

Gafisa S.A.  
Form 6-K  
November 25, 2016

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For the month of November, 2016**

**(Commission File No. 001-33356),**

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**Gafisa S.A.**

*(Translation of Registrant's name into English)*

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

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes  No

Indicate by check mark if the registrant is submitting  
the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether by furnishing the information contained in this Form,  
the Registrant is also thereby furnishing the information to the Commission pursuant

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

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

If "Yes" is marked, indicate below the file number assigned  
to the registrant in connection with Rule 12g3-2(b): N/A

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**Gafisa S.A.**

Quarterly information

September 30, 2016

(A free translation of the original report in Portuguese as published in  
Brazil containing Quarterly Information (ITR) prepared in  
accordance with accounting practices adopted in Brazil)

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**COMPANY DATA / CAPITAL COMPOSITION**

|                        | <b>Number of Shares<br/>(in thousands)</b> | <b>CURRENT QUARTER<br/>9/30/2016</b> |
|------------------------|--|--------------------------------------|
| <b>Paid-in Capital</b> |  |                                      |
| <b>Common</b>          |  | 378,066                              |
| <b>Preferred</b>       |  | -                                    |
| <b>Total</b>           |  | 378,066                              |
| <b>Treasury shares</b> |  |                                      |
| <b>Common</b>          |  | 14,161                               |
| <b>Preferred</b>       |  | -                                    |
| <b>Total</b>           |  | 14,161                               |

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

| <b>CODE</b>   | <b>DESCRIPTION</b>   | <b>ACTUAL<br/>QUARTER<br/>9/30/2016</b> | <b>PRIOR<br/>YEAR<br/>12/31/2015</b> |
|---------------|--|---|--------------------------------------|
| 1             | Total Assets   | 6,252,560                               | 6,492,901                            |
| 1.01          | Current Assets   | 2,309,071                               | 2,384,773                            |
| 1.01.01       | Cash and cash equivalents                                      | 73,248                                  | 44,044                               |
| 1.01.01.01    | Cash and banks   | 9,696                                   | 31,823                               |
| 1.01.01.02    | Short-term investments   | 63,552                                  | 12,221                               |
| 1.01.02       | Short-term investments   | 185,365                                 | 350,343                              |
| 1.01.02.01    | Fair value of short-term investments                           | 185,365                                 | 350,343                              |
| 1.01.03       | Accounts receivable  | 608,837                                 | 723,950                              |
| 1.01.03.01    | Trade accounts receivable                                      | 608,837                                 | 723,950                              |
| 1.01.03.01.01 | Receivables from clients of developments                       | 576,019                                 | 705,367                              |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 32,818                                  | 18,583                               |
| 1.01.04       | Inventories  | 1,321,927                               | 1,135,137                            |
| 1.01.04.01    | Properties for sale  | 1,321,927                               | 1,135,137                            |
| 1.01.07       | Prepaid expenses   | 1,907                                   | 1,901                                |
| 1.01.07.01    | Prepaid expenses and others                                    | 1,907                                   | 1,901                                |
| 1.01.08       | Other current assets   | 117,787                                 | 129,398                              |
| 1.01.08.03    | Other  | 117,787                                 | 129,398                              |
| 1.01.08.03.01 | Non current assets for sale                                    | 3,443                                   | 4,367                                |
| 1.01.08.03.02 | Other accounts receivable and others                           | 47,265                                  | 46,621                               |
| 1.01.08.03.03 | Receivables from related parties                               | 67,079                                  | 78,410                               |
| 1.02          | Non current assets   | 3,943,489                               | 4,108,128                            |
| 1.02.01       | Non current assets   | 515,626                                 | 809,233                              |
| 1.02.01.03    | Accounts receivable  | 198,189                                 | 262,092                              |
| 1.02.01.03.01 | Receivables from clients of developments                       | 198,189                                 | 262,092                              |
| 1.02.01.04    | Inventories  | 204,424                                 | 387,375                              |
| 1.02.01.09    | Others non current assets                                      | 113,013                                 | 159,766                              |
| 1.02.01.09.03 | Others accounts receivable and others                          | 85,453                                  | 80,948                               |
| 1.02.01.09.04 | Receivables from related parties                               | 18,457                                  | 78,818                               |
| 1.02.01.09.05 | Derivative Financial Instruments                               | 9,103                                   | -                                    |
| 1.02.02       | Investments  | 3,374,189                               | 3,242,765                            |
| 1.02.02.01    | Interest in associates and affiliates                          | 3,285,909                               | 3,154,946                            |
| 1.02.02.02    | Interest in subsidiaries                                       | 88,280                                  | 87,819                               |
| 1.02.02.02.01 | Interest in subsidiaries - goodwill                            | 25,476                                  | 25,476                               |
| 1.02.02.02.02 | Goodwill based on inventory surplus                            | 62,804                                  | 62,343                               |
| 1.02.03       | Property and equipment   | 25,201                                  | 22,819                               |
| 1.02.03.01    | Operation property and equipment                               | 25,201                                  | 22,819                               |
| 1.02.04       | Intangible assets  | 28,473                                  | 33,311                               |
| 1.02.04.01    | Intangible assets  | 28,473                                  | 33,311                               |



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

| CODE          | DESCRIPTION  | ACTUAL               | PRIOR              |
|---------------|--|----------------------|--------------------|
|               |  | QUARTER<br>9/30/2016 | YEAR<br>12/31/2015 |
| 2             | Total Liabilities  | 6,252,560            | 6,492,901          |
| 2.01          | Current liabilities  | 2,322,489            | 2,105,504          |
| 2.01.01       | Social and labor obligations                                       | 28,268               | 26,758             |
| 2.01.01.02    | Labor obligations  | 28,268               | 26,758             |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                       | 28,268               | 26,758             |
| 2.01.02       | Suppliers  | 29,421               | 32,115             |
| 2.01.02.01    | Local suppliers  | 29,421               | 32,115             |
| 2.01.03       | Tax obligations  | 34,975               | 40,902             |
| 2.01.03.01    | Federal tax obligations  | 34,975               | 40,902             |
| 2.01.04       | Loans and financing  | 858,615              | 783,561            |
| 2.01.04.01    | Loans and financing  | 587,959              | 595,817            |
| 2.01.04.02    | Debentures   | 270,656              | 187,744            |
| 2.01.05       | Other obligations  | 1,272,521            | 1,121,856          |
| 2.01.05.01    | Payables to related parties  | 991,882              | 801,375            |
| 2.01.05.02    | Other  | 280,639              | 320,481            |
| 2.01.05.02.01 | Dividends and interest on capital payable                          | 17,682               | 17,682             |
| 2.01.05.02.04 | Obligations for purchase of properties and advances from customers | 167,875              | 148,989            |
| 2.01.05.02.05 | Other obligations  | 65,154               | 127,123            |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables               | 22,984               | 12,631             |
| 2.01.05.02.08 | Derivative financial instruments                                   | 6,944                | 14,056             |
| 2.01.06       | Provisions   | 98,689               | 100,312            |
| 2.01.06.01    | Tax, labor and civil lawsuits                                      | 98,689               | 100,312            |
| 2.01.06.01.01 | Tax lawsuits   | 233                  | 220                |
| 2.01.06.01.02 | Labor lawsuits   | 17,660               | 15,516             |
| 2.01.06.01.04 | Civil lawsuits   | 80,796               | 84,576             |
| 2.02          | Non current liabilities  | 1,003,620            | 1,291,906          |
| 2.02.01       | Loans and financing  | 811,359              | 1,011,180          |
| 2.02.01.01    | Loans and financing  | 524,862              | 542,843            |
| 2.02.01.01.01 | Loans and financing in local currency                              | 524,862              | 542,843            |
| 2.02.01.02    | Debentures   | 286,497              | 468,337            |
| 2.02.02       | Other liabilities  | 99,592               | 188,078            |
| 2.02.02.02    | Other  | 99,592               | 188,078            |
| 2.02.02.02.03 | Obligations for purchase of properties and advances from customers | 46,439               | 143,216            |
| 2.02.02.02.04 | Other liabilities  | 10,479               | 15,028             |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables               | 42,674               | 22,216             |
| 2.02.02.02.07 | Derivative financial instruments                                   | -                    | 7,618              |
| 2.02.03       | Deferred taxes   | 10,085               | 10,085             |
| 2.02.03.01    | Deferred income tax and social contribution                        | 10,085               | 10,085             |
| 2.02.04       | Provisions   | 82,584               | 82,563             |
| 2.02.04.01    | Tax, labor and civil lawsuits                                      | 82,584               | 82,563             |
| 2.02.04.01.02 | Tax and labor lawsuits   | 41,685               | 47,719             |
| 2.02.04.01.04 | Civil lawsuits   | 40,899               | 34,844             |
| 2.03          | Equity   | 2,926,451            | 3,095,491          |
| 2.03.01       | Capital  | 2,740,662            | 2,740,662          |



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|            |   |          |         |
|------------|---|----------|---------|
| 2.03.02    | Capital Reserves                              | 48,242   | 50,854  |
| 2.03.02.04 | Granted options                               | 151,983  | 148,051 |
| 2.03.02.05 | Treasury shares                               | -32,524  | -25,980 |
| 2.03.02.07 | Reserve for expenditures with public offering | -71,217  | -71,217 |
| 2.03.04    | Income Reserve                                | 301,835  | 303,975 |
| 2.03.04.01 | Legal Reserve                                 | 35,316   | 35,316  |
| 2.03.04.02 | Statutory Reserve                             | 266,519  | 268,659 |
| 2.03.05    | Retained earnings/accumulated losses          | -164,288 | -       |

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

| CODE       | DESCRIPTION   | SAME QUARTER YEAR TO     |                          |                          |                          |
|------------|---|--------------------------|--------------------------|--------------------------|--------------------------|
|            |   | ACTUAL QUARTER           | YEAR TO DATE             | PREVIOUS YEAR            | PREVIOUS YEAR            |
|            |   | 07/01/2016 to 09/30/2016 | 01/01/2016 to 09/30/2016 | 07/01/2015 to 09/30/2015 | 01/01/2015 to 09/30/2015 |
| 3.01       | Gross Sales and/or Services                             | 186,131                  | 472,272                  | 297,524                  | 850,132                  |
| 3.01.01    | Revenue from real estate development                    | 203,711                  | 515,562                  | 326,456                  | 932,947                  |
| 3.01.03    | Taxes on real estate sales and services                 | -17,580                  | -43,290                  | -28,932                  | -82,815                  |
| 3.02       | Cost of sales and/or services                           | -200,429                 | -465,347                 | -221,069                 | -630,392                 |
| 3.02.01    | Cost of real estate development                         | -200,429                 | -465,347                 | -221,069                 | -630,392                 |
| 3.03       | Gross profit  | -14,298                  | 6,925                    | 76,455                   | 219,740                  |
| 3.04       | Operating expenses/income                               | -50,238                  | -156,541                 | -48,498                  | -108,851                 |
| 3.04.01    | Selling expenses  | -21,455                  | -53,472                  | -18,620                  | -49,611                  |
| 3.04.02    | General and administrative expenses                     | -12,254                  | -58,779                  | -24,086                  | -80,436                  |
| 3.04.05    | Other operating expenses                                | -21,610                  | -68,294                  | -38,878                  | -102,059                 |
| 3.04.05.01 | Depreciation and amortization                           | -8,025                   | -22,125                  | -7,575                   | -22,972                  |
| 3.04.05.02 | Other operating expenses                                | -13,585                  | -46,169                  | -31,303                  | -79,087                  |
| 3.04.06    | Income from equity method investments                   | 5,081                    | 24,004                   | 33,086                   | 123,255                  |
| 3.05       | Income (loss) before financial results and income taxes | -64,536                  | -149,616                 | 27,957                   | 110,889                  |
| 3.06       | Financial   | -8,086                   | -14,672                  | -22,200                  | -44,995                  |
| 3.06.01    | Financial income  | 3,696                    | 41,405                   | 17,002                   | 52,434                   |
| 3.06.02    | Financial expenses                                      | -11,782                  | -56,077                  | -39,202                  | -97,429                  |
| 3.07       | Income before income taxes                              | -72,622                  | -164,288                 | 5,757                    | 65,894                   |
| 3.08       | Income and social contribution taxes                    | -                        | -                        | 7,729                    | 7,729                    |
| 3.08.01    | Current   | -                        | -                        | -383                     | -383                     |
| 3.08.02    | Deferred  | -                        | -                        | 8,112                    | 8,112                    |
| 3.09       | Income (loss) from continuing operation                 | -72,622                  | -164,288                 | 13,486                   | 73,623                   |
| 3.11       | Income (loss) for the period                            | -72,622                  | -164,288                 | 13,486                   | 73,623                   |
| 3.99       | Earnings per Share – (Reais / Share)                    |                          |                          |                          |                          |
| 3.99.01    | Basic Earnings per Share                                |                          |                          |                          |                          |
| 3.99.01.01 | ON  | -0.19970                 | -0.45180                 | 0.03670                  | 0.20030                  |
| 3.99.02    | Diluted Earnings per Share                              |                          |                          |                          |                          |
| 3.99.02.01 | ON  | -0.19970                 | -0.45180                 | 0.03646                  | 0.19900                  |

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

| CODE | DESCRIPTION                                | ACTUAL     | YEAR TO    | SAME       | YEAR TO    |
|------|--|------------|------------|------------|------------|
|      |  | QUARTER    | DATE       | QUARTER    | DATE       |
|      |  | 07/01/2016 | 01/01/2016 | FROM       | FROM       |
|      |  | to         | to         | PREVIOUS   | PREVIOUS   |
|      |  | 09/30/2016 | 09/30/2016 | YEAR       | YEAR       |
|      |  |            |            | 07/01/2015 | 01/01/2015 |
|      |  |            |            | to         | to         |
|      |  |            |            | 09/30/2015 | 09/30/2015 |
| 4.01 | Income (loss) for the period               | -72,622    | -164,288   | 13,486     | 73,623     |
| 4.03 | Comprehensive income (loss) for the period | -72,622    | -164,288   | 13,486     | 73,623     |

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

| CODE       | DESCRIPTION  | YEAR TO DATE                |   |
|------------|--|-----------------------------|---|
|            |  | 01/01/2016 to<br>09/30/2016 | FROM PREVIOUS<br>YEAR 01/01/2015<br>to 09/30/2015 |
| 6.01       | Net cash from operating activities   | 58,155                      | -22,168   |
| 6.01.01    | Cash generated in the operations   | -54,238                     | 134,309   |
| 6.01.01.01 | Income (loss) before income and social contribution taxes                  | -164,288                    | 65,894  |
| 6.01.01.02 | Income from equity method investments                                      | -24,004                     | -123,255  |
| 6.01.01.03 | Stock options expenses   | 5,506                       | 5,859   |
| 6.01.01.04 | Unrealized interest and finance charges, net                               | 72,727                      | 49,017  |
| 6.01.01.05 | Financial instruments  | -13,525                     | 17,610  |
| 6.01.01.06 | Depreciation and amortization  | 22,125                      | 22,972  |
| 6.01.01.07 | Provision for legal claims   | 43,511                      | 66,669  |
| 6.01.01.08 | Provision for profit sharing   | 12,500                      | 17,000  |
| 6.01.01.09 | Warranty provision   | -9,234                      | 11,102  |
| 6.01.01.10 | Write-off of property and equipment, net                                   | 279                         | 146   |
| 6.01.01.11 | Allowance for doubtful accounts  | 7,871                       | 1,091   |
| 6.01.01.12 | Provision for realization of non-financial assets<br>- properties for sale | -6,302                      | -   |
| 6.01.01.14 | Provision for penalties due to delay in construction works                 | -1,404                      | 204   |
| 6.01.02    | Variation in assets and liabilities  | 112,393                     | -156,477  |
| 6.01.02.01 | Trade accounts receivable  | 155,261                     | -94,844   |
| 6.01.02.02 | Properties for sale  | 2,463                       | -41,531   |
| 6.01.02.03 | Other accounts receivable  | -5,556                      | 1,440   |
| 6.01.02.04 | Prepaid expenses   | -6                          | 5,719   |
| 6.01.02.05 | Obligations for purchase of properties and adv. from customers             | -77,891                     | -53,176   |
| 6.01.02.06 | Taxes and contributions  | -5,927                      | -93   |
| 6.01.02.07 | Suppliers  | -2,694                      | -13,464   |
| 6.01.02.08 | Salaries and payable charges   | -10,990                     | -16,318   |
| 6.01.02.09 | Transactions with related parties  | 169,196                     | 132,804   |
| 6.01.02.10 | Other obligations  | -111,463                    | -76,631   |
| 6.01.02.11 | Income tax and social contribution payable                                 | -                           | -383  |
| 6.02       | Net cash from investing activities   | 125,435                     | 78,744  |
| 6.02.01    | Purchase of property and equipment and intangible assets                   | -19,948                     | -21,978   |
| 6.02.02    | Increase in investments  | -19,595                     | -2,221  |
| 6.02.03    | Redemption of short-term investments                                       | 867,144                     | 2,379,746   |
| 6.02.04    | Purchase of short-term investments   | -702,166                    | -2,276,803  |
| 6.03       | Net cash from financing activities   | -154,386                    | -60,892   |
| 6.03.02    | Increase in loans, financing and debentures                                | 348,800                     | 526,871   |
| 6.03.03    | Payment of loans, financing and debentures                                 | -546,294                    | -555,222  |
| 6.03.04    | Repurchase of treasury shares  | -8,693                      | -24,157   |
| 6.03.06    | Loan transactions with related parties                                     | 7,530                       | -5,334  |
| 6.03.07    | Obligation with investors  | -2,433                      | -3,649  |

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|         |  |        |        |
|---------|--|--------|--------|
| 6.03.08 | Disposal of treasury shares                              | 2,149  | 3,023  |
| 6.03.09 | Result of the disposal of treasury shares                | -2,140 | -2,424 |
| 6.03.10 | Assignment of receivables                                | 46,695 | -      |
| 6.05    | Net increase (decrease) of cash and cash equivalents     | 29,204 | -4,316 |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 44,044 | 33,792 |
| 6.05.02 | Cash and cash equivalents at the end of the period       | 73,248 | 29,476 |

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**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 01/01/2016 TO 09/30/2016 (in thousands of Brazilian reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                     | <b>Capital</b> | <b>Capital reserves, stock options and treasury shares</b> | <b>Profit reserves</b> | <b>Retained earnings</b> | <b>comprehensive income</b> | <b>Other income</b> | <b>Total Equity</b> |
|-------------|--|----------------|--|------------------------|--------------------------|-----------------------------|---------------------|---------------------|
| 5.01        | Opening balance                        | 2,740,662      | 50,854   | 303,975                | -                        | -                           | -                   | -3,095,491          |
| 5.03        | Opening adjusted balance               | 2,740,662      | 50,854   | 303,975                | -                        | -                           | -                   | -3,095,491          |
| 5.04        | Capital transactions with shareholders | -              | -2,612   | -2,140                 | -                        | -                           | -                   | -4,752              |
| 5.04.03     | Stock option plan                      | -              | 3,932  | -                      | -                        | -                           | -                   | 3,932               |
| 5.04.04     | Treasury shares acquired               | -              | -8,693   | -                      | -                        | -                           | -                   | -8,693              |
| 5.04.05     | Treasury shares sold                   | -              | 2,149  | -2,140                 | -                        | -                           | -                   | 9                   |
| 5.05        | Total of comprehensive income (loss)   | -              | -  | -                      | -164,288                 | -                           | -                   | -164,288            |
| 5.05.01     | Net income (loss) for the period       | -              | -  | -                      | -164,288                 | -                           | -                   | -164,288            |
| 5.07        | Closing balance                        | 2,740,662      | 48,242   | 301,835                | -164,288                 | -                           | -                   | -2,926,451          |

**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FROM 01/01/2015 TO 09/30/2015 (in thousands of Brazilian reais)**

| <b>CODE</b> | <b>DESCRIPTION</b>                     | <b>Capital</b> | <b>Capital<br/>reserves,<br/>stock<br/>options<br/>and<br/>treasury<br/>shares</b> | <b>Profit<br/>reserves</b> | <b>Retained<br/>earnings</b> | <b>comprehensive<br/>income</b> | <b>Other<br/>income</b> | <b>Total<br/>Equity</b> |
|-------------|--|----------------|--|----------------------------|------------------------------|---------------------------------|-------------------------|-------------------------|
| 5.01        | Opening balance                        | 2,740,662      | -9,162   | 323,845                    | -                            | -                               | -                       | -3,055,344              |
| 5.03        | Opening adjusted balance               | 2,740,662      | -9,162   | 323,845                    | -                            | -                               | -                       | -3,055,344              |
| 5.04        | Capital transactions with shareholders | -              | 58,584   | -76,638                    | -                            | -                               | -                       | -18,054                 |
| 5.04.03     | Stock option plan                      | -              | 5,504  | -                          | -                            | -                               | -                       | 5,504                   |
| 5.04.04     | Treasury shares acquired               | -              | -24,157  | -                          | -                            | -                               | -                       | -24,157                 |
| 5.04.05     | Treasury shares sold                   | -              | 3,023  | -2,424                     | -                            | -                               | -                       | 599                     |
| 5.04.08     | Treasury shares cancelled              | -              | 74,214   | -74,214                    | -                            | -                               | -                       | -                       |
| 5.05        | Total of comprehensive income (loss)   | -              | -  | -                          | 73,623                       | -                               | -                       | 73,623                  |
| 5.05.01     | Net income (loss) for the period       | -              | -  | -                          | 73,623                       | -                               | -                       | 73,623                  |
| 5.07        | Closing balance                        | 2,740,662      | 49,422   | 247,207                    | 73,623                       | -                               | -                       | -3,110,914              |

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

| <b>CODE</b> | <b>DESCRIPTION</b>                            | <b>YEAR TO DATE</b>             |  |
|-------------|---|---------------------------------|--|
|             |   | <b>01/01/2016 to 09/30/2016</b> | <b>FROM PREVIOUS YEAR 01/01/2015 to 09/30/2015</b> |
| 7.01        | Revenues                                      | 515,562                         | 932,947  |
| 7.01.01     | Real estate development, sales and services   | 523,433                         | 934,038  |
| 7.01.04     | Allowance for doubtful accounts               | -7,871                          | -1,091   |
| 7.02        | Inputs acquired from third parties            | -428,289                        | -627,878   |
| 7.02.01     | Cost of Sales and/or Services                 | -371,342                        | -541,687   |
| 7.02.02     | Materials, energy, outsourced labor and other | -56,947                         | -86,191  |
| 7.03        | Gross value added                             | 87,273                          | 305,069  |
| 7.04        | Retentions                                    | -22,125                         | -22,972  |
| 7.04.01     | Depreciation and amortization                 | -22,125                         | -22,972  |
| 7.05        | Net value added produced by the Company       | 65,148                          | 282,097  |
| 7.06        | Added value received on transfer              | 65,409                          | 175,689  |
| 7.06.01     | Income from equity method investments         | 24,004                          | 123,255  |
| 7.06.02     | Financial income                              | 41,405                          | 52,434   |
| 7.07        | Value added total to be distributed           | 130,557                         | 457,786  |
| 7.08        | Value added distribution                      | 130,557                         | 457,786  |
| 7.08.01     | Personnel and payroll charges                 | 82,318                          | 98,560   |
| 7.08.02     | Taxes and contributions                       | 57,704                          | 92,097   |
| 7.08.03     | Compensation                                  | 154,823                         | 193,506  |
| 7.08.03.01  | Interest                                      | 150,082                         | 186,135  |
| 7.08.03.02  | Rent  | 4,741                           | 7,371  |
| 7.08.04     | Compensation                                  | -164,288                        | 73,623   |
| 7.08.04.03  | Net income (Retained losses)                  | -164,288                        | 73,623   |



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

| <b>CODE</b>   | <b>DESCRIPTION</b>   | <b>ACTUAL<br/>QUARTER<br/>9/30/2016</b> | <b>PRIOR<br/>YEAR<br/>12/31/2015</b> |
|---------------|--|---|--------------------------------------|
| 1             | Total Assets   | 6,353,318                               | 6,760,332                            |
| 1.01          | Current Assets   | 4,138,994                               | 4,316,764                            |
| 1.01.01       | Cash and cash equivalents                                      | 161,340                                 | 82,640                               |
| 1.01.01.01    | Cash and banks   | 64,321                                  | 69,560                               |
| 1.01.01.02    | Short-term investments   | 64,183                                  | 13,080                               |
| 1.01.01.03    | Funds deposited with third parties                             | 32,836                                  | -                                    |
| 1.01.02       | Short-term investments   | 448,558                                 | 629,671                              |
| 1.01.02.01    | Fair value of short-term investments                           | 448,558                                 | 629,671                              |
| 1.01.02.01.02 | Short-term investments available for sale                      | 448,558                                 | 629,671                              |
| 1.01.03       | Accounts receivable  | 1,129,351                               | 1,395,273                            |
| 1.01.03.01    | Trade accounts receivable                                      | 1,129,351                               | 1,395,273                            |
| 1.01.03.01.01 | Receivables from clients of developments                       | 1,069,377                               | 1,357,122                            |
| 1.01.03.01.02 | Receivables from clients of construction and services rendered | 59,974                                  | 38,151                               |
| 1.01.04       | Inventories  | 2,118,652                               | 1,880,377                            |
| 1.01.07       | Prepaid expenses   | 5,811                                   | 7,171                                |
| 1.01.07.01    | Prepaid expenses and others                                    | 5,811                                   | 7,171                                |
| 1.01.08       | Other current assets   | 275,282                                 | 321,632                              |
| 1.01.08.03    | Other  | 275,282                                 | 321,632                              |
| 1.01.08.03.01 | Non current assets   | 74,753                                  | 105,857                              |
| 1.01.08.03.02 | Other accounts receivable and others                           | 120,032                                 | 120,657                              |
| 1.01.08.03.03 | Receivables from related parties                               | 80,497                                  | 95,118                               |
| 1.02          | Non current assets   | 2,214,324                               | 2,443,568                            |
| 1.02.01       | Non current assets   | 1,122,097                               | 1,349,404                            |
| 1.02.01.03    | Accounts receivable  | 440,056                                 | 407,091                              |
| 1.02.01.03.01 | Receivables from clients of developments                       | 440,056                                 | 407,091                              |
| 1.02.01.04    | Inventories  | 523,895                                 | 750,240                              |
| 1.02.01.09    | Others non current assets                                      | 158,146                                 | 192,073                              |
| 1.02.01.09.03 | Others accounts receivable and others                          | 92,702                                  | 82,880                               |
| 1.02.01.09.04 | Receivables from related parties                               | 56,341                                  | 109,193                              |
| 1.02.01.09.05 | Derivative financial instruments                               | 9,103                                   | -                                    |
| 1.02.02       | Investments  | 964,700                                 | 967,646                              |
| 1.02.02.01    | Interest in associates and affiliates                          | 964,700                                 | 967,646                              |
| 1.02.03       | Property and equipment   | 55,633                                  | 49,176                               |
| 1.02.03.01    | Operation property and equipment                               | 55,633                                  | 49,176                               |
| 1.02.04       | Intangible assets  | 71,894                                  | 77,342                               |
| 1.02.04.01    | Intangible assets  | 46,418                                  | 51,866                               |
| 1.02.04.02    | Goodwill   | 25,476                                  | 25,476                               |

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

| CODE          | DESCRIPTION  | ACTUAL               | PRIOR              |
|---------------|--|----------------------|--------------------|
|               |  | QUARTER<br>9/30/2016 | YEAR<br>12/31/2015 |
| 2             | Total Liabilities  | 6,353,318            | 6,760,332          |
| 2.01          | Current liabilities  | 1,964,444            | 2,048,969          |
| 2.01.01       | Social and labor obligations                                       | 64,472               | 60,102             |
| 2.01.01.02    | Labor obligations  | 64,472               | 60,102             |
| 2.01.01.02.01 | Salaries, payroll charges and profit sharing                       | 64,472               | 60,102             |
| 2.01.02       | Suppliers  | 66,018               | 57,335             |
| 2.01.03       | Tax obligations  | 81,677               | 102,057            |
| 2.01.03.01    | Federal tax obligations  | 81,677               | 102,057            |
| 2.01.04       | Loans and financing  | 1,024,422            | 1,061,986          |
| 2.01.04.01    | Loans and financing  | 650,973              | 672,365            |
| 2.01.04.01.01 | In Local Currency  | 650,973              | 672,365            |
| 2.01.04.02    | Debentures   | 373,449              | 389,621            |
| 2.01.05       | Other obligations  | 629,166              | 667,177            |
| 2.01.05.01    | Payables to related parties  | 94,355               | 87,100             |
| 2.01.05.02    | Other  | 534,811              | 580,077            |
| 2.01.05.02.01 | Dividends and interest on capital payable                          | 17,682               | 17,682             |
| 2.01.05.02.04 | Obligations for purchase of properties and advances from customers | 369,029              | 361,420            |
| 2.01.05.02.06 | Other obligations  | 106,760              | 163,437            |
| 2.01.05.02.07 | Obligations assumed on the assignment of receivables               | 34,396               | 23,482             |
| 2.01.05.02.08 | Derivative financial instruments                                   | 6,944                | 14,056             |
| 2.01.06       | Provisions   | 98,689               | 100,312            |
| 2.01.06.01    | Tax, labor and civil lawsuits                                      | 98,689               | 100,312            |
| 2.01.06.01.01 | Tax lawsuits   | 233                  | 220                |
| 2.01.06.01.02 | Labor lawsuits   | 17,660               | 15,516             |
| 2.01.06.01.04 | Civil lawsuits   | 80,796               | 84,576             |
| 2.02          | Non current liabilities  | 1,460,125            | 1,614,127          |
| 2.02.01       | Loans and financing  | 1,025,589            | 1,088,807          |
| 2.02.01.01    | Loans and financing  | 739,092              | 620,470            |
| 2.02.01.01.01 | Loans and financing in local currency                              | 739,092              | 620,470            |
| 2.02.01.02    | Debentures   | 286,497              | 468,337            |
| 2.02.02       | Other obligations  | 273,337              | 366,161            |
| 2.02.02.01    | Liabilities with related parties                                   | 49,969               | 41,002             |
| 2.02.02.02    | Other  | 223,368              | 325,159            |
| 2.02.02.02.03 | Obligations for purchase of properties and advances from customers | 131,149              | 248,514            |
| 2.02.02.02.04 | Other liabilities  | 33,920               | 33,216             |
| 2.02.02.02.06 | Obligations assumed on the assignment of receivables               | 58,299               | 35,811             |
| 2.02.02.02.07 | Derivative financial instruments                                   | -                    | 7,618              |
| 2.02.03       | Deferred taxes   | 22,173               | 16,489             |
| 2.02.03.01    | Deferred income tax and social contribution                        | 22,173               | 16,489             |
| 2.02.04       | Provisions   | 139,026              | 142,670            |
| 2.02.04.01    | Tax, labor and civil lawsuits                                      | 139,026              | 142,670            |
| 2.02.04.01.01 | Tax lawsuits   | 3                    | 180                |
| 2.02.04.01.02 | Labor lawsuits   | 62,730               | 77,445             |
| 2.02.04.01.04 | Civil lawsuits   | 76,293               | 65,045             |

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|            |   |           |           |
|------------|---|-----------|-----------|
| 2.03       | Equity  | 2,928,749 | 3,097,236 |
| 2.03.01    | Capital                                       | 2,740,662 | 2,740,662 |
| 2.03.01.01 | Capital                                       | 2,740,662 | 2,740,662 |
| 2.03.02    | Capital Reserves                              | 48,242    | 50,854    |
| 2.03.02.04 | Granted options                               | 151,983   | 148,051   |
| 2.03.02.05 | Treasury shares                               | -32,524   | -25,980   |
| 2.03.02.07 | Reserve for expenditures with public offering | -71,217   | -71,217   |
| 2.03.04    | Income Reserve                                | 301,835   | 303,975   |
| 2.03.04.01 | Legal Reserve                                 | 35,316    | 35,316    |
| 2.03.04.02 | Statutory Reserve                             | 266,519   | 268,659   |
| 2.03.05    | Retained earnings/accumulated losses          | -164,288  | -         |
| 2.03.09    | Non-controlling interest                      | 2,298     | 1,745     |

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

| CODE       | DESCRIPTION   | SAME  |   |   |   |
|------------|---|---|---|---|---|
|            |   | ACTUAL<br>QUARTER<br>07/01/2016<br>to<br>09/30/2016 | YEAR TO<br>DATE<br>01/01/2016<br>to<br>09/30/2016 | PREVIOUS<br>QUARTER<br>07/01/2015<br>to<br>09/30/2015 | YEAR TO<br>DATE<br>01/01/2015<br>to<br>09/30/2015 |
| 3.01       | Gross Sales and/or Services                             | 538,780   | 1,417,685   | 624,043   | 1,735,073   |
| 3.01.01    | Revenue from real estate development                    | 574,650   | 1,524,385   | 674,771   | 1,882,552   |
| 3.01.03    | Taxes on real estate sales and services                 | -35,870   | -106,700  | -50,728   | -147,479  |
| 3.02       | Cost of sales and/or services                           | -446,887  | -1,160,100  | -447,823  | -1,251,110  |
| 3.02.01    | Cost of real estate development                         | -446,887  | -1,160,100  | -447,823  | -1,251,110  |
| 3.03       | Gross profit  | 91,893  | 257,585   | 176,220   | 483,963   |
| 3.04       | Operating expenses/income                               | -142,504  | -378,260  | -146,268  | -384,990  |
| 3.04.01    | Selling expenses  | -50,255   | -126,788  | -38,826   | -106,574  |
| 3.04.02    | General and administrative expenses                     | -49,472   | -136,195  | -50,948   | -143,686  |
| 3.04.05    | Other operating expenses                                | -36,099   | -113,501  | -58,551   | -148,387  |
| 3.04.05.01 | Depreciation and amortization                           | -11,069   | -32,451   | -12,444   | -35,674   |
| 3.04.05.02 | Other operating expenses                                | -25,030   | -81,050   | -46,107   | -112,713  |
| 3.04.06    | Income from equity method investments                   | -6,678  | -1,776  | 2,057   | 13,657  |
| 3.05       | Income (loss) before financial results and income taxes | -50,611   | -120,675  | 29,952  | 98,973  |
| 3.06       | Financial   | -17,465   | -21,895   | -19,689   | -25,220   |
| 3.06.01    | Financial income  | 11,918  | 72,359  | 23,122  | 100,004   |
| 3.06.02    | Financial expenses                                      | -29,383   | -94,254   | -42,811   | -125,224  |
| 3.07       | Income before income taxes                              | -68,076   | -142,570  | 10,263  | 73,753  |
| 3.08       | Income and social contribution taxes                    | -3,961  | -19,679   | 3,150   | -3,256  |
| 3.08.01    | Current   | -2,098  | -15,114   | -7,752  | -14,984   |
| 3.08.02    | Deferred  | -1,863  | -4,565  | 10,902  | 11,728  |
| 3.09       | Income (loss) from continuing operation                 | -72,037   | -162,249  | 13,413  | 70,497  |
| 3.11       | Income (loss) for the period                            | -72,037   | -162,249  | 13,413  | 70,497  |
| 3.11.01    | Income (loss) attributable to the Company               | -72,622   | -164,288  | 13,486  | 73,623  |
| 3.11.02    | Net income attributable to non-controlling interests    | 585   | 2,039   | -73   | -3,126  |
| 3.99       | Earnings per Share – (Reais / Share)                    |   |   |   |   |
| 3.99.01    | Basic Earnings per Share                                |   |   |   |   |
| 3.99.01.01 | ON  | -0.19970  | -0.45180  | 0.03670   | 0.20030   |
| 3.99.02    | Diluted Earnings per Share                              |   |   |   |   |
| 3.99.02.01 | ON  | -0.19970  | -0.45180  | 0.03646   | 0.19900   |

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

| <b>CODE</b> | <b>DESCRIPTION</b>                                      | <b>ACTUAL<br/>QUARTER<br/>07/01/2016<br/>to<br/>09/30/2016</b> | <b>YEAR TO<br/>DATE<br/>01/01/2016<br/>to<br/>09/30/2016</b> | <b>SAME</b>  | <b>YEAR TO</b>  |
|-------------|---|--|--|--|---|
|             |   |  |  | <b>QUARTER<br/>FROM<br/>PREVIOUS<br/>YEAR<br/>07/01/2015<br/>to<br/>09/30/2015</b> | <b>DATE FROM<br/>PREVIOUS<br/>YEAR<br/>01/01/2015<br/>to<br/>09/30/2015</b> |
| 4.01        | Consolidated Income (loss) for the period               | -37,861  | -163,697   | 13,413   | 70,497  |
| 4.03        | Consolidated comprehensive income (loss) for the period | -37,861  | -163,697   | 13,413   | 70,497  |
| 4.03.01     | Income (loss) attributable to the Company               | -38,438  | -164,288   | 13,486   | 73,623  |
| 4.03.02     | Net income attributable to the noncontrolling interests | 577  | 591  | -73  | -3,126  |

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

| CODE       | DESCRIPTION   | YEAR TO DATE                |   |
|------------|---|-----------------------------|---|
|            |   | 01/01/2016 to<br>09/30/2016 | FROM PREVIOUS<br>YEAR 01/01/2015<br>to 09/30/2015 |
| 6.01       | Net cash from operating activities                                      | 93,287                      | -12,910   |
| 6.01.01    | Cash generated in the operations  | 50,009                      | 300,211   |
| 6.01.01.01 | Income (loss) before income and social contribution taxes               | -142,570                    | 73,753  |
| 6.01.01.02 | Stock options expenses  | 6,557                       | 7,465   |
| 6.01.01.03 | Unrealized interest and finance charges, net                            | 94,769                      | 59,754  |
| 6.01.01.04 | Depreciation and amortization   | 32,451                      | 35,674  |
| 6.01.01.05 | Write-off of property and equipment, net                                | 3,801                       | 946   |
| 6.01.01.06 | Provision for legal claims  | 64,928                      | 87,006  |
| 6.01.01.07 | Warranty provision  | -11,837                     | 8,541   |
| 6.01.01.08 | Provision for profit sharing  | 22,821                      | 25,449  |
| 6.01.01.09 | Allowance for doubtful accounts   | 11,088                      | 3,150   |
| 6.01.01.10 | Provision for realization of non-financial assets - properties for sale | -19,296                     | -2,453  |
| 6.01.01.11 | Provision for penalties due to delay in construction works              | -953                        | -606  |
| 6.01.01.12 | Financial instruments   | -13,526                     | 17,610  |
| 6.01.01.13 | Income from equity methods investments                                  | 1,776                       | -13,657   |
| 6.01.01.15 | Write-off of investments  | -                           | -2,421  |
| 6.01.02    | Variation in assets and liabilities                                     | 43,278                      | -313,121  |
| 6.01.02.01 | Trade accounts receivable   | 216,811                     | -142,415  |
| 6.01.02.02 | Properties for sale   | 23,102                      | -23,453   |
| 6.01.02.03 | Other accounts receivable   | -17,657                     | 1,278   |
| 6.01.02.04 | Transactions with related parties                                       | 82,128                      | 16,465  |
| 6.01.02.05 | Prepaid expenses  | 1,360                       | 7,568   |
| 6.01.02.06 | Suppliers   | 8,683                       | -16,335   |
| 6.01.02.07 | Obligations for purchase of properties and adv. from customers          | -109,756                    | -49,604   |
| 6.01.02.08 | Taxes and contributions   | -20,380                     | 189   |
| 6.01.02.09 | Salaries and payable charges  | -18,451                     | -18,202   |
| 6.01.02.10 | Other obligations   | -102,883                    | -85,356   |
| 6.01.02.11 | Income tax and social contribution paid                                 | -19,679                     | -3,256  |
| 6.02       | Net cash from investing activities                                      | 128,585                     | 154,736   |
| 6.02.01    | Purchase of property and equipment and intangible assets                | -37,261                     | -37,523   |
| 6.02.02    | Redemption of short-term investments                                    | 2,838,803                   | 4,097,940   |
| 6.02.03    | Purchase of short-term investments                                      | -2,657,690                  | -3,904,527  |
| 6.02.04    | Investments   | -15,267                     | -1,154  |
| 6.03       | Net cash from financing activities                                      | -143,172                    | -183,839  |
| 6.03.02    | Increase in loans, financing and debentures                             | 704,252                     | 643,937   |
| 6.03.03    | Payment of loans and financing  | -899,803                    | -805,510  |
| 6.03.06    | Payables to venture partners  | -1,752                      | -2,096  |
| 6.03.07    | Loan transactions with related parties                                  | 8,987                       | 3,388   |

