

# Earnings Release

RSID3: R\$ 7.78 per share  
OTC: RSRZY  
Total shares:  
428,833,420

Market cap:  
R\$ 763.3 million

## Conference Call

May 15, 2014

In Portuguese  
with simultaneous  
translation

10:00 a.m. (Brasília)  
9:00a.m. (US ET)

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Replay available through  
May 21

Dial-in:  
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## Investor Relations Team

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## About Rossi

Rossi is one of Brazil's leading real estate developers and builders and completed its 30<sup>th</sup> anniversary in 2010. Rossi operates in a wider range of segments and markets and its portfolio boasts numerous sales successes registered by its residential and commercial projects. Rossi is traded on the Novo Mercado segment of the BM&FBOVESPA under the ticker RSID3 and on the U.S. over-the-counter market under the ticker RSRZY.

For more information,  
visit [www.rossiresidencial.com.br/ri](http://www.rossiresidencial.com.br/ri)

- **Cash generation in the quarter of R\$ 168 million;**
- **Net debt/Shareholders' equity down to 89.9%;**

## Message from the CEO

During the first quarter of 2014, we continued the implementation of our Strategic Plan with a greater focus on cash generation. The intensive cycle of deliveries in the second half of 2013 and increased volume of financing transfers enabled us to generate cash, which exceeded our expectations for the quarter, resulting in leverage, measured by consolidated net debt divided by shareholders' equity, of 89.9%.

With regard to launch volumes, we maintained the policy of only approving projects that are more profitable than the historical ones, that are located in strategic markets and targeted at the middle and/or mid-high income segments. Rossi's average ownership interest in projects launched in the past 12 months reached 84% (excluding the joint ventures Capital Rossi and Norcon Rossi) at an average price of R\$ 460,000 per unit.

Sales speed remained at a healthy pace during the quarter and increased in the past 12 months, which shows the quality of Rossi's products. Another important factor is the efficiency in the resale of units with cancelled contracts 66% of which are concluded within the same quarter.

In terms of sales, the focus was on selling products that will be delivered during the course of this year, which have a higher cash generation potential. In terms of financial performance, margins improved, though the focus on the short term is - and will continue to be - cash generation, which will help Rossi reduce its leverage and interest expenses.

As the remaining projects from the legacy of lower profitability are being concluded, we can observe a gradual improvement in margins, given that the backlog margin improved 200 basis points, since the products launched since 2012 have higher margins and account for a larger share of the sales portfolio and revenue mix, as work on such projects advances.

I once again thank everyone in our team for their joint efforts and determination, and count on their continued efforts to be able to maintain the focus on delivering our Strategic Plan even in a more challenging scenario.

**Leonardo Nogueira Diniz**  
CEO

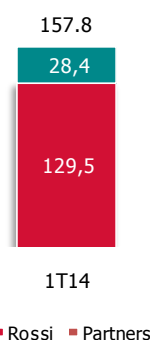
## Operating Performance

The operational metrics in this earnings release are calculated according to the proportional consolidation method. As announced in the 4Q13 earnings release, starting 1Q14, in addition to the proportional operating indicators, we are also disclosing the consolidated results in accordance with IFRS, as shown in Appendix I.

### Launches

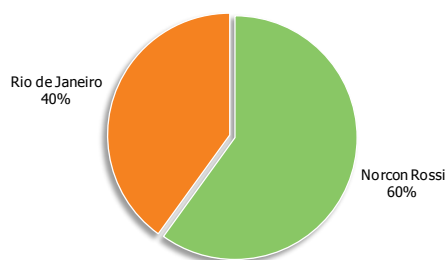
Two projects were launched in the quarter, with total potential sales value (PSV) of R\$ 158 million (R\$ 130 million Rossi's share). No launches were made during the same period of the previous year.

Launches | R\$ MM

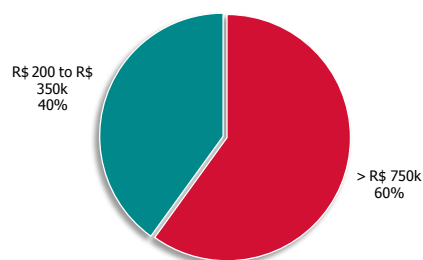


The following charts show how the launches meet Rossi's criteria of focusing on the middle and mid-high income segments in the main metropolitan areas, in line with the Company's strategic plan.

Launches 1Q14 | Metropolitan Region



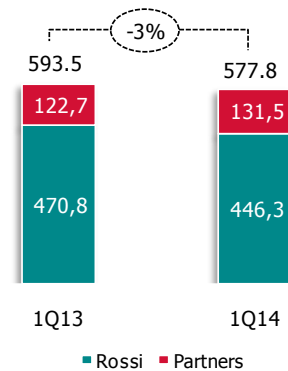
Launches 1Q14 | Income Segment



## Contracted Sales and Sales Speed (SoS)

Gross contracted sales in the quarter were stable in relation to 1Q13, reaching R\$ 578 million (R\$ 446 million Rossi's share), due to lower volume of launches in the past 12 months.

Contracted Sales | R\$ MM



The following table shows the breakdown of contracted sales by construction stage and metropolitan region:

Gross Sales (% RR) R\$ MM 1Q14 (100%)   R\$ MM	Finished	To be delivered in 2014	Under Construction	Launches	Total
Belo Horizonte	5.0		3.5		8.6
Brasília	17.7		3.2		20.9
Campinas	26.0	4.0	33.2		63.2
Capital Rossi	17.7	28.0	40.2		85.9
Curitiba	14.0	9.1	8.5		31.7
Norcon Rossi		2.6	12.0	6.8	21.4
Porto Alegre	52.2	11.7	1.9		65.8
Rio de Janeiro	10.1	4.9	7.5	23.7	46.2
São Paulo	35.6	9.4	27.7		72.6
Other Regions	111.8	31.1	18.5		161.5
<b>Total</b>	<b>290.1</b>	<b>100.8</b>	<b>156.3</b>	<b>30.5</b>	<b>577.8</b>
%	50.2%	17.5%	27.1%	5.3%	

Gross Sales (% RR) R\$ MM 1Q14 (100%)   R\$ MM	Finished	To be delivered in 2014	Under Construction	Launches	Total
Belo Horizonte	5.0		3.0		8.0
Brasília	11.0		3.0		14.0
Campinas	24.1	3.7	20.0		47.8
Capital Rossi	9.0	14.3	20.1		43.4
Curitiba	12.4	9.1	8.0		29.5
Norcon Rossi		2.1	8.4	4.7	15.3
Porto Alegre	51.4	10.8	1.9		64.1
Rio de Janeiro	9.7	4.1	6.7	23.7	44.2
São Paulo	22.9	7.9	25.1		55.9
Other Regions	84.6	27.7	11.9		124.2
<b>Total</b>	<b>230.1</b>	<b>79.7</b>	<b>108.0</b>	<b>28.4</b>	<b>446.3</b>
%	51.6%	17.9%	24.2%	6.4%	

# Earnings Release

The following tables show the sales speed in the quarter and in the past 12 months, considering the total amounts and Rossi's share in the projects:

Quarterly SoS   100%	1Q13	2Q13	3Q13	4Q13	1Q14
Inventory - BOP	4,944.1	4,518.2	4,318.0	4,476.2	4,493.1
Launches	-	163.7	706.3	540.9	157.8
Projects canceled					
<b>Inventory + Launches</b>	<b>4,944.1</b>	<b>4,682.0</b>	<b>5,024.3</b>	<b>5,017.0</b>	<b>4,650.9</b>
Gross Sales	593.5	571.5	776.1	690.1	577.8
<b>Sales Speed (SoS) (%)</b>	<b>12.0%</b>	<b>12.2%</b>	<b>15.4%</b>	<b>13.8%</b>	<b>12.4%</b>
Sales Cancellation	167.5	207.5	228.0	166.2	237.6
Adjusts/Revalue					
<b>Inventory - EOP</b>	<b>4,518.2</b>	<b>4,318.0</b>	<b>4,476.2</b>	<b>4,493.1</b>	<b>4,310.8</b>

