

# Earnings Release

RSID3: R\$ 3,35/share  
OTC: RSRZY  
Total shares: 85,766,684

Market cap:  
R\$ 287.3 million

## Conference Call

March 19, 2015

In Portuguese with  
simultaneous translation

10:00 a.m. (Brasília)  
09:00 a.m. (US ET)

Dial-in:  
+ 55 (11) 2188-0155  
Code: Rossi

Replay available through  
March 27, 2014  
Dial-in:  
+55 (11) 2188-0400  
Code: Rossi

## Investor Relations Team

[ri@rossiresidencial.com.br](mailto:ri@rossiresidencial.com.br)

+55 (11) 4058-2502

## About Rossi

Rossi is one of Brazil's leading real estate developers and builders. Its portfolio consists of numerous sales successes registered by its residential projects.

Rossi is traded on the Novo Mercado segment of the Bovespa 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)

**São Paulo, March 18, 2015 – Rossi Residencial S.A.** (BM&FBovespa: RSID3; OTC: RSRZY; Bloomberg: RSID3 BZ Equity), one of Brazil's leading real estate developers, announces its results for the fourth quarter (4Q14) and full year 2014.

## Highlights

→ **Cash generation totaled R\$ 424.1 million (proportional)** in the year. Based on IFRS consolidation, cash generation reached **R\$ 381.9 million**.

→ **Record cash inflow of R\$ 1.0 billion (Rossi's share R\$ 832.8 million)** in the quarter. Cash inflow in the year totaled **R\$3.7 billion (Rossi's share R\$2.9 billion)**.

→ **Improved efficiency and growth in volume of financing transfers.** Volume transferred (signing of financing contracts or settlement by customers) totaled **R\$ 2.9 billion** in 2014. Sales speed (SOS) of unit transfers (number of contracts signed and units paid off, divided by the transfer potential) reached **38.7%** in the quarter and **30.4%** in the year, increasing **3.3 p.p.** from 2013.

→ **Acceleration of deliveries.** Total potential sales value (PSV) in 2014 reached **R\$ 3.6 billion (Rossi's share R\$ 2.9 billion)**, representing more than **11,000 units** (in line with Rossi's expectation), contributing to the increase in transfer potential. Receivables from completed units total **R\$ 1.3 billion**.

→ **Reduction in construction works and sites.** Rossi currently has **58** construction sites and costs to be incurred (**Rossi's share R\$1.3 billion**) of **R\$1.9 billion**, down **38.6%** from 2013. This reduction will continue throughout 2015 and will boost cash generation.

→ **Increased participation of Rossi's in-house engineering team in construction works.** Rossi's in-house teams are executing **90%** of the works launched since 2013 and **79%** of all the work in progress.

→ **Growth in sale of inventory units.** Focus on inventory of units ready and to be delivered in 2014, which accounted for **71.0%** of the sales in 2014 and which increase the potential for financing transfers in the first half of 2015.

→ **Acceleration of Sales Speed.** Increase in sales speed (VSO) in the last 12 months to **47.7%**, an increase of **5.2 p.p.** from 2013.

→ **Increase in rescissions to speed up cash generation.** Rescissions totaled R\$ 1.4 billion (Rossi's share R\$ 1.0 billion) in 2014, **70.6%** of which has already been sold, generating cash proceeds of **R\$517.7 million** for the Company in 2014, and **R\$278 million** are in the financing transfer process.

## Operating and Financial Indicators

| R\$ million                               | 4Q14           | 4Q13         | Var.              | 2014          | 2013         | Var.              |
|-------------------------------------------|----------------|--------------|-------------------|---------------|--------------|-------------------|
| <b>Operational performance</b>            |                |              |                   |               |              |                   |
| Launches   100%                           | 163,4          | 540,9        | -69,8%            | 693,6         | 1.411,3      | -50,9%            |
| Gross Sales  100%                         | 520,5          | 776,1        | -32,9%            | 2.336,4       | 1.941,1      | +20,4%            |
| Rescissions  100%                         | 381,1          | 228,0        | +67,1%            | 1.380,9       | 769,2        | +79,5%            |
| Net Sales  100%                           | 139,4          | 548,1        | -74,6%            | 955,5         | 1.171,9      | -18,5%            |
| Launches  % Rossi                         | 163,4          | 359,1        | -54,5%            | 610,3         | 949,4        | -35,7%            |
| Gross Sales  % Rossi                      | 404,5          | 607,0        | -33,4%            | 1.835,1       | 1.510,8      | +21,5%            |
| Rescissions  % Rossi                      | 288,8          | 176,7        | +63,4%            | 1.040,2       | 588,6        | +76,7%            |
| Net Sales  % Rossi                        | 115,7          | 430,3        | -73,1%            | 794,9         | 922,2        | -13,8%            |
| <b>Financial performance</b>              |                |              |                   |               |              |                   |
| Net Revenue                               | 220,7          | 521,5        | -57,7%            | 1.617,0       | 2.132,8      | -24,2%            |
| <i>Gross revenue</i>                      | <i>4,4%</i>    | <i>20,4%</i> | <i>-16,0 p.p.</i> | <i>14,2%</i>  | <i>18,8%</i> | <i>-4,6 p.p.</i>  |
| <i>Gross revenue (ex interest)</i>        | <i>25,4%</i>   | <i>28,6%</i> | <i>-3,2 p.p.</i>  | <i>29,9%</i>  | <i>29,4%</i> | <i>+0,5 p.p.</i>  |
| Adjusted EBITDA <sup>1</sup>              | (116,8)        | 85,1         | N/A               | 11,4          | 449,6        | -97,5%            |
| <i>Adjusted EBITDA Margin<sup>1</sup></i> | <i>-53,0%</i>  | <i>16,3%</i> | <i>N/A</i>        | <i>0,7%</i>   | <i>21,1%</i> | <i>-20,4 p.p.</i> |
| Net Income                                | (361,4)        | 2,5          | N/A               | (619,4)       | 41,1         | N/A               |
| <i>Net Margin</i>                         | <i>-163,8%</i> | <i>0,5%</i>  | <i>N/A</i>        | <i>-38,3%</i> | <i>1,9%</i>  | <i>N/A</i>        |
| <i>Net Debt/Equity(%)</i>                 | <i>0,0%</i>    | <i>0,0%</i>  | <i>+0,0 p.p.</i>  | <i>109,8%</i> | <i>97,3%</i> | <i>+12,5 p.p.</i> |
| Cash Generation (Burn) - IFRS             | 226,1          | 197,1        | +14,7%            | 381,9         | (201,3)      | N/A               |

<sup>1</sup> Gross Margin excluding the reclassification related to Rossi Construtora.

<sup>2</sup> Gross Margin excluding the reclassification related to Rossi Construtora and interested allocated to cost.

<sup>3</sup> Adjusted EBITDA and Adjusted EBITDA Margin have been adjusted for expenses not involving any cash disbursement and non-recurring items. EBITDA reconciliation in accordance with CVM Instruction 527/2012 is available on page 17 and in the glossary at the end of this document.

## **Events Subsequent to Reporting Period**

On March 17, 2015, the Company settled the entire outstanding balance of R\$ 101.5 million (as on December 31, 2014), related to the private deed of the third issue of simple debentures. Consequently, it has no outstanding obligation with regard to said issue. With this early settlement, the surplus funds pledged were released and will help strengthen the Company's liquidity position.

## Message from the CEO

The year 2014 was a milestone in the progress we have made towards our strategic guidelines we set in 2013. We made significant progress on several fronts, which contributed towards our core objective of cash generation and deleveraging. In a highly challenging market environment, we generated operating cash flow of R\$ 424.1 million and reduced corporate debt in R\$ 459.9 million (Rossi's share).

The improvements implemented in the financing transfer process, which was completely restructured, enabled us to identify and eliminate bottlenecks, making the operation one of the most efficient in the industry. The indicator that analyzes the speed of financing transfers, in which the number of financing agreements signed and units settled is compared with an initial base consisting of units eligible for the beginning of transfers, reached 38.7%, increasingly significantly from 23.3% at the start of 2014.

At the same time, monitoring the issue of documents and certificates after construction is over, which are conditions precedent for starting the financing transfer process, improved significantly and enabled us more accurate projections, even exceeding the target set in 2014. This enabled us to reach the mark of 11,000 units delivered, which represent PSV of R\$ 2.9 billion, and only in the fourth quarter, the cash inflows reached a record volume of R\$ 832.8 million, contributing to a cash generation in the quarter of R\$ 255.1 million, an amount 51% higher than the first nine months until September 2014.

With full confidence in the financing transfer process and the quality of our products, we adopted a proactive stance at the time of deliveries, which resulted in cancellations of sales to buyers who were not interested in carrying out the financing transfer. Despite the negative impact on results, this action turned out to be quite positive for cash generation. Of the cancelled units, 71% were resold in the year. The sum of cash receipts from down payments and financing transfer of units exceeded the cash payments on account of returns to clients whose contracts were canceled. Moreover, this action resulted in a client portfolio that will continue to produce positive effects on cash generation in the future as financing transfers are concluded.

We also managed to significantly reduce inventories, with gross sales increasing 21.5% from 2013, despite the challenging market conditions. We also launched several promotional campaigns that enabled us to register sales speed in the year of 47.6%.

We successfully implemented management by indicators, covering all areas of Rossi, which enabled us to measure, identify and prepare action plans to address deviations from plans, and also helped with solutions and operational improvements to ensure that targets are met. I believe that both the commitment and resilience shown by employees in this process were fundamental for achieving the results presented in 2014, and for ensuring that we stay on the right path in the coming years.

As deemed appropriate, we reduced the volume of launches planned for the period in order to maintain our strategy focused on selling completed units and units to be delivered in 2014, which help increase the transfer and cash generation potential. We had to increase discounts on these units and in non-strategic markets, which adversely affected short-term profitability.

We started 2015 with an even more challenging scenario, which caused us to maintain our focus on efforts to drive the transfer and cash generation potential, while further reducing debt. Our discount policies will continue and the focus will be on highly liquid inventory units. We are already prepared for a possible worsening of economic conditions in the short term.

We expect that, as the dynamics of supply and demand in the real estate market fall into place, combined with credit availability, helped by the recently announced economic measures, the prospects for and confidence in the future will improve, which will enable us to continue offering differentiated products in our pursuit of future profitability.

I once again thank our team for their combined efforts and determination and count on this commitment so that we can sustain the excellent results over the coming years.

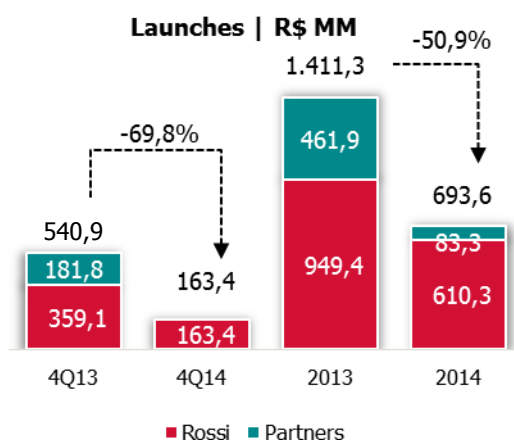
**Leonardo Nogueira Diniz**  
CEO

## Operating Performance

The operational metrics in this earnings release are calculated according to the proportional consolidation method. In addition to the proportional operating metrics, we are also presenting the consolidated results in accordance with IFRS, as shown in Appendix I. The information related to amounts considering 100% of operations, regardless of the consolidation criteria, is available in Appendix II.