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|         |  |         |         |
|---------|--|---------|---------|
| 6.03.08 | Repurchase of treasury shares                            | -8,693  | -24,157 |
| 6.03.09 | Disposal of treasury shares                              | 2,149   | 3,023   |
| 6.03.10 | Result of the disposal of treasury shares                | -2,140  | -2,424  |
| 6.03.11 | Assignment of receivables                                | 53,828  | -       |
| 6.05    | Net increase (decrease) of cash and cash equivalents     | 78,700  | -42,013 |
| 6.05.01 | Cash and cash equivalents at the beginning of the period | 82,640  | 109,895 |
| 6.05.02 | Cash and cash equivalents at the end of the period       | 161,340 | 67,882  |

**STATEMENT OF CHANGES IN EQUITY FROM 01/01/2016 TO 09/30/2016 (in thousands of Brazilian reais)**

| DESCRIPTION                            | Capital   | Capital   | Profit   | Retained | comprehensive | Other  | Total     | Non      |
|--|-----------|-----------|----------|----------|---------------|--------|-----------|----------|
|  |           | reserves, |          |          |               |        |           |          |
|  |           | stock     | reserves | earnings | income        | income | equity    | interest |
|  |           | options   |          |          |               |        |           |          |
|  |           | and       |          |          |               |        |           |          |
|  |           | treasury  |          |          |               |        |           |          |
|  | Capital   | shares    | reserves | earnings |               |        |           |          |
| Beginning balance                      | 2,740,662 | 50,854    | 303,975  | -        | -             | -      | 3,095,491 | 1,745    |
| Beginning adjusted balance             | 2,740,662 | 50,854    | 303,975  | -        | -             | -      | 3,095,491 | 1,745    |
| Capital transactions with shareholders | -         | -2,612    | -2,140   | -        | -             | -      | -4,752    | -1,535   |
| Capital increase                       | -         | -         | -        | -        | -             | -      | -         | 1,383    |
| Stock option plan                      | -         | 3,932     | -        | -        | -             | -      | 3,932     | -        |
| Treasury shares acquired               | -         | -8,693    | -        | -        | -             | -      | -8,693    | -        |
| Treasury shares sold                   | -         | 2,149     | -2,140   | -        | -             | -      | 9         | -        |
| Dividends                              | -         | -         | -        | -        | -             | -      | -         | -2,918   |
| Share of comprehensive income (loss)   | -         | -         | -        | -164,288 | -             | -      | -164,288  | 2,039    |
| Share of income (loss) for the period  | -         | -         | -        | -164,288 | -             | -      | -164,288  | 2,039    |
| Reserves                               | -         | -         | -        | -        | -             | -      | -         | 49       |
| Substitution of reserves               | -         | -         | -        | -        | -             | -      | -         | 49       |
| Ending balance                         | 2,740,662 | 48,242    | 301,835  | -164,288 | -             | -      | 2,926,451 | 2,298    |



**STATEMENT OF CHANGES IN EQUITY FROM 01/01/2015 TO 09/30/2015 (in thousands of Brazilian reais)**

| DESCRIPTION                            | Capital   | Capital   | Profit   | Retained | comprehensive | Other  | Total     | Non      |
|--|-----------|-----------|----------|----------|---------------|--------|-----------|----------|
|  |           | reserves, |          |          |               |        |           |          |
|  |           | stock     | reserves | earnings | income        | income | equity    | interest |
|  |           | options   |          |          |               |        |           |          |
|  |           | and       |          |          |               |        |           |          |
|  |           | treasury  |          |          |               |        |           |          |
|  |           | shares    |          |          |               |        |           |          |
|  |           | Capital   |          |          |               |        |           |          |
| Beginning balance                      | 2,740,662 | -9,162    | 323,845  | -        | -             | -      | 3,055,345 | 3,058    |
| Beginning adjusted balance             | 2,740,662 | -9,162    | 323,845  | -        | -             | -      | 3,055,345 | 3,058    |
| Capital transactions with shareholders | -         | 58,584    | -76,638  | -        | -             | -      | -18,054   | 1,763    |
| Capital increase                       | -         | -         | -        | -        | -             | -      | -         | 1,763    |
| Stock option plan                      | -         | 5,504     | -        | -        | -             | -      | 5,504     | -        |
| Treasury shares acquired               | -         | -24,157   | -        | -        | -             | -      | -24,157   | -        |
| Treasury shares sold                   | -         | 3,023     | -2,424   | -        | -             | -      | 599       | -        |
| Treasury shares cancelled              | -         | 74,214    | -74,214  | -        | -             | -      | -         | -        |
| Share of comprehensive income (loss)   | -         | -         | -        | 73,623   | -             | -      | 73,623    | -3,126   |
| Share of income (loss) for the period  | -         | -         | -        | 73,623   | -             | -      | 73,623    | -3,126   |
| Ending balance                         | 2,740,662 | 49,422    | 247,207  | 73,623   | -             | -      | 3,110,914 | 1,695    |

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

| <b>CODE</b> | <b>DESCRIPTION</b>                           | <b>YEAR TO DATE</b>                 |  |
|-------------|--|-------------------------------------|--|
|             |  | <b>01/01/2016 to<br/>09/30/2016</b> | <b>FROM PREVIOUS<br/>YEAR 01/01/2015<br/>to 09/30/2015</b> |
| 7.01        | Revenues                                     | 1,524,385                           | 1,882,552  |
| 7.01.01     | Real estate development, sales and services  | 1,520,105                           | 1,857,595  |
| 7.01.04     | Allowance for doubtful accounts              | 4,280                               | 24,957   |
| 7.02        | Inputs acquired from third parties           | -1,156,845                          | -1,277,972   |
| 7.02.01     | Cost of Sales and/or Services                | -1,027,192                          | -1,131,609   |
| 7.02.02     | Material, energy, outsourced labor and other | -129,653                            | -146,363   |
| 7.03        | Gross value added                            | 367,540                             | 604,580  |
| 7.04        | Retentions                                   | -32,451                             | -35,674  |
| 7.04.01     | Depreciation and amortization                | -32,451                             | -35,674  |
| 7.05        | Net value added produced by the Company      | 335,089                             | 568,906  |
| 7.06        | Value added received on transfer             | 70,583                              | 113,661  |
| 7.06.01     | Income from equity method investments        | -1,776                              | 13,657   |
| 7.06.02     | Financial income                             | 72,359                              | 100,004  |
| 7.07        | Total value added to be distributed          | 405,672                             | 682,567  |
| 7.08        | Value added distribution                     | 405,672                             | 682,567  |
| 7.08.01     | Personnel and payroll charges                | 175,088                             | 171,432  |
| 7.08.02     | Taxes and contributions                      | 157,714                             | 182,073  |
| 7.08.03     | Compensation                                 | 237,158                             | 255,439  |
| 7.08.03.01  | Interest                                     | 227,162                             | 244,726  |
| 7.08.03.02  | Rent   | 9,996                               | 10,713   |
| 7.08.04     | Compensation                                 | -164,288                            | 73,623   |
| 7.08.04.03  | Net income (Retained losses)                 | -164,288                            | 73,623   |

**Conference Call**  
November 9, 2016

**8:00 am US EST**

In English (simultaneous translation from  
Portuguese)  
+ 1-516-3001066 US EST  
Code: Gafisa

**11h00 am Brasilia Time**

In Portuguese  
Telephone:  
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**Shares**

**GFS3** – Bovespa  
**GFA** – NYSE

Total shares outstanding: 378,066,162  
Average daily trading volume (90 days<sup>2</sup>):  
R\$17.2 million

**FOR IMMEDIATE RELEASE** - São Paulo, November 8, 2016 – Gafisa S.A. (Bovespa: GFS3; NYSE: GFA), one of Brazil's leading homebuilders, today reported financial results for the third quarter ended September 30, 2016.

## **GAFISA RELEASES 3Q16 RESULTS**

### **MANAGEMENT COMMENTS AND HIGHLIGHTS**

Conditions in the real estate sector remain impacted by Brazil's recessive environment. The combination of the political crisis experienced since 2015 and economic contraction has had a severe impact on the Brazilian real estate market. Gafisa, due to the diversification of its operations, serving both the upper-middle income segment and the low-income segment, experiences different realities that have allowed us to partially mitigate the negative effects of this period.

Once again, the Gafisa and Tenda segments faced substantially different market environments throughout the quarter. The Gafisa segment, which continues to be impacted by a weak macroeconomic environment, remains committed to improved operational and business performance by searching for the adequate development of new projects. The Tenda segment, conversely, took advantage of the low-income market's resilience and continued to expand the scale of its business model, despite macroeconomic conditions.

In keeping with more balanced supply and demand dynamics in the 3Q16, the Gafisa segment advanced the development of new projects and launched four projects/phases in the city of São Paulo, accounting for

(1) Including 14,160,533 treasury shares;  
(2) Until September 30, 2016

R\$411.0 million in PSV, ending the first nine months with  
R\$621.4 million in new projects launched.

We would like to point out the solid commercial performance of these launches, whose speed of sales reached 30.7% in the period, which may signal a slight improvement in consumer confidence.

We highlight in particular two new products: MOOV Vila Prudente and MOOV Freguesia do Ó, whose average speed of sales reached 51.6%, well above the industry average in recent years. It is worth mentioning that this trend is also evident in this quarter's launches. Such evolution in the sales speed of launches attests not only a gradual increase in consumer confidence, but also the Company's success in improving its operating processes in recent years, with improvements in the areas of development, products, sales and construction.

Despite prevailing political and economic headwinds in the 3Q16, the segment achieved its best quarterly operating performance of the year. In addition to a 39.1% q-o-q increase in gross sales to R\$364.4 million, another important driver of 3Q results was the reduction in the volume of dissolutions.

As a result of these factors, 3Q16 net pre-sales reached R\$258.3 million, up 99.5% from the previous quarter, and accounting for 56.8% of total net pre-sales in 9M16.

Even taking into consideration the solid performance of projects launched in the period, the Gafisa segment's SoS remains highly impacted by current market's challenges, reflected in the low volume of net sales of some inventory products. In the 3Q16, SoS reached 11.5%, higher when compared to 2015. SoS in the last twelve months reached 26.1%. The volume of dissolutions in 3Q16, while slightly improved, continues to reflect the weak economic scenario and high volume of deliveries since the end of 2015. In 3Q16, the segment delivered R\$935.7 million in PSV, totaling R\$1.5 billion in delivered projects in 9M16.

The Gafisa segment ended 3Q16 with 19 projects under construction, all on schedule and within the delivery timeframe, reflecting Gafisa's commitment to customers. The transfer volume reached R\$126.0 million in 3Q16 and R\$378.7 million in

Despite the first signs of stability in the market and the Company's improved operating performance in the period, this improvement is not yet reflected in our financial results, which are still under pressure from the difficulty of selling some projects in inventory, and also from the effect of the long recession on the pricing of products. Continued recovery in the political and economic scenario over the next quarters, combined with the consequent upturn in the real estate market, should allow for a gradual recovery in the Company's financial results over the coming periods.

In this regard, we will maintain a conservative approach, balancing the placement of new products on the market and prioritizing those with higher liquidity, so as to achieve an appropriate level of sales and profitability.

The Tenda low-income segment continues to demonstrate resilient performance, benefiting consolidated results in the period. Accordingly, the segment continues to expand the scale of its new business model.

In 3Q16, Tenda further expanded the size of its operations, with launches totaling R\$325.4 million. The launches were comprised of 9 projects/phases, in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Pernambuco and Bahia. Launches accounted for 70.2% of the Tenda segment's total sales and 38.4% of the segment's total in 9M16.

The Tenda segment's SoS reached 18.8%, lower than previous periods due to a higher volume of dissolutions.

3Q16 gross sales totaled R\$318.7 million and dissolutions reached 25.1% of gross sales, resulting in net pre-sales of R\$238.7 million. In the period, dissolutions were impacted by seasonality related to projects sold in "Feirão da Caixa" (2Q16), the introduction of in-person interviews in bank branches as an additional step in the process of

9M16, showing an appropriate level of operational control and efficiency. Despite current credit restrictions, Gafisa maintains a strong relationship in partnering with banks for the transfer process.

The Company has maintained a focus on the sale of remaining units. As a result, 43.2% of net sales in 3Q16 and 58.0% in 9M16 were for products launched prior to current year. Considering the higher volume of dissolutions related to legacy projects, net sales were concentrated in more recent projects, impacting the Gafisa segment's revenues.

analyzing and granting credit by financial agents, which led to annulments of already preapproved customers and the review of Tenda's unilateral dissolution process for sales not transferred after a period exceeding three months as the prior process allowed for some

units to remain beyond the deadline deemed appropriate by the Company. We estimate that this last factor should result in a temporary increase in the level of company dissolutions before returning to the average levels that we expect.

Since 2013, when Tenda started its new model operations, the segment has launched 81 projects, representing a total of R\$3.0 billion in PSV. Of this total, Tenda has delivered R\$1.4 billion, comprised of 42 projects/phases. Notably, all projects related to the first year of new model operations (2013) have been completed and delivered on schedule. In relation to the 2014 projects, only one project/phase of 14 projects launched is still awaiting delivery. In 3Q16, the Tenda segment delivered 10 projects/phases, corresponding to 1,811 units, and representing R\$265.1 million in PSV. In 9M16, the Tenda segment delivered 23 projects/phases, comprising 4,170 units and R\$602.2 million in PSV.

The Tenda segment remains focused on increasing its scale by growing launches and implementing strategies designed to ensure a strong sales pace. The consistency of recent results from new model projects reaffirms management's confidence in the 2016 business plan.

On a consolidated basis, Gafisa and Tenda launched R\$736.4 million in 3Q16, ending the first nine months with R\$1.6 billion in new projects. The Gafisa segment accounted for 56% of 3Q16 launches while Tenda accounted for the remaining 44%. Third quarter 2016 net pre-sales totaled R\$497.0 million, an increase of 9.4% q-o-q., reaching R\$1.3 billion in the year.

Consolidated adjusted gross profit totaled R\$142.0 million with a gross margin of 26.4%, which remained impacted by challenges in the upper-middle income market. In 9M16, adjusted gross profit totaled R\$390.5 million, with a gross margin of 27.5%.

The Company remains focused on a stabilized cost and expense structure. Selling, general and administrative expenses were R\$49.5 million in 3Q16, slightly down y-o-y, reflecting the Company's efforts to more efficiently respond to adjustments and movements of the real estate market. In 9M16, selling, general and administrative expenses dropped by 5.2%.

Gafisa reported a 3Q16 consolidated net loss of R\$72.6 million, compared to a loss of R\$38.4 million recorded in 2Q16 and net income of R\$13.5 million in 3Q15.

As a result of the better environment for the low income segment, Tenda has achieved its best quarterly profit since 2012, as a result of the maintenance of a more efficient operating performance and the scale gains over the last quarters. Gafisa, in turn, remains impacted by the delicate market moment of the upper income segment.

At the end of the period, the Net Debt/Shareholders' Equity ratio reached 49.3%, a slight increase compared to 2Q16, although in line with the Company's business plan. Excluding project finance, the Net Debt/Shareholders' Equity ratio was negative at 8.1% .

Consolidated operating cash generation reached R\$97.4 million in the quarter and R\$232.9 million in 9M16. Net cash generation totaled R\$13.0 million in 3Q16 and R\$8.8 million YTD.

We expect to maintain a conservative approach in the last quarter of 2016 as we seek to attain adequate sales and profitability levels. The Gafisa segment, through its improved operational performance, seeks to overcome this period of economic weakness. The Tenda segment, guided by resilience in the low-income segment and backed by positive results from new model projects.

The Company continues to advance guided by capital discipline, its profitability goals, and value creation for all shareholders.

**Sandro Gamba**  
Chief Executive Officer – Gafisa

**Rodrigo Osmo**  
Chief Executive Officer – Tenda



## MAIN CONSOLIDATED FIGURES

Table 1- Operating and Financial Highlights (R\$ 000 and % Company)

|  | 3Q16      | 2Q16      | Q/Q(%)   | 3Q15      | Y/Y(%)     | 9M16      | 9M15      | Y/Y(%)     |
|--|-----------|-----------|----------|-----------|------------|-----------|-----------|------------|
| Launches                                   | 736,359   | 545,038   | 35%      | 606,819   | 21%        | 1,590,043 | 1,402,352 | 13%        |
| Launches, Units                            | 3,170     | 3,166     | 0%       | 3,249     | -2%        | 8,197     | 7,430     | 10%        |
| Net Pre-sales                              | 497,018   | 454,511   | 9%       | 492,803   | 1%         | 1,284,869 | 1,448,278 | -11%       |
| Pre-sales, Units                           | 2,312     | 2,730     | -15%     | 2,332     | -1%        | 7,180     | 6,635     | 8%         |
| Pre-sales of Launches                      | 337,573   | 165,273   | 104%     | 233,976   | 44%        | 532,962   | 468,138   | 14%        |
| Sales over supply (SoS)                    | 14.2%     | 13.9%     | 30 bps   | 14.8%     | -60 bps    | 31.5%     | 33.8%     | -230 bps   |
| Delivered projects (PSV)                   | 1,200,766 | 687,726   | 75%      | 197,539   | 508%       | 2,054,992 | 1,937,747 | 6%         |
| Delivered projects, Units                  | 3,710     | 3,136     | 18%      | 1,304     | 185%       | 7,501     | 7,576     | -1%        |
| Net Revenue                                | 538,780   | 473,371   | 14%      | 624,043   | -14%       | 1,417,685 | 1,735,073 | -18%       |
| Adjusted Gross Profit <sup>1</sup>         | 141,980   | 138,276   | 3%       | 223,777   | -37%       | 390,493   | 603,465   | -35%       |
| Adjusted Gross Margin <sup>1</sup>         | 26.4%     | 29.2%     | -280 bps | 35.9%     | -950 bps   | 27.5%     | 34.8%     | -730 bps   |
| Adjusted EBITDA <sup>2</sup>               | 14,893    | 22,397    | -34%     | 92,581    | -84%       | 53,467    | 261,778   | -80%       |
| Adjusted EBITDA Margin <sup>2</sup>        | 2.8%      | 4.7%      | -190 bps | 14.8%     | -1,200 bps | 3.8%      | 15.1%     | -1,130 bps |
| Net Income (Loss)                          | (72,622)  | (38,439)  | 89%      | 13,486    | -638%      | (164,288) | 73,623    | -323%      |
| Backlog Revenues                           | 663,836   | 667,368   | -1%      | 808,851   | -18%       | 663,836   | 808,851   | -18%       |
| Backlog Results <sup>3</sup>               | 259,193   | 259,864   | 0%       | 324,850   | -20%       | 259,193   | 324,850   | -20%       |
| Backlog Margin <sup>3</sup>                | 39.0%     | 38.9%     | 10 bps   | 40.2%     | -120 bps   | 39.0%     | 40.2%     | -120 bps   |
| Net Debt + Investor Obligations            | 1,443,256 | 1,455,766 | -1%      | 1,571,811 | -8%        | 1,443,256 | 1,571,811 | -8%        |
| Cash and cash equivalents                  | 609,898   | 618,569   | -1%      | 921,828   | -34%       | 609,898   | 921,828   | -34%       |
| Shareholders' Equity                       | 2,926,451 | 2,998,075 | -2%      | 3,110,914 | -6%        | 2,926,451 | 3,110,914 | -6%        |
| Shareholders' Equity + Minority            | 2,928,749 | 3,001,290 | -2%      | 3,112,609 | -6%        | 2,928,749 | 3,112,609 | -6%        |
| Total Assets                               | 6,353,318 | 6,548,124 | -3%      | 7,059,524 | -10%       | 6,353,318 | 7,059,524 | -10%       |
| (Net Debt + Obligations) / (SE + Minority) | 49.3%     | 48.5%     | 80 bps   | 50.5%     | -120 bps   | 49.3%     | 50.5%     | -120 bps   |

1) Adjusted by capitalized interests.

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

3) Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

4) Cash and cash equivalents, and short-term investments.

- 5) Backlog results comprise the projects restricted by condition precedent.

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## FINANCIAL RESULTS

§ 3Q16 net revenue recognized by the “PoC” method was R\$268.3 million in the Gafisa segment and R\$270.5 million in the Tenda segment. This resulted in 3Q16 consolidated revenue of R\$538.8 million, a decrease of 13.7% year-on-year and an increase of 13.8% from the previous quarter. In 9M16, consolidated net revenue was R\$1.4 billion, a reduction of 18.3% compared with 9M15.

§ Adjusted gross profit for 3Q16 was R\$142.0 million, higher than R\$138.3 million in 2Q16 and lower than R\$223.8 million recorded in the past year. Adjusted gross margin reached 26.4%, compared to 29.2% in 2Q16 and 35.9% in 3Q15. The Gafisa segment accounted for an adjusted gross profit of R\$47.2 million, with an adjusted gross margin of 17.6%, while the Tenda segment accounted for an adjusted gross profit of R\$94.8 million, with a margin of 35.0%. In 9M16, adjusted gross profit was R\$390.5 million with adjusted gross margin of 27.5%, compared to R\$603.5 million in 9M15.

§ Consolidated Adjusted EBITDA was R\$14.9 million in 3Q16, with an adjusted EBITDA margin of 2.8%. The Gafisa segment reported adjusted EBITDA of R\$15.7 million, while the Tenda segment’s adjusted EBITDA was positive with R\$39.7 million. In 9M16, consolidated Adjusted EBITDA was R\$53.5 million, 79.6% lower than R\$261.8 million in 9M15. Please note that consolidated adjusted EBITDA includes Alphaville equity income, while the Gafisa segment’s adjusted EBITDA is net of this effect.

§ The Company reported a 3Q16 net loss of R\$72.6 million compared to a net loss of R\$38.4 million in 2Q16, and net profit of R\$13.5 million in 3Q15. The Gafisa segment reported a net loss of R\$95.7 million, while the Tenda segment reported a net profit of R\$23.0 million. Year-to-date, the Company reported a consolidated net loss of R\$164.3 million.

§ Operating cash generation totaled R\$97.4 million in 3Q16, finishing the 9M16 with cash generation of R\$232.9 million. Net cash generation in the quarter was R\$13.0 million, with an accumulated cash generation of R\$8.8 million in 9M16.

## OPERATING RESULTS

§ Total Company launches were R\$736.4 million in 3Q16, comprised of 13 projects in the states of São Paulo, Rio de Janeiro, Pernambuco, Bahia and Rio Grande do Sul, up from R\$606.8 million launched in 3Q15. The Gafisa segment accounted for 56% of the quarter's launches, while the Tenda segment accounted for the remaining 44%. 9M16 launches totaled R\$1.6 billion.

§ Net pre-sales totaled R\$497.0 million in 3Q16, an increase of 9.4% from the R\$454.5 million recorded in 2Q16 and stable y-o-y. The Gafisa segment accounted for R\$258.3 million and the Tenda segment for R\$238.7 million in 9M16. Consolidated sales from launches in the quarter represented 63.2% of the total, while sales from inventory comprised the remaining 36.8%. The Company reached R\$1.3 billion in net pre-sales in the first nine months of the year.

§ Consolidated sales over supply (SoS) reached 14.2% in 3Q16 compared to 13.9% in 2Q16 14.8% in 3Q15. On a trailing 12-month basis, Gafisa's SoS was 26.1%, while Tenda's SoS was 50.9%.

§ Consolidated inventory at market value increased 6.7% related to 2Q16, at R\$3.0 billion. Gafisa's inventory ended the quarter at R\$2.0 billion, while Tenda's inventory totaled R\$1.0 billion.

§ Throughout the third quarter, the Company delivered 17 projects/phases, totaling 3,710 units, accounting for R\$1.2 billion in PSV. In regards to the first nine months, the company delivered 36 projects/phases and 7,501 units, accounting for R\$2.1 billion in PSV.

# ANALYSIS OF RESULTS

## Gafisa Segment

Sales Volume, Revenue Level and Profitability Impacted by the Challenging Market Environment

Table 2 – Gafisa Segment – Operating and Financial Highlights (R\$ 000 and % Gafisa)

|   | <b>3Q16</b> | <b>2Q16</b>     | <b>Q/Q(%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b> | <b>9M15</b>     | <b>Y/Y(%)</b> |
|---|-------------|-----------------|---------------|-----------------|---------------|-------------|-----------------|---------------|
| <b>Launches</b>                           | 410,966     | 130,360         | 215%          | 288,234         | 43%           | 621,429     | 616,046         | 1%            |
| <b>Net pre-sales</b>                      | 258,332     | 129,519         | 99%           | 247,608         | 4%            | 454,693     | 669,599         | -32%          |
| <b>Net pre-sales of launches</b>          | 170,130     | 35,867          | 374%          | 71,433          | 138%          | 214,183     | 152,842         | 40%           |
| <b>Sales over Supply (SoS)</b>            | 11.5%       | 6.3%            | 520 bps       | 11.0%           | 50 bps        | 18.7%       | 25.0%           | -630 bps      |
| <b>Delivered projects (Units)</b>         | 1,899       | 1,241           | 53%           | 0               | -             | 3,331       | 3,345           | 0%            |
| <b>Net Revenue</b>                        | 268,271     | 212,628         | 26%           | 402,483         | -33%          | 651,881     | 1,090,933       | -40%          |
| <b>Adjusted Gross Profit<sup>1</sup></b>  | 47,221      | 65,325          | -28%          | 152,627         | -69%          | 148,522     | 405,229         | -63%          |
| <b>Adjusted Gross Margin<sup>1</sup></b>  | 17.6%       | 30.7%-1,310 bps |               | 37.9%-2,030 bps |               | 22.8%       | 37.1%-1,430 bps |               |
| <b>Adjusted EBITDA<sup>2</sup></b>        | (15,693)    | 12,491          | -226%         | 66,846          | -123%         | (21,346)    | 177,535         | -             |
| <b>Adjusted EBITDA Margin<sup>2</sup></b> | -5.8%       | 5.9%-1,170 bps  |               | 16.6%-2,240 bps |               | -3.3%       | 16.3%-1,960 bps |               |
| <b>Net Income (Loss)</b>                  | (95,667)    | (47,061)        | 103%          | 1,656           | -             | (200,749)   | 30,312          | -             |
| <b>Backlog Revenues</b>                   | 394,475     | 366,368         | 8%            | 557,508         | -29%          | 394,475     | 557,508         | -29%          |
| <b>Backlog Results<sup>3</sup></b>        | 143,324     | 133,975         | 7%            | 215,810         | -34%          | 143,324     | 215,810         | -34%          |
| <b>Backlog Margin<sup>3</sup></b>         | 36.3%       | 36.6%           | -30 bps       | 38.7%           | -240 bps      | 36.3%       | 38.7%           | -240 bps      |

1) Adjusted by capitalized interests.

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

3) Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

4) Backlog results comprise the projects restricted by condition precedent

Despite the strong performance of projects launched in the quarter, ongoing recessive scenario in Brazil keeps negatively impacting Gafisa segment's financial results in 3Q16, in particular the level of inventory gross sales, volume of dissolutions and prices of the inventory projects. Despite a greater share of projects launched before 2015 in the 3Q16 gross sales mix (48.2% of gross sales), the high volume of dissolutions related to these projects (96.3% of dissolutions in the quarter) ended up concentrating part of the net volume of sales from inventory of more recent projects. Thus, revenues in the quarter were once again impacted by the following items: (i) lower volume of net sales in the period; and (ii) higher concentration of net sales in projects with slower evolution of work in progress.

Reflecting the operational variables mentioned above, the Gafisa segment ended 3Q16 with a gross margin of 0.4% compared to 27.0% in 3Q15 and 12.3% in 2Q16. The result was impacted by the following effects: (i) R\$16.3 million non-recurrent loss from the sale of a land parcel with potential development directed to the commercial segment; (ii) R\$9.5 million referring to a higher provision for a guarantee due to the increased volume of projects delivered in 3Q16; (iii) pricing adjustments on the sale of remaining units in response to current market prices, and; (iv) accounting effect related to higher appropriation of financial costs of recently launched projects with good sales speed, which suspension clause (of projects that are no longer subject to restriction) occurred in the period. Adjusted gross margin reached 17.6% in the quarter and 22.8% in the last 9 months.

Excluding the non-recurring effect of the sale of the land parcel mentioned above, Gafisa segment's gross margin would have reached 6.4% in the 3Q16, while adjusted gross margin would be 23.7% in 3Q16 and 25.3% in 9M16.

## Net Income

Net loss for the period was R\$95.7 million compared to a loss of R\$47.1 million in 2Q16 and a profit of R\$1.7 million in 3Q15. Excluding the net loss from Alphaville equity income, which totaled R\$9.2 million in the quarter, the Gafisa segment reported a 3Q16 net loss of R\$86.5 million, compared to a net loss of R\$35.1 million in 2Q16 and net profit of R\$0.5 million in 3Q15. In 9M16, the Gafisa segment posted a net loss of R\$190.5 million.

As previously stated, this was due to the following factors: (i) maintenance of lower level of revenues; (ii) lower gross margin level due to the factors detailed above; and (iii) the negative contribution of AUSA equity income. Alphaville performance is being affected by the Company's lower operating volumes in 2016 (launches and sales), with direct reflect in the quarter's revenue level, besides the worsened net financial result, impacted by the higher cost of debt, compared to the previous year. In 9M16, Gafisa segment net loss including Alphaville equity income reached R\$200.7 million.

Table 3 – Gafisa Segment – Net Income (R\$ Million)

|                                      | <b>3Q16</b>   | <b>2Q16</b>   | <b>3Q15</b> | <b>9M16</b>    | <b>9M15</b> |
|--------------------------------------|---------------|---------------|-------------|----------------|-------------|
| <b>Adjusted Gross Profit</b>         | 47.2          | 65.3          | 152.6       | 148.5          | 405.2       |
| <b>Adjusted Gross Margin</b>         | 17.6%         | 30.7%         | 37.9%       | 22.8%          | 37.1%       |
| <b>Net Income</b>                    | <b>(95.7)</b> | <b>(47.1)</b> | <b>1.7</b>  | <b>(200.7)</b> | <b>30.3</b> |
| <b>Equity Income from Alphaville</b> | (9.2)         | (12.0)        | 1.2         | (10.2)         | 23.3        |
| <b>Net Profit Ex-Alphaville</b>      | <b>(86.5)</b> | <b>(35.1)</b> | <b>0.5</b>  | <b>(190.5)</b> | <b>7.0</b>  |

## Tenda Segment

Operating and Financial Profitability Supported  
by Increased Scale and the Improved Performance of the New Model

Table 4 – Tenda Segment – Operating and Financial Highlights (R\$ 000 and % Tenda)

|   | <b>3Q16</b> | <b>2Q16</b> | <b>Q/Q(%)</b> | <b>3Q15</b> | <b>Y/Y(%)</b> | <b>9M16</b> | <b>9M15</b> | <b>Y/Y(%)</b> |
|---|-------------|-------------|---------------|-------------|---------------|-------------|-------------|---------------|
| <b>Launches</b>                           | 325,393     | 414,678     | -22%          | 318,585     | 2%            | 968,614     | 786,306     | 23%           |
| <b>Net pre-sales</b>                      | 238,686     | 324,992     | -27%          | 245,195     | -3%           | 830,176     | 778,679     | 7%            |
| <b>Net pre-sales of Launches</b>          | 167,443     | 129,406     | 29%           | 162,543     | 3%            | 318,778     | 315,296     | 1%            |
| <b>Sales over Supply (SoS)</b>            | 18.8%       | 26.4%       | -760 bps      | 23.0%       | -420 bps      | 44.7%       | 48.7%       | -400 bps      |
| <b>Delivered projects (Units)</b>         | 1,811       | 1,895       | -4%           | 1,304       | 39%           | 4,170       | 4,231       | -1%           |
| <b>Net Revenue</b>                        | 270,509     | 260,743     | 4%            | 221,560     | 22%           | 765,804     | 644,140     | 19%           |
| <b>Adjusted Gross Profit<sup>1</sup></b>  | 94,759      | 72,951      | 30%           | 71,150      | 33%           | 241,971     | 198,235     | 22%           |
| <b>Adjusted Gross Margin<sup>1</sup></b>  | 35.0%       | 28.0%       | 700 bps       | 32.1%       | 290 bps       | 31.6%       | 30.8%       | 80 bps        |
| <b>Adjusted EBITDA<sup>2</sup></b>        | 39,744      | 21,858      | 82%           | 24,567      | 62%           | 85,042      | 60,902      | 40%           |
| <b>Adjusted EBITDA Margin<sup>2</sup></b> | 14.7%       | 8.4%        | 630 bps       | 11.1%       | 360 bps       | 11.1%       | 9.5%        | 160 bps       |
| <b>Net Income ( Loss)</b>                 | 23,045      | 8,622       | 167%          | 11,830      | 95%           | 36,461      | 43,311      | -16%          |
| <b>Backlog Revenues</b>                   | 269,361     | 301,000     | -11%          | 251,343     | 7%            | 269,361     | 251,343     | 7%            |
| <b>Backlog Results<sup>3</sup></b>        | 115,869     | 125,889     | -8%           | 109,040     | 6%            | 115,869     | 109,040     | 6%            |
| <b>Backlog Margin<sup>3</sup></b>         | 43.0%       | 41.8%       | 120 bps       | 43.4%       | -40 bps       | 43.0%       | 43.4%       | -40 bps       |

1) Adjusted by capitalized interests.

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

3) Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

4) Backlog results comprise the projects restricted by condition precedent.



During 3Q16, Tenda continued to increase the scale its operations, supported by sales and launch performance, thus enabling a solid level of net revenue.

3Q16 adjusted gross margin was up 35.0%, compared with 28.0% in 2Q16 and 32.1% in 3Q15, due to the accounting reclassification of R\$11.1 million in the balance of provision for co-obligation of interest rates on construction works owed by customers transferred and charged by financial institutions during period of works, which is now accounted for under Financial Result. Excluding this impact, the adjusted gross margin would have been 32.2% in 3Q16.

Selling, general and administrative expenses ended the 9M16 at R\$127.2 million, 15.4% higher than 9M15, but in line with the expansion of Tenda's operations; launch volumes increased by 23.2% in the period, compared to 9M15.

Adjusted EBITDA totaled R\$39.7 million, with adjusted EBITDA margin of 14.7% in 3Q16. Adjusted EBITDA increased from R\$24.6 million in 3Q15 and R\$21.9 million in 2Q16. Year-to-date, adjusted EBITDA reached R\$85.0 million with an adjusted EBITDA margin of 11.1%.

## Net Income

Tenda's 3Q16 net income was R\$ 23.0 million, up from net income of R\$11.8 million recorded in 3Q15 and R\$8.6 million in 2Q16. In 9M16, net income was R\$36.5 million.

The 3Q16 results are attributable to: (i) higher volume of revenues, (ii) higher gross margin level and adjusted EBITDA.

Table 5 –Tenda Segment – Net Income (R\$ Million)

|                              | <b>3Q16</b> | <b>2Q16</b> | <b>3Q15</b> | <b>9M16</b> | <b>9M15</b> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Adjusted Gross Profit</b> | 94.8        | 73.0        | 71.2        | 242.0       | 198.2       |
| <b>Adjusted Gross Margin</b> | 35.0%       | 28.0%       | 32.1%       | 31.6%       | 30.8%       |
| <b>Net Income</b>            | <b>23.0</b> | <b>8.6</b>  | <b>11.8</b> | <b>36.5</b> | <b>43.3</b> |

## RECENT EVENTS

### UPDATE ON THE SEPARATION PROCESS OF THE GAFISA AND TENDA UNITS

On October 19, 2016, the Company disclosed a Significant Fact informing that the members of Gafisa Board of Directors approved the filing with the CVM of a public offering of secondary distribution of common shares issued by Tenda and owned by Gafisa.

The Offer will be subject to the conditions of the local and international capital markets. The request for registration of the Offer will be analyzed and, therefore, the Offer will commence only after the granting of the proper registration by the CVM.

The Company will keep its shareholders and the market informed about the process and any developments pertaining to the issues of the potential offer.

### TENDA EARNINGS RELEASE – 3Q16 AND 9M16

On October 18, 2016, Construtora Tenda published its interim financial statements for the nine-month period ended September 30, 2016, accompanied by the auditors' review report ( "ITR Tenda").

The ITR Tenda and the Earnings Release are available on the CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and the Company ([www.gafisa.com.br/ir](http://www.gafisa.com.br/ir) and [www.tenda.com/investors](http://www.tenda.com/investors)) websites.

## **GAFISA SEGMENT**

Focuses on residential developments within the upper, upper-middle, and middle-income segments, with average unit prices above R\$250,000.00.

### **Operating Results | Launches and Pre-Sales**

Third quarter launches totaled R\$411.0 million and consisted of 4 projects/phases in São Paulo. The sales speed of these launches reached 30.7%. In 9M16, Gafisa segment launches reached R\$621.4 million or 39.1% of consolidated launches.

Third quarter gross pre-sales in the Gafisa segment totaled R\$364.4 million. Dissolutions in 3Q16 were R\$106.1 million, yielding total net pre-sales of R\$258.3 million, up 99.5% q-o-q and 4.3% y-o-y. Out of total dissolutions in the quarter, 24% were related to corporate projects, while residential dissolutions corresponded to the remaining 76%. In 9M16, net pre-sales totaled R\$454.7 million.

Despite continued headwinds in Brazil's political and economic scenario, and the resulting effects on inventory pricing, the segment achieved an improved sales performance in 3Q16 relative to the previous quarters. The improved performance of sales from launches reflects more efficient sales execution processes and new product development, and may signal a marginal improvement in consumer confidence. In addition to improved sales results, with gross sales increasing 39.1% versus 2Q16 to R\$364.4 million, another positive trend in 3Q16 was the decrease in the volume of dissolutions y-o-y and q-o-q.

The Company continues to focus its efforts on the sale of remaining units. As a result, 43.2% of net sales for the quarter were related to projects with launches before 2016. Dissolutions, in turn, were concentrated in units launched prior to 2014, which have higher work evolution, and accordingly, an increased contribution to revenue and margins.

Table 6 – Gafisa Segment – Launches and Pre-sales (R\$ 000)

|            | 3Q16    | 2Q16    | Q/Q(%) | 3Q15    | Y/Y(%) | 9M16    | 9M15    | Y/Y(%) |
|------------|---------|---------|--------|---------|--------|---------|---------|--------|
| Launches   | 410,966 | 130,360 | 215%   | 288,234 | 43%    | 621,429 | 616,046 | 1%     |
| Pre- Sales | 258,332 | 129,519 | 99%    | 247,608 | 4%     | 454,693 | 669,599 | -32%   |

## Sales over Supply (SoS)

The Gafisa segment's SoS for the last twelve months reached 26.1% compared to 29.6% in the same period last year. In the 3Q16, SoS was 11.5% compared to 6.3% in 2Q16 and 11.0% in 3Q15.

