of options (R\$) | R\$ 1.93                             | R\$2.73         | R\$0.73           |
| Expected volatility (%) – (*)           | 55%                                  | 40%             | 40%               |
| Expected option life (years)            | 4.91 years                           | 11.03 years     | 1.97 years        |
| Dividend income (%)                     | 1.90%                                | 1.90%           | 1.90%             |
| Risk-free interest rate (%)             | 10.55%                               | 7.85%           | 7.85%             |

(\*)The volatility was determined based on regression analysis of the ratio of the share volatility of Gafisa S.A. to the Ibovespa index.

In the period ended September 30, 2014, the Company recognized in the heading "Other income (expenses), net", the expenses with the stock option plan of the former subsidiary Alphaville Urbanismo S.A., in the amount of R\$13,863 related to the adjustment to the balance payable, according to the contract between the parties (Note 24).

(ii) Tenda



Due to the acquisition by Gafisa of the total shares outstanding issued by Tenda, the stock option plans related to Tenda shares were transferred to the parent company Gafisa, responsible for share issuance. As of September 30, 2014, the amount of R\$14,965 (R\$14,939 as of December 31, 2013), related to the reserve for granting options of Tenda is recognized under the account "Related Parties" of Gafisa.

On August 11, 2014, the Board of Directors of Tenda granted a total of 41,324,221 stock options to employees and management members of the Company (beneficiaries), the exercise dates of which are 687,580 on March 31, 2017; 8,264,839 on March 31, 2018; 31,340,450 on March 31, 2019; and 1,031,352 on March 31, 2020.

(A free translation from the original in Portuguese into English)

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**19. Equity --Continued**

**19.2. Stock option plan**

The granted options entitle their holders (beneficiaries) to purchase common shares of the Company's capital, on condition they remain employed in the Company, and expire ten years after the grant date.

The fair value of the new granted options totaled R\$9,137, which was determined based on the following assumptions:

|   | <b>2014<br/>Black-Scholes</b> |
|---|-------------------------------|
| Pricing model                           |                               |
| Exercise price of options (R\$)         | R\$0.77                       |
| Weighted average price of options (R\$) | R\$0.33                       |
| Expected volatility (%) – (*)           | 31.02%                        |
| Expected option life (years)            | 5.62                          |
| Risk-free interest rate (%) (**)        | 11.81%                        |

(\*) The volatility was determined based on the history of the BM&FBOVESPA Real Estate Index (IMOBX).

(\*\*) The risk-free interest rate of the market for the option term in the grant moment varied between 11.66% and 11.81%.

In the period ended September 30, 2014, the Company recorded the amount of R\$286 related to the expenses with this stock option plan.

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**20. Income and social contribution taxes**

(i) Current income and social contribution taxes

The reconciliation of the effective tax rate for the periods ended September 30, 2014 and 2013 is as follows:

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>9/30/2014</b>    | <b>9/30/2013</b> |
| Loss before income and social contribution taxes, and statutory interest | <b>(24,700)</b>     | (132,005)        |
| Income tax calculated at the applicable rate - 34%                       | <b>8,398</b>        | 44,882           |
| Net effect of subsidiaries taxed by presumed profit                      | <b>5,671</b>        | (16,278)         |
| Tax losses (tax loss carryforwards used)                                 | <b>(7,636)</b>      | (3,235)          |
| Equity pick-up   | <b>2,439</b>        | 1,983            |
| Stock option plan  | <b>(9,376)</b>      | (4,663)          |
| Other permanent differences  | <b>(12,625)</b>     | (31,147)         |
| Charges on payables to venture partners                                  | <b>2,533</b>        | 2,061            |
| Tax benefits recognized (not recognized)                                 | <b>(16,837)</b>     | (14,051)         |
|  | <b>(27,432)</b>     | (20,448)         |
| Tax expenses - current   | <b>(26,896)</b>     | (13,657)         |
| Tax expenses - deferred  | <b>(536)</b>        | (6,791)          |

(ii) Deferred income and social contribution taxes

As of September 30, 2014 and December 31, 2013, deferred income and social contribution taxes are from the following sources:

|   | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|---|------------------|-------------------|---------------------|-------------------|
|   | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Provisions for legal claims                           | <b>53,952</b>    | 47,464            | <b>76,073</b>       | 67,296            |
| Temporary differences – PIS and COFINS deferred       | <b>7,198</b>     | 7,918             | <b>13,581</b>       | 15,566            |
| Provisions for realization of non-financial assets    | <b>2,698</b>     | 2,698             | <b>19,302</b>       | 22,852            |
| Temporary differences – CPC adjustment                | <b>10,573</b>    | 21,733            | <b>19,057</b>       | 31,819            |
| Other provisions                                      | <b>57,260</b>    | 39,684            | <b>86,016</b>       | 76,735            |
| Income and social contribution tax loss carryforwards | <b>81,546</b>    | 86,848            | <b>305,213</b>      | 288,712           |
| Tax credits from downstream acquisition               | <b>11,171</b>    | 9,226             | <b>11,171</b>       | 9,226             |
| Tax benefits not recognized                           | <b>(15,476)</b>  | (12,327)          | <b>(291,370)</b>    | (274,534)         |
|   | <b>208,922</b>   | 203,244           | <b>239,043</b>      | 237,672           |
| <b>Liabilities</b>                                    |                  |                   |                     |                   |
| Negative goodwill                                     | <b>(91,323)</b>  | (91,323)          | <b>(91,323)</b>     | (91,323)          |
| Temporary differences –CPC adjustment                 | <b>(26,319)</b>  | (36,822)          | <b>(116,959)</b>    | (127,790)         |
| Differences between income taxed on cash basis        |                  |                   |                     |                   |
| and recorded on an accrual basis                      | <b>(42,181)</b>  | (26,000)          | <b>(85,060)</b>     | (75,211)          |
|   | <b>(159,823)</b> | (154,145)         | <b>(293,342)</b>    | (294,324)         |
| Total net   | <b>49,099</b>    | 49,099            | <b>(54,299)</b>     | (56,652)          |

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**20. Income and social contribution taxes --Continued**

(ii) Deferred income and social contribution taxes--Continued

The Company has income and social contribution tax loss carryforwards for offset limited to 30% of annual taxable profit, which have no expiration, in the following amounts:

|  | <b>Company</b>        |  |               |                       |   |              |
|--|-----------------------|--|---------------|-----------------------|---|--------------|
|  | <b>Income<br/>tax</b> | <b>9/30/2014<br/>Social<br/>contribution<br/>tax</b> | <b>Total</b>  | <b>Income<br/>tax</b> | <b>12/31/2013<br/>Social<br/>contribution<br/>tax</b> | <b>Total</b> |
| <b>Balance of the<br/>income and<br/>social<br/>contribution<br/>tax loss<br/>carryforwards<br/>Deferred tax<br/>assets<br/>(25%/9%)</b> | 239,840               | 239,840  | -             | 255,435               | 255,435   | -            |
|  | 59,960                | 21,586   | <b>81,546</b> | 63,859                | 22,989  | 86,848       |

Deferred tax assets (25%/9%)

|  |        |        |               |        |        |        |
|--|--------|--------|---------------|--------|--------|--------|
| <b>Recognized deferred tax asset</b>   | 48,581 | 17,489 | <b>66,070</b> | 54,795 | 19,726 | 74,521 |
| <b>Unrecognized deferred tax asset</b> | 11,379 | 4,097  | <b>15,476</b> | 9,064  | 3,263  | 12,327 |

|   | Consolidated |                                   |                |            |                                    |         |
|---|--------------|-----------------------------------|----------------|------------|------------------------------------|---------|
|   | Income tax   | 9/30/2014 Social contribution tax | Total          | Income tax | 12/31/2013 Social contribution tax | Total   |
| <b>Balance of the income and social contribution tax loss carryforwards</b> | 897,684      | 897,684                           | -              | 849,150    | 849,150                            | -       |
| <b>Deferred tax assets (25%/9%)</b>   | 224,421      | 80,792                            | <b>305,213</b> | 212,288    | 76,424                             | 288,712 |
| <b>Recognized deferred tax asset</b>  | 48,581       | 17,489                            | <b>66,070</b>  | 54,795     | 19,726                             | 74,521  |
| <b>Unrecognized deferred tax asset</b>                                      | 175,840      | 63,303                            | <b>239,143</b> | 157,493    | 56,698                             | 214,191 |

Based on the estimate of projections for generation of future taxable profit of Gafisa, the estimated recovery of the Company's balance of deferred income and social contribution tax is as follows:

|                     | <b>Company</b> |
|---------------------|----------------|
| <b>2014</b>         | 4,124          |
| <b>2015</b>         | 46,534         |
| <b>2016</b>         | 531            |
| <b>2017</b>         | 9,120          |
| <b>2018</b>         | 17,871         |
| <b>2019 to 2023</b> | 116,144        |
|                     | <b>194,324</b> |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 20 to the financial statements as of December 31, 2013.



