A free translation of the original report in Portuguese as published in Brazil,

Construtora Tenda S.A.

Financial Statements
December 31, 2017
Independent Auditors' Report on the
Financial Statements

Construtora Tenda S.A.
Financial Statements
December 31, 2017 and 2016

Contents

Construtora Tenda S.A.

CNPJ/MF Nº 71.476.527/0001-35
NIRE 35.300.348.206

Notice to the Market

Management Report 2017

FOR IMMEDIATE RELEASE - São Paulo, March 8, 2018 – Construtora Tenda S.A., 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, levels 1.5 and 2, today reports its consolidated financial statements for the fiscal year ended December 31, 2017.

MESSAGE FROM MANAGEMENT

The last quarter of 2017 closed out with Tenda having achieved significant milestones. The year was marked by the Company's stock exchange listing and it now operates again as an independent company. From both operational and financial standpoints, we delivered solid results as a result of our New Business Model and the expansion first initiated in 2013.

The consistent New Model has allowed us to maintain steady growth. Launches have ramped by five times over these four years, from R$339 million in 2013 to R$1.7 billion in 2017. In 2017, we recorded 26% growth, with speed of sales (SoS) of 57% in 2017.

An accelerated construction cycle, sustained by aluminum mold technology, allowed us to deliver all projects launched until 2015. The confidence in our business model and building quality allowed us to launch our first geographic expansion under the new model in 4Q17, our operation in Curitiba, capital of Paraná state.

Our target market, the low-income residential segment, faced challenges in the second half of the year relating to uncertainties regarding the Caixa Econômica Federal's capacity to continue to play its role as this segment's funding body, leading us to anticipate few launches in the previous quarter. However, this situation is now resolved and from November we saw a gradual stabilization, allowing us cash generation of R$74.9 million in 4Q17, ending 2017 with R$239.2 million.

Landbank performance in 2017 will allow us to maintain our business plan over upcoming years. In 2017, we acquired R$3.8 billion, ending the year with a final landbank position of R$6.7 billion, 50% higher than the final landbank of 2016.

Efficient transfers and cash generation provided a very comfortable position and a solid capital structure. Our cash at the end of December of R$498 million was more than sufficient to cover our total debt of R$270 million. This ratio positions us as one of the most unleveraged companies in the real estate market. In recognition of this solid capital structure, the risk-rating agency S&P recently assigned Tenda an A+ corporate rating.

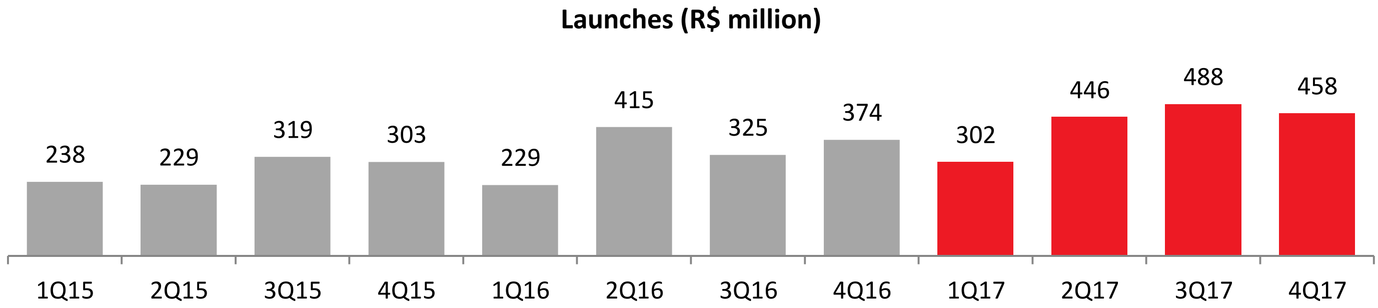
Our operational performance and outstanding growth results have been acknowledged by the capital markets. Our shares ended 2017 with 146% appreciation and average daily traded volume of R$8 million. With TEND3's evolving liquidity, from January 2018 our shares were included in the theoretical portfolios of the Brazilian Stock Index (IBRA) and the Small Cap Index (SMLL), as well as the construction (ICON), real estate (IMOB) and industrial (INDX) sector indexes and the Corporate Governance Index (IGCT).