## Dissolutions

The macroeconomic uncertainty observed in 2016 and the recession have directly impacted consumer confidence and, accordingly, the level of gross sales and dissolutions. In the context of a challenging operating environment, the level of dissolutions in the Gafisa segment reached R\$106.1 million in 3Q16, down sequentially compared to R\$132.5 million in 2Q16 and down y-o-y from R\$147.2 million in 3Q15. In 9M16, the total volume of dissolutions was R\$408.9 million.

Over the last three years, the Company has been working on initiatives to strengthen the credit review component of its sale process. In doing so, the Company intends to reduce the level of dissolutions throughout the construction and delivery cycle. Given the current political and economic uncertainties and corresponding effects on the real estate market, the reduction in dissolutions has been slower than expected.

A comprehensive approach in the credit review process at the time of sale has generated a more efficient process of transferring Gafisa customers to financial institutions, even amid an unfavorable economic environment. As an example of the efficiency achieved in this process, only 9.5% of those who asked for transfers in 9M16 have been rejected by the bank's credit analysis (i.e. out of the 915 units asking for transfers, only 87 were not accepted).

In recent quarters the Gafisa segment has been able to reduce the level of dissolutions by enabling customers facing financial pressure to swap their units for those that better match their financial position. This exchange process reflects the flexibility of Gafisa's product portfolio. Year-to-date, R\$94.7 million of new sales were made to customers who opted for swaps.

In the quarter, 213 Gafisa units were cancelled and 133 units, representing R\$63.6 million, were resold within the period. In 9M16, 713 units were cancelled, with the resale of 392 units in the same period, or R\$198.9 million.



## Inventory

Gafisa is maintaining its focus on inventory reduction initiatives. Projects launched prior to 2016 represented 58.0% of net sales in the year. The market value of the Gafisa segment's inventory increased by 3.5% q-o-q, and decreased 1.5% y-o-y, totaling R\$2.0 billion. The reduction reflects the sale of units in the period, and price adjustments on some projects in inventory, as to reflect more efficiently the current market scenario. Finished units outside of core markets accounted for R\$45.3 million, or 2.3% of total inventory.

Table 7 – Gafisa Segment – Inventory at Market Value (R\$ 000)

|                           | <b>Inventories BoP<br/>2Q16</b> | <b>Launches</b> | <b>Dissolutions</b> | <b>Gross<br/>Sales</b> | <b>Adjustments<sup>1</sup></b> | <b>Inventories BoP<br/>3Q16</b> | <b>Q/Q<br/>(%)</b> |
|---------------------------|---------------------------------|-----------------|---------------------|------------------------|--------------------------------|---------------------------------|--------------------|
| <b>São Paulo</b>          | 1,386,973                       | 410,966         | 81,315              | (318,224)              | (42,210)                       | 1,518,820                       | 9.5%               |
| <b>Rio de<br/>Janeiro</b> | 475,491                         | -               | 21,773              | (31,114)               | (49,720)                       | 416,430                         | -12.4%             |
| <b>Other<br/>Markets</b>  | 51,160                          | -               | 3,035               | (15,116)               | 6,179                          | 45,258                          | -11.5%             |
| <b>Total</b>              | <b>1,913,624</b>                | <b>410,966</b>  | <b>106,123</b>      | <b>(364,454)</b>       | <b>(85,751)</b>                | <b>1,980,508</b>                | <b>3.5%</b>        |

<sup>1</sup> The Period Adjustments reflect the updates related to the project scope, launch date and pricing update in the period.

During the same period, finished units represented R\$717.0 million, or 36.2% of total inventory. Inventory from projects launched outside core markets, which is comprised exclusively of finished units, represented R\$45.3 million, a decrease of 53.2% when compared to R\$96.6 million in 3Q15 and down 11.5% from 2Q16. The Company estimates that through the beginning of 2017, it will have monetized a large portion of its inventory in non-core markets, based on the strong sales rate observed in these markets over the past few quarters.

The inventory of concluded commercial projects accounts for approximately 53,5% of Gafisa segment total volume of concluded projects, not only due to the high volume of commercial projects delivered during the last 12 months, but also to the current low liquidity for these projects. Three commercial projects were delivered in 3Q16 with PSV of R\$395.5 million. The challenging macroeconomic scenario and, mainly, the high interest rates, has strongly impacted commercial developments, causing higher likelihood of cancellation and lower sales speed. It is worth mentioning that in its current portfolio of projects under construction, the Company only has one commercial project, accounting for R\$24.3 million in PSV, with delivery expected in 1H18.

In regards to Gafisa's inventory, approximately 52% or R\$1.0 billion, is concentrated in projects to be delivered after 3Q17 and will not significantly increase the segment's inventory of finished units in the short

term.

Table 8 – Gafisa Segment – Inventory at Market Value- Work Status - POC (R\$ 000)

|                           | <b>Not<br/>Initiated</b> | <b>Up to 30%<br/>built</b> | <b>30% a 70%<br/>built</b> | <b>More than 70%<br/>built</b> | <b>Finished<br/>Units</b> | <b>Total 3Q16</b> |
|---------------------------|--------------------------|----------------------------|----------------------------|--------------------------------|---------------------------|-------------------|
| <b>São Paulo</b>          | -                        | 17,544                     | 916,215                    | 236,616                        | 348,445                   | 1,518,820         |
| <b>Rio de<br/>Janeiro</b> | -                        | 4,463                      | 53,827                     | 34,803                         | 323,337                   | 416,430           |
| <b>Other Markets</b>      | -                        | -                          | -                          | -                              | 45,258                    | 45,258            |
| <b>Total</b>              | -                        | <b>22,007</b>              | <b>970,042</b>             | <b>271,419</b>                 | <b>717,040</b>            | <b>1,980,508</b>  |

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



## Inventory Delivery Schedule

### Landbank

The Gafisa segment landbank, with a PSV of R\$5.1 billion, is comprised of 30 land parcels, representing 41 potential projects/phases, and corresponding to nearly 11.4 thousand units. 65% of potential projects/phases are located in São Paulo and 35% are located in Rio de Janeiro. The largest portion of land acquired through swap agreements is located in Rio de Janeiro, bringing the total percentage of land acquired through swaps to 61.9%.

Table 9 – Gafisa Segment - Landbank (R\$ 000)

|                       | <b>PSV (%% Swap Gafisa)</b> | <b>%% Swap Total</b> | <b>%% Swap Units</b> | <b>%% Swap Financial</b> | <b>Potential Units (% Gafisa)</b> | <b>Potential Units (100%)</b> |
|-----------------------|-----------------------------|----------------------|----------------------|--------------------------|-----------------------------------|-------------------------------|
| <b>São Paulo</b>      | 3,321,410                   | 53.6%                | 53.6%                | 0.0%                     | 7,594                             | 8,377                         |
| <b>Rio de Janeiro</b> | 1,813,527                   | 72.5%                | 72.5%                | 0.0%                     | 2,967                             | 3,021                         |
| <b>Total</b>          | <b>5,134,937</b>            | <b>61.9%</b>         | <b>61.9%</b>         | <b>0.0%</b>              | <b>10,561</b>                     | <b>11,398</b>                 |

<sup>1</sup> The swap percentage is measured compared to historical cost of land acquisition.

<sup>2</sup> Potential units are net of swaps and refer to the Gafisa's and/or its partners' stake in the project.

Table 10 - Gafisa Segment - Changes in the Landbank (2Q16 x 3Q16 - R\$ 000)

|                       | <b>Initial Landbank</b> | <b>Land Acquisition</b> | <b>Launches</b>  | <b>Dissolutions</b> | <b>Adjustments</b> | <b>Final Landbank</b> |
|-----------------------|-------------------------|-------------------------|------------------|---------------------|--------------------|-----------------------|
| <b>São Paulo</b>      | 3,838,867               | -                       | (410,966)        | (120,188)           | 13,697             | 3,321,410             |
| <b>Rio de Janeiro</b> | 1,728,250               | 73,425                  | -                | -                   | 11,852             | 1,813,527             |
| <b>Total</b>          | <b>5,567,117</b>        | <b>73,425</b>           | <b>(410,966)</b> | <b>(120,188)</b>    | <b>25,549</b>      | <b>5,134,937</b>      |

In 3Q16, the Company acquired a new land parcel with a potential PSV of R\$73.4 million, and an acquisition cost of R\$11.4 million. It was financed 22% by cash and 78% by swap agreements, with an initial disbursement of R\$1.0 million. The disbursement schedule of the residual value is subject to the launch date.

The quarterly adjustments reflect updates related to project scope, expected launch date and other adjustments to landbank in the period.

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## Gafisa Sales

Gafisa Vendas, the Company's independent sales unit, with operations in São Paulo and Rio de Janeiro, accounted for 59% of gross sales in 9M16.

Gafisa Vendas currently has a team of 514 highly trained, dedicated consultants, in addition to an online sales force.

## Gafisa Segment Delivered Projects

During 3Q16, 7 projects/phases totaling 1,899 units were delivered, accounting for R\$935.7 million in PSV. In 9M16, 13 projects/phases totaling 3,331 units were delivered, accounting for R\$1.5 billion in PSV. Currently, Gafisa has 19 projects under construction, all of which are on schedule according to the Company's business plan.

Table 11 – Gafisa Segment – Breakdown of Delivered Projects 9M16

|                       | <b>Residential</b> | <b>Commercial</b> | <b>Total</b>     |
|-----------------------|--------------------|-------------------|------------------|
| <b>São Paulo</b>      | 781,531            | 395,470           | <b>1,177,001</b> |
| <b>Rio de Janeiro</b> | 189,601            | 86,225            | <b>275,826</b>   |
| <b>Total</b>          | <b>971,132</b>     | <b>481,695</b>    | <b>1,452,827</b> |

## Transfers

Over the past few years, the Company has been taking steps to improve the performance of its receivables/transfer process, in an attempt to achieve higher rates of return on invested capital. Currently, the Company's strategy is to transfer 90% of eligible units in a 90-day period after the delivery of the project. In accordance with this policy, transfers totaled R\$126.0 million in PSV in the third quarter.

Table 12 – Gafisa Segment – Delivered Projects

|                                     | <b>3Q16</b> | <b>2Q16</b> | <b>Q/Q(%)</b> | <b>3Q15</b> | <b>Y/Y(%)</b> | <b>9M16</b> | <b>9M15</b> | <b>Y/Y(%)</b> |
|-------------------------------------|-------------|-------------|---------------|-------------|---------------|-------------|-------------|---------------|
| <b>PSV Transferred <sup>1</sup></b> | 126,013     | 142,697     | -12%          | 153,646     | -18%          | 378,733     | 521,489     | -27%          |
| <b>Delivered Projects</b>           | 7           | 4           | 75%           | -           | -             | 13          | 14          | -7%           |

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|                                  |         |         |      |   |   |           |           |    |
|----------------------------------|---------|---------|------|---|---|-----------|-----------|----|
| <b>Delivered Units</b>           | 1,899   | 1,241   | 53%  | - | - | 3,331     | 3,345     | 0% |
| <b>Delivered PSV<sup>2</sup></b> | 935,678 | 412,307 | 127% | - | - | 1,452,827 | 1,346,716 | 8% |

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

2) PSV = Potential sales value of delivered units.

## Financial Results

### Revenue

3Q16 net revenues for the Gafisa segment totaled R\$268.3 million, up 26.2% q-o-q and down 33.3% y-o-y. 3Q16 revenues were impacted by higher net sales volumes compared to 2Q16 and the sales mix, with a higher concentration of sales of launches. In 9M16, net revenue reached R\$651.9 million.

In the quarter, 99% of Gafisa segment revenues derived from projects located in Rio de Janeiro and São Paulo. The table below provides additional details.

Table 13 – Gafisa Segment – Revenue Recognition (R\$ 000)

| Launches      | 3Q16           |             |                |             | 3Q15           |             |                |             |
|---------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
|               | Pre-Sales      | % Sales     | Revenue        | % Revenue   | Pre-Sales      | % Sales     | Revenue        | % Revenue   |
| 2016          | 146,728        | 57%         | 57,865         | 22%         | -              | 0%          | -              | 0%          |
| 2015          | 38,110         | 15%         | 46,046         | 17%         | 71,433         | 29%         | 43,229         | 11%         |
| 2014          | 32,649         | 13%         | 92,382         | 34%         | 68,354         | 28%         | 73,763         | 18%         |
| 2013          | 18,806         | 7%          | 41,870         | 16%         | 79,054         | 32%         | 124,134        | 31%         |
| ≤ 2012        | 22,039         | 8%          | 30,107         | 11%         | 28,767         | 11%         | 161,357        | 40%         |
| <b>Total</b>  | <b>258,332</b> | <b>100%</b> | <b>268,270</b> | <b>100%</b> | <b>247,608</b> | <b>100%</b> | <b>402,483</b> | <b>100%</b> |
| SP + RJ       | 227,963        | 88%         | 264,897        | 99%         | 240,675        | 97%         | 401,549        | 100%        |
| Other Markets | 30,369         | 12%         | 3,373          | 1%          | 6,933          | 3%          | 934            | 0%          |

### Gross Profit & Margin

3Q16 gross profit for the Gafisa segment was R\$1.0 million, down from R\$26.1 million in 2Q16, and down from R\$108.8 million in the prior year period, resulting from the following effects: (i) a R\$16.3 million loss on the sale of a land parcel with potential development directed to the commercial segment; (ii) a R\$9.5 million provision for guarantee due to a higher volume of projects delivered in 3Q16; and (iii) pricing adjustments in the sale of units in response to current market prices. Excluding the non-recurring effect of the sale of the land parcel mentioned above, Gafisa segment's gross margin would have reached 6.4% in 3Q16, while adjusted gross margin would be 23.7% in 3Q16 and 25.3% in 9M16.

Besides the issues mentioned above, gross margin in 3Q16 also reflects the accounting effect of increased appropriation of financial cost of recently launched projects with good sales speed, which suspensive clause (of projects that are no longer subject to restriction) has occurred in the period. This reflects

accounting conventions which recognize financial costs in line with the percentage sold, and not recognizing revenues according to the PoC method. As a result, 3Q16 gross margin was 0.4%, compared to 12.3% in 2Q16 and 27.0% in 3Q15.

Excluding financial impacts, adjusted gross margin reached 17.6% in 3Q16 compared to 30.7% in 2Q16 and 37.9% in 3Q15.

The table below contains more details on the breakdown of 3Q16 Gafisa's gross margin.

Table 14 - Gafisa Segment – Gross Margin (R\$ 000)

|                              | <b>3Q16</b>   | <b>2Q16</b>   | <b>Q/Q (%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b> | <b>9M16</b>    | <b>9M15</b>    | <b>Y/Y(%)</b> |
|------------------------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|
| <b>Net Revenue</b>           | 268,271       | 212,628       | 26%            | 402,483        | -33%          | 651,881        | 1,090,933      | -40%          |
| <b>Gross Profit</b>          | <b>963</b>    | <b>26,084</b> | <b>-96%</b>    | <b>108,830</b> | <b>-99%</b>   | <b>30,503</b>  | <b>297,245</b> | <b>-90%</b>   |
| <b>Gross Margin</b>          | 0.4%          | 12.3%         | -1,190 bps     | 27.0%          | -2,660 bps    | 4.7%           | 27.2%          | -2,250 bps    |
| <b>(-) Financial Costs</b>   | 46,258        | 39,241        | 18%            | 43,797         | 6%            | 118,019        | 107,984        | 9%            |
| <b>Adjusted Gross Profit</b> | <b>47,221</b> | <b>65,325</b> | <b>-28%</b>    | <b>152,627</b> | <b>-69%</b>   | <b>148,522</b> | <b>405,229</b> | <b>-63%</b>   |
| <b>Adjusted Gross Margin</b> | 17.6%         | 30.7%         | -1,310 bps     | 37.9%          | -2,030 bps    | 22.8%          | 37.1%          | -1,430 bps    |

Table 15 – Gafisa Segment – Gross Margin Breakdown (R\$ 000)

|                              | <b>SP + RJ</b> | <b>Other Markets</b> | <b>3Q16</b>  |
|------------------------------|----------------|----------------------|--------------|
| <b>Net Revenue</b>           | 264,898        | 3,373                | 268,271      |
| <b>Adjusted Gross Profit</b> | 46,191         | 1,030                | 47,221       |
| <b>Adjusted Gross Margin</b> | <b>17.4%</b>   | <b>30.5%</b>         | <b>17.6%</b> |

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

SG&A expenses totaled R\$52.2 million in 3Q16, up 12.0% y-o-y and 31.4% q-o-q. In the 9M16, these expenses totaled R\$135.8 million, 3.1% down from R\$140.0 million in the past year.

Selling expenses increased 9.6% when compared to 3Q15 and 22.0% sequentially 2Q16, due to an increased level of launch volumes in the period and current market conditions requiring sales and marketing investments to stimulate demand. Year-to-date, selling expenses increased 3.5% compared to 9M15.

The segment's general and administrative expenses reached R\$27.5 million in 3Q16, an increase of 14.4% compared to the previous year and 41.1% compared to 2Q16. Given the absence of a provision for Profit Sharing in the previous quarter, the net effect in the 3Q16 was R\$6.2 million. Year-to-date, G&A expenses reached R\$74.1 million, compared to R\$80.4 million in 9M15, a decrease of 7.9%.

SG&A levels reflect the Company's commitment to improving operational efficiency and achieving a level of costs and expenses that is consistent with the business cycle and current economic outlook.

Table 16 – Gafisa Segment – SG&amp;A Expenses (R\$ 000)

|                                | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>      | <b>9M15</b>      | <b>Y/Y(%)</b> |
|--------------------------------|-----------------|-----------------|----------------|-----------------|---------------|------------------|------------------|---------------|
| <b>Selling Expenses</b>        | (24,701)        | (20,245)        | 22%            | (22,543)        | 10%           | (61,692)         | (59,611)         | 3%            |
| <b>G&amp;A Expenses</b>        | (27,544)        | (19,524)        | 41%            | (24,087)        | 14%           | (74,070)         | (80,438)         | -8%           |
| <b>Total SG&amp;A Expenses</b> | <b>(52,245)</b> | <b>(39,769)</b> | <b>31%</b>     | <b>(46,630)</b> | <b>12%</b>    | <b>(135,762)</b> | <b>(140,049)</b> | <b>-3%</b>    |
| <b>Launches</b>                | 410,966         | 130,360         | 215%           | 288,234         | 43%           | 621,429          | 616,046          | 1%            |
| <b>Net Pre-sales</b>           | 258,332         | 129,519         | 99%            | 247,608         | 4%            | 454,693          | 669,599          | -32%          |
| <b>Net Revenue</b>             | 268,271         | 212,628         | 26%            | 402,483         | -33%          | 651,881          | 1,090,933        | -40%          |



Other Operating Revenues/Expenses reached R\$14.5 million in 3Q16, a 52.6% decrease compared to 3Q15, and 23.4% compared to 2Q16.

The Company continues to be proactive in mitigating risks associated with potential contingencies.

The table below contains more details on the breakdown of this expense.

**Table 17 – Gafisa Segment – Other Operating Revenues/Expenses (R\$ 000)**

|                            | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>     | <b>9M15</b>     | <b>Y/Y(%)</b> |
|----------------------------|-----------------|-----------------|----------------|-----------------|---------------|-----------------|-----------------|---------------|
| <b>Litigation Expenses</b> | (13,278)        | (15,461)        | -14%           | (23,519)        | -44%          | (44,543)        | (68,106)        | -35%          |
| <b>Other</b>               | (1,243)         | (3,496)         | -64%           | (7,087)         | -82%          | (3,511)         | (12,399)        | -72%          |
| <b>Total</b>               | <b>(14,521)</b> | <b>(18,957)</b> | <b>-23%</b>    | <b>(30,606)</b> | <b>-53%</b>   | <b>(48,054)</b> | <b>(80,505)</b> | <b>-40%</b>   |

A higher volume of deliveries over the past three years, due to the delivery of delayed projects in legacy regions, led to an increase in the level of contingencies. As a result, the Gafisa segment continues to concentrate its operations only in the metropolitan regions of São Paulo and Rio de Janeiro. This strategic geographical positioning, combined with improved internal processes, is expected to result in fewer future legal claims and a subsequent decrease in the amount of expenses related to contingencies in the following years.

## Adjusted EBITDA

Adjusted EBITDA for the Gafisa segment was negative R\$15.7 million in 3Q16, compared to the positive R\$12.5 million result reported in 2Q16 and positive R\$66.8 million result reported in 3Q15. Year-to-date adjusted EBITDA was negative R\$21.3 million, compared to the positive result of R\$177.5 million in 9M15. 3Q16 Adjusted EBITDA was mainly impacted year-over-year by the following factors: (i) lower gross profit in the quarter due to negative result from the sale of a land parcel located outside of the current business plan, (ii) higher volume of provisions for guarantee and effect of current market conditions; and (iii) higher levels of selling, general and administrative expenses compared to 2Q16. As a reminder, adjusted EBITDA for the Gafisa segment does not include equity income from Alphaville.

The adjusted EBITDA margin was negative 5.8%, compared to a positive margin of 16.6% in 3Q15, and a positive margin of 5.9% in 2Q16. The adjusted EBITDA margin YTD was negative 3.3%.

**Table 18 – Gafisa Segment - Adjusted EBITDA (R\$ 000)**

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|  | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b>    | <b>3Q15</b>   | <b>Y/Y(%)</b>     | <b>9M16</b>      | <b>9M15</b>    | <b>Y/Y(%)</b>     |
|--|-----------------|-----------------|-------------------|---------------|-------------------|------------------|----------------|-------------------|
| <b>Net Profit (Loss)</b>                   | <b>(95,667)</b> | <b>(47,061)</b> | <b>103%</b>       | <b>1,656</b>  | <b>-5877%</b>     | <b>(200,749)</b> | <b>30,312</b>  | <b>-762%</b>      |
| <b>(+) Financial Results</b>               | 5,292           | 2,039           | 160%              | 17,719        | -70%              | 7,375            | 30,429         | -76%              |
| <b>(+) Income Taxes</b>                    | 1,076           | (421)           | -                 | (5,143)       | -                 | 6,645            | 2,485          | 167%              |
| <b>(+) Depreciation &amp; Amortization</b> | 8,180           | 5,644           | 45%               | 8,422         | -3%               | 23,332           | 24,780         | -6%               |
| <b>(+) Capitalized interests</b>           | 46,258          | 39,241          | 18%               | 43,797        | 6%                | 118,019          | 107,984        | 9%                |
| <b>(+) Expense w stock Option Plan</b>     | 2,316           | 1,300           | 78%               | 1,919         | 21%               | 5,506            | 5,859          | -6%               |
| <b>(+) Minority Shareholders</b>           | 7,694           | (203)           | -                 | (356)         | -                 | 8,296            | (975)          | -                 |
| <b>(-) AUSA Income Effect</b>              | 9,158           | 11,952          | -23%              | (1,168)       | -                 | 10,230           | (23,339)       | -                 |
| <b>Adjusted EBITDA</b>                     | <b>(15,693)</b> | <b>12,491</b>   | <b>-</b>          | <b>66,846</b> | <b>-</b>          | <b>(21,346)</b>  | <b>177,535</b> | <b>-</b>          |
| <b>Net Revenue</b>                         | 268,271         | 212,628         | 26%               | 402,483       | -33%              | 651,881          | 1,090,933      | -40%              |
| <b>Adjusted EBITDA Margin</b>              | <b>-5.8%</b>    | <b>5.9%</b>     | <b>-1,170 bps</b> | <b>16.6%</b>  | <b>-2,240 bps</b> | <b>-3.3%</b>     | <b>16.3%</b>   | <b>-1,960 bps</b> |

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

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method increased year-over-year to R\$143.3 million in 3Q16. The consolidated margin was 36.3% in the quarter, compared to 38.7% posted in last year's third quarter.

Table 19 – Gafisa Segment – Backlog Results (REF) (R\$ 000)

|                                   | <b>3Q16</b>    | <b>2Q16</b>    | <b>Q/Q(%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b> |
|-----------------------------------|----------------|----------------|---------------|----------------|---------------|
| <b>Backlog Revenues</b>           | 394,475        | 366,368        | 8%            | 557,508        | -29%          |
| <b>Backlog Costs (units sold)</b> | (251,151)      | (232,393)      | 8%            | (341,698)      | -26%          |
| <b>Backlog Results</b>            | <b>143,324</b> | <b>133,975</b> | <b>7%</b>     | <b>215,810</b> | <b>-34%</b>   |
| <b>Backlog Margin</b>             | 36.3%          | 36.6%          | -30 bps       | 38.7%          | -240 bps      |

<sup>1</sup> Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638.

<sup>2</sup> Backlog results comprise the projects restricted by condition precedent.

## TENDA SEGMENT

Focuses on affordable residential developments, classified within the Range II of *Minha Casa Minha Vida* Program.

### Operating Results | Launches and Sales

Third quarter launches totaled R\$325.4 million and included 9 projects/phases in the states of São Paulo, Rio de Janeiro, Pernambuco, Bahia and Rio Grande do Sul. In the first nine months of the year, launch volumes reached R\$968.6 million.

During 3Q16, gross sales reached R\$318.7 million and dissolutions were R\$80.0 million, resulting in total net pre-sales of R\$238.7 million, down 2.7% y-o-y and 26.6% q-o-q. In the 9M16, the volume of dissolutions was R\$184.2 million and net pre-sales totaled R\$830.2 million. In nine months, 61.6% of total net sales were related to remaining units.

Table 20 – Tenda Segment – Launches and Pre-sales (R\$ 000)

|                  | <b>3Q16</b> | <b>2Q16</b> | <b>Q/Q (%)</b> | <b>3Q15</b> | <b>Y/Y(%)</b> | <b>9M16</b> | <b>9M15</b> | <b>Y/Y(%)</b> |
|------------------|-------------|-------------|----------------|-------------|---------------|-------------|-------------|---------------|
| <b>Launches</b>  | 325,393     | 414,678     | -21%           | 318,585     | 2%            | 968,614     | 786,306     | 23%           |
| <b>Pre-Sales</b> | 238,686     | 324,992     | -27%           | 245,195     | -3%           | 830,176     | 778,679     | 7%            |



## Sales Over Supply (SoS)

In 3Q16, sales velocity (sales over supply) was 18.8%, and on a trailing 12-month basis, Tenda's SoS was 50.9%.

Below is a breakdown of Tenda's SoS, which includes both legacy and New Model projects.

Table 21. SoS Gross Revenue (Ex-Dissolutions)

|                  | <b>3Q15</b> | <b>4Q15</b> | <b>1Q15</b> | <b>2Q16</b> | <b>3Q16</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|
| <b>New Model</b> | 29.6%       | 27.4%       | 29.7%       | 32.2%       | 26.5%       |
| <b>Legacy</b>    | 19.4%       | 13.3%       | 20.7%       | 25.0%       | 16.0%       |
| <b>Total</b>     | 26.9%       | 24.4%       | 28.0%       | 31.1%       | 25.1%       |

Table 22. SoS Net Revenue

|                  | <b>3Q15</b> | <b>4Q15</b> | <b>1Q15</b> | <b>2Q16</b> | <b>3Q16</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|
| <b>New Model</b> | 27.1%       | 24.9%       | 26.9%       | 28.9%       | 21.2%       |
| <b>Legacy</b>    | 11.4%       | 5.2%        | 10.7%       | 11.9%       | 3.2%        |
| <b>Total</b>     | 23.0%       | 20.9%       | 23.9%       | 26.4%       | 18.8%       |

## Dissolutions

The level of dissolutions totaled R\$80.0 million in 3Q16, an increase of 90.4% compared to 3Q15 and 38.1% compared to 2Q16.

Tenda maintains its policy of immediately transferring a sale and the reduction in the legacy project portfolio. However, the percentage of dissolutions over gross sales reached 25.1% in 3Q16, higher than the

average level seen in previous periods due to the following factors: (i) seasonality related to projects sold in “Feirão da Caixa” (2Q16); (ii) introduction of in-person interviews in bank branches as an additional step in the process of analyzing and granting credit by financial agents, which led to annulments of already preapproved customers and; (iii) review of Tenda’s unilateral dissolution process for sales not transferred after a period exceeding three months as the prior process allowed for some units to remain beyond the deadline deemed appropriate by the Company.

We estimate that this last factor should result in a temporary increase in the level of Company dissolutions before returning to the average levels that we expect.

Table 23. PSV Dissolutions Tenda Segment (R\$ 000 and % of total gross sales)

|                  | <b>3Q15</b>   | <b>% GS</b>  | <b>4Q15</b>   | <b>% GS</b>  | <b>1Q15</b>   | <b>% GS</b>  | <b>2Q16</b>   | <b>% GS</b>  | <b>3Q16</b>   | <b>% GS</b>  |
|------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| <b>New Model</b> | 19,576        | 6.8%         | 22,201        | 8.0%         | 20,490        | 6.6%         | 24,030        | 6.3%         | 58,802        | 18.5%        |
| <b>Legacy</b>    | 22,447        | 7.8%         | 17,686        | 6.4%         | 25,736        | 8.2%         | 33,904        | 8.9%         | 21,194        | 6.7%         |
| <b>Total</b>     | <b>42,023</b> | <b>14.6%</b> | <b>39,887</b> | <b>14.4%</b> | <b>46,226</b> | <b>14.8%</b> | <b>57,934</b> | <b>15.1%</b> | <b>79,995</b> | <b>25.1%</b> |

Tenda remained focused on the completion and delivery of legacy projects. In addition, the Company is dissolving contracts with ineligible clients to resell the related units to new, qualified customers.

During the quarter, 562 units were cancelled and returned to inventory, of which 294 units were resold to qualified customers during the same period. The sale and transfer process plays an important role in Tenda's business model. It is expected that within a 90-day period, the effective sale and transfer process will be completed.

## Tenda Segment Transfers

In the 3Q16, 1,632 units were transferred to financial institutions, representing R\$208.8 million in net presales. It is worth noting that the banking strike that lasted throughout the month of September detracted from the performance of lending. The volume should normalize over the coming months.

Table 24 – Tenda Segment - PSV Transferred- Tenda (R\$ 000)

|                  | <b>3Q14</b>    | <b>4Q14</b>    | <b>1Q15</b>    | <b>2Q15</b>    | <b>3Q15</b>    | <b>4Q15</b>    | <b>1Q16</b>    | <b>2Q16</b>    | <b>3Q16</b>    |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>New Model</b> | 59,736         | 67,621         | 114,939        | 199,423        | 194,719        | 165,691        | 236,120        | 205,410        | 179,807        |
| <b>Legacy</b>    | 100,361        | 74,773         | 59,110         | 61,566         | 53,912         | 40,050         | 30,642         | 56,184         | 29,020         |
| <b>Total</b>     | <b>160,097</b> | <b>142,393</b> | <b>174,049</b> | <b>260,989</b> | <b>248,631</b> | <b>205,741</b> | <b>266,762</b> | <b>261,594</b> | <b>208,827</b> |

1) PSV transferred refers to the conclusion of the transfer operation.

2) PSV = Potential sales volume of the units.

## Tenda Segment Delivered Projects

During 3Q16, Tenda delivered 10 projects/phases and 1,811 units, accounting for a PSV of R\$265.1 million. In 9M16, 23 projects/phases and 4,170 units were delivered, accounting for R\$602.2 million in PSV.



## Inventory

The market value of Tenda's inventory was R\$1.0 billion at the end of the 3Q16, up 13.5% compared to R\$906.3 million at the end of 2Q16. Inventory related to the legacy units totaled R\$159.9 million or 15.5% of the total Tenda inventory, down 13.0% versus 2Q16 and 35.2% compared to 3Q15. During the quarter, inventory units within the Minha Casa Minha Vida program totaled R\$1.0 billion, or 97.9% of total inventory, while units outside the program totaled R\$21.6 million, a decrease of 10.4% q-o-q and of 81.0% y-o-y.

Table 25 –Tenda Segment – Inventory at Market Value (R\$ 000) – by Region

|                    | Inventory<br>EP 2Q16 | Launches       | Dissolutions  | Pre- Sales Adjustments | Price<br>+ Others | Inventory<br>EP 3Q16 | % Q/Q       |
|--------------------|----------------------|----------------|---------------|------------------------|-------------------|----------------------|-------------|
| São Paulo          | 208,474              | 34,043         | 12,805        | (78,414)               | 10,047            | 186,955              | -10%        |
| Rio Grande do Sul  | 94,250               | 106,748        | 13,363        | (48,119)               | 9,077             | 175,319              | 86%         |
| Rio de Janeiro     | 237,802              | 97,232         | 24,188        | (74,411)               | 7,882             | 292,693              | 23%         |
| Bahia              | 165,720              | 53,450         | 9,410         | (49,181)               | 5,234             | 184,633              | 11%         |
| Pernambuco         | 51,615               | 33,920         | 4,514         | (31,377)               | 1,658             | 60,330               | 17%         |
| Minas Gerais       | 119,234              | -              | 8,927         | (28,659)               | 1,760             | 101,262              | -15%        |
| Other              | 29,228               | -              | 6,788         | (8,521)                | (216)             | 27,279               | -7%         |
| <b>Total Tenda</b> | <b>906,323</b>       | <b>325,393</b> | <b>79,995</b> | <b>(318,682)</b>       | <b>35,442</b>     | <b>1,028,471</b>     | <b>13%</b>  |
| <b>MCMV</b>        | <b>882,273</b>       | <b>325,393</b> | <b>71,715</b> | <b>(308,512)</b>       | <b>36,052</b>     | <b>1,006,921</b>     | <b>14%</b>  |
| <b>Out of MCMV</b> | <b>24,050</b>        | <b>-</b>       | <b>8,280</b>  | <b>(10,170)</b>        | <b>(610)</b>      | <b>21,550</b>        | <b>-10%</b> |

1) The quarter adjustments reflect updates related to project scope, expected launch date and price adjustments in the period.

Table 26 – Tenda Segment – Inventory at Market Value – Work Status(R\$ 000)

|                      | Not Initiated  | Up to 30%<br>built | 30% to 70%<br>built | More than<br>70% built | Finished<br>Units <sup>1</sup> | Total 3Q16       |
|----------------------|----------------|--------------------|---------------------|------------------------|--------------------------------|------------------|
| New Model – MCMV     | 281,143        | 234,226            | 242,117             | 63,680                 | 47,439                         | 868,605          |
| Legacy – MCMV        | -              | -                  | 62,503              | -                      | 75,813                         | 138,316          |
| Legacy – Out of MCMV | -              | -                  | -                   | -                      | 21,550                         | 21,550           |
| <b>Total Tenda</b>   | <b>281,143</b> | <b>234,226</b>     | <b>304,620</b>      | <b>63,680</b>          | <b>144,802</b>                 | <b>1,028,471</b> |

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

Regarding inventory projects, the Tenda segment is still awaiting legal approval for a suspended project with a total PSV of R\$62.5 million to move forward with construction.



## Tenda Segment Landbank

The Tenda landbank, with a PSV of approximately R\$4.2 billion, is comprised of 127 different projects/phases. Out of these projects/phases, 26% are located in Bahia, 24% in São Paulo, 22% in Rio de Janeiro, 14% in Rio Grande do Sul, 8% in Pernambuco and 6% in Minas Gerais. In total, these projects/phases reflect more than 31,000 units.

Table 27 – Tenda Segment - Landbank (R\$ 000)

|                   | PSV<br>(% Tenda) | % Swap<br>Total | % Swap<br>Units | % Swap<br>Financial | Potential<br>Units<br>(% Tenda) | Potential<br>Units<br>(100%) |
|-------------------|------------------|-----------------|-----------------|---------------------|---------------------------------|------------------------------|
| São Paulo         | 1,029,487        | 0.0%            | 0.0%            | 0.0%                | 6,688                           | 6,688                        |
| Rio Grande do Sul | 573,080          | 21.1%           | 10.6%           | 10.5%               | 4,292                           | 4,340                        |
| Rio de Janeiro    | 920,234          | 20.1%           | 20.1%           | 0.0%                | 6,782                           | 6,871                        |
| Bahia             | 1,090,939        | 5.6%            | 4.8%            | 0.8%                | 8,690                           | 8,712                        |
| Pernambuco        | 334,677          | 26.8%           | 11.5%           | 15.3%               | 2,646                           | 2,672                        |
| Minas Gerais      | 255,649          | 25.0%           | 25.0%           | 0.0%                | 1,806                           | 1,840                        |
| <b>Total</b>      | <b>4,204,066</b> | <b>12.5%</b>    | <b>9.1%</b>     | <b>3.4%</b>         | <b>30,904</b>                   | <b>31,123</b>                |

<sup>1</sup> Swap percentage over the historical cost of land acquisition.

<sup>2</sup> Potential Units are net of swaps and refer to Tenda's and/or its partners' stake in the projects.

Table 28 –Tenda Segment – Changes in the Landbank (2Q16 x 3Q16 - R\$ 000)

|                   | Initial Landbank | Land<br>Acquisition | Launches         | Adjustments      | Final Landbank   |
|-------------------|------------------|---------------------|------------------|------------------|------------------|
| São Paulo         | 1,022,885        | 46,834              | (34,043)         | (6,189)          | 1,029,487        |
| Rio Grande do Sul | 685,382          | -                   | (106,748)        | (5,554)          | 573,080          |
| Rio de Janeiro    | 928,336          | 106,052             | (97,232)         | (16,922)         | 920,234          |
| Bahia             | 1,146,693        | 23,907              | (53,450)         | (26,211)         | 1,090,939        |
| Pernambuco        | 458,090          | 28,184              | (33,920)         | (117,677)        | 334,677          |
| Minas Gerais      | 209,149          | 46,500              | -                | -                | 255,649          |
| <b>Total</b>      | <b>4,450,535</b> | <b>251,477</b>      | <b>(325,393)</b> | <b>(172,553)</b> | <b>4,204,066</b> |

In 3Q16, the Company acquired 8 new land plots with a potential PSV of R\$232.0 million. These had an acquisition cost of R\$18.2 million, 95% to be paid in cash and 5% to be paid via swap. Moreover, it has

reinstated land parcels with potential PSV of approximately R\$133.1 million, which were previously for sale; they were added to landbank, due to positive results from new feasibility studies.

## **New Model Update and Turnaround**

Tenda is focused on expanding launch volumes under its New Business Model, which is based on three pillars: operational efficiency, risk management, and capital discipline.

The Company continues to operate in six macro regions: São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador and Recife. Tenda has a total of 81 projects/phases and a launched PSV of R\$3.0 billion since 2013. Below is a brief description of the average performance of these projects, per region.

Notably, Tenda has delivered 42 projects/phases since 2013, totaling 9,853 units and R\$1.4 billion in PSV, all of them maintaining the performance and profitability drivers established in the New Model.

