

Construtora Tenda S.A.
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Notice to the Market

PREVIEW OF OPERATIONAL RESULTS 2Q17

Record landbank acquisition in 2Q17 (R\$1.0 billion), gross sales (R\$463 million) and launches (R\$446 million) with the New Model

FOR IMMEDIATE RELEASE - São Paulo, July 11, 2017 – Construtora Tenda S.A., a leading Brazilian homebuilder and real estate developer focused on the low-income residential projects within the government’s “Minha Casa, Minha Vida” (“My house, My life”) housing program, 1.5 and 2 levels, today announced preliminary operational results, including launches, gross sales, cancellations, pre-sales, unit transfers, delivered units, construction sites and landbank for the second quarter of 2017. These operational results are unaudited and subject to audit review.

HIGHLIGHTS

- Landbank increased to R\$5.1 billion due to the R\$1.0 billion acquisition distributed in 36 phases/projects.
- Record gross sales with the New Model: gross sales were up 20.9% year-on-year.
- Record launches with the New Model: launches were up 7.6% year-on-year.
- Unit transfers rose 36.9% compared to 2Q16, underscoring the efficiency of the New Model.

LAUNCHES

Second quarter 2017 launches grew 7.6% year-on-year and 47.8% quarter-on-quarter. In the first half of 2017, launches climbed 16.4% year-on-year, supported by the market resilience.

Launches ¹	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
Number of Launches	12	8	50.0% ↑	12	0.0% ↑	20	21	(4.8%) ↓
PSV (in R\$ million)	446.4	302.1	47.8% ↑	414.7	7.6% ↑	748.5	643.2	16.4% ↑
Number of units	3,052	2,060	48.2% ↑	2,838	7.5% ↑	5,112	4,562	12.1% ↑
Average price per unit (in R\$ thousand)	146.3	146.6	(0.3%) ↓	146.1	0.1% ↑	146.4	141.0	3.8% ↑
Average size of launches (in units)	254	258	(1.2%) ↓	237	7.5% ↑	512	428	19.6% ↑

1) The projects launched under the New Business Model have Tenda's 100% equity interest.

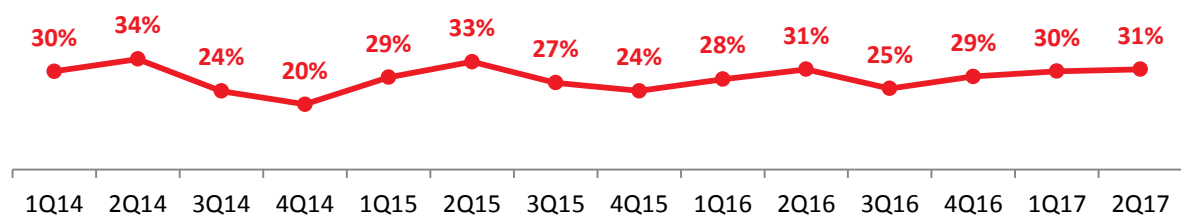
GROSS SALES

Again, the Company reached record gross sales in the quarter since the introduction of the New Model. Gross sales were up 20.9% year-on-year, a result of the good sales performance at "Feirão da Caixa" (Caixa Faire), due to better distribution of products between the regions where Tenda operates.

The speed of sales ("Gross SoS") exceeded the level of 31%, driven by sales under the New Model.

Gross Sales	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
PSV (in R\$ million)	462.8	424.6	9.0% ↑	382.9	20.9% ↑	887.4	695.7	27.6% ↑
Number of units	3,255	3,034	7.3% ↑	2,782	17.0% ↑	6,289	4,958	26.8% ↑
Average price per unit (in R\$ thousand)	142.18	139.96	1.6% ↑	137.6	3.3% ↑	141.1	140.3	0.6% ↑
Gross SoS	31.1%	30.5%	0.6 p.p. ↑	31.1%	(0.0 p.p.) ↓	48.9%	46.4%	2.4 p.p. ↑
New Model	33.6%	33.1%	0.5 p.p. ↑	32.2%	1.5 p.p. ↑	51.7%	47.0%	4.8 p.p. ↑
Legacy	9.8%	9.8%	(0.1 p.p.) ↓	25.0%	(15.3 p.p.) ↓	18.6%	43.1%	(24.5 p.p.) ↓

