

Gafisa S.A.
Form 6-K
February 27, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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 February, 2014

(Commission File No. 001-33356),

Gafisa S.A.

(Translation of Registrant's name into English)

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

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

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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

GAFISA RELEASES 4Q13 AND 2013 RESULTS

FOR IMMEDIATE RELEASE

São Paulo, February 26, 2014

Gafisa S.A. (Bovespa: GFSA3; NYSE: GFA), Brazil's leading diversified national homebuilder, today reported financial results for the quarter and full year ended December 31, 2013.

MANAGEMENT COMMENTS AND 2013 HIGHLIGHTS

The closing of 2013 marks the completion of the Company's strategic repositioning, which commenced in early 2012. Our goal at the time was clear: we needed to reduce the level of debt and restrict the Company's exposure to unprofitable businesses and markets. This process evolved positively throughout the last two years in several fronts - including improvement in margins and cash generation, and culminated with the sale of a 70% stake in Alphaville, which unlocked significant value and contributed to a reduction in the Company's leverage, adjusting its capital structure.

In the beginning of 2012, significant changes took place to our strategic positioning, including the implementation of a new organizational structure, segmented by brand and with individual business heads, along with a redefinition of the way each business unit should perform. Having achieved the targets set for the initial phase of turnaround, and recognizing that cash flow was no longer a priority, we developed a plan for 2013 which sought to better balance cash generation, investment, profitability and deleveraging, in order to begin a new cycle of sustainable growth at the Company.

Gafisa ended 2013 having achieved solid operational and financial results during the period. Launches of R\$1.6 billion in 4Q13 and R\$2.9 billion in 2013 were in line with the full year launch guidance disclosed. Pre-sales of R\$1.3 billion in the fourth quarter and R\$2.6 billion in 2013 demonstrate ongoing healthy demand. Throughout 2013, the reduced operational complexity, coupled with Gafisa's strategic consolidation and the resumption of Tenda launches, we

observed a gradual evolution in the Company's margins. The gross margin reached 31.2% in 2013, compared to 24.4% in 2012 before interests.

Cash generation was a highlight in 2013, and particularly so in the last half of the year. The Company recorded cash generation of R\$667.6 million in 2013 in both the Gafisa and Tenda operations, reaching free cash flow of R\$97.3 million in the period.

The Alphaville transaction represented a cash inflow of R\$1.5 billion and contributed significantly to the 4Q13 net income, which reached R\$921.3 million and resulted in a year-end figure of R\$ 867.4 million. With the proceeds of the transaction, we were able to adjust the Company's capital structure, reducing leverage, and reaching a net debt/equity ratio of 36%.

The proceeds from the completion of the Alphaville transaction are being used to repay approximately R\$700 million in corporate debt scheduled to mature by December 2014. In addition to the reduction in debt, funds were allocated to the remuneration of the Company's shareholders through the payment of approximately R\$130 million in interest on capital in February and an additional R\$32 million in supplementary dividends to be paid in 2014, according to the proposal to be approved by the Annual General Meeting of Shareholders. We also launched a new stock buyback program, underscoring Gafisa's confidence in the Company's value and future prospects.

Finally, at the end of 2013 we finalized the development of our five-year business plan for the period from 2014 to 2018. During the planning process, we set guidelines for the development of our business for years to come, including the expected size of Gafisa and Tenda operations, appropriate leverage, profitability guidelines, and importantly, our commitment to capital discipline and shareholder value generation, which are reflected in the guidance released to the market at the end of 2013.

Gafisa enters 2014 on a strong footing, having benefited from all the initiatives implemented in the last two years. The reduction of our operational complexity, the adequacy of our cost structure and expenses, the new operating model at Tenda and the consolidation of Gafisa's strategic positioning, coupled with the financial flexibility achieved by the sale of a stake in Alphaville, are all important steps in preparing the Company for future challenges.

On February 7, 2014, we announced that the Board is studying a potential separation of the Gafisa and Tenda business units into two public and independent companies. The separation would be the next step in a comprehensive plan initiated by management to enhance and reinforce the ability of each business to generate value. The management team that executed the turnaround process is now set to lead Gafisa and Tenda in a profitable and sustainable manner, as the brands embark on a new phase in the Company's history.

In 2014, we . We are confident in our Company's prospects in coming years, and are ready to pursue opportunities to grow and develop the business.

Finally, I would like to remind you that this year Gafisa celebrates its 60th year of operations, a milestone in the history of the Brazilian real estate industry. There have been so many achievements during this time, written in the development of over 1,100 buildings, condominiums and commercial properties, but more important is the intensity, determination and passion that we have to continue to move forward.

Congratulations Gafisa!

Duilio Calciolari

Chief Executive Officer – Gafisa S.A.

CONSOLIDATED FINANCIAL RESULTS

Net revenue recognized by the “PoC” method was R\$704.7 million in the fourth quarter, an expansion of 10.6% compared with the previous year and 12.2% compared to 3Q13. In 2013, net revenue reached R\$2.5 billion.

Gross profit for 4Q13 was R\$222.0 million, up from R\$173.5 million in 3Q13 and from the R\$91.5 million registered in 4Q12. Gross margin rose to 31.5% in the fourth quarter, versus 27.6% in the 3Q13 and 16.1% in the 4Q12. For the year 2013, gross profit totaled R\$617.4 million and gross margin was 24.9%, compared to R\$528.8 million and a gross margin of 18.8% in 2012.

Adjusted EBITDA was R\$978.9 million in the 4Q13 and R\$1,3 billion in 2013, reflecting Alphaville operation. Excluding the result of the Alphaville operations, adjusted EBITDA reached R\$138.9 million in the 4Q13 and R\$430.6 million for the year.

Net income in the 4Q13 was R\$921.3 million and R\$867.4 million in 2013, impacted by the recent sale of Alphaville.

Operating cash generation reached R\$259.1 million in the 4Q13 and R\$667.7 million in 2013, resulting in positive free cash flow of R\$178.0 million in the 4Q13 and R\$97.3 million for the year. Note that this result does not include proceeds from the Alphaville transaction.

CONSOLIDATED OPERATING RESULTS

Launches totaled R\$1.6 billion in the 4Q13, a 224.9% sequential increase and an 8.7% y-o-y rise. Launches for 2013 totaled R\$2.9 billion, a slight drop over 2012. This figure is within the range of 2013 launch guidance of R\$2.7 to R\$3.3 billion.

Consolidated pre-sales totaled R\$1.3 billion in the 4Q13, compared to R\$429.0 million in the 3Q13 and R\$905.2 million in the previous year. In 2013 sales reached R\$2.5 billion, dropping 4.5% in relation to 2012. Sales from launches represented 60% of the total, while sales from inventory comprised the remaining 40%.

Consolidated sales over supply (SoS) reached 24.8% in the 4Q13 and 10.6% in the previous quarter. In 2013, SoS reached 38.7%.

Consolidated inventory at market value increased R\$347.7 million on a sequential basis, reaching R\$4.0 billion.

Throughout the 4Q13 the Company delivered 26 projects, encompassing 6,063 units. In the year, Gafisa Group delivered 13,842 units, in line with the full-year delivery guidance of 13,500 to 17,500.

For comparison purposes, the consolidated operating results presented above and throughout this earnings release still include 100% of Alphaville's operating performance in 2013.

ANALYSIS OF RESULTS

Net Income for the Year – R\$867.4 million

Net income for the 4Q13 reached R\$921.3 million and the net result was R\$867.4 million in 2013. Excluding the proceeds from the sale of a stake in Alphaville, net income was R\$81.3 million in 4Q13 and R\$27.4 million in the year.

Below is a brief explanation regarding the main effects that impacted the result quoted above.

| | | |
|---|----------------|----------------|
| Net Income | 921,284 | 867,444 |
| (-) Alphaville 30% Stake Revaluation | (375,853) | (375,853) |
| (-) Net Gain from the Sale of 70% Stake in Alphaville | (464,157) | (464,157) |
| Net Income Ex-Alphaville Sale Operation | 81,274 | 27,434 |

Gross Margin Expansion - Operational Efficiency and Reversal of Provisions

Throughout 2013, the reduced contribution and complexity of Tenda legacy projects, coupled with the consolidation of Gafisa operations in São Paulo and Rio de Janeiro and the resumption of Tenda launches under a new business model, contributed to a gradual improvement in the Company's margins. As the volume of legacy projects diminished, the contribution of newer projects resulted in increased profitability. Reported gross profit increased from R\$158.3 million in 1Q13 to R\$222.0 million at the end of the 4Q13, and gross margin, which was 23.7% at the start of the year, reached 31.5% in 4Q13. The Company ended 2013 with gross income of R\$617.4 million with a gross margin of 24.9%.

In 4Q13, gross margin was impacted by the reversal of provisions for some Gafisa and Tenda construction works totaling around R\$34.2 million. As the Company has been able to improve controls and the management of its operations, provisions intended to cover adjustments to and/or changes in old projects budgets may be reversed at the time the development is completed.

Currently, R\$8.9 million worth of provisions could be reversed as projects are completed.

Alphaville Operations - Result of the Transaction and Revaluation of Stake

The completion of the sale of a stake in Alphaville in the 4Q13 contributed significantly to quarterly results. With the transaction finalized in the 4Q13 and respective cash inflow, net income was impacted as follows: (i) by the final result of the sale of 70% stake in Alphaville, net of taxes and costs, which was R\$464.2 million, and (ii) by the impact of R\$375.8 million related to the revaluation to fair value of the remaining

portion of 30% in Alphaville.

The revaluation of the remaining 30% stake in Alphaville is necessary to comply with CPC 36 (R3), since this determines the write-off in the record of any non-controlling shareholders in the former subsidiary on the date in which control is lost, including any components of other income attributed to them. Furthermore, it should be evaluated and recognized at fair value any investment retained in the former subsidiary, in the date that control is lost.

RECENT EVENTS

Completion of Sale of Stake in Alphaville Urbanismo S.A. (AUSA)

On December 9, 2013 Gafisa announced the completion of the agreement to sell a 70% stake in Alphaville to private equity firms Blackstone and Pátria. Gafisa retained a 30% stake. The sale valued AUSA at R\$2.0 billion.

The proceeds from the transaction totaled R\$1.54 billion, of which R\$1.25 billion was received through the sale of shares, and R\$290 million was received as a dividend distributed by Alphaville. All conditions precedent to the completion of the transaction have been met, including obtaining regulatory approvals from governmental departments.

Payment of Interest on Equity and Share Buyback Program

With the completion of the sale of the Alphaville stake, the Company's Board of Directors, in a meeting held on December 20, 2013, approved the payment of interest on equity to its shareholders in the amount of R\$130,192,095.57, representing R\$0.31112217224 per share. Such payment was effective February 12, 2014.

Additionally, Tenda's Board of Directors also approved a new share buyback program, considering a maximum amount of 32,938,554 common shares from its parent Company, Gafisa, which is in addition to the previous program already effected. 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 obligate the Company to acquire any particular amount of shares in the market. The program may be suspended by Tenda at any time. By February 27, 2014, the program had already acquired approximately 15 million shares, around 47% of the maximum.

On this date, 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, which can repurchase the remaining balance of shares.

Evaluation of a Potential Split of the Gafisa and Tenda Business Units

On February 7, 2014, the Company announced that its Board of Directors approved the analysis by the Company's management of a possible separation of the Gafisa and Tenda business units.

The Board of Directors intends to evaluate the separation studies in the following months, analyzing possible alternatives for structuring and execution that take into consideration a number factors that are in the best interests of shareholders.

The separation would be the next step in a comprehensive plan initiated by management to enhance value creation for the Company and its shareholders.

The main objectives of this separation process are to:

- i. enable shareholders to allocate resources between the two companies according to their interests and investment strategies;
- ii. enable both companies to respond faster to the opportunities in their target markets;
- iii. establish sustainable capital structures for each company, based on its risk profile and strategic priorities;
- iv. give greater visibility to the market on the individual performance of the companies, enabling better assessment of intrinsic value;
- v. increase the ability to attract and retain talent, through the development of appropriate cultures and compensation structures consistent with the specific results of each business.

After initial evaluation and if approved by the Board of Directors, the separation plan will be submitted to a vote by shareholders at a Shareholders Meeting. The transaction should be concluded in 2015, upon request to the Brazilian Securities and Exchange Commission to convert Tenda registration to category A, as a publicly held Company authorized to trade its shares in the market.

The Company will keep its shareholders and the market informed about the process and any developments pertaining to the separation.