Table 29. Tenda – New Model Monitoring 2013 – 2016

|                              | <b>SP</b> | <b>RJ</b> | <b>BA</b> | <b>PE</b> | <b>MG</b> | <b>RS</b> | <b>2013</b> |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| <b>Number of Projects</b>    | 4         | 1         | 2         | -         | -         | -         | 7           |
| <b>Units launched</b>        | 1,380     | 300       | 779       | -         | -         | -         | 2,459       |
| <b>Total PSV (R\$ 000)</b>   | 189.7     | 40.4      | 83.9      | -         | -         | -         | 314         |
| <b>Units Sold</b>            | 1,379     | 281       | 771       | -         | -         | -         | 2,431       |
| <b>% Sold</b>                | 100%      | 94%       | 99%       | -         | -         | -         | 99%         |
| <b>SoS Avg (Month)</b>       | 11%       | 5%        | 6%        | -         | -         | -         | 9%          |
| <b>Transfers</b>             | 1,379     | 270       | 763       | -         | -         | -         | 2,412       |
| <b>% Transferred (Sales)</b> | 100%      | 90%       | 98%       | -         | -         | -         | 98%         |
| <b>Work Progress</b>         | 100%      | 100%      | 100%      | -         | -         | -         | 100%        |

|                              | <b>SP</b> | <b>RJ</b> | <b>BA</b> | <b>PE</b> | <b>MG</b> | <b>RS</b> | <b>2014</b> |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| <b>Number of Projects</b>    | 4         | 4         | 4         | 1         | 1         | -         | 14          |
| <b>Units launched</b>        | 720       | 1,511     | 1,220     | 432       | 432       | -         | 4,315       |
| <b>Total PSV (R\$ 000)</b>   | 117.8     | 224.8     | 151.5     | 58.8      | 60.4      | -         | 613         |
| <b>Units Sold</b>            | 706       | 1,418     | 1,191     | 427       | 387       | -         | 4,129       |
| <b>% Sold</b>                | 98%       | 94%       | 98%       | 99%       | 90%       | -         | 96%         |
| <b>SoS Avg (Month)</b>       | 13%       | 5%        | 7%        | 6%        | 4%        | -         | 7%          |
| <b>Transfers</b>             | 705       | 1,319     | 1,171     | 413       | 378       | -         | 3,986       |
| <b>% Transferred (Sales)</b> | 99%       | 88%       | 96%       | 96%       | 88%       | -         | 92%         |
| <b>Work Progress</b>         | 100%      | 100%      | 99%       | 100%      | 100%      | -         | 100%        |

|                            | <b>SP</b> | <b>RJ</b> | <b>BA</b> | <b>PE</b> | <b>MG</b> | <b>RS</b> | <b>2015</b> |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| <b>Number of Projects</b>  | 10        | 7         | 5         | 3         | 2         | 3         | 30          |
| <b>Units launched</b>      | 2,180     | 1,751     | 1,584     | 944       | 372       | 880       | 7,711       |
| <b>Total PSV (R\$ 000)</b> | 338.2     | 252.6     | 198.5     | 122.3     | 53.2      | 123.6     | 1,088       |
| <b>Units Sold</b>          | 2,125     | 1,208     | 1,309     | 829       | 338       | 814       | 6,623       |
| <b>% Sold</b>              | 97%       | 69%       | 83%       | 88%       | 91%       | 93%       | 86%         |
| <b>SoS Avg (Month)</b>     | 14%       | 5%        | 8%        | 6%        | 9%        | 10%       | 9%          |
| <b>Transfers</b>           | 2,055     | 1,010     | 1,146     | 662       | 302       | 648       | 5,823       |
|                            | 95%       | 58%       | 74%       | 71%       | 81%       | 73%       | 76%         |

**% Transferred  
(Sales)  
Work Progress**

92%

83%

82%

92%

79%

87%

87%

42

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|                              | <b>SP</b> | <b>RJ</b> | <b>BA</b> | <b>PE</b> | <b>MG</b> | <b>RS</b> | <b>2016</b> |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| <b>Number of Projects</b>    | 5         | 7         | 6         | 2         | 4         | 6         | 30          |
| <b>Units launched</b>        | 1,057     | 1,738     | 1,520     | 576       | 780       | 1,400     | 7,071       |
| <b>Total PSV (R\$ 000)</b>   | 165.1     | 246.0     | 187.3     | 72.1      | 107.7     | 190.3     | 969         |
| <b>Units Sold</b>            | 514       | 486       | 450       | 228       | 258       | 296       | 2,232       |
| <b>% Sold</b>                | 49%       | 28%       | 30%       | 40%       | 33%       | 21%       | 32%         |
| <b>SoS Avg (Month)</b>       | 11%       | 10%       | 8%        | 9%        | 7%        | 8%        | 9%          |
| <b>Transfers</b>             | 306       | 257       | 311       | 125       | 103       | 124       | 1,226       |
| <b>% Transferred (Sales)</b> | 31%       | 19%       | 22%       | 21%       | 20%       | 9%        | 17%         |
| <b>Work Progress</b>         | 33%       | 25%       | 32%       | 31%       | 38%       | 14%       | 27%         |



## Financial Result

### Revenues

Tenda's 3Q16 net revenues totaled R\$270.5 million, an increase of 22.1% y-o-y, reflecting an increased operational volume during the past quarters. As shown in the table below, revenue from new projects, which quarter after quarter has been increasing its contribution to total volume of revenues, represented the majority of total revenues in 3Q16. Tenda's net revenues totaled R\$765.8 million in 9M16, an increase of 18.9% y-o-y, due to the increased level of operations in the period.

Table 30. Tenda - Pre-Sales and Recognized Revenues (R\$ 000)

| Launches         | 3Q16           |             |                |             | 3Q15           |             |                |             |
|------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
|                  | Pre-Sales      | % Sales     | Revenue        | % Revenue   | Pre-Sales      | % Sales     | Revenue        | % Revenue   |
| <b>2016</b>      | 167,443        | 70%         | 92,765         | 34%         | -              | 0%          | -              | 0%          |
| <b>2015</b>      | 71,246         | 30%         | 178,943        | 66%         | 162,543        | 66%         | 81,907         | 37%         |
| <b>2014</b>      | (4,648)        | -2%         | (7,654)        | -3%         | 51,146         | 21%         | 98,808         | 45%         |
| <b>2013</b>      | (562)          | 0%          | (844)          | 0%          | (152)          | 0%          | 4,316          | 2%          |
| <b>≤ 2012</b>    | 5,207          | 2%          | 7,299          | 3%          | 31,658         | 13%         | 36,529         | 16%         |
| <b>Total</b>     | <b>238,686</b> | <b>100%</b> | <b>270,509</b> | <b>100%</b> | <b>245,195</b> | <b>100%</b> | <b>221,560</b> | <b>100%</b> |
| <b>New Model</b> | 233,478        | 98%         | 263,210        | 97%         | 213,537        | 87%         | 185,031        | 84%         |
| <b>Legacy</b>    | 5,208          | 2%          | 7,299          | 3%          | 31,658         | 13%         | 36,529         | 16%         |

### Gross Profit and Margin

3Q16 gross profit totaled R\$90.9 million, up from R\$67.4 million in 3Q15 and 2Q16. Gross margin for the quarter reached 33.6%, compared to 30.4% in 3Q15 and 25.9% in 2Q16. The adjusted gross margin was up 35.0% in 3Q16, compared with 28.0% in 2Q16 and 32.1% y-o-y due to the accounting reclassification of R\$11.1 million of the Company's financial co-obligation balance in relation to transferred clients, required by financial institutions during construction period, which now is accounted for in Financial Results. Excluding this effect, the adjusted gross margin would remain in a healthy level of 32.2% in 3Q16.

The table below shows Tenda's gross margin breakdown in 3Q16.

Table 31. Tenda – Gross Margin (R\$ 000)

|                              | <b>3Q16</b>   | <b>2Q16</b>   | <b>Q/Q (%)</b> | <b>3Q15</b>   | <b>Y/Y(%)</b> | <b>9M16</b>    | <b>9M15</b>    | <b>Y/Y(%)</b> |
|------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|---------------|
| <b>Net Revenue</b>           | 270,509       | 260,743       | 4%             | 221,560       | 22%           | 765,804        | 644,140        | 19%           |
| <b>Gross Profit</b>          | 90,930        | 67,407        | 35%            | 67,390        | 35%           | 227,082        | 186,718        | 22%           |
| <b>Gross Margin</b>          | 33.6%         | 25.9%         | 770 bps        | 30.4%         | 320 bps       | 29.7%          | 29.0%          | 70 bps        |
| <b>(-) Financial Costs</b>   | 3,829         | 5,544         | -31%           | 3,760         | 2%            | 14,889         | 11,517         | 29%           |
| <b>Adjusted Gross Profit</b> | <b>94,759</b> | <b>72,951</b> | <b>30%</b>     | <b>71,150</b> | <b>33%</b>    | <b>241,971</b> | <b>198,235</b> | <b>22%</b>    |
| <b>Adjusted Gross Margin</b> | 35.0%         | 28.0%         | 700 bps        | 32.1%         | 290 bps       | 31.6%          | 30.8%          | 80 bps        |

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

During 3Q16, selling, general and administrative expenses totaled R\$47.5 million, an increase of 10.1% compared to R\$43.1 million in 3Q15 and 11.9% compared to R\$42.4 million in 2Q16. In 9M16, SG&A increased by 15.4%, totaling R\$127.2 million, as a result of a higher volume of operations.

Selling expenses reached R\$25.6 million in 3Q16, an increase of 20.1% from 2Q16 and 56.9% from 3Q15, due to a higher launch volume and increased gross sales. In addition, the increase of 20.1% in selling expenses reflects the current scenario of greater restriction of credit to customers, requiring a higher volume of investments related to marketing and sales expenses, so that to allow a higher volume of clients in our stores. In 9M16, selling expenses increased 38.6%, totaling R\$65.1 million.

In 3Q16, general and administrative expenses decreased 18.4% compared to 3Q15 and increased 3.5% in the sequential comparison. In 9M16, general and administrative expenses totaled R\$62.1 million, 1.8% down from R\$63.2 million recorded in 2015 and in line with the current level of operations of the Company.

Since 2013, Tenda has been rebalancing its cost structure and expenses to levels that are adequate for the current stage of its business model. This is a key step in the Company's ability to improve its operating and financial cycles, in order to achieve better profitability.

Table 32. Tenda – SG&A Expenses (R\$ 000)

|                                     | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>      | <b>9M15</b>      | <b>Y/Y(%)</b> |
|-------------------------------------|-----------------|-----------------|----------------|-----------------|---------------|------------------|------------------|---------------|
| <b>Selling Expenses</b>             | (25,554)        | (21,270)        | 20%            | (16,283)        | 57%           | (65,096)         | (46,963)         | 39%           |
| <b>General &amp; Admin Expenses</b> | (21,928)        | (21,177)        | 4%             | (26,861)        | -18%          | (62,125)         | (63,248)         | -2%           |
| <b>Total SG&amp;A Expenses</b>      | <b>(47,482)</b> | <b>(42,447)</b> | <b>12%</b>     | <b>(43,144)</b> | <b>10%</b>    | <b>(127,221)</b> | <b>(110,211)</b> | <b>15%</b>    |
| <b>Launches</b>                     | 325,393         | 414,678         | -22%           | 318,585         | 2%            | 968,614          | 786,306          | 23%           |
| <b>Net Pre-Sales</b>                | 238,686         | 324,992         | -27%           | 245,195         | -3%           | 830,176          | 778,679          | 7%            |
| <b>Net Revenue</b>                  | 270,509         | 260,743         | 4%             | 221,560         | 22%           | 765,804          | 644,140          | 19%           |

The Other Operating Revenues/Expenses totaled an expense of R\$10.5 million, an increase of 44.6% compared to 2Q16, due to the higher impact of litigation expenses recorded last quarter.

Below, we present a breakdown of this expense.

Table 33 – Tenda Segment– Other Revenues/Operating Expenses (R\$ 000)

|                            | <b>3Q16</b>     | <b>2Q16</b>    | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>     | <b>9M15</b>     | <b>Y/Y(%)</b> |
|----------------------------|-----------------|----------------|----------------|-----------------|---------------|-----------------|-----------------|---------------|
| <b>Litigation Expenses</b> | (7,704)         | (5,597)        | 38%            | (7,999)         | -4%           | (20,385)        | (18,900)        | 8%            |
| <b>Other</b>               | (2,805)         | (1,673)        | 68%            | (7,502)         | -63%          | (12,611)        | (13,308)        | -5%           |
| <b>Total</b>               | <b>(10,509)</b> | <b>(7,270)</b> | <b>45%</b>     | <b>(15,501)</b> | <b>-32%</b>   | <b>(32,996)</b> | <b>(32,208)</b> | <b>2%</b>     |

## Adjusted EBITDA

Adjusted EBITDA was R\$39.7 million in 3Q16, compared to adjusted EBITDA of R\$21.9 million in 2Q16 and R\$24.6 million in 3Q15. In 9M16, adjusted EBITDA was R\$85.0 million compared to R\$60.9 million in the last year. Adjusted EBITDA margin was 14.7% in 3Q16 compared to an adjusted EBITDA margin of 11.1% in 3Q15 and 8.4% in the previous quarter. The y-o-y increase is attributable to: (i) higher volume of revenues in the period; and (ii) better gross margin level, benefited by accounting reclassification previously mentioned. In 9M16, adjusted EBITDA margin reached 11.1%.

Table 34. Tenda – Adjusted EBITDA (R\$ 000)

|  | <b>3Q16</b>    | <b>2Q16</b>    | <b>Q/Q (%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b>  | <b>9M16</b>    | <b>9M15</b>    | <b>Y/Y(%)</b>  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net (Loss) Profit</b>                   | <b>23,045</b>  | <b>8,622</b>   | <b>167%</b>    | <b>11,830</b>  | <b>95%</b>     | <b>36,461</b>  | <b>43,311</b>  | <b>-16%</b>    |
| (+) <b>Financial results</b>               | 12,173         | 450            | 2605%          | 1,970          | 518%           | 14,520         | (5,209)        | -379%          |
| (+) <b>Income taxes</b>                    | 2,885          | 3,394          | -15%           | 1,993          | 45%            | 13,034         | 771            | 1591%          |
| (+) <b>Depreciation &amp; Amortization</b> | 4,432          | 3,040          | 46%            | 4,186          | 6%             | 11,346         | 11,058         | 3%             |
| (+) <b>Capitalized interests</b>           | 3,829          | 5,544          | -31%           | 3,760          | 2%             | 14,889         | 11,517         | 29%            |
| (+) <b>Expenses with stock Option Plan</b> | 489            | 27             | 1711%          | 545            | -10%           | 1,050          | 1,606          | -35%           |
| (+) <b>Minority Shareholders</b>           | (7,109)        | 781            | -              | 283            | -              | (6,257)        | (2,151)        | 191%           |
| <b>Adjusted EBITDA</b>                     | <b>39,744</b>  | <b>21,858</b>  | <b>82%</b>     | <b>24,567</b>  | <b>62%</b>     | <b>85,042</b>  | <b>60,902</b>  | <b>40%</b>     |
| <b>Net Revenue</b>                         | <b>270,509</b> | <b>260,743</b> | <b>4%</b>      | <b>221,560</b> | <b>22%</b>     | <b>765,804</b> | <b>644,140</b> | <b>19%</b>     |
| <b>Adjusted EBITDA Margin</b>              | <b>14.7%</b>   | <b>8.4%</b>    | <b>630 bps</b> | <b>11.1%</b>   | <b>360 bps</b> | <b>11.1%</b>   | <b>9.5%</b>    | <b>160 bps</b> |

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

2) Tenda does not hold equity interest in Alphaville. In 4Q13, the result of the divestment in Alphaville, which was allocated to Tenda, was excluded.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R\$115.9 million in 3Q16. The consolidated margin for the quarter was 43.0%.

Table 35. Tenda – Backlog Results (REF) (R\$ 000)

|                                   | <b>3Q16</b>    | <b>2Q16</b>    | <b>Q/Q(%)</b>  | <b>3Q15</b>    | <b>Y/Y(%)</b> |
|-----------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>Backlog Revenues</b>           | 269,361        | 301,000        | -11%           | 251,343        | 7%            |
| <b>Backlog Costs (units sold)</b> | (153,492)      | (175,111)      | -12%           | (142,303)      | 8%            |
| <b>Backlog Results</b>            | <b>115,869</b> | <b>125,889</b> | <b>-8%</b>     | <b>109,040</b> | <b>6%</b>     |
| <b>Backlog Margin</b>             | <b>43.0%</b>   | <b>41.8%</b>   | <b>120 bps</b> | <b>43.4%</b>   | <b>40 bps</b> |

<sup>1</sup> Backlog results net of PIS/COFINS = 3.65%, taxes and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638

<sup>2</sup> Backlog results comprise the projects restricted by condition precedent.



## Balance Sheet and Consolidated Financial Results

### Cash and Cash Equivalents

On September 30, 2016, cash and cash equivalents and marketable securities totaled R\$609.9 million, down 1.4% from June 30, 2016.

### Accounts Receivable

At the end of 3Q16, total consolidated accounts receivable totaled R\$2.3 billion, a decrease of 19.8% y-o-y and a decrease of 3.2% q-o-q.

The Gafisa and Tenda segments have approximately R\$614.4 million in accounts receivable from finished units.

Table 36. Total Receivables (R\$ 000)

|  | <b>3Q16</b>      | <b>2Q16</b>      | <b>Q/Q(%)</b> | <b>3Q15</b>      | <b>Y/Y(%)</b> |
|--|------------------|------------------|---------------|------------------|---------------|
| <b>Receivables from developments (off balance sheet)</b> | 688,984          | 692,650          | -1%           | 839,492          | -18%          |
| <b>Receivables from PoC- ST (on balance sheet)</b>       | 1,129,351        | 1,285,892        | -12%          | 1,488,988        | -24%          |
| <b>Receivables from PoC- LT (on balance sheet)</b>       | 440,056          | 354,931          | 24%           | 487,007          | -10%          |
| <b>Total</b>   | <b>2,258,391</b> | <b>2,333,473</b> | <b>-3%</b>    | <b>2,815,487</b> | <b>-20%</b>   |

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP.

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAAP.

## Cash Generation

The Company's operating cash generation reached R\$97.4 million in 3Q16. The Gafisa segment contributed cash generation of R\$89.7 million, with volume of transferred/received units sold to financing agents reaching R\$126.0 million. It is worth noting that the impact on cash generation of the sale of land in the quarter was limited to R\$5.0 million, since the remaining balance will only be received in 4Q16. The Tenda segment generated R\$7.7 million in cash, with R\$208.8 million transferred in 3Q16. In 9M16, the Company reported operating cash generation of R\$232.9 million.

While consolidated operating cash generation reached R\$97.4 million, the Company ended 3Q16 with net cash generation of R\$13.0 million, totaling R\$8.8 million in 9M16. This result does not include the disbursement related to the share buyback program carried out in the period.

Table 37. Cash Generation (R\$ 000)

|  | <b>4Q15<sup>1</sup></b> | <b>1Q16</b>      | <b>2Q16</b>      | <b>3Q16</b>      |
|--|-------------------------|------------------|------------------|------------------|
| <b>Availabilities<sup>2</sup></b>                      | <b>712,311</b>          | <b>792,076</b>   | <b>618,569</b>   | <b>609,898</b>   |
| <b>Change in Availabilities<sup>2</sup> (1)</b>        |                         | 79,766           | (173,507)        | (8,671)          |
| <b>Total Debt + Investor Obligations</b>               | <b>2,155,688</b>        | <b>2,207,114</b> | <b>2,074,335</b> | <b>2,053,154</b> |
| <b>Change in Total Debt + Investor Obligations (2)</b> |                         | 51,425           | (132,779)        | (21,181)         |
| <b>Other Investments</b>                               | <b>210,761</b>          | <b>210,761</b>   | <b>218,956</b>   | <b>219,454</b>   |
| <b>Change in Other Investments (3)</b>                 |                         | -                | 8,195            | 498              |
| <b>Cash Generation in the period (1) - (2) + (3)</b>   |                         | <b>28,340</b>    | <b>(32,534)</b>  | <b>13,009</b>    |
| <b>Cash Generation Final</b>                           |                         | <b>28,340</b>    | <b>(4,193)</b>   | <b>8,815</b>     |

<sup>1</sup> The 4Q15 data refer only to the final balance of the period in order to assist in the reconciliation of the balance changes in 2016.

<sup>2</sup> Cash and cash equivalents, and short-term investments.



## Liquidity

At the end of September 2016, the Company's Net Debt/Equity ratio reached 49.3% compared to 48.5% in the previous quarter. Excluding project finance, the Net Debt/Equity ratio was negative 8.1%.

The Company's consolidated gross debt reached R\$2.1 billion at the end of 3Q16, stable q-o-q, and down 17.7% y-o-y. In the 3Q16, the Company amortized R\$253.4 million in debt, of which R\$222.9 million was project finance and R\$30.6 million corporate debt. A total of R\$226.6 million was disbursed, allowing for a net amortization of R\$26.9 million. Considering the 9M16, 74.6% of total gross debt maturing in 2016 was amortized. New releases of R\$584.2 million took place in the year, of which R\$487.5 million related to project debt and R\$96.7 million related to corporate debt, thus allowing a net amortization in the first nine months of R\$210.7 million.

Table 38. Debt and Investor Obligations

|   | <b>3Q16</b>      | <b>2Q16</b>      | <b>Q/Q(%)</b>  | <b>3Q15</b>      | <b>Y/Y(%)</b>   |
|---|------------------|------------------|----------------|------------------|-----------------|
| Debentures - FGTS (A)   | 492,498          | 551,968          | -11%           | 808,532          | -39%            |
| Debentures – Working Capital (B)                              | 167,448          | 186,075          | -10%           | 364,900          | -54%            |
| Project Financing SFH – (C)                                   | 1,188,494        | 1,196,948        | -1%            | 1,173,382        | 1%              |
| Working Capital (D)   | 201,571          | 136,969          | 47%            | 137,891          | 46%             |
| <b>Total (A)+(B)+(C)+(D) = (E)</b>                            | <b>2,050,011</b> | <b>2,071,960</b> | <b>-1%</b>     | <b>2,484,705</b> | <b>-17%</b>     |
| Investor Obligations (F)                                      | 3,143            | 2,375            | 32%            | 8,934            | -65%            |
| <b>Total Debt (E)+(F) = (G)</b>                               | <b>2,053,154</b> | <b>2,074,335</b> | <b>-1%</b>     | <b>2,493,639</b> | <b>-18%</b>     |
| Cash and Availabilities (H)                                   | 609,898          | 618,569          | -1%            | 921,828          | -34%            |
| <b>Net Debt (G)-(H) = (I)</b>                                 | <b>1,443,256</b> | <b>1,455,766</b> | <b>-1%</b>     | <b>1,571,811</b> | <b>-8%</b>      |
| Equity + Minority Shareholders (J)                            | 2,928,749        | 3,001,290        | -2%            | 3,112,609        | -6%             |
| <b>(Net Debt) / (Equity) (I)/(J) = (K)</b>                    | <b>49.3%</b>     | <b>48.5%</b>     | <b>80 bps</b>  | <b>50.5%</b>     | <b>-120 bps</b> |
| <b>(Net Debt – Proj Fin) / Equity (I)-((A)+(C))/(J) = (L)</b> | <b>-8.1%</b>     | <b>-9.8%</b>     | <b>170 bps</b> | <b>-13.2%</b>    | <b>510 bps</b>  |

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

The Company ended 9M16 with R\$1.0 billion in total debt maturing in the short term. It should be noted, however, that 89.9% of this volume relates to debt linked to the Company's projects. Currently, the average cost of consolidated debt is 14.71% p.y., or 104.14% of the CDI.

Table 39. Debt Maturity

(R\$ 000)

Total

|   | <b>Average Cost<br/>(p.y.)</b>  |                    | <b>Until<br/>Sep/17</b> | <b>Until<br/>Sep/18</b> | <b>Until<br/>Sep/19</b> | <b>Until<br/>Sep/20</b> | <b>After<br/>Sep/20</b> |
|---|---|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Debentures - FGTS<br/>(A)</b>  | TR + 9.00% -<br>10.38%  | 492,498            | 342,609                 | 149,889                 | -                       | -                       | -                       |
| <b>Debentures – Working<br/>Capital (B)</b>                             | CDI + 1.90% /<br>IPCA + 7.96% -<br>8.22%                                | 167,448            | 30,840                  | 94,044                  | 21,279                  | 21,285                  | -                       |
| <b>Project Financing<br/>SFH (C)</b>                                    | TR + 8.33% -<br>11.82% / 120.0%<br>- 129.0% CDI                         | 1,188,494          | 581,128                 | 455,721                 | 111,669                 | 28,930                  | 11,046                  |
| <b>Working Capital (D)</b>  | CDI + 3.00% /<br>CDI + 3.95% /<br>CDI + 4.25% /<br>125.0% CDI /<br>INCC | 201,571            | 69,845                  | 78,535                  | 53,191                  | -                       | -                       |
| <b>Total (A)+(B)+(C)+(D)<br/>= (E)</b>                                  |   | <b>2,050,011</b>   | <b>1,024,422</b>        | <b>778,189</b>          | <b>186,139</b>          | <b>50,215</b>           | <b>11,046</b>           |
| <b>Investor Obligations<br/>(F)</b>                                     | CDI + 0.59%   | 3,143              | 3,143                   | -                       | -                       | -                       | -                       |
| <b>Total Debt (E)+(F) =<br/>(G)</b>                                     |   | <b>2,053,154</b>   | <b>1,027,565</b>        | <b>778,189</b>          | <b>186,139</b>          | <b>50,215</b>           | <b>11,046</b>           |
| <b>% of Total Maturity per period</b>                                   |   |                    | 50.0%                   | 37.9%                   | 9.1%                    | 2.4%                    | 0.5%                    |
| <b>Project debt maturing as % of total<br/>debt ((A)+ (C))/(G)</b>      |   |                    | 89.9%                   | 77.8%                   | 60.0%                   | 57.6%                   | 100.0%                  |
| <b>Corporate debt maturing as % of total<br/>debt ((B)+(D)+(F))/(G)</b> |   |                    | 10.1%                   | 22.2%                   | 40.0%                   | 42.4%                   | 0.0%                    |
| <b>Ratio Corporate Debt / Mortgage</b>                                  |   | <b>18.1%/81.9%</b> |                         |                         |                         |                         |                         |

## Consolidated Financial Result

### Revenue

On a consolidated basis, 3Q16 net revenue totaled R\$538.8 million, up 13.8% compared to 2Q16 and down 13.7% from 3Q15. In the quarter, the Gafisa segment represented 49.8% of consolidated revenues, while Tenda accounted for the remaining 50.2%. In 9M16, net consolidated revenue reached R\$1.4 billion.

### Gross Profit & Margin

Gross profit in 3Q16 was R\$91.9 million, compared to R\$93.5 million in 2Q16, and R\$176.2 million in the prior year period. Gross margin for the quarter reached 17.1% compared to 19.8% in 2Q16 and 28.2% in 3Q15. Year-to-date gross profit was R\$257.6 million, with a gross margin of 18.2%.

Adjusted gross profit totaled R\$142.0 million, with a margin of 26.4 %, compared to 29.2% in the 2Q16 and 35.9% in the prior year period. In 9M16, adjusted gross profit totaled R\$390.5 million with an adjusted gross margin of 27.5%.

Table 40. Gafisa Group– Gross Margin (R\$ 000)

|                              | <b>3Q16</b>    | <b>2Q16</b>    | <b>Q/Q (%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b> | <b>9M16</b>    | <b>9M15</b>    | <b>Y/Y(%)</b> |
|------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|---------------|
| <b>Net Revenue</b>           | 538,780        | 473,371        | 14%            | 624,043        | -14%          | 1,417,685      | 1,735,073      | -18%          |
| <b>Gross Profit</b>          | <b>91,893</b>  | <b>93,491</b>  | <b>-2%</b>     | <b>176,220</b> | <b>-48%</b>   | <b>257,585</b> | <b>483,963</b> | <b>-47%</b>   |
| <b>Gross Margin</b>          | 17.1%          | 19.8%          | -270 bps       | 28.2%          | -1,110 bps    | 18.2%          | 27.9%          | -970 bps      |
| <b>( - ) Financial Costs</b> | 50,087         | 44,785         | 12%            | 47,557         | 5%            | 132,908        | 119,502        | 11%           |
| <b>Adjusted Gross Profit</b> | <b>141,980</b> | <b>138,276</b> | <b>3%</b>      | <b>223,777</b> | <b>-37%</b>   | <b>390,493</b> | <b>603,465</b> | <b>-35%</b>   |
| <b>Adjusted Gross Margin</b> | 26.4%          | 29.2%          | -280 bps       | 35.9%          | -950 bps      | 27.5%          | 34.8%          | -730 bps      |

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

SG&A expenses totaled R\$99.7 million in 3Q16, up 11.1% compared to 3Q15 and 21.3% q-o-q. Year-to-date, SG&A totaled R\$263.0 million, up 5.1% from 9M15.

Table 41. Gafisa Group – SG&amp;A Expenses (R\$ 000)

|                                | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y (%)</b> | <b>9M16</b>      | <b>9M15</b>      | <b>Y/Y (%)</b> |
|--------------------------------|-----------------|-----------------|----------------|-----------------|----------------|------------------|------------------|----------------|
| <b>Selling Expenses</b>        | (50,255)        | (41,515)        | 21%            | (38,826)        | 29%            | (126,788)        | (106,574)        | 19%            |
| <b>G&amp;A Expenses</b>        | (49,472)        | (40,701)        | 22%            | (50,948)        | -3%            | (136,195)        | (143,686)        | -5%            |
| <b>Total SG&amp;A Expenses</b> | <b>(99,727)</b> | <b>(82,216)</b> | <b>21%</b>     | <b>(89,774)</b> | <b>11%</b>     | <b>(262,983)</b> | <b>(250,260)</b> | <b>5%</b>      |
| <b>Launches</b>                | 736,359         | 545,038         | 35%            | 606,819         | 21%            | 1,590,043        | 1,402,352        | 13%            |
| <b>Net Pre- Sales</b>          | 497,018         | 454,511         | 9%             | 492,803         | 1%             | 1,284,869        | 1,448,278        | -11%           |
| <b>Net Revenue</b>             | 538,780         | 473,371         | 14%            | 624,043         | -14%           | 1,417,685        | 1,735,073        | -18%           |

Other Operating Revenues/Expenses were an expense of R\$25.0 million, a decrease of 4.6% from 2Q16 and down 45.7% y-o-y. Year-to-date, other Operating Revenues/Expenses were an expense of R\$81.0 million, down 28.1% from 9M15.

The table below has more details on the breakdown of this expense.

Table 42 –Gafisa Group – Other Operating Revenues/Expenses (R\$ 000)

|                            | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>     | <b>9M15</b>      | <b>Y/Y(%)</b> |
|----------------------------|-----------------|-----------------|----------------|-----------------|---------------|-----------------|------------------|---------------|
| <b>Litigation expenses</b> | (20,982)        | (21,058)        | 0%             | (31,518)        | -33%          | (64,928)        | (87,006)         | -25%          |
| <b>Other</b>               | (4,048)         | (5,169)         | -22%           | (14,589)        | -72%          | (16,122)        | (25,707)         | -37%          |
| <b>Total</b>               | <b>(25,030)</b> | <b>(26,227)</b> | <b>-5%</b>     | <b>(46,107)</b> | <b>-46%</b>   | <b>(81,050)</b> | <b>(112,713)</b> | <b>-28%</b>   |

## Consolidated Adjusted EBITDA

Consolidated adjusted EBITDA, including Alphaville equity income, totaled R\$14.9 million in 3Q16, down from R\$22.4 million in the previous quarter and R\$92.6 million in 3Q15. Consolidated adjusted EBITDA in 3Q16 was impacted by the following factors: (i) lower gross profit in the Gafisa segment; and (ii) higher selling, general and administrative expenses. Consolidated adjusted EBITDA margin was 2.8%, compared with 4.7% margin reported in 2Q16 and 14.8% in 3Q15. In 9M16, consolidated EBITDA reached R\$53.5 million, with a margin of 3.8%.

Table 43. Gafisa Group – Consolidated Adjusted EBITDA (R\$ 000)

|  | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b>  | <b>3Q15</b>   | <b>Y/Y(%)</b>     | <b>9M16</b>      | <b>9M15</b>    | <b>Y/Y(%)</b>     |
|--|-----------------|-----------------|-----------------|---------------|-------------------|------------------|----------------|-------------------|
| <b>Net Profit (Loss)</b>                   | <b>(72,622)</b> | <b>(38,439)</b> | <b>89%</b>      | <b>13,486</b> | <b>-638%</b>      | <b>(164,288)</b> | <b>73,623</b>  | <b>-323%</b>      |
| <b>(+) Financial results</b>               | 17,465          | 2,489           | 602%            | 19,689        | -11%              | 21,895           | 25,220         | -13%              |
| <b>(+) Income taxes</b>                    | 3,961           | 2,973           | 33%             | (3,150)       | -226%             | 19,679           | 3,256          | 504%              |
| <b>(+) Depreciation &amp; Amortization</b> | 12,612          | 8,684           | 45%             | 12,608        | 0%                | 34,678           | 35,838         | -3%               |
| <b>(+) Capitalized interests</b>           | 50,087          | 44,785          | 12%             | 47,557        | 5%                | 132,908          | 119,502        | 11%               |
| <b>(+) Expenses with stock Option Plan</b> | 2,805           | 1,327           | 111%            | 2,464         | 14%               | 6,556            | 7,465          | -12%              |
| <b>(+) Minority Shareholders</b>           | 585             | 578             | 1%              | (73)          | -901%             | 2,039            | (3,126)        | -165%             |
| <b>Adjusted EBITDA</b>                     | <b>14,893</b>   | <b>22,397</b>   | <b>-34%</b>     | <b>92,581</b> | <b>-84%</b>       | <b>53,467</b>    | <b>261,778</b> | <b>-80%</b>       |
| <b>Net Revenue</b>                         | 538,780         | 473,371         | 14%             | 624,043       | -14%              | 1,417,685        | 1,735,073      | -18%              |
| <b>Adjusted EBITDA Margin</b>              | <b>2.8%</b>     | <b>4.7%</b>     | <b>-190 bps</b> | <b>14.8%</b>  | <b>-1,200 bps</b> | <b>3.8%</b>      | <b>15.1%</b>   | <b>-1,130 bps</b> |

1) We adjust our EBITDA for expenses associated with stock options plans, as it is a non-cash expense;

2) Consolidated EBITDA includes the effect of Alphaville equity income.

## Depreciation and Amortization

Depreciation and amortization in 3Q16 reached R\$11.1 million, up 27.5% compared to 2Q16 and down 11.0% compared to R\$12.4 million in 3Q15. The level of D&A is consistent with the size of the Company's operations.

## Financial Results

3Q16 net financial result was negative R\$17.5 million, compared to negative R\$2.5 million in 2Q16 and R\$19.7 million in 3Q15. Financial revenues were down 39.7% y-o-y, totaling R\$13.9 million, due to the lower balance of funds available in the period. Financial expenses reached R\$31.4 million, compared to R\$42.8 million in 3Q15, due to lower gross debt and a higher share of project-related versus corporate debt, with lower funding costs. Year-to-date, the net financial result was negative R\$21.9 million, compared to negative R\$25.2 million in 3Q15. It is worth mentioning that in 9M16, there was a positive impact from the mark-to-market of hedging operations against IPCA and CDI-indexed debts.

## Taxes

Income taxes, social contribution and deferred taxes for 3Q16 amounted to an expense of R\$4.0 million, consistent with the size of the Company's operations. In the year, the IR & CSLL expense totaled R\$19.7 million.

## Net Income

The Company ended the 3Q16 with a net loss of R\$72.6 million. Excluding equity income from AUSA, the Company recorded a net loss of R\$63.5 million, compared to a net loss of R\$26.5 million in 2Q16 and net income of R\$12.3 million in the same period last year. The Company ended the 9M16 with a net loss of R\$164.3 million, including equity income from Alphaville, compared to net income of R\$73.6 million in the same period last year.

Table 44 - Consolidated - Net Income - (R\$ 000)

|  | 3Q16            | 2Q16            | Q/Q (%)     | 3Q15          | Y/Y(%)        | 9M16              | 9M15          | Y/Y(%)        |
|--|-----------------|-----------------|-------------|---------------|---------------|-------------------|---------------|---------------|
| <b>Net Revenue</b>                               | 538,780         | 473,371         | 14%         | 624,043       | -14%          | 1,417,685         | 1,735,073     | -18%          |
| <b>Gross Profit</b>                              | 91,893          | 93,491          | -2%         | 176,220       | -48%          | 257,585           | 483,963       | -47%          |
| <b>Gross Margin</b>                              | 17.1%           | 19.8%           | -270<br>bps | 28.2%         | -1,110<br>bps | 18.2%             | 27.9%         | -970 bps      |
| <b>Adjusted Gross Profit<sup>1</sup></b>         | 141,980         | 138,276         | 3%          | 223,777       | -37%          | 390,493           | 603,465       | -35%          |
| <b>Adjusted Gross Margin<sup>1</sup></b>         | 26.4%           | 29.2%           | -280<br>bps | 35.9%         | -950 bps      | 27.5%             | 34.8%         | -730 bps      |
| <b>Adjusted EBITDA<sup>2</sup></b>               | 14,893          | 22,397          | -34%        | 92,581        | -84%          | 53,467            | 261,778       | -80%          |
| <b>Adjusted EBITDA Margin</b>                    | 2.8%            | 4.7%            | -190<br>bps | 14.8%         | -1,200<br>bps | 3.8%              | 15.1%         | -1,130<br>bps |
| <b>Net Income</b>                                | <b>(72,622)</b> | <b>(38,439)</b> | <b>89%</b>  | <b>13,486</b> |               | <b>-(164,288)</b> | <b>73,623</b> | <b>-</b>      |
| <b>( - ) Alphaville Equity Income</b>            | (9,158)         | (11,952)        | -23%        | 1,168         | -             | (10,230)          | 23,339        | -             |
| <b>Net income ( ex-Alphaville equity income)</b> | <b>(63,464)</b> | <b>(26,487)</b> | <b>140%</b> | <b>12,318</b> |               | <b>-(154,058)</b> | <b>50,284</b> | <b>-</b>      |

1) Adjusted by capitalized interests.

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

3) Consolidated EBITDA includes the impact of Alphaville equity income.

## Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R\$259.2 million in 3Q16. The consolidated margin for the quarter was 39.0%.

Table 45. Gafisa Group – Backlog Results (REF) (R\$ 000)

|                                   | <b>3Q16</b>    | <b>2Q16</b>    | <b>Q/Q (%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b> |
|-----------------------------------|----------------|----------------|----------------|----------------|---------------|
| <b>Backlog Revenues</b>           | 663,836        | 667,368        | -1%            | 808,851        | -18%          |
| <b>Backlog Costs (units sold)</b> | (404,643)      | (407,504)      | -1%            | (484,001)      | -16%          |
| <b>Backlog Results</b>            | <b>259,193</b> | <b>259,864</b> | <b>0%</b>      | <b>324,850</b> | <b>-20%</b>   |
| <b>Backlog Margin</b>             | 39.0%          | 38.9%          | 10 bps         | 40.2%          | -120 bps      |

<sup>1</sup> Backlog results net of PIS/COFINS taxes (3.65%), and excluding the impact of PVA (Present Value Adjustment) method according to Law 11.638

<sup>2</sup> Backlog results comprise the projects restricted by condition precedent.



São Paulo, November 8th, 2016

Alphaville Urbanismo SA releases its 9M results of 2016.