Speed of Sales – Gross SoS (%)



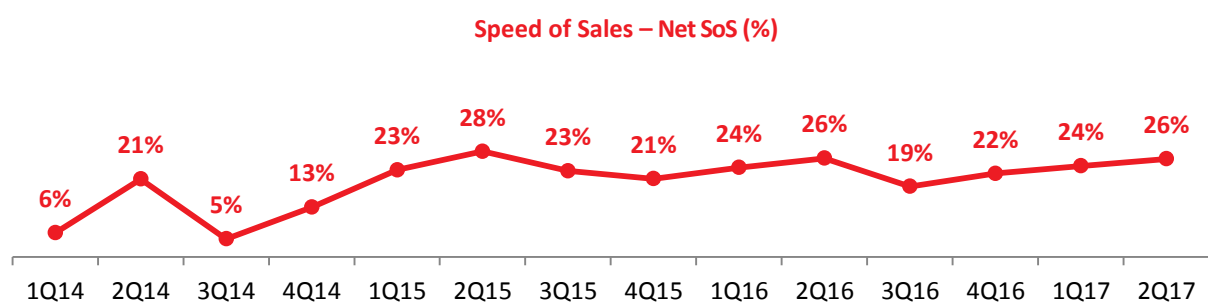
CANCELLATIONS AND NET SALES

Cancellations in 2Q17 comprised 16.4% of gross sales, down 3.8 p.p. when compared to 1Q17. As indicated since the 3Q16, the temporary increase in cancellations reflects the review of Tenda's cancellation process for sales not transferred within a three-month period. Tenda expects to return to stable operating levels in the second half of this year.

(in R\$ million)	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
Gross Sales	462.8	424.6	9.0% ↑	382.9	20.9% ↑	887.4	695.7	27.6% ↑
New Model	448.6	409.3	9.6% ↑	337.3	33.0% ↑	857.9	607.5	41.2% ↑
Legacy	14.2	15.4	(7.6%) ↓	45.6	(68.9%) ↓	29.5	88.1	(66.5%) ↓
Cancellations	75.8	85.8	(11.6%) ↓	57.9	30.8% ↑	161.6	104.2	55.1% ↑
New Model	62.3	71.6	(13.0%) ↓	33.9	83.7% ↑	133.9	59.6	124.5% ↑
Legacy	13.5	14.2	(4.6%) ↓	24.0	(43.8%) ↓	27.7	44.5	(37.8%) ↓
Net Pre-Sales	387.0	338.9	14.2% ↑	325.0	19.1% ↑	725.9	591.5	22.7% ↑
% Launch ¹	38.6%	16.1%	22.4 p.p. ↑	39.8%	(1.2 p.p.) ↓	28.1%	25.6%	2.5 p.p. ↑
% Inventory	61.4%	83.9%	(22.4 p.p.) ↓	60.2%	1.2 p.p. ↑	71.9%	74.4%	(2.5 p.p.) ↓
Cancellations / Gross Sales	16.4%	20.2%	(3.8 p.p.) ↓	15.1%	1.3 p.p. ↑	18.2%	15.0%	3.2 p.p. ↑
Net SoS	26.2%	24.3%	1.9 p.p. ↑	26.4%	(0.2 p.p.) ↓	40.0%	39.5%	0.5 p.p. ↑
New Model	29.3%	27.3%	1.9 p.p. ↑	28.9%	0.3 p.p. ↑	43.7%	42.4%	1.3 p.p. ↑
Legacy	0.4%	0.8%	(0.3 p.p.) ↓	11.9%	(11.4 p.p.) ↓	1.2%	21.3%	(20.2 p.p.) ↓

(in units)	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
Gross Units Sold	3,255	3,034	7.3% ↑	2,782	17.0% ↑	6,289	4,958	26.8% ↑
Cancelled Units	554	621	(10.8%) ↓	392	41.3% ↑	1,175	706	66.4% ↑
Net Units Sold	2,701	2,413	11.9% ↑	2,390	13.0% ↑	5,114	4,252	20.3% ↑
Cancellations / Gross Sales	17.0%	20.5%	(3.4 p.p.) ↓	14.1%	2.9 p.p. ↑	18.7%	14.2%	4.4 p.p. ↑

1) Launches of current year.



