

**Construtora Tenda S.A.**

Notes to the individual and consolidated  
Interim financial information

For the period ended September 30, 2019

(Convenience Translation into English from the original previously Issued in Portugues)

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## Construtora Tenda S.A.

Corporate Taxpayer's Registry (CNPJ/MF) No. 71.476.527/0001-35

Corporate Registry Identification Number (NIRE) 35.300.348.206

### Notice to the Market

## 3Q19 EARNINGS RELEASE

**3Q19 net income at R\$ 64.6 million. In the last 12 months, earnings per share up 33.5% YoY and ROE at 18.7%. Adjusted gross margin reached 34.9% in the quarter**

**FOR IMMEDIATE RELEASE** – São Paulo, November 7, 2019 – Construtora Tenda S.A. (“Company”, “Tenda”), a leading Brazilian homebuilder and real estate developer focused on low-income residential projects operating within the brackets 1.5 and 2 of the “Minha Casa, Minha Vida” (“MCMV”) federal government housing program, today reports its operating and financial results for the third quarter of 2019.

#### HIGHLIGHTS

- **Net revenue** of R\$508.5 million in 3Q19, up 10.2% YoY
- **Net income** of R\$235.4 million in the last twelve months, up 24.9% YoY. Net income of R\$187.4 million YTD, up 23.0% YoY
- **ROE** of 18.7% LTM, up to 2.6 p.p. YoY
- **ROIC** of 26.4% LTM, up to 4.5 p.p. YoY
- **Cash consumption** of R\$40.8 million in 3Q19 due to the stoppage of mortgage transfers until mid-September
- **Launched PSV** of R\$761.4 million in 3Q19 (+32.0% YoY). In 9M19, launched PSV reached R\$1.74 billion (+25.8% YoY)
- **Landbank** up 25.8% YoY, totalling R\$9.87 billion in PSV
- **Land acquisition** in 3Q19 totaled R\$1.13 billion, + 68.0% QoQ, allowing landbank's increase in strong quarter in launches
- **Net pre-sales** of R\$536.9 million in 3Q19, up 9.6% YoY, with net SoS of 28.0%

#### CONFERENCE CALL AND WEBCAST

Friday, November 8, 2019

8h00 a.m. (NY)

10h00 a.m. (BRT)

Dial in:

International: +1-516-300-1066

Brazil: +55-11-3127-4971

Code: Tenda

Webcast: [Click here](#)

## MESSAGE FROM THE MANAGEMENT

In the third quarter of 2019, Tenda's strategy to operate in the "Minha Casa Minha Vida" (MCMV) program in a more restrictive year brought good results. The expected drop in profitability due to the reduction in subsidies for the bracket 1.5 of the program and the stricter credit scoring for clients in financial institutions was partially offset by Tenda's growth in more vertical solutions, especially new projects with towers up to 20 floors in São Paulo and our first projects with elevator outside São Paulo – Salvador was the first Brazilian metro area in which we launched such products.

Projects with taller buildings allow Tenda to access more land located in central areas of the metropolitan regions, which results in a wider income range of clientes still within MCMV brackets 1.5 and 2. Given the cost advantages derived from the industrial approach to operations, it is possible to perform with attractive prices, maintaining sales velocity above peers, therefore inducing growth in regions in which we already operate. In 2019, vertical buildings unlocked a growth barrier in São Paulo, which represents 40.6% of launched PSV in the year (compared to 31.7% in 2018), and allowed an increase of 6.2% YoY in the average price of units launched in the year so far compared to 9M18.

Tenda also took another step this quarter in its gradual geographic expansion project (since 2017, Tenda has reached a new metropolitan region each year). With the launch of the Jardim Passaré project, Fortaleza became the ninth Brazilian metro area in which Tenda operates. In 3Q19, the PSV launched by Tenda grew 32.0% YoY, which combined with the 9.6% YoY growth in net sales makes it possible for the Company to reach the bottom of the net pre-sales guidance provided for the year. (between R\$ 1.95 and R\$ 2.15 billion).

With an adjusted gross margin of 34.9% in 3Q19 and 35.5% in 9M19, Tenda remains within the guidance for the year (between 34.0% and 36.0%). Two main factors put pressure on the Company's profitability and should continue to challenge the industry as a whole. First, price per unit decreased in response to changes in MCMV parameters, partially offset by Tenda's product mix in 2019 and initiatives that brought better quality to sales and collection processes. Second, construction costs increased given better economic conditions and the resumption of the real estate segment for mid to high Income families in Brazil. Materials (concrete and steel) and construction services (earthmoving and infrastructure) had significant price increases in 2019.

In this scenario, Tenda's net income in 3Q19 was R\$ 64.6 million, in line with 3Q18 and R\$ 187.4 million YTD, up 23.0% YoY. In the last twelve months, ROE reached 18.7% (+ 2.6 p.p. YoY) and ROIC reached 26.4% (+4.5 p.p. YoY). Earnings per share (ex-treasury) totaled R\$ 2.42 in the last twelve months, up 33.5% YoY.

On the other hand, cash generation was negatively impacted by the stoppage of mortgage transfers in the MCMV brackets 1.5 and 2 throughout 3Q19, a situation regularized only in mid-September, insufficient time to reverse cash consumption in the period. In a quarter of sales growth (+12.0% QoQ and +9.6% YoY), PSV transferred dropped sharply (-40.5% QoQ and -36.9% YoY). Tenda is focused on ensuring that the effect of the transfer stoppage is mostly reversed in 4Q19, but there is a risk of a negative impact on our cancellations over gross sales in 4Q19.

Events like this reinforce the importance of conservative financial management to overcome moments of instability in MCMV. At the end of 3Q19, the Company had R\$ 976.3 million in cash, resulting in a net cash of R\$ 231.5 million, equivalent to a net debt to equity ratio of -17.7%.

Looking forward, it is possible that further adjustments in MCMV parameters will continue to reduce the profitability of companies in the affordable housing segment. Such adjustments are healthy for the sustainability of the program, requiring players to pursue operational excellence. Tenda reinforces its focus on affordable housing, seeking to be the company that delivers the highest return to shareholders in this sector, also committed with a conservative financial management approach.

**OPERATIONAL AND FINANCIAL HIGHLIGHTS**

	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>Operational Highlights (R\$ million, PSV)</b>								
Launches	761.4	592.3	28.6% ↑	576.7	32.0% ↑	1,739.3	1,382.1	25.8% ↑
Net Pre-Sales	536.9	479.9	11.9% ↑	489.9	9.6% ↑	1,423.7	1,395.3	2.0% ↑
Sales over Supply (SoS) (%)	28.0%	28.9%	(0.9 p.p.) ↓	31.5%	(3.5 p.p.) ↓	50.8%	56.7%	(5.9 p.p.) ↓
PSV Transferred	277.3	466.0	(40.5%) ↓	439.5	(36.9%) ↓	1,088.0	1,301.5	(16.4%) ↓
Units Delivered (#)	3,844	3,236	18.8% ↑	2,632	46.0% ↑	8,616	7,756	11.1% ↑
Landbank	9,869.7	9,499.3	3.9% ↑	7,843.3	25.8% ↑	9,869.7	7,843.3	25.8% ↑
Landbank - Acquisitions / Adjustments	1,131.7	673.5	68.0% ↑	1,289.1	(12.2%) ↓	2,715.4	2,530.4	7.3% ↑
<b>Financial Highlights (R\$ million)</b>								
Net Revenue	508.5	489.1	4.0% ↑	461.5	10.2% ↑	1,407.0	1,226.6	14.7% ↑
Adjusted Gross Profit <sup>1</sup>	177.3	176.4	0.5% ↑	161.3	9.9% ↑	500.0	440.3	13.6% ↑
Adjusted Gross Margin <sup>1</sup> (%)	34.9%	36.1%	(1.2 p.p.) ↓	35.0%	(0.1 p.p.) ↓	35.5%	35.9%	(0.4 p.p.) ↓
Adjusted EBITDA <sup>2</sup>	88.4	95.3	(7.2%) ↓	82.7	6.8% ↑	253.5	209.3	21.1% ↑
Adjusted EBITDA Margin <sup>2</sup> (%)	17.4%	19.5%	(2.1 p.p.) ↓	17.9%	(0.5 p.p.) ↓	18.0%	17.1%	1.0 p.p. ↑
Net Financial Result	2.1	2.4	(10.1%) ↓	1.0	109.8% ↑	4.8	7.6	(37.3%) ↓
Net Income (Loss) <sup>3</sup>	64.6	73.0	(11.4%) ↓	64.4	0.3% ↑	187.4	152.3	23.0% ↑
Backlog Revenues	582.7	528.6	10.2% ↑	524.0	11.2% ↑	582.7	524.0	11.2% ↑
Backlog Results	225.5	200.2	12.6% ↑	230.3	(2.1%) ↓	225.5	230.3	(2.1%) ↓
Backlog Margin (%)	38.7%	37.9%	0.8 p.p. ↑	43.9%	(5.3 p.p.) ↓	38.7%	43.9%	(5.3 p.p.) ↓
Cash and Cash Equivalents <sup>4</sup>	976.3	1,045.9	(6.7%) ↓	847.5	15.2% ↑	976.3	847.5	15.2% ↑
Net Debt	(231.5)	(289.6)	20.1% ↑	(306.2)	24.4% ↑	(231.5)	(306.2)	24.4% ↑
Shareholders' Equity + Minority Shareholders	1,304.4	1,252.4	4.2% ↑	1,218.1	7.1% ↑	1,304.4	1,218.1	7.1% ↑
Net Debt / (SE + Minority) (%)	(17.7%)	(23.1%)	5.4 p.p. ↑	(25.1%)	7.4 p.p. ↑	(17.7%)	(25.1%)	7.4 p.p. ↑
Cash Generation <sup>5</sup>	(40.8)	26.2	(255.7%) ↓	73.2	(155.8%) ↓	23.3	191.9	(87.9%) ↓
Operating Cash Generation <sup>6</sup>	(34.5)	32.6	(205.9%) ↓	74.5	(146.3%) ↓	34.2	197.9	(82.7%) ↓
Net Income (Loss) (LTM)	235.4	235.1	0.1% ↑	188.5	24.9% ↑	170.7	188.5	(9.4%) ↓
NOPAT <sup>7</sup> (LTM)	262.2	260.9	0.5% ↑	206.6	26.9% ↑	262.2	206.6	26.9% ↑
Capital Employed <sup>8</sup>	1,072.9	962.8	11.4% ↑	911.8	17.7% ↑	1,072.9	911.8	17.7% ↑
ROE <sup>9</sup> (LTM)	18.7%	19.3%	(0.6 p.p.) ↓	16.2%	2.6 p.p. ↑	18.7%	16.2%	2.6 p.p. ↑
ROIC <sup>10</sup> (LTM)	26.4%	27.8%	(1.3 p.p.) ↓	21.9%	4.5 p.p. ↑	26.4%	21.9%	4.5 p.p. ↑
Earnings per share <sup>11</sup> (12 months) (R\$/share) (ex-Treasury)	2.42	2.43	(0.4%) ↓	1.82	33.5% ↑	2.42	2.43	(0.4%) ↓

1. Adjusted by capitalized interests.

2. Adjusted by capitalized interests, expenses with stock option plans (non-cash) and minority shareholders.

3. Adjusted by minority shareholders.

4. Cash and cash equivalents and securities.

5. Cash Generation is obtained through the difference between the variation of Available Cash and the variation of Gross Debt, adjusted to the amounts of Share Buyback and Dividends Paid.

6. Operating Cash Generation is a result of the company's managerial calculation which neither reflects nor is compared with the figures reported in the financial statements.

7. NOPAT is composed of net income excluding financial result and capitalized interest effects.

8. Capital Employed is composed of the sum of net debt, shareholders' equity and minority shareholders.

9. ROE is calculated by net income of the last 12 months adjusted by minority shareholders divided by the average shareholders' equity. Average referring to the opening and closing position in the last 12 months.

10. ROIC is calculated by NOPAT of the last 12 months divided by average capital employed. Average referring to the opening and closing position in the last 12 months.

11. Earnings per share (ex-Treasury) considers the issued shares (adjusted for stock splits) and does not consider shares held in Treasury at the end of the period.

## GUIDANCE

Aiming at generating useful comparative information and providing predictability to the market on our figures, Tenda opted to disclose guidance for 2019 based on scenarios identified with defined variables and assumptions.

- In 2019, the Company estimates that the **Adjusted Gross Margin**, which is the ratio of consolidated gross profit for the year less financial charges, as stated in Note 12 to the financial statements and consolidated net revenue for the year, will range between 34.0% and 36.0%. Adjusted Gross Margin is 35.5% YTD, fluctuating in a quarterly range between 34.9% (3Q19) and 36.1% (2Q19).
- In 2019, the Company estimates that the **Net Pre-Sales**, defined as the product of gross sales for the year (in R\$ million) minus cancellations for the year (in R\$ million), adjusting all amounts to Tenda's equity interest, will range between R\$1,950.0 million and R\$2,150.0 million. To reach the bottom of the guidance range, the Company should record R\$ 526.3 million in net sales in 4Q19, +14.5% YoY. The 25.8% YoY increase in PSV launched in the year so far (+32.0% YoY in Q3) may allow the Company to reach its Net Pre-Sales guidance.

Guidance 2019	Minimum	Maximum	1Q19	2Q19	3Q19	4Q19	2019
Adjusted Gross Margin (%)	34.0%	36.0%	35.8%	36.1%	34.9%	-	35.5%
Net Pre-Sales (R\$ million)	1,950.0	2,150.0	406.9	479.9	536.9	-	1,423.7

## LAUNCHES

In 3Q19, Tenda launched 18 projects, totaling R\$ 761.4 million in PSV, up 32.0% YoY and 28.6% QoQ. This quarter marked the Company's inaugural launch in Fortaleza, the ninth Brazilian metropolitan region in which Tenda operates under its current business model. In the LTM, launches reached R\$ 2.27 billion in PSV.

13 of the 41 projects launched in the year so far are located in São Paulo metro area, totaling R\$ 706.4 million in PSV (or 40.6% of the total launched, compared to a share of 31.7% in 2018). Of the 13 developments, 4 are projects with buildings up to 4 floors, 6 are projects that reach 10 floors and 3 are projects that reach 20 floors. Verticalization has allowed Tenda to expand its presence in increasingly better locations in São Paulo. In the third quarter of 2019, Tenda also launched two verticalized projects (buildings with elevators) in Salvador metro area.

Launches <sup>1</sup>	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Number of projects launched	18	13	38.5% ↑	14	28.6% ↑	41	37	10.8% ↑
PSV (R\$ million)	761.4	592.3	28.6% ↑	576.7	32.0% ↑	1,739.3	1,382.1	25.8% ↑
Number of units launched	5,219	4,072	28.2% ↑	4,160	25.5% ↑	11,922	10,064	18.5% ↑
Average price per unit (R\$ thousand)	145.9	145.4	0.3% ↑	138.6	5.2% ↑	145.9	137.3	6.2% ↑
Average size of projects launched (in units)	290	313	(7.4%) ↓	297	(2.4%) ↓	291	272	6.9% ↑

1. Tenda holds 100% equity interest in all projects launched since 2013 (when it launched its current business model).

## GROSS SALES

Gross sales totaled R\$ 590.2 million in 3Q19, up 8.6% YoY and up 9.9% QoQ. The increase in São Paulo's participation in the gross sales mix allowed the average price per unit sold to rise even in a more restrictive scenario for the Minha Casa, Minha Vida (“MCMV”) program in the year. Gross Sales over Supply (“Gross SoS”) reached 30.8% in 3Q19, up 1.5 p.p. QoQ and down 4.2 p.p. YoY.

Gross Sales	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>PSV (R\$ million)</b>	<b>590.2</b>	<b>536.9</b>	<b>9.9% ↑</b>	<b>543.5</b>	<b>8.6% ↑</b>	<b>1,570.0</b>	<b>1,542.8</b>	<b>1.8% ↑</b>
Number of units	4,185	4,036	3.7% ↑	3,980	5.2% ↑	11,566	11,196	3.3% ↑
Average price per unit (R\$ thousand)	141.0	133.0	6.0% ↑	136.5	3.3% ↑	135.7	137.8	(1.5%) ↓
<b>Gross SoS</b>	<b>30.8%</b>	<b>32.3%</b>	<b>(1.5 p.p.) ↓</b>	<b>35.0%</b>	<b>(4.2 p.p.) ↓</b>	<b>56.0%</b>	<b>62.7%</b>	<b>(6.7 p.p.) ↓</b>

## CANCELLATIONS AND NET PRE-SALES

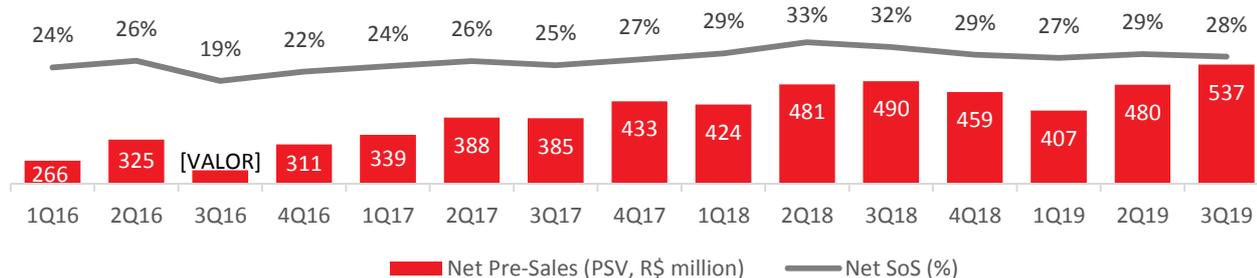
Net pre-sales totaled R\$ 536.9 million in 3Q19, up 11.9% QoQ and 9.6% YoY. Net Sales over Supply (“Net SoS”) reached 28.0% in 3Q19, down 0.9 p.p. QoQ and down 3.5 p.p YoY. Lower SoS reflects the more restrictive environment for customer credit approval at financial institutions and the reduction of the Company's participation in the bracket 1.5 of the MCMV program (25.1% of net sales in 9M19 versus 56.0% of net sales in 9M18). Even with the increase in PSV launched in the 3Q19, Net SoS remains at high levels.

Cancellations as a percentage of gross sales reached 9.0% in 3Q19, 1.6 p.p. down QoQ. The stoppage of mortgage transfers under brackets 1,5 and 2 of the MCMV program throughout the 3Q19 did not impact cancellations this quarter, but may have adverse effects on 4Q19 performance even though the situation has normalized in September.

(PSV, R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>Gross Sales</b>	<b>590.2</b>	<b>536.9</b>	<b>9.9% ↑</b>	<b>543.5</b>	<b>8.6% ↑</b>	<b>1,570.0</b>	<b>1,542.8</b>	<b>1.8% ↑</b>
<b>Cancellations</b>	<b>53.3</b>	<b>57.0</b>	<b>(6.5%) ↓</b>	<b>53.6</b>	<b>(0.6%) ↓</b>	<b>146.3</b>	<b>147.5</b>	<b>(0.8%) ↓</b>
<b>Net Pre-Sales</b>	<b>536.9</b>	<b>479.9</b>	<b>11.9% ↑</b>	<b>489.9</b>	<b>9.6% ↑</b>	<b>1,423.7</b>	<b>1,395.3</b>	<b>2.0% ↑</b>
% Launches <sup>1</sup>	71.9%	28.0%	43.9 p.p. ↑	66.9%	5.0 p.p. ↑	37.8%	39.7%	(1.9 p.p.) ↓
% Inventory	28.1%	72.0%	(43.9 p.p.) ↓	33.1%	(5.0 p.p.) ↓	62.2%	60.3%	1.9 p.p. ↑
<b>Cancellations / Gross Sales</b>	<b>9.0%</b>	<b>10.6%</b>	<b>(1.6 p.p.) ↓</b>	<b>9.9%</b>	<b>(0.9 p.p.) ↓</b>	<b>9.3%</b>	<b>9.6%</b>	<b>(0.3 p.p.) ↓</b>
<b>Net SoS</b>	<b>28.0%</b>	<b>28.9%</b>	<b>(0.9 p.p.) ↓</b>	<b>31.5%</b>	<b>(3.5 p.p.) ↓</b>	<b>50.8%</b>	<b>56.7%</b>	<b>(5.9 p.p.) ↓</b>
(in units)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Gross Units Sold	4,185	4,036	3.7% ↑	3,980	5.2% ↑	11,566	11,196	3.3% ↑
Cancelled Units	404	427	(5.4%) ↓	395	2.3% ↑	1,107	1,077	2.8% ↑
<b>Net Units Sold</b>	<b>3,781</b>	<b>3,609</b>	<b>4.8% ↑</b>	<b>3,585</b>	<b>5.5% ↑</b>	<b>10,459</b>	<b>10,119</b>	<b>3.4% ↑</b>
<b>Cancellations / Gross Sales</b>	<b>9.7%</b>	<b>10.6%</b>	<b>(0.9 p.p.) ↓</b>	<b>9.9%</b>	<b>(0.2 p.p.) ↓</b>	<b>9.6%</b>	<b>9.6%</b>	<b>0.0 p.p.</b>

1. Current year launches

### Net Pre-Sales (PSV, R\$ million) e Net SoS (%)



### UNITS TRANSFERRED, DELIVERED, AND CONSTRUCTION SITES

Transferred PSV totaled R\$ 277.3 million in 3Q19, down 40.5% QoQ and 36.9% YoY. Throughout the third quarter, new mortgage transfers under brackets 1,5 and 2 MCMV were curtailed due to a deadlock in the regulation of the Program subsidy budget. The interruption of transfers had an adverse impact on the Company's cash generation in the quarter (cash consumption of R\$40.8 million in 3Q19).