Due to business volume growth and gross margin gains deriving from higher productivity at the construction sites, our net income totaled R$107 million in 2017, resulting in an ROE of 9.7%, 4.4 p.p. higher than in 2016. Despite a solid operational performance, our profitability is still impacted by legacy projects' contingencies. We were met with several lawsuits in 2017, a trend which should revert in the medium term, with a more extensive reduction as of 2019, sustaining our vision of becoming Brazil's low-income segment company that delivers the best return to its shareholders.

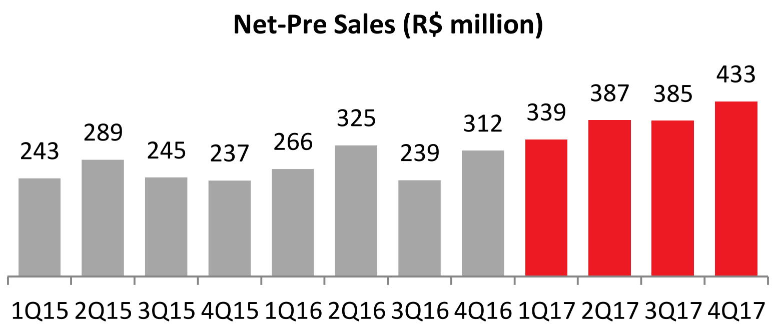
The Management

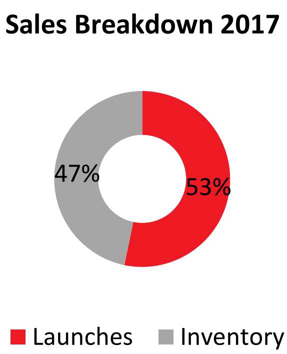
LAUNCHES AND SALES

During 2017, 45 projects/phases were launched, totaling R$1.7 billion, in the states of São Paulo, Rio de Janeiro, Minas Gerais, Bahia, Pernambuco, Rio Grande do Sul and Curitiba where we started operations in 4Q17. Launches volume grew by 26% year-on-year.

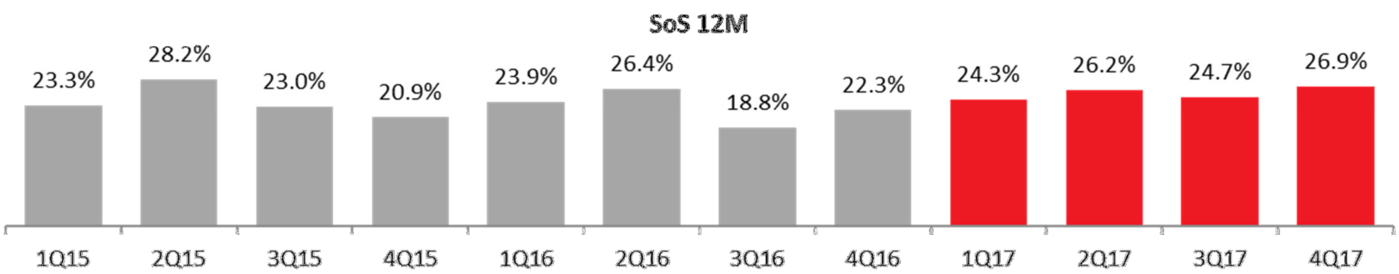


Gross sales totaled R$1.8 billion in 2017, while cancellations volume reached R$264 million, resulting in net pre-sales of R$1.5 billion. Net pre-sales grew by 35% year-on-year. Out of total, 47% of net pre-sales referred to remaining units.