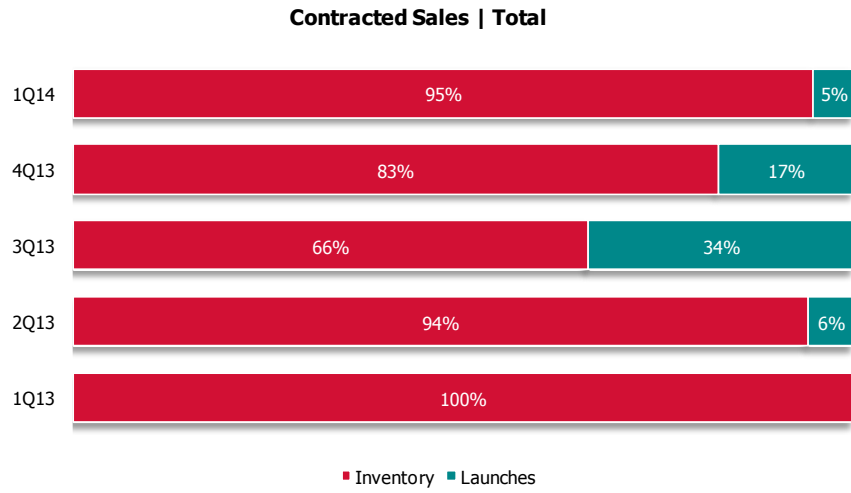
LTM SoS   100%	1Q13	2Q13	3Q13	4Q13	1Q14
Inventory - BOP	4,200.0	3,994.9	4,527.2	4,944.1	4,518.2
Launches	2,024.7	1,324.9	1,205.7	1,410.9	1,568.7
Projects canceled	(386.7)	-	-	-	-
<b>Inventory + Launches</b>	<b>5,838.1</b>	<b>5,319.8</b>	<b>5,732.9</b>	<b>6,355.1</b>	<b>6,087.0</b>
Gross Sales	2,615.8	2,222.4	2,382.1	2,631.2	2,615.5
<b>Sales Speed (SoS) (%)</b>	<b>44.8%</b>	<b>41.8%</b>	<b>41.6%</b>	<b>41.4%</b>	<b>43.0%</b>
Sales Cancellation	1,295.9	1,220.5	1,125.4	769.2	839.3
Adjusts/Revalue					
<b>Inventory - EOP</b>	<b>4,518.2</b>	<b>4,317.9</b>	<b>4,476.2</b>	<b>4,493.1</b>	<b>4,310.8</b>

Quarterly SoS   % Rossi	1Q13	2Q13	3Q13	4Q13	1Q14
Inventory - BOP	3,761.2	3,417.2	3,393.3	3,424.2	3,414.0
Launches		148.4	441.8	359.1	129.5
Projects canceled					
<b>Inventory + Launches</b>	<b>3,761.2</b>	<b>3,565.6</b>	<b>3,835.1</b>	<b>3,783.2</b>	<b>3,543.4</b>
Gross Sales	471.0	433.1	607.0	489.5	446.4
<b>Sales Speed (SoS) (%)</b>	<b>12.5%</b>	<b>12.1%</b>	<b>15.8%</b>	<b>12.9%</b>	<b>12.6%</b>
Sales Cancellation	127.0	164.6	176.7	120.2	179.2
Adjusts/Revalue		96.1	19.4		
<b>Inventory - EOP</b>	<b>3,417.2</b>	<b>3,393.3</b>	<b>3,424.2</b>	<b>3,414.0</b>	<b>3,276.3</b>

LTM SoS   % Rossi	1Q13	2Q13	3Q13	4Q13	1Q14
Inventory - BOP	2,958.3	2,524.2	3,042.8	3,761.2	3,417.2
Launches	1,447.9	1,058.3	1,000.2	949.2	1,078.7
Projects canceled	(290.0)				
<b>Inventory + Launches</b>	<b>4,116.1</b>	<b>3,582.6</b>	<b>4,043.0</b>	<b>4,710.5</b>	<b>4,495.9</b>
Gross Sales	2,493.3	1,961.4	1,952.1	2,000.5	1,975.8
<b>Sales Speed (SoS) (%)</b>	<b>60.6%</b>	<b>54.7%</b>	<b>48.3%</b>	<b>42.5%</b>	<b>43.9%</b>
Sales Cancellation	1,255.4	1,137.0	990.7	588.5	640.7
Adjusts/Revalue	539.1	635.2	342.6	115.5	115.5
<b>Inventory - EOP</b>	<b>3,417.2</b>	<b>3,393.3</b>	<b>3,424.2</b>	<b>3,414.0</b>	<b>3,276.3</b>

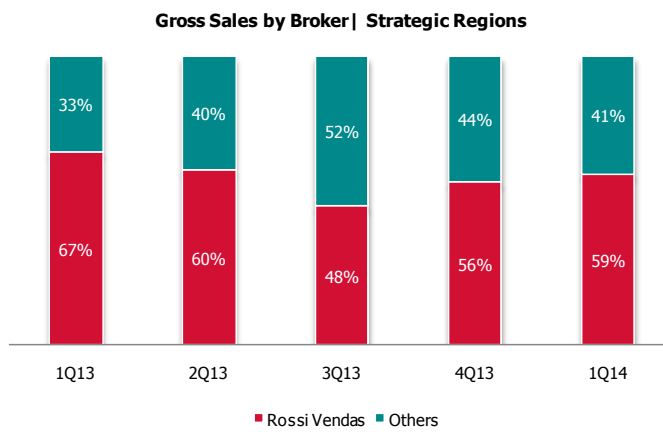
# Earnings Release

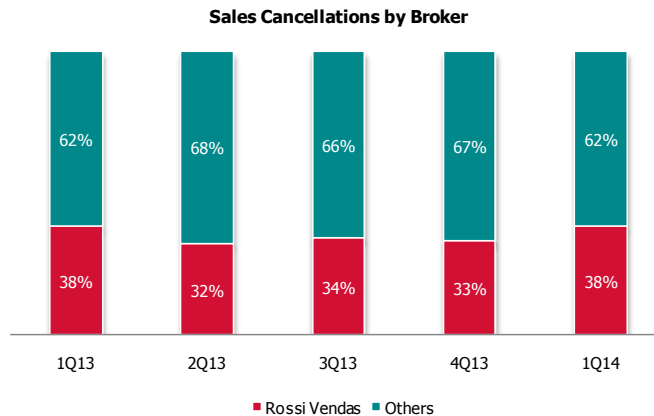
The following table shows the breakdown of gross contracted sales in terms of launches and inventory units. Note that due to the lower volume of launches in 2013, which significantly affected sales speed, the focus was on selling inventory units.



## Rossi Vendas

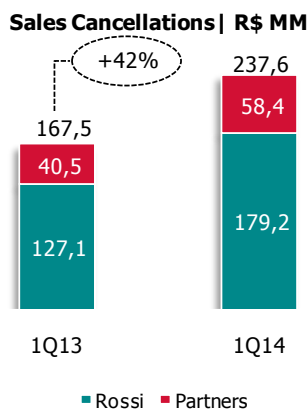
Rossi Vendas accounted for 59% of gross contracted sales in strategic metropolitan areas. The following charts show the breakdown of sales in strategic regions and cancellations per brokerage firm. Note the effectiveness and quality of our in-house team's sales results:



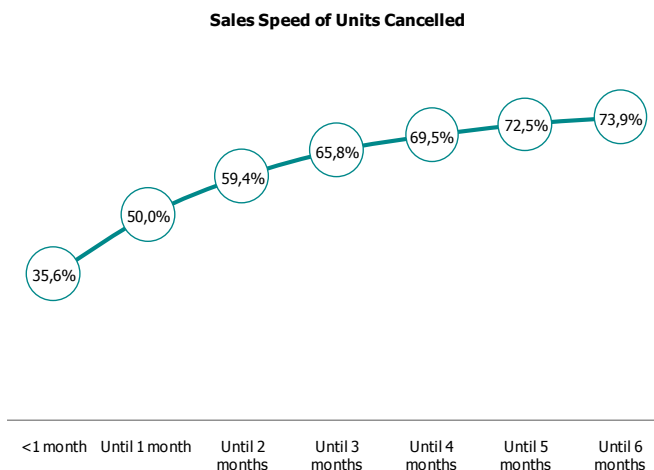


## Contract Cancellations

Contract cancellations totaled R\$ 238 million in the quarter (R\$ 179 million Rossi's share), an increase of 42% from the same period in 2013. The increase was due to Rossi's policy of accelerating its receivables portfolio turnover, i.e., clients who, after the delivery of units, have insufficient credit or are not interested in the transfer of financing. Thus, depending on the expected sales speed and resale price of such a unit, Rossi cancels the contract and the unit is sold to an effective final buyer in order to speed up financing transfer and cash generation.