Transfers, Deliveries and Construction Sites	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
PSV Transferred (in R\$ million)	277.3	466.0	(40.5%) ↓	439.5	(36.9%) ↓	1,088.0	1,301.5	(16.4%) ↓
Transferred Units	2,312	3,944	(41.4%) ↓	3,567	(35.2%) ↓	9,180	10,396	(11.7%) ↓
Delivered Units	3,844	3,236	18.8% ↑	2,632	46.0% ↑	8,616	7,756	11.1% ↑
Construction Sites	57	54	5.6% ↑	43	32.6% ↑	57	43	32.6% ↑

### INVENTORY AT MARKET VALUE

Tenda ended 3Q19 with R\$1.38 billion in inventory at market value, 16.7% higher QoQ and 29.8 YoY. Finished inventory units ended 3Q19 with a 28.0% YoY decrease, totaling R\$63.3 million (4.5% of the total inventory, 3.6 p.p. less than 3Q18). Inventory turnover is 8.8 months, higher than 2018 (when it ranged between 6.7 and 7.6 months).

Inventory at Market Value	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
PSV (R\$ million)	1,381.1	1,183.4	16.7% ↑	1,064.0	29.8% ↑	1,381.1	1,064.0	29.8% ↑
Number of Units	9,391	7,998	17.4% ↑	7,771.0	20.8% ↑	9,391	7,771.0	20.8% ↑
Average price per unit (R\$ thousand)	147.1	148.0	(0.6%) ↓	136.9	7.4% ↑	147.1	136.9	7.4% ↑

Status of Construction	3Q19	0% to 30% built	30% to 70% built	More than 70% built	Finished units
PSV (R\$ million)	1,381.1	820.3	435.3	63.2	62.3

## LANDBANK

In 3Q19, landbank increased 3.9% QoQ and PSV reached R\$ 9.87 billion. In a strong quarter in launches, land acquisitions (and adjustments) grew 68.0% QoQ, ensuring stability for the Company's landbank policy (to keep landbank equivalent to 3 years of launches in each metro area).

Landbank <sup>1</sup>	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Number of Projects	278	270	3.0% ↑	229	21.4% ↑	278	229	21.4% ↑
<b>PSV (in R\$ million)</b>	<b>9,869.7</b>	<b>9,499.3</b>	<b>3.9% ↑</b>	<b>7,843.3</b>	<b>25.8% ↑</b>	<b>9,869.7</b>	<b>7,843.3</b>	<b>25.8% ↑</b>
Acquisitions / Adjustments (in R\$ million)	1,131.7	673.5	68.0% ↑	1,289	(12.2%) ↓	2,715.4	2,530.4	7.3% ↑
Number of Units	67,527	64,846	4.1% ↑	53,746	25.6% ↑	67,527	53,746	25.6% ↑
Average price per unit (in R\$ thousands)	146.2	146.5	(0.2%) ↓	145.9	0.2% ↑	146.2	145.9	0.2% ↑
% Swap Total	30.2%	26.2%	4.0 p.p. ↑	25.2%	5.0 p.p. ↑	30.2%	25.2%	5.0 p.p. ↑
% Swap Units	9.1%	11.7%	(2.6 p.p.) ↓	12.2%	(3.1 p.p.) ↓	9.1%	12.2%	(3.1 p.p.) ↓
% Swap Financial	21.1%	14.4%	6.7 p.p. ↑	13.0%	8.1 p.p. ↑	21.1%	13.0%	8.1 p.p. ↑

1. Tenda holds 100% equity interest of its landbank.

## CURRENT BUSINESS MODEL UPDATE

Current Business Model Update	2013	2014	2015	2016	2017	2018	2019
Number of Projects	7	14	30	40	45	49	41
Units launched	2,460	4,315	7,711	9,579	11,768	13,636	11,922
Total PSV (R\$ 000)	313.9	613.3	1,088.9	1,315.0	1,695.2	1,912.7	1,739.3
Units Sold	2,451	4,259	7,633	9,303	11,500	12,767	3,810
% Sold	99.6%	98.7%	99.0%	97.1%	97.7%	93.6%	32.0%
Avg SoS (Month)	8.6%	6.5%	8.3%	11.6%	13.1%	18.5%	9.8%
Units transferred	2,451	4,255	7,622	9,282	11,459	11,897	1,731
% Units transferred	99.6%	98.6%	98.8%	96.9%	97.4%	87.2%	14.5%
% Construction	100.0%	100.0%	100.0%	98.6%	99.2%	87.4%	30.0%

## LEGACY UPDATE

Over the past several years, the impact of legacy projects on both our results and on capital employed<sup>1</sup> has decreased. The speed of this phase-out will slowly decline until liquidation, due to the low liquidity of inventory and portfolio.

Legacy Update	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Operational</b>									
Inventory at Market Value	1,171.5	826.7	478.7	365.1	226.2	154.9	132.1	58.2	44.1
Gross Sales	249.0	1,091.9	874.4	508.0	228.3	143.1	58.7	75.3	28.4
Cancellations	467.8	1,166.2	583.0	414.1	120.8	90.0	43.9	17.4	10.2
Net Sales	(218.8)	(74.3)	291.4	93.9	107.5	53.1	14.8	57.9	18.2
Cancellations / Gross Sales	187.9%	106.8%	66.7%	81.5%	52.9%	62.9%	74.7%	23.1%	36.0%
Sales over Supply (SoS)	(23.0%)	(9.9%)	37.8%	20.5%	32.2%	25.5%	10.1%	49.9%	29.2%
Gross SoS	702.9	1,182.6	900.3	459.9	214.6	145.2	108.7	55.9	19.6
Delivered Units	14	16,889	7,027	6,076	1,848	0	0	0	0
Construction Sites	138	63	26	5	1	1	1	1	1
<b>Financial</b>									
Adjusted Capital Employed <sup>1</sup>	2,516.9	2,089.7	1,152.4	755.1	547.2	324.5	211.4	124.8	120.9
Accounts Receivable <sup>1</sup>	1,465.9	1,233.5	623.3	317.8	232.0	117.0	47.6	31.6	51.4
AR Clients	1,465.9	1,233.5	623.3	306.4	223.7	97.7	19.9	12.4	29.5
AR Landbank Sold	ND <sup>2</sup>	ND <sup>2</sup>	ND <sup>2</sup>	11.4	8.3	19.2	27.6	19.2	22.0
Inventory <sup>2</sup>	1,051.0	856.2	529.1	437.2	315.2	207.5	163.9	93.2	69.4
Inventory	1,023.8	730.8	421.3	332.7	213.7	132.3	99.1	55.7	36.6
Landbank for Sale	27.2	125.4	107.8	104.5	101.5	75.2	64.8	37.5	32.8
Other Operating Revenues and Expenses	(60.3)	(47.8)	(24.8)	(62.2)	(52.6)	(36.7)	(98.5)	(81.5)	(39.1)
Litigation Expenses	(15.2)	(17.5)	(18.1)	(51.2)	(27.3)	(21.2)	(51.8)	(53.9)	(20.2)
Other	(45.2)	(30.3)	(6.7)	(11.0)	(25.3)	(15.5)	(46.7)	(27.6)	(18.9)
Net Revenue	439.3	1,069.1	722.5	273.8	168.3	(52.2)	7.2	76.5	37.2
Gross Profit	(281.9)	130.4	27.0	(3.1)	(29.2)	(87.0)	(70.5)	(32.5)	7.3
Gross Margin	(64.2%)	12.2%	3.7%	(1.1%)	(17.4%)	NA <sup>2</sup>	(979.8%)	(42.6%)	19.5%

1. Managerial information

2. ND: Not published; NA: Does not apply

## NET OPERATING REVENUE

Net operating revenue totaled R\$508.5 million in 3Q19, up 10.2% YoY and up 4.0% QoQ. In addition to sales performance, changes in internal collection processes, such as adjustments to incentives and the implementation of more robust systems, allowed the reversal of estimated losses on doubtful accounts also in this quarter.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Gross Operating Revenues	515.8	494.3	4.4% ↑	478.6	7.8% ↑	1,438.8	1,278.2	12.6% ↑
Reversal (constitution) of estimated losses on doubtful accounts	2.0	6.4	(69.5%) ↓	(7.0)	127.9% ↑	8.2	(20.4)	140.3% ↑
Provision for cancellations	0.6	(3.0)	120.4% ↑	3.2	(81.2%) ↓	(12.1)	1.7	(800.0%) ↓
Taxes on sales of properties and services	(9.8)	(8.7)	13.7% ↑	(13.4)	(26.4%) ↓	(28.0)	(32.9)	(14.7%) ↓
<b>Net Operating Revenue</b>	<b>508.5</b>	<b>489.1</b>	<b>4.0% ↑</b>	<b>461.5</b>	<b>10.2% ↑</b>	<b>1,407.0</b>	<b>1,226.6</b>	<b>14.7% ↑</b>

## GROSS PROFIT

Gross profit totaled R\$168.0 million in 3Q19, up 8.4% YoY, resulting in a gross margin of 33.0%, 0.5 p.p. lower YoY. Adjusted by capitalized interest rates, gross profit totaled R\$177.3 million in 3Q19, resulting in an adjusted gross margin of 34.9%. Adjusted Gross Margin is 35.5% YTD, within the guidance for the year (between 34.0% and 36.0%).

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Net Revenue	508.5	489.1	4.0% ↑	461.5	10.2% ↑	1,407.0	1,226.6	14.7% ↑
<b>Gross Profit</b>	<b>168.0</b>	<b>166.4</b>	<b>1.0% ↑</b>	<b>155.0</b>	<b>8.4% ↑</b>	<b>475.0</b>	<b>422.5</b>	<b>12.4% ↑</b>
Gross Margin	33.0%	34.0%	(1.0 p.p.) ↓	33.6%	(0.5 p.p.) ↓	33.8%	34.4%	(0.7 p.p.) ↓
(-) Financial Costs	9.2	9.9	(6.9%) ↓	6.3	46.8% ↑	25.0	17.8	40.7% ↑
<b>Adjusted Gross Profit<sup>1</sup></b>	<b>177.3</b>	<b>176.4</b>	<b>0.5% ↑</b>	<b>161.3</b>	<b>9.9% ↑</b>	<b>500.0</b>	<b>440.3</b>	<b>13.6% ↑</b>
Adjusted Gross Margin	34.9%	36.1%	(1.2 p.p.) ↓	35.0%	(0.1 p.p.) ↓	35.5%	35.9%	(0.4 p.p.) ↓

1. Adjusted by capitalized interest rates.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

In 3Q19, selling expenses totaled R\$46.8 million, up 19.2% YoY. Selling expenses represented 7.9% of gross sales, up 0.7 p.p. YoY, due to the effort to increase sales volume given the more restrictive credit scenario and the reduction of the 1.5% bracket in Tenda's sales mix (25.1% of net pre-sales in 9M19 versus 56.0% of net pre-sales in 9M18). One example was a new Strong marketing campaign promoted in September ("Feiraço Futuro em Dobro"), atypical in previous years.

General and administrative expenses ("G&A") accounted for 6.1% of net operating revenues in 3Q19, a decrease of 0.1 p.p. QoQ and flat YoY.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Selling Expenses	(46.8)	(37.5)	24.7% ↑	(39.2)	19.2% ↑	(117.1)	(106.7)	9.7% ↑
General & Admin Expenses	(31.2)	(30.6)	1.9% ↑	(28.3)	10.0% ↑	(90.8)	(88.8)	2.2% ↑
<b>Total SG&amp;A Expenses</b>	<b>(78.0)</b>	<b>(68.1)</b>	<b>14.5% ↑</b>	<b>(67.6)</b>	<b>15.3% ↑</b>	<b>(207.9)</b>	<b>(195.5)</b>	<b>6.3% ↑</b>
Gross Sales	590.2	536.9	9.9% ↑	543.5	8.6% ↑	1,570.0	1,542.8	1.8% ↑
Launches	761.4	592.3	28.6% ↑	576.7	32.0% ↑	1,739.3	1,382.1	25.8% ↑
Net Operating Revenue	508.5	489.1	4.0% ↑	461.5	10.2% ↑	1,407.0	1,226.6	14.7% ↑
<b>Selling Expenses / Gross Sales</b>	<b>7.9%</b>	<b>7.0%</b>	<b>0.9 p.p. ↑</b>	<b>7.2%</b>	<b>0.7 p.p. ↑</b>	<b>7.5%</b>	<b>6.9%</b>	<b>0.5 p.p. ↑</b>
<b>G&amp;A Expenses / Launches</b>	<b>4.1%</b>	<b>5.2%</b>	<b>(1.1 p.p.) ↓</b>	<b>4.9%</b>	<b>(0.8 p.p.) ↓</b>	<b>5.2%</b>	<b>6.4%</b>	<b>(1.2 p.p.) ↓</b>
<b>G&amp;A Expenses / Net Operating Revenue</b>	<b>6.1%</b>	<b>6.3%</b>	<b>(0.1 p.p.) ↓</b>	<b>6.1%</b>	<b>(0.0 p.p.) ↓</b>	<b>6.5%</b>	<b>7.2%</b>	<b>(0.8 p.p.) ↓</b>

## OTHER OPERATIONAL REVENUES (EXPENSES)

Other operating revenues and expenses totaled R\$ 13.1 million in expenses in 3Q19, down 4.4% YoY and 3.2% QoQ.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>Other Operating Revenues and Expenses</b>	<b>(13.1)</b>	<b>(13.5)</b>	<b>(3.2%) ↓</b>	<b>(13.7)</b>	<b>(4.4%) ↓</b>	<b>(42.5)</b>	<b>(49.3)</b>	<b>(13.8%) ↓</b>
Litigation Expenses	(5.9)	(5.2)	14.6% ↑	(7.9)	(25.6%) ↓	(23.4)	(32.5)	(28.0%) ↓
Others	(7.2)	(8.4)	(14.2%) ↓	(5.7)	24.8% ↑	(19.1)	(16.8)	13.5% ↑
<b>Equity Income</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>50.2% ↑</b>	<b>0.3</b>	<b>221.6% ↑</b>	<b>(1.8)</b>	<b>0.8</b>	<b>321.6% ↑</b>

## ADJUSTED EBITDA

In 3Q19, the Company's adjusted EBITDA totaled R\$88.4 million, na increase of 6.8% YoY.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	3Q19
Net Income	64.6	73.0	(11.4%) ↓	64.4	0.3% ↑	187.4	152.3	23.0% ↑
(+) Financial result	(2.1)	(2.4)	10.1% ↑	(1.0)	(109.8%) ↓	(4.8)	(7.6)	37.3% ↑
(+) Income taxes and social contribution	8.9	9.2	(3.5%) ↓	6.6	34.5% ↑	24.7	19.6	26.3% ↑
(+) Depreciation and amortization	5.2	4.9	6.3% ↑	3.2	63.2% ↑	14.7	13.0	13.3% ↑
(+) Capitalized interests	9.2	9.9	(6.9%) ↓	6.3	46.8% ↑	25.0	17.8	40.7% ↑
(+) Expenses with Stock Option Plan	2.5	0.7	238.8% ↑	2.4	2.9% ↑	5.7	13.1	(56.0%) ↓
(+) Minority Shareholders	0.1	(0.1)	235.8% ↑	0.8	(88.9%) ↓	0.8	1.3	(37.9%) ↓
<b>Adjusted EBITDA<sup>1</sup></b>	<b>88.4</b>	<b>95.3</b>	<b>(7.2%) ↓</b>	<b>82.7</b>	<b>6.8% ↑</b>	<b>253.5</b>	<b>209.3</b>	<b>21.1% ↑</b>
Net Revenue	508.5	489.1	4.0% ↑	461.5	10.2% ↑	1,407.0	1,226.6	14.7% ↑
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>17.4%</b>	<b>19.5%</b>	<b>(2.1 p.p.) ↓</b>	<b>17.9%</b>	<b>(0.5 p.p.) ↓</b>	<b>18.0%</b>	<b>17.1%</b>	<b>1.0 p.p. ↑</b>

1. Adjusted by capitalized interests, expenses with stock option plans (non-cash) and minority shareholders.

## FINANCIAL RESULTS

In 3Q19, Tenda posted a financial result of R\$2.1 million.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Financial Income	17.2	15.2	12.9% ↑	9.6	78.8% ↑	44.5	30.2	47.6% ↑
Financial Expenses	(15.1)	(12.9)	17.1% ↑	(8.6)	75.2% ↑	(39.7)	(22.5)	76.4% ↑
<b>Financial Results</b>	<b>2.1</b>	<b>2.4</b>	<b>(10.1%) ↓</b>	<b>1.0</b>	<b>109.8% ↑</b>	<b>4.8</b>	<b>7.6</b>	<b>(37.3%) ↓</b>

## NET INCOME

In 3Q19, Tenda posted net income of R\$64.6 million, an increase of 0.3% YoY due to the combination of 8.4% YoY growth in gross profit and the 4.4% YoY decrease in operating expenses. Net income fell 11.4% QoQ.

Earnings per share ex-Treasury in the last twelve months totaled R\$2.42, up 33.5% YoY and down 0.4% QoQ.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Net Income after Income Tax and Social Contribution	64.7	72.9	(11.2%) ↓	65.3	(0.8%) ↓	188.2	153.6	22.5% ↑
(-) Minority shareholders	(0.1)	0.1	(235.8%) ↓	(0.8)	88.9% ↑	(0.8)	(1.3)	37.9% ↑
<b>Net Income</b>	<b>64.6</b>	<b>73.0</b>	<b>(11.4%) ↓</b>	<b>64.4</b>	<b>0.3% ↑</b>	<b>187.4</b>	<b>152.3</b>	<b>23.0% ↑</b>
Net Margin	12.7%	14.9%	(2.2 p.p.) ↓	14.0%	(1.3 p.p.) ↓	13.3%	12.4%	0.9 p.p. ↑
Earnings per share (R\$/share) <sup>1</sup>	2.26	2.25	0.1% ↑	1.74	29.6% ↑	2.26	2.25	0.1% ↑
Earnings per share (R\$/share) (ex-Treasury) <sup>2</sup>	2.42	2.43	(0.4%) ↓	1.82	33.5% ↑	2.42	2.43	(0.4%) ↓

1. Earnings per share considers all issued shares (adjusted for stock splits)

2. Earnings per share (ex-Treasury) considers the issued shares (adjusted for stock splits) and does not consider shares held in Treasury at the end of the period.

### Net Income (Loss) (R\$ million, 12 months) e ROE (% , 12 months)



## BACKLOG RESULTS

Backlog margin at 38.7%, up 0.8 p.p. QoQ, but down 5.3 p.p. YoY. The reduction in the backlog margin compared to the previous year reflects the lower price scenario due to the more restrictive MCMV scenario this year and the increase in construction costs due to the resumption of the construction sector this year. The improvement over the previous quarter is mainly due to the significant increase in São Paulo's participation in the sales mix in 2019.

