

Construtora Tenda S.A.
CNPJ/MF Nº 71.476.527/0001-35
NIRE 35.300.348.206

Notice to the Market

PREVIEW OF OPERATIONAL RESULTS 3Q17

Record landbank acquisition (R\$ 1.7 billion) and launches (R\$ 488 million) with the New Business Model

FOR IMMEDIATE RELEASE - São Paulo, October 16, 2017 Construtora Tenda S.A., a leading Brazilian homebuilder and real estate developer focused on low-income residential projects within the government's "Minha Casa, Minha Vida" housing program, 1.5 and 2 ranges, today announced its launches, gross sales, cancellations, pre-sales, unit transfers, delivered units, construction sites and landbank for the third quarter of 2017. These results are preliminary and unaudited, subject to audit review.

HIGHLIGHTS

- Landbank increased to R\$6.3 billion in potential launch with the acquisition of R\$1.7 billion, distributed in 51 phases/projects.
- Launches totaled R\$488 million in 3Q17, up 50% year-on-year.
- Net sales reached R\$385 million in 3Q17, up 61% year-on-year. Sales over Supply ("Net SoS") reached 24.5% in the quarter.
- Unit transfers rose 83% compared to 3Q16, highlighting the efficiency of the New Business Model.

LAUNCHES

Launches reached the highest level in 3Q17 since the implementation of the New Business Model, reaching R\$488 million, due to the growth strategy in the six metropolitan regions where the Company operates.

Launches ¹	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
Number of Launches	13	12	8.3% ↑	9	44.4% ↑	33	30	10.0% ↑
PSV (in R\$ million)	488.4	446.4	9.4% ↑	325.4	50.1% ↑	1,236.8	968.6	27.7% ↑
Number of units	3,388	3,052	11.0% ↑	2,509	35.0% ↑	8,500	7,071	20.2% ↑
Average price per unit (in R\$ thousand)	144.1	146.3	(1.4%) ↓	129.7	11.1% ↑	145.5	137.0	6.2% ↑
Average size of launches (in units)	261	254	2.5% ↑	279	(6.5%) ↓	258	236	9.3% ↑

1) Tenda holds 100% equity interest in projects launched under the New Business Model.

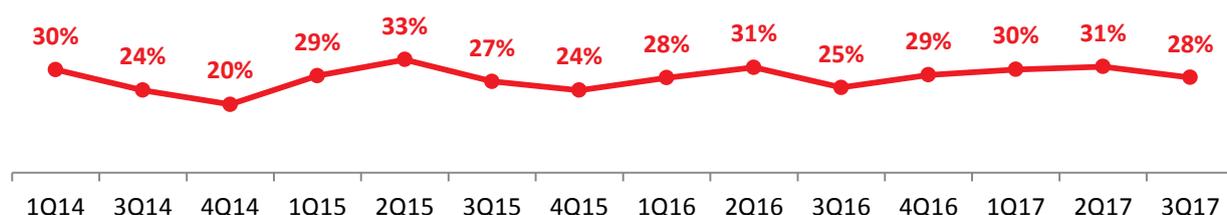
GROSS SALES

Gross sales totaled R\$443 million in 3Q17, an increase of 39% in the annual comparison due to better product availability in the areas of operation.

Sales over Supply ("Gross SoS") of 28% represented a 3 p.p. increase year-on-year, supported by market resilience.

Gross Sales	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
PSV (in R\$ million)	443.1	462.8	(4.2%) ↓	318.7	39.1% ↑	1,330.6	1,014.3	31.2% ↑
Number of units	3,098	3,255	(4.8%) ↓	2,241	38.2% ↑	9,387	7,199	30.4% ↑
Average price per unit (in R\$ thousand)	143.04	142.18	0.6% ↑	142.2	0.6% ↑	141.7	140.9	0.6% ↑
Gross SoS	28.1%	31.3%	(3.2 p.p.) ↓	25.1%	3.0 p.p. ↑	57.8%	54.6%	3.3 p.p. ↑
New Business Model	30.3%	34.0%	(3.6 p.p.) ↓	26.5%	3.8 p.p. ↑	60.1%	54.5%	5.6 p.p. ↑
Legacy	7.9%	9.0%	(1.1 p.p.) ↓	16.0%	(8.1 p.p.) ↓	26.6%	54.9%	(28.3 p.p.) ↓