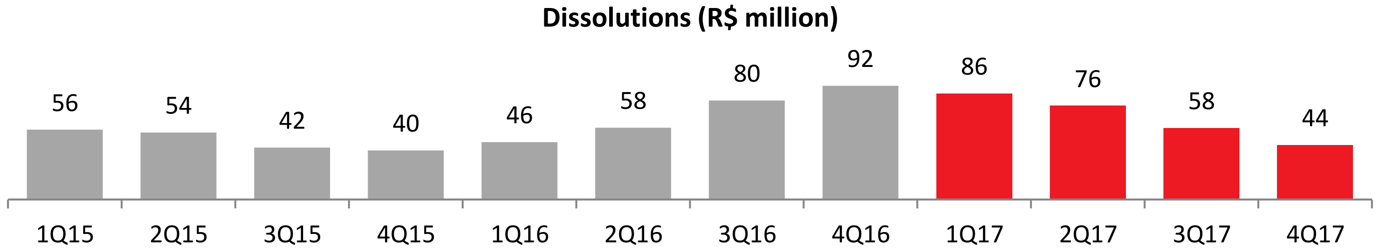


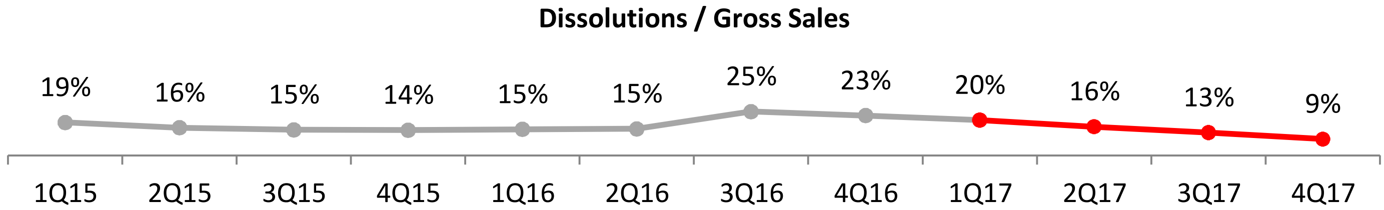
The speed of sales ("Net SoS") reached 26.9% in 4Q17 and 56.7% in 2017. Tenda has been managing to sustain a Net SoS in the quarters above 20%, reflecting the Company's good operational performance under the New Model.



CANCELLATIONS

Cancellations volume totaled R$264 million in 2017, down 4.6% year-on-year, corresponding to 14.6% of gross sales, down 4.9 p.p. year-on-year, returning to stable operating levels, as we have been anticipating over the last quarters.





UNITS TRANSFERRED, DELIVERED AND CONSTRUCTION SITE

Transferred PSV totaled R$1.4 billion in 2017, up 34% year-on-year with 9.7 thousand units delivered in 2017, up 42% y-o-y. It is worth mentioning that we ended 2017 with 38 construction sites, all of them on schedule.

Transfers, Deliveries and Construction Sites	4Q17	3Q17	QoQ (%)	4Q16	YoY (%)	2017	2016	YoY (%)
PSV Transferred (in R$ million)	358.8	381.8	(6.0%) ↓	321.1	11.8% ↑	1,415.0	1,058.2	33.7% ↑
New Business Model	353.2	374.5	(5.7%) ↓	291.7	21.1% ↑	1,371.9	913.1	50.3% ↑
Legacy	5.6	7.3	(22.6%) ↓	29.3	(80.8%) ↓	43.1	145.2	(70.3%) ↓
Transferred Units	2,806	2,986	(6.0%) ↓	2,551	10.0% ↑	11,176	8,270	35.1% ↑
New Business Model	2,765	2,932	(5.7%) ↓	2,338	18.3% ↑	10,855	7,210	50.6% ↑
Legacy	41	54	(24.1%) ↓	213	(80.8%) ↓	321	1,060	(69.7%) ↓
Delivered Units	3,252	1,672	94.5% ↑	2,668	21.9% ↑	9,707	6,838	42.0% ↑
Construction Sites	38	40	(5.0%) ↓	38	0.0% ↑	38	38	0.0% ↑

INVENTORY AT MARKET VALUE

The expansion in Company's launches volume and gains of operating scale in 2017 increased Tenda's inventory to R$1.2 billion, explaining the 9% increase year-on-year. Inventory turnover[1] is currently 9.2 months.