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**21. Financial instruments**

The Company and its subsidiaries participate in operations involving financial instruments. These instruments are managed through operational strategies and internal controls aimed at liquidity, return and safety. The use of financial instruments with the objective of hedging is made 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 subsequent performance of the proposed strategy. The policy on control consists of permanently following up the contracted conditions in relation to the conditions prevailing in the market. The Company and its subsidiaries do not invest for speculation in derivatives or any other risky assets. The result from these operations is consistent with the policies and strategies devised by Company management. The Company and its subsidiaries operations are subject to the risk factors described below:

(i) Risk considerations

a) *Credit risk*

There was no significant change in relation to the credit risks disclosed in Note 21(i)(a) to the financial statements as of December 31, 2013.

b) *Derivative financial instruments*

The Company adopts the policy of participating in operations involving derivative financial instruments with the objective of mitigating or eliminating currency, index and interest rate risks to its operations, when considered necessary.

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

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**21. Financial instruments --Continued**

(i) Risk considerations --Continued

b) *Derivative financial instruments*--Continued

As of September 30, 2014, the Company had derivative contracts for hedging purposes in relation to interest fluctuations, with final maturity between December 2014 and October 2018. The derivative contracts are as follows:

|   | Reais   | Consolidated<br>Percentage |             |
|---|---------|----------------------------|-------------|
| <b>Companies Swap agreements (Fixed for CDI) Face value Original Index-- Asset position Swap – Liability po</b> |         |                            |             |
| Gafisa S/A Banco Votorantim S.A.  | 110,000 | Fixed 14.0993%             | CDI 1.6344% |
| Gafisa S/A Banco Votorantim S.A.  | 82,500  | Fixed 11.4925%             | CDI 0.2801% |
| Gafisa S/A Banco Votorantim S.A.  | 82,500  | Fixed 13.7946%             | CDI 1.6344% |
| Gafisa S/A Banco Votorantim S.A.  | 55,000  | Fixed 11.8752%             | CDI 0.2801% |
| Gafisa S/A Banco Votorantim S.A.  | 55,000  | Fixed 14.2672%             | CDI 1.6344% |
| Gafisa S/A Banco Votorantim S.A.  | 27,500  | Fixed 11.1136%             | CDI 0.2801% |
| Gafisa S/A Banco Votorantim S.A.  | 27,500  | Fixed 15.1177%             | CDI 1.6344% |
| Gafisa S/A Banco Votorantim S.A. (a)  | 130,000 | CDI + 1.90%                | 118         |
| Gafisa S/A Banco HSBC (b)   | 194,000 | Fixed 12.8727%             | 120         |

(a) On July 22, 2014, the Company bought derivative swap transaction to mitigate the exposure to the fixed index of the debenture placed on such date (Note 13), changing the position from CDI + 1.90% pa to 118% of CDI.

(b) On September 29, 2014, the Company bought a derivative swap transaction to mitigate the exposure to the fixed index of the financing taken out on such date (Note 12), changing the fixed position from 12.8727% to 120% of CDI.

During the period ended September 30, 2014, the amount of R\$4,354 (R\$4,280 in 2013) in the Company's statements and in the consolidated statements, which refer to net result of the interest swap transaction, was recognized in the "financial income" line in the statement of profit or loss for

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

**21. Financial instruments --Continued**

(i) Risk considerations --Continued

b) *Derivative financial instruments*--Continued

the period, allowing correlation between the impact of such transactions and interest rate fluctuation in the Company's balance sheet (Note25).

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. Accordingly, the estimates above do not necessarily indicate the actual amounts realized upon the financial settlement of transactions.

c) *Interest rate risk*

There was no significant change in relation to the interest rate risks disclosed in Note 21(i)(c) to the financial statements as of December 31, 2013.

d) *Liquidity risk*

There was no significant change in relation to the liquidity risks disclosed in Note 21(i)(d) to the financial statements as of December 31, 2013.

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

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**21. Financial instruments --Continued**

(i) Risk considerations --Continued

d) *Liquid risk*--Continued

| Period ended September 30,<br>2014        | Company             |              |              |                      | Total     |
|---|---------------------|--------------|--------------|----------------------|-----------|
|   | Less than 1<br>year | 1 to 3 years | 4 to 5 years | More than 5<br>years |           |
| Loans and financing (Note 12)             | 381,272             | 703,557      | 114,894      | -                    | 1,199,723 |
| Debentures (Note 13)                      | 281,104             | 546,865      | 163,946      | -                    | 991,915   |
| Payables to venture partners<br>(Note 15) | 7,297               | 7,145        | -            | -                    | 14,442    |
| Suppliers                                 | 49,909              | -            | -            | -                    | 49,909    |
|   | 719,582             | 1,257,567    | 278,840      | -                    | 2,255,989 |

| Year ended December 31, 2013              | Company             |              |              |                      | Total     |
|---|---------------------|--------------|--------------|----------------------|-----------|
|   | Less than 1<br>year | 1 to 3 years | 4 to 5 years | More than 5<br>years |           |
| Loans and financing (Note 12)             | 376,047             | 765,007      | 108,130      | -                    | 1,249,184 |
| Debentures (Note 13)                      | 354,271             | 457,386      | 200,000      | -                    | 1,011,657 |
| Payables to venture partners<br>(Note 15) | 108,742             | 9,654        | 1,140        | -                    | 119,536   |
| Suppliers                                 | 51,415              | -            | -            | -                    | 51,415    |

194,324

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|         |           |         |   |           |
|---------|-----------|---------|---|-----------|
| 890,475 | 1,232,047 | 309,270 | - | 2,431,792 |
|---------|-----------|---------|---|-----------|

| <b>Period ended September 30,<br/>2014</b> | <b>Consolidated</b>         |                     |                     |                              | <b>Total</b> |
|--|-----------------------------|---------------------|---------------------|------------------------------|--------------|
|  | <b>Less than 1<br/>year</b> | <b>1 to 3 years</b> | <b>4 to 5 years</b> | <b>More than 5<br/>years</b> |              |
| Loans and financing (Note 12)              | 474,361                     | 840,250             | 115,308             | -                            | 1,429,919    |
| Debentures (Note 13)                       | 390,439                     | 846,865             | 163,946             | -                            | 1,401,250    |
| Payables to venture partners<br>(Note 15)  | 9,935                       | 7,145               | -                   | -                            | 17,080       |
| Suppliers                                  | 83,467                      | -                   | -                   | -                            | 83,467       |
|  | 958,202                     | 1,694,260           | 279,254             | -                            | 2,931,716    |

| <b>Year ended December 31, 2013</b>       | <b>Consolidated</b>         |                     |                     |                              | <b>Total</b> |
|---|-----------------------------|---------------------|---------------------|------------------------------|--------------|
|   | <b>Less than 1<br/>year</b> | <b>1 to 3 years</b> | <b>4 to 5 years</b> | <b>More than 5<br/>years</b> |              |
| Loans and financing (Note 12)             | 590,386                     | 938,792             | 109,132             | -                            | 1,638,310    |
| Debentures (Note 13)                      | 563,832                     | 657,386             | 200,000             | -                            | 1,421,218    |
| Payables to venture partners<br>(Note 15) | 112,886                     | 9,654               | 1,140               | -                            | 123,680      |
| Suppliers                                 | 79,342                      | -                   | -                   | -                            | 79,342       |
|   | 1,346,446                   | 1,605,832           | 310,272             | -                            | 3,262,550    |