### Financial Results

In 9M16, net revenues totaled R\$ 555 million, 27% below the previous year, and net profit was –R\$ 34 million.

|                    |      |     |      |
|--------------------|------|-----|------|
| <b>Net revenue</b> | 555  | 762 | -27% |
| <b>Net profit</b>  | - 34 | 58  | N/A  |
| Net margin         | -6%  | 8%  |      |

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## Financial Statements Gafisa Segment

|                                     | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>      | <b>9M15</b>      | <b>Y/Y(%)</b> |
|-------------------------------------|-----------------|-----------------|----------------|-----------------|---------------|------------------|------------------|---------------|
| Net Revenue                         | 268,271         | 212,628         | 26%            | 402,483         | -33%          | 651,881          | 1,090,933        | -40%          |
| Operating Costs                     | (267,308)       | (186,544)       | 43%            | (293,653)       | -9%           | (621,378)        | (793,688)        | -22%          |
| Gross Profit                        | <b>963</b>      | <b>26,084</b>   | <b>-96%</b>    | <b>108,830</b>  | <b>-99%</b>   | <b>30,503</b>    | <b>297,245</b>   | <b>-90%</b>   |
| Gross Margin                        | 0.4%            | 12.3%           | -1,190<br>bps  | 27.0%           | -2,660<br>bps | 4.7%             | 27.2%            | -2,250<br>bps |
| Operating Expenses                  | <b>(82,568)</b> | <b>(71,730)</b> | <b>15%</b>     | <b>(94,954)</b> | <b>-13%</b>   | <b>(208,936)</b> | <b>(234,994)</b> | <b>-11%</b>   |
| Selling Expenses                    | (24,701)        | (20,245)        | 22%            | (22,543)        | 10%           | (61,692)         | (59,611)         | 3%            |
| General and Administrative Expenses | (27,544)        | (19,524)        | 41%            | (24,087)        | 14%           | (74,070)         | (80,438)         | -8%           |
| Other Operating Revenue/Expenses    | (14,521)        | (18,957)        | -23%           | (30,606)        | -53%          | (48,054)         | (80,505)         | -40%          |
| Depreciation and Amortization       | (8,180)         | (5,644)         | 45%            | (8,422)         | -3%           | (23,332)         | (24,780)         | -6%           |
| Equity Income                       | (7,622)         | (7,360)         | 4%             | (9,296)         | -18%          | (1,788)          | 10,340           | -117%         |
| Operational Result                  | <b>(81,605)</b> | <b>(45,646)</b> | <b>79%</b>     | <b>13,876</b>   | <b>-</b>      | <b>(178,433)</b> | <b>62,251</b>    | <b>-</b>      |
| Financial Income                    | 7,479           | 14,208          | -47%           | 20,975          | -64%          | 48,493           | 60,230           | -19%          |
| Financial Expenses                  | (12,771)        | (16,247)        | -21%           | (38,694)        | -67%          | (55,868)         | (90,659)         | -38%          |
| Net Income Before taxes on Income   | <b>(86,897)</b> | <b>(47,685)</b> | <b>82%</b>     | <b>(3,843)</b>  | <b>2161%</b>  | <b>(185,808)</b> | <b>31,822</b>    | <b>-</b>      |
| Deferred Taxes                      | -               | (1)             | -100%          | 9,134           | -100%         | 963              | 6,094            | -84%          |
| Income Tax and Social Contribution  | (1,076)         | 422             | -              | (3,991)         | -73%          | (7,608)          | (8,579)          | -11%          |
| Net Income After Taxes on Income    | <b>(87,973)</b> | <b>(47,264)</b> | <b>86%</b>     | <b>1,300</b>    | <b>-</b>      | <b>(192,453)</b> | <b>29,337</b>    | <b>-</b>      |
| Non controlling interests           | 7,694           | (203)           | -              | (356)           | -             | 8,296            | (975)            | -             |
| Net Income                          | <b>(95,667)</b> | <b>(47,061)</b> | <b>103%</b>    | <b>1,656</b>    | <b>-5877%</b> | <b>(200,749)</b> | <b>30,312</b>    | <b>-</b>      |

## Financial Statements Tenda Segment

|                                     | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>     | <b>Y/Y(%)</b> | <b>9M16</b>      | <b>9M15</b>      | <b>Y/Y(%)</b> |
|-------------------------------------|-----------------|-----------------|----------------|-----------------|---------------|------------------|------------------|---------------|
| Net Revenue                         | 270,509         | 260,743         | 4%             | 221,560         | 22%           | 765,804          | 644,140          | 19%           |
| Operating Costs                     | (179,579)       | (193,336)       | -7%            | (154,170)       | 16%           | (538,722)        | (457,422)        | 18%           |
| <b>Gross Profit</b>                 | <b>90,930</b>   | <b>67,407</b>   | <b>35%</b>     | <b>67,390</b>   | <b>35%</b>    | <b>227,082</b>   | <b>186,718</b>   | <b>22%</b>    |
| Gross Margin                        | 33.6%           | 25.9%           | 770 bps        | 30.4%           | 320 bps       | 29.7%            | 29.0%            | 70 bps        |
| Operating Expenses                  | <b>(59,936)</b> | <b>(54,160)</b> | <b>11%</b>     | <b>(51,314)</b> | <b>17%</b>    | <b>(169,324)</b> | <b>(149,996)</b> | <b>13%</b>    |
| Selling Expenses                    | (25,554)        | (21,270)        | 20%            | (16,283)        | 57%           | (65,096)         | (46,963)         | 39%           |
| General and Administrative Expenses | (21,928)        | (21,177)        | 4%             | (26,861)        | -18%          | (62,125)         | (63,248)         | -2%           |
| Other Operating Revenue/Expenses    | (10,509)        | (7,270)         | 45%            | (15,501)        | -32%          | (32,996)         | (32,208)         | 2%            |
| Depreciation and Amortization       | (2,889)         | (3,040)         | -5%            | (4,022)         | -28%          | (9,119)          | (10,894)         | -16%          |
| Equity Income                       | 944             | (1,403)         | -              | 11,353          | -92%          | 12               | 3,317            | -100%         |
| <b>Operational Result</b>           | <b>30,994</b>   | <b>13,247</b>   | <b>134%</b>    | <b>16,076</b>   | <b>93%</b>    | <b>57,758</b>    | <b>36,722</b>    | <b>57%</b>    |
| Financial Income                    | 6,471           | 8,586           | -25%           | 2,147           | 201%          | 23,866           | 39,774           | -40%          |
| Financial Expenses                  | (18,644)        | (9,036)         | 106%           | (4,117)         | 353%          | (38,386)         | (34,565)         | 11%           |
| Net Income Before taxes on Income   | <b>18,821</b>   | <b>12,797</b>   | <b>47%</b>     | <b>14,106</b>   | <b>33%</b>    | <b>43,238</b>    | <b>41,931</b>    | <b>3%</b>     |
| Deferred Taxes                      | (1,863)         | (169)           | 1002%          | 1,768           | -             | (5,528)          | 5,634            | -             |
| Income Tax and Social Contribution  | (1,022)         | (3,225)         | -68%           | (3,761)         | -73%          | (7,506)          | (6,405)          | 17%           |
| Net Income After Taxes on Income    | <b>15,936</b>   | <b>9,403</b>    | <b>69%</b>     | <b>12,113</b>   | <b>32%</b>    | <b>30,204</b>    | <b>41,160</b>    | <b>-27%</b>   |
| Non controlling interests           | (7,109)         | 781             | -              | 283             | -             | (6,257)          | (2,151)          | 191%          |
| <b>Net Income</b>                   | <b>23,045</b>   | <b>8,622</b>    | <b>167%</b>    | <b>11,830</b>   | <b>95%</b>    | <b>36,461</b>    | <b>43,311</b>    | <b>-16%</b>   |

## Consolidated Financial Statements

|                                     | <b>3Q16</b>     | <b>2Q16</b>     | <b>Q/Q (%)</b> | <b>3Q15</b>    | <b>Y/Y(%)</b> | <b>9M16</b>      | <b>9M15</b>    | <b>Y/Y(%)</b> |
|-------------------------------------|-----------------|-----------------|----------------|----------------|---------------|------------------|----------------|---------------|
| Net Revenue                         | 538,780         | 473,371         | 14%            | 624,043        | -14%          | 1,417,685        | 1,735,073      | -18%          |
| Operating Costs                     | (446,887)       | (379,880)       | 18%            | (447,823)      | 0%            | (1,160,100)      | (1,251,110)    | -7%           |
| Gross Profit                        | <b>91,893</b>   | <b>93,491</b>   | <b>-2%</b>     | <b>176,220</b> | <b>-48%</b>   | <b>257,585</b>   | <b>483,963</b> | <b>-47%</b>   |
| Gross Margin                        | 17.1%           | 19.8%           | -270 bps       | 28.2%          | -1,110 bps    | 18.2%            | 27.9%          | -970 bps      |
| Operating Expenses                  | (142,504)       | (125,890)       | 13%            | (146,268)      | -3%           | (378,260)        | (384,990)      | -2%           |
| Selling Expenses                    | (50,255)        | (41,515)        | 21%            | (38,826)       | 29%           | (126,788)        | (106,574)      | 19%           |
| General and Administrative Expenses | (49,472)        | (40,701)        | 22%            | (50,948)       | -3%           | (136,195)        | (143,686)      | -5%           |
| Other Operating Revenue/Expenses    | (25,030)        | (26,227)        | -5%            | (46,107)       | -46%          | (81,050)         | (112,713)      | -28%          |
| Depreciation and Amortization       | (11,069)        | (8,684)         | 27%            | (12,444)       | -11%          | (32,451)         | (35,674)       | -9%           |
| Equity Income                       | (6,678)         | (8,763)         | -24%           | 2,057          | -             | (1,776)          | 13,657         | -             |
| Operational Result                  | <b>(50,611)</b> | <b>(32,399)</b> | <b>56%</b>     | <b>29,952</b>  | <b>-</b>      | <b>(120,675)</b> | <b>98,973</b>  | <b>-</b>      |
| Financial Income                    | 13,950          | 22,794          | -39%           | 23,122         | -40%          | 72,359           | 100,004        | -28%          |
| Financial Expenses                  | (31,415)        | (25,283)        | 24%            | (42,811)       | -27%          | (94,254)         | (125,224)      | -25%          |
| Net Income Before taxes on Income   | <b>(68,076)</b> | <b>(34,888)</b> | <b>95%</b>     | <b>10,263</b>  | <b>-</b>      | <b>(142,570)</b> | <b>73,753</b>  | <b>-</b>      |
| Deferred Taxes                      | (1,863)         | (170)           | 996%           | 10,902         | -             | (4,565)          | 11,728         | -             |
| Income Tax and Social Contribution  | (2,098)         | (2,803)         | -25%           | (7,752)        | -73%          | (15,114)         | (14,984)       | 1%            |
| Net Income After Taxes on Income    | <b>(72,037)</b> | <b>(37,861)</b> | <b>90%</b>     | <b>13,413</b>  | <b>-</b>      | <b>(162,249)</b> | <b>70,497</b>  | <b>-</b>      |
| Non controlling interests           | 585             | 578             | 1%             | (73)           | -             | 2,039            | (3,126)        | -             |
| Net Income                          | <b>(72,622)</b> | <b>(38,439)</b> | <b>89%</b>     | <b>13,486</b>  | <b>-</b>      | <b>(164,288)</b> | <b>73,623</b>  | <b>-</b>      |

**Balance Sheet Gafisa Segment**

|                                      | <b>3Q16</b>      | <b>2Q16</b>      | <b>Q/Q %)</b> | <b>3Q15</b>      | <b>Y/Y(%)</b> |
|--------------------------------------|------------------|------------------|---------------|------------------|---------------|
| <b>Current Assets</b>                |                  |                  |               |                  |               |
| Cash and cash equivalents            | 100,563          | 41,190           | 144%          | 40,510           | 148%          |
| Short term investments               | 254,826          | 263,161          | -3%           | 556,079          | -54%          |
| Receivables from clients             | 780,968          | 873,183          | -11%          | 1,024,269        | -24%          |
| Properties for sale                  | 1,579,115        | 1,560,318        | 1%            | 1,312,099        | 20%           |
| Other accounts receivable            | 99,165           | 106,207          | -7%           | 162,934          | -39%          |
| Deferred selling expenses            | 2,321            | 1,489            | 56%           | 2,637            | -12%          |
| Land for sale                        | 3,443            | 3,443            | 0%            | 6,075            | -43%          |
|                                      | <b>2,820,401</b> | <b>2,848,991</b> | <b>-1%</b>    | <b>3,104,603</b> | <b>-9%</b>    |
| <b>Non-current Assets</b>            |                  |                  |               |                  |               |
| Receivables from clients             | 313,802          | 287,401          | 9%            | 440,826          | -29%          |
| Properties for sale                  | 324,336          | 412,917          | -21%          | 539,175          | -40%          |
| Other                                | 100,054          | 143,984          | -31%          | 156,427          | -36%          |
|                                      | <b>738,192</b>   | <b>844,302</b>   | <b>-13%</b>   | <b>1,136,428</b> | <b>-35%</b>   |
| Intangible. Property and Equipment   | 55,757           | 55,238           | 1%            | 62,211           | -10%          |
| Investments                          | 1,996,279        | 1,986,262        | 1%            | 1,975,988        | 1%            |
| <b>Total Assets</b>                  | <b>5,610,629</b> | <b>5,734,793</b> | <b>-2%</b>    | <b>6,279,230</b> | <b>-11%</b>   |
| <b>Current Liabilities</b>           |                  |                  |               |                  |               |
| Loans and financing                  | 631,675          | 622,546          | 1%            | 598,530          | 6%            |
| Debentures                           | 270,656          | 255,771          | 6%            | 306,680          | -12%          |
| Obligations for Purchase of Land and |                  |                  |               |                  |               |
| advances from customers              | 230,667          | 221,710          | 4%            | 253,741          | -9%           |
| Significant and service suppliers    | 39,040           | 42,903           | -9%           | 55,790           | -30%          |
| Taxes and Contribution               | 13,520           | 23,370           | -42%          | 59,703           | -77%          |
| Investor Obligations                 | 3,143            | 2,375            | 32%           | 6,654            | -53%          |
| Other                                | 349,343          | 383,128          | -9%           | 402,894          | -13%          |
|                                      | <b>1,538,044</b> | <b>1,551,803</b> | <b>-1%</b>    | <b>1,683,992</b> | <b>-9%</b>    |
| <b>Non-current liabilities</b>       |                  |                  |               |                  |               |
| Loans and financings                 | 661,785          | 619,501          | 7%            | 684,593          | -3%           |
| Debentures                           | 286,497          | 307,797          | -7%           | 550,378          | -48%          |
| Obligations for Purchase of Land and |                  |                  |               |                  |               |
| advances from customers              | 45,307           | 87,646           | -48%          | 88,183           | -49%          |
| Deferred taxes                       | 10,085           | 10,226           | -1%           | 19,454           | -48%          |
| Provision for legal claims and       |                  |                  |               |                  |               |
| commitments                          | 87,258           | 107,443          | -19%          | 79,342           | 10%           |
| Investor Obligations                 | -                | -                | 0%            | 2,280            | -100%         |
| Other                                | 51,572           | 47,750           | 8%            | 56,823           | -9%           |
|                                      | <b>1,142,504</b> | <b>1,180,363</b> | <b>-3%</b>    | <b>1,481,053</b> | <b>-23%</b>   |
| <b>Equity</b>                        |                  |                  |               |                  |               |
|                                      | 2,926,449        | 2,998,074        | -2%           | 3,110,912        | -6%           |

**Equity attributable to Shareholders of  
the Company**

|  |                  |                  |            |                  |             |
|--|------------------|------------------|------------|------------------|-------------|
| <b>Equity attributable to non-controlling<br/>interest</b> | 3,632            | 4,553            | -20%       | 3,273            | 11%         |
|  | 2,930,081        | 3,002,627        | -2%        | 3,114,185        | -6%         |
| <b>Total Liabilities and Equity attributable</b>           | <b>5,610,629</b> | <b>5,734,793</b> | <b>-2%</b> | <b>6,279,230</b> | <b>-11%</b> |

**Balance Sheet Tenda Segment**

|  | <b>3Q16</b>      | <b>2Q16</b>      | <b>Q/Q %)</b> | <b>3Q15</b>      | <b>Y/Y(%)</b> |
|--|------------------|------------------|---------------|------------------|---------------|
| <b>Current Assets</b>                              |                  |                  |               |                  |               |
| Cash and cash equivalents                          | 60,777           | 116,547          | -48%          | 27,372           | 122%          |
| Short term investments                             | 193,732          | 197,671          | -2%           | 297,867          | -35%          |
| Receivables from clients                           | 348,383          | 412,709          | -16%          | 464,720          | -25%          |
| Properties for sale                                | 539,537          | 503,352          | 7%            | 459,852          | 17%           |
| Other accounts receivable                          | 104,856          | 104,090          | 1%            | 94,677           | 11%           |
| Land for sale                                      | 71,310           | 84,060           | -15%          | 127,242          | -44%          |
|  | <b>1,318,595</b> | <b>1,418,429</b> | <b>-7%</b>    | <b>1,471,730</b> | <b>-10%</b>   |
| <b>Non-current Assets</b>                          |                  |                  |               |                  |               |
| Receivables from clients                           | 126,254          | 67,530           | 87%           | 46,181           | 173%          |
| Properties for sale                                | 199,559          | 216,894          | -8%           | 176,261          | 13%           |
| Other  | 58,091           | 48,649           | 19%           | 63,286           | -8%           |
|  | <b>383,904</b>   | <b>333,073</b>   | <b>15%</b>    | <b>285,728</b>   | <b>34%</b>    |
| Intangible, Property and Equipment                 | 46,294           | 44,516           | 4%            | 38,810           | 19%           |
| Investments  | 153,298          | 160,295          | -4%           | 168,137          | -9%           |
| <b>Total Assets</b>                                | <b>1,902,091</b> | <b>1,956,313</b> | <b>-3%</b>    | <b>1,964,405</b> | <b>-3%</b>    |
| <b>Current Liabilities</b>                         |                  |                  |               |                  |               |
| Loans and financing                                | 19,298           | 11,236           | 72%           | 5,390            | 258%          |
| Debentures   | 102,793          | 174,475          | -41%          | 216,374          | -52%          |
| Obligations for Purchase of Land and               |                  |                  |               |                  |               |
|  | 138,362          | 138,672          | 0%            | 129,169          | 7%            |
| Advances from customers                            |                  |                  |               |                  |               |
| Significant and service suppliers                  | 26,978           | 34,818           | -23%          | 23,006           | 17%           |
| Taxes and Contributions                            | 68,157           | 65,564           | 4%            | 86,645           | -21%          |
| Other  | 70,814           | 65,201           | 9%            | 70,412           | 1%            |
|  | <b>426,402</b>   | <b>489,966</b>   | <b>-13%</b>   | <b>530,996</b>   | <b>-20%</b>   |
| <b>Non-current liabilities</b>                     |                  |                  |               |                  |               |
| Loans and financings                               | 77,307           | 80,634           | -4%           | 22,760           | 240%          |
| Debentures   | -                | -                | 0%            | 100,000          | -100%         |
| Obligations for Purchase of Land and               |                  |                  |               |                  |               |
|  | 85,842           | 97,870           | -12%          | 71,044           | 21%           |
| Advances from customers                            |                  |                  |               |                  |               |
| Deferred taxes                                     | 12,088           | 10,224           | 18%           | 2,725            | 344%          |
| Provision for legal claims and commitments         | 51,768           | 52,760           | -2%           | 56,528           | -8%           |
| Other  | 90,617           | 83,217           | 9%            | 42,610           | 113%          |
|  | <b>317,622</b>   | <b>324,705</b>   | <b>-2%</b>    | <b>295,667</b>   | <b>7%</b>     |
| <b>Equity</b>                                      |                  |                  |               |                  |               |
| Equity attributable to Shareholders of the Company | 1,128,446        | 1,104,912        | 2%            | 1,103,393        | 2%            |
|  | 29,621           | 36,730           | -19%          | 34,349           | -14%          |



**Equity attributable to non-controlling  
interest**

|  |                  |                  |            |                  |            |
|--|------------------|------------------|------------|------------------|------------|
|  | <b>1,158,067</b> | <b>1,141,642</b> | <b>1%</b>  | <b>1,137,742</b> | <b>2%</b>  |
| <b>Total Liabilities and Equity attributable</b> | <b>1,902,091</b> | <b>1,956,313</b> | <b>-3%</b> | <b>1,964,405</b> | <b>-3%</b> |

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**Consolidated Balance Sheets**

|  | <b>3Q16</b>      | <b>2Q16</b>      | <b>Q/Q %)</b> | <b>3Q15</b>      | <b>Y/Y(%)</b> |
|--|------------------|------------------|---------------|------------------|---------------|
| <b>Current Assets</b>                        |                  |                  |               |                  |               |
| Cash and cash Equivalents                    | 161,340          | 157,737          | 2%            | 67,882           | 138%          |
| Short term investments                       | 448,558          | 460,832          | -3%           | 853,946          | -47%          |
| Receivables from clients                     | 1,129,351        | 1,285,892        | -12%          | 1,488,988        | -24%          |
| Proprieties for Sale                         | 2,118,652        | 2,063,670        | 3%            | 1,771,950        | 20%           |
| Other accounts receivable                    | 200,529          | 206,532          | -3%           | 226,417          | -11%          |
| Prepaid expenses and others                  | 5,811            | 5,255            | 11%           | 7,876            | -26%          |
| Land for Sale                                | 74,753           | 87,503           | -15%          | 133,317          | -44%          |
|  | <b>4,138,994</b> | <b>4,267,421</b> | <b>-3%</b>    | <b>4,550,376</b> | <b>-9%</b>    |
| <b>Non-current Assets</b>                    |                  |                  |               |                  |               |
| Receivable from clients                      | 440,056          | 354,931          | 24%           | 487,007          | -10%          |
| Properties for sale                          | 523,895          | 629,811          | -17%          | 715,436          | -27%          |
| Other  | 158,146          | 192,631          | -18%          | 204,748          | -23%          |
|  | <b>1,122,097</b> | <b>1,177,373</b> | <b>-5%</b>    | <b>1,407,191</b> | <b>-20%</b>   |
| <b>Intangible and Property and Equipment</b> |                  |                  |               |                  |               |
| Investments                                  | 127,527          | 125,230          | 2%            | 126,498          | 1%            |
|  | 964,700          | 978,100          | -1%           | 975,459          | -1%           |
| <b>Total Assets</b>                          | <b>6,353,318</b> | <b>6,548,124</b> | <b>-3%</b>    | <b>7,059,524</b> | <b>-10%</b>   |
| <b>Current Liabilities</b>                   |                  |                  |               |                  |               |
| Loans and Financing                          | 650,973          | 633,782          | 3%            | 603,920          | 8%            |
| Debentures                                   | 373,449          | 430,246          | -13%          | 523,054          | -29%          |
| Obligations for purchase of land and         |                  |                  |               |                  |               |
|  | 369,029          | 360,382          | 2%            | 382,910          | -4%           |
| Advances from customers                      |                  |                  |               |                  |               |
| Significants and service suppliers           | 66,018           | 77,721           | -15%          | 78,796           | -16%          |
| Taxes and contributions                      | 81,677           | 88,934           | -8%           | 114,613          | -29%          |
| Other  | 423,298          | 450,702          | -6%           | 485,738          | -13%          |
|  | <b>1,964,444</b> | <b>2,041,767</b> | <b>-4%</b>    | <b>2,189,031</b> | <b>-10%</b>   |
| <b>Non-current Liabilities</b>               |                  |                  |               |                  |               |
| Loans and Financing                          | 739,092          | 700,135          | 6%            | 707,353          | 4%            |
| Debentures                                   | 286,497          | 307,797          | -7%           | 650,378          | -56%          |
| Obligations for purchase of land and         |                  |                  |               |                  |               |
|  | 131,149          | 185,516          | -29%          | 159,228          | -18%          |
| Advances from customers                      |                  |                  |               |                  |               |
| Deferred taxes                               | 22,173           | 20,450           | 8%            | 22,179           | 0%            |
| Provision for legal claims and commitments   | 139,026          | 160,203          | -13%          | 139,879          | -1%           |
| Other  | 142,188          | 130,966          | 9%            | 78,867           | 80%           |
|  | <b>1,460,125</b> | <b>1,505,067</b> | <b>-3%</b>    | <b>1,757,884</b> | <b>-17%</b>   |
| <b>Equity</b>                                |                  |                  |               |                  |               |
|  | 2,926,451        | 2,998,075        | -2%           | 3,110,914        | -6%           |

**Equity attributable to Shareholders of  
the Company**

|  |                  |                  |            |                  |             |
|--|------------------|------------------|------------|------------------|-------------|
| <b>Equity attributable to non-controlling<br/>interest</b> | 2,298            | 3,215            | -29%       | 1,695            | 36%         |
|  | <b>2,928,749</b> | <b>3,001,290</b> | <b>-2%</b> | <b>3,112,609</b> | <b>-6%</b>  |
| <b>Total Liabilities and Equity attributable</b>           | <b>6,353,318</b> | <b>6,548,124</b> | <b>-3%</b> | <b>7,059,524</b> | <b>-10%</b> |

## Cash Flow

|  | <b>3Q16</b>   | <b>3Q15</b>   | <b>9M16</b>   | <b>9M15</b>     |
|--|---------------|---------------|---------------|-----------------|
| Income Before Taxes on Income and Social Contribution                              | (68,076)      | 10,263        | (142,570)     | 73,753          |
| Expenses/income not affecting cash and cash equivalents                            | 67,934        | 90,095        | 192,579       | 226,458         |
| Depreciation and amortization  | 11,069        | 12,444        | 32,451        | 35,674          |
| Provision for realization of non - financial assets - Properties and land for sale | (2,075)       | (6,828)       | (19,296)      | (2,453)         |
| Expense with stock option plan and shares  | 2,806         | 2,464         | 6,557         | 7,465           |
| Provision for penalty for over delayed projects                                    | (1,684)       | 337           | (953)         | (606)           |
| Unrealized interest and financial charges  | 42,041        | 22,091        | 94,769        | 59,754          |
| Equity income  | 6,678         | (2,057)       | 1,776         | (13,657)        |
| <u>Disposal of fixed asset</u>   | 448           | (112)         | 3,801         | 946             |
| Provision for guarantee  | (1,871)       | (288)         | (11,837)      | 8,541           |
| Provision for legal claims and commitments   | 20,982        | 31,518        | 64,928        | 87,006          |
| Provision for profit share   | 10,353        | 13,411        | 22,821        | 25,449          |
| Allowance for doubtful accounts and dissolutions                                   | (19,503)      | 3,955         | 11,088        | 3,150           |
| Write-off of Investment  | -             | (104)         | -             | (2,421)         |
| Income from financial instruments  | (1,310)       | 13,264        | (13,526)      | 17,610          |
| Customers  | 86,347        | (64,381)      | 216,811       | (142,415)       |
| Properties for sale  | 60,471        | 19,664        | 23,102        | (23,453)        |
| Other accounts receivable  | 9,343         | 17,181        | (17,657)      | 1,278           |
| Pre-paid expenses  | (556)         | 2,418         | 1,360         | 7,568           |
| Obligations on land purchase and advances from customers                           | (45,720)      | (19,702)      | (109,756)     | (49,604)        |
| Taxes and contribution   | (7,257)       | 7,130         | (20,380)      | 189             |
| Providers  | (11,703)      | (30,221)      | 8,683         | (16,335)        |
| Salaries and payroll charges   | 2,878         | (805)         | (18,451)      | (18,202)        |
| Other liabilities  | (87,200)      | (28,344)      | (102,883)     | (85,356)        |
| Related parties transactions   | 63,890        | 26,487        | 82,128        | 16,465          |
| Paid taxes   | (3,961)       | 3,150         | (19,679)      | (3,256)         |
| <b>Net cash from Operating Activities</b>  | <b>66,390</b> | <b>32,935</b> | <b>93,287</b> | <b>(12,910)</b> |
| <b>Investments Activities</b>  |               |               |               |                 |
| Purchase of property and equipment and intangible assets                           | (13,814)      | (15,140)      | (37,261)      | (37,523)        |
| <u>Investments in subsidiaries</u>   | (2,628)       | (192)         | (15,267)      | (1,154)         |

|   |                 |                  |                  |                  |
|---|-----------------|------------------|------------------|------------------|
| <b>Redemption of short-term investments</b>             | 929,357         | 1,964,858        | 2,838,803        | 4,097,940        |
| <b>Purchase of short-term investments</b>               | (917,083)       | (2,096,220)      | (2,657,690)      | (3,904,527)      |
| <b>Net cash from investing activities</b>               | <b>(4,168)</b>  | <b>(146,694)</b> | <b>128,585</b>   | <b>154,736</b>   |
| <b>Financing activities</b>                             |                 |                  |                  |                  |
| <b>Investor obligations</b>                             | 768             | 1,638            | (1,752)          | (2,096)          |
| <b>Increase in loans and financing</b>                  | 262,863         | 261,265          | 704,252          | 643,937          |
| <b>Amortization of loans and financing</b>              | (326,853)       | (231,450)        | (899,803)        | (805,510)        |
| <b>Buyback of treasury shares</b>                       | (498)           | (2,022)          | (8,693)          | (24,157)         |
| <b>Assignment of credit receivables, net</b>            | 12,019          | -                | 53,828           | -                |
| <b>Loan Operations with related parts</b>               | (6,922)         | (2,024)          | 8,987            | 3,388            |
| <b><u>Sale of treasury shares</u></b>                   | 919             | 1,212            | 2,149            | 3,023            |
| <b><u>Result from the sale of treasury shares</u></b>   | (915)           | (1,207)          | (2,140)          | (2,424)          |
| <b>Net cash from financing activities</b>               | <b>(58,619)</b> | <b>27,412</b>    | <b>(143,172)</b> | <b>(183,839)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>3,603</b>    | <b>(86,347)</b>  | <b>78,700</b>    | <b>(42,013)</b>  |
| <b>Opening balance of cash and cash equivalents</b>     | 82,640          | 154,229          | 82,640           | 109,895          |
| <b>Closing balance of cash and cash equivalents</b>     | 161,340         | 67,882           | 161,340          | 67,882           |
| <b>Increase (decrease) in cash and cash equivalents</b> | <b>3,603</b>    | <b>(86,347)</b>  | <b>78,700</b>    | <b>(42,013)</b>  |

## About Gafisa

Gafisa is one Brazil's leading residential and commercial properties development and construction companies. Founded over 60 years ago, the Company is dedicated to growth and innovation oriented to enhancing the well-being, comfort and safety of an increasing number of households. More than 15 million square meters have been built, and approximately 1,100 projects delivered under the Gafisa brand - more than any other company in Brazil. Recognized as one of the foremost professionally managed homebuilders, Gafisa's brand is also one of the most respected, signifying both quality and consistency. In addition to serving the upper-middle and upper class segments through the Gafisa brand, the Company also focuses on low income developments through its Tenda brand. And, it participates through its 30% interest in Alphaville, a leading urban developer, in the national development and sale of residential lots. Gafisa S.A. is a Corporation traded on the Novo Mercado of the BM&FBOVESPA (BOVESPA:GFA3) and is the only Brazilian homebuilder listed on the New York Stock Exchange (NYSE:GFA) with an ADR Level III, which ensures best practices in terms of transparency and corporate governance.

*This release contains forward-looking statements about the business prospects, estimates for operating and financial results and Gafisa's growth prospects. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors; therefore, they are subject to change without prior notice.*

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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information

September 30, 2016

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

### **1. Operations**

Gafisa S.A. ("Gafisa" or "Company") is a publicly traded company with registered office at Avenida das Nações Unidas, 8501, 19<sup>th</sup> floor, in the city and state of São Paulo, Brazil and commenced its operations in 1997 with the objectives of: (i) promoting and managing all forms of real estate ventures on its own behalf or for third parties (in the latter case, as construction company and proxy); (ii) selling and purchasing real estate properties; (iii) providing civil construction and civil engineering services; (iv) developing and implementing marketing strategies related to its own and third party real estate ventures; and (v) investing in other companies that share similar objectives.

The Company has stocks traded at BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros and the New York Stock Exchange (NYSE), reporting its information to the Brazilian Securities Commission (CVM) and the U.S. Securities and Exchange Commission (SEC).

The Company enters into real estate development projects with third parties through specific purpose partnerships ("Sociedades de Propósito Específico" or "SPEs") or through the formation of consortia and condominiums. Controlled entities substantially share managerial and operating structures, and corporate, managerial and operating costs with the Company. SPEs, condominiums and consortia operate solely in the real estate industry and are linked to specific ventures.

On October 19, 2016, the Company disclosed a material fact informing to its shareholders and the market in general that the members of Gafisa's Board of Directors approved the request for registration with the CVM of a public offering for the secondary distribution of registered, book-entry, common shares, with no par value, issued by subsidiary Tenda and owned by Gafisa. Additionally, on the same date it was approved, in the Shareholders' Meeting of Tenda, the submission of the application for listing the stocks it issues in the Novo Mercado segment of BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros (Note 31(iii)).





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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

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

On November 8, 2016, the Company's Board of Directors approved these individual and consolidated quarterly information of the Company and authorized their disclosure.

The individual quarterly information (Company) and consolidated quarterly information were prepared and are being presented based on the technical pronouncement CPC 21(R1) – Interim Financial Reporting, using the same accounting practices, judgments, estimates and assumptions adopted in the presentation and preparation of the financial statements for the year ended December 31, 2015. Therefore, the corresponding quarterly information shall be read together with the financial statements as of December 31, 2015.

The individual quarterly information, identified as "Company", has been prepared and is being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncement Committee (CPC), approved by the Brazilian Securities Commission (CVM) and are disclosed together with the consolidated quarterly information.

The consolidated quarterly information of the Company has been prepared and is being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the CPC, approved by the Brazilian Securities Commission (CVM), and according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil, including the Guideline OCPC 04 - Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, in relation to the treatment of the

recognition of revenue from this sector and involves certain matters related to application of the continuous transfer of the risks, rewards and control over the real estate units sold.

The individual quarterly information of the Company is not considered in compliance with the International Financial Reporting Standards (IFRS), once it considers the capitalization of interest on qualifying assets of investees in the separate quarterly information of the Company. In view of the fact that there is no difference between the Company's and the consolidated equity and profit or loss, the Company opted for presenting the accompanying individual and consolidated information in only one set.

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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

**2. Presentation of quarterly information and summary of significant accounting policies--Continued**

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

The quarterly information has been prepared on a going concern basis. Management makes an assessment of the Company's ability to continue as going concern when preparing the quarterly information.

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

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 2.1 to the individual and consolidated financial statements as of December 31, 2015.

**2.1.1. Consolidated quarterly information**

The accounting practices were uniformly adopted in all subsidiaries included in the consolidated quarterly information and the fiscal year of these companies is the same of the Company. See further details in Note 9.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 2.1.1 to the individual and consolidated financial statements as of December 31, 2015.

**3. New standards, changes and interpretation of standards issued and not yet adopted**

There is no other standard, change to standards or interpretation issued and not yet adopted that could, on the Management's opinion, have significant impact arising from its adoption on its quarterly information.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 3 to the individual and consolidated financial statements as of December 31, 2015.

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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

#### **4.1. Cash and cash equivalents**

|   | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Cash and banks  | <b>9,696</b>      | 31,823            | <b>64,321</b>       | 69,560            |
| Securities purchased under resale agreements (a)          | <b>63,552</b>     | 12,221            | <b>64,183</b>       | 13,080            |
| Funds deposited with third parties (b)                    | -                 | -                 | <b>32,836</b>       | -                 |
| Total cash and cash equivalents (Note 20.ii.a and 20.iii) | <b>73,248</b>     | 44,044            | <b>161,340</b>      | 82,640            |

(a) As of September 30, 2016, the securities purchased under resale agreement include interest earned through the balance sheet date, ranging from 65% to 100% of Interbank Deposit Certificates (CDI) (from 75% to 100.5% of CDI in 2015). All investments are carried out with what management considers being top tier financial institutions.

(b) Amount deposited with Itaú Corretora de Valores S.A., for settling, on October 03, 2016, the 17<sup>th</sup> interest installment and the 11<sup>th</sup> amortization installment related to the first debenture placement of the subsidiary Tenda (Note 31 (i)).

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 4.1 to the financial statements as of December 31 2015.

**4.2. Short-term investments**

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Fixed-income funds   | <b>81,431</b>     | 192,409           | <b>139,630</b>      | 279,486           |
| Government bonds (LFT)   | <b>5,431</b>      | 10,081            | <b>15,509</b>       | 18,631            |
| Corporate securities (LF/DPGE)                                 | <b>19,447</b>     | 51,835            | <b>55,538</b>       | 95,801            |
| Securities purchased under resale agreements (Note 4.1. (a))   | <b>10,856</b>     | 11,890            | <b>22,493</b>       | 25,548            |
| Bank certificates of deposit (a)                               | <b>35,343</b>     | 54,491            | <b>99,872</b>       | 101,733           |
| Restricted cash in guarantee to loans                          | <b>27,041</b>     | 20,515            | <b>27,073</b>       | 31,633            |
| Restricted credits   | <b>5,816</b>      | 9,122             | <b>88,443</b>       | 76,839            |
| Total short-term investments (Note 20.i.d, 20.ii.a and 20.iii) | <b>185,365</b>    | 350,343           | <b>448,558</b>      | 629,671           |

(a) As of September 30, 2016, Bank Certificates of Deposit (CDBs) include interest earned through the balance sheet date, varying from 72% to 104.5% (from 90% to 107% in 2015) of Interbank Deposit Certificates (CDI) rate. The CDBs earn an average income higher than those of securities purchased under resale agreements; however, the Company invests in short term (up to 20 working days) through securities purchased under resale agreements taking into account the exemption of IOF, which is not granted in the case of CDBs.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 4.2 to the financial statements as of December 31, 2015.

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Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

|   | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Real estate development and sales                             | <b>811,221</b>    | 1,001,351         | <b>1,634,510</b>    | 1,895,795         |
| ( - ) Allowance for doubtful accounts and cancelled contracts | <b>(20,236)</b>   | (12,365)          | <b>(96,250)</b>     | (100,530)         |
| ( - ) Present value adjustments                               | <b>(16,777)</b>   | (21,527)          | <b>(28,827)</b>     | (31,052)          |
| Services and construction and other receivables               | <b>32,818</b>     | 18,583            | <b>59,974</b>       | 38,151            |
| Total trade accounts receivable of development and services   |                   |                   |                     |                   |
| (Note 20.ii.a)  | <b>807,026</b>    | 986,042           | <b>1,569,407</b>    | 1,802,364         |
| Current portion   | <b>608,837</b>    | 723,950           | <b>1,129,351</b>    | 1,395,273         |
| Non-current portion   | <b>198,189</b>    | 262,092           | <b>440,056</b>      | 407,091           |

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

| <b>Maturity</b>     | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---------------------|-------------------|-------------------|---------------------|-------------------|
|                     | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Overdue:            |                   |                   |                     |                   |
| Up to 90 days       | <b>51,960</b>     | 116,229           | <b>78,201</b>       | 207,838           |
| From 91 to 180 days | <b>10,687</b>     | 14,568            | <b>32,515</b>       | 50,985            |
| Over 180 days (a)   | <b>85,704</b>     | 74,727            | <b>276,577</b>      | 290,247           |
|                     | <b>148,351</b>    | 205,524           | <b>387,293</b>      | 549,070           |
| Maturity:           |                   |                   |                     |                   |
| 2016                | <b>199,059</b>    | 543,781           | <b>348,600</b>      | 925,543           |
| 2017                | <b>288,980</b>    | 148,568           | <b>596,581</b>      | 286,138           |

Cash Flow

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|  |                 |          |                  |           |
|--|-----------------|----------|------------------|-----------|
| 2018   | <b>97,799</b>   | 62,256   | <b>168,620</b>   | 83,266    |
| 2019   | <b>80,528</b>   | 20,254   | <b>137,503</b>   | 34,518    |
| 2020 onwards   | <b>29,322</b>   | 39,551   | <b>55,887</b>    | 55,411    |
|  | <b>695,688</b>  | 814,410  | <b>1,307,191</b> | 1,384,876 |
| ( - ) Adjustment to present value                            | <b>(16,777)</b> | (21,527) | <b>(28,827)</b>  | (31,052)  |
| ( - ) Allowance for doubtful account and cancelled contracts | <b>(20,236)</b> | (12,365) | <b>(96,250)</b>  | (100,530) |
|  | <b>807,026</b>  | 986,042  | <b>1,569,407</b> | 1,802,364 |

(a) Of the amount more than 180 days past due in the Consolidated balance, R\$45,569 refers to the amounts in process of transfer from subsidiary Tenda to financial institutions (R\$69,464 in 2015).