Inventory at Market Value	4Q17	3Q17	QoQ (%)	4Q16	YoY (%)	2017	2016	YoY (%)
PSV (in R$ million)	**1,179.8**	**1,172.5**	**0.6% ↑**	**1,085.4**	**8.7% ↑**	**1,179.8**	**1,085.4**	**8.7% ↑**
Number of Units	8,272.0	8,091.0	2.2% ↑	7,530.0	9.9% ↑	8,272	7,530.0	9.9% ↑
Average price per unit (in R$ thousand)	142.6	144.9	(1.6%) ↓	144.1	(1.0%) ↓	142.6	144.1	(1.0%) ↓

Status of Construction	4Q17	Not Initiated	Up to 30% built	30% to 70% built	More than 70% built	Finished units
PSV (in R$ million)	**1,179.8**	**313.6**	**318.3**	**314.5**	**129.2**	**104.2**
New Business Model MCMV	1,047.7	313.6	318.3	259.4	129.2	27.2
Legacy MCMV	121.0	0.0	0.0	55.2	0.0	65.8
Legacy non-MCMV	11.2	0.0	0.0	0.0	0.0	11.2

1) (PSV of Inventory at current Market Value /PSV of Net Pre-Sales in the last 12 months) x 12 months.

LANDBANK

The Company's landbank was up 50.1% ending 2017 with a final position of R$6.7 billion. In 2017, R$3.9 billion was acquired in landbank distributed in the regions where the Company operates. We reinforce that all projects of our landbank are developed within the range 2, and in some cases, may be classified into range 1.5, of the "Minha Casa, Minha Vida" housing program.

Landbank[1]	4Q17	3Q17	QoQ (%)	4Q16	YoY (%)	2017	2016	YoY (%)
Number of Projects	206	193	6.7% ↑	138	49.3% ↑	206	138	49.3% ↑
PSV (in R$ million)	**6,695.0**	**6,333.7**	**5.7% ↑**	**4,461.8**	**50.1% ↑**	**6,695.0**	**4,461.8**	**50.1% ↑**
Acquisitions / Adjustments (in R$ million)	819.7	1,716.4	(52.2%) ↓	632	29.8% ↑	3,928.4	1,071.3	266.7% ↑
Number of Units	45,795	42,975	6.6% ↑	32,707	40.0% ↑	45,795	32,707	40.0% ↑
Average price per unit (in R$ thousands)	146.2	147.4	(0.8%) ↓	136.4	7.2% ↑	146.2	136.4	7.2% ↑
% Swap Total	28.4%	27.2%	1.1 p.p. ↑	17.2%	11.1 p.p. ↑	28.4%	17.2%	11.1 p.p. ↑
% Swap Units	17.7%	17.1%	0.6 p.p. ↑	10.4%	7.3 p.p. ↑	17.7%	10.4%	7.3 p.p. ↑
% Swap Financial	10.6%	10.1%	0.5 p.p. ↑	6.8%	3.8 p.p. ↑	10.6%	6.8%	3.8 p.p. ↑

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

FINANCIAL RESULTS

In 2017, net operating revenue grew by 29% to R$1,357.9 million due to expansion of launches under Tenda's new business model. Adjusted gross margin gains deriving from higher productivity at the construction sites ended 2017 at 36.7%, a 3.4 percentage-point increase y-o-y.

Selling, general and administrative expenses (SG&A) increased 28.7% to R$232.0 million in 2017 due to expansion of launches.