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**Gafisa S.A.**

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**21. Financial instruments --Continued**

(i) Risk considerations --Continued

d) *Liquid risk*--Continued

Fair value classification

The Company uses the same classification disclosed in Note 21(i)(d) to the financial statements as of December 31, 2013 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, presented as of September 30, 2014 and December 31, 2013:

| As of September 30, 2014          | Company |         |         | Consolidated |           |         |
|-----------------------------------|---------|---------|---------|--------------|-----------|---------|
|                                   | Level 1 | Level 2 | Level 3 | Level 1      | Level 2   | Level 3 |
| Financial assets                  |         |         |         |              |           |         |
| Cash equivalents (Note 4.1)       | -       | 62,306  | -       | -            | 161,767   | -       |
| Short-term investments (Note 4.2) | -       | 764,159 | -       | -            | 1,301,658 | -       |

| As of December 31, 2013                        | Company |           |         | Consolidated |           |         |
|--|---------|-----------|---------|--------------|-----------|---------|
|  | Level 1 | Level 2   | Level 3 | Level 1      | Level 2   | Level 3 |
| Financial assets                               |         |           |         |              |           |         |
| Cash equivalents (Note 4.1)                    | -       | 39,032    | -       | -            | 215,194   | -       |
| Short-term investments (Note 4.2)              | -       | 1,241,026 | -       | -            | 1,808,969 | -       |
| Derivative financial instruments (Note 21.i.b) | -       | 183       | -       | -            | 183       | -       |

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

**21. Financial instruments --Continued**

(i) Risk considerations --Continued

d) *Liquid risk*--Continued

In addition, we show the fair value classification of financial instruments liabilities:

| As of September 30, 2014                       | Company                   |         |         | Consolidated |         |         |
|--|---------------------------|---------|---------|--------------|---------|---------|
|  | Fair value classification |         |         |              |         |         |
|  | Level 1                   | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial liabilities                          |                           |         |         |              |         |         |
| Loans and financing (Note 21.ii.a)             | - 1,203,220               |         | -       | - 1,426,996  |         | -       |
| Debentures (Note 21.ii.a)                      | - 1,002,812               |         | -       | - 1,401,779  |         | -       |
| Payables to venture partners (Note 21.ii.a)    | - 16,743                  |         | -       | - 16,743     |         | -       |
| Derivative financial instruments (Note 21.i.b) | - 5,074                   |         | -       | - 5,074      |         | -       |

| As of December 31, 2013            | Company                   |         |         | Consolidated |         |         |
|------------------------------------|---------------------------|---------|---------|--------------|---------|---------|
|                                    | Fair value classification |         |         |              |         |         |
|                                    | Level 1                   | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial liabilities              |                           |         |         |              |         |         |
| Loans and financing (Note 21.ii.a) | - 1,254,757               |         | -       | - 1,641,503  |         | -       |

|   |             |   |             |   |
|---|-------------|---|-------------|---|
| Debentures (Note 21.ii.a)                   | - 1,019,298 | - | - 1,428,859 | - |
| Payables to venture partners (Note 21.ii.a) | - 121,060   | - | - 125,719   | - |

In the period ended September 30, 2014 and the year ended December 31, 2013, there were not any transfers between the Levels 1 and 2 fair value valuation, nor transfers between Levels 3 and 2 fair value valuation.

There was no significant change in relation to the other information disclosed in Note 21(ii)(a) to the financial statements as of December 31, 2013.

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**21. Financial instruments --Continued**

(ii) Fair value of financial instruments

a) *Fair value measurement*

The Company uses the same methods and assumptions disclosed in Note 21(ii)(a) to the financial statements as of December 31, 2013 in order to estimate the fair value for each financial instrument type for which the estimate of values is practicable.

The main consolidated carrying amounts and fair values of financial assets and liabilities at September 30, 2014 and December 31, 2013 are as follows:

|  | <b>Company</b>         |                   |                        |                   |
|--|------------------------|-------------------|------------------------|-------------------|
|  | <b>9/30/2014</b>       |                   | <b>12/31/2013</b>      |                   |
|  | <b>Carrying amount</b> | <b>Fair value</b> | <b>Carrying amount</b> | <b>Fair value</b> |
| Financial assets                                 |                        |                   |                        |                   |
| Cash and cash equivalents (Note 4.1)             | <b>62,306</b>          | <b>62,306</b>     | 39,032                 | 39,032            |
| Short-term investments (Note 4.2)                | <b>764,159</b>         | <b>764,159</b>    | 1,241,026              | 1,241,026         |
| Derivative financial instruments (Note 21(i)(b)) | -                      | -                 | 183                    | 183               |
|  |                        |                   |                        | 181               |
| 194,324  |                        |                   |                        |                   |

|  |                  |                  |           |           |
|--|------------------|------------------|-----------|-----------|
| Trade accounts receivable (Note 5)               | <b>1,054,762</b> | <b>1,054,762</b> | 1,216,902 | 1,216,902 |
| Financial liabilities                            |                  |                  |           |           |
| Loans and financing (Note 12)                    | <b>1,199,723</b> | <b>1,203,220</b> | 1,249,184 | 1,254,757 |
| Debentures (Note 13)                             | <b>991,915</b>   | <b>1,002,812</b> | 1,011,657 | 1,019,298 |
| Payables to venture partners (Note 15)           | <b>14,442</b>    | <b>16,743</b>    | 119,536   | 121,060   |
| Derivative financial instruments (Note 21(i)(b)) | <b>5,074</b>     | <b>5,074</b>     | -         | -         |
| Suppliers  | <b>49,909</b>    | <b>49,909</b>    | 51,415    | 51,415    |

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

**21. Financial instruments --Continued**

(ii) Fair value of financial instruments

a) *Fair value measurement*

|  | <b>Consolidated</b>    |                   |                        |                   |
|--|------------------------|-------------------|------------------------|-------------------|
|  | <b>9/30/2014</b>       |                   | <b>12/31/2013</b>      |                   |
|  | <b>Carrying amount</b> | <b>Fair value</b> | <b>Carrying amount</b> | <b>Fair value</b> |
| <b>Financial assets</b>                          |                        |                   |                        |                   |
| Cash and cash equivalents (Note 4.1)             | <b>161,767</b>         | <b>161,767</b>    | 215,194                | 215,194           |
| Short-term investments (Note 4.2)                | <b>1,301,658</b>       | <b>1,301,658</b>  | 1,808,969              | 1,808,969         |
| Derivative financial instruments (Note 21(i)(b)) | -                      | -                 | 183                    | 183               |
| Trade accounts receivable (Note 5)               | <b>1,931,214</b>       | <b>1,931,214</b>  | 2,223,668              | 2,223,668         |
| <b>Financial liabilities</b>                     |                        |                   |                        |                   |
| Loans and financing (Note 12)                    | <b>1,429,919</b>       | <b>1,426,996</b>  | 1,638,310              | 1,641,503         |
| Debentures (Note 13)                             | <b>1,401,250</b>       | <b>1,401,779</b>  | 1,421,218              | 1,428,859         |
| Payables to venture partners (Note 15)           | <b>17,080</b>          | <b>16,743</b>     | 123,680                | 125,719           |
| Derivative financial instruments (Note 21(i)(b)) | <b>5,074</b>           | <b>5,074</b>      | -                      | -                 |
| Suppliers  | <b>83,467</b>          | <b>83,467</b>     | 79,342                 | 79,342            |

There was no significant change in relation to the risks of debt acceleration disclosed in Note 21(ii)(a) to the financial statements as of December 31, 2013.



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**21. Financial instruments --Continued**

(iii) Capital stock management

The other explanation related to this note did not undergo significant changes in relation to those disclosed in Note 21 (iii) to the financial statements as of December 31, 2013.