Sales over Supply – Gross SoS (%)



CANCELLATIONS AND NET PRE-SALES

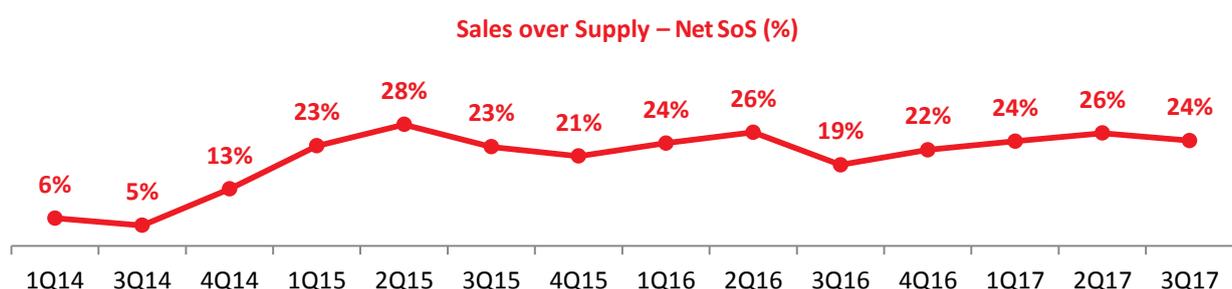
Cancellations over gross sales ratio in 3Q17 ended at 13%, down 12 p.p. year-on-year and 3.3 p.p. when compared to 2Q17, a return to a more stable operating level, as we have been anticipating since 3Q16.

Sales over Supply ("Net SoS") reached 24.5%, an increase of 5.6 p.p. year-on-year.

(in R\$ million)	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
Gross Sales	443.1	462.8	(4.2%) ↓	318.7	39.1% ↑	1,330.6	1,014.3	31.2% ↑
New Business Model	430.8	448.6	(4.0%) ↓	292.3	47.4% ↑	1,288.7	899.8	43.2% ↑
Legacy	12.3	14.2	(13.3%) ↓	26.4	(53.4%) ↓	41.8	114.5	(63.5%) ↓
Cancellations	57.9	75.8	(23.7%) ↓	80.0	(27.7%) ↓	219.4	184.2	19.1% ↑
New Business Model	48.7	62.3	(21.8%) ↓	58.8	(17.1%) ↓	182.6	118.4	54.2% ↑
Legacy	9.1	13.5	(32.5%) ↓	21.2	(56.9%) ↓	36.8	65.7	(44.0%) ↓
Net Pre-Sales	385.3	387.0	(0.4%) ↓	238.7	61.4% ↑	1,111.2	830.2	33.8% ↑
% Launch ¹	67.7%	38.6%	29.1 p.p. ↑	70.2%	(2.4 p.p.) ↓	41.8%	38.4%	3.4 p.p. ↑
% Inventory	32.3%	61.4%	(29.1 p.p.) ↓	29.8%	2.4 p.p. ↑	58.2%	61.6%	(3.4 p.p.) ↓
Cancellations / Gross Sales	13.1%	16.4%	(3.3 p.p.) ↓	25.1%	(12.0 p.p.) ↓	16.5%	18.2%	(1.7 p.p.) ↓
Net SoS	24.5%	26.2%	(1.7 p.p.) ↓	18.8%	5.6 p.p. ↑	48.3%	44.7%	3.6 p.p. ↑
New Business Model	26.9%	29.3%	(2.4 p.p.) ↓	21.2%	5.7 p.p. ↑	51.6%	47.4%	4.2 p.p. ↑
Legacy	2.0%	0.4%	1.6 p.p. ↑	3.2%	(1.1 p.p.) ↓	3.2%	23.4%	(20.2 p.p.) ↓

(in units)	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
Gross Units Sold	3,098	3,255	(4.8%) ↓	2,241	38.2% ↑	9,387	7,199	30.4% ↑
Cancelled Units	419	554	(24.4%) ↓	562	(25.4%) ↓	1,594	1,268	25.7% ↑
Net Units Sold	2,679	2,701	(0.8%) ↓	1,679	59.6% ↑	7,793	5,931	31.4% ↑
Cancellations / Gross Sales	13.5%	17.0%	(3.5 p.p.) ↓	25.1%	(11.6 p.p.) ↓	17.0%	17.6%	(0.6 p.p.) ↓

1) Launches of current year.