Sustained by the Company's operational growth, the EBITDA adjusted by expenses with the stock option plan ended 2017 totaling R$169.5 million, up 30.2% year-on-year. The adjusted EBITDA margin in 2017 reached 12.5%.

Higher contribution from the new business model and the market resilience allowed the Company to end 2017 with a net income of R$106.7 million, 88.3% higher than in 2016.

Our operational performance and the upward trend of our results validate our solid new business model and sustain our vision of becoming Brazil's low-income segment company that delivers the best return to its shareholders.

BOARD OF DIRECTORS

Tenda's Board of Directors is the body in charge of making decisions and formulating the general guidelines and policies referring to the Company's business, including its long-term strategies. In addition, the Company also appoints the executive officers and oversees their activities.

The Board of Directors' decisions are made by means of majority vote of its members. In case of tie vote, the casting vote shall be incumbent upon the Board of Directors' Chairman, besides his personal vote.

The Board of Directors is composed of, at least, five and at most, seven members, all of them elected and removed from office by Shareholders' Meeting, with two-year combined term of office, and reelection is authorized. Members of the Board of Directors appoint, among those elected by Shareholders' Meeting, who shall act as Chairman of the Board of Directors.

Name	Postion	Date of Election	Termo of office
Cláudio José Carvalho de Andrade	Sitting board member and Chairman of the Board of Directors	07/26/2017	AGO 2019
Eduardo Ferreira Pradal	Sitting board member	07/26/2017	AGO 2019
Flavio Uchôa Teles de Menezes	Sitting board member	07/26/2017	AGO 2019
José Urbano Duarte	Sitting board member	07/26/2017	AGO 2019
Mauricio Luis Luchetti	Sitting board member	07/26/2017	AGO 2019
Mario Mello Freire Neto	Sitting board member	07/26/2017	AGO 2019
Rodolpho Amboss	Sitting board member	07/26/2017	AGO 2019

BOARD OF EXECUTIVE OFFICERS

The Company's Board of Executive Officers is the body mainly in charge of management and daily monitoring of the general guidelines and policies established by Shareholders' Meeting and Board of Directors.

Tenda's Board of Executive Officers shall be composed of, at least, two and at most twelve members, including the Chief Executive Officer, the Chief Financial Officer and the Investor Relations Officer, elected by the Board of Directors for a term of office of up to three years, and reelection is authorized, as provided for in the Company's Bylaws. In current term of office, eleven members compose the Board of Executive Officers.

Name	Pasition	Date of last Investiture	Termo of Office
Rodrigo Osmo	Chief Executive Officer	04/22/2015	AGO 2018
Renan Barbosa Sanches	Chief Financial and Investor Relations Officer	01/10/2018	AGO 2018
Alex Fernando Hamada	Chief Operations Officer	04/22/2015	AGO 2018
Alexandre Millen Grzegorzewski	Chief Operations Officer	04/22/2015	AGO 2018
Daniela Ferrari Toscano de Britto	Chief Operations Officer	04/22/2015	AGO 2018
Fabricio Quesiti Arrivabene	Chief Operations Officer	04/22/2015	AGO 2018
Marcelo de Melo Buozi	Chief Operations Officer	04/22/2015	AGO 2018
Ricardo Couto de Prada	Chief Operations Officer	12/01/2015	AGO 2018
Rodrigo Fernandes Hissa	Chief Operations Officer	04/22/2015	AGO 2018
Sidney Ostrowski	Chief Operations Officer	04/22/2015	AGO 2018
Vinicius Faraj	Chief Operations Officer	02/20/2018	AGO 2018

Independent Auditor's Report in the Individual and Consolidated Financial Statements

To Board Members and Shareholders of

Construtora Tenda S.A.