### Launches

Two projects were launched in the quarter, with total PSV of R\$ 163.4 million (Rossi's share R\$ 163.4 million). In the year, PSV was R\$ 693.6 million (Rossi's share R\$ 610.31 million), down 50.9% from 2013. The average price of units was R\$ 556,000, an increase of 25.0% from 2013. PSV per m<sup>2</sup> increased nominally by 33.9% to R\$ 7,327.



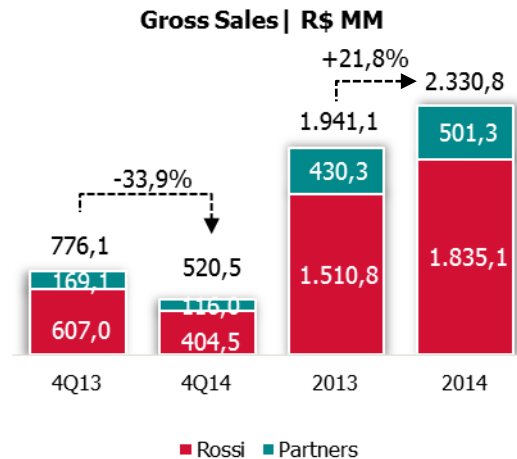
The following table presents launches in 2014, all in line with our strategic plan, concentrated in key metropolitan areas and products targeted at the middle and mid-high income segments:

| Project                          | Metropolitan Region | PSV 100% (R\$ MM) | PSV % Rossi (R\$ MM) | # Units      | % Sold <sup>1</sup> |
|----------------------------------|---------------------|-------------------|----------------------|--------------|---------------------|
| Mansão Roberto Constâncio Vieira | Aracaju             | 94,6              | 66,2                 | 46           | 19,6%               |
| Rossi Mais Parque Iguaçú         | Rio de Janeiro      | 63,2              | 63,2                 | 194          | 46,9%               |
| <b>Total 1Q14</b>                |                     | <b>157,8</b>      | <b>129,4</b>         | <b>240</b>   | <b>41,7%</b>        |
| Rossi Mais Parque da Lagoa       | São Paulo           | 189,7             | 189,7                | 495          | 26,7%               |
| Vila Nova Sabará Praça Inglesa   | São Paulo           | 109,8             | 54,9                 | 204          | 30,4%               |
| <b>Total 2Q14</b>                |                     | <b>299,5</b>      | <b>244,6</b>         | <b>699</b>   | <b>27,8%</b>        |
| Rossi Litorâneo                  | Rio de Janeiro      | 72,9              | 72,9                 | 54           | 33,3%               |
| <b>Total 3Q14</b>                |                     | <b>72,9</b>       | <b>72,9</b>          | <b>54</b>    | <b>33,3%</b>        |
| Rossi Mais Horizontes            | Belo Horizonte      | 60,3              | 60,3                 | 139          | 25,2%               |
| Rossi Reserva                    | Porto Alegre        | 103,1             | 103,1                | 116          | 18,1%               |
| <b>Total 4Q14</b>                |                     | <b>163,4</b>      | <b>163,4</b>         | <b>255</b>   | <b>22,0%</b>        |
| <b>Total 2014</b>                |                     | <b>693,6</b>      | <b>610,3</b>         | <b>1.248</b> | <b>29,5%</b>        |

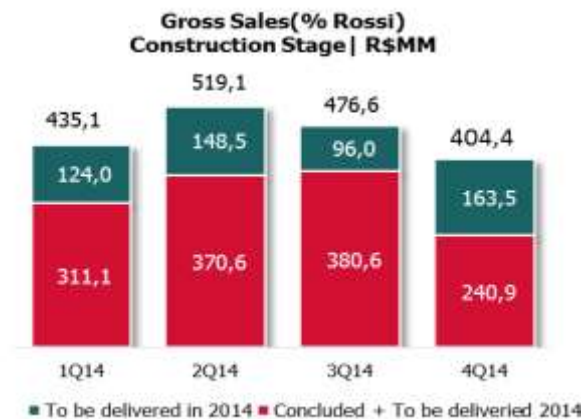
<sup>1</sup> Units sold until February 2015

## Contracted sales and Sales Speed (SoS)

Gross contracted sales totaled R\$520.5 million in the quarter (Rossi's share R\$410.0 million). In 2014, gross contracted sales reached R\$ 2,336.3 million (Rossi's share R\$ 1,840.7 million), an increase of 21.8% from 2013. The reduction of 32.5% from 4Q13 was due to the lower volume of launches in 4Q14, e while the decrease in comparison with 3Q14 was 15.4%, caused by the seasonal effect on the sector in December, which has fewer business days.



The following chart, which shows sales by stage of construction, reflects the successful campaigns held for completed projects and those to be delivered in 2014, which increased the potential for financing transfer and, consequently, cash generation.



The following tables present details on gross contracted sales, consolidated based on Rossi's share in the projects, segmented by metropolitan area and stage of construction:

# Earnings Release

| Gross Sales 4Q14 (% Rossi)   R\$ million | Finished+To be delivered in 2014 | Under construction | Launches    | Total        |
|------------------------------------------|----------------------------------|--------------------|-------------|--------------|
| Belo Horizonte                           | 8,1                              | 5,0                | 10,2        | 23,2         |
| Brasília                                 | 5,6                              | 20,6               | -           | 26,2         |
| Campinas                                 | 37,9                             | 5,3                | -           | 43,2         |
| Capital Rossi                            | 20,3                             | 26,0               | -           | 46,3         |
| Curitiba                                 | 18,1                             | 10,5               | -           | 28,6         |
| Norcon Rossi                             | 3,5                              | 13,6               | -           | 17,0         |
| Porto Alegre                             | 19,5                             | 6,2                | 19,5        | 45,2         |
| Rio de Janeiro                           | 12,2                             | 5,3                | -           | 17,5         |
| São Paulo                                | 40,5                             | 24,8               | -           | 65,3         |
| Regiões não estratégicas                 | 75,2                             | 16,6               | -           | 91,8         |
| <b>Total</b>                             | <b>240,9</b>                     | <b>133,9</b>       | <b>29,6</b> | <b>404,4</b> |
| %                                        | 59,6%                            | 33,1%              | 7,3%        | 100,0%       |

| Gross Sales 2014 (% Rossi)   R\$ million | Finished+To be delivered in 2014 | Under construction | Launches     | Total          |
|------------------------------------------|----------------------------------|--------------------|--------------|----------------|
| Belo Horizonte                           | 29,4                             | 18,8               | 10,2         | 58,4           |
| Brasília                                 | 76,7                             | 24,0               | -            | 100,7          |
| Campinas                                 | 119,2                            | 30,0               | -            | 149,3          |
| Capital Rossi                            | 99,9                             | 71,9               | -            | 171,7          |
| Curitiba                                 | 86,8                             | 33,2               | -            | 120,1          |
| Norcon Rossi                             | 13,6                             | 39,3               | 12,5         | 65,5           |
| Porto Alegre                             | 166,3                            | 31,4               | 19,5         | 217,1          |
| Rio de Janeiro                           | 78,0                             | 18,3               | 34,3         | 130,6          |
| São Paulo                                | 221,8                            | 59,0               | 60,8         | 341,6          |
| Regiões não estratégicas                 | 411,5                            | 68,7               | -            | 480,2          |
| <b>Total</b>                             | <b>1.303,2</b>                   | <b>394,7</b>       | <b>137,2</b> | <b>1.835,1</b> |
| %                                        | 71,0%                            | 21,5%              | 7,5%         | 100,0%         |

The following tables show the sales speed (SOS) in the quarter and the past 12 months, considering Rossi's share in the projects: As a result of the discounts granted in the quarter, the inventory was revalued to better reflect the new pricing strategy. The decline in sales speed from 3Q14 is due to the higher volume of launches in 4Q14, concentrated in November, which increased supply of products, and also due to the few business days in December. Sales speed in 12 months reached 45.7% p.a., and was 45.1% p.a. for inventory units and 18.3% p.a. for launches.

| Quarterly SOS   % Rossi      | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP              | 3.424,1        | 3.246,8        | 3.126,5        | 2.817,9        | 2.791,1        |
| Launches                     | 249,2          | 129,4          | 244,6          | 72,9           | 163,4          |
| <b>Inventory + Launches</b>  | <b>3.673,3</b> | <b>3.376,2</b> | <b>3.371,1</b> | <b>2.890,8</b> | <b>2.954,5</b> |
| Gross Sales                  | 446,1          | 435,0          | 519,0          | 476,6          | 404,5          |
| <b>Sales Speed (SoS) (%)</b> | <b>12,1%</b>   | <b>12,9%</b>   | <b>15,4%</b>   | <b>16,5%</b>   | <b>13,7%</b>   |
| Rescission                   | 120,2          | 177,7          | 261,9          | 311,9          | 288,7          |
| Adjusts / Revalue            | (100,6)        | 7,6            | (296,1)        | 65,0           | (58,8)         |
| <b>Inventory - EOP</b>       | <b>3.246,8</b> | <b>3.126,5</b> | <b>2.817,9</b> | <b>2.791,1</b> | <b>2.780,0</b> |

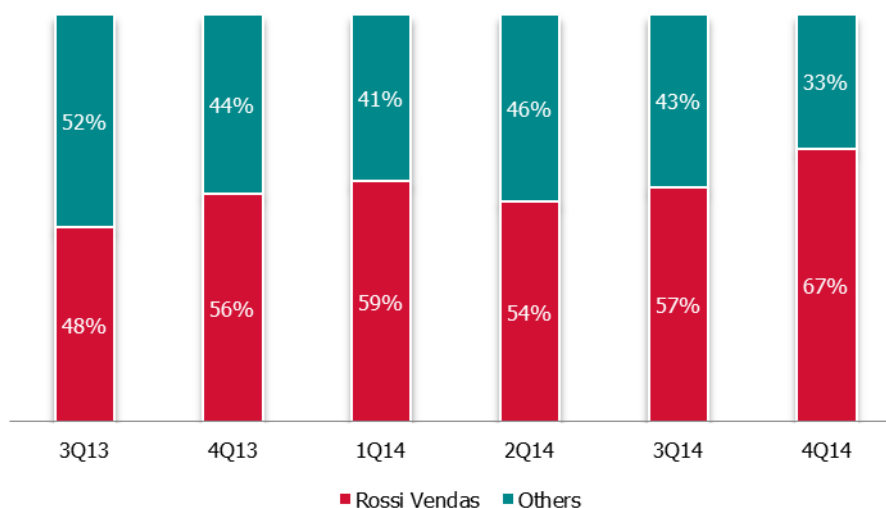
# Earnings Release

| LTM SoS   % Rossi   % Rossi  | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP              | 3.761,2        | 3.417,2        | 3.393,2        | 3.424,1        | 3.246,8        |
| Launches                     | 839,5          | 968,9          | 1.065,1        | 696,1          | 610,3          |
| <b>Inventory + Launches</b>  | <b>4.600,7</b> | <b>4.386,1</b> | <b>4.458,3</b> | <b>4.120,2</b> | <b>3.857,1</b> |
| Gross Sales                  | 1.957,1        | 1.921,3        | 2.007,2        | 1.876,7        | 1.835,1        |
| <b>Sales Speed (SoS) (%)</b> | <b>42,5%</b>   | <b>43,8%</b>   | <b>45,0%</b>   | <b>45,5%</b>   | <b>47,6%</b>   |
| Rescission                   | 588,6          | 639,2          | 736,5          | 871,7          | 1.040,2        |
| Adjusts / Revalue            | 14,6           | 22,5           | (369,7)        | (324,1)        | (282,3)        |
| <b>Inventory - EOP</b>       | <b>3.246,8</b> | <b>3.126,5</b> | <b>2.817,9</b> | <b>2.791,1</b> | <b>2.779,9</b> |

## Rossi Vendas

Rossi Vendas accounted for 67% of gross contracted sales in strategic metropolitan regions in the quarter and for 63% in the year.