The change in the allowance for doubtful accounts and cancelled contracts for the period ended September 30, 2016 is summarized as follows:

|                               |                   |
|-------------------------------|-------------------|
|                               | <b>Company</b>    |
|                               | <b>09/30/2016</b> |
| Balance at December 31, 2015  | <b>(12,365)</b>   |
| Additions (Note 22)           | <b>(8,270)</b>    |
| Write-offs (Note 22)          | <b>399</b>        |
| Balance at September 30, 2016 | <b>(20,236)</b>   |

|                               |                     |               |                 |
|-------------------------------|---------------------|---------------|-----------------|
|                               | <b>Consolidated</b> |               |                 |
|                               | Properties for      |               |                 |
|                               | <b>Receivables</b>  | sale (Note 6) | <b>Net</b>      |
| Balance at December 31, 2015  | (100,530)           | 21,764        | <b>(78,766)</b> |
| Additions (Note 22 and 23)    | (8,270)             | -             | <b>(8,270)</b>  |
| Write-offs (Note 22 and 23)   | 12,550              | (15,368)      | <b>(2,818)</b>  |
| Balance at September 30, 2016 | <b>(96,250)</b>     | <b>6,396</b>  | <b>(89,854)</b> |



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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

In the period ended September 30, 2016, the Company entered into the following Real Estate Receivables Agreement (CCI) transactions, which are aimed at the assignment by the assignor to the assignee of a portfolio comprising select business real estate receivables performed and to be performed arising out of Gafisa and its subsidiaries. The assigned portfolio, discounted to present value, is recorded under the heading "obligations assumed on the assignment of receivables".

| Transaction date | Assigned<br>accounting<br>portfolio | Portfolio discounted<br>to present value | Transaction balance at September<br>30, 2016 (Note 14) |              |
|------------------|-------------------------------------|--|--|--------------|
|                  |                                     |  | Company  | Consolidated |
| 03/04/2016       | 27,954                              | 27,334                                   | 19,510   | 23,203       |
| 05/09/2016       | 17,827                              | 17,504                                   | 12,328   | 15,573       |
| 08/16/2016 (a)   | 15,418                              | 14,943                                   | 9,301  | 9,301        |

(a) The consolidated balance of the transaction as of September 30, 2016 (Note 14) does not include joint ventures, which are recorded under the equity method, according to the CPCs 18(R2) and 19(R2).

In the transactions above, the Company and its subsidiaries are jointly responsible until the time of the transfer of the conditional sale to the securitization company.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 5 to the financial statements as of December 31, 2015.

**6. Properties for sale**

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Land   | <b>663,169</b>    | 775,814           | <b>1,347,759</b>    | 1,443,460         |
| ( - ) Adjustment to present value  | <b>(8,194)</b>    | (9,639)           | <b>(21,333)</b>     | (16,771)          |
| Property under construction  | <b>379,105</b>    | 545,701           | <b>723,933</b>      | 857,619           |
| Real estate cost in the recognition of the provision<br>for cancelled contracts (Note 5) | -                 | -                 | <b>6,396</b>        | 21,764            |
| Completed units  | <b>497,708</b>    | 216,073           | <b>594,283</b>      | 333,036           |
| ( - ) Provision for realization of properties for sale                                   | <b>(5,437)</b>    | (5,437)           | <b>(8,491)</b>      | (8,491)           |
| <b>Total properties for sale</b>   | <b>1,526,351</b>  | 1,522,512         | <b>2,642,547</b>    | 2,630,617         |
| Current portion  | <b>1,321,927</b>  | 1,135,137         | <b>2,118,652</b>    | 1,880,377         |
| Non-current portion  | <b>204,424</b>    | 387,375           | <b>523,895</b>      | 750,240           |

In the period ended September 30, 2016, there was no change in the provision for impairment of properties for sale.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 6 to the financial statements as of December 31, 2015.

**7. Other accounts receivable and others**

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Advances to suppliers                              | <b>4,521</b>      | 1,578             | <b>8,744</b>        | 7,102             |
| Recoverable taxes (IRRF, PIS, COFINS, among other) | <b>15,936</b>     | 20,712            | <b>60,650</b>       | 66,289            |
| Judicial deposit (Note 16)                         | <b>112,258</b>    | 105,275           | <b>138,822</b>      | 125,358           |
| Other  | <b>3</b>          | 4                 | <b>4,518</b>        | 4,788             |
| <b>Total other accounts receivable and others</b>  | <b>132,718</b>    | 127,569           | <b>212,734</b>      | 203,537           |
| Current portion                                    | <b>47,265</b>     | 46,621            | <b>120,032</b>      | 120,657           |
| Non-current portion                                | <b>85,453</b>     | 80,948            | <b>92,702</b>       | 82,880            |



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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### **8. Assets held for sale**

#### **8.1 Land available for sale**

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

|   | <b>Company<br/>Provision<br/>for</b> |                           |                        | <b>Consolidated<br/>Provision<br/>for</b> |                           |                        |
|---|--------------------------------------|---------------------------|------------------------|---|---------------------------|------------------------|
|   | <b>Cost</b>                          | <b>Net<br/>impairment</b> | <b>Net<br/>balance</b> | <b>Cost</b>                               | <b>Net<br/>impairment</b> | <b>Net<br/>balance</b> |
| Balance at December 31, 2015                | <b>19,457</b>                        | <b>(15,090)</b>           | <b>4,367</b>           | <b>147,673</b>                            | <b>(41,816)</b>           | <b>105,857</b>         |
| Additions                                   | 2,264                                | -                         | 2,264                  | 4,489                                     | -                         | 4,489                  |
| Transfer from (to) properties for sale, net | -                                    | -                         | -                      | (38,451)                                  | -                         | (38,451)               |
| Reversal/Write-offs                         | (9,490)                              | 6,302                     | (3,188)                | (16,438)                                  | 19,296                    | 2,858                  |
| Balance at September 30, 2016               | <b>12,231</b>                        | <b>(8,788)</b>            | <b>3,443</b>           | <b>97,273</b>                             | <b>(22,520)</b>           | <b>74,753</b>          |
| Gafisa segment                              |                                      |                           |                        | 12,231                                    | (8,788)                   | <b>3,443</b>           |
| Tenda segment                               |                                      |                           |                        | 85,042                                    | (13,732)                  | <b>71,310</b>          |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 8.1 to the financial statements as of December 31, 2015.

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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 9. Investments in subsidiaries and jointly controlled investees

#### (i) Ownership interest

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

| Direct investees                               | Interest in capital - % |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Profit (loss) for the period |            |        |
|--|-------------------------|------------|--------------|-------------------|--|------------|------------------------------|------------|--------|
|  | 09/30/2016              | 12/31/2015 | 09/30/2016   | 09/30/2016        | 09/30/2016                                     | 12/31/2015 | 09/30/2016                   | 09/30/2015 |        |
| Construtora Tenda S/A Alphaville Urbanismo S.A | -                       | 100%       | 100%         | 1,807,568         | 679,122  | 1,128,446  | 1,090,935                    | 36,461     | 43,311 |
| Gafisa SPE 26 Ltda.                            | -                       | 30%        | 30%          | 2,729,170         | 2,034,751                                      | 694,419    | 728,519                      | (34,100)   | 57,724 |
| Gafisa SPE-130 Emp. Imob. Ltda.                | -                       | 100%       | 100%         | 177,036           | 10,018   | 167,018    | 167,361                      | (343)      | 495    |
| Gafisa SPE-116 Emp. Imob. Ltda.                | -                       | 100%       | 100%         | 154,595           | 72,615   | 81,980     | 53,323                       | 4,890      | 4,043  |
| Gafisa SPE-111 Emp. Imob. Ltda.                | (a)                     | 50%        | 50%          | 187,263           | 61,549   | 125,714    | 103,372                      | 22,342     | 15,707 |
| Gafisa SPE-111 Emp. Imob. Ltda.                | -                       | 100%       | 100%         | 119,802           | 57,292   | 62,510     | 79,764                       | (17,254)   | 14,594 |

Cash Flow

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|  |   |      |      |         |        |        |        |         |         |
|--|---|------|------|---------|--------|--------|--------|---------|---------|
| Maraville<br>Gafsa SPE<br>Emp. Imob.<br>Ltda.  | - | 100% | 100% | 109,039 | 51,560 | 57,479 | 48,883 | 8,596   | 1,255   |
| Gafisa<br>SPE-89 Emp.<br>Imob. Ltda.           | - | 100% | 100% | 81,234  | 27,011 | 54,223 | 60,362 | (2,939) | 1,507   |
| Gafisa SPE -<br>127 Emp.<br>Imob. Ltda.        | - | 100% | 100% | 99,027  | 52,124 | 46,903 | 35,718 | 786     | 6,224   |
| Gafisa<br>SPE-51 Emp.<br>Imob. Ltda.           | - | 100% | 100% | 54,312  | 7,970  | 46,342 | 46,825 | (484)   | 543     |
| Gafisa SPE -<br>121 Emp.<br>Imob. Ltda.        | - | 100% | 100% | 90,971  | 45,756 | 45,215 | 46,897 | (1,682) | 17,334  |
| Gafisa SPE<br>72 Emp.<br>Imob. Ltda.           | - | 100% | 100% | 55,559  | 11,354 | 44,205 | 44,275 | (70)    | 231     |
| Gafisa SPE -<br>122 Emp.<br>Imob. Ltda.        | - | 100% | 100% | 135,238 | 91,389 | 43,849 | 31,624 | 9,269   | 10,451  |
| Gafisa<br>SPE-110<br>Emp. Imob.<br>Ltda.       | - | 100% | 100% | 44,784  | 4,686  | 40,098 | 40,879 | (781)   | (1,175) |
| Gafisa SPE -<br>120 Emp.<br>Imob. Ltda.        | - | 100% | 100% | 41,911  | 4,388  | 37,523 | 36,621 | 903     | 6,163   |
| Manhattan<br>Square Em.<br>Im. Res. 02<br>Ltda | - | 100% | 100% | 36,059  | 635    | 35,424 | 35,424 | -       | (1)     |
| SPE Parque<br>Ecoville Emp.<br>Imob. Ltda      | - | 100% | 100% | 90,098  | 55,299 | 34,799 | 34,984 | (185)   | (1,620) |
| Gafisa<br>SPE-104<br>Emp. Imob.<br>Ltda.       | - | 100% | 100% | 93,554  | 63,244 | 30,310 | 3,428  | 628     | (918)   |
| Gafisa SPE-<br>129 Emp.<br>Imob. Ltda.         | - | 100% | 100% | 69,180  | 39,181 | 29,999 | 24,012 | 5,987   | 4,102   |
| Gafisa<br>SPE-107<br>Emp. Imob.<br>Ltda.       | - | 100% | 100% | 32,557  | 3,031  | 29,526 | 29,442 | 84      | 95      |
| Gafisa<br>SPE-41 Emp.<br>Imob. Ltda.           | - | 100% | 100% | 28,197  | 1,634  | 26,563 | 26,469 | 93      | 75      |
|  | - | 100% | 100% | 26,034  | 82     | 25,952 | 26,225 | (273)   | (7)     |

Cash Flow

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|   |        |      |      |         |        |        |        |         |         |
|---|--------|------|------|---------|--------|--------|--------|---------|---------|
| Verdes<br>Pracas<br>Incorp. Imob.<br>SPE Ltda.<br>Gafisa E Ivo<br>Rizzo SPE-47<br>Em. Im. Ltda. | (a)    | 80%  | 80%  | 32,612  | 479    | 32,133 | 31,749 | 5       | (27)    |
| Gafisa SPE -<br>126 Emp.<br>Imob. Ltda.<br>Varandas<br>Grand Park<br>Em. Im. Spe<br>Ltda        | -      | 100% | 100% | 73,618  | 50,665 | 22,953 | 22,834 | 118     | 5,487   |
| Gafisa<br>SPE-112<br>Emp. Imob.<br>Ltda   | (a)(c) | 50%  | 50%  | 109,533 | 63,749 | 45,784 | 43,587 | (750)   | (280)   |
| Gafisa<br>SPE-134<br>Emp. Imob.<br>Ltda.  | -      | 100% | 100% | 29,643  | 7,948  | 21,695 | 21,736 | (42)    | (429)   |
| Gafisa<br>SPE-134<br>Emp. Imob.<br>Ltda.  | -      | 100% | 100% | 43,092  | 23,237 | 19,855 | 2,083  | 429     | 2,175   |
| Sitio Jatiuca<br>Emp. Imob.<br>SPE Ltda   | (a)    | 50%  | 50%  | 43,229  | 4,225  | 39,004 | 41,470 | 3,934   | 2,555   |
| Manhattan<br>Square Em.<br>Im. Com. 02<br>Ltda  | -      | 100% | 100% | 17,958  | -      | 17,958 | 17,955 | -       | (1)     |
| Gafisa SPE<br>46 Emp.<br>Imob. Ltda.  | -      | 100% | 100% | 30,930  | 13,031 | 17,899 | 17,740 | 160     | 219     |
| Parque<br>Arvores<br>Empr. Imob.<br>Ltda.   | (a)(c) | 50%  | 50%  | 38,984  | 4,672  | 34,312 | 33,378 | 922     | 1,540   |
| Gafisa SPE<br>30 Emp.<br>Imob. Ltda.  | -      | 100% | 100% | 63,787  | 47,439 | 16,348 | 16,196 | 152     | 16      |
| Edsp 88<br>Participações<br>S.A.  | -      | 100% | 100% | 31,132  | 14,816 | 16,316 | 17,454 | (1,138) | (1,145) |
| Gafisa<br>SPE-92 Emp.<br>Imob. Ltda.  | -      | 100% | 100% | 16,739  | 1,111  | 15,628 | 15,474 | 155     | 169     |
| Gafisa<br>SPE-106<br>Emp. Imob.<br>Ltda.  | -      | 100% | 100% | 16,661  | 1,055  | 15,606 | 15,623 | (17)    | (13)    |
| Diodon<br>Participações   | -      | 100% | 100% | 17,897  | 2,924  | 14,973 | 14,962 | 10      | (80)    |

Cash Flow

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|  |     |      |      |        |        |        |        |          |         |
|--|-----|------|------|--------|--------|--------|--------|----------|---------|
| Ltda<br>Gafisa SPE<br>71 Emp.<br>Imob. Ltda.     | -   | 100% | 100% | 16,385 | 2,421  | 13,964 | 14,060 | (96)     | 58      |
| Gafisa SPE-<br>132 Emp.<br>Imob. Ltda.           | -   | 100% | 100% | 55,752 | 41,954 | 13,798 | -      | (311)    | (1)     |
| Gafisa SPE<br>33 Emp.<br>Imob. Ltda.             | -   | 100% | 100% | 15,222 | 2,006  | 13,216 | 13,385 | (168)    | (859)   |
| Gafisa SPE -<br>123 Emp.<br>Imob. Ltda.          | -   | 100% | 100% | 91,856 | 79,416 | 12,440 | 15,683 | (3,243)  | (6,605) |
| Gafisa SPE<br>65 Emp.<br>Imob. Ltda.             | -   | 100% | 100% | 20,038 | 8,335  | 11,703 | 11,601 | 102      | 172     |
| Alto da Barra<br>Sao Miguel<br>Em. Im. Ltda      | (a) | 50%  | 50%  | 24,441 | 1,469  | 22,972 | 23,505 | (534)    | 848     |
| Blue I<br>SPE-Plan.<br>Prom.,Inc. e<br>Venda Ltd | -   | 100% | 100% | 11,576 | 608    | 10,968 | 11,051 | (83)     | 194     |
| Città Ville<br>SPE Emp.<br>Imob. Ltda.           | (b) |      | 50%  | 22,141 | 641    | 21,500 | 22,195 | (696)    | 794     |
| Fit 13 Spe<br>Empr. Imob.<br>Ltda.               | (b) |      | 50%  | 23,367 | 2,483  | 20,884 | 34,487 | (13,604) | 424     |



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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

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

### 9. Investments in subsidiaries and jointly controlled investees--Continued

#### (i) Ownership interest--Continued

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

| Direct investees                | Interest in capital - % |            | Total assets | Total liabilities | Equity and advance for future capital increase |            | Profit (loss) for the period |            |         |
|---------------------------------|-------------------------|------------|--------------|-------------------|--|------------|------------------------------|------------|---------|
|                                 | 09/30/2016              | 12/31/2015 | 09/30/2016   | 09/30/2016        | 09/30/2016                                     | 12/31/2015 | 09/30/2016                   | 09/30/2015 |         |
| Gafisa SPE 36 Emp. Imob. Ltda.  | -                       | 100%       | 100%         | 26,059            | 17,117   | 8,942      | 8,857                        | 85         | 770     |
| Gafisa SPE-81 Emp. Imob. Ltda.  | -                       | 100%       | 100%         | 85,785            | 77,037   | 8,748      | 8,978                        | (230)      | 3,078   |
| Atins Emp. Imob.s Ltda.         | (a)                     | 50%        | 50%          | 30,632            | 13,326   | 17,306     | 15,777                       | (836)      | (33)    |
| Parque Aguas Empr. Imob. Ltda.  | (a)(c)                  | 50%        | 50%          | 17,386            | 1,438  | 15,948     | 15,263                       | 1,075      | 715     |
| Gafisa SPE-38 Emp. Imob. Ltda.  | -                       | 100%       | 100%         | 8,020             | 58   | 7,962      | 7,968                        | (6)        | (5)     |
| Gafisa SPE-109 Emp. Imob. Ltda. | -                       | 100%       | 100%         | 8,992             | 1,835  | 7,157      | 7,189                        | (32)       | (80)    |
|                                 | (a)                     | 60%        | 60%          | 63,610            | 51,868   | 11,742     | 7,521                        | (9,375)    | (8,999) |

Cash Flow

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|   |     |     |     |                  |                  |                  |                  |               |                |
|---|-----|-----|-----|------------------|------------------|------------------|------------------|---------------|----------------|
| Fit 02 SPE Emp. Imob. Ltda.                   | -   | 60% | 60% | 10,274           | 262              | 10,012           | 9,882            | 427           | (2,262)        |
| Fit Jardim Botânico SPE Emp. Imob. Ltda.      | -   | 55% | 55% | 10,111           | 240              | 9,871            | 9,999            | (229)         | (5,519)        |
| Fit 11 SPE Emp. Imob. Ltda.                   | -   | 70% | 70% | 34,941           | 6,334            | 28,607           | 32,062           | (874)         | 21             |
| Fit 31 SPE Emp. Imob. Ltda.                   | -   | 70% | 70% | 15,535           | 863              | 14,672           | 16,455           | (1,617)       | (2,342)        |
| Fit 34 SPE Emp. Imob. Ltda.                   | -   | 70% | 70% | 35,408           | 1,242            | 34,166           | 33,634           | 547           | 1,530          |
| Fit 03 SPE Emp. Imob. Ltda.                   | -   | 80% | 80% | 11,571           | 369              | 11,202           | 11,404           | (202)         | 567            |
| Imbuí I SPE Emp. Imob. Ltda.                  | -   | 50% | 50% | 9,295            | 275              | 9,020            | 8,723            | 298           | (52)           |
| Città Ipitanga SPE Emp. Imob. Ltda.           | -   | 50% | 50% | 12,802           | 777              | 12,025           | 11,761           | 266           | (223)          |
| Grand Park - Pq. Pássaros Em. Im. Ltda.       | -   | 50% | 50% | 39,896           | 2,972            | 36,924           | 22,466           | 1,680         | 4,470          |
| Citta Itapua Emp. Imob. SPE Ltda.             | -   | 50% | 50% | 18,679           | 1,587            | 17,092           | 18,015           | (924)         | (176)          |
| SPE Franere Gafisa 08 Emp. Imob. LTDA.        | -   | 50% | 50% | 55,145           | 6,137            | 49,008           | 47,831           | 704           | 19,980         |
| Fit 13 SPE Emp. Imob. Ltda.                   | (b) | 50% | 50% | 23,367           | 2,484            | 20,883           | 34,487           | (13,604)      | 42             |
| Other (*)                                     | -   |     |     | 118,814          | 22,972           | 95,842           | 69,986           | 25,854        | 17,920         |
| Indirect jointly-controlled investees - Tenda | -   |     |     |                  |                  |                  |                  |               |                |
|   |     |     |     | <b>421,931</b>   | <b>50,717</b>    | <b>371,214</b>   | <b>348,431</b>   | <b>12,514</b> | <b>33,250</b>  |
| <b>Subtotal</b>                               |     |     |     | <b>8,266,974</b> | <b>4,308,525</b> | <b>3,958,449</b> | <b>3,816,584</b> | <b>20,958</b> | <b>210,019</b> |

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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

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

**9. Investments in subsidiaries and jointly controlled investees--Continued**

(i) Ownership interest--Continued

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

|  | Interest in capital - % |            | Total      | Total       | Equity and advance |            | Profit (loss) for the |            |
|--|-------------------------|------------|------------|-------------|--------------------|------------|-----------------------|------------|
|  | 09/30/2016              | 12/31/2015 | assets     | liabilities | for future capital | increase   | period                |            |
| <b>Direct investees</b>                                  |                         |            | 09/30/2016 | 09/30/2016  | 09/30/2016         | 12/31/2015 | 09/30/2016            | 09/30/2015 |
| Goodwill on acquisition of subsidiaries (e)              |                         |            |            |             |                    |            |                       |            |
| Goodwill based on inventory surplus -                    |                         |            |            |             |                    |            |                       |            |
| Addition to remeasurement of investment in associate (f) |                         |            |            |             |                    |            |                       |            |
| <b>Total investments</b>                                 |                         |            |            |             |                    |            |                       |            |

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

| Direct investees                                   | Interest in capital - % |            | Total assets  | Total liabilities | Equity and advance for future capital increase |                  | Profit (loss) for the period |                 | Inv             |
|--|-------------------------|------------|---------------|-------------------|--|------------------|------------------------------|-----------------|-----------------|
|  | 09/30/2016              | 12/31/2015 | 09/30/2016    | 09/30/2016        | 09/30/2016                                     | 12/31/2015       | 09/30/2016                   | 09/30/2015      |                 |
| Provision for net capital deficiency (g):          |                         |            |               |                   |  |                  |                              |                 |                 |
| Gafisa Vendas Interm. Imobiliaria Ltda             | 100%                    | 100%       | 26,790        | 39,819            | (13,029)                                       | (8,239)          | (8,390)                      | (2,514)         | (13,029)        |
| Manhattan Comercial 01 Ltda. (h)                   | 50%                     | 50%        | -             | -                 | -  | (7,887)          | -                            | (8,395)         |                 |
| Manhattan Residencial 01 Ltda. (h)                 | 50%                     | 50%        | -             | -                 | -  | (89,319)         | -                            | (19,110)        |                 |
| Other (*)  |                         |            | 22,717        | 23,303            | (586)  | (2,557)          | (324)                        | (937)           | (5,000)         |
| <b>Total provision for net capital deficiency</b>  |                         |            | <b>49,507</b> | <b>63,122</b>     | <b>(13,615)</b>                                | <b>(108,002)</b> | <b>(8,714)</b>               | <b>(30,956)</b> | <b>(13,615)</b> |
| <b>Total Income from equity method investments</b> |                         |            |               |                   |  |                  |                              |                 |                 |

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

(a) Jointly-controlled entities.

(b) Jointly-controlled entity with the subsidiary Tenda.

(c) The Company recorded expense of R\$287 in Income from equity method investments for the period ended September 30, 2016 related to the recognition, by jointly-controlled entities, of adjustments in the prior year, in accordance with the ICPC09 (R2) – Individual, Separate and Consolidated Financial Statements and the Equity Method of Accounting.

(d) Charges of the Company not appropriated to the profit or loss of subsidiaries, as required by paragraph 6 of OCPC01.

(e) See breakdown in Note 11.

(f) Amount related to the addition to the remeasurement of the portion of the remaining investment of 30% in the associate AUSA, in the amount of R\$375,853, arising from the sale of control over the entity.

(g) The provision for net capital deficiency is recorded in the heading "Other payables" (Note 15).

(h) In the period ended September 30, 2016, there was increase in paid-in capital with the loan balance in the amount of R\$50,500 (Note 21 (a)).

(b) *Change in investments*

|  | <b>Company Consolidated</b> |                |
|--|-----------------------------|----------------|
| <b>Balance at December 31, 2015</b>                    | <b>3,242,765</b>            | <b>967,646</b> |
| Income from equity method investments                  | 32,720                      | (1,884)        |
| Capital contribution (decrease)                        | 108,821                     | 8,265          |
| Acquisition of interests                               | 5,586                       | 5,124          |
| Capital paid-in with Loan receivable (h)               | 50,500                      | 50,500         |
| Transfer from provision for net capital deficiency (h) | (48,977)                    | (48,977)       |
| Dividends receivable                                   | (13,721)                    | (8,806)        |
| Usufruct of shares                                     | (3,200)                     | -              |
| Other investments                                      | (305)                       | (7,168)        |
| <b>Balance at September 30, 2016</b>                   | <b>3,374,189</b>            | <b>964,700</b> |

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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

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

### 10. Property and equipment

| Type                                     | Company         |                |              |                        | 09/30/2016      | 12/31/2015      |                 |                 |
|--|-----------------|----------------|--------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|  | 12/31/2015      | Addition       | Write-off    | 100% depreciated items |                 | Addition        | Balance         |                 |
| <b>Cost</b>                              |                 |                |              |                        |                 |                 |                 |                 |
| Hardware                                 | 14,018          | 2,800          | -            | (4,297)                | 12,521          | 28,143          | 8,143           | 8,143           |
| Leasehold improvements and installations | 9,367           | 451            | -            | (3,492)                | 6,326           | 17,449          | 2,149           | 2,149           |
| Furniture and fixtures                   | 675             | -              | -            | -                      | 675             | 5,503           | -               | -               |
| Machinery and equipment                  | 2,640           | -              | -            | -                      | 2,640           | 4,039           | -               | -               |
| Molds                                    | -               | -              | -            | -                      | -               | 13,067          | 3,067           | 3,067           |
| Sales stands                             | 12,041          | 7,713          | (279)        | (795)                  | 18,680          | 15,724          | 9,724           | 9,724           |
|  | <b>38,741</b>   | <b>10,964</b>  | <b>(279)</b> | <b>(8,584)</b>         | <b>40,842</b>   | <b>83,925</b>   | <b>23,925</b>   | <b>23,925</b>   |
| <b>Accumulated depreciation</b>          |                 |                |              |                        |                 |                 |                 |                 |
| Hardware                                 | (7,191)         | (1,999)        | -            | 4,297                  | (4,893)         | (13,474)        | (4,893)         | (4,893)         |
| Leasehold improvements and installations | (4,838)         | (1,237)        | -            | 3,492                  | (2,583)         | (7,918)         | (2,583)         | (2,583)         |
| Furniture and fixtures                   | (282)           | (51)           | -            | -                      | (333)           | (3,664)         | -               | -               |
| Machinery and equipment                  | (1,344)         | (198)          | -            | -                      | (1,542)         | (1,898)         | -               | -               |
| Molds                                    | -               | -              | -            | -                      | -               | (3,379)         | (2,379)         | (2,379)         |
| Sales stands                             | (2,267)         | (4,917)        | 99           | 795                    | (6,290)         | (4,416)         | (5,416)         | (5,416)         |
|  | <b>(15,922)</b> | <b>(8,402)</b> | <b>99</b>    | <b>8,584</b>           | <b>(15,641)</b> | <b>(34,749)</b> | <b>(15,641)</b> | <b>(15,641)</b> |
| Total property and equipment             | <b>22,819</b>   | <b>2,562</b>   | <b>(180)</b> | <b>-</b>               | <b>25,201</b>   | <b>49,176</b>   | <b>7,284</b>    | <b>7,284</b>    |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 10 to the financial statements as of December 31, 2015.

### 11. Intangible assets

|                         | <b>Company</b>    |                 |                                      |                                     | <b>09/30/2016</b> |
|-------------------------|-------------------|-----------------|--------------------------------------|-------------------------------------|-------------------|
|                         | <b>12/31/2015</b> |                 |                                      | <b>100%<br/>amortized<br/>items</b> | <b>Balance</b>    |
|                         | <b>Balance</b>    | <b>Addition</b> | <b>Write-down /<br/>amortization</b> |                                     |                   |
| Software – Cost         | <b>75,409</b>     | 5,032           | -                                    | (17,325)                            | <b>63,116</b>     |
| Software – Depreciation | <b>(47,187)</b>   | -               | (9,726)                              | 17,325                              | <b>(39,588)</b>   |
| Other                   | <b>5,089</b>      | 3,853           | (3,997)                              | -                                   | <b>4,945</b>      |
| Total intangible assets | <b>33,311</b>     | <b>8,885</b>    | <b>(13,723)</b>                      | -                                   | <b>28,473</b>     |

|                         | <b>Consolidated</b> |                 |                                      |                                     | <b>09/30/2016</b> |
|-------------------------|---------------------|-----------------|--------------------------------------|-------------------------------------|-------------------|
|                         | <b>12/31/2015</b>   |                 |                                      | <b>100%<br/>amortized<br/>items</b> | <b>Balance</b>    |
|                         | <b>Balance</b>      | <b>Addition</b> | <b>Write-down /<br/>amortization</b> |                                     |                   |
| Goodwill<br>AUSA        | <b>25,476</b>       | -               | -                                    | -                                   | <b>25,476</b>     |
| Software – Cost         | <b>110,559</b>      | 11,680          | (1,821)                              | (29,582)                            | <b>90,836</b>     |
| Software – Depreciation | <b>(65,408)</b>     | -               | (14,367)                             | 29,582                              | <b>(50,193)</b>   |
| Other                   | <b>6,715</b>        | 3,854           | (4,794)                              | -                                   | <b>5,775</b>      |
| Total intangible assets | <b>77,342</b>       | <b>15,534</b>   | <b>(20,982)</b>                      | -                                   | <b>71,894</b>     |

In the end of each fiscal year, the Company evaluates the recovery of the carrying value of goodwill and the addition to the remeasurement of the portion of the remaining investment of 30% in the associate AUSA, as disclosed in Note 9. In the period ended September 30, 2016, the Company did not find the existence of any indication of loss on the carrying value of goodwill.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 11 to the financial statements as of December 31, 2015.



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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 12. Loans and financing

| Type  | Maturity                      | Annual interest rate                 | Company          |            |
|---|-------------------------------|--------------------------------------|------------------|------------|
|   |                               |                                      | 09/30/2016       | 12/31/2015 |
|   | November<br>2016 to           | 8.30% to 14.00% + TR                 | <b>949,373</b>   | 1,014,092  |
| National Housing System - SFH /SFI                          | April 2021<br>June 2017<br>to | 120% and 129% of CDI<br>125% of CDI  |                  |            |
| Certificate of Bank Credit - CCB (i)                        | September<br>2019             | 0.59%/3.00%/3.95%/4.25% + CDI - INCC | <b>163,448</b>   | 124,568    |
| Total loans and financing (Note 20.i.d, 20.ii.a and 20.iii) |                               |                                      | <b>1,112,821</b> | 1.138.660  |
| Current portion   |                               |                                      | <b>587,959</b>   | 595,817    |
| Non-current portion   |                               |                                      | <b>524,862</b>   | 542,843    |

(i) In the period ended September 30, 2016, the Company made payments in the total amount of R\$43,220, of which R\$15,122 related to principal and R\$28,098 related to the interest. Additionally, on September 28, 2016, the Company entered into a CCB transaction in the amount of R\$65,000, with final maturity on September 27, 2019, amortization of principal in five equal quarterly installments as from the 24th month (including) or observed the possibility of extraordinary amortization, payment of quarterly interests from the issue date, with secured guarantee of the mortgage of the real estate pledged, adding an extra land of the landbank through conditional sale.

The maturities of the current and non-current installments are as follows:

Cash Flow

| Maturity     | Company          |            | Consolidated     |            |
|--------------|------------------|------------|------------------|------------|
|              | 09/30/2016       | 12/31/2015 | 09/30/2016       | 12/31/2015 |
| 2016         | <b>116,941</b>   | 595,817    | <b>123,825</b>   | 672,365    |
| 2017         | <b>589,365</b>   | 385,555    | <b>665,345</b>   | 440,418    |
| 2018         | <b>360,196</b>   | 153,288    | <b>450,263</b>   | 166,996    |
| 2019         | <b>46,319</b>    | 4,000      | <b>115,007</b>   | 12,049     |
| 2020 onwards | -                | -          | <b>35,625</b>    | 1,007      |
|              | <b>1,112,821</b> | 1,138,660  | <b>1,390,065</b> | 1,292,835  |

The Company and its subsidiaries have restrictive covenants under certain loans and financing that limit their ability to perform certain actions, such as the issuance of debt, and that could require the early redemption or refinancing of loans if the Company does not fulfill such covenants. The ratios and minimum and maximum amounts required under such restrictive covenants as of September 30, 2016 and December 31, 2015 are disclosed in Note 13.

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

|   | Company          |                 | Consolidated     |                  |
|---|------------------|-----------------|------------------|------------------|
|   | 09/30/2016       | 09/30/2015      | 09/30/2016       | 09/30/2015       |
| Total financial charges for the period                      | <b>164,641</b>   | <b>152,665</b>  | <b>214,354</b>   | <b>208,205</b>   |
| Capitalized financial charges                               | <b>(133,606)</b> | <b>(99,759)</b> | <b>(171,437)</b> | <b>(142,271)</b> |
| Financial expenses (Note 24)                                | <b>31,035</b>    | <b>52,906</b>   | <b>42,917</b>    | <b>65,934</b>    |
| <b>Financial charges included in "Properties for sale":</b> |                  |                 |                  |                  |
| Opening balance   | <b>287,806</b>   | <b>256,955</b>  | <b>354,551</b>   | <b>315,726</b>   |
| Capitalized financial charges                               | <b>133,606</b>   | <b>99,760</b>   | <b>171,437</b>   | <b>142,271</b>   |
| Charges recognized in profit or loss (Note 23)              | <b>(94,005)</b>  | <b>(88,705)</b> | <b>(132,908)</b> | <b>(119,502)</b> |
| Closing balance   | <b>327,407</b>   | <b>268,010</b>  | <b>393,080</b>   | <b>338,495</b>   |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 12 to the financial statements as of December 31, 2015.



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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 13. Debentures

| Program/placement                                  | Principal - R\$ | Annual interest | Final maturity | Company        |            | Consolidated   |
|--|-----------------|-----------------|----------------|----------------|------------|----------------|
|  |                 |                 |                | 09/30/2016     | 12/31/2015 |                |
| Seventh placement (i)                              | 375,000         | TR + 10.384%    | December 2017  | <b>389,705</b> | 452,568    | <b>389,705</b> |
| Eighth placement / second series                   | 5,787           | IPCA + 7.96%    | October 2016   | <b>9,450</b>   | 8,395      | <b>9,450</b>   |
| Ninth placement (ii)                               | 91,624          | CDI + 1.90%     | July 2018      | <b>90,535</b>  | 130,394    | <b>90,535</b>  |
| Tenth placement (iii)                              | 55,000          | IPCA + 8.22     | January 2020   | <b>67,463</b>  | 64,724     | <b>67,463</b>  |
| First placement (Tenda) (iv)                       | 100,000         | TR + 9.00%      | November 2016  | -              | -          | <b>102,700</b> |
| Total debentures (Nota 20.i.d, 20.ii.a and 20.iii) |                 |                 |                | <b>557,153</b> | 656,081    | <b>659,900</b> |
| Current portion                                    |                 |                 |                | <b>270,656</b> | 187,744    | <b>373,400</b> |
| Non-Current portion                                |                 |                 |                | <b>286,497</b> | 468,337    | <b>286,400</b> |

In the period ended September 30, 2016, the Company made the following payments:

|       | Principal      | Interest payable | Total amortization |
|-------|----------------|------------------|--------------------|
| (i)   | 75,000         | 26,459           | <b>101,459</b>     |
| (ii)  | 40,402         | 12,844           | <b>53,246</b>      |
| (iii) | -              | 4,775            | <b>4,775</b>       |
| (iv)  | 100,000        | 11,702           | <b>111,702</b>     |
|       | <b>215,402</b> | <b>55,781</b>    | <b>271,183</b>     |

The maturities of current and non-current portions are as follows:

| <b>Maturity</b> | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|-----------------|-------------------|-------------------|---------------------|-------------------|
|                 | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| 2016            | <b>98,552</b>     | 187,744           | <b>201,345</b>      | 389,621           |
| 2017            | <b>321,432</b>    | 344,690           | <b>321,432</b>      | 344,690           |
| 2018            | <b>94,605</b>     | 83,485            | <b>94,605</b>       | 83,485            |
| 2019            | <b>21,279</b>     | 20,078            | <b>21,279</b>       | 20,078            |
| 2020            | <b>21,285</b>     | 20,084            | <b>21,285</b>       | 20,084            |
|                 | <b>557,153</b>    | 656,081           | <b>659,946</b>      | 857,958           |

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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 13. Debentures--Continued

The Company is in compliance with the debt covenants at the reporting date of this quarterly information. The ratios and minimum and maximum amounts required under such restrictive covenants as of September 30, 2016 and December 31, 2015 are as follows:

|  | 09/30/2016   | 12/31/2015   |
|--|--------------|--------------|
| <b>Seventh placement</b>   |              |              |
| Total account receivable plus inventory required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>  | -20.66 times | -14.12 times |
| Total debt less venture debt <sup>(3)</sup> , less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling interests             | -8.22%       | -12.19%      |
| Total receivables plus unappropriated income plus total inventory of finished units required to be 1.5 time over the net debt plus payable for purchase of properties plus unappropriated cost | 2.54 times   | 2.25 times   |
| <b>Eighth placement - first and second series and Loans and Financing</b>  |              |              |
| Total account receivable plus inventory of finished units required to be below zero or 2.0 times over net debt less venture debt   | -11.81 times | -7.73 times  |
| Total debt less venture debt, less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling interests                             | -8.22%       | -12.19%      |
| <b>Ninth placement</b>   |              |              |
| Total account receivable plus inventory required to be below zero or 2.0 times over net debt   | 3.46 times   | 3.71 times   |
| Net debt cannot exceed 100% of equity plus noncontrolling interests  | 49.12%       | 46.44%       |
| <b>Tenth placement</b>   |              |              |
| Total account receivable plus inventory required to be below zero or 2.0 times over net debt less venture debt <sup>(3)</sup>  | -20.66 times | -14.12 times |
| Total debt less venture debt <sup>(3)</sup> , less cash and cash equivalents and short-term investments <sup>(1)</sup> , cannot exceed 75% of equity plus noncontrolling                       | -8.22%       | -12.19%      |

interests

**First placement – Tenda**

|  |             |             |
|--|-------------|-------------|
| Total accounts receivable plus inventory required to be equal to or 2.0 times over net debt less debt with secured guarantee <sup>(3)</sup> or below zero, considering that TR <sup>(4)</sup> plus TE <sup>(4)</sup> is always above zero. | -6.16 times | -6.79 times |
| Net debt less debt with secured guarantee <sup>(3)</sup> required to be not in excess of 50% of equity.  | -22.55%     | -21.47%     |
| Total receivables plus unappropriated income plus total inventory of finished units required to be over 1.5 time the net debt plus payable for purchase of properties plus unappropriated cost or below zero                               | 3.14 times  | 2.47 times  |

(1) Cash and cash equivalents and short-term investments refer to cash and cash equivalents and marketable securities.