Key Numbers for the Gafisa Group

Table 1 – Operating and Financial Highlights – (R\$000, and % Gafisa, unless otherwise specified)

| | | | | | | | |
|--|-----------|-----------|------------|-----------|------------|-----------|------------|
| Launches | 1,619,260 | 498,348 | 224.9% | 1,489,760 | 8.7% | 2,886,204 | 2,950,000 |
| Launches, units | 5,276 | 2,041 | 158.4% | 5,120 | 3.0% | 11,072 | 11,072 |
| Pre-sales | 1,312,944 | 428,994 | 206.1% | 905,241 | 45.0% | 2,513,858 | 2,630,000 |
| Pre-sales, units | 4,785 | 1,902 | 151.6% | 3,097 | 54.5% | 10,187 | 10,187 |
| Pre-sales of Launches | 973,431 | 173,491 | 461.1% | 760,410 | 28.0% | 1,502,867 | 1,720,000 |
| Sales over Supply (SoS) | 24.8% | 10.6% | 1,425 bps | 20.0% | 481 bps | 38.7% | 481 bps |
| Delivered projects | 1,156,700 | 493,794 | 134.2% | 1,327,531 | -12.9% | 2,468,588 | 4,580,000 |
| Delivered projects, units | 6,063 | 3,106 | 95.2% | 9,378 | -35.3% | 13,842 | 20,000 |
| Net Revenue | 704,750 | 628,047 | 12.2% | 567,749 | 24.1% | 2,481,211 | 2,800,000 |
| Gross Profit | 221,999 | 173,503 | 28.0% | 91,457 | 142.7% | 617,445 | 520,000 |
| Gross Margin | 31.5% | 27.6% | 387 bps | 16.1% | 1539 bps | 24.9% | 16.1% |
| Adjusted Gross Margin ¹ | 37.9% | 34.4% | 346 bps | 21.0% | 1684 bps | 31.2% | 21.0% |
| Adjusted EBITDA ² | 978,949 | 140,000 | 599.2% | 10,577 | 9,155.1% | 1,270,639 | 370,000 |
| Adjusted EBITDA Margin ² | 138.9% | 22.3% | 11,662 bps | 1.9% | 13,704 bps | 51.2% | 11,662 bps |
| Adjusted Net Income (Loss) ² | 896,078 | 23,786 | 3,667.2% | -81,615 | 1,199.7% | 885,098 | -50,000 |
| Adjusted Net Margin ² | 127.1% | 3.8% | 12,336 bps | -14.4% | 14,152 bps | 35.7% | 12,336 bps |
| Net Income (Loss) | 921,284 | 15,777 | 5,739.0% | -101,412 | 1,008.5% | 867,443 | -120,000 |
| Net Earnings (Loss) per Share (R\$) | 2.212 | 0.037 | 5,856.1% | -0.234 | 1,043.7% | 2.083 | - |
| Outstanding shares ('000 final) | 416,460 | 424,781 | -2.0% | 432,630 | -3.7% | 416,460 | 430,000 |
| Backlog revenues | 1,795,408 | 1,900,224 | -5.5% | 2,597,696 | -30.9% | 1,795,408 | 2,590,000 |
| Backlog results ³ | 614,135 | 624,313 | -1.6% | 1,449,745 | -57.6% | 614,135 | 1,440,000 |
| Backlog margin ³ | 34.2% | 32.9% | 135 bps | 39.4% | -523 bps | 34.2% | 39.4% |
| Net Debt + Investor Obligations | 1,159,044 | 2,858,095 | -59.4% | 2,396,389 | -51.6% | 1,159,044 | 2,390,000 |
| Cash and cash equivalents | 2,024,163 | 781,606 | 159.0% | 1,567,755 | 29.1% | 2,024,163 | 1,560,000 |
| Shareholder's Equity | 3,190,724 | 2,216,828 | 43.9% | 2,535,445 | 25.8% | 3,190,724 | 2,530,000 |
| Shareholder's Equity + Minority shareholders | 3,214,483 | 2,267,662 | 41.8% | 2,685,829 | 19.7% | 3,214,483 | 2,680,000 |
| Total Assets | 8,183,030 | 8,199,677 | -0.2% | 8,712,569 | -6.0% | 8,183,030 | 8,710,000 |
| (Net Debt + Obligations) / (Equity + Minority) | 36.1% | 126.0% | - | 89.2% | - | 36.1% | 89.2% |

Note: Financial operational unaudited information

1) Adjusted by capitalized interests

2) Adjusted by expenses with stock option plans (non-cash), minority and Alphaville operation results.

3) Backlog results net of PIS/COFINS taxes – 3.65%; and excluding the impact of PVA (Present Value Adjustment) method according to Law nº 11,638

Results by Segment

Table 2 – Main Operational & Financial Numbers - Contribution by Segment – 2013

| | | | | |
|---|------------------|----------------|------------------|------------------|
| Deliveries (PSV R\$000) | 1,311,945 | 878,339 | 278,304 | 2,468,588 |
| Deliveries (% contribution) | 53% | 36% | 11% | 100% |
| Deliveries (units) | 4,315 | 7,027 | 2,500 | 13,842 |
| Launches (R\$000) | 1,085,341 | 338,776 | 1,462,087 | 2,886,204 |
| Launches (% contribution) | 38% | 12% | 51% | 100% |
| Launches (units) | 1,998 | 2,660 | 6,414 | 11,072 |
| Pre-Sales (R\$000) | 961,200 | 490,403 | 1,062,255 | 2,513,858 |
| Pre-Sales (% contr.) | 38% | 20% | 42% | 100% |
| Net Revenues (R\$000)¹ | 1,663,751 | 817,460 | - | 2,481,211 |
| Revenues (% contribution) | 67.1% | 32.9% | - | 100.0% |
| Gross Profit (R\$000)¹ | 552,201 | 65,244 | - | 617,425 |
| Gross Margin (%) | 33.2% | 8.0% | - | 24.9% |
| Adjusted EBITDA² (R\$000) | 1,301,111 | -30,472 | - | 1,270,639 |
| Adjusted EBITDA Margin (%) | 78.2% | -3.7% | - | 51.2% |

1) Alphaville results recognized as available for sale.

2) For purposes of demonstration, this value does not represent the sum of Gafisa + Tenda due to IFRS

Updated Status of the Turnaround Strategy

Gafisa Segment

During 2013, the Gafisa segment consolidated its strategy of focusing on the markets of São Paulo and Rio de Janeiro. The recovery in gross margin reflects the reduced participation of projects outside core markets in Gafisa's results.

At the close of 2013, pro forma backlog revenue for the Gafisa Segment totaled around R\$1.6 billion, of which around R\$8.8 million relates to projects located in discontinued markets. The projects outside core markets comprised only 3 ongoing construction sites and around 1,100 units under construction, whose delivery is scheduled for 2014.

Table 3. Operational Wrap Up - Gafisa Turnaround (R\$000 and units)

Main Indicators

| | | | | | | |
|-----------------------------|-----------|---------|------------------|-----------|---------|------------------|
| PSV in Inventory | 1,827,794 | 272,416 | 2,100,210 | 1,659,206 | 324,888 | 1,983,694 |
| Units in Inventory | 3,049 | 579 | 3,628 | 2,932 | 715 | 3,647 |
| Projects under construction | 46 | 3 | 49 | 52 | 6 | 58 |
| Units to be delivered | 11,532 | 1,100 | 12,632 | 12,542 | 2,456 | 14,998 |
| Cost to be incurred | 1,411,124 | 48,256 | 1,459,380 | 1,673,828 | 273,862 | 1,947,690 |

During the year, the volume of dissolutions reached R\$455.7 million, mostly concentrated in the 1H13, due to the large quantity of units delivered in 2012. As predicted, there was a normalization of cancellations in 2H13, with the last quarter of the year presenting the lowest volume of dissolutions in the last 24 months. Of the total dissolutions for the year, 63.0% refer to completed units and 33.2% to units in non-core markets. Of the 1,263 canceled units for the year, 50.8% were resold in the same period. In the core markets of São Paulo and Rio de Janeiro, 620 units were canceled with 63.4% resold in 2013.

Table 4. Gross Sales and Dissolutions 2011 – 2013 (R\$000) – Gafisa Segment by Region

SP+ RJ

| | | | | | | | | | | | |
|--------------|-----------|----------|----------|-----------|----------|-----------|----------|----------|----------|----------|-----------|
| Gross Sales | 2,333,974 | 340,477 | 519,648 | 453,055 | 543,915 | 1,857,094 | 174,664 | 291,258 | 221,193 | 453,204 | 1,100,000 |
| Dissolutions | (288,933) | (42,264) | (71,194) | (122,727) | (75,181) | (311,365) | (38,499) | (89,652) | (46,683) | (41,443) | (21,000) |
| Net Sales | 2,045,041 | 298,213 | 448,454 | 330,328 | 468,734 | 1,545,729 | 136,165 | 201,606 | 174,510 | 411,761 | 979,000 |

Other Markets

| | | | | | | | | | | | |
|--------------|----------|---------|----------|----------|----------|-----------|----------|----------|----------|----------|-----------|
| Gross Sales | 196,399 | 27,257 | 55,142 | 45,502 | 55,578 | 183,479 | 37,000 | 63,328 | 40,569 | 54,699 | 1,000,000 |
| Dissolutions | (61,351) | (8,768) | (47,213) | (47,840) | (25,860) | (129,681) | (64,801) | (48,023) | (26,363) | (12,003) | (15,000) |

| | | | | | | | | | | | |
|--------------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|-----------|
| Net Sales | 135,048 | 18,489 | 7,929 | (2,338) | 29,718 | 53,798 | (27,801) | 15,305 | 14,206 | 42,696 | |
| Total | | | | | | | | | | | |
| Gross Sales | 2,530,373 | 367,734 | 574,790 | 498,556 | 599,493 | 2,040,574 | 292,689 | 354,585 | 261,762 | 507,903 | 1,454,457 |
| Dissolutions | (350,284) | (51,032) | (118,407) | (170,566) | (101,041) | (441,047) | (191,572) | (137,674) | (73,046) | (53,446) | (45,457) |
| Net Sales | 2,180,089 | 316,702 | 456,383 | 327,990 | 498,452 | 1,599,527 | 101,117 | 216,911 | 188,716 | 454,457 | 999,000 |

While projects located in São Paulo and Rio de Janeiro are performing well, the segment's gross margin in 2013 was impacted by the poorer performance of projects outside core markets. The Company expects more normalized profitability levels from the 1H14. Excluding legacy projects in discontinued markets, the Gafisa Segment gross margin would have been 35.7%.

The sales speed for inventory outside of core markets remains lower than that of sales within core markets, particularly in São Paulo and Rio de Janeiro. The sale of this inventory and the run-off of legacy projects are on schedule and expected to conclude in 2014.

Tenda Segment

The year of 2013 was highlighted by the resumption of Tenda launches under a new business model, based on three basic pillars: operating efficiency, risk management and capital discipline. Currently, the Company continues to operate in 4 macro regions: São Paulo, Rio de Janeiro, Minas Gerais and Northeast (Bahia and Pernambuco). Below is a brief description of the performance of these projects:

Table 5. New Tenda Launches under a New Model

| | mar-13 | mar-13 | may-13 | jul-13 | aug-13 | nov-13 |
|---|--------|--------|--------|--------|--------|--------|
| Launches PSV Launched (R\$000) | 65,145 | 45,903 | 31,220 | 38,563 | 40,842 | 39,713 |
| # Units | 580 | 440 | 240 | 360 | 260 | 300 |
| % PSV Sold (2013) | 100% | 60% | 70% | 76% | 75% | 28% |
| % Transfer / Sale (2013) | 98% | 62% | 73% | 43% | 73% | 49% |

Project

Osasco - SP Camaçari - BA São Paulo - SP Salvador - BA São Paulo - SP Rio de Janeiro - RJ

Table 6. Wrap Up Operational Turnaround Tenda (R\$000 and units)

Main Indicators

| | | | | | | |
|-----------------------------|---------|---------|----------------|---|---------|----------------|
| PSV in Inventory | 127,979 | 490,452 | 618,431 | - | 826,671 | 826,671 |
| Units in Inventory | 913 | 2,963 | 3,876 | - | 5,552 | 5,552 |
| Projects under construction | 7 | 20 | 27 | - | 52 | 52 |
| Units to be delivered | 2,239 | 7,148 | 9,387 | - | 13,579 | 13,579 |
| Cost to be incurred | 110,099 | 111,226 | 221,325 | - | 460,629 | 460,629 |

The new operating model has resulted in a consistent reduction in the level of dissolutions from Tenda during the year. We expect this trend to be maintained over the coming quarters, due to the consolidation of the operational process of its new business model. During the 4Q13, sales cancellations declined to R\$75.1 million from R\$133.7 million in the 3Q13, and to R\$317.6 million in the 4Q12. Since 1Q12, the volume of dissolutions reduced by 77.9%. For the year, the volume of dissolutions reached R\$598.9 million, a decrease of 52.1% compared to the volume of R\$1.2 billion in 2012. In the 1Q14, due to the concentration of the delivery of legacy projects, the volume of dissolutions is expected to be higher than in the 4Q13.

Of the 3,799 units experiencing sales cancellations in the Tenda segment and returned to inventory, 88.5% were resold during the year.

Table 7. Dissolutions – Tenda Segment (4Q11-3Q13) (R\$000)

| | | | | | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| New Projects | | | | | | | | | |
| Gross Sales | - | - | - | - | - | 13,656 | 57,011 | 59,713 | 84,491 |
| Dissolutions | - | - | - | - | - | - | (2,126) | (7,433) | (6,293) |
| Net Sales | - | - | - | - | - | 13,656 | 54,885 | 52,279 | 78,197 |
| Legacy Projects | | | | | | | | | |
| Gross Sales | 248,241 | 249,142 | 344,855 | 293,801 | 287,935 | 225,646 | 270,677 | 223,909 | 154,197 |
| Dissolutions | (467,000) | (339,585) | (329,127) | (263,751) | (317,589) | (232,517) | (155,722) | (126,038) | (68,769) |
| Net Sales | (218,759) | (90,443) | 15,728 | 30,050 | (29,653) | (6,871) | 114,956 | 97,872 | 85,429 |
| Total | | | | | | | | | |
| Canceled Units | 4,444 | 3,157 | 2,984 | 2,202 | 2,509 | 1,700 | 1,172 | 924 | 491 |
| Gross Sales | 248,241 | 249,142 | 344,855 | 293,801 | 287,935 | 239,302 | 327,689 | 283,622 | 238,688 |
| Dissolutions | (467,000) | (339,585) | (329,127) | (263,751) | (317,589) | (232,517) | (157,848) | (133,471) | (75,062) |
| Net Sales | (218,759) | (90,443) | 15,728 | 30,050 | (29,653) | 6,785 | 169,841 | 150,151 | 163,626 |

Tenda remains focused on the completion and delivery of its remaining projects, and is also dissolving contracts with non-eligible clients, so as to sell the units to new and qualified customers. Thus, Tenda's new business model worked to improve its financial cycle, by reducing the average time required to conclude the contract signing, which has been halved from 14 months in 3Q12, to around 6 months in the 4Q13. Taking into account only projects launched within the new business model, the average time is 4 months.

The run-off of legacy projects is on schedule and shall be mostly concluded in 2014. The final phase of Tenda legacy projects ended 2013 with around 7 thousand units to be delivered.

Table 8. Run-off of Tenda Legacy Projects - Construction Sites and Evolution of Units Under Development (1Q14-4Q14)

| | | | | |
|---------|-------|-------|-----|-------|
| # units | 3,351 | 1,493 | 604 | 1,700 |
|---------|-------|-------|-----|-------|

At the close of 4Q13 pro forma backlog revenue for the Tenda Segment totaled around R\$253.1 million, being R\$166.2 million related to legacy projects, compared to R\$555 million in 4Q12.