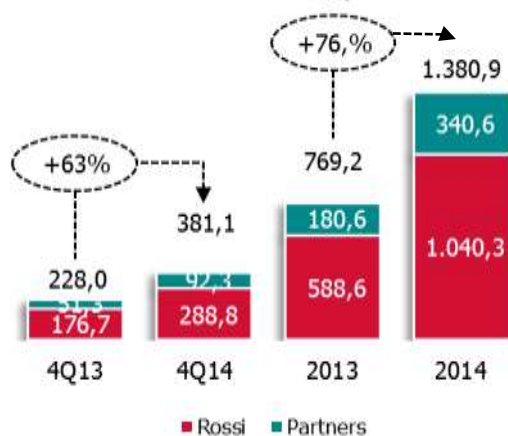
### Gross Sales by Broker | Strategic Regions



## Sales Cancellation

Sales cancellations totaled R\$ 381.1 million in the quarter (Rossi's share R\$ 288.8 million), increasing 63.4% from the same period in 2013. In the year, cancellations reached R\$1.4 billion (Rossi's share R\$1.0 billion), up 76.7% from 2013.

### Sales Cancellations | R\$ MM





## Earnings Release

The increase was due to Rossi's policy of speeding up portfolio turnover through contract rescissions of clients who, after the delivery of units, are not delinquent but are not interested in transfer of financing, either because they did not get approval for financing due to adverse credit standing or because they were potential investors who backed out from the acquisition and whose contracts were rescinded. Thus, depending on the expected sales speed and resale price, Rossi proactively starts the process of resale to another actual buyer in order to speed up cash generation. Of the units canceled in 2014, R\$ 1.1 billion has already been sold (70.6%) and R\$ 517.7 million has already been received until December. The balance of R\$ 278.2 million is in the process of financing transfer and will contribute to cash generation over the course of 2015. The rationale behind Rossi's strategy of speeding up the rescission process is based on the following: (i) the amount returned to the client is recovered within three months; (ii) the buyer of completed units is normally the final buyer, who is fully interested in quickly carrying out the financing transfer process.

The following table provides the breakdown of rescissions by stage of construction and metropolitan region, consolidated according to Rossi's share in the projects.

| Sales Cancellations 4Q14<br>(% Rossi)   R\$ million | Finished+To be<br>delivered in 2014 | Under construction | Launches | Total        |
|-----------------------------------------------------|-------------------------------------|--------------------|----------|--------------|
| Belo Horizonte                                      | 11,3                                | 4,1                | -        | 15,4         |
| Brasília                                            | 4,7                                 | 14,6               | -        | 19,3         |
| Campinas                                            | 15,9                                | 0,9                | -        | 16,9         |
| Capital Rossi                                       | 19,8                                | 15,8               | -        | 35,6         |
| Curitiba                                            | 5,5                                 | 1,0                | -        | 6,5          |
| Norcon Rossi                                        | 6,6                                 | 9,7                | -        | 16,3         |
| Porto Alegre                                        | 18,7                                | 4,2                | -        | 22,9         |
| Rio de Janeiro                                      | 17,8                                | 6,8                | -        | 24,6         |
| São Paulo                                           | 38,6                                | 13,6               | -        | 52,2         |
| Regiões não estratégicas                            | 65,5                                | 13,5               | -        | 79,0         |
| <b>Total</b>                                        | <b>204,4</b>                        | <b>84,3</b>        | <b>-</b> | <b>288,8</b> |
| %                                                   | 70,8%                               | 29,2%              | 0,0%     | 100,0%       |

| Sales Cancellations 2014<br>(% Rossi)   R\$ million | Finished+To be<br>delivered in 2014 | Under construction | Launches   | Total          |
|-----------------------------------------------------|-------------------------------------|--------------------|------------|----------------|
| Belo Horizonte                                      | 39,4                                | 15,8               | -          | 55,2           |
| Brasília                                            | 64,2                                | 18,1               | -          | 82,3           |
| Campinas                                            | 79,5                                | 6,3                | -          | 85,7           |
| Capital Rossi                                       | 64,5                                | 38,6               | -          | 103,0          |
| Curitiba                                            | 31,1                                | 3,9                | -          | 35,0           |
| Norcon Rossi                                        | 19,0                                | 23,7               | -          | 42,8           |
| Porto Alegre                                        | 72,8                                | 9,9                | -          | 82,7           |
| Rio de Janeiro                                      | 74,5                                | 17,2               | 0,3        | 91,9           |
| São Paulo                                           | 142,4                               | 25,8               | 2,3        | 170,6          |
| Regiões não estratégicas                            | 265,5                               | 25,6               | -          | 291,1          |
| <b>Total</b>                                        | <b>852,8</b>                        | <b>184,9</b>       | <b>2,6</b> | <b>1.040,3</b> |
| %                                                   | 82,0%                               | 17,8%              | 0,2%       | 100,0%         |

## Inventory at Market Value

Inventory at market value in proportion to Rossi's share in projects reached R\$2.9 billion in the quarter, with completed units corresponding to 19.7% of total units.

The following tables show detailed information by product type, year of launch and estimated year of delivery: Units in the Economic Segment and the Minha Casa Minha Vida (MCMV) housing program correspond to only 4.3% of total inventory, aligned with the company's strategy of scaling down operations in these segments.

| Inventory %<br>Rossi | Launch Year (R\$ million) |                |              |              |              |              |                |
|----------------------|---------------------------|----------------|--------------|--------------|--------------|--------------|----------------|
|                      | Product                   | 2010 and prior | 2011         | 2012         | 2013         | 2014         | Total          |
|                      | Comercial                 | 86,4           | 41,7         | 114,3        | 111,9        | -            | 354,3          |
|                      | Conventional              | 257,4          | 471,6        | 719,7        | 402,9        | 447,4        | 2.298,9        |
|                      | MCMV                      | 21,2           | 11,9         | 3,2          | -            | -            | 36,3           |
|                      | Low Income                | 28,3           | 43,1         | 19,0         | -            | -            | 90,5           |
|                      | <b>Total</b>              | <b>393,3</b>   | <b>568,3</b> | <b>856,2</b> | <b>514,8</b> | <b>447,4</b> | <b>2.780,0</b> |
| %                    |                           | 14,1%          | 20,4%        | 30,8%        | 18,5%        | 16,1%        | 100,0%         |

| Inventory %<br>Rossi | Expected Year of Conclusion ( R\$ million) |              |              |              |              |                |
|----------------------|--------------------------------------------|--------------|--------------|--------------|--------------|----------------|
|                      | Product                                    | Finished     | 2015         | 2016         | > 2016       | Total          |
|                      | Comercial                                  | 115,8        | 46,3         | 80,3         | 111,9        | 354,3          |
|                      | Conventional                               | 361,7        | 511,0        | 911,2        | 515,1        | 2.298,9        |
|                      | MCMV                                       | 27,1         | 9,2          | -            | -            | 36,3           |
|                      | Low Income                                 | 75,1         | 15,4         | -            | -            | 90,5           |
|                      | <b>Total</b>                               | <b>579,6</b> | <b>582,0</b> | <b>991,5</b> | <b>627,0</b> | <b>2.780,0</b> |
| %                    |                                            | 20,8%        | 20,9%        | 35,7%        | 22,6%        | 100,0%         |

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

| Inventory %<br>Rossi | Launch Year (R\$ million) |                |              |              |              |              |                |
|----------------------|---------------------------|----------------|--------------|--------------|--------------|--------------|----------------|
|                      | Metropolitan Region       | 2010 and prior | 2011         | 2012         | 2013         | 2014         | Total          |
|                      | Belo Horizonte            | 2,0            | 19,8         | 66,7         | 27,4         | 42,7         | 158,6          |
|                      | Brasília                  | 35,1           | 42,3         | 80,3         | -            | -            | 157,7          |
|                      | Campinas                  | 34,2           | 8,9          | 28,9         | 126,8        | -            | 198,8          |
|                      | Capital Rossi             | 50,5           | 60,9         | 194,5        | 111,9        | -            | 417,7          |
|                      | Curitiba                  | 44,9           | 91,5         | 15,2         | 31,2         | -            | 182,8          |
|                      | Norcon Rossi              | 0,2            | 32,4         | 95,1         | 60,1         | 55,0         | 242,9          |
|                      | Porto Alegre              | 19,8           | -            | 78,1         | 5,9          | 63,7         | 167,5          |
|                      | Rio de Janeiro            | 8,4            | 18,2         | 63,2         | 86,4         | 91,3         | 267,5          |
|                      | São Paulo                 | 69,9           | 24,8         | 157,7        | 65,0         | 194,8        | 512,2          |
|                      | Outras regiões            | 128,4          | 269,5        | 76,5         | -            | -            | 474,3          |
|                      | <b>Total</b>              | <b>393,3</b>   | <b>568,3</b> | <b>856,2</b> | <b>514,8</b> | <b>447,4</b> | <b>2.780,0</b> |
| %                    |                           | 14,1%          | 20,4%        | 30,8%        | 18,5%        | 16,1%        | 100,0%         |

## Earnings Release

| Inventory %<br>Rossi | Expected Year of Conclusion ( R\$ million) |              |              |              |              |                |
|----------------------|--------------------------------------------|--------------|--------------|--------------|--------------|----------------|
|                      | Metropolitan<br>Region                     | Finished     | 2015         | 2016         | 2017         | Total          |
|                      | Belo Horizonte                             | 17,6         | 70,9         | 27,4         | 42,7         | 158,6          |
|                      | Brasília                                   | 57,1         | 20,3         | 80,3         | -            | 157,7          |
|                      | Campinas                                   | 72,0         | 59,2         | -            | 67,6         | 198,8          |
|                      | Capital Rossi                              | 67,0         | 30,9         | 207,9        | 111,9        | 417,7          |
|                      | Curitiba                                   | 47,5         | 27,2         | 108,0        | -            | 182,8          |
|                      | Norcon Rossi                               | 15,3         | 38,0         | 134,5        | 55,0         | 242,9          |
|                      | Porto Alegre                               | 7,3          | 12,7         | 83,8         | 63,7         | 167,5          |
|                      | Rio de Janeiro                             | 26,6         | 115,2        | 34,4         | 91,3         | 267,5          |
|                      | São Paulo                                  | 93,2         | 58,5         | 165,8        | 194,8        | 512,2          |
|                      | Outras regiões                             | 175,9        | 149,1        | 149,2        | -            | 474,3          |
|                      | <b>Total</b>                               | <b>579,6</b> | <b>582,0</b> | <b>991,5</b> | <b>627,0</b> | <b>2.780,0</b> |
| %                    |                                            | 20,8%        | 20,9%        | 35,7%        | 22,6%        | 100,0%         |

### Deliveries

Rossi concluded 3,571 units in 4Q14, an increase of 19.5% from the third quarter, and 11,324 units in 2014. The following table gives a breakdown of deliveries in the quarter by certificates of occupancy in each product segment:

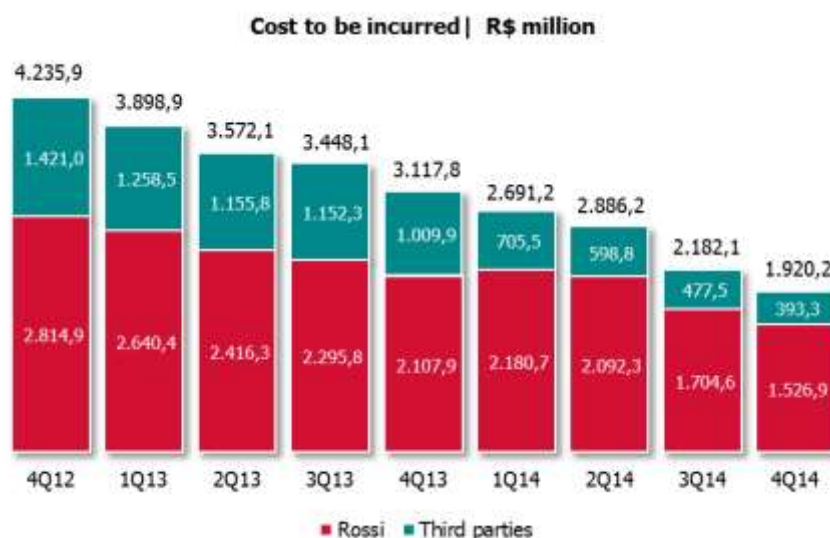
| Product      | Units        | 4Q14                    |                          |
|--------------|--------------|-------------------------|--------------------------|
|              |              | PSV 100% ( R\$ million) | PSV Rossi ( R\$ million) |
| Conventional | 2.383        | 931,0                   | 702,3                    |
| Comercial    | 510          | 118,4                   | 72,0                     |
| Low Income   | 678          | 149,5                   | 117,1                    |
| MCMV         | -            | -                       | -                        |
| <b>Total</b> | <b>3.571</b> | <b>1.198,9</b>          | <b>891,4</b>             |

| Product      | Units         | 2014                    |                          |
|--------------|---------------|-------------------------|--------------------------|
|              |               | PSV 100% ( R\$ million) | PSV Rossi ( R\$ million) |
| Conventional | 7.149         | 2.877,4                 | 2.326,9                  |
| Comercial    | 1.070         | 255,9                   | 205,3                    |
| Low Income   | 1.913         | 377,9                   | 310,9                    |
| MCMV         | 1.192         | 129,6                   | 68,2                     |
| <b>Total</b> | <b>11.324</b> | <b>3.640,8</b>          | <b>2.911,2</b>           |

Currently Rossi has 58 construction sites and 14,792 units under construction. Rossi expects to deliver between 5,000 and 6,000 units in 2015, with total PSV of about R\$ 1.6 billion (Rossi's share R\$1.2 billion), considering the value on launch date.

## Cost to be incurred

The chart below shows cost to be incurred (100%) on construction carried out by Rossi and by third parties:



Following that, we have shown total cost to be incurred (units sold and in inventory) in proportion to Rossi's share, broken down by date of conclusion and launch. We expect a gradual improvement in margins as the share of projects launched in and after 2012 increases, whose profitability is above Rossi's current levels.

| % Rossi ( R\$ million) | Expected Year of Conclusion |              |              |              | Total       |                |
|------------------------|-----------------------------|--------------|--------------|--------------|-------------|----------------|
|                        | Launch                      | 2015         | 2016         | 2017         |             | >2017          |
| 2011                   |                             | 146,5        | 171,3        | 29,8         | -           | 347,6          |
| 2012                   |                             | 61,4         | 186,2        | 168,3        | -           | 415,9          |
| 2013                   |                             | 41,7         | 118,2        | 135,2        | 66,8        | 362            |
| 2014                   |                             | -            | -            | 226,9        | -           | 226,9          |
| <b>Total</b>           |                             | <b>249,6</b> | <b>475,7</b> | <b>560,2</b> | <b>66,8</b> | <b>1.352,4</b> |
| %                      |                             | 18,5%        | 35,2%        | 41,4%        | 4,9%        | 100,0%         |

## Land Bank

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

| R\$ Millions                  | PSV 100%       | PSV Rossi      |
|-------------------------------|----------------|----------------|
| Potential Launch until 2016   | 3.587,9        | 3.135,2        |
| Launches after 2016           | 2.871,3        | 2.071,2        |
| Decommissioning               | 3.344,8        | 2.649,8        |
| <b>Consolidated Land Bank</b> | <b>9.804,0</b> | <b>7.856,2</b> |

The land bank for the construction and development of residential properties, with potential for launch by 2016, totals R\$ 3.6 billion (R\$ 3.1 billion Rossi's share), as well as: (i) R\$ 2.6 billion for potential decommissioning, that is, available for sale or cancellation of the swap agreement; and (ii) land for long-term development of residential projects in the amount of R\$ 2.1 billion. At the close of 2014, Rossi decided to discontinue previously planned projects, due to the reassessment of its positioning in metropolitan areas for the next 3 years, after considering the status of their development and the scenario in the real estate market, as well as the potential for launches that the

## Earnings Release

company plans to reach in the coming years, in order to achieve the desired profitability. The impacts are detailed in page 17.

The following table shows the land bank destined for residential developments with potential launch until 2016, broken down by metropolitan region and product type:

| Metropolitan Region / Product | R\$ 200 to R\$ 350 K | R\$ 350 to R\$ 500 K | R\$ 500 to R\$ 650 K | De R\$ 650 to R\$ 750 K | > R\$ 750 K  | Total geral    |
|-------------------------------|----------------------|----------------------|----------------------|-------------------------|--------------|----------------|
| Aracaju                       | 214,9                | 83,3                 | 58,2                 | 75,9                    | 145,9        | <b>578,3</b>   |
| Campinas                      | 91,5                 | 250,8                | -                    | -                       | 247,2        | <b>589,5</b>   |
| Manaus                        | -                    | 89,3                 | -                    | -                       | -            | <b>89,3</b>    |
| Porto Alegre                  | 193,3                | 146,6                | 180,5                | -                       | 37,6         | <b>558,1</b>   |
| Rio de Janeiro                | 112,9                | 82,8                 | -                    | 416,8                   | -            | <b>612,4</b>   |
| São Paulo                     | 11,7                 | 265,6                | 346,9                | -                       | 83,4         | <b>707,7</b>   |
| <b>Total</b>                  | <b>624,3</b>         | <b>918,3</b>         | <b>585,7</b>         | <b>492,7</b>            | <b>514,1</b> | <b>3.135,1</b> |

The following table shows the Entreverdes Urbanismo land bank:

| Location              | PSV 100% (R\$ millions) | PSV Entreverdes (R\$ millions) | # de Lotes   |
|-----------------------|-------------------------|--------------------------------|--------------|
| Interior de São Paulo | 3.773,1                 | 1.519,4                        | 7.327        |
| Rio Grande do Sul     | 491,3                   | 147,4                          | 704          |
| <b>Total</b>          | <b>4.264,4</b>          | <b>1.666,8</b>                 | <b>8.031</b> |

## Financial Performance

The financial information in this earnings release was prepared in accordance with the accounting practices adopted in Brazil, including CPCs19 (R2) and 36 (R3), related 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 Revenue

Net revenue from property sales and services, recognized according to the Percentage of Completion (PoC) method, totaled R\$ 220.7 million in the quarter, down 57,7% from the same period last year, mainly due to: (i) -R\$ 269.2 million due to the lower volume of net sales and launches, and discounts; and (ii) -R\$35.5 million due to the sales mix. The corresponding effects in the year were -R\$ 1.4 billion and +R\$859.1 million.

| R\$ million                 | 4Q14         | 4Q13         | Chg.(%)       | 2014           | 2013           | Chg.(%)       |
|-----------------------------|--------------|--------------|---------------|----------------|----------------|---------------|
| Property Sales and Services | 230,4        | 535,1        | -56,9%        | 1.672,1        | 2.191,0        | -23,7%        |
| Tax and deductions          | (9,7)        | (13,6)       | -28,7%        | (55,0)         | (58,2)         | -5,5%         |
| <b>Net Revenue</b>          | <b>220,7</b> | <b>521,5</b> | <b>-57,7%</b> | <b>1.617,1</b> | <b>2.132,8</b> | <b>-24,2%</b> |

### Cost of Properties and Services Sold

The cost of properties and services sold was R\$ 231.1 million in 4Q14, down -44,3% from 4Q13. There was a non-recurring impact of R\$ 20.1 million related to the salaries at Rossi Gerenciadora e Construtora, which were booked under administrative expenses. In the year, this effect was R\$ 26.8 million. 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                          | 4Q14         | 4Q13         | Chg.(%)       | 2014           | 2013           | Chg.(%)       |
|--------------------------------------|--------------|--------------|---------------|----------------|----------------|---------------|
| Construction + Land                  | 184,8        | 372,5        | -50,4%        | 1.160,1        | 1.505,7        | -23,0%        |
| Capitalized Interest                 | 46,3         | 42,4         | +9,2%         | 254,3          | 226,4          | +12,3%        |
| <b>Cost of Property and Services</b> | <b>231,1</b> | <b>414,9</b> | <b>-44,3%</b> | <b>1.414,4</b> | <b>1.732,0</b> | <b>-18,3%</b> |

### Gross Income and Gross Margin

Gross Income, excluding charges allocated to costs and costs related to Rossi Gerenciadora e Construtora, totaled R\$ 56.0 million in the quarter, with margin of 25.4%. Margin in the year reached 29.9%.

| R\$ million                              | 4Q14         | 4Q13         | Chg.(%)          | 2014         | 2013         | Chg.(%)          |
|------------------------------------------|--------------|--------------|------------------|--------------|--------------|------------------|
| Gross Income <sup>(1)</sup>              | 9,7          | 106,6        | -90,9%           | 229,5        | 400,8        | -42,7%           |
| Gross Margin (%)                         | 4,4%         | 20,4%        | -16,0 p.p.       | 14,2%        | 18,8%        | -4,6 p.p.        |
| Adjusted Gross Income <sup>(2)</sup>     | 56,0         | 149,0        | -62,4%           | 483,8        | 627,2        | -22,9%           |
| <b>Adjusted Gross Margin (%)<br/>(2)</b> | <b>25,4%</b> | <b>28,6%</b> | <b>-3,2 p.p.</b> | <b>29,9%</b> | <b>29,4%</b> | <b>+0,5 p.p.</b> |

(1) Excluding R\$ 20.1 million related to the costs of Rossi Construtora in the quarter and R\$ 26.8 million in the year

(2) Excluding financial charges allocated to costs and R\$ 20.1 million related to the costs of Rossi Construtora in the quarter and R\$ 26.8 million in the year

As these projects are delivered simultaneously with the progress in more recent projects, Rossi's margins should increase gradually. Note that the discounts campaign started in May 2014 involves only the units completed and to be delivered in 2014 in order to speed up the cash generation process, even if it affects results in the short term. The following tables show the breakdown of margin by year of launch and metropolitan region

# Earnings Release

| R\$ million      | 4Q14         |                            | 2014           |                            |
|------------------|--------------|----------------------------|----------------|----------------------------|
|                  | Net Revenue  | Gross Margin (ex interest) | Net Revenue    | Gross Margin (ex interest) |
| Strategic Region | 158,8        | 29,7%                      | 1.283,9        | 32,1%                      |
| Other Regions    | 61,9         | 14,4%                      | 333,2          | 21,4%                      |
| <b>Total</b>     | <b>220,7</b> | <b>25,4%</b>               | <b>1.617,1</b> | <b>29,9%</b>               |

| R\$ million  | 4Q14         |                            | 2014           |                            |
|--------------|--------------|----------------------------|----------------|----------------------------|
|              | Net Revenue  | Gross Margin (ex interest) | Net Revenue    | Gross Margin (ex interest) |
| 2010 e Ant.  | 28,7         | 15,1%                      | 481,6          | 27,0%                      |
| 2011         | 94,5         | 23,3%                      | 731,7          | 29,6%                      |
| 2012         | 81,1         | 29,0%                      | 338,3          | 33,4%                      |
| 2013         | 15,0         | 37,5%                      | 57,8           | 37,0%                      |
| 2014         | 1,5          | 39,5%                      | 7,8            | 39,5%                      |
| <b>Total</b> | <b>220,7</b> | <b>25,4%</b>               | <b>1.617,1</b> | <b>29,9%</b>               |