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
Backlog Revenues	582.7	528.6	10.2% ↑	524.0	11.2% ↑
Backlog Costs (of Units Sold)	(357.2)	(328.4)	8.8% ↑	(293.7)	21.6% ↑
<b>Backlog Results</b>	<b>225.5</b>	<b>200.2</b>	<b>12.6% ↑</b>	<b>230.3</b>	<b>(2.1%) ↓</b>
Backlog Margin	38.7%	37.9%	0.8 p.p. ↑	43.9%	(5.3 p.p.) ↓

## CASH AND CASH EQUIVALENTS, AND FINANCIAL INVESTMENTS

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
Cash & Cash Equivalents	58.9	69.5	(15.3%) ↓	35.6	65.2% ↑
Short-term Investments	917.4	976.4	(6.0%) ↓	811.8	13.0% ↑
<b>Total Cash Position</b>	<b>976.3</b>	<b>1,045.9</b>	<b>(6.7%) ↓</b>	<b>847.5</b>	<b>15.2% ↑</b>

## ACCOUNTS RECEIVABLE FROM DEVELOPMENTS AND SERVICES RENDERED

The Company totaled R\$624.8 million in accounts receivable, up 18.0% QoQ and 32.6% YoY. The strategic repositioning of the Company's collection activities reduced the provision for doubtful accounts in 2019. The balance of accounts receivable is equivalent to 123 days of net operating revenue, an indicator that has remained stable in recent quarters.

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
Until 2019 <sup>1</sup>	182.2	310.1	(41.3%) ↓	522.5	(65.1%) ↓
2020	466.0	298.7	56.0% ↑	49.5	841.1% ↑
2021	76.7	36.6	109.5% ↑	24.7	210.1% ↑
2022	27.0	23.1	16.8% ↑	15.7	71.5% ↑
2023	15.5	12.0	29.1% ↑	10.0	54.7% ↑
2024 and beyond	13.5	9.3	45.4% ↑	0.0	0.0% ↑
<b>Total Accounts Receivable</b>	<b>780.8</b>	<b>689.8</b>	<b>13.2% ↑</b>	<b>622.5</b>	<b>25.4% ↑</b>
(-) Present value adjustment	(6.5)	(8.3)	21.7% ↑	(11.9)	45.4% ↑
(-) Provision for doubtful accounts	(122.2)	(124.2)	1.6% ↑	(119.4)	(2.3%) ↓
(-) Provision for cancellations	(27.2)	(27.8)	2.2% ↑	(20.0)	(36.3%) ↓
<b>Accounts Receivable</b>	<b>624.8</b>	<b>529.5</b>	<b>18.0% ↑</b>	<b>471.2</b>	<b>32.6% ↑</b>
Days of Accounts Receivable	123	107	15.0% ↓	109	12.8% ↑

1. Overdue and falling due.

Amounts of not transferred receivables net of provisions paid in installments directly to the Company ("Tenda Receivables") increased 26.1% YoY, as a consequence of increased credit restrictions in 2019. In the QoQ comparison, Tenda receivables increased 3.7%, positively influenced by a reduction in receivables before delivery (Pro-Soluto).

Accounts Receivable Tenda <sup>1</sup> (R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
Before delivery to buyer (Pro-Soluto)	40.6	47.9	(15.4%) ↓	39.4	3.0% ↑
After delivery to buyer (TCD)	218.4	201.8	8.2% ↑	166.0	31.5% ↑
<b>Tenda Receivables</b>	<b>259.0</b>	<b>249.7</b>	<b>3.7% ↑</b>	<b>205.4</b>	<b>26.1% ↑</b>
Total accounts receivable	624.8	529.5	18.0% ↑	471.2	32.6% ↑
Backlog Revenues	582.7	528.6	10.2% ↑	524.0	11.2% ↑
<b>Tenda Receivables / (Total accounts receivable + Backlog Revenues)</b>	<b>21.4%</b>	<b>23.6%</b>	<b>(2.2 p.p.) ↓</b>	<b>20.6%</b>	<b>0.8 p.p. ↑</b>

1. Amounts of not transferred receivables net of provisions, with installment payments directly to the Company, since bank loans not absorb 100% of the property value.

## INDEBTEDNESS

The Company ended 3Q19 with a gross debt of R\$744.8 million, duration of 28.4 months and weighted average cost of debt of 7.0% per year. 80.8% of the Company's gross debt is indexed at CDI; therefore, the outlook for declining local interest rates (Selic) should also support the reduction of the weighted average cost in the coming quarters.

The Company's gross debt is lower than the cash position, cash equivalents and financial investments, which totaled R\$976.3 million at the end of 3Q19.

Debt Maturity Schedule (R\$ million)	3Q19	Project Finance (SFH)	Corporate Debt
2019	4.8	4.2	0.6
2020	12.1	12.1	0.0
2021	408.4	57.3	351.1
2022	107.1	57.1	50.0
2023	137.4	12.4	125.0
2024 onwards	75.0	0.0	75.0
<b>Total Debt</b>	<b>744.8</b>	<b>143.1</b>	<b>601.7</b>
Duration (in months)	28.4		

Debt Breakdown (R\$ million)	Maturity	Charges (APY)	Balance Due September 19	Balance Due June 19
<b>Total</b>			<b>744.8</b>	<b>756.3</b>
CRI	until 01/2021	CDI + 0.90%	301.1	295.0
Debenture	until 09/2023	CDI + 1.75%	150.8	153.6
Debenture	until 03/2024	CDI + 1.40%	149.8	152.2
SFH	until 12/2023	TR + 8.3% to 9.5%	143.1	155.6

Weighted Average Cost of Debt (R\$ million)	Balance Due September 19	Balance Due / Total Debt	Average Cost (APY)
CDI	601.7	80.8%	CDI + 1.24%
TR	143.1	19.2%	TR + 8.3%
<b>Total</b>	<b>744.8</b>	<b>100%</b>	<b>7.0%</b>

## RATING

As a result of good operating and financial results, Standard & Poor's Global Ratings ("S&P") reaffirmed Tenda's brAA+ corporate credit rating, with a stable outlook.

## NET DEBT

Tenda has a negative net debt to shareholders' equity ratio of 17.7%, thus being one of the most leveraged companies in its sector.

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
<b>Gross Debt</b>	<b>744.8</b>	<b>756.3</b>	<b>(1.5%) ↓</b>	<b>541.2</b>	<b>37.6% ↑</b>
(-) Cash and cash equivalents and financial investments	(976.3)	(1,045.9)	(6.7%) ↓	(847.5)	15.2% ↑
<b>Net Debt</b>	<b>(231.5)</b>	<b>(289.6)</b>	<b>20.1% ↑</b>	<b>(306.2)</b>	<b>24.4% ↑</b>
Shareholders' Equity + Minority Shareholders	1,304.4	1,252.4	4.2% ↑	1,218.1	7.1% ↑
Net Debt/ (Shareholders' Equity + Minority Shareholders)	(17.7%)	(23.1%)	5.4 p.p. ↑	(25.1%)	7.4 p.p. ↑
Adjusted EBITDA (Last 12 months)	332.0	327.0	1.5% ↑	270.1	22.9% ↑

## CASH GENERATION AND CAPITAL DISTRIBUTION

In 3Q19, Tenda distributed R\$17.3 million to shareholders in dividends. 3Q19 capital distribution decreased 51.9% QoQ and 56.6% YoY. In the last 12 months, Tenda distributed R\$158.9 million to shareholders, equivalent to a payout of 68%.

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)
Stock buyback	0.0	10.9	(100.0%) ↓	39.9	(100.0%) ↓
Dividends paid	17.3	25.1	(31.0%) ↓	0.0	N/A
<b>Capital Distribution</b>	<b>17.3</b>	<b>36.0</b>	<b>(51.9%) ↓</b>	<b>39.9</b>	<b>(56.6%) ↓</b>
(R\$ million, last 12 months)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)
Stock buyback	91.5	131.5	(30.4%) ↓	73.2	25.0% ↑
Dividends paid	67.4	50.1	34.6% ↑	0.0	N/A
<b>Capital Distribution</b>	<b>158.9</b>	<b>181.6</b>	<b>(12.5%) ↓</b>	<b>73.2</b>	<b>117.0% ↑</b>

In 3Q19, cash consumption of R\$40.8 million, mostly due to the stoppage of mortgage transfers until mid-September.

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
Change in Available Cash	(69.6)	191.4	(136.4%) ↓	(3.6)	(1,858.8%) ↓
(-) Change in Gross Debt	(11.5)	201.3	(105.7%) ↓	6.0	(292.5%) ↓
(-) Capital Distribution	17.3	36.0	(51.9%) ↓	39.9	(56.7%) ↓
<b>Cash Generation<sup>1</sup></b>	<b>(40.8)</b>	<b>26.2</b>	<b>(255.7%) ↓</b>	<b>30.4</b>	<b>(234.1%) ↓</b>
Operational Cash Generation <sup>2</sup>	(34.5)	32.6	(205.9%) ↓	67.4	(151.2%) ↓

1. Cash Generation is obtained through the difference between the variation of Available Cash and the variation of Gross Debt, adjusted to the amounts of Share Buyback and Dividends Paid

2. Operating Cash Generation is a result of the company's managerial calculation which neither reflects nor is compared with the figures reported in the financial statements.

**INCOME STATEMENT**

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
Net Revenue	508.5	489.1	4.0% ↑	461.5	10.2% ↑	1,407.0	1,226.6	14.7% ↑
Operating Costs	(340.5)	(322.7)	5.5% ↑	(306.5)	11.1% ↑	(932.0)	(804.1)	15.9% ↑
<b>Gross Profit</b>	<b>168.0</b>	<b>166.4</b>	<b>1.0% ↑</b>	<b>155.0</b>	<b>8.4% ↑</b>	<b>475.0</b>	<b>422.5</b>	<b>12.4% ↑</b>
Gross Margin	33.0%	34.0%	(1.0 p.p.) ↓	33.6%	(0.5 p.p.) ↓	33.8%	34.4%	(0.7 p.p.) ↓
Operating Expenses	(96.5)	(86.7)	11.4% ↑	(84.1)	14.7% ↑	(266.9)	(257.0)	3.9% ↑
Selling Expenses	(46.8)	(37.5)	24.7% ↑	(39.2)	19.2% ↑	(117.1)	(106.7)	9.7% ↑
General and Administrative Expenses	(31.2)	(30.6)	1.9% ↑	(28.3)	10.0% ↑	(90.8)	(88.8)	2.2% ↑
Other Operating Revenue/Expenses	(13.1)	(13.5)	(3.2%) ↓	(13.7)	(4.4%) ↓	(42.5)	(49.3)	(13.8%) ↓
Depreciation and Amortization	(5.2)	(4.9)	6.3% ↑	(3.2)	63.2% ↑	(14.7)	(13.0)	13.3% ↑
Equity Income	(0.3)	(0.2)	(50.2%) ↓	0.3	(221.6%) ↓	(1.8)	0.8	(321.6%) ↓
<b>Operational Result</b>	<b>71.5</b>	<b>79.8</b>	<b>(10.3%) ↓</b>	<b>70.9</b>	<b>0.9% ↑</b>	<b>208.1</b>	<b>165.5</b>	<b>25.7% ↑</b>
Financial Income	17.2	15.2	12.9% ↑	9.6	78.8% ↑	44.5	30.2	47.6% ↑
Financial Expenses	(15.1)	(12.9)	17.1% ↑	(8.6)	75.2% ↑	(39.7)	(22.5)	76.4% ↑
<b>Net Income Before Taxes on Income</b>	<b>73.7</b>	<b>82.1</b>	<b>(10.3%) ↓</b>	<b>71.9</b>	<b>2.5% ↑</b>	<b>212.9</b>	<b>173.2</b>	<b>22.9% ↑</b>
Deferred Income Taxes	(1.6)	(1.7)	8.2% ↑	0.4	(500.3%) ↓	(3.3)	(1.1)	(208.9%) ↓
Current Income Taxes	(7.4)	(7.5)	(2.4%) ↓	(7.0)	4.9% ↑	(21.4)	(18.5)	15.9% ↑
<b>Net Income After Taxes on Income</b>	<b>64.7</b>	<b>72.9</b>	<b>(11.2%) ↓</b>	<b>65.3</b>	<b>(0.8%) ↓</b>	<b>188.2</b>	<b>153.6</b>	<b>22.5% ↑</b>
(-) Minority Shareholders	(0.1)	0.1	(235.8%) ↓	(0.8)	88.9% ↑	(0.8)	(1.3)	37.9% ↑
<b>Net Income</b>	<b>64.6</b>	<b>73.0</b>	<b>(11.4%) ↓</b>	<b>64.4</b>	<b>0.3% ↑</b>	<b>187.4</b>	<b>152.3</b>	<b>23.0% ↑</b>

**BALANCE SHEET**

(R\$ million)	September 19	June 19	QoQ (%)	September 18	YoY (%)
<b>Current Assets</b>	<b>2,123.0</b>	<b>2,158.3</b>	<b>(1.6%) ↓</b>	<b>1,757.2</b>	<b>20.8% ↑</b>
Cash and cash equivalents	58.9	69.5	(15.3%) ↓	35.6	65.2% ↑
Short term investments	917.4	976.4	(6.0%) ↓	811.8	13.0% ↑
Receivables from clients	449.7	380.1	18.3% ↑	322.9	39.3% ↑
Properties for sale	648.9	685.9	(5.4%) ↓	540.3	20.1% ↑
Other accounts receivable	48.1	46.4	3.5% ↑	46.6	3.1% ↑
<b>Non-Current Assets</b>	<b>905.5</b>	<b>711.5</b>	<b>27.3% ↑</b>	<b>661.1</b>	<b>37.0% ↑</b>
Receivables from clients	175.1	149.4	17.2% ↑	148.3	18.1% ↑
Properties for sale	660.6	496.3	33.1% ↑	453.7	45.6% ↑
Other	69.8	65.8	6.1% ↑	59.1	18.1% ↑
<b>Intangible, Property and Equipment</b>	<b>98.9</b>	<b>97.8</b>	<b>1.1% ↑</b>	<b>64.0</b>	<b>54.5% ↑</b>
<b>Investments</b>	<b>37.6</b>	<b>37.9</b>	<b>(0.9%) ↓</b>	<b>43.1</b>	<b>(12.7%) ↓</b>
<b>Total Assets</b>	<b>3,164.9</b>	<b>3,005.6</b>	<b>5.3% ↑</b>	<b>2,525.4</b>	<b>25.3% ↑</b>
<b>Current Liabilities</b>	<b>554.7</b>	<b>539.6</b>	<b>2.8% ↑</b>	<b>420.8</b>	<b>31.8% ↑</b>
Loans and financing	10.5	7.8	33.9% ↑	5.8	81.0% ↑
Debentures	1.2	18.4	(93.7%) ↓	0.0	0.0% ↑
Obligations for purchase of land and advances from customers	321.5	310.9	3.4% ↑	221.1	45.4% ↑
Material and service suppliers	59.9	48.3	24.1% ↑	40.3	48.8% ↑
Taxes and contributions	28.7	27.4	4.8% ↑	32.0	(10.4%) ↓
Other	132.9	126.8	4.8% ↑	121.5	9.4% ↑
<b>Non-current liabilities</b>	<b>1,305.9</b>	<b>1,213.6</b>	<b>7.6% ↑</b>	<b>886.5</b>	<b>47.3% ↑</b>
Loans and financing	132.6	147.8	(10.3%) ↓	107.0	24.0% ↑
Debentures	600.6	582.3	3.1% ↑	428.5	40.2% ↑
Obligations (land purchases) and advances from customers	486.3	390.8	24.4% ↑	288.6	68.5% ↑
Deferred taxes	11.3	9.7	16.3% ↑	6.9	64.2% ↑
Provision for contingencies	27.0	29.8	(9.4%) ↓	25.2	7.2% ↑
Other creditors	0.0	0.0	0.0% ↑	0.0	0.0% ↑
Other	48.1	53.2	(9.6%) ↓	30.4	58.0% ↑
<b>Shareholders' Equity</b>	<b>1,304.4</b>	<b>1,252.4</b>	<b>4.2% ↑</b>	<b>1,218.1</b>	<b>7.1% ↑</b>
Shareholders' Equity	1,303.3	1,251.4	4.1% ↑	1,211.7	7.6% ↑
Minority Shareholders	1.0	0.9	9.6% ↑	6.4	(83.7%) ↓
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,164.9</b>	<b>3,005.6</b>	<b>5.3% ↑</b>	<b>2,525.4</b>	<b>25.3% ↑</b>

**CASH FLOW STATEMENT**

(R\$ million)	3Q19	2Q19	QoQ (%)	3Q18	YoY (%)	9M19	9M18	YoY (%)
<b>Cash from (used in) operating activities</b>	<b>(22.4)</b>	<b>42.4</b>	<b>(152.8%) ↓</b>	<b>81.9</b>	<b>(127.3%) ↓</b>	<b>68.9</b>	<b>212.3</b>	<b>(67.6%) ↓</b>
Net Income (loss) before taxes	73.7	82.1	(10.3%) ↓	71.9	2.5% ↑	212.9	173.2	22.9% ↑
Depreciation and amortization	8.1	7.5	7.8% ↑	5.2	56.3% ↑	22.7	18.6	22.1% ↑
Provision (reversal) for doubtful accounts and cancellations	3.1	(6.2)	150.2% ↑	5.8	(46.3%) ↓	2.6	20.9	(87.5%) ↓
Present value adjustment	(1.8)	0.0	N/D	0.9	(304.5%) ↓	(3.5)	1.0	(440.3%) ↓
Impairment	(0.3)	(0.3)	13.2% ↑	(2.4)	87.6% ↑	(2.9)	(6.6)	55.6% ↑
Equity income	0.3	0.2	50.2% ↑	(0.3)	221.6% ↑	1.8	(0.8)	321.6% ↑
Provision for contingencies	(5.9)	(8.1)	27.0% ↑	(10.8)	44.9% ↑	(8.4)	(12.6)	33.2% ↑
Unrealized interest and charges, net	5.9	4.2	40.5% ↑	0.8	613.7% ↑	12.2	1.9	538.6% ↑
Warranty provision	0.7	1.1	(32.3%) ↓	(1.7)	142.2% ↑	2.1	2.7	(23.3%) ↓
Profit sharing provision	4.2	5.7	(26.6%) ↓	4.8	(13.2%) ↓	13.2	15.4	(14.4%) ↓
Stock option plan expenses	2.5	0.7	238.8% ↑	2.4	2.9% ↑	5.7	13.1	(56.0%) ↓
Other provisions	(0.4)	(0.1)	(494.1%) ↓	(1.3)	69.7% ↑	(1.1)	(0.1)	(1,366.7%) ↓
Deferred income tax and social contribution	1.3	(0.3)	476.1% ↑	2.7	(52.6%) ↓	1.0	4.3	(76.3%) ↓
Clients	(91.0)	(17.7)	(413.6%) ↓	(46.6)	(95.1%) ↓	(149.5)	(94.1)	(58.9%) ↓
Properties for sale	(153.7)	(24.5)	(526.3%) ↓	(27.6)	(456.8%) ↓	(242.9)	(14.2)	(1,607.1%) ↓
Other accounts receivable	(3.8)	(16.8)	77.6% ↑	(7.6)	50.3% ↑	(21.6)	(4.0)	(445.3%) ↓
Suppliers	11.6	1.9	499.1% ↑	10.6	9.9% ↑	38.5	17.5	119.6% ↑
Taxes and contributions	0.4	0.4	(2.3%) ↓	1.3	(70.9%) ↓	0.8	13.1	(94.2%) ↓
Salaries, payroll charges and bonus provision	6.4	(11.8)	153.9% ↑	3.6	79.6% ↑	(3.6)	(7.5)	52.1% ↑
Obligations for purchase of real properties	127.1	30.6	315.0% ↑	69.0	84.1% ↑	212.6	88.6	140.0% ↑
Other accounts payable	(3.0)	1.5	(303.3%) ↓	6.0	(149.4%) ↓	(3.0)	8.3	(136.2%) ↓
Current account operations	(0.2)	0.0	N/D	1.3	(114.6%) ↓	0.9	3.1	(70.1%) ↓
Taxes paid	(7.7)	(7.6)	(0.4%) ↓	(6.1)	(25.7%) ↓	(21.6)	(29.6)	26.9% ↑
<b>Cash from (used in) investment activities</b>	<b>58.4</b>	<b>(191.6)</b>	<b>130.5% ↑</b>	<b>(188.8)</b>	<b>131.0% ↑</b>	<b>(98.3)</b>	<b>(354.1)</b>	<b>72.2% ↑</b>
Purchase of property and equipment	(12.1)	(11.4)	(6.1%) ↓	(7.8)	(55.7%) ↓	(32.9)	(19.1)	(71.9%) ↓
Investments in marketable securities, net	70.5	(180.2)	139.2% ↑	(181.0)	139.0% ↑	(65.4)	(335.0)	80.5% ↑
<b>Cash from (used in) financing activities</b>	<b>(46.7)</b>	<b>151.2</b>	<b>(130.9%) ↓</b>	<b>109.2</b>	<b>(142.7%) ↓</b>	<b>54.0</b>	<b>138.1</b>	<b>(60.9%) ↓</b>
Stock Buyback	(0.0)	(10.9)	100.0% ↑	(39.9)	100.0% ↑	(62.5)	(113.2)	44.8% ↑
Capital Reserve Increase	2.1	0.4	366.5% ↑	0.0	7,364.3% ↑	4.2	1.1	272.7% ↑
Dividends Paid	(17.3)	(25.1)	31.0% ↑	0.0	0.0% ↑	(42.4)	0.0	0.0% ↑
Loans and financing increase	132.4	290.8	(54.5%) ↓	265.8	(50.2%) ↓	491.4	582.5	(15.6%) ↓
Amortization of loans and financing	(161.1)	(102.7)	(56.9%) ↓	(116.5)	(38.3%) ↓	(331.4)	(331.9)	0.1% ↑
Loans and financing increase	(0.9)	(0.9)	(5.4%) ↓	0.0	0.0% ↑	(2.9)	0.0	0.0% ↑
Loan operations	(1.8)	(0.4)	(322.9%) ↓	(0.2)	(971.0%) ↓	(2.4)	(0.5)	(404.8%) ↓
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10.6)</b>	<b>2.1</b>	<b>(616.8%) ↓</b>	<b>2.4</b>	<b>(548.8%) ↓</b>	<b>24.6</b>	<b>(3.7)</b>	<b>760.1% ↑</b>
<b>At the beginning of the period</b>	<b>69.5</b>	<b>67.5</b>	<b>3.0% ↑</b>	<b>33.3</b>	<b>108.8% ↑</b>	<b>34.3</b>	<b>39.4</b>	<b>(12.9%) ↓</b>
<b>At the end of the period</b>	<b>58.9</b>	<b>69.5</b>	<b>(15.3%) ↓</b>	<b>35.6</b>	<b>65.2% ↑</b>	<b>58.9</b>	<b>35.6</b>	<b>65.2% ↑</b>