The following table shows the sales speed of units cancelled in the past 12 months. Note the resale efficiency, given that 66% of the units were resold within the quarter (up to 3 months) and 90% of the sales were concluded within two months of cancellation:



## Earnings Release

The following table shows the breakdown of cancellations by construction stage and metropolitan region in the quarter:

Cancellations 1Q14 (100%)   R\$ MM	Finished	To be delivered in 2014	Under construction	Total
Belo Horizonte	6.5		1.5	8.0
Brasília	23.6		2.6	26.3
Campinas	17.0	3.2	4.4	24.6
Capital Rossi	8.4	6.0	8.6	23.1
Curitiba	9.4	0.7	0.7	10.8
Norcon Rossi		2.0	3.5	5.4
Porto Alegre	16.6	0.8	1.5	18.9
Rio de Janeiro	11.3		2.9	14.2
São Paulo	28.4	1.8	4.1	34.2
Non Strategic Regions	61.5	5.3	5.1	71.9
<b>Total</b>	<b>182.8</b>	<b>19.8</b>	<b>35.0</b>	<b>237.6</b>
%	76.9%	8.3%	14.7%	

Cancellations 1Q14 (% RR)   R\$ MM	Finished	To be delivered in 2014	Under construction	Total
Belo Horizonte	6.5		1.3	7.8
Brasília	18.7		2.5	21.2
Campinas	14.9	2.9	1.7	19.5
Capital Rossi	4.3	2.8	4.2	11.2
Curitiba	8.2	0.7	0.6	9.5
Norcon Rossi		1.5	2.4	4.0
Porto Alegre	15.6	0.7	1.5	17.9
Rio de Janeiro	10.5		2.2	12.8
São Paulo	17.5	1.6	2.9	22.0
Non Strategic Regions	45.6	4.0	3.8	53.4
<b>Total</b>	<b>141.9</b>	<b>14.2</b>	<b>21.4</b>	<b>179.2</b>
%	79.2%	7.9%	12.9%	

## Inventory at Market Value

Inventory at market value closed the quarter at R\$4.3 billion, with completed units corresponding to 12.1% of total units. The table below shows the evolution in total inventory in relation to 4Q13. Note the 8% reduction in the inventory units in other regions, in line with the campaign to sell inventory units with ad hoc discounts:

Metropolitan Region 100%   R\$ million	Inventory 4Q13	Launches	Gross Sales	VSO	Cancellations	Inventory 1Q14
Belo Horizonte	127.4		8.6	6.8%	8.0	126.8
Brasília	247.5		20.9	8.4%	26.3	252.9
Campinas	613.6		63.2	10.3%	24.7	575.1
Capital Rossi	698.6		85.9	12.3%	23.1	635.8
Curitiba	384.1		31.7	8.3%	10.8	363.2
Norcon Rossi	246.2	94.6	21.4	6.3%	5.4	324.8
Porto Alegre	275.4		65.8	23.9%	18.9	228.5
Rio de Janeiro	195.6	63.2	46.2	17.9%	14.2	226.8
São Paulo	594.6		72.6	12.2%	34.2	556.3
Other regions	1,110.2		161.5	14.5%	71.9	1,020.6
<b>Total</b>	<b>4,493.1</b>	<b>157.8</b>	<b>577.8</b>	<b>12.4%</b>	<b>237.6</b>	<b>4,310.8</b>

The following tables show detailed information by product type, metropolitan region and year of launch:

Inventory 100%	Launch Year (R\$ million)					
	2010 and prior	2011	2012	2013	2014	Total
Commercial	177.4	61.1	140.8	18.0		397.3
Convencional	675.0	910.1	1,071.2	500.6	83.7	3,240.6
Land development				339.8		339.8
MCMV	61.2	28.8				90.1
Low income	71.7	88.6	46.1		36.6	243.0
<b>Total</b>	<b>985.3</b>	<b>1,088.5</b>	<b>1,258.1</b>	<b>858.4</b>	<b>120.3</b>	<b>4,310.8</b>
%	22.9%	25.3%	29.2%	19.9%	2.8%	

Inventory 100%	Launch Year (R\$ million)					
	2010 and prior	2011	2012	2013	2014	Total
Belo Horizonte	1.4	28.4	77.4	19.5		126.8
Brasília	79.2	88.3	85.3			252.9
Campinas	26.1	19.4	59.6	470.1		575.1
Capital Rossi	139.1	117.7	361.0	18.0		635.8
Curitiba	92.4	201.6	32.6	36.7		363.2
Norcon Rossi		25.1	136.4	79.6	83.7	324.8
Porto Alegre	115.1		110.6	2.7		228.5
Rio de Janeiro	5.2	18.6	67.7	98.6	36.6	226.8
São Paulo	180.1	63.1	180.0	133.1		556.3
Other regions	346.7	526.4	147.5			1,020.6
<b>Total</b>	<b>985.3</b>	<b>1,088.5</b>	<b>1,258.1</b>	<b>858.4</b>	<b>120.3</b>	<b>4,310.8</b>
%	22.9%	25.3%	29.2%	19.9%	2.8%	



# Earnings Release

The following tables show detailed information by product type, metropolitan region and estimated year of delivery:

Inventory 100%	Expected Year of Conclusion (R\$ million)					Total	
	Product	Finished	2014	2015	2016		> 2016
Commercial	167.7	92.5	119.1			18.0	397.3
Convencional	215.0	784.8	745.1	1,345.9	149.7		3,240.6
Land development						339.8	339.8
MCMV	41.6	48.5					90.1
Low income	100.4	83.4	22.6	36.6			243.0
<b>Total</b>	<b>524.7</b>	<b>1,009.1</b>	<b>886.8</b>	<b>1,382.6</b>	<b>507.6</b>		<b>4,310.8</b>
%	12.2%	23.4%	20.6%	32.1%	11.8%		

Inventory 100%	Expected Year of Conclusion (R\$ million)					Total	
	Metropolitan Region	Finished	2014	2015	2016		> 2016
Belo Horizonte	2.0		105.3	19.5			126.8
Brasília	33.8	104.6	114.5				252.9
Campinas	36.9	68.1	64.3		405.8		575.1
Capital Rossi	39.7	173.3	45.1	359.7	18.0		635.8
Curitiba	92.4	39.3	53.9	177.7	-		363.2
Norcon Rossi		9.7	44.8	186.6	83.7		324.8
Porto Alegre	7.2	107.9		113.4			228.5
Rio de Janeiro	9.2	37.8	103.1	76.7			226.8
São Paulo	52.4	210.0	56.4	237.6			556.3
Other regions	251.2	258.6	299.4	211.3			1,020.6
<b>Total</b>	<b>524.7</b>	<b>1,009.1</b>	<b>886.8</b>	<b>1,382.6</b>	<b>507.8</b>		<b>4,310.8</b>
%	12.2%	23.4%	20.6%	32.1%	11.8%		

Inventory at market value (Rossi's share) reached R\$ 3.3 billion:

Metropolitan Region %RR   R\$ milhões	Inventory 4Q13	Launches	Gross Sales	VSO	Cancellations	Inventory 1Q14
Belo Horizonte	136.0		8.0	5.9%	7.8	135.8
Brasília	212.5		14.0	6.6%	21.2	219.7
Campinas	357.5		47.8	13.4%	19.5	329.2
Capital Rossi	368.0		43.4	11.8%	11.2	335.8
Curitiba	326.1		29.5	9.0%	9.5	306.1
Norcon Rossi	166.7	66.2	15.3	6.6%	4.0	221.6
Porto Alegre	290.9		64.1	22.0%	17.9	244.7
Rio de Janeiro	175.5	63.2	44.2	52.0%	12.8	207.3
São Paulo	544.2		55.9	8.1%	22.0	510.3
Other regions	836.5		124.2	14.8%	53.4	765.7
<b>Total</b>	<b>3,414.0</b>	<b>129.4</b>	<b>446.4</b>	<b>12.6%</b>	<b>179.4</b>	<b>3,276.3</b>

## Earnings Release

The following tables show detailed information by product type, metropolitan region and year of launch:

Inventory % RR	Launch Year (R\$ million)					
Product	2010 and prior	2011	2012	2013	2014	Product
Commercial	130,8	55,2	129,0	11,0		326,0
Convencional	488,0	754,2	803,0	438,1	59,4	2.542,7
Land development	0		0	151,3		151,3
MCMV	44,1	13,5	0	0		57,6
Low income	47,5	85,1	48,0	0	18,1	198,7
<b>Total</b>	<b>710,4</b>	<b>908,0</b>	<b>980,1</b>	<b>600,4</b>	<b>77,5</b>	<b>3.276,3</b>
%	21,7%	27,7%	29,9%	18,3%	2,4%	

Inventory % RR	Launch Year (R\$ million)					
Metropolitan Region	2010 and prior.	2011	2012	2013	2014	Total
Belo Horizonte	1,5	30,3	83,4	20,6	-	135,8
Brasília	45,3	97,9	76,4	-	-	219,7
Campinas	24,2	19,5	62,8	222,7	-	329,2
Capital Rossi	74,8	54,9	195,2	11,0	-	335,8
Curitiba	86,3	141,4	34,3	44,0	-	306,1
Norcon Rossi	-	18,7	101,2	42,3	59,4	221,6
Porto Alegre	125,2	-	116,7	2,9	-	244,7
Rio de Janeiro	5,2	15,6	52,6	115,8	18,1	207,3
São Paulo	120,4	64,1	184,7	141,2	-	510,4
Outras regiões	227,5	465,5	72,8	-	-	765,7
<b>Total</b>	<b>710,4</b>	<b>908,0</b>	<b>980,1</b>	<b>600,4</b>	<b>77,5</b>	<b>3.276,3</b>
%	21,7%	27,7%	29,9%	18,3%	2,4%	