## Selling and Administrative Expenses

Administrative expenses totaled R\$ 176.6 million in the year. However, if we consider the reclassification of Rossi Gerenciadora e Construtora, as detailed in the explanation of costs, the amount would be R\$ 203.4 million. The increase in comparison with 2013 is due to: (i) the hiring of personnel to strengthen the financing transfer team at Rossi Fácil; and (ii) consulting and third-party services that helped in streamlining processes, and the gains in efficiency. The increase in selling expenses is due to brokerage and marketing expenses, mainly due to the marketing campaigns held during the year to speed up sales and cash generation.

| R\$ million                     | 4Q14         | 4Q13         | Chg.(%)           | 2014         | 2013         | Chg.(%)          |
|---------------------------------|--------------|--------------|-------------------|--------------|--------------|------------------|
| Administrative (a)              | 60,7         | 46,7         | +30,0%            | 203,4        | 183,7        | +10,7%           |
| Selling (b)                     | 42,4         | 41,3         | +2,7%             | 182,5        | 155,1        | +17,7%           |
| Administrative ÷ Net Revenue    | 27,5%        | 9,0%         | +18,5 p.p.        | 12,6%        | 8,6%         | +4,0 p.p.        |
| Selling ÷ Net Revenue           | 19,2%        | 7,9%         | +11,3 p.p.        | 11,3%        | 7,3%         | +4,0 p.p.        |
| (a) + (b)                       | 103,1        | 88,0         | +17,2%            | 385,9        | 338,8        | +13,9%           |
| <b>(a) + (b) ÷ Net Revenues</b> | <b>46,7%</b> | <b>16,9%</b> | <b>+29,8 p.p.</b> | <b>23,9%</b> | <b>15,9%</b> | <b>+8,0 p.p.</b> |

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

<sup>2</sup> Reclassification of Rossi Construtora

As mentioned on page 11, a significant part of the operation is not consolidated, but most of the expenses is centralized in holding, distorting the analysis under IFRS. In addition, the high volume of sales cancellations makes little relevant the percentage of expenses in relation to net revenue. Therefore, to allow greater comparability and complement the information already disclosed, below is a table showing the values of 100% of transactions, regardless of the consolidation criteria and percentages relative to gross sales.

| R\$ million                    | 4Q14         | 4Q13         | Chg.(%)          | 2014         | 2013         | Chg.(%)          |
|--------------------------------|--------------|--------------|------------------|--------------|--------------|------------------|
| Administrative (a)             | 63,2         | 54,2         | +16,6%           | 240,4        | 212,7        | +13,0%           |
| Selling (b)                    | 50,3         | 60,8         | -17,3%           | 235,8        | 221,8        | +6,3%            |
| Administrative ÷ Gross Sales   | 12,3%        | 7,0%         | +5,3 p.p.        | 10,3%        | 11,0%        | -0,6 p.p.        |
| Selling ÷ Gross Sales          | 9,8%         | 7,8%         | +1,9 p.p.        | 10,1%        | 11,4%        | -1,3 p.p.        |
| (a) + (b)                      | 113,5        | 115,0        | -1,3%            | 476,2        | 434,5        | +9,6%            |
| <b>(a) + (b) ÷ Gross Sales</b> | <b>22,0%</b> | <b>14,8%</b> | <b>+7,2 p.p.</b> | <b>20,4%</b> | <b>22,4%</b> | <b>-2,0 p.p.</b> |

## Other Operating Revenues/Expenses, Net

Net other operating expenses totaled R\$ 163.3 million in the year with the following items: (i) addition of provisions for civil contingencies of R\$13.5 million in the fourth quarter; (ii) expenses of R\$ 64.0 million resulting from the revision of the strategic plan for the coming years, where we identify that certain projects do not meet the requirements, or have no specific date for launching and (iii) R\$ 20.3 million of expenses with cancelled units previously classified as selling expenses, which allows better comparability with our peers.

## Equity income

Equity income was impacted by the same effects as consolidation, that is, the higher volume of rescissions and discounts, and by the reclassification of provisions for guarantees of construction works, which were earlier booked fully at Rossi Residencial and which will directly be allocated to the projects as from 4Q14. The impact on unconsolidated companies was R\$ 23.3 million. The following table shows the breakdown of consolidated result and equity income:

| R\$ million                            | 4Q14           |                  |
|----------------------------------------|----------------|------------------|
|                                        | IFRS           | Non Consolidated |
| <b>Net Revenue</b>                     | <b>220,7</b>   | <b>236,2</b>     |
| <b>Services and Construction costs</b> | <b>(231,1)</b> | <b>(263,2)</b>   |
| Construction + Land                    | (184,8)        | (249,6)          |
| Capitalized Interests                  | (46,3)         | (13,6)           |
| <b>Gross Profit</b>                    | <b>9,7</b>     | <b>(27,0)</b>    |
| <i>Gross Margin (%)</i>                | <i>4,4%</i>    | <i>-11,4%</i>    |
| <b>Gross Profit Ajustado</b>           | <b>56,0</b>    | <b>(13,4)</b>    |
| <i>Adjusted Gross Margin (%)</i>       | <i>25,4%</i>   | <i>-5,7%</i>     |

| R\$ million                            | 2014             |                  |
|----------------------------------------|------------------|------------------|
|                                        | IFRS             | Non Consolidated |
| <b>Net Revenue</b>                     | <b>1.617,1</b>   | <b>1.056,1</b>   |
| <b>Services and Construction costs</b> | <b>(1.414,4)</b> | <b>(956,2)</b>   |
| Construction + Land                    | (1.160,1)        | (869,9)          |
| Capitalized Interests                  | (254,3)          | (86,3)           |
| <b>Gross Profit</b>                    | <b>229,5</b>     | <b>99,9</b>      |
| <i>Gross Margin (%)</i>                | <i>14,2%</i>     | <i>9,5%</i>      |
| <b>Gross Profit Ajustado</b>           | <b>483,8</b>     | <b>186,2</b>     |
| <i>Adjusted Gross Margin (%)</i>       | <i>29,9%</i>     | <i>17,6%</i>     |

<sup>1</sup> Gross income adjusted for non-recurring expenses related to Rossi Gerenciadora e Construtora



## EBITDA

Adjusted EBITDA reached -R\$ 15.4 million in the year.

| R\$ million                           | 4Q14           | 4Q13         | Chg.(%)    | 2014           | 2013         | Chg.(%)       |
|---------------------------------------|----------------|--------------|------------|----------------|--------------|---------------|
| Net Income (Loss)                     | (361,4)        | 2,5          | N/A        | (619,4)        | 41,1         | N/A           |
| (+/-) Financial Expenses (Revenues)   | 89,8           | 14,5         | +518,2%    | 210,0          | 85,1         | +146,9%       |
| (+) Tax and Social Contrib. Provision | 12,7           | 8,4          | +51,6%     | 44,6           | 49,3         | -9,6%         |
| (+) Depreciation and Amortization     | 0,5            | 3,2          | -83,3%     | 10,1           | 19,4         | -48,2%        |
| (+/-) Minority                        | (1,5)          | 5,2          | -128,8%    | 10,6           | 19,5         | -45,6%        |
| <b>EBITDA <sup>1</sup></b>            | <b>(259,9)</b> | <b>33,8</b>  | <b>N/A</b> | <b>(344,1)</b> | <b>214,3</b> | <b>N/A</b>    |
| (+) Capitalized Interests             | 46,3           | 42,4         | +9,2%      | 254,3          | 226,4        | +12,3%        |
| (+) Stock Options                     | 2,7            | 8,9          | -70,1%     | 0,4            | 8,9          | -96,0%        |
| (+) Decommissioning Project           | 74,0           |              |            | 74,0           |              |               |
| <b>Adjusted EBITDA <sup>2</sup></b>   | <b>(136,9)</b> | <b>85,1</b>  | <b>N/A</b> | <b>(15,4)</b>  | <b>449,6</b> | <b>-99,7%</b> |
| <i>Adjusted EBITDA Margin(%)</i>      | <i>N/A</i>     | <i>16,3%</i> | <i>N/A</i> | <i>0,7%</i>    | <i>21,1%</i> | <i>N/A</i>    |

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

<sup>2</sup> Adjusted EBITDA: adjusted for expenses that do not involve any cash disbursement or non-recurring items. For more details, see the glossary at the end of this report.

## Net Financial Result

The net financial result in the quarter was an expense of R\$ 89.7 million, due to the following main variations: (i) provision for credit related to financing granted to partners; (ii) commission related to the debt rollover; (iii) discount on the transfer of delinquent portfolio.

| Financial Results (R\$ million) | 4Q14          | 4Q13          | Chg.(%)        | 2014           | 2013          | Chg.(%)        |
|---------------------------------|---------------|---------------|----------------|----------------|---------------|----------------|
| Financial Revenues              | (23,5)        | 33,3          | -170,6%        | 86,2           | 129,3         | -33,3%         |
| Financial Expenses              | (66,2)        | (47,8)        | +38,5%         | (296,3)        | (214,3)       | +38,3%         |
| <b>Financial Results</b>        | <b>(89,7)</b> | <b>(14,5)</b> | <b>+518,6%</b> | <b>(210,1)</b> | <b>(85,0)</b> | <b>+147,2%</b> |

## Net Income (Loss)

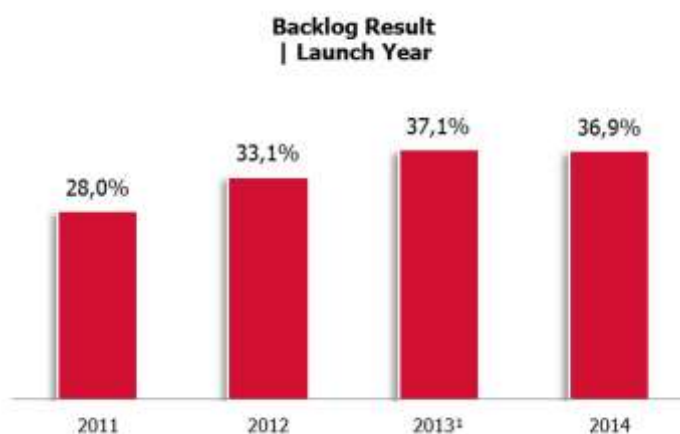
Rossi posted net loss of R\$ 616.4 million in the year, as detailed in the items above.

## Backlog Result

The following table shows the backlog results, including PIS and Cofins taxes and excluding interested allocated to cost. The decrease in relation to the third quarter was due to the discounts granted on units launched in 2011, in line with the cash generation strategy.

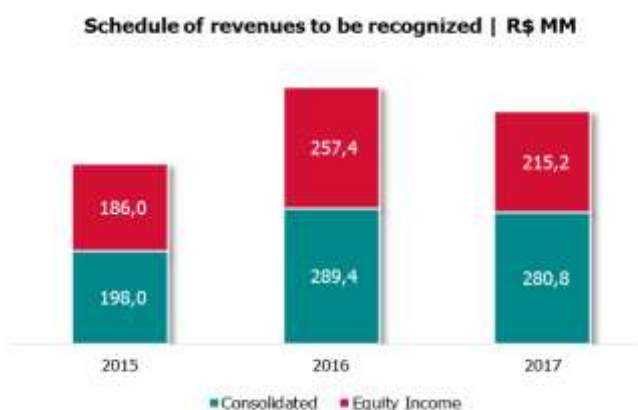
| Backlog Results (R\$ million)                  | 4Q14         | 3Q14         | Chg.(%)          |
|------------------------------------------------|--------------|--------------|------------------|
| Gross revenues                                 | 768,2        | 960,5        | -20,0%           |
| Construction Costs (w/o capitalized interests) | (499,5)      | (613,5)      | -18,6%           |
| <b>Gross Profit</b>                            | <b>268,7</b> | <b>347,0</b> | <b>-22,6%</b>    |
| <i>Gross Margin (%)</i>                        | <i>35,0%</i> | <i>36,1%</i> | <i>-1,1 p.p.</i> |

The chart details the backlog margin by year of launch.