UNITS TRANSFERRED, DELIVERED AND CONSTRUCTION SITES

Tenda increased the volume of transferred units against 2Q17 and 3Q16, supported by higher sales volume in previous periods. It is worth mentioning that we ended 3Q17 with 40 construction sites, all of them on schedule.

Transfers, Deliveries and Construction Sites	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
PSV Transferred (in R\$ million)	381.8	354.1	7.8% ↑	208.8	82.8% ↑	1,056.2	737.2	43.3% ↑
New Business Model	374.5	344.0	8.9% ↑	179.8	108.3% ↑	1,018.7	621.3	63.9% ↑
Legacy	7.3	10.1	(28.1%) ↓	29.0	(74.9%) ↓	37.5	115.8	(67.6%) ↓
Transferred Units	2,986	2,807	6.4% ↑	1,632	83.0% ↑	8,370	5,719	46.4% ↑
New Business Model	2,932	2,731	7.4% ↑	1,420	106.5% ↑	8,090	4,872	66.1% ↑
Legacy	54	76	(28.9%) ↓	212	(74.5%) ↓	280	847	(66.9%) ↓
Delivered Units	1,672	2,136	(21.7%) ↓	1,811	(7.7%) ↓	6,455	4,170	54.8% ↑
Construction Sites	40	34	17.6% ↑	36	11.1% ↑	40	36	11.1% ↑

LANDBANK

The Company's landbank rose by 24% compared to 2Q17. 51 phases/projects were acquired and distributed in the regions where the Company operates, representing potential launch of R\$ 1.7 billion. We note that all projects of our landbank are feasible within the range 2, and in some cases may be adapted to range 1.5, of the "Minha Casa, Minha Vida" housing program.

Landbank ¹	3Q17	2Q17	QoQ (%)	3Q16	YoY (%)	9M17	9M16	YoY (%)
Number of Projects	193	163	18.4% ↑	127	52.0% ↑	193	127	52.0% ↑
PSV (in R\$ million)	6,333.7	5,105.6	24.1% ↑	4,204.1	50.7% ↑	6,333.7	4,204.1	50.7% ↑
Acquisitions / Adjustments (in R\$ million)	1,716.4	1,035.3	65.8% ↑	78.9	2,074.8% ↑	3,108.8	439.7	607.0% ↑
Number of Units	42,975	36,575	17.5% ↑	31,123	38.1% ↑	42,975	31,123	38.1% ↑
Average price per unit (in R\$ thousands)	147.4	139.6	5.6% ↑	135.1	9.1% ↑	147.4	135.1	9.1% ↑
% Swap Total	27.2%	22.6%	4.6 p.p. ↑	12.5%	14.7 p.p. ↑	22.2%	13.2%	9.0 p.p. ↑
% Swap Units	17.1%	15.0%	2.1 p.p. ↑	9.1%	8.0 p.p. ↑	13.7%	9.0%	4.7 p.p. ↑
% Swap Financial	10.1%	7.6%	2.5 p.p. ↑	3.4%	6.7 p.p. ↑	8.5%	4.2%	4.3 p.p. ↑

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

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About Tenda

With over 45 years of history and more than 75,000 units delivered, Tenda is one of Brazil's leading homebuilders and real estate developers operating in the low-income housing segment within the "Minha Casa, Minha Vida" ("MCMV") program, ranges 1.5 and 2. The Company concentrates its activities in six of the largest metropolitan regions of the country: São Paulo, Rio de Janeiro, Porto Alegre, Belo Horizonte, Salvador and Recife and relies on more than 40 stores and its own sales force.