The Company includes in its net debt structure: loans and financing, debentures, obligations assumed on assignment of receivables and payables to venture partners less cash and cash equivalents and short-term investments:

|  | <b>Company</b>   |                   | <b>Consolidated</b> |                   |
|--|------------------|-------------------|---------------------|-------------------|
|  | <b>9/30/2014</b> | <b>12/31/2013</b> | <b>9/30/2014</b>    | <b>12/31/2013</b> |
| Loans and financing (Note 12)                              | <b>1,199,723</b> | 1,249,184         | <b>1,429,919</b>    | 1,638,310         |
| Debentures (Note 13)                                       | <b>991,915</b>   | 1,011,657         | <b>1,401,250</b>    | 1,421,218         |
| Obligations assumed on assignment of receivables (Note 14) | <b>39,069</b>    | 74,201            | <b>65,754</b>       | 119,897           |
| Payables to venture partners (Note 15)                     | <b>14,442</b>    | 119,536           | <b>17,080</b>       | 123,680           |
| ( - ) Cash and cash equivalents and                        |                  |                   |                     |                   |
| short-term investments (Notes 4.1 and 4.2)                 | <b>(826,465)</b> | (1,280,058)       | <b>(1,463,425)</b>  | (2,024,163)       |
| Net debt   | <b>1,418,684</b> | 1,174,520         | <b>1,450,578</b>    | 1,278,942         |
| Equity   | <b>3,106,916</b> | 3,190,724         | <b>3,129,137</b>    | 3,214,483         |

|                     |                  |           |                  |           |
|---------------------|------------------|-----------|------------------|-----------|
| Equity and net debt | <b>4,525,600</b> | 4,365,244 | <b>4,579,715</b> | 4,493,425 |
|---------------------|------------------|-----------|------------------|-----------|

(iv) Sensitivity analysis

The sensitivity analysis of financial instruments for the year December 31, 2013 and period September 30, 2014, except swap contracts, which are analyzed through their due dates, describing the risks that may incur material variations on the Company's profit or loss, as provided for by CVM, through Rule No. 475/08, in order to show a 25% and 50% increase/decrease in the risk variable considered.

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**21. Financial instruments --Continued**

(iv) Sensitivity analysis --Continued

- a) Financial investments, loans and financing, and debentures linked to Interbank Deposit Certificates (CDI);
- b) Loans and financing and debentures linked to the Referential Rate (TR) and CDI, and debentures indexed to the CDI, IPCA and TR;
- c) Trade accounts receivable, linked to the National Civil Construction Index (INCC).

To the sensitivity analysis of the interest rates of investments, loans and accounts receivables, the Company considered the CDI rate at 10.82%, (9.78% in 2013) the TR at 0.75%, (0.31% in 2013), the INCC at 6.96%, (8.09% in 2013), the IGP-M at 3.66%, (5.46% in 2013) and the IPCA at 6.31%, (5.73% in 2013). The scenarios considered were as follows:

*Scenario I:* 50% increase in the risk variables used for pricing

*Scenario II:* 25% increase in the risk variables used for pricing

*Scenario III:* 25% decrease in the risk variables used for pricing

*Scenario IV:* 50% decrease in the risk variables used for pricing



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**21. Financial instruments --Continued**

(iv) Sensitivity analysis --Continued

As of September 30, 2014:

| Instrument                       | Risk | Scenario          |                       |                     |                       |
|----------------------------------|------|-------------------|-----------------------|---------------------|-----------------------|
|                                  |      | I<br>Increase 50% | II<br>Increase<br>25% | III<br>Decrease 25% | IV<br>Decrease<br>50% |
| Financial investments            | CDI  | 61,291            | 30,645                | (30,645)            | (61,291)              |
| Loans and financing              | CDI  | (31,828)          | (15,914)              | 15,914              | 31,828                |
| Debentures                       | CDI  | (21,205)          | (10,602)              | 10,602              | 21,205                |
| Derivative financial instruments | CDI  | (38,783)          | (20,353)              | 22,552              | 47,625                |
| Net effect of CDI variation      |      | (30,525)          | (16,224)              | 18,423              | 39,367                |
| Loans and financing              | TR   | (2,645)           | (1,323)               | 1,323               | 2,645                 |
| Debentures                       | TR   | (3,546)           | (1,773)               | 1,773               | 3,546                 |
| Net effect of TR variation       |      | (6,191)           | (3,096)               | 3,096               | 6,191                 |
| Debentures                       | IPCA | (469)             | (234)                 | 234                 | 469                   |
| Net effect of IPCA variation     |      | (469)             | (234)                 | 234                 | 469                   |
| Accounts receivable              | INCC | 62,873            | 31,437                | (31,437)            | (62,873)              |
| Properties for sale              | INCC | 63,512            | 31,756                | (31,756)            | (63,512)              |

194,324

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|                              |                |               |                 |                  |
|------------------------------|----------------|---------------|-----------------|------------------|
| Net effect of INCC variation | <b>126,385</b> | <b>63,193</b> | <b>(63,193)</b> | <b>(126,385)</b> |
|------------------------------|----------------|---------------|-----------------|------------------|

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**21. Financial instruments --Continued**

(iv) Sensitivity analysis --Continued

As of December 31, 2013:

| Instrument                       | Risk | Scenario          |                    |                     |                    |
|----------------------------------|------|-------------------|--------------------|---------------------|--------------------|
|                                  |      | I<br>Increase 50% | II<br>Increase 25% | III<br>Decrease 25% | IV<br>Decrease 50% |
| Financial investments            | CDI  | 77,110            | 38,555             | (38,555)            | (77,110)           |
| Loans and financing              | CDI  | (33,920)          | (16,960)           | 16,960              | 33,920             |
| Debentures                       | CDI  | (19,843)          | (9,921)            | 9,921               | 19,843             |
| Payables to venture partners     | CDI  | (4,623)           | (2,312)            | 2,312               | 4,623              |
| Derivative financial instruments | CDI  | (9,303)           | (4,856)            | 5,344               | 11,219             |
| Net effect of CDI variation      |      | 9,421             | 4,506              | (4,018)             | (7,505)            |
| Loans and financing              | TR   | (1,208)           | (604)              | 604                 | 1,208              |
| Debentures                       | TR   | (1,474)           | (737)              | 737                 | 1,474              |
| Net effect of TR variation       |      | (2,682)           | (1,341)            | 1,341               | 2,682              |
| Debentures                       | IPCA | (385)             | (193)              | 193                 | 385                |
| Net effect of IPCA variation     |      | (385)             | (193)              | 193                 | 385                |
| 194,324                          |      |                   |                    |                     | 191                |

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|                              |      |         |        |          |           |
|------------------------------|------|---------|--------|----------|-----------|
| Accounts receivable          | INCC | 83,051  | 41,525 | (41,525) | (83,051)  |
| Properties for sale          | INCC | 58,235  | 29,117 | (29,117) | (58,235)  |
| Net effect of INCC variation |      | 141,286 | 70,642 | (70,642) | (141,286) |

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## Gafisa S.A.

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## 22. Related parties

### 22.1. Balances with related parties

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

| Current accounts                                   | Company          |            | Consolidated     |            |
|--|------------------|------------|------------------|------------|
|  | 9/30/2014        | 12/31/2013 | 9/30/2014        | 12/31/2013 |
| Assets   |                  |            |                  |            |
| Current account:                                   |                  |            |                  |            |
| Total SPEs   | <b>150,647</b>   | 163,130    | <b>110,271</b>   | 80,804     |
| Condominium and consortia and thirty party's works | <b>8,495</b>     | 1,743      | <b>8,495</b>     | 1,743      |
| Loan receivable                                    | <b>75,989</b>    | 98,272     | <b>117,058</b>   | 136,508    |
| Dividends receivable                               | <b>5,246</b>     | 7,443      | -                | -          |
|  | <b>240,377</b>   | 270,588    | <b>235,824</b>   | 219,055    |
| Current  | <b>164,388</b>   | 172,316    | <b>118,766</b>   | 82,547     |
| Non-current  | <b>75,989</b>    | 98,272     | <b>117,058</b>   | 136,508    |
| Liabilities  |                  |            |                  |            |
| Current account                                    |                  |            |                  |            |
| Purchase/sale of interests                         | <b>(41,527)</b>  | (39,100)   | <b>(41,527)</b>  | (39,100)   |
| Total SPEs and Tenda                               | <b>(476,100)</b> | (163,075)  | <b>(124,560)</b> | (94,578)   |
|  | <b>(517,627)</b> | (202,175)  | <b>(166,087)</b> | (133,678)  |
| Current  | <b>(517,627)</b> | (202,175)  | <b>(166,087)</b> | (133,678)  |