(2) Total receivables, whenever mentioned, refers to the amount reflected in the Balance Sheet plus the amount not shown in the Balance Sheet

(3) Venture debt and secured guarantee debt refer to SFH debts, defined as the sum of all disbursed borrowing contracts which funds were provided by SFH, as well as the debt related to the seventh placement.

(4) Total inventory.

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 13 to the financial statements as of December 31, 2015.

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Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 14. Obligations assumed on assignment of receivables

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

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Assignment of receivables:                             |                   |                   |                     |                   |
| Obligation CCI Jun/11                                  | <b>1,628</b>      | 3,164             | <b>2,847</b>        | 4,775             |
| Obligation CCI Dec/11                                  | <b>1,845</b>      | 2,071             | <b>1,909</b>        | 2,236             |
| Obligation CCI Jul/12                                  | <b>201</b>        | 368               | <b>201</b>          | 368               |
| Obligation CCI Nov/12                                  | <b>-</b>          | -                 | <b>3,705</b>        | 4,351             |
| Obligation CCI Dec/12                                  | <b>5,376</b>      | 7,541             | <b>5,376</b>        | 7,541             |
| Obligation CCI Nov/13                                  | <b>1,848</b>      | 2,858             | <b>4,813</b>        | 6,362             |
| Obligation CCI Nov/14                                  | <b>2,941</b>      | 4,646             | <b>4,934</b>        | 6,696             |
| Obligation CCI Dec/15                                  | <b>10,074</b>     | 13,053            | <b>19,564</b>       | 24,558            |
| Obligation CCI Mar/16 (Note 5)                         | <b>19,510</b>     | -                 | <b>23,203</b>       | -                 |
| Obligation CCI May/16 (Note 5)                         | <b>12,328</b>     | -                 | <b>15,573</b>       | -                 |
| Obligation CCI Aug/16 (Note 5)                         | <b>9,301</b>      | -                 | <b>9,301</b>        | -                 |
| FIDC obligation  | <b>606</b>        | 1,146             | <b>1,269</b>        | 2,406             |
| Total obligations assumed on assignment of receivables |                   |                   |                     |                   |
| (Note 20.ii.a and 20.iii)                              | <b>65,658</b>     | 34,847            | <b>92,695</b>       | 59,293            |
| Current portion  | <b>22,984</b>     | 12,631            | <b>34,396</b>       | 23,482            |
| Non-current portion                                    | <b>42,674</b>     | 22,216            | <b>58,299</b>       | 35,811            |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 14 to the financial statements as of December 31, 2015.



**15. Other payables**

|  | <b>Company</b> |                   |                   | <b>Consolidated</b> |                   |
|--|----------------|-------------------|-------------------|---------------------|-------------------|
|  | <b>2012</b>    | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Provision for penalties for delay in construction works      | <b>8.883</b>   | -                 | 1,404             | <b>2,260</b>        | 3,213             |
| Cancelled contract payable                                   | <b>2.363</b>   | <b>10,779</b>     | 11,014            | <b>26,256</b>       | 24,053            |
| Warranty provision   | <b>28.345</b>  | <b>32,724</b>     | 41,958            | <b>47,810</b>       | 59,647            |
| Deferred sales taxes (PIS and COFINS) in long term           | <b>21.772</b>  | <b>5,262</b>      | 8,368             | <b>15,409</b>       | 13,129            |
| Provision for net capital deficiency (Note 9 (g))            | <b>35.570</b>  | <b>13,615</b>     | 59,727            | <b>5,396</b>        | 54,401            |
| Long-term suppliers (Note 20.i.d)                            |                | <b>2,753</b>      | 5,652             | <b>5,170</b>        | 7,508             |
| Payables to venture partners (Note 20.i.d, 20.ii and 20.iii) |                | <b>2,280</b>      | 4,713             | <b>3,143</b>        | 4,895             |
| Share-based payment - Phantom Shares (Note 18.3)             |                | <b>2,464</b>      | 889               | <b>2,464</b>        | 889               |
| Other liabilities  | <b>13.781</b>  | <b>5,756</b>      | 8,426             | <b>32,772</b>       | 28,918            |
| <b>Total other payables</b>                                  | <b>113.000</b> | <b>75,633</b>     | 142,151           | <b>140,680</b>      | 196,653           |
| Current portion  | <b>90.953</b>  | <b>65,154</b>     | 127,123           | <b>106,760</b>      | 163,437           |
| Non-current portion  | <b>22.047</b>  | <b>10,479</b>     | 15,028            | <b>33,920</b>       | 33,216            |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 15 to the financial statements as of December 31, 2015.

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

### 16. Provisions for legal claims and commitments

In the period ended September 30, 2016, the changes in the provision are summarized as follows:

| Company                                    | Civil lawsuits | Tax proceedings | Labor claims  | Total          |
|--|----------------|-----------------|---------------|----------------|
| <b>Balance at December 31, 2015</b>        | <b>119,420</b> | <b>220</b>      | <b>63,235</b> | <b>182,875</b> |
| Additional provision (Note 23)             | 33,755         | 27              | 9,729         | 43,511         |
| Payment and reversal of provision not used | (31,480)       | (14)            | (13,619)      | (45,113)       |
| <b>Balance at September 30, 2016</b>       | <b>121,695</b> | <b>233</b>      | <b>59,345</b> | <b>181,273</b> |
| Current portion                            | <b>80,796</b>  | <b>233</b>      | <b>17,660</b> | <b>98,689</b>  |
| Non-current portion                        | <b>40,899</b>  | <b>-</b>        | <b>41,685</b> | <b>82,584</b>  |

| Consolidated                               | Civil lawsuits | Tax proceedings | Labor claims  | Total          |
|--|----------------|-----------------|---------------|----------------|
| <b>Balance at December 31, 2015</b>        | <b>149,621</b> | <b>400</b>      | <b>92,961</b> | <b>242,982</b> |
| Additional provision (Note 23)             | 43,846         | 37              | 21,045        | 64,928         |
| Payment and reversal of provision not used | (36,378)       | (201)           | (33,616)      | (70,195)       |
| <b>Balance at September 30, 2016</b>       | <b>157,089</b> | <b>236</b>      | <b>80,390</b> | <b>237,715</b> |
| Current portion                            | <b>80,796</b>  | <b>233</b>      | <b>17,660</b> | <b>98,689</b>  |
| Non-current portion                        | <b>76,293</b>  | <b>3</b>        | <b>62,730</b> | <b>139,026</b> |

(a) Civil lawsuits, tax proceedings and labor claims

As of September 30, 2016, the Company and its subsidiaries have deposited in court the amount of R\$112,258 (R\$105,275 in 2015) in the Company's statement, and R\$138,822 (R\$125,358 in 2015) in the consolidated statement (Note 7).

|                 | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|-----------------|-------------------|-------------------|---------------------|-------------------|
|                 | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Civil lawsuits  | <b>71,972</b>     | 71,327            | <b>89,800</b>       | 81,919            |
| Tax proceedings | <b>21,743</b>     | 13,744            | <b>24,722</b>       | 14,222            |
| Labor claims    | <b>18,543</b>     | 20,204            | <b>24,300</b>       | 29,217            |
| Total           | <b>112,258</b>    | 105,275           | <b>138,822</b>      | 125,358           |

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

As of September 30, 2016, the Company and its subsidiaries are aware of other claims and civil, labor and tax risks. Based on the history of probable lawsuits and the specific analysis of main claims, the measurement of the claims with likelihood of loss considered possible amounted to R\$767,423 (R\$810,163 in 2015), based on average past outcomes adjusted to current estimates, for which the Company's Management believes it is not necessary to recognize a provision for occasional losses. The change in the period was caused by the variation in the volume of lawsuits with smaller amounts and review of the involved amounts.

|                 | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|-----------------|-------------------|-------------------|---------------------|-------------------|
|                 | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Civil lawsuits  | <b>243,659</b>    | 235,975           | <b>468,117</b>      | 469,841           |
| Tax proceedings | <b>31,652</b>     | 32,543            | <b>240,196</b>      | 263,540           |
| Labor claims    | <b>37,395</b>     | 38,967            | <b>59,110</b>       | 76,782            |
| Total           | <b>312,706</b>    | 307,485           | <b>767,423</b>      | 810,163           |

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Notes to the individual and consolidated quarterly information--Continued

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

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

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

There was no significant change in relation to the information disclosed in Note 16(i)(b) to the financial statements as of December 31, 2015.

(c) Other commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has commitments related to the rental of 34 commercial properties where its facilities are located, at a monthly cost of R\$1,029 indexed to the IGP-M/FGV variation. The rental term is from 1 to 8 years and there is a fine in case of contract cancellation corresponding to three-month rent or in proportion to the contract expiration time. The estimate of minimum future payments for commercial property rentals (cancellable leases) totals R\$61,250, as follows.

| <b>Payment estimate</b> | <b>Consolidated<br/>09/30/2016</b> |
|-------------------------|------------------------------------|
| 2016                    | 2,773                              |
| 2017                    | 10,860                             |
| 2018                    | 8,623                              |
| 2019                    | 7,195                              |
| 2020 onwards            | 32,069                             |
|                         | <b>61,520</b>                      |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 15 to the financial statements as of December 31, 2015.

## 17. Payables for purchase of properties and advances from customers

|   | Maturity                      | Company        |            | Consolidated    |            |
|---|-------------------------------|----------------|------------|-----------------|------------|
|   |                               | 09/30/2016     | 12/31/2015 | 09/30/2016      | 12/31/2015 |
| Payables for purchase of properties   | October 2016 to November 2021 | <b>103,817</b> | 139,320    | <b>323,039</b>  | 362,800    |
| Adjustment to present value   |                               | <b>(8,283)</b> | (9,723)    | <b>(22,577)</b> | (17,039)   |
| Advances from customers   |                               |                |            |                 |            |
| Development and sales   |                               | <b>21,404</b>  | 19,337     | <b>34,821</b>   | 39,743     |
| Barter transaction - Land   |                               | <b>97,376</b>  | 143,271    | <b>164,895</b>  | 224,430    |
| Total payables for purchase of properties and advances from customers (Note 20.i.d and 20.ii.a) |                               | <b>214,314</b> | 292,205    | <b>500,178</b>  | 609,934    |
| Current portion   |                               | <b>167,875</b> | 148,989    | <b>369,029</b>  | 361,420    |
| Non-current portion   |                               | <b>46,439</b>  | 143,216    | <b>131,149</b>  | 248,514    |

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

| Maturity     | Company        |            | Consolidated   |            |
|--------------|----------------|------------|----------------|------------|
|              | 09/30/2016     | 12/31/2015 | 09/30/2016     | 12/31/2015 |
| 2016         | <b>37,030</b>  | 81,347     | <b>97,718</b>  | 247,663    |
| 2017         | <b>150,980</b> | 191,482    | <b>302,763</b> | 295,152    |
| 2018         | <b>9,822</b>   | 8,859      | <b>53,203</b>  | 37,230     |
| 2019         | <b>9,043</b>   | 8,306      | <b>31,107</b>  | 21,010     |
| 2020 onwards | <b>7,439</b>   | 2,211      | <b>15,387</b>  | 8,879      |
|              | <b>214,314</b> | 292,205    | <b>500,178</b> | 609,934    |

## 18. Equity

### 18.1. Capital

As of September 30, 2016 and December 31, 2015, the Company's authorized and paid-in capital amounts to R\$2,740,662, in both periods represented by 378,066,162 registered common shares, with no par value, of which 14,160,533 (10,584,756 as of December 31, 2015) were held in treasury.

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## Gafisa S.A.

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### 18. Equity--Continued

#### 18.1. Capital--Continued

According to the Company's articles of incorporation, capital may be increased without need of making amendment to it, upon resolution of the Board of Directors, which shall set the conditions for issuance up to the limit of 600,000,000 (six hundred million) common shares.

On March 3, 2016, the Company approved the creation of a new program to repurchase its shares to hold them in treasury and later selling or cancelling them, over a period of 18 months, up to the limit of 8,198,565 shares. In the period ended September 30, 2016, 4,503,600 shares in the total amount of R\$8,693 were acquired. Additionally, the Company transferred 927,824 (1,221,860 in 2015) shares in the total amount of R\$2,149 (R\$3,022 in 2015) related to the exercise of options of the stock option plan comprising common shares by the beneficiaries, for which it received the total amount of R\$9 (R\$599 in 2015).

| Type                    | GFSA3<br>Number | Treasury shares                     |                                    | Market value (*) R\$<br>thousand |            | Carrying value R\$<br>thousand |            |       |
|-------------------------|-----------------|-------------------------------------|------------------------------------|----------------------------------|------------|--------------------------------|------------|-------|
|                         |                 | R\$<br>Weighted<br>average<br>price | %<br>- on<br>shares<br>outstanding | 09/30/2016                       | 12/31/2015 | 09/30/2016                     | 12/31/2015 |       |
| Acquisition date        | 11/20/2001      | 599,486                             | 2.8875                             | 0.17%                            | 1,493      | 1,457                          | 1,731      | 1,731 |
| <b>Changes in 2013:</b> |                 |                                     |                                    |                                  |            |                                |            |       |
| Acquisition             | 18,500,000      | 3.8562                              | 5.12%                              | 46,065                           | 44,955     | <b>71,339</b>                  | 71,339     |       |
| <b>Changes in 2014:</b> |                 |                                     |                                    |                                  |            |                                |            |       |
| Acquisition             | 43,738,235      | 2.6353                              | 12.11%                             | 108,908                          | 106,284    | <b>115,265</b>                 | 115,265    |       |
| Transfer                | (5,463,395)     | 3.2183                              | -1.51%                             | (13,604)                         | (13,276)   | <b>(17,583)</b>                | (17,583)   |       |
| Cancellations           | (27,493,039)    | 3.3351                              | -7.61%                             | (68,458)                         | (66,808)   | <b>(91,693)</b>                | (91,693)   |       |

**Changes in 2015:**

|               |              |        |        |          |          |                 |          |
|---------------|--------------|--------|--------|----------|----------|-----------------|----------|
| Acquisition   | 11,925,330   | 2.0257 | 3.30%  | 29,694   | 28,979   | <b>24,157</b>   | 24,157   |
| Transfer      | (1,221,860)  | 2.4733 | -0.34% | (3,042)  | (2,970)  | <b>(3,022)</b>  | (3,022)  |
| Cancellations | (30,000,000) | 2.4738 | -8.31% | (74,700) | (72,900) | <b>(74,214)</b> | (74,214) |

**Changes in 2016:**

|             |                   |               |              |               |               |                |               |
|-------------|-------------------|---------------|--------------|---------------|---------------|----------------|---------------|
| Acquisition | 4,503,600         | 1.9302        | 1.25%        | 11,214        | -             | <b>8,693</b>   | -             |
| Transfer    | (927,824)         | 2.3162        | -0.26%       | (2,310)       | -             | <b>(2,149)</b> | -             |
|             | <b>14,160,533</b> | <b>2.2968</b> | <b>3.92%</b> | <b>35,260</b> | <b>25,721</b> | <b>32,524</b>  | <b>25,980</b> |

(\*) Market value calculated based on the closing share price on September 30, 2016 at R\$2.49 (R\$2.43 in 2015), not considering the effect of occasional volatilities.

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

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

|  | <b>Common shares - In thousands</b> |
|--|-------------------------------------|
| Outstanding shares as of December 31, 2015           | <b>367,481</b>                      |
| Repurchase of treasury shares                        | (4,504)                             |
| Transfer related to the stock option plan            | 928                                 |
| Shares held by the management members of the Company | (2,838)                             |
| Outstanding shares as of September 30, 2016          | <b>361,067</b>                      |
| Weighted average shares outstanding                  | <b>363,626</b>                      |

Expenses incurred with stock grants are recorded under the account "General and administrative expenses" (Note 23) and showed the following effects on profit or loss in the periods ended September 30, 2016 and 2015:

|            | <b>09/30/2016</b> | 09/30/2015 |
|------------|-------------------|------------|
| Gafisa (a) | <b>5,506</b>      | 5,859      |
| Tenda      | <b>1,051</b>      | 1,606      |
|            | <b>6,557</b>      | 7,465      |

(a) Of this total, R\$1,574 (R\$355 in 2015) refer to Phantom Shares (Note 18.3) and R\$3,932 (R\$5,504 in 2015) to equity-settled stock option plans.



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Notes to the individual and consolidated quarterly information--Continued

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

**18. Equity--Continued**

**18.2. Stock option plan--Continued**

(i) Gafisa

The Company has a total of five stock option plans comprising common shares, launched in 2012, 2013, 2014, 2015 and 2016 which follows the rules established in the Stock Option Plan of the Company.

The granted options entitle their holders (beneficiaries) to purchase common shares of the Company's capital, after periods that vary from one to five years of employment in the Company (essential condition to exercise the option), and expire six to ten years after the grant date.

The fair value of options is set on the grant date, and it is recognized as expense in profit or loss (as contra-entry to equity) during the grace period of the plan, to the extent the services are provided by employees and management members.

The changes in options outstanding in the period ended September 30, 2016 and year ended December 31, 2015, which include their respective weighted average exercise prices, are as follows:

|                          | <b>2016</b>                      |                          | <b>2015</b>                      |
|--------------------------|----------------------------------|--------------------------|----------------------------------|
| <b>Number of options</b> | <b>Weighted average exercise</b> | <b>Number of options</b> | <b>Weighted average exercise</b> |

|  |                   | <b>price (Reais)</b> |             | <b>price (Reais)</b> |
|--|-------------------|----------------------|-------------|----------------------|
| Options outstanding at the beginning of the year | <b>11,743,379</b> | <b>1.83</b>          | 9,542,643   | 1.49                 |
| Options granted                                  | <b>2,209,869</b>  | <b>2.62</b>          | 3,567,201   | 2.24                 |
| Options exercised (i)                            | <b>(930,449)</b>  | <b>(0.01)</b>        | (1,221,860) | (0.49)               |
| Options expired                                  | -                 | -                    | (32,000)    | (3.05)               |
| Options forfeited                                | <b>(114,717)</b>  | <b>(0.01)</b>        | (112,605)   | (0.01)               |
| Options outstanding at the end of the period     | <b>12,908,082</b> | <b>2.11</b>          | 11,743,379  | 1.83                 |

(i) In the period ended September 30, 2016, the amount received for exercised options was R\$9 (R\$599 in the year ended December 31, 2015).

Options outstanding and exercisable as of September 30, 2016, are as follows:

|                          | <b>Options outstanding</b>                                 |  | <b>Options exercisable</b> |  |
|--------------------------|--|--|----------------------------|--|
|                          | <b>Weighted average remaining contractual life (years)</b> | <b>Weighted average exercise price (Reais)</b> | <b>Number of options</b>   | <b>Weighted average exercise price (Reais)</b> |
| <b>Number of options</b> |  |  |                            |  |
| 12,908,082               | 7.09   | 2.11   | 1,927,083                  | 2.68   |

During the period ended September 30, 2016, the Company granted 2,209,869 options in connection with its stock option plans comprising common shares (3,567,201 options granted in 2015).

The fair value of the new granted options totaled R\$1,265 (R\$3,232 in 2015), which was determined based on the following assumptions:

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
| Pricing model                           | Binomial    | Binomial    |
| Exercise price of options (R\$)         | R\$2.62     | R\$2.24     |
| Weighted average price of options (R\$) | R\$2.62     | R\$2.24     |
| Expected volatility (%) – (*)           | 53%         | 52%         |
| Expected option life (years)            | 5.78 years  | 5.58 years  |
| Dividend income (%)                     | 1.98%       | 2.24%       |
| Risk-free interest rate (%)             | 14.13%      | 13.64%      |

(\*)The volatility was determined based on the regression analyses of the relation of the volatility of the Gafisa S.A.'s shares with the Ibovespa index.



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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### **18. Equity--Continued**

#### **18.2. Stock option plan--Continued**

##### (ii) Tenda

The subsidiary Tenda has a total of two stock options comprising common shares for its employees and management members, launched in 2014 and 2016, that follows the rules established in its Stock Option Plan.

The changes in options outstanding in the period ended September 30, 2016 and year ended December 31, 2015, which include their respective weighted average exercise prices, are as follows:

|  | 2016              |   | 2015              |   |
|--|-------------------|---|-------------------|---|
|  | Number of options | Weighted average exercise price (Reais) | Number of options | Weighted average exercise price (Reais) |
| Options outstanding at the beginning of the year | 42,259,687        | 0.84                                    | 42,259,687        | 0.76                                    |
| Options granted                                  | 1,637,067         | 0.88                                    | -                 | -                                       |
| Options forfeited                                | (1,100,400)       | 0.84                                    | -                 | -                                       |
| Options outstanding at the end of the period     | 42,796,354        | 0.84                                    | 42,259,687        | 0.76                                    |

The options outstanding and exercisable as of September 30, 2016, are as follows:

|                          | Options outstanding  |   | Options exercisable                           |          |
|--------------------------|--|---|---|----------|
|                          | Weighted average<br>remaining<br>contractual life<br>(years) | Weighted average<br>exercise price<br>(Reais) | Weighted average<br>exercise price<br>(Reais) |          |
| <b>Number of options</b> |  |   |   |          |
| <b>42,796,354</b>        | <b>2.36</b>  | <b>0.84</b>                                   | <b>-</b>                                      | <b>-</b> |

The fair value of the options granted in 2014 and 2016 totaled R\$8,927, which was determined based on the following assumptions:

|   | <b>2016</b>      | <b>2014</b>      |
|---|------------------|------------------|
| Pricing model                           | Black-Scholes    | Black-Scholes    |
| Exercise price of options (R\$)         | R\$0.88          | R\$0.85          |
| Weighted average price of options (R\$) | R\$0.88          | R\$0.84          |
| Expected volatility (%) – (*)           | 26.70%           | 31.30%           |
| Expected life of options (years)        | 4.51 years       | 2.55 years       |
| Risk-free interest rate (%) – (**)      | 12.67% to 12.77% | 12.77% to 12.84% |

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

(\*\*)The market risk-free interest rate for the option term in the grant moment varied between 11.66% and 12.84%.

### 18.3. Share-based payment – Phantom Shares

The Company has a total of two cash-settled share-based payment, with fixed terms and conditions, according to the plans approved by the Company, launched in 2015 and 2016.

In the plan approved in 2016, the beneficiaries were granted the right to receive an amount equivalent to 1,143,145 phantom shares, together with the stock option plan for the year 2016. The phantom shares have the same grace and expiration period of the options, and can be partially or fully exercised during the established period.

As of September 30, 2016, the amount of R\$2,464 (R\$889 in 2015), related to the fair value of the phantom shares granted, is recognized in the heading “Other payables” (Note 15).

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 18 to the financial statements as of December 31, 2015.

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### 19. Income tax and social contribution

#### (i) Current income tax and social contribution

The reconciliation of the effective tax rate for the periods ended September 30, 2016 and 2015 is as follows:

|  | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>09/30/2016</b> | <b>09/30/2015</b> | <b>09/30/2016</b>   | <b>09/30/2015</b> |
| Profit (loss) before income tax and social contribution, and statutory interest                    | <b>(164,288)</b>  | 65,894            | <b>(142,570)</b>    | 73,753            |
| Income tax calculated at the applicable rate - 34%   | <b>55,858</b>     | (22,404)          | <b>48,474</b>       | (25,076)          |
| Net effect of subsidiaries and ventures taxed by presumed profit and Special Taxation Regime (RET) | -                 | -                 | <b>2,321</b>        | 28,807            |
| Tax losses (tax loss carryforwards used)   | -                 | (2,042)           | <b>(1,515)</b>      | (2,387)           |
| Income from equity method investments  | <b>8,161</b>      | 41,389            | <b>(604)</b>        | 4,126             |
| Stock option plan  | <b>(2,493)</b>    | (2,045)           | <b>(2,850)</b>      | (2,591)           |
| Other permanent differences  | <b>(2,302)</b>    | (8,195)           | <b>(7,516)</b>      | (12,992)          |
| Charges on payables to venture partners  | <b>(514)</b>      | 1,026             | <b>(46)</b>         | 901               |
| Tax credits recognized (not recognized)  | <b>(58,710)</b>   | -                 | <b>(57,943)</b>     | 5,956             |
| Total  | -                 | 7,729             | <b>(19,679)</b>     | (3,256)           |
| Tax expenses - current   | -                 | (383)             | <b>(15,114)</b>     | (14,984)          |
| Tax income - deferred  | -                 | 8,112             | <b>(4,565)</b>      | 11,728            |

#### (ii) Deferred income tax and social contribution



As of September 30, 2016 and December 31, 2015, deferred income tax and social contribution are from the following sources:

|   | Company    |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2016 | 12/31/2015 | 09/30/2016   | 12/31/2015 |
| <b>Assets</b>   |            |            |              |            |
| Provisions for legal claims                           | 61,633     | 62,178     | 79,234       | 82,614     |
| Temporary differences – PIS and COFINS deferred       | 7,171      | 10,636     | 13,190       | 16,404     |
| Provisions for realization of non-financial assets    | 1,849      | 1,849      | 6,860        | 11,776     |
| Temporary differences – CPC adjustment                | 22,012     | 40,089     | 26,516       | 44,748     |
| Temporary differences – Cash versus accrual basis     | 83,040     | 47,442     | 83,040       | 47,442     |
| Other provisions                                      | 21,364     | 13,303     | 64,555       | 38,470     |
| Income tax and social contribution loss carryforwards | 88,780     | 75,768     | 322,810      | 317,282    |
| Tax benefits of subsidiaries                          | 28,165     | 28,165     | 28,165       | 28,165     |
| Tax credits not recognized                            | (58,710)   | -          | (330,940)    | (272,997)  |
|   | 255,304    | 279,430    | 293,430      | 313,904    |
| <b>Liabilities</b>                                    |            |            |              |            |
| Negative goodwill                                     | (92,385)   | (92,385)   | (92,385)     | (92,385)   |
| Temporary differences –CPC adjustment                 | (130,606)  | (131,096)  | (132,366)    | (130,929)  |
| Differences between income taxed on cash basis        | (42,398)   | (66,034)   | (90,852)     | (107,079)  |
| and recorded on an accrual basis                      | (265,389)  | (289,515)  | (315,603)    | (330,393)  |
| Total net   | (10,085)   | (10,085)   | (22,173)     | (16,489)   |

The Company has income tax and social contribution loss carryforwards for offset in the following amounts:

|   | Company    |                     |       |            |                     |       |
|---|------------|---------------------|-------|------------|---------------------|-------|
|   | 09/30/2016 |                     | Total | 12/31/2015 |                     | Total |
|   | Income tax | Social contribution |       | Income tax | Social contribution |       |
| <b>Balance of income tax and social contribution loss</b> | 261,117    | 261,117             |       | 222,849    | 222,849             |       |

**carryforwards**

**Deferred tax**

**asset (25%/9%)**

|               |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>65,279</b> | <b>23,501</b> | <b>88,780</b> | <b>55,712</b> | <b>20,056</b> | <b>75,768</b> |
|---------------|---------------|---------------|---------------|---------------|---------------|

**Recognized**

**deferred tax**

|               |               |               |
|---------------|---------------|---------------|
| <b>55,712</b> | <b>20,056</b> | <b>75,768</b> |
|---------------|---------------|---------------|

**asset**

|               |               |               |
|---------------|---------------|---------------|
| <b>55,712</b> | <b>20,056</b> | <b>75,768</b> |
|---------------|---------------|---------------|

**Unrecognized**

**deferred tax**

|              |              |               |
|--------------|--------------|---------------|
| <b>9,567</b> | <b>3,445</b> | <b>13,012</b> |
|--------------|--------------|---------------|

**asset**

|          |          |          |
|----------|----------|----------|
| <b>-</b> | <b>-</b> | <b>-</b> |
|----------|----------|----------|

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**19. Income tax and social contribution--Continued**

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

|   | 09/30/2016        |                        |                   | Consolidated<br>12/31/2015 |                        |                   |
|---|-------------------|------------------------|-------------------|----------------------------|------------------------|-------------------|
|   | Income<br>tax     | Social<br>contribution | Total             | Income<br>tax              | Social<br>contribution | Total             |
| <b>Balance of<br/>income tax and<br/>social<br/>contribution<br/>loss<br/>carryforwards</b> | 949,440           | 949,440                |                   | 933,182                    | 933,182                |                   |
| <b>Deferred tax<br/>asset (25%/9%)</b>  | 237,360           | 85,450                 | 322,810           | 233,296                    | 83,986                 | 317,282           |
| <b>Recognized<br/>deferred tax<br/>asset</b>  | 55,712<br>181,648 | 20,056<br>65,394       | 75,768<br>247,042 | 55,712<br>177,584          | 20,056<br>63,930       | 75,768<br>241,514 |

Recognized deferred tax asset

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## Unrecognized deferred tax asset

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

|                     | Income tax and social<br>contribution loss | Company | Income tax and social<br>contribution loss |
|---------------------|--|---------|--|
| <b>2016</b>         | 16,484                                     |         | 5,604                                      |
| <b>2017</b>         | 8,282                                      |         | 2,816                                      |
| <b>2018</b>         | 3,056                                      |         | 1,039                                      |
| <b>2019</b>         | 27,174                                     |         | 9,239                                      |
| <b>2020 to 2026</b> | 167,853                                    |         | 57,070                                     |
|                     | <b>222,849</b>                             |         | <b>75,768</b>                              |

The other explanations related to this note were not subject to significant changes in relation to the disclosures in Note 19 to the financial statements as of December 31, 2015.

### 20. Financial instruments

The Company and its subsidiaries engage in operations involving financial instruments. These instruments are managed through operational strategies and internal controls aimed at providing liquidity, return and safety. The use of financial instruments with the objective of hedging is achieved through a periodical analysis of exposure to the risk that the management intends to cover (exchange, interest rate, etc.) which is submitted to the corresponding Management bodies for approval and performance of the proposed strategy. The control policy consists of continuously monitoring the contracted conditions in relation to the prevailing market conditions. The Company and its subsidiaries do not use derivatives or any other risky assets for speculative purposes. The result from these operations is consistent with the policies and strategies devised by Company management. The Company and its subsidiaries operations are subject to the risk factors described below:

(i) Risk considerations

a) *Credit risk*

There was no significant change in relation to the credit risks disclosed in Note 20(i)(a) to the financial statements as of December 31, 2015.

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### 20. Financial instruments--Continued

(i) Risk considerations--Continued

b) *Derivative financial instruments*

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

As of September 30, 2016, the Company had derivative contracts for hedging purposes in relation to interest fluctuations, with final maturity between December 2016 and January 2020. The derivative contracts are as follows:

|  | Reais             | Consolidated<br>Percentage                       |                                  |
|--|-------------------|--|----------------------------------|
| <b>Companies</b> Swap agreements (Fixed for CDI) | <b>Face value</b> | <b>Original Index – asset position</b>           | <b>Swap – liability position</b> |
| Gafisa S/A Banco Votorantim S.A.                 | 55,000            | Fixed 14.2672%                                   | CDI + 1.6344%                    |
| Gafisa S/A Banco Votorantim S.A.                 | 27,500            | Fixed 11.1136%                                   | CDI + 0.2801%                    |
| Gafisa S/A Banco Votorantim S.A.                 | 27,500            | Fixed 15.1177%                                   | CDI + 1.6344%                    |
| Gafisa S/A Banco Votorantim S.A.                 | 130,000           | CDI + 1.90%                                      | 118% CDI                         |
| Gafisa S/A Banco HSBC                            | 194,000           | Fixed 12.8727%                                   | 120% CDI                         |
| Gafisa S/A Banco Votorantim S.A.                 | 55,000            | IPCA + 8.22%                                     | 120% CDI                         |
|  |                   | Total derivative financial instruments (Note 20) |                                  |

During the period ended September 30, 2016, the amount of R\$13,526 (R\$(17,610) in 2015) in the Company's and consolidated statements, which refers to net result of the interest swap transaction, arising from the payment in the amount of R\$10,308 and the positive value change based on the market of R\$23,834, was recognized in the "financial income (expenses)" line in the statement of profit or loss for the year, allowing correlation between the impact of such transactions and the interest rate fluctuation in the Company's balance sheet (Note 24).

The estimated fair value of derivative financial instruments contracted by the Company was determined based on information available in the market and specific valuation methodologies. However, considerable judgment was necessary for interpreting market data to produce the estimated fair value of each transaction, which may vary upon the financial settlement of transactions.

c) *Interest rate risk*

There was no significant change in relation to the interest rate risks disclosed in Note 20(i)(c) to the financial statements as of December 31, 2015.

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### 20. Financial instruments--Continued

(i) Risk considerations--Continued

d) *Liquidity risk*

There was no significant change in relation to the liquidity risks disclosed in Note 20(i)(d) to the financial statements as of December 31, 2015.

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

| Period ended September 30,<br>2016  | Company             |              |              |                      | Total     |
|---|---------------------|--------------|--------------|----------------------|-----------|
|   | Less than 1<br>year | 1 to 3 years | 4 to 5 years | More than 5<br>years |           |
| Loans and financing (Note 12)   | 587,959             | 524,862      | -            | -                    | 1,112,821 |
| Debentures (Note 13)  | 270,656             | 265,212      | 21,285       | -                    | 557,153   |
| Payables to venture partners<br>(Note 15)                                       | 2,280               | -            | -            | -                    | 2,280     |
| Suppliers (Note 15 and Note<br>20.ii.a)   | 29,421              | 2,753        | -            | -                    | 32,174    |
| Payables for purchase of<br>properties and advances from<br>customers (Note 17) | 167,875             | 39,000       | 7,439        | -                    | 214,314   |
|   | 1,058,191           | 831,827      | 28,724       | -                    | 1,918,742 |



| Period ended September 30,<br>2016  | Consolidated        |              |              |                      | Total     |
|---|---------------------|--------------|--------------|----------------------|-----------|
|   | Less than 1<br>year | 1 to 3 years | 4 to 5 years | More than 5<br>years |           |
| Loans and financing (Note 12)   | 650,973             | 687,623      | 51,469       | -                    | 1,390,065 |
| Debentures (Note 13)  | 373,449             | 265,212      | 21,285       | -                    | 659,946   |
| Payables to venture partners<br>(Note 15)                                       | 3,143               | -            | -            | -                    | 3,143     |
| Suppliers (Note 15 and Note<br>20.ii.a)   | 66,018              | 5,170        | -            | -                    | 71,188    |
| Payables for purchase of<br>properties and advances from<br>customers (Note 17) | 369,029             | 115,762      | 15,265       | 122                  | 500,178   |
|   | 1,462,612           | 1,073,767    | 88,019       | 122                  | 2,624,520 |

Fair value classification

The Company uses the same classification disclosed in Note 20(i)(d) to the financial statements as of December 31, 2015 to determine and disclose the fair value of financial instruments by the valuation technique.

The classification level of fair value for financial instruments measured at fair value through profit or loss of the Company as of September 30, 2016 and December 31, 2015 is as follows:

| As of September 30, 2016                       | Company |         |         | Consolidated |         |         |
|--|---------|---------|---------|--------------|---------|---------|
|  | Level 1 | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial assets                               |         |         |         |              |         |         |
| Short-term investments (Note 4.2)              | -       | 185,365 | -       | -            | 448,558 | -       |
| Derivative financial instruments (Note 20.i.b) | -       | 2,159   | -       | -            | 2,159   | -       |

| As of December 31, 2015           | Company |         |         | Consolidated |         |         |
|-----------------------------------|---------|---------|---------|--------------|---------|---------|
|                                   | Level 1 | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial assets                  |         |         |         |              |         |         |
| Short-term investments (Note 4.2) | -       | 350,343 | -       | -            | 629,671 | -       |



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Notes to the individual and consolidated quarterly information--Continued

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**20. Financial instruments--Continued**

(i) Risk considerations--Continued

d) Liquidity risk--Continued

Fair value classification --Continued

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

| As of December 31, 2015                        | Company |         |         | Consolidated |         |         |
|--|---------|---------|---------|--------------|---------|---------|
|  | Level 1 | Level 2 | Level 3 | Level 1      | Level 2 | Level 3 |
| Financial liabilities                          |         |         |         |              |         |         |
| Derivative financial instruments (Note 20.i.b) | -       | 21,674  | -       | -            | 21,674  | -       |

In the period ended September 30, 2016, there were no transfers between the Levels 1 and 2 fair value classifications, nor were transfers between Levels 3 and 2 fair value classifications.

(ii) Fair value of financial instruments

a) *Fair value measurement*

The Company uses the same methods and assumptions disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2015 to estimate the fair value for each financial instrument type for which the estimate of values is practicable.

The most significant carrying values and fair values of financial assets and liabilities as of September 30, 2016 and December 31, 2015, classified into Level 2 of the fair value classification, are as follows:

|   | <b>Company</b>        |                       |                 |
|---|-----------------------|-----------------------|-----------------|
|   | <b>09/30/2016</b>     | <b>Fair value</b>     | <b>Carrying</b> |
|   | <b>Carrying value</b> | <b>Carrying value</b> | <b>value</b>    |
| <b>Financial assets</b>   |                       |                       |                 |
| Cash and cash equivalents (Note 4.1)                                      | <b>73,248</b>         | <b>73,248</b>         |                 |
| Short-term investments (Note 4.2)   | <b>185,365</b>        | <b>185,365</b>        | 3               |
| Derivative financial instruments (Note 20(i)(b))                          | <b>2,159</b>          | <b>2,159</b>          |                 |
| Trade accounts receivable (Note 5)  | <b>807,026</b>        | <b>807,026</b>        | 9               |
| Loan receivable (Note 21.1)   | <b>18,457</b>         | <b>18,457</b>         |                 |
| <b>Financial liabilities</b>  |                       |                       |                 |
| Loans and financing (Note 12)   | <b>1,112,821</b>      | <b>1,110,947</b>      | 1,1             |
| Debentures (Note 13)  | <b>557,153</b>        | <b>574,524</b>        | 6               |
| Payables to venture partners (Note 15)                                    | <b>2,280</b>          | <b>2,822</b>          |                 |
| Derivative financial instruments (Note 20(i)(b))                          | <b>-</b>              | <b>-</b>              |                 |
| Suppliers (Note 20(i)(d))   | <b>32,174</b>         | <b>32,174</b>         |                 |
| Obligations assumed on assignment of receivables (Note 14)                | <b>65,658</b>         | <b>65,658</b>         |                 |
| Payables for purchase of properties and advances from customers (Note 17) | <b>214,314</b>        | <b>214,314</b>        | 2               |
| Loan payable (Note 21.1)  | <b>8,149</b>          | <b>8,149</b>          |                 |

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## Gafisa S.A.