UNITS TRANSFERRED, DELIVERED AND CONSTRUCTION SITES

The Company managed to increase the volume of transferred units compared to the previous quarter and same period of 2016, supported by higher sales volume in previous periods.

Transfers, Deliveries and Construction sites	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
PSV Transferred (in R\$ million)	354.1	320.3	10.6% ↑	261.6	35.4% ↑	674.4	528.4	27.6% ↑
New Model	344.0	300.2	14.6% ↑	205.4	67.5% ↑	644.2	441.5	45.9% ↑
Legacy	10.1	20.1	(49.5%) ↓	56.2	(82.0%) ↓	30.2	86.8	(65.2%) ↓
Transferred Units	2,807	2,577	8.9% ↑	2,050	36.9% ↑	5,384	4,087	31.7% ↑
New Model	2,731	2,427	12.5% ↑	1,637	66.8% ↑	5,158	3,452	49.4% ↑
Legacy	76	150	(49.3%) ↓	413	(81.6%) ↓	226	635	(64.4%) ↓
Delivered Units	2,136	2,647	(19.3%) ↓	1,895	12.7% ↑	4,783	2,359	102.8% ↑
Construction sites	34	33	3.0% ↑	34	0.0% ↑	34	34	0.0% ↑

LANDBANK

The Company's landbank was up 13% compared to 1Q17, reaching its highest level since the introduction of the New Model. 36 phases/projects were acquired and distributed in the regions where the Company operates, representing potential launch of R\$1.0 billion. We reinforce that all projects of our landbank are within level 2 and may be classified into level 1.5 of the "Minha Casa, Minha Vida" housing program.

Landbank ¹	2Q17	1Q17	QoQ (%)	2Q16	YoY (%)	1S17	1S16	YoY (%)
Number of Projects	163	139	17.3% ↑	130	25.4% ↑	163	130	25.4% ↑
PSV (in R\$ million)	5,105.6	4,516.7	13.0% ↑	4,450.5	14.7% ↑	5,105.6	4,450.5	14.7% ↑
Acquisitions / Adjustments (in R\$ million)	1,035.3	357.1	189.9% ↑	230.8	348.6% ↑	1,392.4	360.8	285.9% ↑
Number of Units	36,575	32,827	11.4% ↑	33,024	10.8% ↑	36,575	33,024	10.8% ↑
Average price per unit (in R\$ thousands)	139.6	137.6	1.5% ↑	134.8	3.6% ↑	139.6	134.8	3.6% ↑
% Swap Total	22.6%	14.8%	7.8 p.p. ↑	14.3%	8.3 p.p. ↑	18.9%	13.5%	5.4 p.p. ↑
% Swap Units	15.0%	7.5%	7.6 p.p. ↑	8.6%	6.4 p.p. ↑	11.4%	8.9%	2.5 p.p. ↑
% Swap Financial	7.6%	7.4%	0.2 p.p. ↑	5.7%	1.9 p.p. ↑	7.5%	4.6%	2.9 p.p. ↑

1) Tenda owns 100% equity interest of its landbank.

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About Tenda

With 45 years of operating history and more than 75,000 units delivered, Tenda is one of Brazil's leading homebuilders and real estate developers focused on low-income projects launched within the 1.5 and 2 levels of "Minha Casa, Minha Vida" ("My House, My Life"), a government sponsored low-income housing program. The Company's operations are concentrated in six of Brazil's largest metropolitan regions – São Paulo, Rio de Janeiro, Porto Alegre, Belo Horizonte, Salvador and Recife. Tenda has more than 40 of its own stores and an experienced sales team.