São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Construtora Tenda S.A. ("the Company"), respectively referred to as Company and Consolidated, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

Opinion on the individual financial statements

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Construtora Tenda S.A. as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Construtora Tenda S.A. as at December 31, 2017, and of its consolidated financial performance and its cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), applicable to real estate development entities in Brazil, and approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis - OCPC 04 Guideline issued by the Accounting Pronouncements Committee

As mentioned in Note 2.1, the individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil. The consolidated financial statements prepared in accordance with the IFRS applicable to the Brazilian Real Estate Development Entities, also considers the Technical Orientation - OCPC 04 issued by the Accounting Pronouncements Committee (CPC). This technical orientation refers to the revenue recognition of this sector and involves matters related to the meaning and application of the concept of continuous transfer of the risks, benefits and control over real estate unit sales, as described in further details in Note 2.2.2 (i) (b). Our opinion is not modified regarding this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – estimate of construction costs and Percentage-of-Completion (POC)

See Note 2.2.4 (f) e 2.2.5 (b) (i) to the individual and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Company uses the Percentage of completion (POC) method to account for real estate sales revenues. Due to the relevance of the construction costs to be incurred, and to the high degree of judgment involved in determining the calculation of the completion percentage of the work, which are the basis for revenue recognition, we consider this matter significant for our audit.	We evaluated the design, and, on sampling basis, the operational effectiveness of the key internal controls related to the approval and follow-up of estimates, indexes and assumptions adopted by Tenda for calculating the budget of construction adjustment by project. Based on a sample of projects, we inspected the construction budget and the respective approvals, we also compared, on sampling basis, the amount of costs incurred with the respective supporting documentation, evaluated the nature and reasonableness of the changes made in the estimated cost, and performed substantive analysis of the reasonableness of the percentage-of-completion of the work. With the assistance of our experts in property appraisal, we evaluated the stage of

	completion of the constructions. We also evaluated the adequacy of the disclosures made by the Company. In the course of our audit, we identified an immaterial adjustment that affected the measurement and disclosure of revenue recognition, which were recorded by management. Based on the evidence obtained through the audit procedures summarized above, we consider acceptable the balances and amounts arising from the revenue recognition process in the context of the individual and consolidated financial statements for the year ended December 31, 2017 taken as a whole.

Impairment of assets

See Note 2.2.1 (f), 2.2.4 (a) and (c) and 2.2.21 to the individual and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Company periodically reviews its portfolio of trade accounts receivable and properties for sale aimed at estimating the need for recognizing a provision for impairment loss in its operations. The determination of the *impairment* of trade accounts receivable and properties for sale is documented in internal policies and requires, due to its nature, the use of judgment and assumptions by the Company. In view of the materiality of the amount, of trade accounts receivable and properties for sale, and the high judgment level to determine the assumptions related to the test for impairment of such assets, we consider it a key audit matter.	We evaluated the design, and, on sampling basis, the operational effectiveness of the key internal controls related to the approval and recognition of impairment losses on the trade accounts receivable. We evaluated the reasonableness of the criteria, assumptions and data used by the Company for measuring impairment losses on trade accounts receivable as a whole, including the mathematical recalculation of the provisions for losses. We analysed, on sampling basis, the documentation and the assumptions supporting the Company's decision on the recoverable value of such assets, including the comparison of estimates with the history of prices adopted in the sales of real estate units, and independent quotations of land value and history of default of trade accounts receivable. We also evaluated the adequacy of the disclosures in the notes made by the Company. In the course of our audit, we identified an immaterial adjustment that affected the measurement and disclosure of revenue recognition, which were recorded by management.

	Based on the evidence obtained through the auditing procedures summarized above, we consider acceptable the accounts receivable, the inventories, and the adequacy of the disclosures in the context of the individual and consolidated financial statements for the year ended December 31, 2017 taken as a whole.