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## About Tenda

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Construtora Tenda S.A. (B3:TEND3) is Brazil's second largest homebuilder focused on low-income residential projects listed at the Novo Mercado, B3's highest corporate governance level. The Company concentrates its activities in eight metropolitan regions of Brazil, uniquely operating within the brackets 1.5 and 2 of the "Minha Casa, Minha Vida" ("MCMV") federal government housing program. With a sustainable growth strategy, excellence in execution and strong business model, Tenda has been able to deliver solid cash generation and growing profits, sustaining its vision of offering to investors the highest returns in the low-income segment.

	Notes	Parent		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	40,660	11,674	58,904	34,287
Securities	4.2	805,830	597,775	917,427	821,272
Receivables from developments and services provided	5	61,250	61,574	449,704	317,515
Properties for sale	6	77,515	90,188	648,893	570,773
Due from related parties	7.1	3,183	3,081	3,048	7,797
Escrow deposits	16.2	10,392	10,705	10,679	10,987
Other receivables		14,684	13,445	34,330	25,229
<b>Total current assets</b>		<b>1,013,514</b>	<b>788,442</b>	<b>2,122,985</b>	<b>1,787,860</b>
<b>NONCURRENT ASSETS</b>					
Receivables from developments and services provided	5	30,357	27,683	175,141	158,181
Properties for sale	6	51,502	52,808	660,558	515,993
Due from related parties	7.1	46,250	43,812	36,951	34,513
Escrow deposits	16.2	31,904	19,519	32,806	20,032
Investments in equity interests	8	1,123,145	964,356	37,591	39,376
Property and equipment	9	69,142	37,181	75,232	39,018
Intangible assets	10	23,655	26,066	23,656	26,066
<b>Total noncurrent assets</b>		<b>1,375,955</b>	<b>1,171,425</b>	<b>1,041,935</b>	<b>833,179</b>
<b>TOTAL ASSETS</b>		<b>2,389,469</b>	<b>1,959,867</b>	<b>3,164,920</b>	<b>2,621,039</b>

The accompanying notes are an integral part of this interim financial information.

	Notes	Parent		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Borrowings and financing	11	1,207	993	10,460	6,744
Debentures	12	1,158	3,344	1,158	3,344
Lease – right of use	9	2,942	-	2,942	-
Payables for materials and services	-	17,755	6,381	59,934	21,449
Taxes and contributions	-	10,413	11,559	28,718	26,951
Payroll, related taxes and profit sharing	13	10,951	12,180	54,599	45,024
Payables for purchase of properties and advances from customers	14	8,071	10,641	321,477	258,240
Provisions and contract terminations payable	-	4,003	4,730	7,631	8,476
Due to related parties	7.1	310,805	156,342	23,871	21,801
Allowance for loss on investments	8	12,073	11,448	5,749	5,728
Dividends payable	-	78	13,338	78	13,338
Other payables	-	4,407	6,497	7,996	9,706
Provision for contingencies	16.1	28,141	30,100	30,055	32,782
<b>Total current liabilities</b>		<b>412,004</b>	<b>267,553</b>	<b>554,668</b>	<b>453,583</b>
<b>NONCURRENT LIABILITIES</b>					
Borrowings and financing	11	15,030	14,646	132,642	98,038
Debentures	12	600,570	434,365	600,570	434,365
Lease – right of use	9	18,457	-	18,457	-
Payables for purchase of properties and advances from customers	14	2,418	4,415	486,296	361,302
Provision for contingencies	16.1	25,308	30,016	27,029	32,690
Deferred income tax and social contribution	15	123	-	11,256	7,833
Other payables	-	12,230	11,199	29,638	29,454
<b>Total noncurrent liabilities</b>		<b>674,136</b>	<b>494,641</b>	<b>1,305,888</b>	<b>963,682</b>
<b>EQUITY</b>					
Capital	17.1	1,095,511	1,095,511	1,095,511	1,095,511
Capital and stock option reserve	17.2	31,582	69,999	31,582	69,999
Earnings reserve	-	123,052	123,052	123,052	123,052
Treasury shares	17.3	(105,030)	(90,889)	(105,030)	(90,889)
Retained earnings (accumulated losses)	-	158,214	-	158,214	-
Equity attributable to the Company's owners		1,303,329	1,197,673	1,303,329	1,197,673
Noncontrolling interests		-	-	1,035	6,101
<b>Total equity</b>		<b>1,303,329</b>	<b>1,197,673</b>	<b>1,304,364</b>	<b>1,203,774</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,389,469</b>	<b>1,959,867</b>	<b>3,164,920</b>	<b>2,621,039</b>

The accompanying notes are an integral part of this interim financial information.

	Notes	Parent				Consolidated			
		07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
NET REVENUE	21	48,366	156,811	85,465	212,971	508,543	1,406,956	461,469	1,226,616
COSTS	22	(38,746)	(129,807)	(64,453)	(151,239)	(340,502)	(931,959)	(306,455)	(804,102)
GROSS PROFIT		9,620	27,004	21,012	61,732	168,041	474,997	155,014	422,514
<b>(EXPENSES) INCOME</b>									
Selling expenses	22	(4,952)	(13,671)	(5,923)	(17,230)	(46,780)	(117,055)	(39,244)	(106,669)
General and administrative expenses	22	(7,935)	(24,610)	(8,163)	(32,178)	(31,172)	(90,837)	(28,346)	(88,846)
Share of profit (loss) of investees	8	85,378	252,420	75,942	200,524	(338)	(1,806)	278	815
Other income (expenses) - net	22	(17,497)	(53,241)	(17,786)	(62,809)	(18,229)	(57,211)	(16,836)	(62,298)
PROFIT BEFORE FINANCE INCOME (COSTS)		64,614	187,902	65,082	150,039	71,522	208,088	70,866	165,516
<b>FINANCE INCOME (COSTS)</b>									
Finance income	23	13,609	34,293	6,749	21,311	17,208	44,508	9,622	30,155
Finance costs	23	(13,433)	(34,687)	(7,400)	(19,064)	(15,064)	(39,721)	(8,600)	(22,515)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		64,790	187,508	64,431	152,286	73,666	212,875	71,888	173,156
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>									
Current income tax and social contribution	15	(20)	(27)	-	-	(7,368)	(21,442)	(7,027)	(18,501)
Deferred income tax and social contribution	15	(124)	(123)	-	-	(1,561)	(3,259)	390	(1,055)
PROFIT FOR THE PERIOD		64,646	187,358	64,431	152,286	64,737	188,174	65,251	153,600
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>									
Owners of the Company		64,646	187,358	64,431	152,286	64,646	187,358	64,431	152,286
Noncontrolling interests						91	816	820	1,314
<b>EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY OWNERS</b>									
Basic earnings per thousand shares – in reais	19	0.6700	1.9417	0.6186	1.4620	0.6700	1.9417	0.6186	1.4620
Diluted earnings per thousand shares – in reais	19	0.6205	1.7982	0.5705	1.3485	0.6205	1.7982	0.5705	1.3485

The accompanying notes are an integral part of this interim financial information.

	Parent				Consolidated			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
PROFIT FOR THE PERIOD	64,646	187,358	64,431	152,286	64,737	188,174	65,251	153,600
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	64,646	187,358	64,431	152,286	64,737	188,174	65,251	153,600
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:								
Owners of the Company	64,646	187,358	64,431	152,286	64,646	187,358	64,431	152,286
Noncontrolling interests	-	-	-	-	91	816	820	1,314
	64,646	187,358	64,431	152,286	64,737	188,174	65,251	153,600

The accompanying notes are an integral part of this interim financial information.

Attributable to owners of the Company									
	Notes	Capital	Capital reserve	Treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Total Parent	Noncontrolling interests	Total equity
BALANCES AS AT DECEMBER 31, 2017		1,094,171	103,434	-	-	(38,913)	1,158,692	5,047	1,163,739
Capital increase		1,658	(1,658)	-	-	-			
Capital reserve		-	1,117	-	-	-	1,117	-	1,117
Share issuance costs	17.1	(246)	-	-	-	-	(246)	-	(246)
Recognized stock options granted	17.2	-	13,054	-	-	-	13,054	-	13,054
Treasury shares		-	-	(113,185)	-	-	(113,185)	-	(113,185)
Profit for the period		-	-	-	-	152,286	152,286	1,314	153,600
BALANCES AS AT SEPTEMBER 30, 2018		1,095,583	115,947	(113,185)	-	113,373	1,211,718	6,361	1,218,079
BALANCES AS AT DECEMBER 31, 2018		1,095,511	69,999	(90,889)	123,052	-	1,197,673	6,101	1,203,774
Capital decrease		-	-	-	-	-	-	(5,882)	(5,882)
Increase of capital reserve		-	4,163	-	-	-	4,163	-	4,163
Recognized stock options granted	17.2	-	5,746	-	-	-	5,746	-	5,746
Share buyback	17.3	-	-	(62,467)	-	-	(62,467)	-	(62,467)
Stock option exercise	17.3	-	(48,326)	48,326	-	-	-	-	-
Interim dividends	17.4	-	-	-	-	(29,144)	(29,144)	-	(29,144)
Profit for the period		-	-	-	-	187,358	187,358	816	188,174
BALANCES AS AT SEPTEMBER 30, 2019		1,095,511	31,582	(105,030)	123,052	158,214	1,303,329	1,035	1,304,364

The accompanying notes are an integral part of this interim financial information.

	Notes	Parent		Consolidated	
		09/30/2019	09/30/2018	09/30/2019	09/30/2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		187,508	152,286	212,875	173,156
<b>Adjustments for:</b>					
Depreciation and amortization	9 and 10	22,097	18,498	22,689	18,579
Estimated allowance for (reversal of) doubtful debts and contract terminations (net of termination costs)	5 and 6	(10,574)	2,424	2,608	20,896
Present value adjustment	5	(926)	(691)	(3,488)	1,025
Allowance for impairment of nonfinancial assets	6 and 8	(2,639)	(6,131)	(2,921)	(6,577)
Share of profit (loss) of subsidiaries	8	(252,420)	(200,524)	1,806	(815)
Provision for (reversal) contingencies and commitments	16	(6,667)	(8,344)	(8,388)	(12,552)
Unrealized interest and finance charges, net		5,464	(197)	12,236	1,916
Provision for warranties		144	206	2,070	2,698
Accrued profit sharing	22	5,729	6,580	13,191	15,408
Stock option costs	17.2	5,746	13,054	5,746	13,054
Disposal of property and equipment and intangible assets, net	9 and 10	-	15	-	15
Other provisions		(982)	(598)	(1,100)	(75)
Deferred taxes (PIS and COFINS)		(485)	(3,801)	1,017	4,284
<b>Decrease (increase) in operating assets</b>					
Receivables from developments and services provided		11,411	(10,212)	(149,492)	(94,061)
Properties and land for sale		14,557	45,020	(242,910)	(14,229)
Other receivables		(13,311)	5,198	(21,567)	(3,955)
<b>Increase (decrease) in operating liabilities</b>					
Payables for materials and services		11,374	7,331	38,485	17,523
Taxes and contributions		(520)	1,160	757	13,095
Payroll, related taxes and profit sharing		(6,958)	(5,673)	(3,616)	(7,549)
Payables for purchase of properties and advances from customers		(4,767)	(1,593)	212,600	88,578
Other payables		(1,153)	5,393	(3,022)	8,346
Related-party transactions		248,469	143,981	937	3,130
Dividends received		1,149	-	-	-
Income tax and social contribution paid		-	-	(21,641)	(29,609)
Net cash provided by operating activities		212,246	163,382	68,872	212,281
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Capital increase in investees		(1,001)	-	-	-
Purchase of tangible and intangible assets	9 and 10	(28,028)	(17,345)	(32,874)	(19,126)
Investments in/redemption of securities		(180,427)	(272,307)	(65,391)	(334,972)
Net cash used in investing activities		(209,456)	(289,652)	(98,265)	(354,098)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Share buyback		(62,467)	(113,185)	(62,467)	(113,185)
Increase of capital reserve		4,163	1,117	4,163	1,117
Payment of lease – right of use		(2,864)	-	(2,864)	-
Dividends paid		(42,404)	-	(42,404)	-
Borrowings, financing and debentures		177,105	312,258	491,390	582,506
Repayment of borrowings, financing and debentures - principal		(26,896)	(76,690)	(307,129)	(325,781)
Payment of borrowings, financing and debentures - interest		(18,003)	(1,577)	(24,241)	(6,086)
Intragroup loans		(2,438)	(483)	(2,438)	(483)
Net cash used in (provided by) financing activities		26,196	121,440	54,010	138,088
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,986	(4,830)	24,617	(3,729)
<b>CASH AND CASH EQUIVALENTS</b>					
At the beginning of the period		11,674	19,480	34,287	39,377
At the end of the period		40,660	14,650	58,904	35,648
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,986	(4,830)	24,617	(3,729)

The accompanying notes are an integral part of this interim financial information.

	<b>Parent</b>		<b>Consolidated</b>	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
<b>REVENUES</b>				
Real estate development and sale	145,414	225,118	1,438,829	1,278,215
Estimated allowance for (reversal of) doubtful debts and contract terminations	12,835	(197)	(3,831)	(18,708)
	158,249	224,921	1,434,998	1,259,507
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>				
Operating costs - real estate development and sale	(119,681)	(141,303)	(898,956)	(780,722)
Supplies, power, outside services and other inputs	(59,348)	(70,849)	(89,461)	(98,529)
	(179,029)	(212,152)	(988,417)	(879,251)
<b>GROSS VALUE ADDED</b>	<b>(20,780)</b>	<b>12,769</b>	<b>446,581</b>	<b>380,256</b>
<b>RETENTIONS</b>				
Depreciation and amortization	(22,097)	(18,498)	(22,689)	(18,579)
<b>WEALTH CREATED BY THE COMPANY</b>	<b>(42,877)</b>	<b>(5,729)</b>	<b>423,892</b>	<b>361,677</b>
<b>WEALTH RECEIVED IN TRANSFER</b>				
Share of profit (loss) of investees	252,420	200,524	(1,806)	815
Finance income	35,958	22,346	46,574	31,569
	288,378	222,870	44,768	32,384
<b>WEALTH FOR DISTRIBUTION</b>	<b>245,501</b>	<b>217,141</b>	<b>468,660</b>	<b>394,061</b>
<b>WEALTH DISTRIBUTED</b>				
Employees and payroll taxes	14,824	26,092	136,389	125,624
Direct compensation	12,193	23,444	105,232	102,124
Benefits	1,859	1,532	20,635	14,028
Payroll taxes	772	1,116	10,522	9,472
<b>TAXES, FEES AND CONTRIBUTIONS</b>	<b>5,920</b>	<b>15,298</b>	<b>79,369</b>	<b>74,552</b>
Federal	5,920	14,879	79,142	73,887
Municipal	-	419	227	665
<b>LENDERS AND LESSORS</b>				
Interest and leases	37,399	23,465	64,728	40,285
<b>SHAREHOLDERS</b>	<b>187,358</b>	<b>152,286</b>	<b>188,174</b>	<b>153,600</b>
Dividends	29,146	-	29,146	-
Retained earnings	158,212	152,286	158,212	152,286
Offset profit (losses) attributable to noncontrolling interests	-	-	816	1,314

The accompanying notes are an integral part of this interim financial information.

## 1. GENERAL INFORMATION

Construtora Tenda S.A. ("Company" or "Tenda") and its subsidiaries ("Group") engage in the performance of general construction works, real estate development, real estate purchase and sale, the provision of general construction management services, the intermediation of the sale of consortium shares, and holding of interests in other companies. The subsidiaries significantly share the Company's management, operating, and corporate costs. The SPEs are exclusively engaged in real estate operations and are linked to specific projects.

The Company is a publicly-traded company with registered head office at Rua Álvares Penteado, 61, in the city of São Paulo, State of São Paulo, and registered with the São Paulo Stock Exchange - B3 (former BMF&BOVESPA) under the ticker symbol "TEND3".

## 2. PRESENTATION OF INTERIM FINANCIAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

The Company's interim financial information comprises:

- a) The individual interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting 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 takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 02/2018 on the guidelines of CPC 47 (IFRS15) applicable to real estate development entities in Brazil with respect to the transfer of control on the sale of real estate units, identified as "Parent"; and
- b) The consolidated interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting 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 takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 02/2018 on the guidelines of CPC 47 (IFRS15) applicable to real estate development entities in Brazil with respect to the transfer of control on the sale of real estate units, identified as "Consolidated".

### 2.2 Basis of preparation

The interim financial information has been prepared in the normal course of business, using the historical cost as the value base, and liabilities and assets at present or realizable value.

All relevant information related to the interim financial information and only this information is being disclosed and corresponds to the information used by the Company's Management in its management.

In preparing the interim financial information, Management assesses the Company's ability to continue as a going concern.

Except for the information on the application of the new accounting practices described in note 3.(a), the information on the basis for preparation and presentation of the interim financial information, the summary of the significant accounting policies, and the use of estimates and judgments did not change as compared to the information disclosed in note 2 to the Annual Financial Statements for the year ended December 31, 2018, published on March 12, 2019 in the newspapers O Estado de São Paulo and Diário Oficial do Estado de São Paulo (the São Paulo State Official Gazette), and made available on the following websites: [www.cvm.gov.br](http://www.cvm.gov.br), [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br) and <http://ir.tenda.com>.