# Earnings Release

The following tables show detailed information by product type, metropolitan region and estimated year of delivery:

Inventory % Rossi	Expected Year of Conclusion (R\$ million)					
Product	Finished	2014	2015	2016	> 2016	Total
Commercial	124,7	79,6	110,6	-	11,0	326,0
Convencional	175,8	677,1	593,8	1.037,4	58,7	2.542,7
Land development	-	-	-	-	151,3	151,3
MCMV	33,1	24,6	-	-	-	57,6
Low income	77,1	80,3	23,2	18,1	-	198,7
<b>Total</b>	<b>410,7</b>	<b>861,6</b>	<b>727,6</b>	<b>1.055,5</b>	<b>221,0</b>	<b>3.276,3</b>
%	12,5%	26,3%	22,2%	32,2%	6,7%	

Inventory %RR	Expected Year of Conclusion (R\$ million)					
Metropolitan Region	Finished	2014	2015	2016	> 2016	Total
Belo Horizonte	2,1	-	113,1	20,6	-	135,8
Brasília	27,6	86,1	106,0	-	-	219,7
Campinas	35,1	71,4	72,0	-	150,6	329,2
Capital Rossi	22,3	90,1	18,1	194,4	11,0	335,8
Curitiba	86,3	36,0	56,8	27,0	-	306,1
Norcon Rossi	-	7,3	33,1	121,8	59,4	221,6
Porto Alegre	7,1	118,1	-	119,5	-	244,7
Rio de Janeiro	8,6	30,6	114,1	54,0	-	207,3
São Paulo	29,0	178,5	54,9	247,9	-	510,4
Other regions	192,6	243,6	159,4	170,2	-	765,7
<b>Total</b>	<b>410,7</b>	<b>861,6</b>	<b>727,6</b>	<b>1.055,5</b>	<b>221,0</b>	<b>3.276,3</b>
%	12,5%	26,3%	22,2%	32,2%	6,7%	

## Units Delivered

Rossi concluded 2,583 units in the first quarter. The following table gives a breakdown of deliveries in 1Q14 by certificates of occupancy in each income segment:

Income Segment	1Q14		
	Units	VGW 100% (R\$ mil)	VGW Rossi (R\$ mil)
Convencional	1,090	387,915	319,307
Commercial	295	61,198	57,058
Low income	726	92,969	76,216
MCMV	472	51,446	38,802
<b>Total</b>	<b>2,583</b>	<b>593,528</b>	<b>491,383</b>

## Earnings Release

The table below shows the accumulated percentage of conclusion of works in relation to year of launch:

Launch	Year to be delivery			
	2014	2015	2016	2017
2009 e Ant.	100%	100%	100%	100%
2010	100%	100%	100%	100%
2011	46%	84%	100%	100%
2012	21%	67%	100%	100%
2013		29%	68%	100%

Currently, Rossi has 86 construction sites in operation and 23,312 units under construction. It expects to deliver between 10,000 and 12,000 units in 2014, with total PSV launched of R\$ 3,596,619 (R\$2,727,494 Rossi's share).

### Land Bank

Rossi has a top quality land bank and the amounts are segmented in line with Rossi's strategy and the respective operating profile:

R\$MM	VGW 100%	VGW Rossi	Units
Rossi Residencial	9,035.1	7,550.2	21,640
Desmobilização	1,966.6	1,365.9	8,929
<b>Landbank consolidated</b>	<b>11,001.7</b>	<b>8,916.1</b>	<b>30,569</b>

The land bank for the construction and development of residential properties totals PSV of R\$7.5 billion for future launches, plus another R\$ 1.1 billion for potential sale, totaling R\$ 8.6 billion in potential PSV. The following table shows the land bank destined for residential developments broken down by metropolitan area and type of product:

Metropolitan Region	Comercial	From R\$ 200 to R\$ 350 k	From R\$ 350 to R\$ 500 k	From R\$ 500 to R\$ 650 k	From R\$ 650 to R\$ 750 k	> R\$ 750 k	Total geral
Aracaju	60.9	552.7	719.0	354.0	599.0	414.9	<b>2,700.5</b>
Belo Horizonte		53.9		72.3		283.0	<b>409.3</b>
Brasília		90.7				167.0	<b>257.6</b>
Campinas		407.5	362.2		419.6	291.4	<b>1,480.6</b>
Manaus			178.5	197.7	107.7	307.0	<b>791.0</b>
Porto Alegre		752.3	392.8	180.5	107.7	142.8	<b>1,576.1</b>
Rio de Janeiro		228.0	82.8		416.8	58.6	<b>786.2</b>
São Paulo			950.4			83.4	<b>1,033.8</b>
<b>Total geral</b>	<b>60.9</b>	<b>2,085.1</b>	<b>2,685.1</b>	<b>804.6</b>	<b>1,650.9</b>	<b>1,748.1</b>	<b>9,035.1</b>
%	0.7%	23.1%	29.7%	8.9%	18.3%	19.3%	

## Financial Performance

The financial information herein was prepared in accordance with the accounting practices adopted in Brazil, including CPCs 19 (R2) and 36 (R3), relating to the consolidation of certain equity interests. Thus, since 1Q13, Rossi has been consolidating all its interests in subsidiaries and joint ventures in accordance with these accounting standards.

### Net Revenues

Net revenues from property sales and services came to R\$488 million in the quarter, down 10% from the same period last year, mainly due to: (i) lower volume of launches in the period; (ii) evolution of construction works; (iii) higher volume of sales cancellations; and (iv) discounts granted on the sale of completed units.

R\$ milhões	1Q14	1Q13	Var.(%)
<b>Gross Operating Revenues</b>			
Real Estate Sales and Services	501.1	558.1	-10.2%
Taxes and Deductions	(12.7)	(15.5)	-18.0%
<b>Net Operating Revenues</b>	<b>488.3</b>	<b>542.5</b>	<b>-10.0%</b>

### Cost of Properties and Services Sold

The cost of properties and services sold was R\$391 million in 1Q14, down 16% from 1Q13. Financial charges from construction financing and corporate debt, whose funds are allocated to production for either land acquisitions or construction, are capitalized under inventories and taken to profit or loss in proportion to the number of units sold.

R\$ million	1Q14	1Q13	Var.(%)
Construction+Land	335.4	394.8	-15.0%
Financial Charges	55.2	68.1	-18.9%
<b>Total</b>	<b>390.6</b>	<b>462.9</b>	<b>-15.6%</b>

### Gross Income and Gross Margin

Gross income in the quarter totaled R\$98 million. Excluding charges allocated to costs, Gross Income was R\$153 million, with gross margin of 31.3%. Below is the breakdown:

R\$ million	1Q14	1Q13	Var.(%)
Gross Profit	97.7	79.6	22.7%
Gross Margin (%)	20.0%	14.7%	5.3 p.p.
Adjusted Gross Profit <sup>(1)</sup>	152.2	147.7	3.5%
<b>Adjusted Gross Margin (%) <sup>(1)</sup></b>	<b>31.3%</b>	<b>27.2%</b>	<b>4.1p.p.</b>

<sup>(1)</sup> excluding financial charges allocated to costs

The table on the next page shows the breakdown of revenues by year of launch. Note that the main impact is related to legacy projects (launched in and before 2010). As these projects are delivered simultaneously with the progress in more recent projects, Rossi's margins should increase gradually. Note that the company has been applying its discount policy chiefly in non-strategic regions in order to accelerate the decommissioning of operations in these regions.

# Earnings Release

1Q14   R\$ million	Net revenue	Gross Margin (ex juros)
2010 and prior	181.5	30.9%
2011	221.7	30.5%
2012	75.1	33.7%
2013	9.9	37.6%
<b>Total</b>	<b>488.3</b>	<b>31.3%</b>

1Q14   R\$ million	Net revenue	Gross Margin (ex juros)
Strategic Region	371.4	34.2%
Other Regions	116.9	22.1%
<b>Total</b>	<b>488.3</b>	<b>31.3%</b>

## Selling and Administrative Expenses

Administrative expenses totaled R\$ 46 million in the quarter, while selling expenses totaled R\$ 36 million.