Table 9. Evolution of Legacy Projects at Tenda – (4Q11-4Q13)

| | | | | | | | | | |
|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| New Projects | | | | | | | | | |
| Finished PSV | 0 | 0 | 0 | 0 | 0 | 101,132 | 86,611 | 122,815 | 127,979 |
| PSV Under construction | 0 | 0 | 0 | 0 | 0 | - | - | - | 10,379 |
| Legacy Projects | | | | | | | | | |
| | 932,503 | 915,036 | 838,261 | 764,589 | 826,671 | 671,860 | 593,088 | 591,972 | 490,452 |

| | | | | | | | | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| PSV Delivered Units | 43,397 | 72,404 | 76,872 | 63,728 | 211,924 | 279,037 | 303,520 | 343,280 | 312,854 |
| PSV Under Construction | 889,105 | 842,632 | 761,389 | 700,861 | 614,747 | 392,823 | 289,568 | 248,692 | 177,599 |
| Total | 932,503 | 915,036 | 838,261 | 764,589 | 826,671 | 772,992 | 679,699 | 714,787 | 618,431 |
| PSV Delivered Units | 43,397 | 72,404 | 76,872 | 63,728 | 211,924 | 279,037 | 303,520 | 343,280 | 323,233 |
| PSV Under Construction | 889,105 | 842,632 | 761,389 | 700,861 | 614,747 | 493,955 | 376,180 | 371,507 | 295,199 |

Consolidated Operating Results

Consolidated Launches

Fourth quarter 2013 launches reached R\$1.6 billion, an increase of 224.9% compared to 3Q13, and 8.7% over the 4Q12. Launches for 2013 totaled R\$2.9 billion, down 2.2% over 2012. The launched volume is in line with the launch guidance presented by the Company in the beginning of the year of R\$2.7 to R\$3.3 billion.

37 projects/phases were launched across 11 states in 2013. In terms of PSV, Gafisa accounted for 38% of the launches for the year, Tenda 12% and Alphaville the remaining 50%.

Table 10. Consolidated Launches (R\$000)

| | | | | | | | | |
|--------------------|------------------|----------------|---------------|------------------|-------------|------------------|------------------|--------------|
| Gafisa Segment | 679,154 | 107,248 | 533,3% | 813,767 | -16,5% | 1,085,341 | 1,608,648 | -32,5% |
| Alphaville Segment | 851,726 | 287,455 | 196,3% | 675,993 | 26,0% | 1,462,087 | 1,343,313 | 8,8% |
| Tenda Segment | 88,379 | 103,644 | -14,7% | - | 0,0% | 338,776 | - | 0,0% |
| Total | 1,619,260 | 498,348 | 224,9% | 1,489,760 | 8,7% | 2,886,204 | 2,951,961 | -2,2% |

Consolidated Pre-Sales

In the quarter, consolidated pre-sales totaled R\$1.3 billion, an expansion of 206.0% compared to 3Q13, and 45.0% versus 4Q12. In 2013, sales from launches represented 60% of the total, while sales from inventory comprised the remaining 40%.

Table 11. Consolidated Pre-Sales (R\$000)

| | | | | | | | | |
|--------------------|------------------|----------------|---------------|----------------|--------------|------------------|------------------|--------------|
| Gafisa Segment | 454,457 | 188,716 | 140.8% | 498,452 | -8.8% | 961,200 | 1,599,528 | -39.9% |
| Alphaville Segment | 694,861 | 90,127 | 671.0% | 436,442 | 59.2% | 1,062,255 | 1,107,893 | -4.1% |
| Tenda Segment | 163,626 | 150,151 | 9.0% | -29,653 | -651.8% | 490,403 | -74,318 | - |
| Total | 1,312,944 | 428,994 | 206.1% | 905,241 | 45.0% | 2,513,858 | 2,633,104 | -4.5% |

Consolidated Sales over Supply (SoS)

Consolidated sales over supply (SoS) expanded 24.8% in the 4Q13 and 10.6% in the previous quarter. Gafisa Group consolidated sales speed of launches reached 38.7% in the year.

Table 12. Consolidated Sales over Supply (SoS)

| | | | | | | | | |
|--------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Gafisa Segment | 17.8% | 9.2% | 93.5% | 20.1% | -11.4% | 31.4% | 44.6% | -29.7% |
| Alphaville Segment | 35.5% | 7.9% | 351.4% | 35.0% | 1.4% | 45.6% | 57.7% | -20.9% |
| Tenda Segment | 20.9% | 17.4% | 20.5% | -3.7% | -662.4% | 44.2% | -9.9% | -547.7% |
| Total | 24.8% | 10.6% | 134.9% | 20.0% | 24.0% | 38.7% | 42.1% | -8.1% |

Dissolutions

The Company has been achieving a consistent reduction in the level of dissolutions since the end of 2011, with quarterly dissolutions declining approximately 68.6% from R\$573.8 million in 4Q11 to R\$180.1 million in 4Q13. As expected, the most notable improvement occurred in Tenda, due to the implementation of its new business model, which, by conditioning the completion of the sale on the effective unit transfer, has shown significant improvement in the level of cancellations: since 4Q11 the Company achieved a 84.0% reduction in dissolutions. The Gafisa segment, in turn, also achieved a substantial reduction, with dissolutions declining 26.8% on a sequential basis and 52.5% compared to the previous year.

History of Dissolutions (R\$ million)

Of the 5,062 Gafisa and Tenda segment units that were canceled and returned to inventory in 2013, 79.1% were resold in the same year.

Projects & Unit Deliveries

The Company delivered 26 projects encompassing 6,063 units in the fourth quarter, with 1,110 units stemming from the Gafisa segment, 3,487 from Tenda and the remaining 1,466 from Alphaville. The delivery date is based on the "Delivery Meeting" that takes place with customers, and not upon physical completion, which is prior to the delivery meeting. In 2013, projects delivered by the Gafisa Group comprised 13,842 units, equating to 89% of the mid-range of full-year delivery guidance of 13,500 to 17,500 for the year.

Inventory

The Gafisa Group inventory at market value increased R\$347.7 million at the end of 4Q13, reaching R\$4.0 billion. The market value of Gafisa inventory, which represents 52% of total inventory, increased to R\$2.1 billion at the end of 4Q13, compared to R\$1.9 billion in the previous quarter. The market value of Alphaville inventory was R\$1.3 billion at the end of the 4Q13, a 19.6% increase compared to the 3Q13. Tenda inventory was valued at R\$618.4 million at the end of 2013, compared to R\$714.8 million at the end of the 3Q13.

Table 13. Inventory at Market Value (R\$000)

| | | | | | |
|--------------------|------------------|------------------|----------------|------------------|---------------|
| Gafisa Segment | 1,863,859 | 679,154 | 53,446 | 454,457 | 11,654 |
| Alphaville Segment | 1,057,405 | 851,726 | 51,637 | 694,861 | 50,842 |
| Tenda Segment | 714,788 | 88,379 | 75,062 | 163,626 | - 21,110 |
| Total | 3,636,052 | 1,619,260 | 180,145 | 1,312,944 | 41,386 |

Table 14. Inventories at Market Value - Construction Status (R\$000)

| | | | | | | | |
|--------------------|---------|----------------|----------------|------------------|----------------|----------------|------------------|
| Gafisa Segment | 313,867 | 313,867 | 449,392 | 841,152 | 216,676 | 279,123 | 2,100,210 |
| Alphaville Segment | | - - | 448,640 | 250,615 | 407,366 | 158,492 | 1,265,113 |
| Tenda Segment | 44,153 | 48, | 31,484 | 145,798 | 73,763 | 323,333 | 618,431 |
| Total | | 358,021 | 929,516 | 1,237,565 | 697,805 | 760,848 | 3,983,754 |

¹ Note: Inventory at market value includes projects with partners. The figure is not comparable to the accounting inventory due to the new accounting consolidation implemented on behalf of CPCs 18, 19 and 36.

Additional information concerning Gafisa Group inventories can be found in the appendix to this release.

Landbank

Gafisa's consolidated landbank, with a PSV of approximately R\$25.8 billion, is comprised of 153 different projects/phases that are located in core market regions. In line with the Company's strategy, 37.0% of our landbank has been acquired through swaps – which require no cash obligation. During 2013, Gafisa expanded its landbank to support future growth plans with acquisitions totaling R\$7.2 billion in PSV.

Table 15. Landbank – 4Q13

| | | | | | | |
|--------------------|-------------------|--------------|--------------|-------------|----------------|----------------|
| Gafisa Segment | 6,478,182 | 38.5% | 37.7% | 0.8% | 11,657 | 12,990 |
| Alphaville Segment | 16,921,266 | 100.0% | - | 100.0% | 89,730 | 150,849 |
| Tenda Segment | 2,427,604 | 25.8% | 20.9% | 4.9% | 20,018 | 20,018 |
| Total | 25,827,052 | 37.0% | 34.3% | 2.7% | 121,404 | 183,857 |

The table below summarizes changes in the Company's landbank during the 4Q13.

Table 16. Changes in the Landbank – 4Q13

| | | | | | |
|--------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Gafisa Segment | 5,343,612 | 1,565,232 | -1,085,341 | 654,679 | 6,478,182 |
| Alphaville Segment | 11,434,261 | 6,520,000 | -1,462,087 | 429,092 | 16,921,266 |
| Tenda Segment | 1,890,796 | 478,927 | -338,776 | 396,656 | 2,427,604 |
| Total | 18,668,669 | 8,564,159 | -2,886,204 | 1,480,427 | 25,827,052 |

The adjustments of the period reflect updates related to project scope, expected release date and inflationary adjustments to landbank for the period.

Consolidated Financial Results

Fourth-quarter Alphaville results are recognized in the Equity Method line. Reported results for 4Q13 reflect 100% of the financial results of Alphaville until November 30, 2013, and a 30% participation thereafter. For the other periods presented, the results reflect the eligible equity interest in each instance.

Revenues

On a consolidated basis, 4Q13 net revenues totaled R\$704.7 million, an increase of 12.2% compared with the 3Q13 and 24.1% compared with the 4Q12. The result reflects high inventory sales during the 4Q13. For 2013, net revenue reached R\$2.5 billion, a decrease of 11.5% compared to 2012, impacted by the lower launch volumes in Gafisa and Tenda's net revenue reduction from the delivery of Tenda legacy projects. New launches are still in the final stages of revenues.

During the 4Q13, the Gafisa segment accounted for 69.5% of net revenues, while Tenda comprised the remaining 30.5%. In 2013 Gafisa accounted for 67.1% of revenues, while Tenda contributed the remainder. The below table presents detailed information on the makeup of revenues.

Table 17. Gafisa + Tenda - Pre-Sales and Recognized Revenues, by Launch Year (R\$000)

| | | | | | | | | |
|---------------------|---------------------|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gafisa | Launches 2013 | 264,049 | 58% | 42,736 | 9% | - | - | - |
| | Launches 2012 | 51,300 | 11% | 66,402 | 14% | 370,157 | 74% | 59,321 |
| | Launches 2011 | 44,776 | 10% | 172,452 | 35% | 35,598 | 7% | 86,727 |
| | Launches ≤ 2010 | 94,332 | 21% | 208,263 | 42% | 92,697 | 19% | 219,328 |
| | Landbank | - | 0% | - 0 | 0% | - | - | 8,346 |
| | Total Gafisa | 454,457 | 100% | 489,853 | 100% | 498,452 | 100% | 373,728 |
| Tenda | Launches 2013 | 74,587 | 46% | 42,927 | 20% | - | - | - |
| | Launches 2012 | - | - | - | - | - | - | - |
| | Launches 2011 | 12,419 | 8% | 33,321 | 16% | -16,156 | 54% | 7,418 |
| | Launches ≤ 2010 | 76,620 | 47% | 115,557 | 54% | -13,497 | 46% | 167,684 |
| | Landbank | - | 0% | 23,092 | 11% | - | - | 18,923 |
| | Total Tenda | 163,626 | 100% | 214,897 | 100% | -29,653 | 29,653 | 100% |
| Consolidated | Launches 2013 | 338,636 | 55% | 85,663 | 12% | - | - | - |
| | Launches 2012 | 51,300 | 8% | 66,402 | 9% | 370,157 | 79% | 59,321 |
| | Launches 2011 | 57,195 | 9% | 205,774 | 29% | 19,441 | 4% | 94,145 |
| | Launches ≤ 2010 | 170,952 | 28% | 323,820 | 47% | 79,201 | 17% | 387,011 |
| | Landbank | - | 0% | 23,091 | 3% | - | - | 27,269 |
| | Total | Total Gafisa Group | 618,083 | 100% | 704,750 | 100% | 468,799 | 100% |

Additional information on the composition of Gafisa Group revenues can be found in the appendix to this earnings release.

Gross Profit

Gross profit for the period was R\$222.0 million, an increase of 28.0% compared with R\$173.5 million registered in 3Q13 and a 142.7% rise y-o-y from R\$91.5 million in the 4Q12. Gross margin in the quarter reached 31.5%, an increase of 3.9 percentage points from the previous quarter. For 2013, gross profit was R\$617.4 million and gross margin reached R\$ 24.9% against R\$528.3 million with a margin of 18.8% reported in 2012. Still, 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 higher margins. The increased contribution of more profitable projects to consolidated results can be observed throughout 2013.

Additionally, gross margin in 4Q13 benefited from the reversal of provisions for some construction works totaling R\$34.2 million. As the Company has been able to achieve greater control of its operations, provisions which were intended to cover adjustments to and/or changes in old projects budgets may be reversed at the time the developments are completed.

Table 18. Gafisa + Tenda - Gross Margin (R\$000)

| | | | | | | | | |
|---------------------|----------------|----------------|--------------|---------------|---------------|----------------|----------------|--------------|
| Gross Profit | 221,999 | 173,503 | 28.0% | 91,547 | 142.5% | 617,445 | 528,282 | 16.9% |
| Gross Margin | 31.5% | 27.6% | 387 bps | 16.1% | 1539 bps | 24.9% | 18.8% | 605 bps |

Additional information regarding the breakdown of the Gafisa Group gross margin can be found in the appendix to this earnings release.