All the figures disclosed in this financial information are expressed in thousands of Brazilian reais, unless otherwise stated.

### 2.3 Approval of interim financial information

The Company's individual and consolidated interim financial information was approved by the Board of Directors and authorized for issuance on November 7, 2019.

### 2.4 Consolidated interim financial information

The Company's consolidated interim financial information includes the individual financial information of the Parent and its direct and indirect subsidiaries. The Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity. The existence and the effects of potential voting rights, currently exercisable or convertible, are taken into consideration when determining whether the Company controls or not another entity. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The accounting policies have been consistently applied by all subsidiaries included in the interim financial information. (note 8).

### 2.5 Statements of value added

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is neither required nor mandatory under IFRSs. The statements of value added have been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added.

## 3. ISSUED NEW AND REVISED STANDARDS AND INTERPRETATIONS

### a. New and revised standards and interpretations already adopted in the current period:

In the current year, the Company adopted new interpretations to IFRSs and CPCs issued by the IASB and the CPC. The adoption of these new and revised IFRSs did not have any significant impact on the amounts reported and/or disclosed for the current and prior years.

<u>New and revised standards and interpretations</u>	<u>Effective beginning</u>
IFRS 16 (CPC 06 R2) – Leases (a)	January 1, 2019

### (a) IFRS 16 - Leases

IFRS 16 introduced a single model for the recognition of leases (finance and operating) in the lessees' balance sheet. A lessee recognizes a right of use asset that represents its right to use the asset and lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, i.e., the lessors continue to classify the leases as finance or operating leases.

IFRS 16 superseded the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Supplemental Aspects of Leases.

The impact from the first-time adoption on the Company's financial statements and its Group amounted to R\$26,544, as shown below:

	Parent/Consolidated
<b>Noncurrent assets</b>	
Property and equipment	
Lease – right of use	26,544
<b>Total assets</b>	<b>26,544</b>
Current liabilities	
Lease – right of use	3,123
Noncurrent liabilities	
Lease – right of use	23,421
<b>Total liabilities</b>	<b>26,544</b>
Profit/loss	-

Item C5 (b) of the transition rule was adopted as practical expedient, which sets forth that comparative information should not be restated but rather the cumulative effect must be recognized as opening balance. All Company's agreements were recognized as operating and, therefore, item C8b (ii), which addresses leases classified as operating leases was applied, only measuring the residual balance of the agreements.

**b. New and revised standards and interpretations not yet adopted:**

A series of new and revised standards and interpretations will become effective as described below:

New and revised standards and interpretations	Effective beginning
CPC00 – Conceptual Framework – Revision (a)	January 1, 2020

**(a) Change of conceptual framework**

The revision of the Conceptual Framework introduces the following new concepts: definitions of assets and liabilities; criteria for recognition, write-off, measurement, presentation and disclosure of asset and liability and profit and loss components. These changes are effective for annual periods beginning on or after January 1, 2020 and the possible impacts are being assessed.

**4. CASH AND CASH EQUIVALENTS AND SECURITIES**

**4.1 Cash and cash equivalents**

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and banks	3,164	4,192	18,912	24,284
Bank certificate of deposit	37,496	7,482	39,992	10,003
<b>Cash and cash equivalents (note 21.b.i)</b>	<b>40,660</b>	<b>11,674</b>	<b>58,904</b>	<b>34,287</b>

**4.2 Securities**

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Fixed-income funds	-	-	1,775	1,705
Exclusive funds (a)	792,183	576,233	827,171	704,956
Repurchase transactions	34	34	34	34
Bank certificate of deposit (b)	354	403	4,192	1,149
Restricted short-term investments (c)	13,259	21,105	84,255	113,428
<b>Total securities (note 21.b.i)</b>	<b>805,830</b>	<b>597,775</b>	<b>917,427</b>	<b>821,272</b>

(a) Exclusive funds

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
National Treasury Bills (LTN)	240,345	203,422	254,046	271,935
Bank Certificates of Deposit (CDBs)	21,196	16,188	21,196	20,940
Financial Treasury Bill (LFT)	422,039	221,742	443,326	277,200
Private securities	104,326	115,873	104,326	115,873
Repurchase transactions	4,277	19,008	4,277	19,008
<b>Total exclusive funds</b>	<b>792,183</b>	<b>576,233</b>	<b>827,171</b>	<b>704,956</b>

(b) As at September 30, 2019, the Bank Certificates of Deposit (CDBs) include interest earned through the end of the reporting period, ranging from 75% to 109.2% (from 75% to 112.09% as at December 31, 2018) of the Interbank Deposit Certificate (CDI) rate.

(c) Restricted short-term investments are represented by the onlending of real estate pool funding receivables about to be approved by Caixa Econômica Federal (Federal savings bank). This funding is approved as the contracts entered into with customers are formalized with the financial institution, which the Company expects to occur in up to 90 days.

## 5. RECEIVABLES FROM DEVELOPMENTS AND SERVICES PROVIDED

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Receivables from real estate development and sales	130,571	145,054	756,462	605,803
(-) Estimated allowance for doubtful debts (a)	(52,619)	(64,311)	(122,233)	(130,478)
(-) Allowance for contract terminations	(5,040)	(6,183)	(27,202)	(15,126)
(-) Present value adjustment	(1,059)	(1,985)	(6,495)	(9,983)
Receivables from land sales and services provided	19,754	16,682	24,313	25,480
	91,607	89,257	624,845	475,696
<b>Current</b>	<b>61,250</b>	<b>61,574</b>	<b>449,704</b>	<b>317,515</b>
<b>Noncurrent</b>	<b>30,357</b>	<b>27,683</b>	<b>175,141</b>	<b>158,181</b>

a) In 2019, the Company adjusted its internal collection procedures, such as: change in incentives and higher operational focus on the customer portfolio past due for more than 360 days. The estimated allowance for doubtful debts has decreased significantly upon adoption of these new procedures.

The aging list of trade receivables is as follows:

Maturity	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
<b>Past due</b>				
Up to 90 days	756	1,547	5,430	10,395
91-180 days	748	488	13,360	15,290
More than 180 days (a)	38,744	35,185	67,682	58,873
<b>Subtotal – past due</b>	<b>40,248</b>	<b>37,220</b>	<b>86,472</b>	<b>84,558</b>
<b>Current</b>				
2019	26,245	93,284	95,709	386,287
2020	60,823	15,501	465,962	98,320
2021	10,591	6,077	76,662	28,261
2022	5,416	4,445	27,000	19,027
2023 onwards	7,002	5,209	28,970	14,830
<b>Subtotal – current</b>	<b>110,077</b>	<b>124,516</b>	<b>694,303</b>	<b>546,725</b>
(-) Present value adjustment	(1,059)	(1,985)	(6,495)	(9,983)
(-) Estimated allowance for doubtful debts and contract termination	(57,659)	(70,494)	(149,435)	(145,604)
	91,607	89,257	624,845	475,696

(a) Of the amount past due for more than 180 days, amounts being transferred to financial institutions total R\$13,492 in Parent and R\$25,252 in consolidated (R\$11,652 in the Parent and R\$23,513 in consolidated as at December 31, 2018).

The variations in the allowances for doubtful debts and contract terminations in the periods ended September 30, 2019 and 2018 are summarized below:

<b>Parent</b>				
	Trade receivables - Allowance for doubtful debts	Trade receivables - Allowance for contract terminations	Properties for sale (note 6)	Net balance
Balance as at December 31, 2017	(55,947)	(10,209)	9,547	(56,609)
Additions	(7,094)	(2,305)	1,206	(8,193)
Reversals	729	4,214	(3,433)	1,510
Write-off	4,259	-	-	4,259
Balance as at September 30, 2018	(58,053)	(8,300)	7,320	(59,033)
Balance as at December 31, 2018	(64,311)	(6,183)	5,300	(65,194)
Additions	(2,712)	(2,118)	1,510	(3,320)
Reversals	13,887	3,261	(3,771)	13,378
Write-off	517	-	-	517
Balance as at September 30, 2019	(52,619)	(5,040)	3,039	(54,620)
<b>Consolidated</b>				
	Trade receivables - Allowance for doubtful debts	Trade receivables - Allowance for contract terminations	Properties for sale (note 6)	Net balance
Balance as at December 31, 2017	(99,007)	(21,688)	20,375	(100,320)
Additions	(31,286)	(10,322)	6,669	(34,939)
Reversals	3,430	12,047	(8,857)	6,620
Write-off	7,423	-	-	7,423
Balance as at September 30, 2018	(119,440)	(19,963)	18,187	(121,216)
Balance as at December 31, 2018	(130,478)	(15,126)	13,862	(131,742)
Additions	(16,887)	(26,124)	12,834	(30,177)
Reversals	22,666	14,048	(11,611)	25,104
Write-off	2,466	-	-	2,466
Balance as at September 30, 2019	(122,233)	(27,202)	15,085	(134,350)

The total adjustment to present value recognized in revenue for real estate development for the period ended September 30, 2019 was R\$926 (R\$691 in September 2018), in Parent, and R\$3,488 (R\$1,025 in September 2018) in consolidated.

The discount rate applied by the Company and its subsidiaries was 1.58% for September 30, 2019 (3.93% in 2018).

## 6. PROPERTIES FOR SALE

	<b>Parent</b>		<b>Consolidated</b>	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Land	65,520	77,245	1,073,629	852,831
Land held for sale	22,367	29,119	42,107	47,003
Properties under construction	34,343	23,022	230,650	189,098
Cost of properties in the recognition of the allowance for contract terminations (note 5)	3,039	5,300	15,085	13,862
Completed units	10,095	17,458	30,103	44,647
(-) Present value adjustment in land purchases	(176)	(338)	(71,185)	(46,816)
(-) Impairment of properties for sale	(1,339)	(3,977)	(1,665)	(4,312)
(-) Impairment of land held for sale	(4,832)	(4,833)	(9,273)	(9,547)
	129,017	142,996	1,309,451	1,086,766
Current	77,515	90,188	648,893	570,773
Noncurrent	51,502	52,808	660,558	515,993

The Company has commitments to build bartered units, relating to the acquisition of land, recognized based on the fair value of bartered units at the acquisition date. As at September 30, 2019, the balance of obligations for land acquired under barter agreements totals R\$1,900 (R\$1,862 as at December 31, 2018) in Parent and R\$99,721 (R\$101,785 as at December 31, 2018) in consolidated (note 14).

As described in note 11, the balance of capitalized finance charges as at September 30, 2019 was R\$5,014 (R\$5,921 as at September 30, 2018) in Parent and R\$31,940 (R\$24,096 as at September 30, 2018) in consolidated.



The table below shows the breakdown, type, and terms and conditions of the balances of intragroup loans and borrowings. The maturities of intragroup loans and borrowings are contingent on the duration of the related projects.

	Parent		Consolidated		Nature	Interest rate
	09/30/2019	12/31/2018	09/30/2019	12/31/2018		
<b>Subsidiaries</b>						
FIT 09 SPE Empr. Imob. Ltda. (b)	9,299	9,299	-	-	Construction	120% to 126.5% p.a. of CDI
Loans to subsidiaries	9,299	9,299	-	-		
<b>Joint ventures</b>						
Atua Construtora e Incorporadora S.A. (a)	12,167	12,167	12,167	12,167	Construction	112% to 113.5% of CDI
FIT 19 SPE Empr. Imobiliários Ltda. (b)	18,304	17,775	18,304	17,775	Construction	100% of CDI
Acedio SPE Empr. Imobiliários Ltda. (b)	6,480	4,571	6,480	4,571	Construction	100% of CDI
Loans to joint ventures	36,951	34,513	36,951	34,513		
	46,250	43,812	36,951	34,513		

(a) Amount related to a Company loan to Atua Construtora e Incorporadora S.A., which is being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The amount is no longer adjusted based at the agreed finance charges in light of the arbitration.

(b) Amounts receivable between SPEs that are adjusted through August 2014 (date of last request in arbitration) using the contractually agreed financial charges. These amounts are being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The loan to Fit 09 SPE Empr. Imob. Ltda. was eliminated for purposes of the consolidated interim financial information, and the balance variations shown arise from the new amounts to guarantee the companies' operations.

## 7.2 Guarantees, collaterals and sureties

The financial transactions of the Group are collateralized by guarantees or sureties in proportion to the Company's interests in the capital of such companies, totaling R\$709,254 as at September 30, 2019 (R\$493,490 as at December 31, 2018).

## 8. INVESTMENTS IN EQUITY INTERESTS

### (i) Equity interests:

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
<b>Subsidiaries</b>				
Wholly-owned	1,077,515	911,820	-	-
Due to management of material operations	3,868	8,929	-	-
Capitalized interest	4,171	4,231	-	-
	1,085,554	924,980	-	-
<b>Joint ventures</b>				
	37,591	39,376	37,591	39,376
	1,123,145	964,356	37,591	39,376

### Variations in investments

	Parent	Consolidated
Balance as at December 31, 2017	909,627	65,417
Share of profit (loss) of investees	200,524	815
Return of advance for future capital increase	(11,581)	(592)
Capital decrease	(22,582)	(22,582)
Allowance for (reversal of) investment losses	(3,053)	1
Balance as at September 30, 2018	1,072,935	43,059
Balance as at December 31, 2018	964,356	39,376
Share of profit (loss) of investees	252,420	(1,806)
Capital payment	1,001	-
Distribution of dividends (a)	(89,375)	-
Capital decrease	(5,882)	-
Allowance for investment losses	625	21
Balance as at September 30, 2019	1,123,145	37,591

a) Dividends distributed by: Jardim São Luiz SPE Incorpor. Lta R\$63,456; FIT 34 SPE Empreendimento Imobiliário Ltda R\$17,174; FIT SPE 32 Empreendimento Imobiliário Ltda R\$2,738; FIT SPE 06 Empreendimento Imobiliário Ltda R\$1,716.

### Breakdown of investments as at September 30, 2019

#### EQUITY INTERESTS AS AT 09/30/2019

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net revenue	Profit (loss) for the year	Equity interest %	Share of profit (loss) of investees	Investment balance
<b>Subsidiaries</b>										
TENDA NEG. IMOB. S/A	1,308,692	745,877	427,254	608,492	1,018,822		242,585	100%	242,585	1,018,822
FIT 02 SPE EMP. IMOB. LTDA.	15,441	-	1,096	1,717	12,627		3,129	100%	3,129	12,627
FIT 06 SPE EMP. IMOB. LTDA.	7,325	-	-	-	7,325		31	100%	31	7,325
TENDA 46 SPE EMP. IMOB. LTDA.	24,387	7,329	4,659	20,481	6,576		4,602	100%	4,602	6,576
TND NEG. IMOB. LTDA.	5,122	-	123	-	4,999		2,313	100%	2,313	4,999
OTHERS	34,924	3,903	4,296	598	33,932		3,678		2,857	31,034
Capitalized interest									(60)	4,171
<b>Total Subsidiaries</b>	<b>1,395,891</b>	<b>757,109</b>	<b>437,428</b>	<b>631,288</b>	<b>1,084,281</b>		<b>256,338</b>		<b>255,457</b>	<b>1,085,554</b>
<b>Joint ventures</b>										
FIT 13 SPE EMP. IMOB. LTDA.	17,878	3,599	1,655	-	19,822	-	115	50%	57	9,911
SPE FRANEIRE GA FISA 08 EMP. IMOB. LTDA.	22,587	2,391	2,887	2,620	19,472	1,159	(845)	50%	(422)	9,736
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,283	-	36	14	18,234	-	154	50%	77	9,117
FIT JD. BOTÂNICO SPE EMP. IMOB. LTDA.	9,378	-	184	1	9,193	187	250	55%	137	5,056
OTHERS	18,203	137	3,616	7,288	7,433	135	(2,788)		(1,394)	3,771
<b>Consolidated</b>	<b>86,329</b>	<b>6,127</b>	<b>8,378</b>	<b>9,923</b>	<b>74,154</b>	<b>1,481</b>	<b>(3,114)</b>		<b>(1,545)</b>	<b>37,591</b>
<b>Total Parent</b>	<b>1,482,220</b>	<b>763,236</b>	<b>445,806</b>	<b>641,211</b>	<b>1,158,435</b>	<b>1,481</b>	<b>253,224</b>		<b>253,912</b>	<b>1,123,145</b>

### Breakdown of investments as at December 31, 2018

#### EQUITY INTERESTS AS AT 12/31/2018

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net revenue	Profit (loss) for the year	Equity interest %	Share of profit (loss) of investees	Investment balance
<b>Subsidiaries</b>										
TENDA NEG. IMOB. S/A	980,493	560,740	319,972	445,024	776,237		288,691	100%	288,691	776,237
JD. SÃO LUIZ SPE INCORP. LTDA	63,445	3,069	362	219	65,933		197	100%	197	65,933
FIT 34 SPE EMP. IMOB. LTDA.	17,179	-	4	-	17,175		(220)	100%	(220)	17,175
FIT 02 SPE EMP. IMOB. LTDA.	10,836	-	1,336	1	9,499		6	100%	6	9,499
FIT 06 SPE EMP. IMOB. LTDA.	9,937	-	927	-	9,010		2,392	100%	2,392	9,010
CITTA VILLE SPE EMP. IMOB. LTDA.	17,103	43	1,766	915	14,465		2,235	50%	1,118	7,233
OTHERS	60,919	3,248	4,964	22,810	36,393		(17,171)		(17,173)	35,666
Capitalized interest									(628)	4,231
<b>Total Subsidiaries</b>	<b>1,159,905</b>	<b>567,100</b>	<b>329,331</b>	<b>468,969</b>	<b>928,712</b>		<b>276,130</b>		<b>274,363</b>	<b>924,984</b>
<b>Joint ventures</b>										
SPE FRANEIRE GA FISA 08 EMP. IMOB. LTDA.	15,808	9,797	2,094	3,194	20,317	2,476	(1,629)	50%	(815)	10,159
FIT 13 SPE EMP. IMOB. LTDA.	16,855	3,506	655	-	19,706	-	6	50%	3	9,853
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,217	-	79	58	18,080	(54)	(34)	50%	(17)	9,040
OTHERS	25,796	4,957	2,221	8,888	19,644	4,548	3,427		1,720	10,324
<b>Consolidated</b>	<b>75,925</b>	<b>18,260</b>	<b>5,049</b>	<b>12,140</b>	<b>77,747</b>	<b>6,970</b>	<b>1,770</b>		<b>891</b>	<b>39,376</b>
<b>Total Parent</b>	<b>1,235,830</b>	<b>585,360</b>	<b>334,380</b>	<b>481,109</b>	<b>1,006,459</b>	<b>6,970</b>	<b>277,900</b>		<b>275,274</b>	<b>964,360</b>

### (ii) Equity interests – equity deficiency

### Breakdown of the allowance for investment losses as at September 30, 2019

#### ALLOWANCE FOR INVESTMENT LOSSES AS AT SEP/2019

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net revenue	Profit (loss) for the year	Equity interest %	Share of profit (loss) of investees	Investment balance
<b>Subsidiaries</b>										
FIT BILD 09 SPE EMP. IMOB. LTDA.	2,749	-	895	9,303	(7,450)		(13)	75%	(9)	(5,587)
OTHERS	410	58	1,200	5	(737)		(1,222)		(1,222)	(737)
	<b>3,159</b>	<b>58</b>	<b>2,095</b>	<b>9,308</b>	<b>(8,187)</b>		<b>(1,235)</b>		<b>(1,231)</b>	<b>(6,324)</b>
<b>Joint ventures</b>										
CITTA ITAPUÁ EMP. IMOB. S SPE LTDA.	7,919	-	32	18,304	(10,416)	-	(1)	55%	(1)	(5,729)
OTHERS	2,709	9	2,663	95	(40)	(279)	(521)		(260)	(20)
	<b>10,628</b>	<b>9</b>	<b>2,695</b>	<b>18,399</b>	<b>(10,456)</b>	<b>(279)</b>	<b>(522)</b>		<b>(261)</b>	<b>(5,749)</b>
<b>Total allowance for investment losses</b>	<b>13,787</b>	<b>67</b>	<b>4,790</b>	<b>27,707</b>	<b>(18,643)</b>	<b>(279)</b>	<b>(1,757)</b>		<b>(1,492)</b>	<b>(12,073)</b>

### Breakdown of the allowance for investment losses as at December 31, 2018

#### ALLOWANCE FOR INVESTMENT LOSSES DEC 2018

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit (loss) of investees	Investment balance
<b>Subsidiaries</b>									
FIT BILD 09 SPE EMP. IMOB. LTDA.	2,740	-	871	9,304	(7,435)	(259)	75%	(194)	(5,576)
OTHERS	188	9	340	-	(143)	(340)		(340)	(143)
	<b>2,930</b>	<b>9</b>	<b>1,211</b>	<b>9,304</b>	<b>(7,578)</b>	<b>(599)</b>		<b>(534)</b>	<b>(5,719)</b>
<b>Joint ventures</b>									
FIT CAMPOLIM SPE EMP. IMOB. LTDA	7,389	-	29	17,775	(10,415)	(495)	55%	(272)	(5,728)
	<b>7,389</b>	<b>-</b>	<b>29</b>	<b>17,775</b>	<b>(10,415)</b>	<b>(495)</b>		<b>(272)</b>	<b>(5,728)</b>
<b>Total allowance for investment losses</b>	<b>10,319</b>	<b>9</b>	<b>1,240</b>	<b>27,079</b>	<b>(17,993)</b>	<b>-</b>		<b>(806)</b>	<b>(11,447)</b>

## 9. PROPERTY AND EQUIPMENT

Description	Depreciation rate - % p.a.	Parent		Consolidated	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cost					
Hardware	20%	24,558	22,619	24,558	22,619
Leasehold improvements and facilities	(a)	12,752	10,201	12,752	10,201
Furniture and fixtures	10%	4,482	3,883	4,670	4,014
Machinery and equipment	10%	3,263	3,009	3,263	3,009
Molds	20%	57,673	40,660	64,317	42,519
Lease – right of use (b)	13.93%	23,490	-	23,490	-
		126,218	80,372	133,050	82,362
Accumulated depreciation		(57,076)	(43,191)	(57,818)	(43,344)
		69,142	37,181	75,232	39,018

(a) Depreciated according to the lower of the lease agreement term, or its economic useful life.