<sup>1</sup> not including Entreverdes Campinas with margin of 68.6%

The following chart shows the schedule of revenues to be recognized as per their consolidation in Rossi's results:



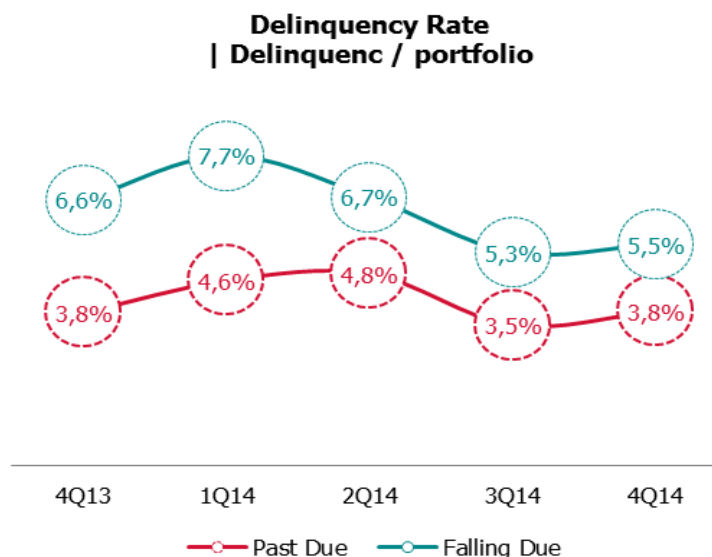
## Accounts Receivable

Trade accounts receivable, in IFRS, plus balance of 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\$2.7 billion. From the third quarter, the item "Transfer from customers", which refers to clients, whose works have been completed and are pending release for linking and transferring financial institutions that financed the project, ready been reclassified to short-term receivables, due to its nature. The decline in relation to 3H1Q is due to the heavy volume of financing transfer in the period and the cancellation of completed units that were included in Rossi's inventory.

| R\$ million                                                            | 4Q14           | 3Q14           | Chg.(%)       |
|------------------------------------------------------------------------|----------------|----------------|---------------|
| <b>Short Term</b>                                                      | <b>1.588,8</b> | <b>2.002,9</b> | <b>-20,7%</b> |
| Units Under Construction                                               | 527,5          | 858,5          | -38,6%        |
| Completed Units                                                        | 1.034,0        | 1.094,2        | -5,5%         |
| Receivables from land sale                                             | 27,3           | 50,3           | -45,7%        |
| <b>Long Term</b>                                                       | <b>383,9</b>   | <b>504,9</b>   | <b>-24,0%</b> |
| Units Under Construction                                               | 123,8          | 229,3          | -46,0%        |
| Completed Units                                                        | 245,8          | 237,6          | 3,5%          |
| Receivables from land sale                                             | 14,3           | 38,1           | -62,4%        |
| <b>Total</b>                                                           | <b>1.972,7</b> | <b>2.507,8</b> | <b>-21,3%</b> |
| <b>Receivables to be recognized by Percentage of Completion Method</b> |                |                |               |
| Short Term                                                             | 576,2          | 704,8          | -18,2%        |
| Long Term                                                              | 192,0          | 255,7          | -24,9%        |
| <b>Total</b>                                                           | <b>768,2</b>   | <b>960,5</b>   | <b>-20,0%</b> |
| <b>Total Accounts Receivables</b>                                      | <b>2.740,9</b> | <b>3.468,3</b> | <b>-21,0%</b> |

## Delinquency

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.



## Tradable Properties

The following table details tradable properties booked in the balance sheet at historical cost. The increase in completed units was due to the volume of rescissions and deliveries in 4Q14.

| Tradable Properties (R\$ millions) | 4Q14           | 3Q14           | Chg.(%)     |
|------------------------------------|----------------|----------------|-------------|
| Finished properties                | 275,4          | 218,5          | 26,1%       |
| Properties under construction      | 500,6          | 503,2          | -0,5%       |
| Land for future developments       | 609,1          | 494,0          | 23,3%       |
| Consumables                        | 6,2            | 10,2           | -39,2%      |
| Advances to suppliers              | 32,0           | 42,4           | -24,6%      |
| Capitalized Interest               | 86,0           | 155,5          | -44,7%      |
| <b>Total</b>                       | <b>1.509,3</b> | <b>1.423,8</b> | <b>6,0%</b> |

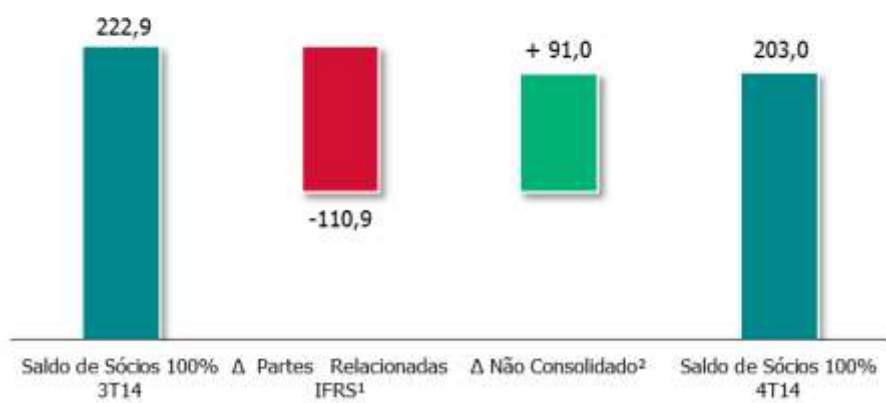
## Decommissioning and Sale of Assets

Total asset sale agreements signed in the quarter reached R\$ 44.3 million, and R\$ 127.6 million in 2014. As the table on Accounts Receivable on page 20 shows, R\$ 41.6 million has already been booked.

## Related Parties and Financing for SPEs

In order to improve communication and facilitate understanding of the Company's operations, we started providing, since 3Q14, as we did with debt and cash position, the reconciliation in the following chart, between the IFRS amounts and 100% consolidation, where all the projects are fully considered, as well as the related parties and advances to business partners. At the end of 4Q14, these amounted to accounts receivable for Rossi of R\$ 203.0 million. This amount receivable refers to the structure that was used during the company's expansion cycle, especially between 2009 and 2011, by which Rossi financed a few partners through special purpose entities (SPE). Rossi used to inject funds relating to its share and granted an advance to the partner, who in return became a debtor of Rossi. This structure was ceased to be used in 2012 and hence this balance will be received as the projects launched until 2011 are delivered or their financing transferred, which will mainly occur until the first half of 2016. Note that this payment will be made from the results of the projects themselves and Rossi will perform the financial management of these SPEs.

**Related parties reconciliation | R\$ MM**



<sup>1</sup> Net amount of related parties and consolidated advances to business partners

<sup>2</sup> Net amount of related parties and non-consolidated advances to business partners

## Debt

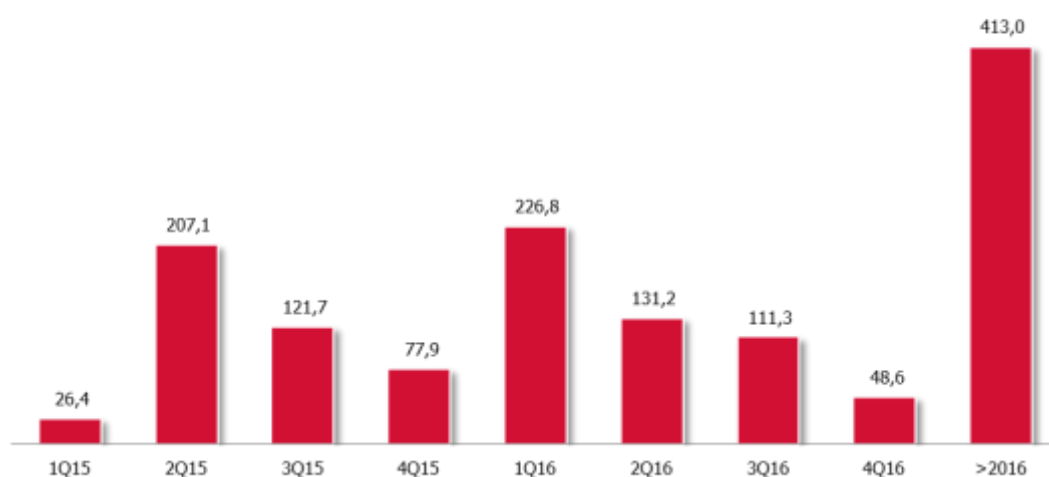
Rossi ended 4Q14 with a cash balance of R\$ 479.6 million and total debt of R\$ 2.4 billion, down 11.6% from 3Q14. Cash generated in 2014 totaled R\$ 381.9 million. Real estate credit consists of loans for construction (SFH) and bank credit notes (CCB), contracted for the construction and development of pre-determined housing projects. Weighted average cost of debt in the quarter was 12.8% p.a. (106.1 of the CDI rate) with weighted average term of 18.8 months, consisting of: (i) SFH with cost of 9.8% p.a. and term of 12.9 months and (ii) corporate debt, with cost of 14.8% p.a. and average term of 22.6 months.

| R\$ million                            | 4Q14           | 3Q14           | Chg.(%)         |
|----------------------------------------|----------------|----------------|-----------------|
| <b>Short Term</b>                      | <b>1.335,2</b> | <b>1.582,1</b> | <b>-15,6%</b>   |
| Construction Financing                 | 1.021,1        | 1.121,5        | -9,0%           |
| SFH                                    | 687,0          | 665,3          | 3,3%            |
| CCB <sup>1</sup>                       | 334,1          | 456,2          | -26,8%          |
| Working Capital                        | 181,0          | 212,2          | -14,7%          |
| Receivables Securitization             | 31,6           | 39,1           | -19,1%          |
| Debentures                             | 101,5          | 209,3          | -51,5%          |
| <b>Long Term</b>                       | <b>1.091,5</b> | <b>1.162,6</b> | <b>-6,1%</b>    |
| Construction Financing                 | 1.019,9        | 1.054,9        | -3,3%           |
| SFH                                    | 274,2          | 435,1          | -37,0%          |
| CCB <sup>1</sup>                       | 745,7          | 619,8          | 20,3%           |
| Working Capital                        | 71,6           | 100,1          | -28,5%          |
| Debentures                             | -              | 7,6            | N/A             |
| <b>Total debt</b>                      | <b>2.426,7</b> | <b>2.744,7</b> | <b>-11,6%</b>   |
| Cash and Cash Equivalents              | 479,6          | 571,4          | -16,1%          |
| <b>Net Debt</b>                        | <b>1.947,1</b> | <b>2.173,3</b> | <b>-10,4%</b>   |
| <b>Net Debt / Shareholder's Equity</b> | <b>109,8%</b>  | <b>101,9%</b>  | <b>7,9 p.p.</b> |
| <b>Cash Generation</b>                 | <b>226,2</b>   | <b>91,9</b>    | <b>146,1%</b>   |

The following chart shows the maturity schedule of corporate debt based on IFRS pro forma consolidation, considering the following: (i) the overdraft facility of R\$ 100 million, which is automatically renewable in December and was classified under long-term debt;

(ii) early payment in March 2015 of debentures whose original maturity was in May. Moreover, the rollover of a R\$ 100 million loan from Banco do Brasil, maturing in May 2014 is in the final stage of approval.