R\$ milhões	1Q14	1Q13	Var.(%)
G&A (a)	46.0	42.0	9.5%
Commercial (b)	35.9	28.8	24.9%
G&A ÷ Net Revenue	9.4%	7.7%	1.7 p.p.
Commercial ÷ Net Revenue	7.4%	5.3%	2.1 p.p.
(a) + (b)	82.0	70.8	15.7%
(a) + (b) ÷ Net Revenue	<b>16.8%</b>	<b>13.1%</b>	<b>3.7 p.p.</b>

<sup>1</sup> Including the profit sharing and fees of executive officers

## EBITDA

Adjusted EBITDA in the quarter was R\$98 million, with adjusted EBITDA margin of 20.0%

R\$ milhões	1Q14	1Q13	Var.(%)
Net Income (Loss)	6.8	(10.0)	N/A
(+/-) Net Financial Expenses (Revenues)	19.1	12.2	57.6%
(+) Income tax and social contrib.	11.1	18.0	-38.5%
(+) Depreciation and Amortization	1.7	1.7	0.0%
<b>EBITDA</b>	<b>38.7</b>	<b>26.5</b>	<b>77.2%</b>
(+) Financial Charge at COGS	55.2	68.1	-18.9%
(+) Stock Plan	3.9	4.6	-16.1%
<b>Adjusted EBITDA</b>	<b>97.8</b>	<b>99.2</b>	<b>0.2%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>20.0%</i>	<i>18.3%</i>	<i>2.1 p.p.</i>

<sup>1</sup> EBITDA according to CVM Instruction 527/2012.

<sup>2</sup> EBITDA adjusted for expenses that do not involve actual cash payment. For further details, see the glossary at the end of this document.

## Net Financial Result

Net financial result was an expense of R\$ 19 million, mainly due to the discounts granted to clients to speed up the financing transfer process and, consequently, generate cash.

Resultado Financeiro (R\$ milhões)	1Q14	1Q13	Var.(%)
Financial Revenues	31.0	29.9	3.8%
Financial Expenses	(50.2)	(42.1)	19.3%
<b>Net Financial Result</b>	<b>(19.1)</b>	<b>(12.2)</b>	<b>57.6%</b>

## Other Operating Revenues/Expenses, Net

Other operating revenues (net) totaled R\$ 7 million, mainly due to the decommissioning of assets in the amount of R\$ 15 million.

## Net Income

In the quarter, Rossi registered net income of R\$7 million, with net margin of 1.4%, as a result of the impacts described in the previous sections.

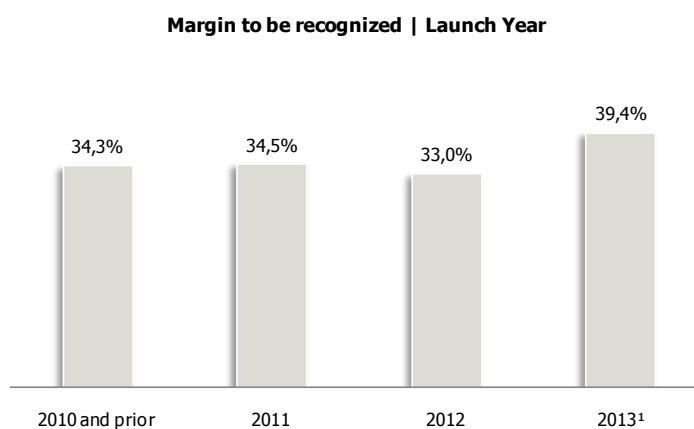
R\$ million	1Q14	1Q13	Var.(%)
Net Income (Loss)	6,8	(10,0)	N/A
<i>Net Margin (%)</i>	<i>1,4%</i>	<i>-1,8%</i>	<i>2,5 p.p.</i>

## Backlog Result

The following table shows the backlog results, including PIS and Cofins taxes and excluding interested allocated to cost.

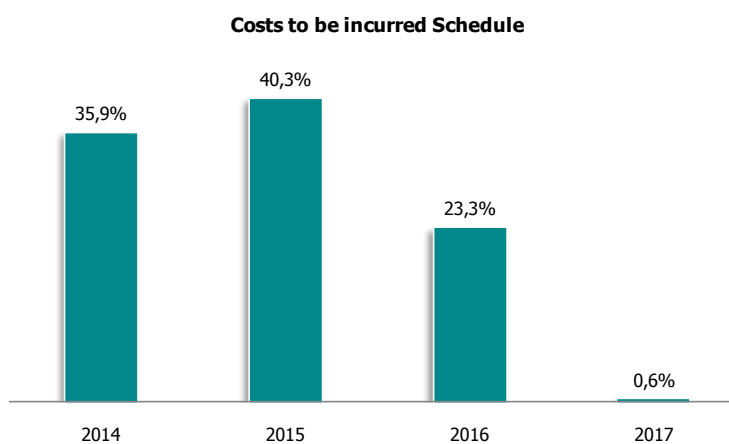
Backlog Results (R\$ million)	1Q14	4Q13	Var.(%)
Gross Revenues	1,306.3	1,424.4	-8.3%
Costs (w/out financial charge)	(836.3)	(942.2)	-11.2%
<b>Gross Profit</b>	<b>470.0</b>	<b>482.1</b>	<b>-2.5%</b>
<i>Backlog Margin (%)</i>	<i>36.0%</i>	<i>33.8%</i>	<i>2.1 p.p.</i>

The chart details the backlog margin by year of launch. Backlog margin of the project launched in 2014 is lower than average due to the characteristic of the product, but which is compensated by a shorter cycle and, thus, a higher rate of return.



<sup>1</sup> not including Entreverdes Campinas

The following chart presents the schedule of costs to be incurred. Appendix I shows the schedule of costs that will be booked in the result through the equity income method.



## Accounts Receivable

Trade accounts receivable from real estate developments to be recognized under the PoC method (recognition of the revenues and respective costs and expenses from real estate development over the course of construction) totaled R\$3.9 billion.

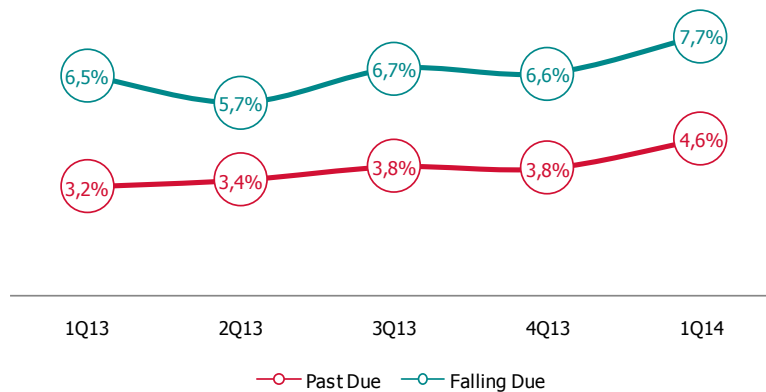
R\$ milhões	1Q14	4Q13	Var.(%)
<b>Short Term</b>	<b>1.726,7</b>	<b>1.950,7</b>	<b>-11,5%</b>
Units under construction	1.322,2	1.128,5	17,2%
Finished Units	326,1	759,5	-57,1%
Land Receivables	78,5	62,7	25,2%
<b>Long Term</b>	<b>818,5</b>	<b>608,5</b>	<b>34,5%</b>
Units under construction	626,8	352,0	78,0%
Finished Units	191,8	235,5	-18,6%
Land Receivables	-	20,9	N/A
<b>Total</b>	<b>2.545,3</b>	<b>2.559,2</b>	<b>-0,5%</b>
<b>Recebíveis de Incorporação a serem apropriados no balanço pelo POC</b>			
Short Term	886,3	1.088,9	-18,6%
Long Term	420,2	339,7	23,7%
<b>Total</b>	<b>1.306,5</b>	<b>1.428,5</b>	<b>-8,5%</b>
<b>Total Accounts Receivable</b>	<b>3.851,8</b>	<b>3.987,7</b>	<b>-3,4%</b>



## Delinquency

The delinquency rate (overdue + outstanding) rose slightly in relation to historical data. In absolute terms, the delinquent portfolio remains stable, with the increase in the delinquency rate caused by the reduction in the receivables portfolio. The rate represents total balance of clients with any amount overdue more than 90 days. It also includes contract installments falling due, in order to provide a conservative view of the rate.