(b) Lease – right of use, depreciated according to the agreement term. The table below shows the breakdown of balances, payments and interest on lease liabilities.

Liabilities	Parent/Consolidated		
	Variations – liabilities without present value adjustment	Present value adjustment	Right of use liability
Lease – right of use (first-time adoption)	31,134	(4,590)	26,544
Payments / interest	(2,864)	682	(2,182)
Derecognition - contract termination	(3,631)	668	(2,963)
Total	24,639	(3,240)	21,399
Current	3,507	(565)	2,942
Noncurrent	21,132	(2,675)	18,457

The residual value, useful lives, and depreciation methods were reviewed at the end of year 2018, and no change was made. Assets are subject to periodical impairment testing.

### Variations in property and equipment

	Parent					
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
Cost						
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	770	484	176	124	6,901	8,455
Write-offs	-	(110)	-	-	-	(110)
Cost as at 09/30/2018	22,253	9,280	3,529	2,853	39,837	77,752
Depreciation						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(2,848)	(3,776)	(174)	(211)	(5,535)	(12,544)
Write-offs	-	95	-	-	-	95
Depreciation as at 09/30/2018	(11,855)	(7,490)	(2,666)	(1,106)	(16,915)	(40,032)
Balance as at 09/30/2018	10,398	1,790	863	1,747	22,922	37,720

	Parent						
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Lease – right of use (b)	Total
Cost							
Cost as at 12/31/2018	22,619	10,201	3,883	3,009	40,660	-	80,372
Additions	1,939	2,551	599	254	17,013	26,544	48,900
Write-offs	-	-	-	-	-	(3,054)	(3,054)
Cost as at 09/30/2019	24,558	12,752	4,482	3,263	57,673	23,490	126,218
Depreciation							
Balance as at 12/31/2018	(12,726)	(7,628)	(2,726)	(1,180)	(18,931)	-	(43,191)
Additions	(2,768)	(837)	(176)	(233)	(7,417)	(2,583)	(14,014)
Write-offs	-	-	-	-	-	129	129
Depreciation as at 09/30/2019	(15,494)	(8,465)	(2,902)	(1,413)	(26,348)	(2,454)	(57,076)
Balance as at 09/30/2019	9,064	4,287	1,580	1,850	31,325	21,036	69,142

Consolidated						
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
<b>Cost</b>						
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	770	484	302	124	8,556	10,236
Write-offs	-	(110)	-	-	-	(110)
Cost as at 09/30/2018	22,253	9,280	3,655	2,853	41,492	79,533
<b>Depreciation</b>						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(2,848)	(3,776)	(181)	(211)	(5,609)	(12,625)
Write-offs	-	95	-	-	-	95
Depreciation as at 09/30/2018	(11,855)	(7,490)	(2,673)	(1,106)	(16,989)	(40,113)
Balance as at 09/30/2018	10,398	1,790	982	1,747	24,503	39,420

Consolidated							
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Lease – right of use (b)	Total
<b>Cost</b>							
Balance as at 12/31/2018	22,619	10,201	4,014	3,009	42,519	-	82,362
Additions	1,939	2,551	656	254	21,798	26,544	53,742
Write-offs	-	-	-	-	-	(3,054)	(3,054)
Cost as at 09/30/2019	24,558	12,752	4,670	3,263	64,317	23,490	133,050
<b>Depreciation</b>							
Balance as at 12/31/2018	(12,726)	(7,628)	(2,735)	(1,180)	(19,075)	-	(43,344)
Additions	(2,768)	(837)	(185)	(233)	(7,997)	(2,583)	(14,603)
Write-offs	-	-	-	-	-	129	129
Depreciation as at 09/30/2019	(15,494)	(8,465)	(2,920)	(1,413)	(27,072)	(2,454)	(57,818)
Balance as at 09/30/2019	9,064	4,287	1,750	1,850	37,245	21,036	75,232

## 10. INTANGIBLE ASSETS

Parent/Consolidated				
	12/31/2017			09/30/2018
	Balance	Additions	Amortization	Balance
Software - Cost	36,897	8,890	-	45,787
Software – amortization	(15,253)	-	(5,954)	(21,207)
	21,644	8,890	(5,954)	24,580
Consolidated				
	12/31/2018			09/30/2019
	Balance	Additions	Amortization	Balance
Software - Cost	49,572	5,676	-	55,248
Software – amortization	(23,506)	-	(8,086)	(31,592)
	26,066	5,676	(8,086)	23,656

Refer mainly to the expenses on the acquisition and implementation of information systems and software licenses, amortized over a three-year period based on their economic useful life (33.33% per year). Intangible assets with finite useful lives are amortized over their useful lives, and tested for impairment whenever there is indication of asset impairment. The amortization period and method for an intangible asset with finite useful life are reviewed at least at the end of each annual reporting period.

## 11. BORROWINGS AND FINANCING

Type of transaction	Maturity	Annual interest rate	Parent		Consolidated	
			09/30/2019	12/31/2018	09/30/2019	12/31/2018
National Housing System (SFH)	04/2018 to 12/2022	TR + 8.30% p.a.	16,237	15,639	143,102	103,317
Bank Credit Note (CCB)	04/2018 to 06/2019	INCC-DI variance	-	-	-	1,465
Total			16,237	15,639	143,102	104,782
Current			1,207	993	10,460	6,744
Noncurrent			15,030	14,646	132,642	98,038

The current and noncurrent portions mature as follows:

Maturity	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
2019	449	993	4,152	6,744
2020	1,182	5,277	12,138	36,787
2021	6,147	6,848	57,312	45,803
2022 and thereafter	8,459	2,521	69,500	15,448
	16,237	15,639	143,102	104,782

Finance costs on borrowings and financing are capitalized at the cost of each construction project and land plot, according to the use of funds, and recognized in profit or loss proportionally to the units sold, as shown below. The capitalization rate used to determine the amount of the borrowing costs eligible for capitalization was 7% as at September 30, 2019 (7.78% as at December 31, 2018).

The following table shows a summary of finance costs and charges, and the portion capitalized in line item 'Properties for sale'.

	Parent		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Total finance charges for the period	34,556	18,608	65,625	29,255
Capitalized finance charges	(2,272)	(2,964)	(33,241)	(13,473)
Finance costs (note 23)	32,284	15,644	32,384	15,782
<b>Finance charges allocated to line item 'Properties for sale':</b>				
Opening balance	5,452	7,357	23,705	28,394
Capitalized finance charges	2,272	2,964	33,241	13,473
Finance charges charged to profit or loss (note 22)	(2,710)	(4,400)	(25,006)	(17,771)
Closing balance	5,014	5,921	31,940	24,096

## 12. DEBENTURES

Type of transaction	Maturity	Annual payout	Transaction cost		Parent/Consolidated	
			Appropriated	Incurred	09/30/2019	12/31/2018
			Debtentures (a)	January 2021	CDI + 0,90%	4,657
Debtentures (b)	September 2023	CDI + 1,75%	726	(754)	150,773	152,643
Debtentures (c)	March 2024	CDI + 1,40%	573	(898)	149,835	-
<b>Total debtentures</b>			<b>5,,956</b>	<b>(10,713)</b>	<b>601,728</b>	<b>437,709</b>
Current					1,158	3,344
Noncurrent						
Debtentures					605,327	439,891
Transaction costs					(4,757)	(5,526)
<b>Total noncurrent</b>					<b>600,570</b>	<b>434,365</b>
					601,728	437,709

Summary of debtentures issued:

Issue	Date	Amount	Payment of principal	Payment of interest	Covenants (net leverage ratio) (total financial debt less SFH))
3 <sup>rd</sup> issue (a)	09/06/2017	270,000	01/15/2021 33.30% 09/2021	On maturity	(Must not exceed 50%) -28.35%
4 <sup>th</sup> issue (b)	09/10/2018	150,000	33.30% 09/2022 33.40% 09/2023	Semiannual	(Must not exceed 15%) - 28.35%
5 <sup>th</sup> issue (c)	04/02/2019	150,000	50% 03/2023 50% 03/2024	Semiannual	(Must not exceed 15%) - 28.35%

- On September 6, 2017, the Company launched the third issue of nonconvertible debtentures. The proceeds from this issuance were used exclusively in real estate projects specifically targeted at the lower-income population segment.
- On September 10, 2018, the Company launched the fourth issue of nonconvertible simple debtentures. The proceeds from this issuance were used in ordinary management, including working capital increase and capital structure growth.

- c) On April 2, 2019, the Company launched the fifth issue of nonconvertible simple debentures. The proceeds from this issuance were used in ordinary management, including working capital increase and capital structure growth.

### 13. PAYROLL, RELATED TAXES AND PROFIT SHARING

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Payroll and related taxes	4,119	3,627	10,536	9,643
Accrued payroll and related taxes	2,158	2,418	28,266	16,407
Employee profit sharing (a)	4,674	6,135	15,797	18,974
	10,951	12,180	54,599	45,024

- (a) The Company has a variable compensation program that grants its employees and management personnel and the employees and management personnel of its subsidiaries a share of the Company's profits. This program is linked to the fulfillment of specific goals, which are set, agreed-upon, and approved by the Board of Directors at the beginning of each year.

### 14. PAYABLES FOR PURCHASE OF PROPERTIES AND ADVANCES FROM CUSTOMERS

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Payables for properties purchased	5,985	12,013	705,208	515,915
Advances from customers	2,604	1,181	2,844	1,842
Physical barter - land	1,900	1,862	99,721	101,785
	10,489	15,056	807,773	619,542
Current	8,071	10,641	321,477	258,240
Noncurrent	2,418	4,415	486,296	361,302

The current and noncurrent portions mature as follows:

Maturity	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
2019	5,836	10,641	122,661	258,240
2020	2,967	2,816	257,684	160,257
2021	1,686	1,599	148,595	88,309
2022	-	-	129,707	63,967
2023 and thereafter	-	-	149,126	48,769
	10,489	15,056	807,773	619,542

### 15. INCOME TAX AND SOCIAL CONTRIBUTION

#### a) Current income tax and social contribution

The reconciliation at the effective tax rate for the periods ended September 30, 2019 and 2018 is as follows:

	Parent			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
Profit before income tax and social contribution:	64,791	187,509	64,431	152,286
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(22,029)	(63,753)	(21,907)	(51,777)
Net impact of subsidiaries taxed based on deemed income/RET	479	368	-	-
Other permanent differences	(2,101)	(4,630)	(1,485)	(3,209)
Unrecognized tax credits	(9,521)	(23,906)	(6,893)	(12,074)
Share of profit (loss) of investees	29,029	85,823	25,820	68,178
Unrecognized tax credits	3,999	5,948	4,465	(1,118)
Income tax and social contribution expenses (income)	(144)	(150)	-	-
Current tax expenses (income)	(20)	(27)	-	-
Deferred tax expenses (income)	(124)	(123)	-	-

	Consolidated			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
Profit before income tax and social contribution:	73,667	212,876	71,888	173,156
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(25,047)	(72,378)	(24,442)	(58,873)
Net impact of subsidiaries taxed based on deemed income/RET	23,091	66,397	13,340	53,680
Other permanent differences	(2,331)	(5,364)	(1,604)	(3,532)
Unrecognized tax credits	(10,229)	(27,837)	(2,791)	(15,561)
Share of profit (loss) of investees	(30)	(615)	94	277
Tax credits utilized in the deferred taxes tax base	-	-	(157)	-
Unrecognized tax credits	5,617	15,096	8,923	4,453
<b>Income tax and social contribution expenses (income)</b>	<b>(8,929)</b>	<b>(24,701)</b>	<b>(6,637)</b>	<b>(19,556)</b>
<b>Current tax expenses (income)</b>	<b>(7,368)</b>	<b>(21,442)</b>	<b>(7,027)</b>	<b>(18,501)</b>
<b>Deferred tax expenses (income)</b>	<b>(1,561)</b>	<b>(3,259)</b>	<b>390</b>	<b>(1,055)</b>

#### b) Deferred income tax and social contribution

The origin of deferred income tax and social contribution as at September 30, 2019 and December 31, 2018 is as follows:

Description	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
<b>Assets</b>				
Tax loss carryforwards	281,458	253,551	292,223	261,621
Allowance for doubtful debts	17,845	20,935	19,978	23,467
Allowance for impairment of nonfinancial assets	2,089	2,948	2,095	3,047
Other provisions	4,716	5,898	8,938	10,708
Provision for contingencies	18,173	20,439	19,268	21,604
Temporary differences - CPC	12,190	10,431	12,374	10,745
Temporary differences – deferred PIS and COFINS	1,629	1,944	1,904	2,561
Unrecognized tax rig	(324,192)	(300,286)	(340,236)	(312,400)
Subtotal	13,908	15,860	16,544	21,353
<b>Liabilities</b>				
Revenue taxation on a cash and an accrual basis	(13,908)	(15,860)	(16,544)	(21,353)
Deferred income tax and social contribution (Earmarked assets, or RET)	(123)	-	(11,256)	(7,833)
Subtotal	(14,031)	(15,860)	(27,800)	(29,186)
Recognized in line item deferred taxes (liabilities)	(123)	-	(11,256)	(7,833)
Recognized in line item deferred taxes (assets)	-	-	-	-

The Company holds unrecognized income tax loss and social contribution loss carryforwards that can be offset against 30% of annual taxable income and carried forward indefinitely in the following amounts:

Description	Parent					
	09/30/2019			12/31/2018		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	827,818	827,818		745,738	745,738	
Tax assets (25%, 9%)	206,954	74,504	281,458	186,435	67,116	253,551
Unrecognized tax assets on tax loss carryforwards	206,954	74,504	281,458	186,435	67,116	253,551
Description	Consolidated					
	09/30/2019			12/31/2018		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	859,480	859,480		769,473	769,473	
Tax assets (25%, 9%)	214,870	77,353	292,223	192,368	69,253	261,621
Unrecognized tax assets on tax loss carryforwards	214,870	77,353	292,223	192,368	69,253	261,621

The balance of tax loss carryforwards was not recorded as we do not expect any taxable income in the Company and its subsidiaries.

## 16. PROVISION FOR CONTINGENCIES AND COMMITMENTS

### 16.1 Provision for contingencies

In the periods ended September 30, 2019 and 2018, the variations in the provision for contingencies are summarized as follows:

	Parent			
	Civil lawsuits (a)	Labor lawsuits	Other (b)	Total
Balance as at December 31, 2017	43,951	10,241	48	54,240
Additions (note 22)	13,363	2,403	52	15,818
Write-offs/transfers (note 22)	(19,460)	(4,658)	(44)	(24,162)
Balance as at September 30, 2018	37,854	7,986	56	45,896
Balance as at December 31, 2018	38,942	10,261	10,913	60,116
Additions (note 22)	15,338	1,767	387	17,492
Write-offs/transfers (note 22)	(16,292)	(5,206)	(2,661)	(24,159)
Balance as at September 30, 2019	37,988	6,822	8,639	53,449
Current	20,000	3,592	4,549	28,141
Noncurrent	17,988	3,230	4,090	25,308

	Consolidated			
	Civil lawsuits (a)	Labor lawsuits	Other (b)	Total
Balance as at December 31, 2017	51,567	11,166	306	63,039
Additions (note 22)	14,925	2,670	52	17,647
Write-offs/transfers (note 22)	(24,701)	(5,454)	(44)	(30,199)
Balance as at September 30, 2018	41,791	8,382	314	50,487
Balance as at December 31, 2018	42,976	11,325	11,171	65,472
Additions (note 22)	15,753	2,383	130	18,266
Write-offs (note 22)	(17,860)	(6,132)	(2,662)	(26,654)
Balance as at September 30, 2019	40,869	7,576	8,639	57,084
Current	21,517	3,989	4,549	30,055
Noncurrent	19,352	3,587	4,090	27,029

- (a) Lawsuits mainly attributable to the Company's legacy project (construction defects and construction delay); and  
(b) In 2018 a provision related to a tax lawsuit for 2011 taxes (IRPJ, CSLL, PIS and COFINS) of one of its subsidiaries was recognized.

### 16.2 Escrow deposits

As at September 30, 2019, the Company and its subsidiaries have the following amounts deposited in courts:

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Civil lawsuits	20,579	21,430	21,158	21,993
Environmental lawsuits	87	87	89	89
Tax lawsuits (a)	16,806	3,719	17,279	3,817
Labor lawsuits	4,824	4,988	4,959	5,120
	42,296	30,224	43,485	31,019
Current	10,392	10,705	10,679	10,987
Noncurrent	31,904	19,519	32,806	20,032

- (a) Increase due to litigation bond with the Brazilian Federal Revenue Service.

### 16.3. Lawsuits with a possible likelihood of an unfavorable outcome

As at September 30, 2019, the Company and its subsidiaries are aware of other civil, labor, tax and environmental lawsuits. Based on the history of probable lawsuits and the specific analysis of the main claims, the lawsuits with a likelihood of an unfavorable outcome classified as possible total R\$324,493 (R\$320,499 as at December 31, 2018), based on the historical average of the lawsuits adjusted for current estimates, for which the Company's Management believes it is not necessary to recognize a provision for potential losses. The variation in the period is due to the revision of the involved amounts, as shown below.

	Consolidated	
	09/30/2019	12/31/2018
Civil lawsuits (a)	216,462	225,284
Tax lawsuits (b)	92,638	78,567
Labor lawsuits	15,105	14,746
Environmental lawsuits	288	1,902
	324,493	320,499

- (b) As at September 30, 2019, the Company and its subsidiaries are aware of civil lawsuits and risks based on the history of probable lawsuits and a specific analysis of main claims, the measurement of the lawsuits with a likelihood of an unfavorable decision estimated as possible total R\$216,462, mostly attributed to legacy projects (construction defects and delay).
- (c) The Company had received a tax assessment notice issued by the Brazilian Federal Revenue Service, in which it challenges the tax bases of income tax, social contribution, PIS and COFINS for FY 2010. The Company filed an objection to the tax assessment within the statutory deadline, which was partially upheld on March 31, 2017 by the lower administrative court, which reduced the tax assessment fine and rebate of the amounts paid as COFINS and PIS. The Company filed an administrative appeal with the competent body (CARF) against such decision. On January 24, 2019, the appeal decision was handed down, whereby the following issues worth attention: decrease of the voluntary fine; deduction of the amounts paid; statute of limitation of the periods from January to September 2010. After the decision, the likelihood of loss was assessed as "possible" by the legal counsel, substantially reducing the possible contingencies for this lawsuit (from R\$206,933 million to R\$78,567 million in 2018).