Selling, General, And Administrative Expenses (SG&A)

SG&A expenses totaled R\$130.1 million in the 4Q13, a 9.2% decrease when compared with the R\$143.4 reported in 4Q12 and 28.4% increase versus the 3Q13. This increase between the 3Q13 and 4Q13 reflects the adjustment in the provision for bonuses, which is usually held in the last quarter of the year, when the bonus metrics are checked against the closure of the financial statements. Excluding the bonus provision, general and administrative expenses decreased 7.6% compared to 3Q13 and 22.7% compared to 4Q12.

In 2013, selling, general and administrative expenses totaled R\$449.7 million, a decrease of 7.1% compared to 2012, reflecting strategies to realign costs to the Company's current size and the phase of its business cycle.

Selling expenses reached R\$53.9 million in the 4Q13, a 16.7% increase compared to 3Q13 due to the increased volume of launches held in 4Q13. On a y-o-y basis, selling expenses decreased 24.1%, despite launches in the 4Q13 being quite similar to those recorded in the 4Q12. Selling expenses totaled R\$215.6 million in the year, a decrease of 6.9% compared to the R\$231.7 million recorded in 2012.

Despite the resumption of Tenda new projects and equilibrium in the consolidated volume of launches in the year, the Company managed to reduce overall selling expenses due to the effectiveness of the sales process through its own Tenda stores, which allowed for greater control and efficiency in this line.

Table 19. Gafisa + Tenda - SG&A Expenses (R\$000)

| | | | | | | | | |
|--------------------------------|----------------|----------------|--------------|----------------|--------------|------------------|------------------|---------------|
| Selling Expenses | 53,857 | 46,165 | 16.7% | 70,999 | -24.1% | 215,649 | 231,746 | -6.9% |
| General & Administ. Expenses | 76,264 | 55,155 | 38.3% | 72,373 | 5.4% | 234,023 | 252,208 | -7.2% |
| Total SG&A Expenses | 130,121 | 101,320 | 28.4% | 143,372 | -9.2% | 449,672 | 483,954 | -7.1% |
| Launches | 1,619,260 | 498,348 | 224.9% | 1,489,760 | 8.7% | 2,886,204 | 2,951,961 | -2.2% |
| Net Pre-Sales | 1,312,944 | 428,994 | 206.1% | 905,241 | 45.0% | 2,513,858 | 2,633,104 | -4.5% |
| Net Revenue | 704,750 | 628,047 | 12.2% | 567,749 | 24.1% | 2,481,211 | 2,805,086 | -11.5% |

With the turnaround cycle process virtually complete, the Company is seeking greater stabilization in its cost and expense structure and SG&A. In 2013 it already achieved a 7.1% reduction year-over-year. In 2014, the Company is seeking to improve productivity and increase efficiency in its operations.

Table 20. Gafisa + Tenda - SG&A / Launches (%)

| | | | | | | | | |
|------------------|------|------|----------|------|----------|------|------|---------|
| Sales / Launches | 3.3% | 9.3% | -594 bps | 4.8% | -144 bps | 7.5% | 7.9% | -38 bps |
|------------------|------|------|----------|------|----------|------|------|---------|

| | | | | | | | | |
|-----------------------|------|-------|-----------|------|----------|-------|-------|---------|
| G&A / Launches | 4.7% | 11.1% | -636 bps | 4.9% | -15 bps | 8.1% | 8.5% | 44 bps |
| Total SG&A / Launches | 8.0% | 20.3% | -1230 bps | 9.6% | -159 bps | 15.6% | 16.4% | -81 bps |

Table 21. Gafisa + Tenda - SG&A / Pre-Sales (%)

| | | | | | | | | |
|-----------------------|------|-------|-----------|-------|----------|-------|-------|---------|
| Sales / Pre-Sales | 4.1% | 10.8% | -666 bps | 7.8% | -374 bps | 8.6% | 8.8% | -22 bps |
| G&A / Pre-Sales | 5.8% | 12.9% | -705 bps | 8.0% | -219 bps | 9.3% | 9.6% | -27 bps |
| Total SG&A/ Pre-Sales | 9.9% | 23.6% | -1371 bps | 15.8% | -593 bps | 17.9% | 18.4% | -49 bps |

Table 22. Gafisa + Tenda - SG&A / Net Revenue (%)

| | | | | | | | | |
|-------------------------|-------|-------|---------|-------|----------|-------|-------|--------|
| Sales / Net Revenue | 7.6% | 7.4% | 29 bps | 12.5% | -486 bps | 8.7% | 8.3% | 43 bps |
| G&A / Net Revenue | 10.8% | 8.8% | 204 bps | 12.7% | -193 bps | 9.4% | 9.0% | 44 bps |
| Total SG&A/ Net Revenue | 18.5% | 16.1% | 233 bps | 25.3% | -679 bps | 18.1% | 17.3% | 87 bps |

Additional information on Gafisa Group Selling, General and Administrative Expenses can be found in the appendix to this earnings release.

Management & Board Compensation

In the periods ended December 31, 2013 and 2012, the amounts related to the managers' compensation are stated as follows:

Table 23. Management Compensation Gafisa + Tenda (R\$000)

| | | | |
|------------------------------|--------------|--------------|------------|
| | | | |
| Number of members | 9 | 7 | 3 |
| Fixed annual compensation | 1,899 | 4,872 | 166 |
| Salaries | 1,852 | 4,485 | 166 |
| Direct and indirect benefits | 47 | 387 | - |
| Monthly compensation | 158 | 406 | 14 |
| Total compensation | 1,899 | 4,872 | 166 |
| Profit sharing | - | 11,617 | - |
| | | | |
| Number of members | 9 | 8 | 3 |
| Fixed annual compensation | 1,791 | 5,113 | 138 |
| Salaries | 1,772 | 4,834 | 138 |
| Direct and indirect benefits | 19 | 279 | - |
| Monthly compensation | 149 | 426 | 11 |
| Total compensation | 1,791 | 5,113 | 138 |
| Profit sharing | - | 9,800 | |

Table 24. Profit Sharing

| | | |
|---------------------|---------------|---------------|
| | | |
| Executive Officers | 11,617 | 9,800 |
| Other employees | 48,034 | 54,211 |
| Alphaville for Sale | - | -16,302 |
| Total | 59,651 | 47,709 |

Consolidated Adjusted EBITDA

Adjusted EBITDA totaled R\$978.9 million in 4Q13, driven by the completion of the Alphaville sale in early December. Excluding the result related to Alphaville transaction, adjusted EBITDA reached R\$138.9 million in 4Q13, stable when compared with the R\$140.0 million from the previous quarter. Under the same

criteria, adjusted EBITDA margin reached 19.7%, compared to a margin of 22.3% recorded in the 3Q13.

For the year 2013, adjusted EBITDA reached R\$1.3 billion. Excluding the effect of the Alphaville transaction, income reached R\$430.6 million with an EBITDA margin of 17.4% compared to EBITDA of R\$379.0 million and a margin of 13.5% in 2012.

In 2013, despite a scenario of decreased net revenues, the Company's operating performance benefited from an 18.1% decrease in its operating costs, and also from the reduction of R\$34.3 million in SG&A, or 7.1% million lower than last year.

Table 25. Gafisa + Tenda + Alphaville - Consolidated Adjusted EBITDA (R\$000)

| | | | | | | | |
|---|----------|---------|---------------|----------|---------------|-----------|-----|
| Net Income (Loss) | 921,284 | 15,778 | 5,739.0% | -101,412 | 1,008.5% | 867,443 | - |
| (+) Financial results | 31,190 | 48,485 | -35.7% | 34,685 | -10.1% | 162,503 | - |
| (+) Income taxes | 58,476 | 7,018 | 733.2% | -5,173 | 1,230.4% | 78,926 | - |
| (+) Depreciation & Amortization | 24,441 | 18,142 | 34.7% | 34,756 | -29.7% | 63,014 | - |
| (+) Capitalized interests | 44,875 | 42,569 | 5.4% | 27,925 | 60.7% | 157,211 | - |
| (+) Expenses w/ stock options | 3,704 | 4,170 | -11.2% | 4,101 | -9.7% | 17,419 | - |
| (+) Minority shareholders | -28,909 | 3,838 | -853.2% | 15,696 | -284.2% | 235 | - |
| Adjusted EBITDA | 978,949 | 140,000 | 599.2% | 10,577 | 9,155.1% | 1,270,639 | 3 |
| Net revenue | 704,750 | 628,047 | 12.2% | 567,750 | 24.1% | 2,481,211 | 2,8 |
| Adjusted EBITDA Margin | 138.9% | 22.3% | 11,662 bps | 1.9% | 13,704 bps | 54.3% | |
| (-) Net Result Alphaville Transaction | -464,157 | - | - | - | - | -464,157 | |
| (-) Revaluation at Fair Value of Alphaville | -375,853 | - | - | - | - | -375,853 | |
| Adjusted EBITDA Ex-Alphaville Transaction | 138,939 | 140,000 | 90.5% | 10,577 | 1,213.6% | 430,629 | 3 |
| Adjusted EBITDA Margin Ex-Alphaville Transaction | 19.7% | 22.3% | -260bps | -10.7% | 3,040 bps | 17.4% | |

EBITDA adjusted by expenses associated with stock option plans, as this is an entry, non-cash expense.

Additional information on the EBITDA for each of the Company's operating segments can be found in the appendix to this earnings release.

Depreciation and Amortization

Depreciation and amortization in the 4Q13 reached R\$24.4 million, and R\$63.0 million for the year 2013, lower than the R\$80.2 million recorded in 2012 due to lower amortization related to the Company's sales booths.

Financial Results

Net financial expenses totaled R\$31.2 million in 4Q13, an improvement compared to the net negative result of R\$48.5 million in 3Q13 and R\$34.7 million in 4Q12. Financial revenues totaled R\$28.4 million, a 77.8% y-o-y increase due to the higher interest rates in the period. Financial expenses reached R\$59.6 million, compared to R\$50.7 million in the 4Q12, also impacted by the higher average interest rates in the period coupled with the effect of mark-to-market adjustments and derivative transactions.

For the year, net financial results ended 2013 with a negative result of R\$162.5 million against R\$180.3 million in 2012.

Taxes

Income taxes, social contribution and deferred taxes for 4Q13 amounted to R\$17.6 million. During the year, total income taxes, social contribution and deferred taxes totaled R\$2.8 million.

The revaluation at fair value of the remaining stake in Alphaville resulted in the constitution of deferred income tax liability attributable to the income from the revaluation totaling R\$ 127.8 million. Still, taking into consideration the result in 2013, the new future profitability and the Company's taxable income for years to come, a deferred income tax asset in the amount of R\$180.6 million was constituted in 4Q13, which was offset by the deferred income tax liability, generating a net effect in the result of approximately R\$ 20.9 million.

Regarding the sale transaction of 70% stake in Alphaville, the tax calculated on the capital gain was R\$ 76.1 million.

Net Income

Gafisa Group ended the 4Q13 with net income of R\$921.3 million. Excluding the effects of the Alphaville transaction, the Company's net income was R\$81.3 million in the quarter and R\$27.4 million in 2013, compared to a net loss of R\$127.0 million in 2012.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R\$614.1 million in the 4Q13. The consolidated margin for the quarter was 34.2%, an increase of 130 bps compared to the result posted in 3Q13. The table below shows the backlog margin by segment:

Table 26. Results to be recognized (REF) by company (R\$000)

| | | | | |
|-------------------------------------|----------------|---------------|----------------|----------------|
| Revenues to be recognized | 1,550,618 | 244,789 | 1,795,408 | 1,137,804 |
| Costs to be recognized (units sold) | -1,003,272 | -178,001 | -1,181,273 | -550,343 |
| Results to be Recognized | 547,346 | 66,789 | 614,134 | 587,461 |
| Backlog Margin | 35.3% | 27.3% | 34.2% | 51.6% |

Note: Revenues to be recognized are net of PIS/Cofins (3.65%); excludes the PVA (Present Value Adjustment) method introduced by Law n° 11,638

The amounts include projects still under suspension clause.

Table 27. Gafisa + Tenda - Results to be recognized (REF) (R\$000)

| | | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|---------------|
| Revenues to be recognized | 1,795,408 | 1,900,224 | -5.5% | 2,597,696 | -30.9% |
| Costs to be recognized (units sold) | -1,181,273 | -1,275,911 | -7.4% | -1,709,271 | -30.9% |
| Results to be Recognized | 614,134 | 624,313 | -1.6% | 888,425 | -30.9% |
| Backlog Margin | 34.2% | 32.9% | 135 bps | 34.2% | 1 bps |

Note: It is included in the gross profit margin and not included in the backlog margin: Present Value Adjustment (PVA) on receivables, revenue related to swaps, revenue and cost of services rendered, PVA over property (land) debt, cost of swaps and provision for guarantees.

GAFISA SEGMENT

Focuses on residential developments within the upper, upper-middle, and middle-income segments, with unit prices exceeding R\$250,000.

Gafisa Segment Launches

Fourth-quarter launches reached R\$679.1 million and comprised 7 projects/phases in the city of São Paulo, Rio de Janeiro, Campinas and Osasco, a sharp increase when compared to R\$107.2 million recorded in the previous quarter, and a reduction of 16.5% when compared to the 4Q12. In 2013, launches reached R\$1.1 billion, a 32.5% drop versus the same period of the previous year.

Additional information on Gafisa segment launches can be found in the appendix to this earnings release.

Gafisa Segment Pre-Sales

Fourth-quarter gross pre-sales totaled R\$507.9 million, a 93.6% increase compared to 3Q13. Net pre-sales reached R\$454.4 million in 4Q13, a 140.8% increase compared to 3Q13 and 8.8% decline y-o-y. Sales from launches during the year represented 45% of the total, while sales from inventory comprised the remaining 55%. In the 4Q13, sales speed was 17.8%, compared to 9.2% in 3Q13, and 20.1% in the 4Q12. The sales speed of Gafisa segment launches was 38% for the year.

The volume of dissolutions in the 4Q13 was R\$53.4 million, a 26.8% decrease relative to the 3Q13. Of the 1,263 Gafisa segment units canceled and returned to inventory, 50.8% were resold in 2013. In the core markets of Sao Paulo and Rio de Janeiro, 620 units were canceled, with 63.4% already resold.

Additional information on Gafisa segment pre-sales can be found in the appendix to this earnings release.