The composition, nature and condition of loan receivable by the Company are shown below:

|   | Company   |            | Nature       | Interest rate   |
|---|-----------|------------|--------------|-----------------|
|   | 9/30/2014 | 12/31/2013 |              |                 |
| Engenho   | 16        | 15         | Construction | 12% p.a. + IGPM |
| Laguna Di Mare - Tembok Planej. E Desenv. Imob. Ltda. | -         | 2,279      | Construction | 12% p.a. + IGPM |
| Vistta Laguna - Tembok Planej. E Desenv. Imob. Ltda.  | 10,925    | 15,201     | Construction | 12% p.a. + IGPM |
| Gafisa SPE 65 Emp. Imobiliários Ltda.                 | -         | 2,929      | Construction | 3% p.a. + CDI   |
| Gafisa SPE 46 Emp. Imobiliários Ltda.                 | 1,208     | 1,056      | Construction | 12% p.a. + IGPM |
| Gafisa SPE 71 Emp. Imobiliários Ltda.                 | 7,019     | 6,066      | Construction | 3% p.a. + CDI   |
| Gafisa SPE 76 Emp. Imobiliários Ltda.                 | -         | 3,863      | Construction | 4% p.a. + CDI   |
| Acquarelle Civilcorp Incorporações Ltda.              | 470       | 411        | Construction | 12% p.a. + IGPM |
| Manhattan Residencial I                               | 48,535    | 62,441     | Construction | 10% p.a. + TR   |
| Manhattan Comercial I                                 | -         | 15         | Construction | 10% p.a. + TR   |
| Manhattan Residencial II                              | -         | 137        | Construction | 10% p.a. + TR   |
| Manhattan Comercial II                                | -         | 65         | Construction | 10% p.a. + TR   |
| Scena Laguna - Tembok Planej. e Desenv. Imob. Ltda    | 7,816     | 3,794      | Construction | 12% p.a. + IGPM |
| Total Company   | 75,989    | 98,272     |              |                 |

(A free translation from the original in Portuguese into English)

## Gafisa S.A.

Notes to the individual and consolidated quarterly information

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

## 22. Related parties --Continued

### 22.1. Balances with related parties --Continued

|   | <b>Consolidated</b> |                   |                |                      |
|---|---------------------|-------------------|----------------|----------------------|
|   | <b>9/30/2014</b>    | <b>12/31/2013</b> | <b>Nature</b>  | <b>Interest rate</b> |
| Engenho   | 16                  |                   | 15Construction | 12% p.a. + IGPM      |
| Laguna Di Mare - Tembok Planej. E Desenv. Imob. Ltda. | -                   | 2,279             | Construction   | 12% p.a. + IGPM      |
| Vistta Laguna - Tembok Planej. E Desenv. Imob. Ltda.  | 10,925              | 15,201            | Construction   | 12% p.a. + IGPM      |
| Gafisa SPE 65 Emp. Imobiliários Ltda.                 | -                   | 2,929             | Construction   | 3% p.a. + CDI        |
| Gafisa SPE-46 Emp. Imobiliários Ltda.                 | 1,208               | 1,056             | Construction   | 12% p.a. + IGPM      |
| Gafisa SPE-71 Emp. Imobiliários Ltda.                 | 7,019               | 6,066             | Construction   | 3% p.a. + CDI        |
| Gafisa SPE- 76 Emp. Imobiliários Ltda.                | -                   | 3,863             | Construction   | 4% p.a. + CDI        |
| Acquarelle - Civilcorp Incorporações Ltda.            | 470                 | 411               | Construction   | 12% p.a. + IGPM      |
| Manhattan Residencial I                               | 48,535              | 62,441            | Construction   | 10% p.a. + TR        |
| Manhattan Comercial I                                 | -                   | 15                | Construction   | 10% p.a. + TR        |
| Manhattan Residencial II                              | -                   | 137               | Construction   | 10% p.a. + TR        |
| Manhattan Comercial II                                | -                   | 65                | Construction   | 10% p.a. + TR        |
| Scena Laguna - Tembok Planej. E Desenv. Imob. Ltda.   | 7,816               | 3,794             | Construction   | 12% p.a. + IGPM      |
| Fit Jardim Botanico SPE Emp. Imob. Ltda.              | 18,852              | 17,998            | Construction   | 113.5% of 126.5% of  |
| Fit 09 SPE Emp. Imob. Ltda.                           | 8,072               | 7,183             | Construction   | 120% of 126.5% of C  |
| Fit 19 SPE Emp. Imob. Ltda.                           | 4,041               | 4,003             | Construction   | 113.5% of 126.5% of  |
| Acedio SPE Emp. Imob. Ltda.                           | 3,961               | 3,589             | Construction   | 113.5% of 126.5% of  |
| Ac Participações Ltda.                                | 5,390               | 4,710             | Construction   | 12% p.a. + IGPM      |
| Other   | 753                 | 753               | Construction   | Sundry               |
| <b>Total consolidated</b>                             | <b>117,058</b>      | <b>136,508</b>    |                |                      |

In the period ended September 30, 2014 he recognized financial income from interest on loans amounted to R\$5,156 (R\$6,643 in 2013) in the Company's statement and R\$7,679 (R\$8,094 in 2013) in the consolidated statement (Note 25).

Information regarding management transactions and compensation is described in Note 26.

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 22 to the financial statements as of December 31, 2013.

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

The financial transactions of subsidiaries are backed by endorsements or sureties in proportion to the interest of the Company in the capital stock of such companies, in the amount of R\$1,117,919 (R\$1,428,286 in 2013).

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**Gafisa S.A.**

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

**23. Net operating revenue**

**Gross operating revenue**

**Real estate development, sale, barter transactions and construction**

**(Recognition) Reversal of allowance for doubtful accounts**

**Taxes on sale of real estate and services**

**Net operating revenue**

**24. Costs and expenses by nature**

These are represented by the following:

**Cost of real estate development and sale:**

Construction cost

Land cost

Development cost

Capitalized financial charges (Note 12)

**Company**  
**9/30/2014 9/30/2013**

(330,290)

(93,068)

(30,229)

(68,184)

|   |           |
|---|-----------|
| Maintenance / warranty  | (21,322)  |
| Recognition (reversal) of provision for cancelled contracts (Note 5)              | -         |
|   | (543,093) |
| <b>Commercial expenses:</b>   |           |
| Product marketing expenses  | (22,288)  |
| Brokerage and sale commission   | (12,565)  |
| Customer Relationship Management expenses and corporate marketing                 | (16,727)  |
| Other   | (4,000)   |
|   | (55,719)  |
| <b>General and administrative expenses:</b>                                       |           |
| Salaries and payroll charges  | (31,529)  |
| Employee benefits   | (3,056)   |
| Travel and utilities  | (1,154)   |
| Services  | (14,204)  |
| Rents and condominium fees  | (7,281)   |
| IT  | (10,996)  |
| Stock option plan (Note 19.2)   | (13,402)  |
| Reserve for profit sharing (Note 26.iii)  | (13,910)  |
| Other   | (347)     |
|   | (95,879)  |
| <b>Other income (expenses), net:</b>  |           |
| Expenses with lawsuits (Note 17)  | (40,420)  |
| Equity pick-up in unincorporated venture ("SCP")                                  | 4,839     |
| Expenses with the adjustment to the stock option plan balance of AUSA (Note 19.2) | (13,863)  |
| Other   | (2,272)   |
|   | (51,716)  |

(A free translation from the original in Portuguese into English)