## Corporate Debt Schedule IFRS | R\$ million



In line with Rossi's strategy of constantly improving the disclosure of information to enable the economic agents understand the current situation of its operations, the following table shows the company's debt situation from two complementary angles to IFRS: (i) 100% of the companies, regardless of the consolidation criterion of IFRS; and (ii) Rossi's proportional share in the projects. Thus, it is possible to conclude that, regardless of the consolidation criterion, the company has been generating cash consistently in recent quarters. We notice that a few of our actions, mainly related to the centralization of surplus cash from SPEs in at Rossi Residencial, impact both the IFRS and proportional numbers, which could make it difficult to understand the operating cash flow. Operating cash flow will continue to be shown in these three angles, so long as necessary, to enable a better understanding of the company's cash generation.

| R\$ million                            | 4Q14           | 3Q14           | 2Q14           | 1Q14           |
|----------------------------------------|----------------|----------------|----------------|----------------|
| <b>Total debt</b>                      | <b>3.486,4</b> | <b>3.881,0</b> | <b>4.168,4</b> | <b>4.434,4</b> |
| Cash and Cash Equivalents              | 687,1          | 775,5          | 1.000,4        | 1.221,4        |
| <b>Net Debt</b>                        | <b>2.799,3</b> | <b>3.105,5</b> | <b>3.168,1</b> | <b>3.212,9</b> |
| <b>Net Debt ÷ Shareholder's Equity</b> | <b>126,8%</b>  | <b>117,2%</b>  | <b>108,7%</b>  | <b>110,1%</b>  |
| <b>Cash Generation 4Q14</b>            | <b>306,2</b>   | <b>62,6</b>    | <b>44,9</b>    | <b>68,2</b>    |
| <b>Cash Generation YTD</b>             | <b>482,2</b>   |                |                |                |

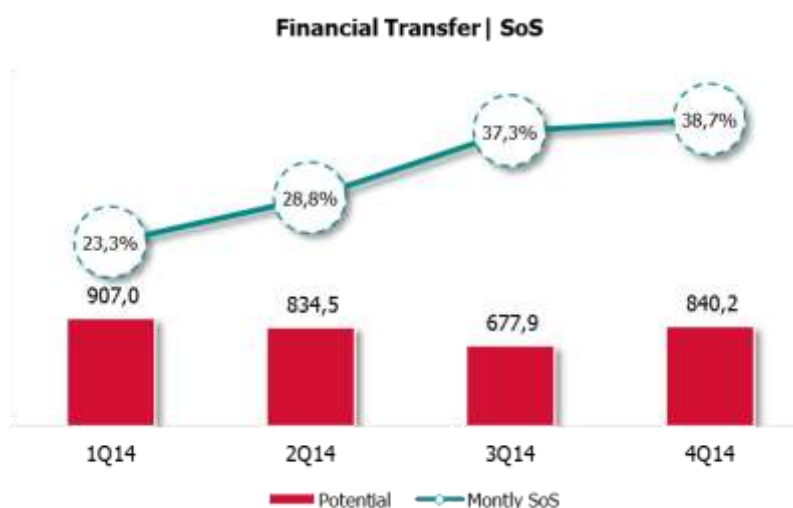
| R\$ million                            | Proporcional   |                |                |                |
|----------------------------------------|----------------|----------------|----------------|----------------|
|                                        | 4Q14           | 3Q14           | 2Q14           | 1Q14           |
| <b>Total debt</b>                      | <b>2.965,8</b> | <b>3.327,0</b> | <b>3.574,0</b> | <b>3.832,1</b> |
| Cash and Cash Equivalents              | 549,9          | 656,0          | 816,1          | 1.067,2        |
| <b>Net Debt</b>                        | <b>2.415,9</b> | <b>2.671,0</b> | <b>2.757,9</b> | <b>2.764,9</b> |
| <b>Net Debt ÷ Shareholder's Equity</b> | <b>135,8%</b>  | <b>125,1%</b>  | <b>114,9%</b>  | <b>115,2%</b>  |
| <b>Cash Generation 4Q14</b>            | <b>255,1</b>   | <b>86,9</b>    | <b>6,9</b>     | <b>75,1</b>    |
| <b>Cash Generation YTD</b>             | <b>424,1</b>   |                |                |                |

| R\$ million               | IFRS           |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|
|                           | 4Q14           | 3Q14           | 2Q14           | 1Q14           |
| <b>Total debt</b>         | <b>2.426,7</b> | <b>2.744,7</b> | <b>3.011,6</b> | <b>3.134,5</b> |
| Cash and Cash Equivalents | 479,6          | 571,4          | 746,4          | 973,0          |
| <b>Net Debt</b>           | <b>1.947,2</b> | <b>2.173,3</b> | <b>2.265,2</b> | <b>2.161,5</b> |

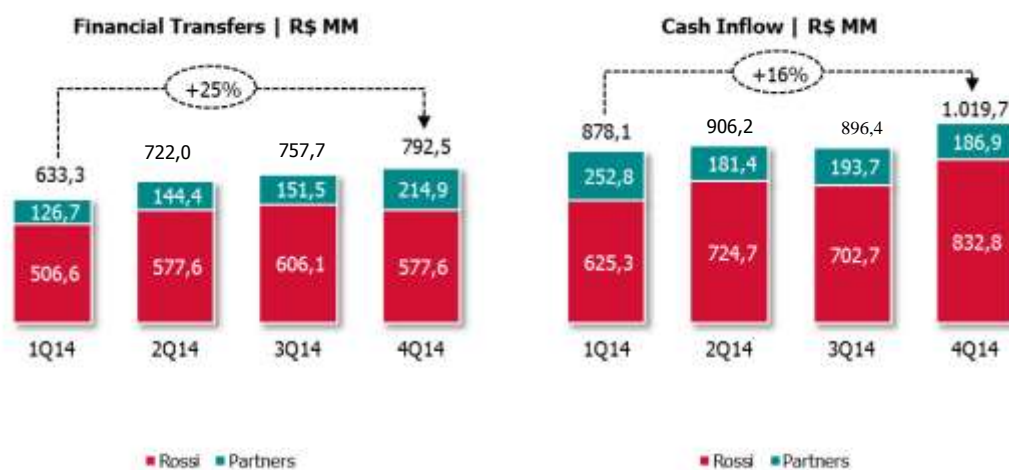
|                                        |               |               |                |              |
|----------------------------------------|---------------|---------------|----------------|--------------|
| <b>Net Debt ÷ Shareholder's Equity</b> | <b>109,8%</b> | <b>101,9%</b> | <b>94,6%</b>   | <b>89,9%</b> |
| <b>Cash Generation 4Q14</b>            | <b>226,1</b>  | <b>91,9</b>   | <b>(103,7)</b> | <b>167,6</b> |
| <b>Cash Generation YTD</b>             | <b>381,9</b>  |               |                |              |

## Transfer of Financing and Rossi Fácil

The following chart shows the quarterly indicator that measures the efficiency of financing transfer. The red bars show the potential transfer amounts, that is, the sum of the outstanding balance of the units that have already been registered. The speed, or SOS, of the process is measured by the ratio between the amount of transfers and payment settlements during the period and this potential. It can be noticed that, despite a lower potential in 2014, changes in process management have significantly improved the indicator throughout 2014. As mentioned earlier, the potential will increase over the coming quarters as Rossi continues to increase deliveries while, at the same time, reselling the canceled units.



The following chart details the evolution of transfers and settlements, which increased 25.1% in relation to the start of 2014. Moreover, cash flows from financing transfers and receipts from clients increased 16.1% from 1Q14 to reach R\$ 3.7 billion (Rossi's share R\$ 2.9 billion) in the year.



## Relationship with Independent Auditors

In compliance with CVM Instruction 381/03, we inform that Deloitte Touche Tohmatsu Auditores Independentes was hired to provide the following services in 2014: audit of financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IRS) , and review of interim quarterly financial information in accordance with Brazilian and international standards for reviewing interim statements (NBC TR 2410 – Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). The Company did not contract the independent auditors for services other than those related to the audit of financial statements.

The contracting of independent auditors is based on the principles that aim to preserve the independence of the auditor, namely: (a) the auditor should not audit their own work; (b) auditors should not hold management positions; and (c) auditors should not provide services that could be construed as prohibited by applicable laws. Furthermore, the Management obtains from the independent auditors a declaration that any special services provided do not affect their professional independence.

The information in the performance report that is not clearly identified as a copy of the information contained in the financial statements did not undergo any audit or review.

## Appendix I | Indicators 100%- R\$ million

| Quarterly SOS   100%         | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP              | 4.476,5        | 4.061,7        | 3.971,0        | 3.791,2        | 3.822,4        |
| Launches                     | 254,2          | 157,8          | 299,5          | 72,9           | 163,4          |
| <b>Inventory + Launches</b>  | <b>4.730,7</b> | <b>4.219,5</b> | <b>4.270,5</b> | <b>3.864,1</b> | <b>3.985,8</b> |
| Gross Sales                  | 570,6          | 552,0          | 648,3          | 615,6          | 520,5          |
| <b>Sales Speed (SoS) (%)</b> | <b>12,1%</b>   | <b>13,1%</b>   | <b>15,2%</b>   | <b>15,9%</b>   | <b>13,1%</b>   |
| Rescission                   | 166,2          | 233,2          | 343,5          | 422,9          | 381,2          |
| Adjusts / Revalue            | (264,6)        | 70,3           | (174,5)        | 151,0          | 132,5          |
| <b>Inventory - EOP</b>       | <b>4.061,7</b> | <b>3.971,0</b> | <b>3.791,2</b> | <b>3.822,4</b> | <b>3.979,0</b> |

| LTM SoS   100%               | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP              | 4.944,2        | 4.518,2        | 4.317,9        | 4.476,5        | 4.061,7        |
| Launches                     | 1.124,6        | 1.282,4        | 1.418,2        | 784,4          | 693,6          |
| <b>Inventory + Launches</b>  | <b>6.068,8</b> | <b>5.800,6</b> | <b>5.736,1</b> | <b>5.260,9</b> | <b>4.755,3</b> |
| Gross Sales                  | 2.511,7        | 2.470,2        | 2.547,0        | 2.386,5        | 2.336,4        |
| <b>Sales Speed (SoS) (%)</b> | <b>41,4%</b>   | <b>42,6%</b>   | <b>44,4%</b>   | <b>45,4%</b>   | <b>49,1%</b>   |
| Rescission                   | 769,2          | 834,9          | 970,9          | 1.165,8        | 1.380,8        |
| Adjusts / Revalue            | (264,6)        | (194,3)        | (368,8)        | (217,8)        | 179,3          |
| <b>Inventory - EOP</b>       | <b>4.061,7</b> | <b>3.971,0</b> | <b>3.791,2</b> | <b>3.822,4</b> | <b>3.979,0</b> |