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Gafisa Vendas

During the 4Q13, Gafisa Vendas – an independent sales unit of the Company, with operations in Sao Paulo and Rio de Janeiro, focused on selling inventory - was responsible for 46.6% of gross sales in the period.

In 2013, Gafisa Vendas participation was 50.3%. Gafisa Vendas currently has a team of 610 highly trained, dedicated consultants, combined with an online sales force.

Gafisa Segment Delivered Projects

During 2013, Gafisa delivered 22 projects/phases and 4,315 units, reaching 102% of the mid-range of full-year guidance of 3,500 to 5,000 units for the brand.

Table 28- Gafisa Segment Delivered Projects

| | | | | | | | | |
|------------------------------|---------|---------|--------|---------|--------|-----------|-----------|--------|
| PSV Transferred ¹ | 295,487 | 243,274 | 21.5% | 237,282 | 24.5% | 973,497 | 1,030,838 | -5.6% |
| Delivered Projects | 6 | 6 | - | 17 | -64.7% | 22 | 44 | -50.0% |
| Delivered Units Entregues | 1,110 | 1,477 | -24.8% | 2770 | -59.9% | 4,315 | 7,505 | -42.5% |
| Delivered PSV ² | 480,460 | 373,144 | 28.8% | 648,445 | -25.9% | 1,328,638 | 2,298,474 | -42.2% |

Note: 1– PSV refers to potential sales value of the units transferred to financial institutions. 2– PSV refers to potential sales value of delivered units.

Additional information of Gafisa segment delivered projects can be found in the appendix to this earnings release.

Gafisa Segment Landbank

Gafisa segment landbank, with a PSV of approximately R\$6.5 billion, is comprised of 34 different projects/phases located exclusively in core markets. Amounting to nearly 13 thousand units, 75% are located in São Paulo and 25% in Rio de Janeiro. In line with the Company's strategy, 38.5% of the landbank was acquired through swaps, which do not require cash obligations. During the 2013, Gafisa expanded its landbank to support future launching projections with acquisitions totaling R\$1.1 billion in PSV.

Table 29 –Gafisa Segment Landbank – 4Q13

| | | | | | | |
|-----------|-----------|-------|-------|------|-------|--------|
| São Paulo | 4,867,242 | 27.4% | 26.3% | 1.1% | 9,764 | 11,094 |
|-----------|-----------|-------|-------|------|-------|--------|

| | | | | | | |
|----------------|------------------|--------------|--------------|-------------|---------------|---------------|
| Rio de Janeiro | 1,610,940 | 69.5% | 69.5% | - | 1,892 | 1,896 |
| Total | 6,478,182 | 38.5% | 37.7% | 0.8% | 11,657 | 12,990 |

Inventory

In 2013, the Company maintained its focus on inventory reduction initiatives. Accordingly, inventory represented 55% of total sales in 2013. The market value of Gafisa segment inventory was stable at R\$2.1 billion at the end of the 4Q13. The inventory of finished units outside core markets was R\$272.4 million or 13% of the total. In the same period, inventory of finished units comprised R\$279.1 million, representing 13% of the total inventory. Of this amount, inventory from projects launched outside core markets totaled R\$205.8 million.

Table 30. Inventory at Market Value 4Q13 x 3Q13 (R\$000) – Gafisa Segment by Region

| | | | | | |
|---------------------|------------------|---------|--------|----------|------------|
| São Paulo | 1,163,449 | 648,172 | 30,497 | -418,564 | 12,098 |
| Rio de Janeiro | 379,607 | 30,982 | 10,946 | -34,641 | 5,247 |
| Other | 320,803 | - | 12,002 | -54,698 | -5,690,690 |
| Total Gafisa | 1,863,859 | 679,154 | 53,446 | -507,903 | 11,654 |

Note: 1) BoP beginning of period – 2Q13. 2) EoP end of period – 3Q13. 3) % Change 3Q13 versus 2Q13. 4) 3Q13 sales speed. 5) projects canceled during the period.

Table 31. Inventory at Market Value – Construction Status (R\$000)

| | | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| São Paulo | 298,562 | 350,446 | 577,727 | 159,539 | 49,379 | 1,435,653 |
| Rio de Janeiro | 15,305 | 98,946 | 226,774 | 27,180 | 23,936 | 392,141 |
| Other | - | - | 36,651 | 29,957 | 205,808 | 272,416 |
| Gafisa | 313,867 | 449,392 | 841,152 | 216,676 | 279,123 | 2,100,210 |

¹ Note: Inventory at market value includes projects with partners. The figure is not comparable to the accounting inventory due to the new accounting consolidation implemented on behalf of CPCs 18, 19 and 36.

TENDA SEGMENT

Focuses on affordable residential developments, with unit prices between R\$100.000 and R\$250.000.

Tenda Segment Launches

Having achieved control of both the operational and financial cycle, the Tenda brand resumed launches in 2013. Fourth-quarter launches totaled R\$88.5 million and included 2 projects/phases in the cities of Sao Paulo and Rio de Janeiro. In 2013, Tenda launched 8 projects encompassing R\$338.8 million. The brand accounted for 12% of consolidated launches in 2013.

In the appendix to this release, you will find more information about the Tenda segment launches.

Tenda Segment Pre-Sales

During the 4Q13, net pre-sales totaled R\$163.6 million. Sales from units launched in 2013 represented 44% of total contracted sales. Sales from inventory accounted for the remaining 56%.

All new projects under the Tenda brand are being developed in phases, in which all pre-sales are contingent upon the ability to pass mortgages onto financial institutions. Launches in 2013 totaled R\$338.8 million, and all were launched within the confines of Tenda's new business model. Sales of R\$217.4 million were registered, of which R\$122.0 million were already transferred, and the remaining R\$95.4 million are in the process of being transferred. That accounts for 379 units transferred to financial institutions in the 4Q13 and 1,096 mortgage transfers in 2013.

In the 4Q13, sales speed (sales over supply) was 20.9%, compared to 17.4% in the 3Q13.

Tenda is focused on the completion and delivery of its legacy projects, and is dissolving contracts with ineligible clients, so as to resell these units to qualified customers. The volume of dissolutions in the 4Q13 was R\$75.1 million, a 60.0% decrease relative to the 3Q13. Of the 3,799 Tenda units that were canceled and returned to inventory in 2013, 88.5% were resold to qualified customers in the same period.

Table 32. Pre-Sales (Net of Dissolutions) by Market Region - Tenda Segment (R\$000)

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| | | | | | | | | | |
|-------|--------------------|----------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|
| Tenda | São Paulo | -47,561 | 2,852 | -8,111 | -6,148 | 13,013 | 43,569 | 33,281 | 33,904 |
| | (%) | 52.7% | 17.8% | -27.0% | 20.3% | 191.2% | 25.7% | 22.2% | 20.7% |
| | Rio de Janeiro | -190 | 10,628 | 11,481 | 15,605 | 16,607 | 32,444 | 12,469 | 27,594 |
| | (%) | 0.2% | 67.5% | 38.3% | -52.0% | 245.6% | 19.1% | 8.3% | 16.9% |
| | Minas Gerais | -32,805 | -30,185 | -13,077 | -22,121 | -15,491 | 11,714 | 8,036 | 13,994 |
| | (%) | 36.3% | -192.4% | -43.7% | 75.0% | -227.9% | 6.9% | 5.3% | 8.6% |
| | Nordeste | -20,629 | 10,150 | 17,384 | 13,219 | 10,214 | 23,253 | 36,126 | 33,702 |
| | (%) | 22.8% | 64.3% | 58.0% | -44.0% | 150.0% | 13.7% | 24.1% | 20.6% |
| | Other | 10,743 | 22,283 | 22,373 | -30,208 | -17,561 | 58,862 | 60,239 | 54,432 |
| | (%) | -11.8% | 143.0% | 74.7% | 100.7% | -258.8% | 34.7% | 40.1% | 33.3% |
| | Total (R\$) | -90,443 | 15,728 | 30,050 | -29,653 | 6,785 | 169,841 | 150,151 | 163,626 |
| | (%) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

In the appendix to this earnings release, you will find more information on Tenda segment pre-sales.

Tenda Segment Transfers

In the 4Q13, Tenda transferred 1,545 units to financial institutions, of which 379 related to new projects, totaling 9,487 transfers in 2013, of which 1,096 are related to new projects.

Table 33 – PSV Transferred - Tenda (R\$000)

| | | | | | | | | |
|------------------------------|---------|---------|--------|---------|--------|-----------|-----------|--------|
| New Projects | 42,921 | 52,466 | -18.2% | - | - | 121,995 | - | 0.0% |
| Legacy Projects | 145,038 | 230,613 | -37.1% | 331,565 | -56.3% | 899,709 | 1,199,573 | -25.0% |
| PSV Transferred ¹ | 187,959 | 283,079 | -33.6% | 331,565 | -43.3% | 1,021,704 | 1,199,573 | -14.8% |

Note: 1- PSV refers to potential sales value of units transferred to financial institutions.

Tenda Segment Delivered Projects

During 2013, Tenda delivered 41 projects/phases and 7,027 units, representing 101% of the mid-range of full-year delivery guidance of 6,500 to 7,500 units for the brand.

Additional information about Tenda segment delivered projects can be found in the appendix to this release.

Tenda Segment Landbank

Tenda segment landbank, with a PSV of approximately R\$2.4 billion, is comprised of 27 different projects/phases located in core markets. 13% are located in São Paulo, 4% in Rio de Janeiro, 10% in Minas Gerais and the remaining in the Northeast region, specifically in the states of Bahia and Pernambuco. Altogether these amount to more than 20 thousand units. In 2013, Tenda expanded its landbank to support future launches with acquisitions totaling R\$536.8 million in PSV, which were concentrated in the Company's core markets.

Table 34. Landbank - Tenda Segment - 4Q13

| | | | | | | |
|----------------|------------------|--------------|--------------|-------------|---------------|---------------|
| São Paulo | 310,942 | 14.7% | 14.7% | - | 2,587 | 2,587 |
| Rio de Janeiro | 83,660 | - | - | - | 680 | 680 |
| Northeast | 1,784,696 | 19.6% | 15.6% | 4.1% | 14,896 | 14,896 |
| Minas Gerais | 248,307 | 75.1% | 61.4% | 13.7% | 1,855 | 1,855 |
| Total | 2,427,604 | 25.8% | 20.9% | 4.9% | 20,018 | 20,018 |

Inventory

Tenda has achieved satisfactory results on its inventory reduction initiatives in 2013, with inventory representing 56% of total sales. The market value for Tenda inventory was reduced in 13.5% to R\$618.4 million at the end of the fourth quarter. The legacy projects inventory for the Tenda segment totaled R\$490.5 million or 79.3% of the total. In the same period, inventory of units within the Minha Casa, Minha Vida program comprised R\$389.7 million, or 63% of the total inventory, while the proportion outside the program reached 37% in 2013.

Table 35. Inventory at Market Value 4Q13 x 3Q13 (R\$000) – Tenda Segment by Region

| | | | | | |
|--------------------|----------------|--------|--------|----------|---------|
| São Paulo | 161,622 | 48,000 | 13,736 | -47,640 | -2,579 |
| Rio de Janeiro | 86,743 | 40,379 | 7,759 | -35,354 | -2,412 |
| Minas Gerais | 67,247 | - | 12,337 | -26,332 | -357 |
| Northeast | 93,968 | - | 4,321 | -38,022 | -4,068 |
| Other | 305,207 | - | 36,909 | -91,340 | -11,693 |
| Total Tenda | 714,788 | 88,379 | 75,062 | -238,688 | -21,110 |
| MCMV | 436,210 | 88,379 | 34,887 | -157,315 | -12,432 |
| Out of MCMV | 278,577 | - | 40,175 | -81,373 | -8,677 |

Note: 1) BoP beginning of period – 3Q13. 2) EoP end of period – 4Q13. 3) % Change 4Q13 versus 3Q13. 4) 4Q13 sales speed. 5) projects canceled during the period.

Table 36. Inventory at Market Value – Construction Status (R\$000)

| | | | | | | |
|----------------------|---------------|---------------|----------------|---------------|----------------|----------------|
| New Model - MCMV | 44,153 | 31,484 | 41,915 | 47 | 10,379 | 127,979 |
| Legacy - MCMV | - | - | 78,902 | 32,539 | 150,309 | 261,750 |
| Legacy – Out of MCMV | - | - | 24,980 | 41,177 | 162,544 | 228,702 |
| Total Tenda | 44,153 | 31,484 | 145,798 | 73,763 | 323,233 | 618,431 |

¹ Note: Inventory at market value includes projects with partners. The figure is not comparable to the accounting inventory due to the new accounting consolidation implemented on behalf of CPCs 18, 19 and 36.

ALPHAVILLE SEGMENT

Focuses on the sale of residential lots, with unit prices between R\$130.000 and R\$500.000, and is present in 68 cities across 23 states and in the Federal District.

Alphaville Segment Launches

Fourth-quarter launches totaled R\$851.7 million, a 196.3% increase compared to 3Q13 and 26.0% versus the year-ago period. Launch volumes included 10 projects/phases across 8 states. The segment accounted for 50% of 2013 consolidated launches.

Additional information on Alphaville segment launches can be found in the appendix to this earnings release.

Alphaville Pre-Sales

Fourth-quarter net pre-sales reached R\$694.9 million, a decrease compared to R\$90.1 million in the previous quarter, and 59.2% increase y-o-y. In the 4Q13, sales speed (sales over supply) was 35.5%, compared to 7.9% in the 3Q13. Sales from launches represented 91% of total sales in the quarter, and sales speed from launches was 45.6% in 2013.

Additional information on Alphaville segment pre-sales can be found in the appendix to this earnings release.

Alphaville Segment Delivered Projects

During 2013, Alphaville delivered 5 projects/phases and 2,500 units, reaching 59% of the mid-range of full-year guidance of 3,500 to 5,000 units for the brand. The deviation from the projected guidance is related to delays in getting final documentation for effective delivery of the units.

Additional information on Alphaville segment delivered projects can be found in the appendix to this earnings release.