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### 20. Financial instruments--Continued

#### (ii) Fair value of financial instruments--Continued

##### a) *Fair value measurement*--Continued

|   | <b>Consolidated</b>   |                       |                 |
|---|-----------------------|-----------------------|-----------------|
|   | <b>09/30/2016</b>     | <b>Fair value</b>     | <b>Carrying</b> |
|   | <b>Carrying value</b> | <b>Carrying value</b> | <b>value</b>    |
| Financial assets  |                       |                       |                 |
| Cash and cash equivalents (Note 4.1)                                      | 161,340               | 161,340               |                 |
| Short-term investments (Note 4.2)   | 448,558               | 448,558               | 6               |
| Derivative financial instruments (Note 20(i)(b))                          | 2,159                 | 2,159                 |                 |
| Trade accounts receivable (Note 5)  | 1,569,407             | 1,569,407             | 1,8             |
| Loan receivable (Note 21.1)   | 56,341                | 56,341                | 1               |
| Financial liabilities   |                       |                       |                 |
| Loans and financing (Note 12)   | 1,390,065             | 1,371,727             | 1,2             |
| Debentures (Note 13)  | 659,946               | 676,417               | 8               |
| Payables to venture partners (Note 15)                                    | 3,143                 | 2,822                 |                 |
| Derivative financial instruments (Note 20(i)(b))                          | -                     | -                     |                 |
| Suppliers (Note 20(i)(d))   | 71,188                | 71,188                |                 |
| Obligations assumed on assignment of receivables ( (Note 14)              | 92,695                | 92,695                |                 |
| Payables for purchase of properties and advances from customers (Note 17) | 500,178               | 500,178               | 6               |
| Loan payable (Note 21.1)  | 58,118                | 58,118                |                 |

There was no significant change in relation to the other information disclosed in Note 20(ii)(a) to the financial statements as of December 31, 2015.

b) *Risk of debt acceleration*

There was no significant change in relation to the risks of debt acceleration disclosed in Note 20(ii)(b) to the financial statements as of December 31, 2015.

c) *Market risk*

There was no significant change in relation to the market risks disclosed in Note 20(ii)(c) to the financial statements as of December 31, 2015.

(iii) Capital stock management

The explanations related to this note were not subject to significant changes in relation to the disclosures in Note 20(iii) to the financial statements as of December 31, 2015.

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

|  | <b>Company</b>    |                   | <b>Cons</b>       |
|--|-------------------|-------------------|-------------------|
|  | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2014</b> |
| Loans and financing (Note 12)  | <b>1,112,821</b>  | 1,138,660         | <b>1,390,000</b>  |
| Debentures (Note 13)   | <b>557,153</b>    | 656,081           | <b>659,940</b>    |
| Obligations assumed on assignment of receivables (Note 14)                     | <b>65,658</b>     | 34,847            | <b>92,690</b>     |
| Payables to venture partners (Note 15)   | <b>2,280</b>      | 4,713             | <b>3,140</b>      |
| ( - ) Cash and cash equivalents and short-term investments (Notes 4.1 and 4.2) | <b>(258,613)</b>  | (394,387)         | <b>(609,890)</b>  |
| Net debt   | <b>1,479,299</b>  | 1,439,914         | <b>1,535,950</b>  |
| Equity   | <b>2,926,451</b>  | 3,095,491         | <b>2,928,740</b>  |
| Equity and net debt  | <b>4,405,750</b>  | 4,535,405         | <b>4,464,700</b>  |



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**20. Financial instruments--Continued**

(iv) Sensitivity analysis

The sensitivity analysis of financial instruments for the period ended September 30, 2016, except swap contracts, which are analyzed through their due dates, describes the risks that may cause significant changes in the Company's profit or loss, as provided for by CVM, through Rule No. 475/08, in order to show a 10%, 25% and 50% increase/decrease in the risk variable considered.

As of September 30, 2016, besides derivative instruments, the Company has the following financial instruments:

- a) Short-term investments, loans and financing, and debentures linked to Interbank Deposit Certificates (CDI);
- b) Loans and financing linked to the Referential Rate (TR) and CDI, and debentures linked to the CDI, National Consumer Price Index – Extended (IPCA) and TR;
- c) Accounts receivable, obligations for purchase of property, and loans and financing, linked to the National Civil Construction Index (INCC).

For the sensitivity analysis in the period ended September 30, 2016, the Company considered the interest rates of investments, loans and accounts receivables, the CDI rate at 14.13%, TR at 2.29%, INCC at 6.21%, and IPCA at 8.48%. The scenarios considered were as follows:



*Scenario I – Probable:* 10% increase/decrease in the risk variables used for pricing

*Scenario II – Possible:* 25% increase/decrease in the risk variables used for pricing

*Scenario III – Remote:* 50% increase/decrease in the risk variables used for pricing

The Company shows in the following chart the sensitivity to risks to which the Company is exposed, based on the above scenarios, as of September 30, 2016. The effects on equity are basically the same ones on profit or loss.

| Instrument                           | Risk                      | Scenario          |           |            |            | Decrease |
|--------------------------------------|---------------------------|-------------------|-----------|------------|------------|----------|
|                                      |                           | I<br>Increase 10% | II<br>25% | III<br>50% | III<br>50% |          |
| Short-term investments               | Increase/Decrease of CDI  | 5,279             | 13,197    | 26,395     | (26,395)   |          |
| Loans and financing                  | Increase/Decrease of CDI  | (6,347)           | (15,867)  | (31,733)   | 31,733     |          |
| Debentures                           | Increase/Decrease of CDI  | (1,121)           | (2,802)   | (5,604)    | 5,604      |          |
| Derivative financial instruments     | Increase/Decrease of CDI  | (2,572)           | (6,387)   | (12,466)   | 14,097     |          |
| Net effect of CDI variation          |                           | (4,761)           | (11,859)  | (23,408)   | 25,039     |          |
| Loans and financing                  | Increase/Decrease of TR   | (1,926)           | (4,816)   | (9,631)    | 9,631      |          |
| Debentures                           | Increase/Decrease of TR   | (1,064)           | (2,660)   | (5,321)    | 5,321      |          |
| Net effect of TR variation           |                           | (2,990)           | (7,476)   | (14,952)   | 14,952     |          |
| Debentures                           | Increase/Decrease of IPCA | (601)             | (1,503)   | (3,006)    | 3,006      |          |
| Net effect of IPCA variation         |                           | (601)             | (1,503)   | (3,006)    | 3,006      |          |
| Accounts receivable                  | Increase/Decrease of INCC | 9,124             | 22,810    | 45,620     | (45,620)   |          |
| Loans and financing                  | Increase/Decrease of INCC | (39)              | (96)      | (193)      | 193        |          |
| Obligations for purchase of property | Increase/Decrease of INCC | (1,889)           | (4,722)   | (9,444)    | 9,444      |          |
| Net effect of INCC variation         |                           | 7,196             | 17,992    | 35,983     | (35,983)   |          |

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### **21. Related parties**

#### **21.1. Balances with related parties**

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

| <b>Current accounts</b>                           | <b>Company</b>    |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>09/30/2016</b> | <b>12/31/2015</b> | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| <b>Assets</b>                                     |                   |                   |                     |                   |
| Current account:                                  |                   |                   |                     |                   |
| Total SPEs  | <b>44,986</b>     | 55,023            | <b>73,520</b>       | 86,010            |
| Condominium and consortia and third party's works | <b>6,977</b>      | 9,108             | <b>6,977</b>        | 9,108             |
| Loan receivable (Note 20.ii.a)                    | <b>18,457</b>     | 78,818            | <b>56,341</b>       | 109,193           |
| Dividends receivable                              | <b>15,116</b>     | 14,279            | -                   | -                 |
|   | <b>85,536</b>     | 157,228           | <b>136,838</b>      | 204,311           |
| Current portion                                   | <b>67,079</b>     | 78,410            | <b>80,497</b>       | 95,118            |
| Non-current                                       | <b>18,457</b>     | 78,818            | <b>56,341</b>       | 109,193           |
| <b>Liabilities</b>                                |                   |                   |                     |                   |
| Current account:                                  |                   |                   |                     |                   |
| Total SPEs and Tenda                              | <b>(983,733)</b>  | (790,895)         | <b>(86,206)</b>     | (76,620)          |
| Loan payable (Note 20.ii.a)                       | <b>(8,149)</b>    | (10,480)          | <b>(58,118)</b>     | (51,482)          |
|   | <b>(991,882)</b>  | (801,375)         | <b>(144,324)</b>    | (128,102)         |
| Current portion                                   | <b>(991,882)</b>  | (801,375)         | <b>(94,355)</b>     | (87,100)          |
| Non-current portion                               | -                 | -                 | <b>(49,969)</b>     | (41,002)          |

The composition, nature and condition of loan receivable and payable by the Company are shown below. Loan maturities are from October 2016 and are tied to the cash flows of related ventures.

|  | Company       |                | Nature       | Interest rate       |
|--|---------------|----------------|--------------|---------------------|
|  | 09/30/2016    | 12/31/2015     |              |                     |
| Tembok Planej. E Desenv. Imob. Ltda. (Vistta Laguna) | -             | 11,044         | Construction | 12% p.a. + IGPM     |
| Acquarelle Civilcorp Incorporações Ltda.             | 129           | 287            | Construction | 12% p.a. + IGPM     |
| Manhattan Residencial I (a)                          | 2,486         | 53,862         | Construction | 10% p.a. + TR       |
| Target Offices & Mall                                | 11,728        | 3,105          | Construction | 12% p.a. + IGPM     |
| Scena Laguna - Tembok Planej. e Desenv. Imob. Ltda.  | 4,114         | 10,520         | Construction | 12% p.a. + IGPM     |
| <b>Total receivable - Company</b>                    | <b>18,457</b> | <b>78,818</b>  |              |                     |
| Gafisa Spe-113 Empr Imob                             | -             | 3,788          | Construction | 100% of CDI         |
| Dubai Residencial                                    | 3,309         | 2,650          | Construction | 6% p.a.             |
| Parque Arvores                                       | 2,399         | 2,270          | Construction | 6% p.a.             |
| Parque Aguas   | 2,441         | 1,772          | Construction | 6% p.a.             |
| <b>Total payable - Company</b>                       | <b>8,149</b>  | <b>10,480</b>  | Construction | 6% p.a.             |
|  |               |                |              |                     |
|  | Consolidated  |                | Nature       | Interest rate       |
|  | 09/30/2016    | 12/31/2015     |              |                     |
| Tembok Planej. E Desenv. Imob. Ltda. (Vistta Laguna) | -             | 11,044         | Construction | 12% p.a. + IGPM     |
| Acquarelle Civilcorp Incorporações Ltda.             | 129           | 287            | Construction | 12% p.a. + IGPM     |
| Manhattan Residencial I (a)                          | 2,487         | 53,862         | Construction | 10% p.a. + TR       |
| Target Offices & Mall                                | 11,728        | 3,105          | Construction | 12% p.a. + IGPM     |
| Scena Laguna - Tembok Planej. e Desenv. Imob. Ltda.  | 4,114         | 10,520         | Construction | 12% p.a. + IGPM     |
| Fit Campolim SPE Emp. Imob. Ltda.                    | 16,924        | 14,097         | Construction | 113.5% of 126.5% of |
| Acedio SPE Emp. Imob. Ltda.                          | 3,940         | 3,260          | Construction | 113.5% of 126.5% of |
| Interativa Emp. e Part. Ltda.                        | 4,413         | -              | Construction | 12% p.a.            |
| Atua Construtora e Incorporadora S.A.                | 12,167        | 12,168         | Construction | 113.50% to 112% of  |
| Other  | 439           | 850            | Construction | Several             |
| <b>Total receivable - Consolidated</b>               | <b>56,341</b> | <b>109,193</b> |              |                     |
| Fit 34 SPE Empreendimentos Imobiliários Ltda.        | 23,179        | 21,925         | Construction | 6% p.a.             |
| Fit 03 SPE Empreendimentos Imobiliários Ltda.        | 8,363         | 7,912          | Construction | 6% p.a.             |
| Fit 11 SPE Empreendimentos Imobiliários Ltda.        | 6,247         | 5,910          | Construction | 6% p.a.             |
| Gafisa Spe-113 Empr Imob                             | -             | 3,788          | Construction | 100% of CDI         |
| Parque dos Pássaros                                  | 5,915         | 2,725          | Construction | 6% p.a.             |
| Dubai Residencial                                    | 3,309         | 2,650          | Construction | 6% p.a.             |
| Parque Arvores                                       | 2,399         | 2,270          | Construction | 6% p.a.             |
| Parque Aguas   | 2,441         | 1,772          | Construction | 6% p.a.             |
| Fit 31 SPE Empreendimentos Imobiliários Ltda.        | 1,372         | 1,298          | Construction | 6% p.a.             |
| Araçagy  | 4,893         | 1,232          | Construction | 6% p.a.             |
| <b>Total payable - Consolidated</b>                  | <b>58,118</b> | <b>51,482</b>  |              |                     |

(a) See change in Note 9 (h).

In the period ended September 30, 2016 the recognized financial income from interest on loans amounted to R\$335 (R\$7,056 in 2015) in the Company's statement and R\$348 (R\$14,393 in 2015) in the consolidated statement (Note 24).

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### **21. Related parties--Continued**

#### **21.1. Balances with related parties--Continued**

In the period ended September 30, 2016, the Company issued debit notes to the subsidiary Tenda and associate Alphaville, related to the apportionment of administrative expenses, in the total amount of R\$13,499 (R\$24,767 in 2015).

Information regarding management transactions and compensation is described in Note 25.

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 21 to the financial statements as of December 31, 2015.

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

The financial transactions of the subsidiaries are guaranteed by the endorsement or surety in proportion to the interest of the Company in the capital stock of such companies, in the amount of R\$1,342,330 as of September 30, 2016 (R\$1,067,950 as of December 31, 2015).

### **22. Net operating revenue**

**Gross operating revenue**  
**Real estate development, sale, barter transactions and con**  
**(Recognition) Reversal of allowance for doubtful accounts**  
**Taxes on sale of real estate and services**  
**Net operating revenue**

**23. Costs and expenses by nature**

These are represented by the following:

|   | Company    |            |
|---|------------|------------|
|   | 09/30/2016 | 09/30/2015 |
| <b>Cost of real estate development and sale:</b>                        |            |            |
| Construction cost   | (201,677)  | (30,000)   |
| Land cost   | (130,947)  | (1,000)    |
| Development cost  | (24,464)   | (1,000)    |
| Capitalized financial charges (Note 12)                                 | (94,005)   | (1,000)    |
| Maintenance / warranty  | (14,254)   | (1,000)    |
| Provision for cancelled contracts (Note 5)                              | -          | -          |
| Total cost of real estate development and sale                          | (465,347)  | (6,000)    |
| <b>Commercial expenses:</b>   |            |            |
| Product marketing expenses  | (23,793)   | (1,000)    |
| Brokerage and sale commission   | (15,321)   | (1,000)    |
| Customer Relationship Management (CRM) and corporate marketing expenses | (13,520)   | (1,000)    |
| Other   | (838)      | (1,000)    |
| Total commercial expenses   | (53,472)   | (4,000)    |
| <b>General and administrative expenses:</b>                             |            |            |
| Salaries and payroll charges  | (18,751)   | (1,000)    |
| Employee benefits   | (2,370)    | (1,000)    |
| Travel and utilities  | (377)      | (1,000)    |
| Services  | (5,595)    | (1,000)    |

|   |          |
|---|----------|
| Rents and condominium fees  | (4,741)  |
| IT  | (8,580)  |
| Stock option plan (Note 18.2)   | (5,506)  |
| Reserve for profit sharing (Note 25.iii)                              | (12,500) |
| Other   | (359)    |
| Total general and administrative expenses                             | (58,779) |
| <b>Other income (expenses), net:</b>                                  |          |
| Expenses with lawsuits (Note 16)                                      | (43,511) |
| Expenses with the adjustment to the stock option plan balance of AUSA | (3,401)  |
| Other   | 743      |
| Total other income/(expenses), net                                    | (46,169) |

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### 24. Financial income (expenses)

|  | Company    |            | Consolidated |
|--|------------|------------|--------------|
|  | 09/30/2016 | 09/30/2015 | 09/30/2016   |
| Financial income                                     |            |            |              |
| Income from financial investments                    | 26,137     | 44,569     | 52,027       |
| Derivative transactions (Note 20 (i) (b))            | 13,526     | -          | 13,526       |
| Financial income on loans (Note 21)                  | 335        | 7,056      | 348          |
| Other financial income                               | 1,407      | 809        | 6,458        |
| Total financial income                               | 41,405     | 52,434     | 72,359       |
| Financial expenses                                   |            |            |              |
| Interest on funding, net of capitalization (Note 12) | (31,035)   | (52,906)   | (42,917)     |
| Amortization of debenture cost                       | (2,175)    | (2,949)    | (2,175)      |
| Payables to venture partners                         | (951)      | (1,524)    | (951)        |
| Banking expenses                                     | (3,362)    | (3,193)    | (6,279)      |
| Derivative transactions (Note 20 (i) (b))            | -          | (17,610)   | -            |
| Discount granted and other financial expenses        | (18,554)   | (19,247)   | (41,932)     |
| Total financial expenses                             | (56,077)   | (97,429)   | (94,254)     |

### 25. Transactions with management and employees

#### (i) Management compensation

In the periods ended September 30, 2016 and 2015, the amounts recorded in the account "general and administrative expenses", related to the compensation of the Company's key management personnel are as follows:



| Period ended September 30, 2016              | Management compensation |                 | Fiscal Council |
|--|-------------------------|-----------------|----------------|
|  | Board of Directors      | Statutory Board |                |
| Number of members                            | 7                       | 5               | 3              |
| Fixed compensation for the period (in R\$)   |                         |                 |                |
| Salary / Fees                                | 1,256                   | 2,475           | 147            |
| Direct and indirect benefits                 | -                       | 259             | -              |
| Monthly compensation (in R\$)                | 140                     | 304             | 16             |
| Total compensation                           | <b>1,256</b>            | <b>2,734</b>    | <b>147</b>     |
| Profit sharing (Note 25 (iii))               | -                       | <b>1,706</b>    | -              |
| <b>Total compensation and profit sharing</b> | <b>1,256</b>            | <b>4,440</b>    | <b>147</b>     |

| Period ended September 30, 2015              | Management compensation |                 | Fiscal Council |
|--|-------------------------|-----------------|----------------|
|  | Board of Directors      | Statutory Board |                |
| Number of members                            | 7                       | 5               | 3              |
| Fixed compensation for the period (in R\$)   |                         |                 |                |
| Salary / Fees                                | 1,270                   | 2,475           | 149            |
| Direct and indirect benefits                 | -                       | 295             | -              |
| Monthly compensation (in R\$)                | 141                     | 308             | 17             |
| Total compensation                           | <b>1,270</b>            | <b>2,770</b>    | <b>149</b>     |
| Profit sharing (Note 25 (iii))               | -                       | <b>3,413</b>    | -              |
| <b>Total compensation and profit sharing</b> | <b>1,270</b>            | <b>6,183</b>    | <b>149</b>     |

The amount related to expenses for granting stock options to the management members of the Company was R\$3,048 for the period ended September 30, 2016 (R\$3,787 in 2015).

The maximum aggregate compensation of the Company's management members for the year 2016 was established at R\$19,823, as approved at the Annual Shareholders' Meeting held on April 25, 2016.

On the same occasion the compensation limit of the members of the Company's Fiscal Council for their next term of office that ends in the Annual Shareholders' Meeting to be held in 2017, was set at R\$245.



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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

(i) Management compensation--Continued

The subsidiary Tenda has an administrative structure segregated from the Company, therefore, the amounts recorded in the heading "General and Administrative Expenses" in the consolidated balance are added by the compensation of its Management members and are as follows:

| Period ended September 30, 2016              | Management compensation |                 | Fiscal Council |
|--|-------------------------|-----------------|----------------|
|  | Board of Directors      | Statutory Board |                |
| Number of members (a)                        | 10                      | 10              | 3              |
| Fixed compensation for the period (in R\$)   |                         |                 |                |
| Salary / Fees                                | 221                     | 3,842           | 45             |
| Direct and indirect benefits                 | -                       | 538             | -              |
| Monthly compensation (in R\$)                | 25                      | 487             | 5              |
| Total compensation                           | <b>221</b>              | <b>4,380</b>    | <b>45</b>      |
| Profit sharing (Note 25 (iii))               | -                       | <b>4,247</b>    | -              |
| <b>Total compensation and profit sharing</b> | <b>221</b>              | <b>8,627</b>    | <b>45</b>      |

| Period ended September 30, 2015            | Management compensation |                 | Fiscal Council |
|--|-------------------------|-----------------|----------------|
|  | Board of Directors      | Statutory Board |                |
| Number of members (a)                      | 10                      | 10              | 3              |
| Fixed compensation for the period (in R\$) |                         |                 |                |
| Salary / Fees                              | 66                      | 3,677           | 43             |
| Direct and indirect benefits               | -                       | 522             | -              |

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|  |           |              |           |
|--|-----------|--------------|-----------|
| Monthly compensation (in R\$)                | 27        | 467          | 5         |
| Total compensation                           | <b>66</b> | <b>4,199</b> | <b>43</b> |
| Profit sharing (Note 25 (iii))               | -         | <b>4,483</b> | -         |
| <b>Total compensation and profit sharing</b> | <b>66</b> | <b>8,682</b> | <b>43</b> |

(a) Of the ten members of the Board of Directors of Tenda, eight serve on both Gafisa and Tenda, while only two serve on the subsidiary Tenda.

The amount related to the stock compensation of the subsidiary Tenda's management members was R\$969 for the period ended September 30, 2016 (R\$1,483 in 2015).

The maximum aggregate compensation of the subsidiary Tenda's management members for the year 2016 was established at R\$18,143, for fixed and share-based compensation, as approved at the Annual Shareholders' Meeting held on April 27, 2016.

On the same occasion the compensation limit of the Company's Fiscal Council members for their next term of office that ends in the Annual Shareholders' meeting to be held in 2017 was approved at R\$188.

(ii) Sales

In the period ended September 30, 2016, there was no transaction in connection with units sold to the Management. The sales receivable is R\$930 (R\$1,610 in 2015).

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**Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

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

(iii) Profit sharing

In the period ended September 30, 2016, the Company recorded a provision for profit sharing amounting to R\$12,500 in the Company's statement (R\$17,000 in 2015) and R\$22,821 in the consolidated statement (R\$25,449 in 2015) in the account "General and Administrative Expenses " (Note 23).

|                              | <b>Company</b>    |            | <b>Consolidated</b> |            |
|------------------------------|-------------------|------------|---------------------|------------|
|                              | <b>09/30/2016</b> | 09/30/2015 | <b>09/30/2016</b>   | 09/30/2015 |
| Executive officers           | <b>1,706</b>      | 3,413      | <b>5,953</b>        | 7,896      |
| Other employees              | <b>10,794</b>     | 13,587     | <b>18,896</b>       | 23,217     |
| Reversal in subsidiary Tenda | -                 | -          | <b>(2,028)</b>      | (5,664)    |
|                              | <b>12,500</b>     | 17,000     | <b>22,821</b>       | 25,449     |

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 25 to the financial statements as of December 31, 2015.

**26. Insurance**

For the period ended September 30, 2016 insurance contracts were not subject to significant changes in relation to those disclosed in Note 26 to the financial statements as of December 31, 2015.

## 27. Earning (loss) per share

The following table shows the calculation of basic and diluted earnings and loss per share. In view of the loss for the period ended September 30, 2016, shares with dilutive potential are not considered, because the impact would be antidilutive.

|  | 09/30/2016       | 09/30/2015 |
|--|------------------|------------|
| Basic numerator  |                  |            |
| Proposed dividends and interest on equity                                | -                | -          |
| Undistributed profit (loss)  | <b>(164,288)</b> | 73,623     |
| Undistributed profit (loss), available for the holders of common shares  | <b>(164,288)</b> | 73,623     |
| Basic denominator (in thousands of shares)                               |                  |            |
| Weighted average number of shares  | <b>363,626</b>   | 367,603    |
| Basic earning (loss) per share in Reais                                  | <b>(0.4518)</b>  | 0.2003     |
| Diluted numerator  |                  |            |
| Proposed dividends and interest on equity                                | -                | -          |
| Undistributed earning (loss)   | <b>(164,288)</b> | 73,623     |
| Undistributed earning (loss), available for the holders of common shares | <b>(164,288)</b> | 73,623     |
| Diluted denominator (in thousands of shares)                             |                  |            |
| Weighted average number of shares  | <b>363,626</b>   | 367,603    |
| Stock options  | <b>1,408</b>     | 2,316      |
| Anti-dilutive effect   | <b>(1,408)</b>   | -          |
| Diluted weighted average number of shares                                | <b>363,626</b>   | 369,919    |
| Diluted earning (loss) per share in Reais                                | <b>(0.4518)</b>  | 0.1990     |

The other explanation related to this note was not subject to significant changes in relation to those disclosed in Note 27 to the financial statements as of December 31, 2015.



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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### **28. Segment information**

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

|   | <b>Gafisa</b>    | <b>Tenda</b>     | <b>Consolidated<br/>09/30/2016</b> |
|---|------------------|------------------|------------------------------------|
| Net operating revenue   | 651,881          | 765,804          | 1,417,685                          |
| Operating costs   | (621,378)        | (538,722)        | (1,160,100)                        |
| Gross profit  | 30,503           | 227,082          | 257,585                            |
| Selling expenses  | (61,692)         | (65,096)         | (126,788)                          |
| General and administrative expenses   | (74,070)         | (62,125)         | (136,195)                          |
| Other income / (expenses), net  | (48,054)         | (32,996)         | (81,050)                           |
| Depreciation and amortization   | (23,332)         | (9,119)          | (32,451)                           |
| Financial expenses  | (55,868)         | (38,386)         | (94,254)                           |
| Financial income  | 48,493           | 23,866           | 72,359                             |
| Tax expenses  | (6,645)          | (13,034)         | (19,679)                           |
| Profit / (loss) for the period attributable<br>to the shareholders of the Company | (200,749)        | 36,461           | (164,288)                          |
| Customers (short and long terms)  | 1,094,770        | 474,637          | 1,569,407                          |
| Inventories (short and long terms)  | 1,903,451        | 739,096          | 2,642,547                          |
| Other assets  | 1,453,006        | 688,358          | 2,141,364                          |
| Total assets  | <b>4,451,227</b> | <b>1,902,091</b> | <b>6,353,318</b>                   |
| Total liabilities   | <b>2,680,545</b> | <b>744,024</b>   | <b>3,424,569</b>                   |
|   | <b>Gafisa</b>    | <b>Tenda</b>     | <b>Consolidated<br/>09/30/2015</b> |

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|  |           |           |             |
|--|-----------|-----------|-------------|
| Net operating revenue  | 1,090,933 | 644,140   | 1,735,073   |
| Operating costs  | (793,688) | (457,422) | (1,251,110) |
| Gross profit   | 297,245   | 186,718   | 483,963     |
| Selling expenses   | (59,611)  | (46,963)  | (106,574)   |
| General and administrative expenses  | (80,438)  | (63,248)  | (143,686)   |
| Other income / (expenses), net   | (80,505)  | (32,208)  | (112,713)   |
| Depreciation and amortization  | (24,780)  | (10,894)  | (35,674)    |
| Financial expenses   | (92,626)  | (34,565)  | (125,224)   |
| Financial income   | 62,197    | 39,774    | 100,004     |
| Tax expenses   | (2,485)   | (771)     | (3,256)     |
| Profit / (loss) for the period attributable to the shareholders of the Company | 30,312    | 43,311    | 73,623      |
| Customers (short and long terms)   | 1,465,094 | 510,901   | 1,975,995   |
| Inventories (short and long terms)   | 1,851,273 | 636,113   | 2,487,386   |
| Other assets   | 1,778,752 | 817,391   | 2,596,143   |
| Total assets   | 5,095,119 | 1,964,405 | 7,059,524   |
| Total liabilities  | 3,120,252 | 826,663   | 3,946,915   |

The other explanations related to this note did not suffer significant changes in relation to the disclosures in Note 28 to the financial statements as of December 31, 2015.

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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### **29. Real estate ventures under construction – information and commitments**

In order to meet the provisions of paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are shown in the statement of profit or loss, and the advances received are shown in the account "Payables for purchase of property and advances from customer". The Company shows the following information on the ventures under construction as of September 30, 2016 and December 31, 2015:

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>09/30/2016</b>   | <b>12/31/2015</b> |
| Unappropriated sales revenue of units sold                        | <b>680,138</b>      | 777,679           |
| Estimated cost of units sold to be incurred                       | <b>(400,585)</b>    | (445,265)         |
| Estimated cost of units in inventory to be incurred               | <b>(769,450)</b>    | (795,995)         |
| <b>(i) Unappropriated sales revenue of units sold</b>             |                     |                   |
| Ventures under construction:                                      |                     |                   |
| Contracted sales revenue  | <b>2,237,895</b>    | 2,761,219         |
| Appropriated sales revenue  | <b>(1,557,757)</b>  | (1,983,540)       |
| <b>Unappropriated sales revenue (a)</b>                           | <b>680,138</b>      | 777,679           |
| <b>(ii) Estimated cost of units sold to be incurred</b>           |                     |                   |
| Ventures under construction:                                      |                     |                   |
| Estimated cost of units   | <b>(1,346,070)</b>  | (1,626,339)       |
| Incurred cost of units  | <b>945,485</b>      | 1,181,074         |
| <b>Estimated cost to be incurred (b)</b>                          | <b>(400,585)</b>    | (445,265)         |
| <b>(iii) Estimated costs of units in inventory to be incurred</b> |                     |                   |
| Ventures under construction:                                      |                     |                   |
| Estimated cost of units   | <b>(1,516,938)</b>  | (1,724,372)       |
| Incurred cost of units  | <b>747,488</b>      | 928,377           |
| <b>Estimated cost to be incurred</b>                              | <b>(769,450)</b>    | (795,995)         |

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(a) The unappropriated sales revenue of units sold are measured by the face value of contracts, plus the contract adjustments and deducted from cancellations, not considering related taxes and adjustment to present value, and do not include ventures that are subject to restriction due to a suspensive clause (legal period of 180 days in which the Company can cancel a development) and therefore is not appropriated to profit or loss.

(b) The estimated cost of units sold to be incurred does not include financial charges, which are appropriated to properties for sale and profit or loss (cost of real estate sold) in proportion to the real estate units sold to the extent they are incurred.

As of September 30, 2016, the percentage of assets consolidated in the quarterly information related to ventures included in the equity segregation structure of the development stood at 45.2% (33.1% in 2015).

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## **Gafisa S.A.**

Notes to the individual and consolidated quarterly information--Continued

September 30, 2016

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

### **30. Communication with regulatory bodies**

The explanations related to this note were not subject to significant changes in relation to those disclosed in Note 30 to the financial statements as of December 31, 2015.

### **31. Subsequent events**

#### **(i) Funds deposited with third parties**

As of October 03, 2016, the subsidiary Tenda made the payment of the 17<sup>th</sup> interest installment and the 11th amortization installment related to its first debenture placement, in the total amount of R\$32,836, of which R\$30,000 of principal and R\$2,836 of interests (Note 4.1(b)).

#### **(ii) Extension of the maturity of the Tenda's debenture installments**

On October 10, 2016, at the Debentureholders' Meeting, it was approved the extension of the maturity of the 12th installment of the face value amounting to R\$70,000 to November 11, 2016, new due date of the placement, and on such date, the interest related to the capitalization period beginning on October 11, 2016 and ending on November 11, 2016 will be paid (thus becoming the 19th interest installment). Additionally, in relation to the 18th interest installment payable until October 11, 2016, its requirement was maintained under the terms of the Indenture, and the same was settled for the total amount of R\$352 on the respective due date.

(iii) Secondary Offering of Shares and Listing in Novo Mercado - Tenda

On October 19, 2016, the members of Gafisa's Board of Directors approved the application for registration with the Brazilian Securities Commission (CVM) of a public offering for secondary distribution of registered book-entry common shares, with no par value, issued by Tenda and owned by Gafisa, all unrestricted and clear from any liens or encumbrances, and on the same it was approved, in the Shareholders' Meeting of Tenda, the submission of the application for listing the stocks it issues in Novo Mercado segment of BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros.

According to the disclosed significant fact, such communication should not be considered an announcement of stock offering. The carry out of the Offering is subject to domestic and international capital markets conditions. The application for Offering registration will be analyzed, thus the Offering will only begin after CVM grants the respective registration. Likewise, the submission of the Listing Application will be analyzed, so the listing of Tenda's stock in the Novo Mercado segment of BM&FBovespa will begin only after BM&FBovespa grants the respective registration.

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**Gafisa S.A.**

**Other information deemed relevant by the Company**

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

| <b>Shareholder</b>   | <b>9/30/2016</b>     |                |
|----------------------|----------------------|----------------|
|                      | <b>Common shares</b> |                |
|                      | <b>Shares</b>        | <b>%</b>       |
| Treasury shares      | 14,160,533           | 3.75%          |
| Polo Capital         | 55,135,486           | 14.58%         |
| Pátria Investimentos | 21,171,700           | 5.60%          |
| Outstanding shares   | 287,598,443          | 76.07%         |
| <b>Total shares</b>  | <b>378,066,162</b>   | <b>100.00%</b> |

| <b>Shareholder</b>                          | <b>9/30/2015</b>     |                |
|---|----------------------|----------------|
|   | <b>Common shares</b> |                |
|   | <b>Shares</b>        | <b>%</b>       |
| Treasury shares                             | 10,584,757           | 2.80%          |
| FUNCEF – Fundação dos Economiários Federais | 23,835,800           | 6.30%          |
| Pátria Investimentos                        | 21,171,100           | 5.60%          |
| Polo Capital                                | 69,108,486           | 18.28%         |
| Outstanding shares                          | 253,366,019          | 67.02%         |
| <b>Total shares</b>                         | <b>378,066,162</b>   | <b>100.00%</b> |



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

**Gafisa S.A.**

**Other information deemed relevant by the Company**

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

|  | <b>9/30/2016</b>     |                |
|--|----------------------|----------------|
|  | <b>Common shares</b> |                |
|  | <b>Shares</b>        | <b>%</b>       |
| Shareholders holding effective control of the Company                | 76,307,186           | 20.18%         |
| Board of Directors   | 592,609              | 0.16%          |
| Executive directors  | 2,245,362            | 0.59%          |
| Fiscal council   | -                    | -              |
| <b>Executive control, board members, officers and fiscal council</b> | <b>79,145,157</b>    | <b>20.93%</b>  |
| Treasury shares  | 14,160,533           | 3.75%          |
| Outstanding shares in the market (*)                                 | 284,760,472          | 75.32%         |
| <b>Total shares</b>  | <b>378,066,162</b>   | <b>100.00%</b> |
|  | <b>9/30/2015</b>     |                |
|  | <b>Common shares</b> |                |
|  | <b>Shares</b>        | <b>%</b>       |
| Shareholders holding effective control of the Company                | 114,115,386          | 30.18%         |
| Board of Directors   | 592,609              | 0.16%          |
| Executive directors  | 1,774,245            | 0.47%          |
| Fiscal council   | -                    | -              |
| <b>Executive control, board members, officers and fiscal council</b> | <b>116,482,240</b>   | <b>30.81%</b>  |
| Treasury shares  | 10,584,757           | 2.80%          |
| Outstanding shares in the market (*)                                 | 250,999,165          | 66.39%         |
| <b>Total shares</b>  | <b>378,066,162</b>   | <b>100.00%</b> |

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





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**Gafisa S.A.**

**Other relevant information**

### **3 – COMMITMENT CLAUSE**

The Company, its shareholders, directors and board members undertake to settle, through arbitration, any and all disputes or controversies that may arise between them, related to or originating from, particularly, the application, validity, effectiveness, interpretation, breach and the effects thereof, of the provisions of Law No. 6404/76, the Company's By-Laws, rules determined by the Brazilian Monetary Council (CMN), by the Central Bank of Brazil and by the Brazilian Securities Commission (CVM), as well as the other rules that apply to the operation of the capital market in general, in addition to those established in the New Market Listing Regulation, Participation in the New Market Contract and in the Arbitration Regulation of the Chamber of Market Arbitration.

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

**Gafisa S.A.**

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

To

Board Members and Shareholders of

Gafisa S.A.

São Paulo - SP

We have reviewed the accompanying individual and consolidated interim financial information of Gafisa S.A. ("Company"), identified as Company and Consolidated, respectively, contained in the Quarterly Information (ITR) for the quarter ended September 30, 2016, which comprises the balance sheet as at September 30, 2016 and the respective statement of profit or loss and statement of comprehensive income (loss) for the quarter and nine-month period then ended, and the statement of changes in equity and statement of cash flows for the nine-month period then ended, including explanatory notes.

The Company's management is responsible for the preparation of individual interim financial information in accordance with the Accounting Pronouncements Committee (CPC) Technical Pronouncement (CPC) 21 (R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) which considers the Technical Orientation - OCPC 04 - Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, edited by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC), as well as for the presentation of these information in compliance with the rules issued by the CVM, applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review according to the Brazilian and international review standards of interim financial information (NBC TR 2410 – Review of Interim Financial Information Performed by the Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of inquiries, mainly of the people responsible for the financial and accounting matters, and the application of analytical and other review procedures. The scope of a review is significantly narrower than that of an audit conducted in accordance with audit standards and, accordingly, it did not permit us to obtain assurance that we took notice of all significant matters that could have been raised in an audit. Therefore, we did not express an audit opinion.

### **Conclusion from the individual and consolidated interim financial information prepared in accordance with CPC 21(R1)**

Based on our review, we are not aware of any fact that makes us believe that the individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all significant respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information (ITR), and presented in compliance with the rules issued by the CVM.

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

## **Gafisa S.A.**

**Conclusion from the consolidated interim information prepared in accordance with IAS 34, which considers the Technical Orientation - OCPC 04 – Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, edited by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC)**

Based on our review, we are not aware of any fact that makes us believe that the consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all significant respects, in accordance with IAS 34, issued by the IASB, which considers the Technical Orientation - OCPC 04 - Application of technical interpretation ICPC02 to the Brazilian Real Estate Development Entities, issued by the CPC, and approved by the CVM and the CFC applicable to the preparation of Quarterly Information (ITR), and presented in compliance with the rules issued by the CVM.

## **Emphasis of matter**

As described in Note 2, the individual (Company) and consolidated interim financial information has been prepared in accordance with the accounting practices adopted in Brazil (CPC 21 (R1)). The consolidated interim financial information prepared in accordance with International Financial Reporting Standards (IFRS) applicable to real estate entities in Brazil also considers technical guideline OCPC 04 issued CPC. Such technical guideline addresses the recognition of real state revenues and involves issues related to meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units, as detailed in Note 2. Our opinion is not qualified in this respect.

## **Other matters**

## **Statements of value added**

We have also reviewed the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, whose presentation in the interim financial information is required by the rules of the CVM applicable to Quarterly Information (ITR) and as supplementary information under IFRS that do not require the presentation of DVA. These statements were subject to the same previously described review procedures and, based on our review, we are not aware of any fact that makes us believe that they were not prepared, in all significant respects, according to the individual and consolidated interim financial information taken as a whole.

São Paulo, November 8, 2016

KPMG Auditores Independentes

CRC 2SP014428/O-6

Giuseppe Masi

Accountant CRC 1SP176273/O-7

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**Gafisa S.A.**

**Reports and statements \ Management statement of interim financial information**

Management statement of interim financial information

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19<sup>th</sup> floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

- i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended September 30, 2016; and
  
- ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2016.

São Paulo, November 8, 2016

GAFISA S.A.

Management

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

**Gafisa S.A.**

**Reports and Statements \ Management statement on the report on review of interim financial information**

Management Statement on the Review Report

STATEMENT

Gafisa S.A. management, CNPJ 01.545.826/0001-07, located at Av. Nações Unidas, 8501, 19<sup>th</sup> floor, Pinheiros, São Paulo, states as per article 25 of CVM Instruction 480 issued in December 07, 2009:

- i) Management has reviewed, discussed and agreed with the auditor's conclusion expressed on the report on review interim financial Information for the period ended September 30, 2016; and
  
- ii) Management has reviewed and agreed with the interim information for the period ended September 30, 2016.

São Paulo, November 8, 2016

GAFISA S.A.

Management





**SIGNATURE**

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

Date: November 23, 2016

**Gafisa S.A.**

By:

/s/ Sandro Gamba

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Name: Sandro Gamba

Title: Chief Executive Officer

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