## Gafisa S.A.

Notes to the individual and consolidated quarterly information

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

### 25. Financial income

|  | Company   |           | C         |
|--|-----------|-----------|-----------|
|  | 9/30/2014 | 9/30/2013 | 9/30/2012 |
| Financial income                                     |           |           |           |
| Income from financial investments                    | 60,303    | 15,442    | 10,000    |
| Financial income on loans (Note 22)                  | 5,156     | 6,643     |           |
| Interest income                                      | 1,993     | 699       |           |
| Other financial income                               | 2,718     | 497       |           |
|  | 70,170    | 23,281    | 11,000    |
| Financial expenses                                   |           |           |           |
| Interest on funding, net of capitalization (Note 12) | (76,499)  | (112,473) | (94,000)  |
| Amortization of debenture cost                       | (3,362)   | (2,623)   | (3,000)   |
| Payables to venture partners                         | (2,211)   | (2,427)   | (2,000)   |
| Banking expenses                                     | (2,627)   | (1,092)   | (2,000)   |
| Derivative transactions (Note 21 (i) (b))            | (4,354)   | (4,280)   | (4,000)   |
| Discount on securitization transaction               | 369       | (1,600)   |           |
| Offered discount and other financial expenses        | (10,863)  | (17,787)  | (30,000)  |
|  | (99,547)  | (142,282) | (137,000) |

### 26. Transactions with management and employees

#### (i) Management compensation

The amounts recorded in the account "general and administrative expenses" for the period ended September 30, 2014 and 2013, related to the compensation of the Company's key management personnel are as follows:

9/30/2013

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| <b>Period ended September 30, 2014</b>     | <b>Management compensation</b> |                        |                       |
|--|--------------------------------|------------------------|-----------------------|
|  | <b>Board of Directors</b>      | <b>Statutory Board</b> | <b>Fiscal Council</b> |
| Number of members                          | <b>8</b>                       | <b>5</b>               | <b>3</b>              |
| Fixed compensation for the period (in R\$) | <b>1,316</b>                   | <b>2,806</b>           | <b>140</b>            |
| Salary / Fees                              | <b>1,297</b>                   | <b>2,530</b>           | <b>140</b>            |
| Direct and indirect benefits               | <b>19</b>                      | <b>276</b>             | <b>-</b>              |
| Monthly compensation (in R\$)              | <b>146</b>                     | <b>312</b>             | <b>16</b>             |
| Total compensation                         | <b>1,316</b>                   | <b>2,806</b>           | <b>140</b>            |
| Profit sharing                             | <b>-</b>                       | <b>3,413</b>           | <b>-</b>              |



(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

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

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

(i) Management compensation--Continued

| Period ended September 30, 2013            | Management compensation |                 |                |
|--|-------------------------|-----------------|----------------|
|  | Board of Directors      | Statutory Board | Fiscal Council |
| Number of members                          | 9                       | 8               | 3              |
| Fixed compensation for the period (in R\$) | 1,420                   | 3,791           | 120            |
| Salary / Fees                              | 1,389                   | 3,510           | 120            |
| Direct and indirect benefits               | 31                      | 218             | -              |
| Monthly compensation (in R\$)              | 158                     | 421             | 13             |
| Total compensation                         | 1,420                   | 3,791           | 120            |
| Profit sharing                             | -                       | 6,469           | -              |

The maximum aggregate compensation of the Company for the year 2014 was established at R\$13,425, as approved at the Annual Shareholders' Meeting held on April 25, 2014.

On the same occasion the compensation limit of the Fiscal Council members for their next term of office that ends in the Annual Shareholders' Meeting to be held in 2015 was approved at R\$192.

(ii) Sales

In the period ended September 30, 2014 , the total sales of units sold in 2014 to the Management is R\$1,513 (R\$2,405 in 2013) and the total receivables is R\$4,600 (R\$5,845 as of December 31, 2013).

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

(iii) Profit sharing

In the period ended September 30, 2014, the Company recorded an expense for profit sharing amounting to R\$13,910 in the Company's statement (R\$14,699 in 2013) and R\$26,151 in the consolidated statement (R\$26,236 in 2013) in the heading "General and Administrative Expenses" (Note 24), which is broken down as follows.

| <b>Consolidated</b>               | <b>9/30/2014 9/30/2013</b> |        |
|-----------------------------------|----------------------------|--------|
| Gafisa and Tenda' Statutory Board | <b>8,093</b>               | 6,469  |
| Other collaborators               | <b>18,058</b>              | 19,767 |
|                                   | <b>26,151</b>              | 26,236 |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 26 to the financial statements as of December 31, 2013.

**27. Insurance**

For the period ended September 30, 2014, insurance contracts were not subject to significant changes in relation to those disclosed in Note 27 to the financial statements as of December 31, 2013.



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**28. Earning and loss per share**

The following table shows the calculation of basic and diluted earning and loss per share. In view of the losses for the periods ended September 30, 2014 and 2013, shares with dilutive potential are not considered, because the impact would be antidilutive.

|  | <b>9/30/2014</b> | <b>9/30/2013</b> |
|--|------------------|------------------|
| Basic numerator  |                  |                  |
| Proposed dividends and interest on capital                     | -                | -                |
| Undistributed loss   | <b>(50,594)</b>  | (53,839)         |
| Undistributed loss, available for the holders of common shares | <b>(50,594)</b>  | (53,839)         |
| Basic denominator (in thousands of shares)                     |                  |                  |
| Weighted average number of shares                              | <b>405,279</b>   | 427,757          |
| Basic loss per share in Reais                                  | <b>(0,1248)</b>  | (0,1259)         |
| Diluted numerator  |                  |                  |
| Proposed dividends and interest on capital                     | -                | -                |
| Undistributed loss   | -                | -                |
| Undistributed loss, available for the holders of common shares | <b>(50,594)</b>  | (53,839)         |
|  | <b>(50,594)</b>  | (53,839)         |
| Diluted denominator (in thousands of shares)                   |                  |                  |
| Weighted average number of shares                              | <b>405,279</b>   | 427,757          |
| Stock options  | -                | -                |
| Diluted weighted average number of shares                      | <b>405,279</b>   | 427,757          |
| Diluted loss per share in Reais                                | <b>(0.1248)</b>  | (0.1259)         |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 28 to the financial statements as of December 31, 2013.

(A free translation from the original in Portuguese into English)

## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information

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

## **29. Segment information**

The quarterly information of the business segments of the Company is as follows:

|   | <b>Gafisa S.A.</b> | <b>Tenda</b> | <b>Consolidated<br/>9/30/2014</b> |
|---|--------------------|--------------|-----------------------------------|
| Net operating revenue                                       | 1,089,913          | 411,809      | <b>1,501,722</b>                  |
| Operating costs   | (775,165)          | (335,452)    | <b>(1,110,617)</b>                |
| Gross profit  | 314,748            | 76,357       | <b>391,105</b>                    |
| Selling expenses  | (69,133)           | (41,766)     | <b>(110,899)</b>                  |
| General and administrative expenses                         | (95,886)           | (62,838)     | <b>(158,724)</b>                  |
| Depreciation and amortization                               | (30,261)           | (11,453)     | <b>(41,714)</b>                   |
| Financial expenses  | (101,218)          | (36,430)     | <b>(137,648)</b>                  |
| Financial income  | 75,903             | 42,731       | <b>118,634</b>                    |
| Tax expenses  | (20,019)           | (7,413)      | <b>(27,432)</b>                   |
| Net profit/(loss) for the period from continuing operations | 30,399             | (80,993)     | <b>(50,594)</b>                   |
| Customers (short and long term)                             | 1,544,413          | 386,801      | <b>1,931,214</b>                  |
| Inventories (short and long term)                           | 1,749,750          | 752,058      | <b>2,501,808</b>                  |
| Other assets  | 2,047,209          | 1,098,623    | <b>3,145,832</b>                  |
| Total assets  | 5,341,372          | 2,237,482    | <b>7,578,854</b>                  |
| Total liabilities   | 3,270,322          | 1,179,395    | <b>4,449,717</b>                  |