Alphaville Segment Landbank and Inventory

The table below presents more detail on the breakdown of Alphaville's landbank and also inventory at market value at the end of 4Q13:

Table 37 – Alphaville Segment Landbank - 4Q13

| | | | | | | |
|----------------|-------------------|---------------|----------|---------------|---------------|----------------|
| São Paulo | 2,291,833 | 100.0% | - | 100.0% | 12,430 | 22,382 |
| Rio de Janeiro | 1,478,282 | 100.0% | - | 100.0% | 7,949 | 12,556 |
| Other | 13,151,151 | 100.0% | - | 100.0% | 69,351 | 115,911 |
| Total | 16,921,266 | 100.0% | - | 100.0% | 89,730 | 150,849 |

Table 38. Inventory at Market Value 4Q13 x 3Q13 (R\$000)

| | | | | | |
|-------------------------|------------------|----------------|---------------|-----------------|---------------|
| Total Alphaville | 1,057,405 | 851,726 | 51,637 | -746,498 | 50,842 |
| ≤ R\$200K; | 359,720 | 417,340 | 16,050 | -168,379 | -230,619 |
| > R\$200K; ≤ R\$500K | 490,100 | 434,386 | 29,835 | -464,608 | 136,206 |
| > R\$500K | 207,585 | - | 5,753 | -113,511 | 145,254 |

Note: 1) BoP beginning of period – 3Q13. 2) EoP end of period – 4Q13. 3) % Change 4Q13 versus 3Q13. 4) 4Q13 sales speed. 5) Projects canceled during the period.

BALANCE SHEET

Cash and Cash Equivalents

On December 31, 2013, cash and cash equivalents, and securities, totaled R\$2.0 billion, impacted by the completion of the Alphaville stake sale.

Accounts Receivable

At the end of the 4Q13, total consolidated accounts receivable decreased 23.4% to R\$4.1 billion y-o-y, and was 6.7% below the R\$4.4 billion recorded in the 3Q13.

Currently, Gafisa and Tenda segments have approximately R\$480 million in accounts receivable from finished units.

Table 39. Total receivables (R\$000)

| | | | | | |
|--|------------------|------------------|--------------|------------------|---------------|
| Receivables from developments – LT (off balance sheet) | 1,863,423 | 1,972,210 | -5.5% | 2,696,103 | -30.9% |
| Receivables from PoC – ST (on balance sheet) | 1,909,876 | 2,103,130 | -9.2% | 2,188,971 | -12.8% |
| Receivables from PoC – LT (on balance sheet) | 313,791 | 301,570 | 4.1% | 443,057 | -29.2% |
| Total | 4,087,090 | 4,376,910 | -6.6% | 5,328,131 | -23.3% |

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

Table 40. Schedule of Receivables (R\$000)

| | | | | | |
|--------------|------------------|------------------|------------------|----------------|----------------|
| Gafisa | 3,271,931 | 1,375,087 | 1,094,543 | 389,624 | 412,677 |
| Tenda | 815,159 | 534,789 | 183,865 | 31,035 | 65,470 |
| Total | 4,087,090 | 1,909,876 | 1,278,408 | 420,659 | 478,147 |

Liquidity

At the end of 2013, the Company's leverage was impacted by the completion of Alphaville sale. In the previous quarter, due to the acquisition of the remaining portion (20%) of Alphaville, the Company's

leverage level increased temporarily, reaching 126% (Net Debt / Equity) due to the following factors: (i) cash disbursement and debt issuance related to the acquisition of the remaining stake of 20%, and (ii) reduction in Net Equity due to adjustments in the lines of minority and constituted goodwill in the acquisition of the 20% stake.

As a result of the completion of the Alphaville sale on December 9, in addition to the cash inflow of R\$1.5 billion related to the settlement of the sale of the 70% stake in Alphaville, the following impacts occurred: (i) reversal of goodwill related to the acquisition, in the 3Q13, of the remaining 20% stake; (ii) increased Equity due to the R\$464.2 million from the sale of the 70% stake; and (iii) revaluation of the remaining 30% stake.

Thus, the Company's Net Debt/Equity ratio decreased to 36.1%, compared to leverage of 126.0% in the previous quarter and 124.9% in the 4Q12, taking into consideration only Gafisa and Tenda. Excluding Project Finance, this Net Debt/Equity ratio showed a negative result of 27.7%.

The Company's net debt totaled R\$1.2 billion at the end of 2013, impacted by the funds from the sale of the Alphaville stake. For comparison purposes, in the previous quarter, net debt was R\$2.9 billion.

The Company's cash generation was a fourth quarter highlight. Cash generation was R\$178.0 million in the 4Q13 and R\$97.3 million in 2013. Operational cash flow was positive at R\$259.1 million in the 4Q13, totaling R\$667.7 million in the year. These figures take into account Gafisa and Tenda only.

Table 41. Cash Generation

| | | | | | |
|--|-----------|-----------------|------------------|-----------------|----------------|
| Availabilities | 1,248,231 | 1,146,176 | 1,101,160 | 781,606 | 2,024,163 |
| <i>Change in Availabilities</i> | | (102,055) | (45,016) | (319,555) | 1,242,558 |
| Investments | 3,618,845 | 3,602,105 | 3,620,378 | 3,639,707 | 3,183,208 |
| <i>Change in Cash Ex-Investments</i> | | (16,740) | 18,273 | 19,329 | (456,499) |
| Total Debt + Investor Obligations | - | - | 35,634 | 406,632 | (1,114,281) |
| <i>Change in Total Debt + Investor Obligations</i> | - | - | 35,634 | 370,998 | (1,520,912) |
| Cash Generation in the period | - | (85,315) | (27,655) | 32,114 | 178,144 |
| Cash Generation Final | - | (85,315) | (112,970) | (80,855) | 97,289 |

Table 42. Debt and Investor Obligations

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Debentures - FGTS (A) | 961,416 | 1,089,263 | -11.7% | 1,163,204 | -17.3% |
| Debentures - Working Capital (B) | 459,802 | 710,069 | -35.2% | 572,699 | -19.7% |
| Project Financing SFH – (C) | 1,088,258 | 756,173 | 43.9% | 704,758 | 54.4% |
| Working Capital (D) | 550,052 | 954,449 | -42.4% | 1,199,776 | -54.2% |
| Total (A)+(B)+(C)+(D) = (E) | 3,059,528 | 3,509,954 | -12.8% | 3,640,437 | -16.0% |
| Investor Obligations (F) | 123,679 | 129,747 | -4.7% | 323,706 | -61.8% |
| Total debt (E) + (F) = (G) | 3,183,207 | 3,639,701 | -12.5% | 3,964,143 | -19.7% |
| Cash and availabilities (H) | 2,024,163 | 781,606 | 159.0% | 1,567,754 | 29.1% |
| Net debt (G)-(H) = (I) | 1,159,044 | 2,858,095 | -59.4% | 2,396,389 | -51.6% |
| Equity + Minority Shareholders (J) | 3,214,483 | 2,267,662 | 41.8% | 2,685,829 | 19.7% |
| ND/Equity (I)/(J) = (K) | 36.1% | 126.0% | -8998 bps | 89.2% | -5317 bps |
| ND Exc. Proj Fin / Equity (I)-((A)+(C))/(J) = (L) | -27.7% | 44.7% | -2 bps | 19.7% | -2 bps |

The Gafisa Group ended the fourth quarter with R\$1.3 billion of total debt due in the short term. It should be noted, however, that 48% of this volume relates to debt linked to the Company's projects.

Table 43 - Debt Maturity

| | | | | | |
|---|-------------------------------------|------------------|------------------|------------------|----------------|
| Debentures - FGTS (A) | TR + (9,54% - 10,09%) | 961,416 | 261,782 | 349,634 | 150,000 |
| Debentures - Working Capital (B) | CDI + (1,50% - 1,95%) | 459,802 | 302,050 | 149,460 | 8,292 |
| Project Financing SFH – (C) | TR + (8,30% - 11,50%) | 1,088,258 | 346,477 | 459,558 | 191,316 |
| Working Capital (D) | CDI + (1,30% - 3,04%) | 550,052 | 243,909 | 182,763 | 105,144 |
| Total (A)+(B)+(C)+(D) = (E) | | 3,059,528 | 1,154,218 | 1,141,415 | 454,756 |
| Investor Obligations (F) | CDI + (0,235% - 0,82%) / IGPM+7,25% | 123,679 | 112,885 | 6,081 | 3,573 |
| Total debt (E) + (F) = (G) | | 3,183,207 | 1,267,103 | 1,147,496 | 458,329 |
| % Total maturity per period | | | 39.8% | 36.0% | 14.4% |
| Volume of maturity of Project finance as % of total debt ((A)+(C))/(G) | | | | 48.0% | 70.5% |
| Volume of maturity of Corporate debt as % of total debt ((B)+(D)+(F))/(G) | | | | 52.0% | 29.5% |
| Ratio Corporate Debt / Mortgages | | | | 35% | 65% |

Additional information on the Company's consolidated indebtedness can be found in the appendix to this earnings release.

OUTLOOK

Fourth quarter launches totaled R\$1.6 billion, an 8.7% increase over 4Q12, and a significant increase in comparison with launches of R\$498.3 million in 3Q13. For 2013, total launches were R\$2.9 billion, a slight 2.2% decrease compared to 2012. The 2013 total was within the guidance range established by the Company.

Table 44. Guidance - Launches (2013)

| | | | |
|---------------------------|----------------------|-----|------|
| Consolidated Launches | R\$2.7 – R\$3.3 bi | 2.9 | 97% |
| Breakdown by Brand | | | |
| Gafisa Launches | R\$1.15 – R\$1.35 bi | 1.1 | 88% |
| Alphaville Launches | R\$1.3 – R\$1.5 bi | 1.5 | 107% |
| Tenda Launches | R\$250 – R\$450 mn | 339 | 97% |

As explained in this report, 2013 was also impacted by the resolution of Tenda and Gafisa legacy projects. As the contribution of these projects reduced throughout the year, the Company achieved results consistent with normalized operations, reaching an EBITDA margin adjusted by operational impacts from Alphaville of 17.4%.

Table 45. Guidance - Adjusted EBITDA Margin (2013E)

| | | | |
|-------------------|-----------|-------|------|
| Consolidated Data | 12% - 14% | 17.4% | 173% |
|-------------------|-----------|-------|------|

Note: The EBITDA margin presented in the guidance and for 2013 in this table is pro forma, and excludes the IFRS adjustments and the result of Alphaville transaction.

Consolidated 2013 delivery guidance was for deliveries between 13,500 and 17,500 units, with individual projections by business unit. During 2013, the Company delivered 13,842 units, reaching 89% of the mid-range of full-year guidance. Gafisa was responsible for delivering 22 projects/phases and 4,315 units, Tenda delivered 41 projects/phases and 7,027 units, while Alphaville delivered 5 projects and the remaining 2,500 units. The deviation from Alphaville's projected guidance relates to delays in getting final documentation for the delivery of units.

Table 46. Other Relevant Indicators – Delivery Estimates

| | | | |
|----------------------------|-----------------|--------|------|
| Consolidated Amounts | 13,500 – 17,500 | 13,842 | 89% |
| Deliveries by Brand | | | |
| # Gafisa Delivery | 3,500 – 5,000 | 4,315 | 102% |
| # Alphaville Delivery | 3,500 – 5,000 | 2,500 | 59% |
| # Tenda Delivery | 6,500 – 7,500 | 7,027 | 101% |

Based on the new configuration of Gafisa's portfolio, the Company finalized a new business plan for the five-year period from 2014 to 2018. The budget process took into account important assumptions and guidelines for the development of projects in the coming years. These include the expected size of Gafisa and Tenda's operations, the amount of capital allocated to each operation, the appropriate level of leverage for the Company's operations, the respective expected returns for each business unit, and, in particular, the Company's commitment to capital discipline and shareholder value generation.

2014 launch guidance ranges from R\$2.1 to R\$2.5 billion, reflecting the Gafisa segment's continued regional focus and the expansion of Tenda's new business model.

Launch Guidance (2014E)

Table 47 - Guidance - Launches (2014E)

| | |
|---------------------------|--------------------|
| | |
| Consolidated Launches | R\$2.1 – R\$2.5 bi |
| Breakdown by brand | |
| Gafisa Launches | R\$1.5 – R\$1.7 bi |
| Tenda Launches | R\$600 – R\$800 mn |

With the completion of the sale of the Alphaville stake in the last quarter of the year, the Company enters 2014 with a solid liquidity position. As disclosed in this release, following the completion of the transaction, the Company's Net Debt/Equity ratio reached 36.1% at the end of 4Q13. Given this scenario, and considering the Company's business plan for 2014, the Company expects leverage to remain between 55% - 65%, measured by the same Net Debt/Equity ratio.

Table 48 - Guidance - Leverage (2014E)

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

The Company is also providing guidance as to the adequacy of its administrative structure. The ratio between administrative expenses and launch volume for the Gafisa segment is expected to reach 7.5% in 2014. Tenda has no guidance for this indicator for 2014, although for 2015 we expect to reach 7.0%.