Provision and contingent liabilities – tax, labor and civil

See Note 2.2.1 (d) and 18, to the individual and consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The measurement, recognition and disclosure of Provisions and Contingent Liabilities, requires Tenda's professional judgment. The classification of the risks of such claims involves significant judgments, which may produce significant impacts on the amount recognized in the individual and consolidated financial statements, including their disclosures, In view of the materiality, complexity and judgment involved in the evaluation and measurement of Provisions and Contingent Liabilities, we consider it a key audit matter.	We evaluated the design, and, on sampling basis, the operational effectiveness of the key internal controls related to the identification, evaluation, measurement and disclosure of Provisions and Contingent Liabilities. Additionally, we evaluated the adequacy of the provisions recognized and the amounts of contingencies disclosed, the reasonableness of the criteria and assumptions used in the methodology for measuring the amounts provisioned and / or disclosed, considering also the evaluation of Tenda internal and external legal counsel , as well as data and historical information. We also analyzed the adequacy of the Company's disclosures related to the information on the nature, exposure and risk amounts of the main claims involving Tenda. Based on the evidence obtained through the audit procedures summarized above, we consider acceptable the level of provisioning and related disclosures in the context of the individual and consolidated financial statements for the year ended December 31, 2017 taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2017, prepared under the responsibility of the Company's management, and presented herein as supplementary information for IFRS purposes, have been subject to audit procedures jointly performed with the audit of the Company's financial statements. In order to form our opinion, we assessed whether those statements are reconciled with the financial statements and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement 09 (CPC 09) - Statement of Value Added issued by the Committee for Accounting Pronouncements (CPC). In our opinion, the statements of value added have been fairly prepared, in all material respects, in accordance with the criteria determined by the aforementioned Technical Pronouncement, and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information comprising the management report.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and subsidiaries financial reporting process.

Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries internal control.[1]

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 8, 2018

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Giuseppe Masi
Contador CRC 1SP176273/O-7

Construtora Tenda S.A.
Statement of financial position
December 31, 2017and 2016
(In thousands of Brazilian Reais)

		Company		Consolidated	
Assets	**Notes**	**2017**	2016	**2017**	2016
Current assets					
Cash and cash equivalents	4.1	**19,480**	12,124	**39,377**	28,414
Short-term investments	4.2	**280,327**	101,217	**458,346**	195,073
Trade accounts receivable	5	**59,308**	51,674	**277,073**	250,474
Properties for sale	6	**109,262**	177,838	**517,172**	563,576
Receivables from related parties	7	**110,097**	216,393	**13,222**	55,733
Land for sale	8	**35,211**	43,487	**64,827**	75,227
Judicial deposits	18.2	**10,557**	2,426	**10,752**	2,545
Other receivables	-	**21,173**	32,182	**31,960**	46,328
Total current assets		**645,415**	637,341	**1,412,729**	1,217,370
Non-current assets					
Trade accounts receivable	5	**32,968**	37,940	**119,768**	176,673
Properties for sale	6	**56,453**	55,094	**417,033**	211,711
Receivables from related parties	7	**43,136**	47,044	**33,837**	37,745
Judicial deposits	18.2	**19,247**	22,806	**19,603**	22,806
Deferred taxes	17	**3,323**	-	**3,323**	5
		155,127	162,884	**593,564**	448,940
Investments	9	**909,627**	1,409,681	**65,417**	147,831
Property and equipment	10	**41,824**	30,107	**41,824**	30,143
Intangible assets	11	**21,644**	17,865	**21,644**	17,865
		973,095	1,457,653	**128,885**	195,839
Total non-current assets		**1,128,222**	1,620,537	**722,449**	644,779
Total assets		**1,773,637**	2,257,878	**2,135,178**	1,862,149

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.
Statement of financial position
December 31, 2017and 2016
(In thousands of Brazilian Reais)