## 17. EQUITY

### 17.1 Capital

As at September 30, 2019, the Company's subscribed and paid-in capital was R\$1,095,829, represented by 104,344,246 registered common shares, with no par value (R\$1,095,829 represented by 52,172,123 common shares, with no par value as at December 31, 2018).

On March 25, 2019, the Extraordinary General Meeting approved the split of the Company's shares, at the ratio of one common share for two common shares, totaling 104,344,246 registered, book-entry common shares without par value, all entitled to the same rights as the common shares already issued by the Company.

<b>Subscribed capital</b>	<b>1,095,829</b>
(-) Share issuance costs	(318)
Capital as at September 30, 2019	1,095,511

### 17.2. Employee benefits

#### a) Stock option plan

The Company has a total of five stock option plans for common shares, launched since 2014 that follow the rules set out in the Company's Stock Option Plan.

The granted options entitle their holders (management personnel and employees designated by the executive committee and approved by the Board of Directors) to purchase Company common shares, after vesting periods that range from three to ten years while employed by the Company (essential condition to exercise a stock option), and expire ten years after the grant date.

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees and management personnel.

The variations in the outstanding stock options in the period ended September 30, 2019 and in the year ended December 31, 2018, which include their related weighted average strike prices, are as follows:

	09/30/2019		12/31/2018	
	Number of stock options	Weighted average strike price (reais)	Number of stock options	Weighted average strike price (reais)
Outstanding stock options at the beginning of the period	5,326,598	6.74	5,479,451	6.74
Exercised stock options	(2,740,056)	5.63	(152,853)	9.42
Cancelled stock options	(26,843)			
Split bonus	5,078,279		-	-
Outstanding stock options at the end of the period	7,637,978	3.28	5,326,598	6.74

The fair value of the stock options granted from 2014 to 2017 was estimated based on the Black & Scholes pricing model, taking into consideration the following assumptions:

Grant date	Strike price	Weighted average	Expected volatility (%) (*)	Expected stock option life (years)	Risk-free interest rate (%) (**)
08/11/2014	6.63	6.52	31.02%	-	11.66% to 11.81%
11/12/2014	6.63	6.55	31.30%	-	12.77% to 12.84%
05/09/2016	6.86	6.83	26.70%	1.30 years	12.67% to 12.77%
04/10/2017	8.13	8.13	24.65%	2.20 years	9.69% to 10.07%
10/02/2017	14.73	14.73	24.84%	-	9.52% to 9.88%
10/02/2017	24.25	24.25	24.84%	-	9.71% to 10.11%

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

(\*\*) Risk-free market interest rate for the stock option period at the grant date.

In 2018 the Company reviewed the number of stock options granted that will vest in 2018-2023, which generated expenses of R\$9,092.

Outstanding stock options			Vested stock options	
Number of stock options	Remaining contractual weighted average life (years)	Weighted average strike price (R\$)	Number of stock options	Weighted average strike price (R\$)
7,637,978	0.88	3.28	6,948,737	2.58

Total expenses recognized in the period ended September 30, 2019 was R\$774 (R\$11,508 as at September 30, 2018) and are disclosed in note 22.

#### b) Restricted stock option plan

On August 8, 2018, the Extraordinary General Meeting approved the restricted stock option plan. The plan's objectives are to: i) promote the growth, success and attainment of the corporate guidelines of the Company and the companies under its control; ii) align the interests of beneficiaries to those of the shareholders; and iii) encourage the maintenance of officers and employees at the Company or at the companies under its control.

The Plan's restricted shares granted confer upon their holders (officers, directors and employees appointed by the executive board and approved by the Board of Directors) the right to common shares in the Company's capital, after a period from two to three years. For officers and employees the quantities granted will rely on the goals attained established by the Board of Directors and may range from 0% to 150%.

The Plan is valid for ten years and will be divided into Programs, subject to a ceiling that results in a maximum dilution of 5% of the Company's capital.

#### Programs

	Grant date	Granted quantities
2018 Program	09/13/2018	652,500
2019 Program	04/09/2019	914,100

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees, directors and management personnel.

	09/30/2019	12/31/2018
	Number of stock options	Number of stock options
Outstanding stock options at the beginning of the period	652,500	-
Granted stock options	914,100	652,500
Exercised stock options	(195,000)	-
Split bonus (2018 Program)	457,500	-
Outstanding stock options at the end of the period	1,829,100	652,500

The fair value of the restricted stock options was estimated based on the Monte Carlo pricing model, which may vary according to the attainment of goals, taking into consideration the following assumptions:

Program	Grant date	Expected volatility (%) (*)	Expected stock option life (months)	Risk-free interest rate (%) (**)
2018	08/13/2018	29.52%	16 months	10.01%
2019	09/30/2019	31.42%	28 months	5.95%
2019	04/09/2019	31.50%	28 months	7.92%
2019	04/09/2019	31.50%	16 months	7.31%

(\*) Volatility was determined based on the historical quotation of the Company's shares

(\*\*) Risk-free market interest rate for the stock option period at the grant date.

Outstanding stock options		
Program	Number of stock options	Remaining contractual weighted average life (months)
2018	915,000	16 months
2019	914,100	25 months

Total expenses recognized in the period ended September 30, 2019 was R\$4,972 and are disclosed in note 22.

### 17.3 Treasury shares

	Number (thousands)	Average cost – R\$	Total cost
Balance as at December 31, 2018	3,688	24.64	90,889
Share buyback	1,867	33.46	62,467
Stock option exercise	(2,881)	16.77	(48,326)
Split bonus	4,513	-	-
Balance as at September 30, 2019	7,187	14.61	105,030

As at September 30, 2019, the fair value of the Company's treasury shares was R\$177,086.

#### Variations in treasury shares (in quantity)

Description	Variations
Share buyback program 04/05/2018 (a)	4,489
Share buyback program 11/08/2018 (b)	3,066
Cancellation 12/06/2018	(2,000)
Split (03/26/2019)	4,513
Stock option exercise	(2,881)
Total - quantity	7,187

(a) On April 5, 2018, the Company's Board of Directors has approved a Share Buyback Program for the Company's Common Shares, to be held in treasury and subsequent disposal and/or cancellation and/or to support the "Company's Stock Option Plan", limited to 5,398,206 of the Company's common shares. Program terminated on August 13, 2018; 4,489,300 shares were acquired.

(b) On November 8, 2018, the Company's Board of Directors has approved a Share Buyback Program for the Company's Common Shares, to be held in treasury and subsequent disposal and/or cancellation and/or to support the "Company's Stock Option Plan", limited to 5,408,832 of the Company's common shares. This program will be effective up to November 08, 2019, and 3,066,083 shares were acquired.

### 17.4 Dividends

Shareholders are entitled to receive mandatory dividends on an annual basis, corresponding to 25% of adjusted profit (less 5% of legal reserve). In 2019 the following amounts were prepaid:

	Payment date	Amounts paid	Number of shares	Amount per share
Interim	06/25/2019	11,816	96,347,437	R\$0.12264987
Interim	09/03/2019	17,328	96,347,437	R\$0.17862991

## 18. INSURANCE

Tenda has insurance against engineering risk, barter guarantee, construction completion guarantee, and civil liability, associated to involuntary bodily harm caused to third parties, and property damages caused to tangible assets, as well as fire, lightening, electrical damage, natural phenomenon, and gas explosion hazards. The insurance coverage purchased is considered sufficient by Management to cover probable losses on its assets and/or liabilities. The table below shows the liabilities covered by insurance and the related amounts as at September 30, 2019:

Insurance line (in effect)	Coverage - R\$'000
Engineering risks and construction completion guarantee (effective from April 2016 to July 2027)	3,071,278
Civil liability - Directors and Officers (D&O) (*)	50,000
<b>Insurance line (future periods)</b>	
Engineering risks and construction completion guarantee (effective from 10/2019 to 12/2027)	218,755

(\*) The effective period of the D&O civil liability policy is from February 25, 2019, renewed until February 25, 2020 by the Company.

## 19. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share.

	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Basic numerator</b>				
Undistributed earnings	64,646	187,358	64,431	152,286
Undistributed earnings, available to the holders of common shares	64,646	187,358	64,431	152,286
<b>Basic denominator (in thousands of shares)</b>				
Weighted average number of shares	96,490	96,490	104,162	104,162
Basic earnings per share in Brazilian reais	0.6700	1.9417	0.6186	1.4620
<b>Diluted numerator</b>				
Undistributed earnings	64,646	187,358	64,431	152,286
Undistributed earnings, available to the holders of common shares	64,646	187,358	64,431	152,286
<b>Diluted denominator (in thousands of shares)</b>				
Weighted average number of shares	96,490	96,490	104,162	104,162
Stock options	7,701	7,701	8,766	8,766
Diluted earnings per share in Brazilian reais	0.6205	1.7982	0.5705	1.3485

Pursuant to CPC 41, item 64, in case of any change in the number of shares due to stock split, the Company must retrospectively adjust earnings per share for the comparable periods. The following table shows the reconciliation as at September 30, 2018:

	Basic		Diluted	
	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
Undistributed earnings	64,431	152,286	64,431	152,286
Basic and diluted denominator (in thousands of shares)	52,081	52,081	52,081	52,081
Weighted average number of shares			4,383	4,383
Stock options				
Basic/diluted earnings per common share (R\$) - disclosed	1.2371	2.9240	1.1411	2.6970
Split	2	2	2	2
Restated amount	0.6186	1.4620	0.5705	1.3485

## 20. FINANCIAL INSTRUMENTS

The Company and its subsidiaries enter into transactions with financial instruments. These financial instruments are managed through operating strategies and internal control that aim at liquidity, profitability and security. Financial instruments for hedging purposes are contracted based on a periodic analysis of the risk exposure Management intends to mitigate (foreign exchange, interest rate, etc.) which are submitted to the competent Management bodies for approval and subsequent roll out of the presented strategy. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions.

The Company and its subsidiaries do not make investments involving derivatives or any other risk assets for speculative purposes. Gains and losses on these transactions are consistent with the policies and strategies

designed by the Company's Management. The Company's and its subsidiaries' operations are subject to the following risk factors described below:

(a) **Risk considerations**

(i) **Credit risk**

The Company and its subsidiaries restrict their exposure to credit risks related to cash and cash equivalents by making their investments in prime financial institutions and in interest-bearing short-term investments.

With respect to trade receivables, the Company restricts its exposure to credit risks by selling to a broad customer base and continuously analyzing credit. Additionally, there is no material history of losses since there is a collateral on the units sold, represented by real estate unit, which can be repossessed in the case of default during the construction period. As at September 30, 2019 and December 31, 2018, there was no material credit risk concentration related to customers.

(ii) **Derivatives**

As at September 30, 2019, the Company does not conduct transactions involving derivative financial instruments.

(iii) **Interest rate risk**

Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in the interest rates on their financial assets and financial liabilities. To mitigate this risk, the Company and its subsidiaries try to diversify their borrowings into fixed and floating rates. The interest rates on borrowings and financing are described in notes 11 and 12. The interest rates on short-term investments are described in note 4. Receivables from real estate development are subject to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

(iv) **Liquidity risk**

The liquidity risk arises from the possibility that the Company and its subsidiaries may not have sufficient funds to meet their obligations due to a mismatch in the settlement terms of their rights and obligations.

To mitigate the liquidity risks and optimize the weighted average cost of capital, the Company and its subsidiaries permanently monitor the debt levels according to the market standards and the compliance with the ratios (covenants) provided for in loan, financing and debenture agreements, to ensure that the cash generation and early funding, when necessary, are sufficient to honor their commitments, and avoid any liquidity risk for the Company and its subsidiaries (notes 11 and 12).

Most of the Company's financing is carried out with Caixa Econômica Federal under real estate pool funding schemes ("crédito associativo"), the "Minha Casa Minha Vida" federal housing program, and transfers at the end of the construction.

The maturities of borrowing, financing, trade payables, and debenture financial instruments are as follows:

	Parent				Total
	Up to one year	1 to 3 years	4 to 5 years	More than 5 years	
Year ended December 31, 2018					
Borrowings and financing (note 11)	993	12,125	2,521	-	15,639
Debentures (note 12)	3,344	434,365	-	-	437,709
Trade payables	6,381	-	-	-	6,381
Payables for purchase of properties and advances from customers	8,779	4,415	-	-	13,194
	19,497	450,905	2,521	-	472,923
	Up to one year	1 to 3 years	4 to 5 years	More than 5 years	Total
Period ended September 30, 2019					
Borrowings and financing (note 11)	1,207	11,610	3,420	-	16,237
Debentures (note 12)	1,158	400,570	200,000	-	601,728
Trade payables	17,755	-	-	-	17,755
Payables for purchase of properties and advances from customers	5,432	3,157	-	-	8,589
	25,552	415,337	203,420	-	644,309

Year ended December 31, 2018	Consolidated					Total
	Up to one year	1 to 3 years	4 to 5 years	More than 5 years		
Borrowings and financing (note 11)	6,744	82,590	15,448	-	104,782	
Debentures (note 12)	3,344	434,365	-	-	437,709	
Trade payables	21,449	-	-	-	21,449	
Payables for purchase of properties and advances from customers	211,771	268,479	30,725	6,782	517,757	
	243,308	785,434	46,173	6,782	1,081,697	

Period ended September 30, 2019	Consolidated					Total
	Up to one year	1 to 3 years	4 to 5 years	More than 5 years		
Borrowings and financing (note 11)	10,460	108,366	24,276	-	143,102	
Debentures (note 12)	1,158	400,570	200,000	-	601,728	
Trade payables	59,934	-	-	-	59,934	
Payables for purchase of properties and advances from customers	220,443	305,364	146,330	35,915	708,052	
	291,995	814,300	370,606	35,915	1,512,816	

### (v) Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: prices traded (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in active markets included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

The fair value hierarchy level for the financial instrument assets measured at fair value through profit or loss of the Company, disclosed as at September 30, 2019 and December 31, 2018, is as follows:

As at December 31, 2018	Parent			Consolidated		
	Level 1	Level 2	Fair value hierarchy Level 3	Level 1	Level 2	Level 3
Financial assets Securities (note 4.2)	425,164	172,611	-	549,135	272,137	-

As at September 30, 2019	Parent			Consolidated		
	Level 1	Level 2	Fair value hierarchy Level 3	Level 1	Level 2	Level 3
Financial assets Securities (note 4.2)	662,384	143,446	-	697,372	220,055	-

In the period ended September 30, 2019 and the year ended December 31, 2018, there were no fair value measurement transfers between the Level 1 and Level 2 fair value measurements or transfers between the Level 3 and Level 2 fair value measurements.

### (b) Fair value of financial instruments

#### (i) Fair value measurement

The estimated fair values were determined using observable market inputs and appropriate valuation techniques. However, considerable judgment is required to interpret market inputs and estimate fair value. Thus, the estimates presented herein are not an indication of the amounts that the Company could realize in the current market. The use of different market assumptions and/or estimate methodologies could have a significant impact on the estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which estimating values is practicable:

- (a) The amounts of cash and cash equivalents, securities, trade receivables, and other receivables, trade payables, and other current liabilities approximate their fair values, recognized in the interim financial information.
- (b) The fair value of bank loans and other financial debts is estimated through discounted future cash flows using available benchmark interest rates for similar and remaining debts or terms.

The main carrying amounts and fair values of financial assets and financial liabilities as at September 30, 2019 and December 31, 2018, classified in Level 2 of the fair value hierarchy, are as follows:

		Parent			
		09/30/2019		12/31/2018	
Categories		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
<b>Cash and cash equivalents (note 4.1)</b>					
Cash and banks	Amortized cost	40,660	40,660	11,674	11,674
	Fair value through profit or loss*	3,164	3,164	4,192	4,192
Bank certificate of deposit		37,496	37,496	7,482	7,482
<b>Securities and restricted short-term investments (note 4.2)</b>					
Bank certificate of deposit	Amortized cost	805,830	805,830	597,775	597,775
	Fair value through profit or loss*	354	354	403	403
Bank certificate of deposit		21,196	21,196	16,188	16,188
LFT and LTN		662,384	662,384	425,164	425,164
Private securities		104,326	104,326	115,873	115,873
Repurchase transactions (exclusive funds)		4,277	4,277	19,008	19,008
Repurchase transactions	Amortized cost	34	34	34	34
	Fair value through profit or loss*	13,259	13,259	21,105	21,105
Trade receivables (note 5)	Amortized cost	91,607	91,607	89,257	89,257
Intragroup loans receivable (note 7.1)	Amortized cost	46,250	46,250	43,812	43,812
<b>Financial liabilities</b>					
Borrowings and financing (note 11)	Amortized cost	16,237	16,237	15,639	15,639
Debentures (note 12)	Amortized cost	601,728	615,983	437,709	441,138
Trade payables	Amortized cost	17,755	17,755	6,381	6,381
Payables for purchase of properties and advances from customers	Amortized cost	8,589	8,589	13,194	13,194

		Consolidated			
		09/30/2019		12/31/2018	
Categories		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
<b>Cash and cash equivalents (note 4.1)</b>					
Cash and banks	Amortized cost	58,904	58,904	34,287	34,287
	Fair value through profit or loss*	18,912	18,912	24,284	24,284
Bank certificate of deposit		39,992	39,992	10,003	10,003
<b>Securities and restricted short-term investments (note 4.2)</b>					
Bank certificate of deposit	Amortized cost	917,427	917,427	821,272	821,272
	Fair value through profit or loss*	4,192	4,192	1,149	1,149
Bank certificate of deposit		21,196	21,196	20,940	20,940
LFT and LTN		697,372	697,372	549,135	549,135
Private securities		104,326	104,326	115,873	115,873
Repurchase transactions (exclusive funds)		4,277	4,277	19,008	19,008
Repurchase transactions	Amortized cost	34	34	34	34
	Fair value through profit or loss*	84,255	84,255	113,428	113,428
Restricted short-term investments		84,255	84,255	113,428	113,428
Investment funds		1,775	1,775	1,705	1,705
Trade receivables (note 5)	Amortized cost	624,845	624,845	475,696	475,696
Intragroup loans receivable (note 7.1)	Amortized cost	36,951	36,951	34,513	34,513
<b>Financial liabilities</b>					
Borrowings and financing (note 11)	Amortized cost	143,102	143,102	104,782	105,348
Debentures (note 12)	Amortized cost	601,728	615,983	437,709	441,138
Trade payables	Amortized cost	59,934	59,934	21,449	21,449
Payables for purchase of properties and advances from customers	Amortized cost	708,052	708,052	517,757	517,757

\* Classification as fair value through profit or loss after initial recognition.

### (ii) Debt acceleration risk

As at September 30, 2019, the Company was a party to loan and financing agreements that contained restrictive covenants related to indebtedness ratios. These restrictive covenants have been complied with by the Company and do not limit its ability to continue as going concern (notes 11 and 12).

### (c) Capital management

The Company's capital management aims at maintaining the good credit rating from credit rating institutions and an optimum capital ratio sufficient to support the Company's business and maximize shareholder value.

The Company controls its capital structure and adjusts it to current economic conditions. To keep this structure adjusted, the Company can pay dividends, return on capital to shareholders, raise new borrowings and financing, issue debentures, etc.

The Company includes in its net debt structure: borrowings and financing less cash and banks (cash and cash equivalents, securities, and restricted short-term investments).