## Appendix II | Indicators IFRS R\$ million

| Quarterly SOS   Consolidated IFRS | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP                   | 3.029,5        | 2.844,7        | 2.749,9        | 2.706,4        | 2.736,6        |
| Launches                          | 254,2          | 63,2           | 299,5          | 72,9           | 163,4          |
| <b>Inventory + Launches</b>       | <b>3.283,7</b> | <b>2.907,9</b> | <b>3.049,4</b> | <b>2.779,3</b> | <b>2.900,0</b> |
| Gross Sales                       | 359,3          | 343,7          | 431,5          | 362,6          | 297,0          |
| <b>Sales Speed (SoS) (%)</b>      | <b>10,9%</b>   | <b>11,8%</b>   | <b>14,1%</b>   | <b>13,0%</b>   | <b>10,2%</b>   |
| Rescission                        | 86,9           | 142,0          | 204,6          | 230,9          | 222,5          |
| Adjusts / Revalue                 | (166,6)        | 43,8           | (116,1)        | 88,9           | 75,6           |
| <b>Inventory - EOP</b>            | <b>2.844,7</b> | <b>2.749,9</b> | <b>2.706,4</b> | <b>2.736,6</b> | <b>2.901,0</b> |

| Quarterly SOS   Equity Income | 4Q13           | 1Q14           | 2Q14           | 3Q14           | 4Q14           |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Inventory - BOP               | 1.447,0        | 1.217,0        | 1.221,0        | 1.084,7        | 1.085,8        |
| Launches                      | -              | 94,6           | -              | -              | -              |
| <b>Inventory + Launches</b>   | <b>1.447,0</b> | <b>1.311,6</b> | <b>1.221,0</b> | <b>1.084,7</b> | <b>1.085,8</b> |
| Gross Sales                   | 211,3          | 208,3          | 216,8          | 253,0          | 223,5          |
| <b>Sales Speed (SoS) (%)</b>  | <b>14,6%</b>   | <b>15,9%</b>   | <b>17,8%</b>   | <b>23,3%</b>   | <b>20,6%</b>   |
| Rescission                    | 79,3           | 91,2           | 138,9          | 192,0          | 158,7          |
| Adjusts / Revalue             | (98,0)         | 26,5           | (58,4)         | 62,1           | 56,9           |
| <b>Inventory - EOP</b>        | <b>1.217,0</b> | <b>1.221,0</b> | <b>1.084,7</b> | <b>1.085,8</b> | <b>1.077,9</b> |

## Appendix III | Income Statement - R\$ thousand

|                                              | 4Q14             | 4Q13             | Chg. (%)          | 2014               | 2013               | Chg. (%)          |
|----------------------------------------------|------------------|------------------|-------------------|--------------------|--------------------|-------------------|
| <b>Gross Operating Revenues</b>              |                  |                  |                   |                    |                    |                   |
| Property sales and services                  | 230.376          | 535.061          | -56,9%            | 1.672.091          | 2.191.014          | -23,7%            |
| Taxes and deductions                         | (9.720)          | (13.568)         | -28,4%            | (55.050)           | (58.234)           | -5,5%             |
| <b>Net Operating Revenue</b>                 | <b>220.657</b>   | <b>521.493</b>   | <b>-57,7%</b>     | <b>1.617.041</b>   | <b>2.132.780</b>   | <b>-24,2%</b>     |
| <b>Cost of Property and Services</b>         | <b>(231.162)</b> | <b>(414.903)</b> | <b>-44,3%</b>     | <b>(1.414.410)</b> | <b>(1.732.035)</b> | <b>-18,3%</b>     |
| Construction + Land                          | (184.818)        | (372.520)        | -50,4%            | (1.160.102)        | (1.505.652)        | -23,0%            |
| Financial Charges                            | (46.344)         | (42.383)         | +9,3%             | (254.308)          | (226.383)          | +12,3%            |
| <b>Gross Income</b>                          | <b>(10.505)</b>  | <b>106.590</b>   | <b>N/A</b>        | <b>202.632</b>     | <b>400.745</b>     | <b>-49,4%</b>     |
| <b>Gross Margin</b>                          | <b>-4,8%</b>     | <b>20,4%</b>     | <b>-25,2 p.p.</b> | <b>12,5%</b>       | <b>18,8%</b>       | <b>-6,3 p.p.</b>  |
| <b>Gross margin (ex interest)</b>            | <b>16,2%</b>     | <b>28,6%</b>     | <b>-12,3 p.p.</b> | <b>28,3%</b>       | <b>29,4%</b>       | <b>-1,1 p.p.</b>  |
| <b>Operating Expenses</b>                    | <b>(249.989)</b> | <b>(76.009)</b>  | <b>+228,9%</b>    | <b>(556.845)</b>   | <b>(205.809)</b>   | <b>+170,6%</b>    |
| Administrative                               | (41.394)         | (46.732)         | -11,4%            | (176.637)          | (183.734)          | -3,9%             |
| Selling                                      | (42.382)         | (41.327)         | +2,6%             | (182.528)          | (155.135)          | +17,7%            |
| Depreciation and amortization                | (3.792)          | (1.647)          | +130,2%           | (9.059)            | (6.606)            | +37,1%            |
| Result of subsidiaries                       | (12.776)         | (6.196)          | +106,2%           | (25.342)           | 109.042            | -123,2%           |
| Other operating revenues (expenses)          | (149.645)        | 19.893           | -852,3%           | (163.279)          | 30.624             | -633,2%           |
| <b>Earnings before financial result</b>      | <b>(260.494)</b> | <b>30.581</b>    | <b>N/A</b>        | <b>(354.213)</b>   | <b>194.936</b>     | <b>N/A</b>        |
| <b>Financial Results</b>                     | <b>(89.790)</b>  | <b>(14.525)</b>  | <b>+518,2%</b>    | <b>(210.047)</b>   | <b>(85.050)</b>    | <b>+147,0%</b>    |
| Financial Revenues                           | (23.542)         | 33.260           | -170,8%           | 86.215             | 129.277            | -33,3%            |
| Financial Expenses                           | (66.248)         | (47.785)         | +38,6%            | (296.262)          | (214.327)          | +38,2%            |
| <b>Operating Income (Loss)</b>               | <b>(350.284)</b> | <b>16.056</b>    | <b>-2281,7%</b>   | <b>(564.260)</b>   | <b>109.886</b>     | <b>-613,5%</b>    |
| <b>Operating Margin</b>                      | <b>-158,7%</b>   | <b>3,1%</b>      | <b>N/A</b>        | <b>-34,9%</b>      | <b>5,2%</b>        | <b>-40,0 p.p.</b> |
| Provision for income tax and social contrib. | (15.632)         | (8.867)          | +76,3%            | (50.915)           | (39.050)           | +30,4%            |
| Deferred income tax                          | 2.956            | 488              | +505,8%           | 6.363              | (10.277)           | -161,9%           |
| Minorities                                   | 1.517            | (5.155)          | -129,4%           | (10.618)           | (19.501)           | -45,6%            |
| <b>Net Income (Loss)</b>                     | <b>(361.442)</b> | <b>2.522</b>     | <b>N/A</b>        | <b>(619.429)</b>   | <b>41.058</b>      | <b>N/A</b>        |
| <b>Net Margin</b>                            | <b>-163,8%</b>   | <b>0,5%</b>      | <b>N/A</b>        | <b>-38,3%</b>      | <b>1,9%</b>        | <b>-40,2 p.p.</b> |

## Appendix IV Balance Sheet | Assets – R\$ thousand

| ASSETS                           | 4Q14             | 3Q14             | Chg.(%)      |
|----------------------------------|------------------|------------------|--------------|
| <b>CURRENT</b>                   |                  |                  |              |
| Cash and equivalents             | 278.709          | 383.443          | -27,3%       |
| Tradeable notes                  | 49.242           | 77.700           | -36,6%       |
| Accounts receivable from clients | 1.588.831        | 2.002.920        | -20,7%       |
| Tradeable properties             | 1.109.363        | 858.732          | +29,2%       |
| Other assets                     | 182.338          | 169.953          | +7,3%        |
| <b>Total Current Asset</b>       | <b>3.208.483</b> | <b>3.492.748</b> | <b>-8,1%</b> |
| <b>NON CURRENT</b>               |                  |                  |              |
| Tradeable notes                  | 151.613          | 110.290          | +37,5%       |
| Accounts receivable from clients | 383.905          | 504.895          | -24,0%       |
| Tradeable properties             | 399.897          | 565.220          | -29,2%       |
| Judicial deposits                | 59.425           | 56.100           | +5,9%        |
| Related parties                  | 296.303          | 298.996          | -0,9%        |
| Advances to partners             | 629.668          | 580.038          | +8,6%        |
| Investments                      | 1.557.296        | 1.459.237        | +6,7%        |
| Fixed                            | 41.977           | 50.838           | -17,4%       |
| Intangible                       | 62.459           | 60.914           | +2,5%        |
| <b>Total Long Term</b>           | <b>3.582.543</b> | <b>3.686.528</b> | <b>-2,8%</b> |
| <b>TOTAL ASSETS</b>              | <b>6.791.026</b> | <b>7.179.276</b> | <b>-5,4%</b> |

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

| LIABILITIES AND SHAREHOLDER'S EQUITY        | 4Q14             | 3Q14             | Chg.(%)       |
|---------------------------------------------|------------------|------------------|---------------|
| <b>CURRENT</b>                              |                  |                  |               |
| Construction financing – real estate credit | 1.023.048        | 1.121.487        | -8,8%         |
| Loans – working capital                     | 210.716          | 251.271          | -16,1%        |
| Debentures                                  | 101.499          | 209.320          | -51,5%        |
| Suppliers                                   | 46.184           | 64.027           | -27,9%        |
| Accounts payable to land site acquisition   | 160.698          | 167.996          | -4,3%         |
| Salaries and payroll charges                | 39.526           | 36.946           | +7,0%         |
| Taxes and contributions payable             | 64.943           | 51.589           | +25,9%        |
| Profit sharing payable                      | 19.892           | 9.352            | +112,7%       |
| Advances from clients                       | 222.160          | 211.008          | +5,3%         |
| Related parties                             | 1.170.128        | 1.012.320        | +15,6%        |
| Others                                      | 96.551           | 70.496           | +37,0%        |
| <b>Total Current Liabilities</b>            | <b>3.155.345</b> | <b>3.205.812</b> | <b>-1,6%</b>  |
| <b>NÃO CIRCULANTE</b>                       |                  |                  |               |
| Construction financing – real estate credit | 1.017.936        | 1.054.889        | -3,5%         |
| Loans – working capital                     | 73.546           | 100.070          | -26,5%        |
| Debentures                                  | -                | 7.546            | N/A           |
| Accounts payable to land site acquisition   | 175.442          | 44.690           | +292,6%       |
| Taxes and contributions payable             | 25.554           | 25.554           | +0,0%         |
| Provisions                                  | 72.641           | 57.737           | +25,8%        |
| Provision for guarantees                    | 23.690           | 40.366           | -41,3%        |
| Provision for investment losses             | 55.253           | 57.774           | -4,4%         |
| Deferred taxes and contributions            | 192.402          | 198.295          | -3,0%         |
| Other accounts payable                      | 157.448          | 182.774          | -13,9%        |
| <b>Total non current Liabilities</b>        | <b>1.793.912</b> | <b>1.769.695</b> | <b>+1,4%</b>  |
| <b>SHAREHOLDERS' EQUITY</b>                 |                  |                  |               |
| Capital stock                               | 2.611.390        | 2.611.390        | +0,0%         |
| Treasury stock                              | (83.313)         | (83.068)         | +0,3%         |
| Capital reserve                             | 54.927           | 52.265           | +5,1%         |
| Accrued earnings                            | (810.137)        | (448.695)        | +80,6%        |
| <b>Total Shareholders' Equity</b>           | <b>1.772.867</b> | <b>2.131.892</b> | <b>-16,8%</b> |
| Minorities interest                         | 68.902           | 71.877           | -4,1%         |
| <b>TOTAL LIABILITIES</b>                    | <b>6.791.026</b> | <b>7.179.276</b> | <b>-5,4%</b>  |

## Glossary

**Accounting Pronouncement Committee (CPC)** – Created by Resolution 1,055/05 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. 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.