Table 49. Guidance - Administrative Expenses / Launches Volume (2014E)

| | |
|--------|----------------|
| | |
| Gafisa | 7.5% |
| Tenda | Not Applicable |

Table 50. Guidance - Administrative Expenses / Launches Volume (2015E)

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

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

Table 51 - Guidance - Return on Capital Employed (3 years)

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

CONSOLIDATED FINANCIAL STATEMENTS

| | | | | | | | |
|---|----------------|----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Net Operating Revenue | 704,750 | 628,047 | 12.2% | 567,749 | 24.1% | 2,481,211 | 2,805,08 |
| Operating Costs | -482,751 | -454,544 | 6.2% | -476,292 | 1.4% | -1,863,766 | -2,276,80 |
| Gross profit | 221,999 | 173,503 | 28.0% | 91,457 | 142.7% | 617,445 | 528,28 |
| Operating Expenses | | | | | | | |
| Selling Expenses | -53,857 | -46,165 | 16.7% | -70,999 | -24.1% | -215,649 | -231,74 |
| General and Administrative Expenses | -76,264 | -55,155 | 38.3% | -72,373 | 5.4% | -234,023 | -252,20 |
| Other Operating Revenues / Expenses | -42,262 | -28,117 | 50.3% | -32,656 | -29.4% | -86,111 | -101,01 |
| Depreciation and Amortization | -24,441 | -18,142 | 34.7% | -34,756 | -29.7% | -63,014 | -80,23 |
| Equity pickup | 1,536 | 2,203 | -30.3% | -7,983 | -119.2% | 7,370 | 55,60 |
| Result of investment revaluated by fair value | 375,853 | - | - | - | | 375,853 | |
| Operating income | 402,564 | 28,127 | 1331.2% | -127,310 | -416.2% | 401,871 | -81,32 |
| Financial Income | 28,397 | 16,998 | 67.1% | 15,972 | 77.8% | 81,083 | 55,81 |
| Financial Expenses | -59,587 | -65,484 | -9.0% | -50,657 | 17.6% | -243,586 | -236,08 |
| Net Income Before Taxes on Income | 371,374 | -20,359 | -1924.1% | -161,995 | -329.3% | 239,368 | -261,58 |
| Deferred Taxes | 27,669 | -2,527 | -1194.9% | 5,702 | 385.3% | 20,878 | -2,81 |
| Income Tax and Social Contribution | -10,033 | -4,492 | 123.4% | -529 | 1796.6% | -23,690 | -17,40 |
| Net Income After Taxes on Income | 389,010 | -27,378 | -1520.9% | -156,822 | -348.1% | 236,556 | -281,80 |
| Profit from Operations Available for Sale | 503,364 | 46,993 | 971.1% | 71,104 | 607.9% | 631,122 | 204,12 |
| Minority Shareholders | -28,910 | 3,838 | -853.3% | 15,696 | -284.2% | 235 | 49,36 |
| Net Income (Loss) | 921,284 | 15,777 | 5739.4% | -101,414 | -1008.4% | 867,443 | -127,04 |

CONSOLIDATED BALANCE SHEETS**Current Assets**

| | | | | | |
|-----------------------------|-----------|-----------|---------|-----------|--------|
| Cash and cash equivalents | 2,024,163 | 781,606 | 159.0% | 1,567,755 | 29.1% |
| Receivables from clients | 1,909,877 | 2,103,130 | -9.2% | 2,493,170 | -23.4% |
| Properties for sale | 1,442,019 | 1,489,538 | -3.2% | 1,892,390 | -23.8% |
| Other accounts receivable | 153,630 | 153,865 | -0.2% | 242,457 | -36.6% |
| Prepaid expenses and other | 35,188 | 42,003 | -16.2% | 61,685 | -43.0% |
| Properties for sale | 114,847 | 122,168 | -6.0% | 139,359 | -17.6% |
| Non current assets for sale | - | 1,532,226 | -100.0% | - | 0.0% |
| Financial Instruments | 183 | 2,830 | -93.5% | 9,224 | -98.0% |
| | 5,679,907 | 6,227,366 | -8.8% | 6,406,040 | -11.3% |

Long-term Assets

| | | | | | |
|---------------------------------------|-----------|-----------|---------|-----------|---------|
| Receivables from clients | 313,791 | 301,570 | 4.1% | 820,774 | -61.8% |
| Properties for sale | 652,395 | 656,715 | -0.7% | 274,034 | 138.1% |
| Financial Instruments | - | -157 | -100.0% | 10,443 | -100.0% |
| Other | 274,136 | 288,580 | -5.0% | 278,233 | -1.5% |
| | 1,240,322 | 1,246,708 | -0.5% | 1,383,485 | -10.3% |
| Intangible and Property and Equipment | 142,725 | 212,867 | -33.0% | 276,232 | -48.3% |
| Investments | 1,120,076 | 512,736 | 118.5% | 646,812 | 74.2% |

Total Assets

| | | | | | |
|--|------------------|------------------|--------------|------------------|--------------|
| | 8,183,030 | 8,199,677 | -0.2% | 8,712,569 | -6.1% |
|--|------------------|------------------|--------------|------------------|--------------|

Current Liabilities

| | | | | | |
|--|-----------|-----------|---------|-----------|--------|
| Loans and financing | 590,386 | 625,608 | -5.6% | 613,973 | -3.8% |
| Debentures | 563,832 | 424,212 | 32.9% | 346,360 | 62.8% |
| Obligations for purchase of land and advances from clients | 408,374 | 445,257 | -8.3% | 503,889 | -19.0% |
| Materials and service suppliers | 79,342 | 98,964 | -19.8% | 154,763 | -48.7% |
| Taxes and contributions | 216,625 | 159,617 | 35.7% | 222,578 | -2.7% |
| Obligation for investors | 112,886 | 115,304 | -2.1% | 161,373 | -30.0% |
| Liabilities from asset for sale | - | 693,160 | -100.0% | - | 0.0% |
| Other | 711,578 | 486,374 | 46.3% | 638,348 | 11.5% |
| | 2,683,023 | 3,048,496 | -12.0% | 2,641,284 | 1.6% |

Long-term Liabilities

| | | | | | |
|----------------------------------|-----------|-----------|--------|-----------|--------|
| Loans and financings | 1,047,924 | 1,085,014 | -3.4% | 1,290,561 | -18.8% |
| Debentures | 857,386 | 1,375,120 | -37.7% | 1,389,543 | -38.3% |
| Obligations for purchase of land | 79,975 | 107,995 | -25.9% | 70,194 | 13.9% |
| Deferred taxes | 56,652 | 82,393 | -31.2% | 85,821 | -34.0% |
| Provision for contingencies | 125,809 | 135,097 | -6.9% | 149,790 | -16.0% |
| Obligation for investors | 10,794 | 14,443 | -25.3% | 162,333 | -93.4% |
| Other | 106,984 | 83,457 | 28.2% | 237,214 | -54.9% |
| | 2,285,524 | 2,883,519 | -20.7% | 3,385,456 | -32.5% |

Shareholders' Equity

| | | | | | |
|----------------------|-----------|-----------|-------|-----------|-------|
| Shareholders' Equity | 3,190,724 | 2,216,828 | 43.9% | 2,535,445 | 25.8% |
|----------------------|-----------|-----------|-------|-----------|-------|

| | | | | | |
|---|------------------|------------------|--------------|------------------|--------------|
| Non controlling interests | 23,759 | 50,834 | -53.3% | 150,384 | -84.2% |
| | 3,214,483 | 2,267,662 | 41.8% | 2,685,829 | 19.7% |
| Liabilities and Shareholders' Equity | 8,183,030 | | | | |
| | | 8,199,677 | -0.2% | 8,712,569 | -6.0% |

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CASH FLOW

Income Before Taxes on Income

Expenses (income) not affecting working capital
Depreciation and amortization
Impairment allowance
Write-off goodwill Cipesa
Expense on stock option plan
Penalty fee over delayed projects
Unrealized interest and charges, net
Equity pickup
Fair value
Disposal of fixed asset
Warranty provision
Provision for contingencies
Profit sharing provision
Allowance (reversal) for doubtful debts
Profit / Loss from financial instruments
Clients
Properties for sale
Other receivables
Deferred selling expenses and prepaid expenses
Obligations on land purchases and advances from customers
Taxes and contributions
Trade accounts payable
Salaries, payroll charges
Other accounts payable
Current account operations
Paid taxes

Cash used in operating activities

Purchase of property and equipment and deferred charges
Redemption of securities, restricted securities and loans
Investments in marketable securities, restricted securities and loans and securities, restricted securities and loans
Investments increase
Dividends receivables
Acquisition 20% AUSA
Sale value of AUSA 20% stake

Cash used in investing activities

Capital increase
Contributions from venture partners
Increase in loans and financing
Repayment of loans and financing
Purchase of treasury shares
Obrigações com cessão de direitos creditórios
Proceeds from subscription of redeemable equity interest in securitization fund

Operations of mutual

Net cash provided by financing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents

At the beginning of the period

At the end of the period

Net increase (decrease) in cash and cash equivalents

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FINANCIAL STATEMENTS GAFISA SEGMENT

| | | | | | | | |
|---|----------|----------|----------|----------|----------|------------|----------|
| Net Operating Revenue | 489,853 | 432,252 | 13.3% | 373,722 | 31.1% | 1,663,751 | 1,735,9 |
| Operating Costs | -315,424 | -266,313 | 18.4% | -291,274 | 8.3% | -1,111,550 | -1,338,1 |
| Gross profit | 174,429 | 165,940 | 5.1% | 82,448 | 111.6% | 552,201 | 397,8 |
| Operating Expenses | | | | | | | |
| Selling Expenses | -36,927 | -27,287 | 35.3% | -45,319 | -18.5% | -138,093 | -140,3 |
| General and Administrative Expenses | -46,134 | -30,108 | 53.2% | -40,699 | 13.3% | -136,720 | -138,8 |
| Other Operating Revs/Exps | -33,065 | -11,880 | 178.3% | -14,664 | 125.5% | -61,291 | -53,2 |
| Depreciation and Amortization | -21,160 | -15,284 | 38.4% | -31,107 | -32.0% | -51,488 | -64,6 |
| Equity pickup | -7,216 | -5,717 | 26.2 % | -9,234 | 1,671.6% | 23,884 | 20,4 |
| Result of investment revaluated at fair value | 375,853 | - | - | - | - | 375,853 | - |
| Operating income | 405,780 | 75,664 | 436.3% | -58,575 | 592.8% | 516,578 | 21,2 |
| Financial Income | 16,488 | 9,594 | 71.9% | 6,216 | 165.3% | 43,548 | 23,1 |
| Financial Expenses | -45,404 | -51,710 | -12.2% | -41,242 | 10.1% | -202,239 | -204,1 |
| Net Income Before Taxes on Income | 376,864 | 33,548 | 1,023.4% | (93,601) | 502.6% | 357,887 | (159,7 |
| Deferred Taxes | 22,331 | 146,151 | 195.2% | 3,372 | 562.2% | 22,012 | -2,4 |
| Income Tax and Social Contribution | -7,719 | -2,542 | 211.1% | -6,381 | 21,0% | -16,173 | -13,6 |
| Net Income After Taxes on Income | 391,476 | 31,152 | 1,156.7% | (96,610) | 505.2% | 363,726 | -175,8 |
| Profit from Operations Available for Sale | 488,251 | - | - | - | - | 616,009 | |
| Minority Shareholders | -29,100 | -2,481 | 1072.9% | 13,860 | -309.9% | -6,070 | -15,1 |
| (+) Interest on own capital | - | - | - | - | - | - | - |
| Net Income (Loss) | 908,827 | 33,632 | 2602.3% | -110,470 | -922.7% | 985,805 | -160,7 |

FINANCIAL STATEMENTS TENDA SEGMENT

| | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|------------------|---------------|
| Net Operating Revenue | 214,897 | 195,795 | 9.8% | 194,027 | 10.8% | 817,460 | 1,069,110 | -23.5% |
| Operating Costs | -167,327 | -188,231 | -11.1% | -185,018 | -9.6% | -752,216 | -938,666 | -19.9% |
| Gross profit | 47,570 | 7,563 | 529.0% | 9,009 | 428.0% | 65,245 | 130,444 | -50.0% |
| Operating Expenses | | | | | | | | |
| Selling Expenses | -16,930 | -18,878 | -10.3% | -25,680 | -34.1% | -77,556 | -91,424 | -15.2% |
| General and Administrative Expenses | -30,130 | -25,047 | 20.3% | -31,674 | -4.9% | -97,303 | -113,336 | -14.1% |
| Other Operating Revenues / Expenses | -9,197 | -16,237 | -43.4% | -17,992 | -48.9% | -24,819 | -47,798 | -48.1% |
| Depreciation and Amortization | -3,281 | -2,858 | 14.8% | -3,649 | -10.1% | -11,526 | -15,568 | -26.0% |
| Equity pickup | 8,752 | 7,920 | 10.5% | 1,251 | 599.6% | 31,254 | 35,115 | -11.0% |
| Operating income | -3,216 | -47,537 | -93.2% | -68,735 | -95.3% | -114,706 | -102,567 | 11.8% |
| Financial Income | 11,909 | 7,404 | 60.8% | 9,756 | 22.1% | 37,535 | 32,638 | 15.0% |
| Financial Expenses | -14,183 | -13,774 | 3.0% | -9,415 | 50.6% | -41,347 | -31,909 | 29.6% |
| Net Income Before Taxes on Income | -5,490 | -53,907 | -89.8% | -68,394 | -92.0% | -118,518 | -101,838 | 16.4% |
| Deferred Taxes | 5,338 | -2,673 | -299.7% | 2,330 | 129.1% | -1,134 | -381 | 197.6% |
| Income Tax and Social Contribution | -2,314 | -1,950 | 18.7% | 5,852 | -139.5% | -7,517 | -3,752 | 100.3% |
| Net Income After Taxes on Income | -2,446 | -58,530 | -95.8% | -60,212 | -95.9% | -127,169 | -105,971 | 20.0% |
| Profit from Operations Available for Sale | 15,113 | - | - | - | - | 15,113 | - | - |
| Minority Shareholders | 190 | 2,425 | -92.2% | 1,519 | -87.5% | 6,305 | 17,631 | -64.2% |
| Net Income (Loss) | 12,457 | -60,954 | -120.4% | -61,731 | -120.2% | -118,361 | -123,602 | -4.2% |