(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

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**29. Segment information --Continued**

|  | <b>Gafisa S.A.</b> | <b>Tenda</b> | <b>Consolidated<br/>9/30/2013</b> |
|--|--------------------|--------------|-----------------------------------|
| Net operating revenue                              | 1,173,898          | 602,563      | 1,776,461                         |
| Operating cost                                     | (796,126)          | (584,889)    | (1,381,015)                       |
| Gross profit                                       | 377,772            | 17,674       | 395,446                           |
| Selling expenses                                   | (101,165)          | (60,627)     | (161,792)                         |
| General and administrative expenses                | (91,493)           | (66,266)     | (157,759)                         |
| Depreciation and amortization                      | (30,328)           | (8,245)      | (38,573)                          |
| Financial expenses                                 | (156,835)          | (27,164)     | (183,999)                         |
| Financial income                                   | 27,060             | 25,626       | 52,686                            |
| Tax expenses                                       | (8,773)            | (11,675)     | (20,448)                          |
| Loss for the period from continuing operations     | (30,278)           | (122,175)    | (152,453)                         |
| Profit for the period from discontinued operations | -                  | -            | 127,758                           |
|  | <b>Gafisa S.A.</b> | <b>Tenda</b> | <b>12/31/2013</b>                 |
| Customers (short and long term)                    | 1,662,572          | 561,096      | 2,223,668                         |
| Inventories (short and long term)                  | 1,420,359          | 674,055      | 2,094,414                         |
| Other assets                                       | 2,658,263          | 1,206,685    | 3,864,948                         |
| Total assets                                       | 5,741,194          | 2,441,836    | 8,183,030                         |
| Total liabilities                                  | 3,679,292          | 1,289,255    | 4,968,547                         |

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 29 to the financial statements as of December 31, 2013.

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

In order to enhance its notes and in line with items 20 and 21 of ICPC 02, the Company describes below some information on ventures under construction as of September 30, 2014:

30.1 The contracted sales revenue deducted from the appropriated sales revenue is the unappropriated sales revenue (net revenue calculated by the continuous transfer approach, according to OCPC 04). The unappropriated sales revenue of ventures under construction plus the accounts receivable of completed ventures plus the advance from clients less cumulative receipts, comprise the receivables from developments, as follows:

|  |             |
|--|-------------|
| Ventures under construction:                         |             |
| Contracted sales revenue (*)                         | 4,078,200   |
| Appropriated sales revenue (A) (**)                  | (2,754,007) |
| Unappropriated sales revenue (B) (*)                 | 1,324,193   |
| Completed ventures (C)                               | 868,979     |
| Cumulative receipts (D) (**)                         | (1,623,201) |
| Advances from clients                                |             |
| Appropriated revenue surplus (Note 18) (E)           | 50,819      |
| Total accounts receivable from developments (Note 5) | 2,050,604   |
| (-A+C+D+E)   |             |

(\*) Information other than accounting considered in the scope of independent auditors only to support the conclusion on the appropriated sales revenue recognized using the percentage-of-completion method

(PoC).

(\*\*) Amounts stated cumulatively. Accordingly, they do not reflect the impacts on the statement of profit or loss for the period.

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**30. Real estate ventures under construction – information and commitments --Continued**

The information on unappropriated sales revenue and contracted sales revenue do not include ventures that are subject to restriction due to a suspensive clause, the legal period of 180 days in which the Company can cancel a development and therefore is not appropriated to profit or loss.

The real estate development revenue from units sold and under construction of real estate development is appropriated to statement of profit or loss over the construction period of ventures, in compliance with the requirements of item 14 of CPC 30 – Revenue. The procedures adopted in the appropriation to profit or loss over the construction period are described in Note 2 – Presentation of Financial Statements and summary of main accounting practices of the financial statements as of December 31, 2013.

30.2 As of September 30, 2014, the total cost incurred and to be incurred in connection with units sold or in inventory, estimated until the completion of ventures under construction, is as follows:

Ventures under construction:

|  |             |
|--|-------------|
|  | 756,384     |
| Incurred cost of units in inventory (Note 6)                                       |             |
| Estimated cost to be incurred with units in inventory (*)                          | 838,568     |
| Total estimated cost incurred and to be incurred with units in inventory<br>(a)(F) | 1,594,952   |
| Estimated cost of units sold (*) (G)   | 2,820,987   |
| Incurred cost of units sold (H) (**)   | (1,809,606) |
| Unappropriated estimated cost of units sold (*) (I)                                | 1,011,381   |
| Total cost incurred and to be incurred (F+G)                                       | 4,415,939   |

(a) The amount of R\$229,685 refers to units of cancelled developments which contracts are not yet cancelled with the respective customers.



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**30. Real estate ventures under construction – information and commitments –Continued**

(\*)Information other than accounting considered in the scope of independent auditors only to support the conclusion on the appropriated sales revenue recognized using the percentage-of-completion method (PoC).

(\*\*)Amounts stated cumulatively. Accordingly, they do not reflect the impacts on the statement of profit or loss for the period.

30.3 As of September 30, 2014, the estimated profit to be earned until the completion of ventures under construction in connection with units sold is as follows:

|                                       |             |
|---------------------------------------|-------------|
| Unappropriated sales revenue (B)      | 1,324,193   |
| Unappropriated barter for land        | 226,218     |
|                                       | 1,550,411   |
| Unappropriated cost of units sold (I) | (1,011,381) |
| Estimated profit                      | 539,030     |

Information other than accounting considered in the scope of independent auditors only to support the conclusion on the appropriated sales revenue recognized using the percentage-of-completion method (PoC).

The estimated profit shown does not consider the tax effects or the present value adjustment, and the costs of lands, financial charges, barter and guarantees, which will be carried out as at the extent they are realized.





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**30. Real estate ventures under construction – information and commitments –Continued**

30.4 As of September 30, 2014, the retained profit of ventures under construction in connection with units sold is as follows:

|                                      |             |
|--------------------------------------|-------------|
| Appropriated sales revenue (A) (**)  | 2,754,007   |
| Appropriated barter for land (**)    | 99,657      |
|                                      | 2,853,664   |
| Incurred cost of units sold (H) (**) | (1,809,606) |
| Profit (**)                          | 1,044,058   |

(\*\*)Amounts stated cumulatively. Accordingly, they do not reflect the impacts on the statement of profit or loss for the period.

The above profit is gross of taxes and present value adjustment (AVP).

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**30. Real estate ventures under construction – information and commitment --Continued**

30.5 The Company shows below a table of the percentage of asset related to the Company's ventures that are included in the structures of equity segregation of the purchase as of September 30, 2014.

|  | <b>9/30/2014</b> |
|--|------------------|
| Total assets included in the structures of equity segregation of the purchase<br>(*) | 7,629,503        |
| Total consolidated assets  | 7,635,269        |
| <b>Percentage</b>  | <b>99.92%</b>    |

(\*)Total assets of the Company, except for the Gafisa Vendas subsidiary, a company that sells the ventures of Gafisa. Regarding the ventures of subsidiaries, the follow-up of the cash and cash equivalents and corporate debts are carried out through the National Corporate Taxpayers' Registry (CNPJ) of the company and not separately by venture.

**31. Communication with regulatory bodies**

The other explanation related to this note was not subject to significant changes in relation to those reported in Note 31 to the financial statements as of December 31,2013.



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**32. Additional Information**

Law 12,973/14 of May 13, 2014 made amendments to the IRPJ, CSLL, PIS and COFINS, effective for 2015, allowing taxpayers to adhere to the new rules in 2014 already, on irrevocable basis. This Law which was originated from the provisional measure 627 among other matters, particularly dealt with the harmonization of the tax legislation with the accounting criteria and procedures introduced by Laws 11,638/2007 and 11,941/2009, as well as the extinction of the Transitory Tax Regime (RTT) and new tax rules for companies domiciled in Brazil in relation to profit earned abroad by subsidiary and associates, and amendments to how goodwill is used. The Company opted for not early adopting this Law. However, based on the wording in effect, we estimate that such Law does not produce material accounting effects on the financial information of the Company.

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**Gafisa S.A.**

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**33. Subsequent events**

(i) Merger of the subsidiary Shertis

On October 9, 2014, the Company approved the Proposal for the Merger of Shertis Empreendimentos S.A. ("Shertis") into the Company. The subsidiary Shertis was created by the Company in 2010 and its only asset was the ownership interest of 20% in the capital of AUSA. The merger does not result in an increase or reduction in the equity or capital of the Company, considering that the equity of Shertis is fully reflected in the equity of the company as a result of the equity method. As 100% of the Shertis' shares are of the Company, the merger aims at simplifying the ownership structure of the group and reducing operating costs.