**Delinquency Rate | Delinquency / Total Receivables**



## Tradable Properties

The following table details tradable properties booked in the balance sheet at historical cost:

Tradable Properties (R\$ milhões)	1Q14	4Q13	Var.(%)
<b>R\$ million</b>	139.3	92.1	51.3%
Finished Units	658.3	675.0	-2.5%
Units Under Construction	461.3	486.3	-5.1%
Land for future developments	14.9	15.7	-5.5%
New Projects expenses	19.1	21.5	-10.9%
Materials	43.4	41.6	4.2%
Capitalized Interests	125.4	167.4	-25.1%
<b>Total</b>	<b>1,461.7</b>	<b>1,499.7</b>	<b>-2.5%</b>

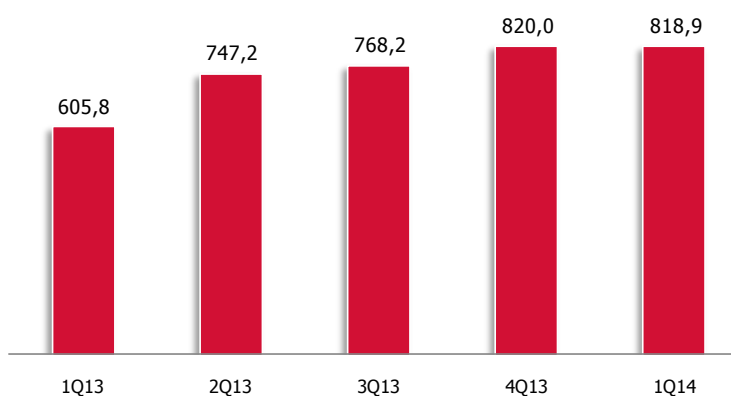
## Transfer of Financing and Rossi Fácil

At the end of 2013, Rossi Fácil was restructured, as a result of which all stages of the financing transfer process started to be managed similar to in an assembly line, which enables the company to identify bottlenecks at each stage and monitor the respective times. We also created detailed timetables and checklists to monitor the various stages of construction, as well as issues involving development and sundry documentation, which include the issue of the certificates of occupancy, tax certificates of good standing and the documentation file, all of which are conditions precedent for the financing transfer process. The following chart lists the key activities in each phase.

The following chart details the cash flows in the year from transfers, which totaled R\$819 billion (100%) in the quarter.

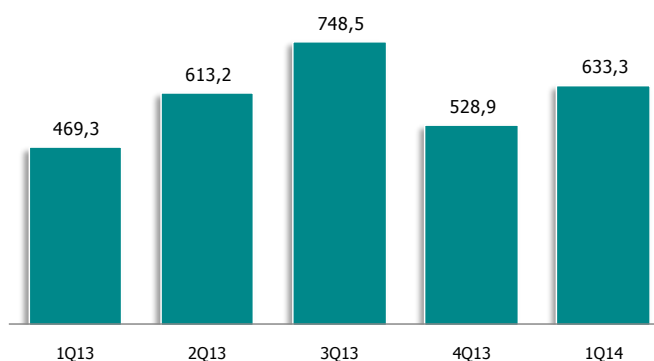
Note that in 1Q14 transfer volume remained stable in relation to 4Q13, but increased 35% from 1Q13, which shows the gains in productivity on account of the changes implemented.

**Cash Inflow from Financial Transfers (R\$ MM) | 100%**



The chart below shows the evolution of transfers, which shows an increase of 35% in the first quarter of 2014 compared to the same period in 2013.

**Financial Transfers (R\$ MM) | 100%**



## Decommissioning and Sale of Assets

Total asset sale agreements signed since December 2012 reached R\$ 193 million, of which R\$ 20 million were in 1Q14 alone. A sum of R\$ 45 million was received in the quarter and a further R\$ 90 million is receivable over the next 18 months. As the table on Accounts Receivable on page 16 shows, R\$ 78 million have already been booked, while the balance R\$ 12 million is bound by conditions subsequent.

## Debt and Cash Flow

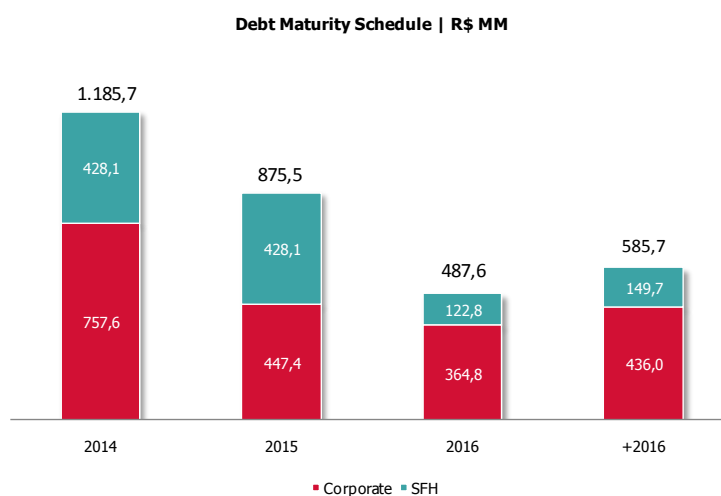
Rossi ended 1Q14 with cash balance of R\$ 973 million and total debt of R\$ 3.1 billion. Cash generation, as measured by net debt variation, was R\$ 168 million, while net debt/shareholders' equity dropped 700 bps to 89.9%.

The definitive documentation for the R\$450 million debt rollover agreement with Banco Bradesco was signed in 1Q14.

Real estate credit consists of loans for construction (SFH) and bank credit notes (CCB), which will be used for the construction and development of pre-determined housing projects.

R\$ milhões	1Q14	4Q13	Var (%)
<b>Short Term</b>	<b>1,343.0</b>	<b>1,734.7</b>	<b>-22.6%</b>
Financiamentos para construção	842.2	1,234.9	-31.8%
Capital de giro	172.8	181.5	-4.8%
Cessão de Crédito	9.6	9.4	2%
Debêntures	318.4	308.8	3.1%
<b>Long Term</b>	<b>1,791.6</b>	<b>1,384.1</b>	<b>29.4%</b>
Financiamentos para construção	1,379.1	948.8	45.4%
Capital de giro	147.8	166.4	-11.2%
Cessão de Crédito	14.7	19	-22%
Debêntures	250.0	250.0	0.0%
<b>Gross Debt</b>	<b>3,134.6</b>	<b>3,118.8</b>	<b>0.5%</b>
Cash and Equivalents	<b>973.0</b>	<b>789.7</b>	<b>23.2%</b>
<b>Net Debt</b>	<b>2,161.6</b>	<b>2,329.1</b>	<b>-7.2%</b>
<b>Net Debt ÷ Equity</b>	<b>89.9%</b>	<b>97.3%</b>	<b>-7.4 p.p.</b>
<b>Cash generation (burn)</b>	<b>167.5</b>	<b>197.1</b>	<b>-15.0%</b>

The following chart shows Rossi's debt maturity schedule:



## Appendix I | Indicators - IFRS

Information classified as "Consolidated" represents only the amounts pertaining to operations consolidated according to IFRS, and "Total" represents the sum of consolidated and nonconsolidated operations. To facilitate comparison with historical information, data since 2009 with this presentation are also available at Rossi's website.

Quarterly SoS   % Rossi	1Q14
Inventory - BOP	4,737.2
Launches	157.8
<b>Inventory + Launches</b>	<b>4,895.1</b>
Gross Sales	553.4
<b>Sales Speed (SoS) (%)</b>	<b>11.3%</b>
Sales Cancellation	231.1
<b>Inventory - EOP</b>	<b>4,572.8</b>

Quarterly SoS   Consolidated	1Q14
Inventory - BOP	2,991.7
Launches	63.2
<b>Inventory + Launches</b>	<b>3,054.9</b>
Gross Sales	350.8
<b>Sales Speed (SoS) (%)</b>	<b>11.5%</b>
Sales Cancellation	142.0
<b>Inventory - EOP</b>	<b>2,846.1</b>

Quarterly SoS   Total	1Q13	2Q13	3Q13	4Q13
Inventory - BOP	5,371.2	4,948.7	4,757.6	4,925.7
Launches	-	163.6	706.7	358.2
<b>Inventory + Launches</b>	<b>5,371.2</b>	<b>5,112.3</b>	<b>5,464.2</b>	<b>5,284.0</b>
Gross Sales	586.9	558.6	761.1	710.1
<b>Sales Speed (SoS) (%)</b>	<b>10.9%</b>	<b>10.9%</b>	<b>13.9%</b>	<b>13.4%</b>
Sales Cancellation	164.5	203.8	222.6	163.4
<b>Inventory - EOP</b>	<b>4,948.7</b>	<b>4,757.6</b>	<b>4,925.7</b>	<b>4,737.2</b>

Quarterly SoS   Consolidated	1Q13	2Q13	3Q13	4Q13
Inventory - BOP	3,507.7	3,219.8	3,165.2	3,029.5
Launches	-	163.6	249.1	358.2
<b>Inventory + Launches</b>	<b>3,507.7</b>	<b>3,383.4</b>	<b>3,414.3</b>	<b>3,387.8</b>
Gross Sales	387.2	350.4	524.3	482.0
<b>Sales Speed (SoS) (%)</b>	<b>11.0%</b>	<b>10.4%</b>	<b>15.4%</b>	<b>14.2%</b>
Sales Cancellation	99.3	132.2	139.5	85.9
<b>Inventory - EOP</b>	<b>3,219.8</b>	<b>3,165.2</b>	<b>3,029.5</b>	<b>2,991.7</b>