FINANCIAL STATEMENTS ALPHAVILLE SEGMENT

| | | | | | | | | | |
|---|----------------|----------------|--------------|----------------|---------------|----------------|----------------|--------------|--------|
| Net Operating Revenue | 356,146 | 208,325 | 71.0% | 280,325 | 27.0% | 959,243 | 785,182 | 22.2% | |
| Operating Costs | -195,387 | -126,846 | 54.0% | -144,678 | 35.0% | -524,200 | -377,071 | 39.0% | |
| Gross profit | 160,759 | 81,479 | 97.3% | 135,647 | 18.5% | 435,043 | 408,111 | 6.6% | |
| Operating Expenses | | | | | | | | | |
| Selling Expenses | -30,519 | -15,591 | 95.7% | -27,594 | 10.6% | -74,728 | -65,381 | 14.3% | |
| General and Administrative Expenses | -30,126 | -14,634 | 105.9% | -21,286 | 41.5% | 109,074 | -94,025 | 16.0% | |
| Other Operating Revenues / Expenses | 1,361 | 12,411 | -89.0% | - | 0.0% | 15,383 | - | 0.0% | |
| Depreciation and Amortization | -1,065 | -748 | 42.4% | -640 | 66.4% | -3,436 | -2,262 | 51.9% | |
| Equity pickup | -384 | 384 | 930 | -141.3% | 371 | -203.5% | 3,794 | 7,732 | -50.9% |
| Operating income | 100,026 | 63,847 | 56.7% | 86,498 | 15.6% | 266,982 | 254,175 | 5.0% | |
| Financial Income | 3,861 | 2,713 | 42.3% | 2,818 | 37.0% | 14,628 | 11,446 | 27.8% | |
| Financial Expenses | -29,554 | -8,930 | 231.0% | -18,254 | 61.9% | -61,168 | -47,034 | 30.1% | |
| Net Income Before Taxes on Income | 74,333 | 57,630 | 29.0% | 71,062 | 4.6% | 220,442 | 218,587 | 0.8% | |
| Deferred Taxes | 3,228 | -4,713 | -168.5% | 8,760 | -63.2% | 2,612 | 4,655 | -43.9% | |
| Income Tax and Social Contribution | -9,068 | -5,924 | 53.1% | -8,676 | 4.5% | -26,433 | -19,072 | 38.6% | |
| Net Income After Taxes on Income | 68,493 | 46,993 | 45.8% | 71,146 | -3.7% | 196,621 | 204,170 | -3.7% | |
| Profit from Operations Available for Sale | - | - | - | -42 | -100.0% | - | -42 | -100.0% | |
| Minority Shareholders | 5,226 | 3,894 | 34.2% | 317 | 1548.6% | 20,601 | 46,860 | -56.0% | |
| Net Income (Loss) | 63,267 | 43,099 | 46.8% | 70,787 | -10.6% | 176,020 | 157,268 | 11.9% | |

Note: The result of asset held for sale related to the acquisition of the 20% stake of Alphaville is presented in the Gafisa Segment

BALANCE SHEET GAFISA SEGMENT**Current Assets**

| | | | | | |
|-----------------------------|-----------|-----------|---------|-----------|--------|
| Cash and cash equivalents | 1.381.509 | 337.984 | 308,7% | 473.540 | 191,7% |
| Receivables from clients | 1.375.087 | 1.409.006 | -2,4% | 1.272.709 | 8,0% |
| Properties for sale | 817.811 | 926.481 | -11,7% | 755.369 | 8,3% |
| Other accounts receivable | 207.423 | 107.503 | 92,9% | 207.034 | 0,2% |
| Deferred selling expenses | 27.069 | 32.888 | -17,7% | 49.205 | -45,0% |
| Prepaid expenses and other | 54 | 68 | -21,2% | 455 | -88,1% |
| Properties for sale | 148.453 | 5.800 | 2459,5% | 112.141 | 32,4% |
| Non current assets for sale | - | 449.151 | -100,0% | - | 0,0% |
| Financial Instruments | 1.106 | 2.830 | -60,9% | 5.088 | -78,3% |
| | 3.958.512 | 3.271.712 | 21,0% | 2.875.541 | 37,7% |

Long-term Assets

| | | | | | |
|---------------------------------------|-----------|-----------|--------|-----------|---------|
| Receivables from clients | 287.484 | 281.191 | 2,2% | 354.058 | -18,8% |
| Properties for sale | 461.160 | 502.000 | -8,1% | 203.110 | 127,0% |
| Financial Instruments | -922 | -157 | 488,0% | 5.480 | -116,8% |
| Other | 210.247 | 220.514 | -4,7% | 198.099 | 6,1% |
| | 957.969 | 1.003.549 | -4,5% | 760.747 | 25,9% |
| Intangible and Property and Equipment | 61.966 | 71.111 | -12,9% | 60.723 | 2,0% |
| Investments | 2.121.564 | 2.355.090 | -9,9% | 2.923.016 | -27,4% |

Total Assets

| | | | | | |
|--|-----------|-----------|------|-----------|------|
| | 7.100.011 | 6.701.462 | 5,9% | 6.620.027 | 7,3% |
|--|-----------|-----------|------|-----------|------|

Current Liabilities

| | | | | | |
|--|-----------|-----------|--------|-----------|--------|
| Loans and financing | 470.453 | 515.449 | -8,7% | 382.541 | 23,0% |
| Debentures | 354.271 | 228.417 | 55,1% | 184.279 | 92,2% |
| Obligations for purchase of land and advances from clients | 338.044 | 366.424 | -7,7% | 302.730 | 11,7% |
| Materials and service suppliers | 62.972 | 74.331 | -15,3% | 58.011 | 8,6% |
| Taxes and contributions | 146.962 | 81.916 | 79,4% | 71.973 | 104,2% |
| Obligation for investors | 112.886 | 115.304 | -2,1% | 116.886 | -3,4% |
| Other | 520.209 | 732.524 | -29,0% | 589.479 | -11,8% |
| | 2.005.797 | 2.114.366 | -5,1% | 1.705.899 | 17,6% |

Long-term Liabilities

| | | | | | |
|----------------------------------|-----------|-----------|--------|-----------|--------|
| Loans and financings | 938.697 | 943.276 | -0,5% | 910.867 | 3,1% |
| Debentures | 657.386 | 826.411 | -20,5% | 989.620 | -33,6% |
| Obligations for purchase of land | 71.584 | 99.604 | -28,1% | 70.397 | 1,7% |
| Deferred taxes | 47.022 | 67.424 | -30,3% | 69.385 | -32,2% |
| Provision for contingencies | 67.480 | 68.192 | -1,0% | 85.417 | -21,0% |
| Obligation for investors | 10.793 | 14.443 | -25,3% | 119.535 | -91,0% |
| Other | 87.658 | 74.981 | 16,9% | 99.804 | -12,2% |
| | 1.880.620 | 2.094.330 | -10,2% | 2.345.025 | -19,8% |

Shareholders' Equity

| | | | | | |
|-----------------------------|-----------|-----------|-------|-----------|--------|
| Shareholders' Equity | 3.190.723 | 2.469.276 | 29,2% | 2.535.445 | 25,8% |
| Non controlling interests | 22.871 | 23.490 | -2,6% | 33.658 | -32,0% |

| | | | | | |
|---|-----------|-----------|-------|-----------|-------|
| | 3.213.594 | 2.492.765 | 28,9% | 2.569.103 | 25,1% |
| Liabilities and Shareholders' Equity | 7.100.011 | 6.701.462 | 5,9% | 6.620.027 | 7,3% |

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BALANCE SHEET TENDA SEGMENT**Current Assets**

| | | | | | |
|-----------------------------|-----------|-----------|---------|-----------|---------|
| Cash and cash equivalents | 642,654 | 443,621 | 44.9% | 774,690 | -17.0% |
| Receivables from clients | 534,789 | 577,756 | -7.4% | 916,262 | -41.6% |
| Properties for sale | 482,280 | 679,425 | -29.0% | 810,512 | -40.5% |
| Other accounts receivable | 105,054 | 523,815 | -79.9% | 245,324 | -57.2% |
| Deferred selling expenses | 8,064 | - | 0.0% | 11,799 | -31.7% |
| Prepaid expenses and other | - | 9,040 | -100.0% | 62 | -100.0% |
| Properties for sale | 107,782 | 116,368 | -7.4% | 125,360 | -14.0% |
| Non current assets for sale | - | 375,216 | -100.0% | - | - |
| Financial Instruments | - | - | 0.0% | - | - |
| | 1,881,162 | 2,725,242 | -31.0% | 2,884,009 | -34.8% |

Long-term Assets

| | | | | | |
|---------------------------------------|---------|---------|-------|---------|--------|
| Receivables from clients | 26,307 | 20,379 | 29.1% | 88,999 | -70.4% |
| Properties for sale | 191,235 | 154,715 | 23.6% | 26,593 | 619.1% |
| Financial Instruments | - | - | - | - | - |
| Other | 79,751 | 82,955 | -3.9% | 75,297 | 10.3% |
| | 297,293 | 258,048 | 15.2% | 190,889 | 58.2% |
| Intangible and Property and Equipment | 37,679 | 35,943 | 4.8% | 33,686 | 11.9% |
| Investments | 225,702 | 205,761 | 9.7% | 192,488 | 17.3% |

Total Assets

2,441,836 3,224,993 -24.3% 3,301,071 -26.0%

Current Liabilities

| | | | | | |
|--|---------|---------|--------|---------|--------|
| Loans and financing | 119,934 | 110,158 | 8.9% | 155,745 | -23.0% |
| Debentures | 209,561 | 195,795 | 7.0% | 162,081 | 29.3% |
| Obligations for purchase of land and advances from clients | 70,330 | 78,833 | -10.8% | 135,238 | -48.0% |
| Materials and service suppliers | 16,370 | 24,633 | -33.5% | 29,646 | -44.8% |
| Taxes and contributions | 69,662 | 77,701 | -10.3% | 95,617 | -27.1% |
| Obligation for investors | - | - | 0.0% | - | 0.0% |
| Other | 351,135 | 183,319 | 91.5% | 133,959 | 161.2% |
| | 836,992 | 670,440 | 24.8% | 712,286 | 17.3% |

Long-term Liabilities

| | | | | | |
|----------------------------------|---------|---------|--------|---------|--------|
| Loans and financings | 109,227 | 141,738 | -22.9% | 197,367 | -44.7% |
| Debentures | 200,000 | 548,709 | -63.6% | 399,923 | -50.0% |
| Obligations for purchase of land | 8,391 | 8,391 | - | - | - |
| Deferred taxes | 9,632 | 14,969 | -35.7% | 8,498 | 13.3% |
| Provision for contingencies | 58,328 | 62,325 | -6.4% | 64,373 | -9.4% |

| | | | | | |
|---|------------------|------------------|---------------|------------------|---------------|
| Obligation for investors | 66,685 | 58,769 | 13.5% | 42,915 | 55.4% |
| Other | 452,263 | 834,901 | -45.8% | 713,076 | -36.6% |
| Shareholders' Equity | 1,127,970 | 1,683,593 | -33.0% | 1,841,829 | -38.7% |
| Shareholders' Equity | 24,611 | 36,059 | -31.7% | 34,880 | -29.4% |
| Non controlling interests | 1,152,581 | 1,719,652 | -33.0% | 1,876,709 | -38.6% |
| Liabilities and Shareholders' Equity | 2,441,836 | 3,224,993 | -24.3% | 3,301,071 | -26.1% |

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BALANCE SHEET ALPHAVILLE SEGMENT**Current Assets**

| | | | | | |
|---------------------------|------------------|----------------|--------------|----------------|--------------|
| Cash and cash equivalents | 369,234 | 96,493 | 282.7% | 319,524 | 15.6% |
| Receivables from clients | 446,935 | 396,054 | 12.8% | 304,040 | 47.0% |
| Properties for sale | 358,003 | 321,273 | 11.4% | 228,367 | 56.8% |
| Other accounts receivable | 39,578 | 61,268 | -35.4% | 33,360 | 18.6% |
| Financial Instruments | 1,257 | 1,306 | -3.7% | 4,136 | -69.6% |
| | 1,215,007 | 876,393 | 38.6% | 889,427 | 36.6% |

Long-term Assets

| | | | | | |
|---|----------------|----------------|--------------|----------------|---------------|
| Receivables from clients | 524,815 | 426,381 | 23.1% | 377,717 | 38.9% |
| Properties for sale | 50,774 | 55,398 | -8.3% | 44,330 | 14.5% |
| Financial Instruments | - 450 | 71 | -736.3% | 4,963 | -109.1% |
| Other | 9,905 | 11,919 | -16.9% | 6,468 | 53.1% |
| | 585,044 | 493,768 | 18.5% | 433,478 | 35.0% |
| Intangible and Property and Equipment Investments | 16,570 | 10,341 | 60.2% | 10,400 | 59.3% |
| | 36,984 | 37,625 | -1.7% | 48,756 | -24.1% |

Total Assets

1,853,605 **1,418,128** **30.7%** **1,382,061** **34.1%**

Current Liabilities

| | | | | | |
|--|----------------|----------------|--------------|----------------|-------------|
| Loans and financing | 79,634 | 71,174 | 11.9% | 75,687 | 5.2% |
| Debentures | 3,463 | - | 0.0% | - | 0.0% |
| Obligations for purchase of land and advances from clients | 130,367 | 58,885 | 121.4% | 65,921 | 97.8% |
| Materials and service suppliers | 60,962 | 52,326 | 17.0% | 67,107 | -9.6% |
| Taxes and contributions | 51,353 | 60,394 | -15.0% | 54,988 | -6.6% |
| Obligation for investors | 216 | 44,529 | -99.5% | 44,487 | -99.5% |
| Other | 172,666 | 134,532 | 28.0% | 157,843 | 9.0% |
| | 498,661 | 421,840 | 18.3% | 466,033 | 7.0% |

Long-term Liabilities

| | | | | | |
|-----------------------------|----------------|----------------|---------------|----------------|---------------|
| Loans and financings | 211,037 | 189,083 | 11.6% | 182,327 | 15.7% |
| Debentures | 500,000 | - | 0.0% | - | 0.0% |
| Deferred taxes | 5,327 | 8,555 | -37.7% | 7,939 | -32.9% |
| Provision for contingencies | 4,518 | 4,580 | -1.4% | 18,600 | -75.7% |
| Obligation for investors | - | - | 0.0% | 43 | -100.0% |
| Other | 145,929 | 122,088 | 19.5% | 155,138 | -5.9% |
| | 866,811 | 324,306 | 167.3% | 364,047 | 138.1% |

Shareholders' Equity

| | | | | | |
|---------------------------|----------------|----------------|---------------|----------------|---------------|
| Non controlling interests | 454,054 | 643,542 | -29.0% | 533,218 | -14.8% |
| | 34,079 | 28,440 | 19.8% | 18,763 | 81.6% |
| | 488,133 | 671,982 | -27.4% | 551,981 | -11.6% |

Liabilities and Shareholders' Equity

1,853,605 **1,418,128** **30.7%** **1,382,061** **34.1%**

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

ABOUT GAFISA

Gafisa is a leading diversified national homebuilder serving all demographic segments of the Brazilian market. Established over 59 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).

SIGNATURE

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

Date: February 26, 2014

Gafisa S.A.

By:

/s/ Alceu Duílio Calciolari

Name: Alceu Duílio Calciolari
Title: Chief Executive Officer