(ii) Funds held in trust by third parties

On October 1, 2014, Tenda made the payment of the eleventh installment of interest rates in the amount of R\$19,496 and the fifth installment of amortization in the amount of R\$10,000 related to the first placement of debentures in the total amount of R\$29,496.

(iii) Amortization of the first series of the eight placement of debentures of the Company

On October 15, 2014, the Company made a payment in the amount of R\$163,671, of which R\$144,214 related to the face value of the placement and R\$18,281 to the interest payable over the period of the first series of the eight placement of debentures, and R\$1,176 related to the interest payable over the period of

the second series of the same placement.

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(A free translation from the original in Portuguese into English)

## Gafisa S.A.

### Comments on Company's Business projections

#### OUTLOOK

On October 20, 2014, the Company disclosed in a Material Fact a revision to its 2014 launch guidance ("Guidance") for the Gafisa segment, due to continuing uncertainties in the current economic environment. This change in the projected volume of launches has also affected guidance for the ratio of Administrative Expenses to Launch Volumes for the Gafisa segment, as well as projected consolidated launches.

Launches in the first nine months of 2014 totaled R\$1,395 million, representing 75.4% of the midpoint of full year guidance. Gafisa segment accounted for 82.1% of launches and Tenda represented the remaining 17.9%.

#### Launch Guidance (2014E)

|                           |                    |                    |                 |     |
|---------------------------|--------------------|--------------------|-----------------|-----|
| Consolidated Launches     | R\$2.1 – R\$2.5 bn | R\$1.7 – R\$2.0 bn | 1,394.8 million | 75% |
| <b>Breakdown by Brand</b> |                    |                    |                 |     |
| Gafisa Launches           | R\$1.5 – R\$1.7 bn | R\$1.1 – R\$1.2 bn | 1,023.0 million | 89% |
| Tenda Launches            | R\$600 – R\$800 mn | R\$600 – R\$800 mn | 371.7 million   | 53% |

With the completion of the sale of the Alphaville stake in 2013, the Company began 2014 with a solid liquidity position. As reported in this release, the Company's Net Debt/Equity ratio has remained stable at 44.3% since the 1Q14. Given this result, and considering the Company's business plan for 2014, the Company expects leverage to remain between 55% - 65%, as measured by the Net Debt/Equity ratio.

|                   |                             |                             |       |    |
|-------------------|-----------------------------|-----------------------------|-------|----|
| Consolidated Data | 55% - 65% Net Debt / Equity | 55% - 65% Net Debt / Equity | 44.3% | OK |
|-------------------|-----------------------------|-----------------------------|-------|----|

Also on October 20, the Company withdrew its guidance for 2014 regarding the ratio of Administrative Expenses to Launch Volumes for Gafisa. With the reduction in launch guidance for the year, the Company is unable to meet this projection.

|        |                |                |
|--------|----------------|----------------|
| Gafisa | 7.5%           | Not applicable |
| Tenda  | Not applicable | Not applicable |

|        |      |      |
|--------|------|------|
| Gafisa | 7.5% | 7.5% |
| Tenda  | 7.0% | 7.0% |

Finally, the Company defined as a benchmark for profitability the Return on Capital Employed (ROCE), and it expects that in the next three year period, this ratio shall be between 14% - 16% for both the Tenda and Gafisa segments.

|        |           |           |
|--------|-----------|-----------|
| Gafisa | 14% - 16% | 14% - 16% |
| Tenda  | 14% - 16% | 14% - 16% |



(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

**Other information deemed relevant by the Company**

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

| <b>Acionista</b>                            | <b>9/30/2014</b>     |                |
|---|----------------------|----------------|
|   | <b>Common shares</b> |                |
|   | <b>Shares</b>        | <b>%</b>       |
| Treasury shares                             | 30,288,991           | 6.95           |
| FUNCEF – Fundação dos Economiários Federais | 25,181,789           | 5.78           |
| Polo  | 23,266,216           | 5.34           |
| Skagen Global                               | 29,307,300           | 6.73           |
| Outstanding shares                          | 327,514,905          | 75.20          |
| <b>Total shares</b>                         | <b>435,559,201</b>   | <b>100.00%</b> |

| <b>Acionista</b>                            | <b>9/30/2013</b>     |                |
|---|----------------------|----------------|
|   | <b>Common shares</b> |                |
|   | <b>Shares</b>        | <b>%</b>       |
| Treasury shares                             | 10,599,486           | 2.44           |
| Polo  | 30,472,246           | 7.00           |
| FUNCEF – Fundação dos Economiários Federais | 23,835,800           | 5.47           |
| Outstanding shares                          | 370,472,875          | 85.09          |
| <b>Total shares</b>                         | <b>435,380,407</b>   | <b>100.00%</b> |

(A free translation from the original in Portuguese into English)

**Gafisa S.A.****2. SHARES HELD BY PARENT COMPANIES, MANAGEMENT AND BOARD**

|   | <b>9/30/2014</b>     |                |
|---|----------------------|----------------|
|   | <b>Common shares</b> |                |
|   | <b>Shares</b>        | <b>%</b>       |
| Shareholders holding effective control of the Company         | 77,755,305           | 17.85          |
| Board of Directors  | 592,609              | 0.14           |
| Executive directors   | 1,643,445            | 0.38           |
| Fiscal council  | -                    | -              |
| Executive control, board members, officers and fiscal council | 79,991,359           | 18.37          |
| Treasury shares   | 30,288,991           | 6.95           |
| Outstanding shares in the market (*)                          | 325,278,851          | 74.68          |
| <b>Total shares</b>   | <b>435,559,201</b>   | <b>100.00%</b> |

|   | <b>9/30/2013</b>     |                |
|---|----------------------|----------------|
|   | <b>Common shares</b> |                |
|   | <b>Shares</b>        | <b>%</b>       |
| Shareholders holding effective control of the Company         | 54,308,046           | 12.47          |
| Board of Directors  | 821,313              | 0.19           |
| Executive directors   | 3,003,328            | 0.69           |
| Fiscal council  | -                    | -              |
| Executive control, board members, officers and fiscal council | 58,132,687           | 13.35          |
| Treasury shares   | 10,599,486           | 2.44           |
| Outstanding shares in the market (*)                          | 366,648,234          | 84.21          |
| <b>Total shares</b>   | <b>435,380,407</b>   | <b>100.00%</b> |

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



(A free translation from the original in Portuguese into English)

**Gafisa S.A.**

**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. 6,404/76, 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.

*(A free translation from the original in Portuguese into English)*

**Gafisa S.A.**

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

To the Shareholders, Board of Directors and Officers

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, 2014, which comprises the balance sheet as at September 30, 2014 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 Brazilian (CPC) 21 – 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 Brazilian (CPC) and approved by the Brazilian Securities 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 from the original in Portuguese into English)*

## **Gafisa S.A.**

### **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 the Brazilian (CPC) and approved by the Brazilian Securities 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, which considers the Technical Orientation - OCPC 04 - Application of technical interpretation ICPC02 to the Brazilian Real Estate Development Entities, issued by the Brazilian (CPC) and approved by the Brazilian Securities Commission (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 prepared in accordance with the IFRS applicable to the real estate development entities also considers the Technical Orientation OCPC04, edited by the Brazilian (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**

#### *Statements of value added*

We have also reviewed the individual and consolidated statement of value added for the nine-month period ended September 30, 2014, prepared under the responsibility of the Company's management, the presentation of which in the interim financial information is required by the rules of the CVM applicable to Quarterly Information (ITR), and as supplementary information under IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, we are not aware of any fact that makes us believe that they were not prepared, in all material respects, according to the individual and consolidated interim financial information taken as a whole.

São Paulo, November 7<sup>th</sup>, 2014

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.**

**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, 19th 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, 2014; and

ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2014.

Sao Paulo, November 7, 2014

GAFISA S.A.

Management



*(A free translation from the original in Portuguese into English)*

**Gafisa S.A.**

**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, 19th 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, 2014; and

ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2014.

Sao Paulo, November 7, 2014

GAFISA S.A.

Management

9/30/2013