## Appendix I | Indicators – IFRS (continued)

Quarterly SoS   Total	1Q12	2Q12	3Q12	4Q12
Inventory - BOP	4,847.5	4,846.9	4,946.3	5,151.5
Launches	659.1	863.5	486.2	335.6
<b>Inventory + Launches</b>	<b>5,506.5</b>	<b>5,710.4</b>	<b>5,432.4</b>	<b>5,487.1</b>
Gross Sales	876.8	1,117.7	676.9	539.7
<b>Sales Speed (SoS) (%)</b>	<b>15.9%</b>	<b>19.6%</b>	<b>12.5%</b>	<b>9.8%</b>
Sales Cancellation	217.1	353.5	395.9	423.8
<b>Inventory - EOP</b>	<b>4,846.9</b>	<b>4,946.3</b>	<b>5,151.5</b>	<b>5,371.2</b>

Quarterly SoS   Consolidated	1Q12	2Q12	3Q12	4Q12
Inventory - BOP	3,536.6	3,535.7	3,306.5	3,480.1
Launches	403.4	181.2	346.2	117.7
<b>Inventory + Launches</b>	<b>3,940.0</b>	<b>3,716.9</b>	<b>3,652.7</b>	<b>3,597.8</b>
Gross Sales	547.4	643.1	409.5	336.5
<b>Sales Speed (SoS) (%)</b>	<b>13.9%</b>	<b>17.3%</b>	<b>11.2%</b>	<b>9.4%</b>
Sales Cancellation	143.1	232.6	236.9	246.4
<b>Inventory - EOP</b>	<b>3,535.7</b>	<b>3,306.5</b>	<b>3,480.1</b>	<b>3,507.7</b>

Quarterly SoS   Total	1Q11	2Q11	3Q11	4Q11
Inventory - BOP	3,325.8	3,304.2	4,162.9	4,087.3
Launches	704.5	1,631.1	736.4	1,636.7
<b>Inventory + Launches</b>	<b>4,030.3</b>	<b>4,935.4</b>	<b>4,899.3</b>	<b>5,724.0</b>
Gross Sales	872.6	947.0	999.3	1,018.6
<b>Sales Speed (SoS) (%)</b>	<b>21.7%</b>	<b>19.2%</b>	<b>20.4%</b>	<b>17.8%</b>
Sales Cancellation	146.4	174.5	187.2	142.1
<b>Inventory - EOP</b>	<b>3,304.2</b>	<b>4,162.9</b>	<b>4,087.3</b>	<b>4,847.5</b>

Quarterly SoS   Consolidated	1Q11	2Q11	3Q11	4Q11
Inventory - BOP	2,023.4	2,216.8	3,064.5	3,156.5
Launches	622.4	1,343.0	572.0	874.0
<b>Inventory + Launches</b>	<b>2,645.8</b>	<b>3,559.8</b>	<b>3,636.5</b>	<b>4,030.5</b>
Gross Sales	520.5	617.3	610.6	602.1
<b>Sales Speed (SoS) (%)</b>	<b>19.7%</b>	<b>17.3%</b>	<b>16.8%</b>	<b>14.9%</b>
Sales Cancellation	91.6	122.0	130.6	108.1
<b>Inventory - EOP</b>	<b>2,216.8</b>	<b>3,064.5</b>	<b>3,156.5</b>	<b>3,536.6</b>

## Appendix I | Indicators – IFRS (continued)

Quarterly SoS   Total	1Q10	2Q10	3Q10	4Q10
Inventory - BOP	2,596.9	2,582.4	2,621.6	2,834.1
Launches	656.3	860.7	1,143.1	1,606.2
<b>Inventory + Launches</b>	<b>3,253.2</b>	<b>3,443.0</b>	<b>3,764.7</b>	<b>4,440.3</b>
Gross Sales	774.0	959.0	1,041.6	1,306.0
<b>Sales Speed (SoS) (%)</b>	<b>23.8%</b>	<b>27.9%</b>	<b>27.7%</b>	<b>29.4%</b>
Sales Cancellation	103.1	137.6	110.9	191.6
<b>Inventory - EOP</b>	<b>2,582.4</b>	<b>2,621.6</b>	<b>2,834.1</b>	<b>3,325.8</b>

Quarterly SoS   Consolidated	1Q10	2Q10	3Q10	4Q10
Inventory - BOP	1,927.6	2,011.9	1,816.8	1,899.5
Launches	556.9	456.9	565.7	723.2
<b>Inventory + Launches</b>	<b>2,484.5</b>	<b>2,468.8</b>	<b>2,382.4</b>	<b>2,622.7</b>
Gross Sales	547.1	745.2	560.7	743.0
<b>Sales Speed (SoS) (%)</b>	<b>22.0%</b>	<b>30.2%</b>	<b>23.5%</b>	<b>28.3%</b>
Sales Cancellation	74.4	93.2	77.8	143.7
<b>Inventory - EOP</b>	<b>2,011.9</b>	<b>1,816.8</b>	<b>1,899.5</b>	<b>2,023.4</b>

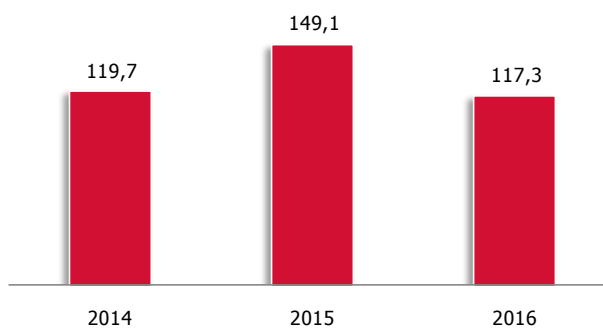
Quarterly SoS   Total	1Q09	2Q09	3Q09	4Q09
Inventory - BOP	2,520.7	2,485.3	2,217.6	2,390.0
Launches	298.4	220.8	749.0	936.9
<b>Inventory + Launches</b>	<b>2,819.1</b>	<b>2,706.2</b>	<b>2,966.6</b>	<b>3,327.0</b>
Gross Sales	381.6	559.5	663.7	800.5
<b>Sales Speed (SoS) (%)</b>	<b>13.5%</b>	<b>20.7%</b>	<b>22.4%</b>	<b>24.1%</b>
Sales Cancellation	47.9	70.9	87.2	70.4
<b>Inventory - EOP</b>	<b>2,485.3</b>	<b>2,217.6</b>	<b>2,390.0</b>	<b>2,596.9</b>

Quarterly SoS   Consolidated	1Q09	2Q09	3Q09	4Q09
Inventory - BOP	1,735.9	1,790.9	1,627.7	1,702.9
Launches	298.4	189.6	467.8	711.3
<b>Inventory + Launches</b>	<b>2,034.3</b>	<b>1,980.5</b>	<b>2,095.4</b>	<b>2,414.2</b>
Gross Sales	278.7	403.1	449.8	531.4
<b>Sales Speed (SoS) (%)</b>	<b>13.7%</b>	<b>20.4%</b>	<b>21.5%</b>	<b>22.0%</b>
Sales Cancellation	35.3	50.3	57.2	44.9
<b>Inventory - EOP</b>	<b>1,790.9</b>	<b>1,627.7</b>	<b>1,702.9</b>	<b>1,927.6</b>

## Appendix I | Indicators – IFRS (continued)

Apart from the operating results as per IFRS, detailed in the previous sections, the chart below shows the expected booking of costs to be incurred according to the equity income method:

**Costs to be incurred | Equity Income Method**



## Income Statement - R\$ thousand

	1Q14	1T13	Var.(%)
<b>Gross Operating Revenues</b>			
Property sales and services	501.085	558.066	↓ -10,2%
Taxes and deductions	(12.741)	(15.547)	↓ -18,0%
<b>Net Operating Revenue</b>	<b>488.344</b>	<b>542.519</b>	↓ <b>-10,0%</b>
<b>Cost of Property and Services</b>	<b>(390.624)</b>	<b>(462.909)</b>	↓ <b>-15,6%</b>
Works+sites	(335.442)	(394.831)	↓ -15,0%
Financial Charges	(55.182)	(68.078)	↓ -18,9%
<b>Gross Income</b>	<b>97.720</b>	<b>79.610</b>	↑ <b>22,7%</b>
<b>Gross Margin</b>	<b>20,0%</b>	<b>14,7%</b>	↑ <b>5,3 p.p.</b>
<b>Operating Expenses</b>	<b>(55.793)</b>	<b>(56.259)</b>	↓ <b>-0,8%</b>
Administrative	(46.031)	(42.039)	↑ 9,5%
Selling	(35.926)	(28.772)	↑ 24,9%
Depreciation and amortization	(1.667)	(1.667)	→ 0,0%
Result of subsidiaries	21.240	35.253	↓ -39,7%
Other operating revenues (expenses)	6.591	(19.034)	N/A
<b>Earnings before financial result</b>	<b>41.927</b>	<b>23.351</b>	↑ <b>79,6%</b>
<b>Financial Results</b>	<b>(19.144)</b>	<b>(12.150)</b>	↑ <b>57,6%</b>
Financial Revenues	31.043	29.917	↑ 3,8%
Financial Expenses	(50.187)	(42.067)	↑ 19,3%
<b>Operating Income (Loss)</b>	<b>22.783</b>	<b>11.201</b>	↑ <b>103,4%</b>
<b>Operating Margin</b>	<b>4,7%</b>	<b>2,1%</b>	↑ <b>2,6 p.p.</b>
Provision for income tax and social contrib.	(8.678)	(9.990)	↓ -13,1%
Deferred income tax	(2.386)	(8.009)	↓ -70,2%
Minorities	(4.887)	(3.172)	↑ 54,1%
<b>Net Income (Loss)</b>	<b>6.832</b>	<b>(9.970)</b>	N/A
<b>Net Margin</b>	<b>1,4%</b>	<b>-1,8%</b>	↑ <b>3,2 p.p.</b>



## Balance Sheet | Assets – R\$ thousand

ASSETS	1Q14	4Q13	Var.(%)
<b>CURRENT</b>			
Cash and equivalents	562.037	367.149	↑ 53,1%
Tradeble notes	36.687	162.480	↓ -77,4%
Accounts receivable from clients	1.726.722	1.950.729	↓ -11,5%
Tradeble properties	1.048.383	1.182.302	↓ -11,3%
Other assets	916.611	880.281	↑ 4,1%
<b>Total Current Asset</b>	<b>4.290.440</b>	<b>4.542.941</b>	<b>↓ -5,6%</b>
<b>NON CURRENT</b>			
Tradeble notes	374.266	260.076	↑ 43,9%
Accounts receivable from clients	818.549	608.471	↑ 34,5%
Judicial deposits	53.838	52.010	↑ 3,5%
Tradeble properties	413.340	317.361	↑ 30,2%
Deferred income tax and social contrib.	323.476	381.217	↓ -15,1%
<b>Total Long Term</b>	<b>1.983.469</b>	<b>1.619.135</b>	<b>↑ 22,5%</b>
Fixed	1.490.527	1.381.747	↑ 7,9%
Intangible	55.174	49.070	↑ 12,4%
<b>Total non current</b>	<b>3.529.170</b>	<b>3.049.952</b>	<b>↑ 15,7%</b>
<b>TOTAL ASSETS</b>	<b>7.819.610</b>	<b>7.592.893</b>	<b>↑ 3,0%</b>

## Balance Sheet | Liabilities and Shareholders' Equity – R\$ thousand

LIABILITIES AND SHAREHOLDER 'S EQUITY	1Q14	4Q13	Var.(%)
<b>CURRENT</b>			
Construction financing – real estate credit	842.179	1.234.947	↓ -31,8%
Loans – working capital	182.324	190.982	↓ -4,5%
Debentures	318.418	308.761	↑ 3,1%
Suppliers	89.875	86.518	↑ 3,9%
Accounts payable to land site acquisition	211.259	211.795	↓ -0,3%
Salaries and payroll charges	27.747	30.621	↓ -9,4%
Taxes and contributions payable	34.838	30.669	↑ 13,6%
Profit sharing payable	7.584	5.551	↑ 36,6%
Advances from clients	102.277	124.795	↓ -18,0%
Profit sharing payable	1.049.788	808.838	↑ 29,8%
Deferred taxes and contributions	136.344	151.036	↓ -9,7%
Other accounts payable	50.053	55.407	↓ -9,7%
<b>Total Current</b>	<b>3.052.686</b>	<b>3.239.920</b>	<b>↓ -5,8%</b>
<b>NON CURRENT</b>			
Construction financing – real estate credit	1.379.072	948.790	↑ 45,4%
Loans – working capital	162.445	185.306	↓ -12,3%
Debentures	250.000	250.000	→ 0,0%
Accounts payable to land site acquisition	47.323	54.890	↓ -13,8%
Taxes and contributions payable	25.554	25.554	→ 0,0%
Provisions	69.465	66.861	↑ 3,9%
Provision for guarantees	44.268	41.050	↑ 7,8%
Deferred taxes and contributions	64.724	47.111	↑ 37,4%
Others	244.007	268.641	↓ -9,2%
<b>Total non current</b>	<b>2.286.858</b>	<b>1.888.203</b>	<b>↑ 21,1%</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock	2.611.390	2.611.390	→ 0,0%
Treasury stock	(82.618)	(82.331)	↑ 0,3%
Capital reserve	58.431	54.567	↑ 7,1%
Accrued earnings	(183.876)	(190.708)	↓ -3,6%
<b>Total Shareholders' Equity</b>	<b>2.403.327</b>	<b>2.392.918</b>	<b>↑ 0,4%</b>
Minorities interest	76.739	71.852	↑ 6,8%
<b>TOTAL LIABILITIES</b>	<b>7.819.610</b>	<b>7.592.893</b>	<b>↑ 3,0%</b>

## Glossary

**Accounting Pronouncement Committee (CPC)** - Created by Resolution 1055/05 of the Federal Accounting Board (CFC), the CPC has the objective of "analyzing, preparing and issuing Technical Pronouncements on accounting procedures and disclosing information of this nature to allow Brazil's regulatory authority to issue standards with a view to centralizing and standardizing its production processes, always considering the convergence of Brazilian and international accounting standards".

**Adjusted EBITDA** - Earnings before the financial result, income tax and social contribution on net income, depreciation, amortization, financial charges associated with the cost of properties sold, expenses with share issuances, expenses with the stock option plan and other non-operating expenses. Adjusted EBITDA is not a measure of financial performance recognized by generally accepted accounting practices in Brazil (BR GAAP) and should not be considered alone, as an alternative to net income, as a measure of operating performance, as an alternative to operating cash flow or as a measure of liquidity. Adjusted EBITDA does not have a standardized definition and Rossi's definition of Adjusted EBITDA may differ from those used by other companies.

**Backlog Margin** - Equivalent to "Backlog Results" divided by "Backlog Revenue" to be recognized in future periods.

**Backlog Result** - 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. Therefore, the balance of the Backlog Result represents revenues less costs that will be recognized in future periods from past sales.

**Backlog Revenue** - Backlog revenues correspond to sales contracts with revenues to be recognized in future periods as the construction progresses and not upon the signing of the contract. Therefore, our Backlog revenue represents revenues that will be incurred in future periods from past sales.

**Cash Burn** - Variation in net debt, less capital increases, dividends paid and non-recurring expenses.

**CFC Resolution 963/03 and Percentage of Completion (PoC) Method** - Revenue, as well as costs and expenses from real estate development, is recognized throughout the project's construction period in line with the costs incurred, in accordance with Resolution 963/03 of the Federal Accounting Board (CFC).

**Contracted Sales** - Contracted 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 sales are recorded as revenue as construction progresses (PoC method). There is no definition of "contracted sales" under Brazilian GAAP.

**EBITDA** - Earnings before the financial result, income tax and social contribution on net income, depreciation, amortization and financial charges associated with the cost of properties sold. EBITDA is not a measure of financial performance recognized by generally accepted accounting practices in Brazil (BR GAAP) and should not be considered alone, as an alternative to net income, as a measure of operating performance, as an alternative to operating cash flow or as a measure of liquidity. The EBITDA calculation method adopted by Rossi is in accordance with the definition laid down by CVM Instruction of October 4, 2012.

**Economic Segment (excluding MCMV)** - Units with average price between R\$170,000 and R\$200,000.

**INCC** - National Construction Cost Index measured by the Getulio Vargas Foundation (FGV).

**Land Bank** - Land Bank formed by lots for future projects, which are acquired in cash or through swap agreements.

**Launch PSV** - Potential sales value corresponds to the total potential value obtained by the Company from the sale of all the units from a given development launched at a certain price.

**Minha Casa Minha Vida (MCMV)** - Housing program launched in 2009 with units priced up to R\$170,000.

**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.

**PSV** - Potential Sales Value.

**Rossi's PSV** - The potential sales value obtained or to be obtained by Rossi from the sale of all the units from a given development launched at a certain predetermined price, proportional to its share of the enterprise.

**SFH Funds** - Funds from the National Housing System (SFH) come from the Government Severance Indemnity Fund (FGTS) from savings deposits. Commercial banks are required to invest 65% of their total savings deposits in the housing sector, either to final customers or developers, at lower interest rates than the private market.

**SOS** - Sales over Supply ratio

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