	Parent		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Borrowings and financing (note 11)	16,237	15,639	143,102	104,782
Debentures (note 12)	601,728	437,709	601,728	437,709
(-) Cash and cash equivalents and securities (notes 4.1 and 4.2)	(846,490)	(609,449)	(976,331)	(855,559)
Net debt	(228,525)	(156,101)	(231,501)	(313,068)
Equity	1,303,329	1,197,673	1,304,364	1,203,774
Equity and net debt	1,074,804	1,041,572	1,072,863	890,706

### (d) Sensitivity analysis

The sensitivity analysis of financial instruments for the period ended September 30, 2019, describes the risks that may cause material changes in the Company's profit or loss, in compliance with by CVM requirements, set out in Instruction 475/08, in order to show a 10%, 25% and 50% increase / decrease in the risk variable considered.

As at September 30, 2019, the Company has the following financial instruments:

- Short-term investments, borrowings and financing indexed to the CDI;
- Borrowings and financing indexed to the Benchmark Rate (TR);
- Trade and other receivable, borrowings and financing indexed to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

For the sensitivity analysis in the period ended September 30, 2019, the Company considered the interest rates of investments, borrowings and trade receivables, the Certificate of Interbank Deposit (CDI) rate at 5.40%, the Benchmark Rate at 0%, the National Civil Construction Index (INCC) at 4.02%, and the General Market Price Index (IGP-M) at 5.18%.

The scenarios considered were as follows:

Scenario I: Probable: 10% appreciation/depreciation of the risk variables used for pricing

Scenario II: Possible: 25% appreciation/depreciation of the risk variables used for pricing

Scenario III: Remote: 50% appreciation/depreciation of the risk variables used for pricing

As at September 30, 2019:

		Consolidated scenario					
		III	II	I	I	II	III
Transaction	Risk	50% increase	25% increase	10% increase	10% decrease	25% decrease	50% decrease
Securities	CDI increase/decrease	24,526	12,263	4,905	(4,905)	(12,263)	(24,526)
Debentures	CDI increase/decrease	(15,536)	(7,768)	(3,107)	3,107	7,768	15,536
Net effect of CDI variance		8,990	4,495	1,798	(1,798)	(4,495)	(8,990)
Receivables from developments	INCC increase/decrease	6,242	3,121	1,248	(1,248)	(3,121)	(6,242)
Receivables from developments	IGP-M increase/decrease	7,441	3,721	1,488	(1,488)	(3,721)	(7,441)

## 21. NET REVENUE

Parent				
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Gross revenue</b>				
Property development and sale, barter, and provision for construction services		44,377	145,414	92,010
(Recognition) reversal of allowance for doubtful debts (note 5)		3,144	11,692	(2,078)
(Recognition) reversal of allowance for contract terminations (note 5)		937	1,143	473
Taxes on property sales and services		(92)	(1,438)	(4,940)
Net revenue		48,366	156,811	85,465

Consolidated				
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Gross revenue</b>				
Property development and sale, barter, and provision for construction services		515,830	1,438,829	478,617
(Recognition) reversal of allowance for doubtful debts (note 5)		1,951	8,245	(6,986)
(Recognition) reversal of allowance for contract terminations (note 5)		602	(12,076)	3,199
Taxes on property sales and services		(9,840)	(28,042)	(13,361)
Net revenue		508,543	1,406,956	461,469

## 22. COSTS AND EXPENSES BY NATURE

Broken down as follows:

Parent				
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Real estate development and sale costs:</b>				
Construction costs	(29,313)	(95,127)	(50,877)	(116,539)
Land costs	(1,923)	(10,664)	(3,720)	(7,623)
Development costs	(1,886)	(9,697)	(5,055)	(13,740)
Capitalized finance charges (note 11)	(996)	(2,710)	(1,412)	(4,400)
Maintenance/warranties	(3,170)	(9,348)	(2,860)	(6,710)
Cost of properties on allowance for contract terminations recognition (note 6)	(1,458)	(2,261)	(529)	(2,227)
	(38,746)	(129,807)	(64,453)	(151,239)

	Parent			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Selling expenses:</b>				
Product marketing expenses	(1,474)	(4,592)	(2,121)	(6,046)
<b>Realtor and sales commissions</b>	<b>(3,356)</b>	<b>(8,712)</b>	<b>(3,594)</b>	<b>(10,399)</b>
Cost of sales	(2,459)	(6,370)	(2,235)	(6,704)
Onlending costs	(479)	(1,363)	(623)	(1,836)
Registration costs (a)	-	-	(183)	(486)
Realtor fees	(418)	(979)	(553)	(1,373)
Expenses on customer management (CRM)	(68)	(155)	(30)	(182)
Other selling expenses	(54)	(212)	(178)	(603)
	<b>(4,952)</b>	<b>(13,671)</b>	<b>(5,923)</b>	<b>(17,230)</b>
<b>General and administrative expenses:</b>				
Payroll and related taxes	(2,699)	(8,018)	(2,761)	(8,590)
Employee benefits	(247)	(767)	(256)	(769)
Travel and utilities	(111)	(361)	(81)	(210)
Expenses on services provided	(739)	(2,430)	(672)	(1,745)
Rentals and CAM fees (b)	(42)	(392)	(367)	(922)
IT expenses	(198)	(888)	(21)	(86)
Stock option plan costs (note 17.2)	(2,487)	(5,746)	(2,417)	(13,054)
Expenses on provision for profit sharing (note 24.2)	(1,266)	(5,729)	(1,453)	(6,580)
Other general and administrative expenses	(146)	(279)	(135)	(222)
	<b>(7,935)</b>	<b>(24,610)</b>	<b>(8,163)</b>	<b>(32,178)</b>
<b>Other income (expenses), net:</b>				
Depreciation and amortization	(5,151)	(14,681)	(3,155)	(12,963)
Expenses on payments of contingencies	(11,828)	(31,792)	(18,685)	(45,043)
Provisions / reversals for contingencies (note 16)	5,480	6,667	8,640	8,344
Other income/(expenses)	(5,998)	(13,435)	(4,586)	(13,147)
	<b>(17,497)</b>	<b>(53,241)</b>	<b>(17,786)</b>	<b>(62,809)</b>

a) Registration costs allocated to onlending as from January 1, 2019.

b) Decrease due to adoption of CPC 06 R1, expenses allocated to depreciation and amortization and other finance costs.

	Consolidated			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Real estate development and sale costs:</b>				
Construction costs	(248,343)	(691,090)	(210,246)	(567,743)
Land costs	(52,739)	(146,134)	(65,121)	(147,139)
Development costs	(20,679)	(59,678)	(21,805)	(60,059)
Capitalized finance charges (note 11)	(9,241)	(25,006)	(6,297)	(17,771)
Maintenance/warranties	(3,844)	(11,274)	(993)	(9,202)
Cost of properties on allowance for contract terminations recognition (note 6)	(5,656)	1,223	(1,993)	(2,188)
	<b>(340,502)</b>	<b>(931,959)</b>	<b>(306,455)</b>	<b>(804,102)</b>
<b>Selling expenses:</b>				
Product marketing expenses	(14,186)	(39,314)	(14,026)	(37,433)
<b>Realtor and sales commissions</b>	<b>(31,421)</b>	<b>(74,592)</b>	<b>(23,802)</b>	<b>(64,380)</b>
Cost of sales	(23,020)	(54,546)	(14,853)	(41,505)
Onlending costs	(4,550)	(11,674)	(4,136)	(11,369)
Registration costs (a)	-	-	(1,204)	(3,009)
Realtor fees	(3,851)	(8,372)	(3,609)	(8,497)
Expenses on customer management (CRM)	(625)	(1,329)	(222)	(1,129)
Other selling expenses	(548)	(1,820)	(1,194)	(3,727)
	<b>(46,780)</b>	<b>(117,055)</b>	<b>(39,244)</b>	<b>(106,669)</b>
<b>General and administrative expenses:</b>				
Payroll and related taxes	(15,583)	(44,033)	(13,585)	(41,334)
Employee benefits	(1,428)	(4,210)	(1,256)	(3,699)
Travel and utilities	(1,076)	(1,983)	(396)	(1,011)
Expenses on services provided	(4,299)	(13,345)	(3,287)	(8,396)
Rentals and CAM fees (b)	(283)	(2,155)	(1,792)	(4,435)
IT expenses	(1,188)	(4,879)	(111)	(441)
Stock option plan costs (note 17.2)	(2,487)	(5,746)	(2,417)	(13,054)
Expenses on provision for profit sharing (note 24.2)	(4,204)	(13,191)	(4,842)	(15,408)
Other general and administrative expenses	(624)	(1,295)	(660)	(1,068)
	<b>(31,172)</b>	<b>(90,837)</b>	<b>(28,346)</b>	<b>(88,846)</b>

	Consolidated			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Other income (expenses), net:</b>				
Depreciation and amortization	(5,156)	(14,692)	(3,159)	(12,970)
Expenses on payments of contingencies	(11,828)	(31,792)	(18,685)	(45,046)
Provisions / reversals for contingencies (note 16)	5,924	8,388	10,755	12,552
Other income/(expenses)	(7,169)	(19,115)	(5,747)	(16,834)
	(18,229)	(57,211)	(16,836)	(62,298)

a) Registration costs allocated to onlending as from January 1, 2019.

b) Decrease due to adoption of CPC 06 R1, expenses allocated to depreciation and amortization and other finance costs.

## 23. FINANCE INCOME (COSTS)

	Parent			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Finance income (net of PIS/COFINS)</b>				
Income from short-term investments	12,166	32,159	6,641	18,427
Other finance income	1,443	2,134	108	2,884
Total finance income (net of PIS/COFINS)	13,609	34,293	6,749	21,311
<b>Finance costs</b>				
Interest on borrowings, net of capitalization (note 11)	(12,708)	(32,284)	(5,899)	(15,644)
Banking expenses	(278)	(885)	(314)	(844)
Other finance costs	(447)	(1,518)	(1,187)	(2,576)
	(13,433)	(34,687)	(7,400)	(19,064)
Finance income (costs)	176	(394)	(651)	2,247

	Consolidated			
	07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
<b>Finance income</b>				
Income from short-term investments	13,350	37,251	7,964	21,988
Other finance income	3,858	7,257	1,658	8,167
Total finance income (net of PIS/COFINS)	17,208	44,508	9,622	30,155
<b>Finance costs</b>				
Interest on borrowings, net of capitalization (note 11)	(12,766)	(32,384)	(5,899)	(15,782)
Finance costs from intragroup borrowings	-	-	920	-
Banking expenses	(1,182)	(4,141)	(1,472)	(3,992)
Other finance costs	(1,116)	(3,196)	(2,149)	(2,741)
	(15,064)	(39,721)	(8,600)	(22,515)
Finance income (costs)	2,144	4,787	1,022	7,640

## 24. TRANSACTIONS WITH MANAGEMENT AND EMPLOYEES

### 24.1 Management compensation

The amounts recognized in line item 'General and administrative expenses' for the periods ended September 30, 2019 and 2018 related to the compensation of key management personnel are as follows:

	Management compensation		
	Board of Directors	Executive Committee	Total
Period ended September 30, 2018			
Number of members	7	11	18
<b>Fixed compensation for the period</b>	<b>1,824</b>	<b>6,007</b>	<b>7,831</b>
Salary/management fees	1,520	4,473	5,993
Direct and indirect benefits	-	639	639
Other (social security)	304	895	1,199
Monthly compensation	203	667	870
<b>Variable compensation for the period</b>	<b>406</b>	<b>14,899</b>	<b>15,305</b>
Profit sharing (note 24.2)	-	4,288	4,288
Share-based compensation	406	10,611	11,017
Total compensation for the period	2,230	20,906	23,136

<b>Management compensation</b>			
Period ended September 30, 2019	Board of Directors	Executive Committee	Total
Number of members	7	12	19
<b>Fixed compensation for the period</b>	<b>2,097</b>	<b>5,831</b>	<b>7,928</b>
Salary/management fees	1,791	5,222	7,013
Direct and indirect benefits	-	784	784
Other (social security)	306	1,044	1,350
Monthly compensation	233	783	1,016
<b>Variable compensation for the period</b>	<b>1,797</b>	<b>7,998</b>	<b>9,795</b>
Profit sharing (note 24.2)	-	4,049	4,049
Share-based compensation	1,797	3,949	5,746
<b>Total compensation for the period</b>	<b>3,894</b>	<b>15,048</b>	<b>18,942</b>

The overall compensation of the Company's key management personnel for 2019 was set at R\$34,040, as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 24, 2019.

#### 24.2 Profit sharing

In the period ended September 30, 2019, the Company recognized a profit sharing expense amounting to R\$5,729 in the Parent (R\$6,580 in the Parent as at September 30, 2018) and R\$13,191 in consolidated (R\$15,408 in consolidated as at September 30, 2018).

	Parent		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Executive Committee	4,049	4,288	4,049	4,288
Other employees	1,680	2,292	9,142	11,120
	5,729	6,580	13,191	15,408

## 25. SEGMENT REPORTING

The Company's Management analyses its internal managerial reports to make decisions relating to the consolidated interim financial information, on the same basis that these statements are disclosed, i.e., a single segment and geography.

Therefore, since Management does not use any information system other than the quarterly information as at September 30, 2019 and the financial statements as at December 31, 2018, no specific disclosure will be presented, as defined in CPC 22.

As for the information on its main customers, since its residential real estate activity is targeted at a single economic segment, the Company does not have any individual customer that represents 10% or more of its total consolidated revenue.

## 26. REAL ESTATE PROJECTS UNDER CONSTRUCTION – INFORMATION AND COMMITMENTS

In compliance with Circular Letter CVM/SEP 02/2018, the recognized revenue amounts and incurred costs are stated in the statement of profit and loss, and the advances received in the line item 'Payables for purchase of properties and advances from customer'. The Company shows below information on the projects under construction as at September 30, 2019:

	Consolidated
	Under construction
(i) Unrecognized revenue from properties sold	
(a) – Revenue from sales contracted	1,740,039
(b) - Recognized sales revenue, net	1,157,339
1i) Unrecognized sales revenue <u>a)</u> (a-b)	582,700
(ii) Revenue from contract termination indemnity	127
(iii) Unrecognized revenue from agreements not qualifying for revenue recognition (b)	5,201
(iv) Allowance for contract terminations (Liability)	
Adjustment to recognized revenues	7,775
(-) Adjustment to trade receivables	(7,555)
(-) Revenue from contract termination indemnity	(44)
	176
(v) Budgeted costs on units sold to be recognized	
(a) – Budgeted cost of units (without finance charges)	1,088,769
Incurred cost, net	
(b) - (-) Incurred construction costs	(737,827)
Finance charges	(11,985)
(c) - Terminations - construction costs	6,305
Terminations - finance charges	109
	(743,398)
2i) Budgeted costs to be recognized in profit or loss (without finance charges) (a+b+c)	357,246
Profit to be recognized (1i-2i)	225,454
(vi) Budgeted costs to be recognized in inventories	
(a) – Budgeted cost of units (without finance charges)	702,159
(-) Incurred cost, net	
(b) - Incurred construction costs	(232,890)
Finance charges	(4,173)
	(237,064)
<b>Budgeted costs to be recognized in inventories (without finance charges) (a+b)</b>	<b>469,268</b>

a) The unrecognized sales revenue is measured at the notional amount of the underlying contracts, plus the contractual adjustments and less contract terminations, not taking into consideration the effects of the taxes levied thereon and the present value adjustment.

b) The unrecognized sales revenue from agreements not eligible to revenue recognition refer to customers which do not have collateral or prospect of fulfilling the amounts of the properties acquired.

As at September 30, 2019, the percentage of assets consolidated in the interim financial information referring to projects included in the asset segregation structure was 63.07%.

## 27. NONCASH TRANSACTIONS AND RECONCILIATION OF FINANCING ACTIVITIES

### a) Noncash transactions:

The main investing and financing transactions that did not involve cash and cash equivalents (Parent and Consolidated), as contra entry to related parties, considered for purposes of preparing the statement of cash flows were as follows:

	Parent		Consolidated	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Capital decrease (note 9)	-	(22,582)	-	(22,582)
Dividends received	(88,225)	-	-	-
	(88,225)	(22,582)	-	(22,582)

### b) Reconciliation of financing activities:

Parent							
	Cash transactions				Noncash transactions		
	Opening balance 12/31/2017	New	Interest payment	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	Closing balance 09/30/2018
Borrowings (notes 11 and 12)	192,000	312,258	(1,577)	(76,690)	15,319	-	441,310
Intragroup loans (note 7.1)	(43,136)	(483)	-	-	-	-	(43,619)
Intragroup borrowings (note 7.1)	15,860	-	-	-	-	(15,860)	-
<b>Total</b>	<b>164,724</b>	<b>311,775</b>	<b>(1,577)</b>	<b>(76,690)</b>	<b>15,319</b>	<b>(15,860)</b>	<b>397,691</b>

Parent								
	Cash transactions				Noncash transactions			
	Opening balance 12/31/2018	New	Interest payment	Principal repayment	New	Interest and inflation adjustment	Write-off	Closing balance 09/30/2019
Borrowings (notes 11 and 12)	453,348	177,105	(18,003)	(26,896)	-	32,411	-	617,965
Intragroup loans (note 7.1)	(43,812)	(2,438)	-	-	-	-	-	(46,250)
Dividends	13,338	-	-	(42,404)	29,144	-	-	78
Lease – right of use (note 9)	-	-	(81)	(2,783)	26,544	682	(2,963)	21,399
<b>Total</b>	<b>422,874</b>	<b>174,668</b>	<b>(18,084)</b>	<b>(72,083)</b>	<b>55,688</b>	<b>33,093</b>	<b>(2,963)</b>	<b>593,193</b>

Consolidated							
	Cash transactions				Noncash transactions		
	Opening balance 12/31/2017	New	Interest payment	Principal repayment	Interest and inflation adjustment	Offset of related parties / investment	Closing balance 09/30/2018
Borrowings (notes 11 and 12)	270,165	582,506	(6,086)	(325,781)	20,404	-	541,208
Intragroup loans (note 7.1)	(33,837)	(483)	-	-	-	-	(34,320)
Intragroup borrowings (note 7.1)	15,860	-	-	-	-	(15,860)	-
<b>Total</b>	<b>252,188</b>	<b>582,023</b>	<b>(6,086)</b>	<b>(325,781)</b>	<b>20,404</b>	<b>(15,860)</b>	<b>506,888</b>

Consolidated								
	Cash transactions				Noncash transactions			
	Opening balance 12/31/2018	New	Interest payment	Principal repayment	New	Interest and inflation adjustment	Write-off	Closing balance 09/30/2019
Borrowings (notes 11 and 12)	542,491	491,390	(24,241)	(307,129)	-	42,319	-	744,830
Intragroup loans (note 7.1)	(34,513)	(2,438)	-	-	-	-	-	(36,951)
Dividends	13,338	-	-	(42,404)	29,144	-	-	78
Lease – right of use (note 9)	-	-	(81)	(2,783)	26,544	682	(2,963)	21,399
<b>Total</b>	<b>521,316</b>	<b>488,952</b>	<b>(24,322)</b>	<b>(352,316)</b>	<b>55,688</b>	<b>43,001</b>	<b>(2,963)</b>	<b>729,356</b>

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of  
Construtora Tenda S.A.  
São Paulo - SP

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Construtora Tenda S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2019, which comprises the balance sheet as at September 30, 2019 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with CPC 21 - Interim Financial Reporting and the consolidated interim financial information in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards applicable to real estate development entities in Brazil, registered with the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial 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 in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 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 making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

## **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

## **Emphasis of matter**

We draw attention to note 2.1 to the individual and consolidated interim financial information, which describes that this individual and consolidated interim financial information, included in the ITR, has been prepared in accordance with CPC 21 and with IAS 34, applicable to real estate development entities in Brazil, registered with the CVM. Accordingly, the determination of the accounting policy adopted by the Company, for recognition of revenue from uncompleted real estate unit purchase and sale agreements, on aspects related to transfer of control, follow the understanding of the Company's Management with respect to the application of technical pronouncement CPC 47, which is in line with the understanding expressed by the CVM in Circular Letter CVM/SNC/SEP 02/18. Our conclusion is not qualified in respect of this matter.

## **Other matters**

### *Statements of value added*

The interim financial information referred to above include the individual and consolidated statements of value added for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's Management and presented as supplemental information for IAS 34 purposes, applicable to real estate development entities in Brazil, registered with the CVM. These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they were reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth by CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Sao Paulo, November 7, 2019

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Roberto Torres dos Santos  
Engagement Partner