		Company		Consolidated	
Liabilities	**Notes**	**2017**	2016	**2017**	2016
Current liabilities					
Loans and financing	12	**17,315**	28,690	**31,033**	41,333
Payables for goods and service suppliers	-	**5,699**	7,827	**22,749**	31,664
Taxes and contributions	15	**14,964**	13,066	**27,387**	30,510
Salaries, payroll charges and profit sharing	14	**9,932**	4,994	**36,995**	29,598
Payables for purchase of properties and advances from customers	16	**5,980**	9,256	**204,661**	131,280
Provisions and cancelled contracts payable	-	**3,347**	2,441	**6,716**	4,711
Payables to related parties	7	**265,145**	877,802	**30,793**	49,665
Provision for net capital deficiency of equity accounted investees	9	**21,027**	22,824	**5,456**	5,396
Other payables	-	**5,435**	19,566	**8,413**	29,381
Provision for legal claims	18.1	**27,158**	-	**31,564**	-
Total current liabilities		**376,002**	986,466	**405,767**	353,538
Non-current liabilities					
Loans and financing	12	**20,683**	16,216	**85,130**	93,661
Debentures	13	**154,002**	-	**154,002**	-
Payables for purchase of properties and advances from customers	16	**11,007**	13,033	**240,139**	104,343
Provision for legal claims	18.1	**27,082**	28,665	**31,475**	44,950
Deferred income tax and social contribution	17	**-**	-	**5,851**	11,437
Payables to related parties	7	**15,860**	150,599	**19,884**	155,052
Other payables		**10,309**	13,773	**29,191**	23,546
Total non-current liabilities		**238,943**	222,286	**565,672**	432,989
Equity					
Capital	19.1	**1,094,171**	1,094,000	**1,094,171**	1,094,000
Capital reserves and reserve for granting stock options	-	**103,434**	100,725	**103,434**	100,725
Accumulated losses	19.2	**(38,913)**	(145,599)	**(38,913)**	(145,599)
		1,158,692	1,049,126	**1,158,692**	1,049,126
Non-controlling interests		**-**	-	**5,047**	26,496
Total equity		**1,158,692**	1,049,126	**1,163,739**	1,075,622
Total liabilities and equity		**1,773,637**	2,257,878	**2,135,178**	1,862,149

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.

Statements of profit or loss
Years ended December 31, 2017 and 2016
(In thousands of Brazilian Reais, except if otherwise stated)

		Company		Consolidated	
	Notes	**2017**	2016	**2017**	2016
Continuing					
Net revenue	23	**277,990**	179,064	**1,357,904**	1,052,710
Operating costs					
Real estate development and sales	24	**(183,004)**	(109,487)	**(889,287)**	(729,705)
Gross profit		**94,986**	69,577	**468,617**	323,005
Operating (expenses) income					
Selling expenses	24	**(22,961)**	(27,521)	**(136,873)**	(90,490)
General and administrative expenses	24	**(28,263)**	(31,957)	**(95,155)**	(89,739)
Share of profit/(loss) of equity method investments	9	**183,378**	78,145	**(1,115)**	(5,456)
Other income (expenses), net	24	**(117,392)**	(34,177)	**(111,987)**	(49,042)
Income before financial income and expenses and income tax and social contribution		**109,748**	54,067	**123,487**	88,278
Financial income	25	**16,334**	21,834	**28,146**	27,257
Financial expenses	25	**(22,719)**	(17,413)	**(29,003)**	(47,300)
Income before income tax and social contribution		**103,363**	58,488	**122,630**	68,235
Current income tax and social contribution	17	**-**	(1,837)	**(27,053)**	(16,089)
Deferred income tax and social contribution	17	**3,323**	-	**9,059**	(4,877)
Total income tax and social contribution		**3,323**	(1,837)	**(17,994)**	(20,966)
Net income from continuing operations		**106,686**	56,651	**104,636**	47,269
(-)Attributable to:					
Shareholders of the Company		**106,686**	56,651	**106,686**	56,651
Non-controlling interests		**-**	-	**(2,050)**	(9,382)
Weighted average number of shares (in thousands of shares)	21	**54,003**	54,000	**54,003**	54,000
Basic earnings per thousand shares - In Reais	21	**1.9756**	1.0491	**1.9756**	1.0491
Diluted earnings per thousand shares - In Reais	21	**1.8480**	0.9815	**1.8480**	0.9815

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.

Statements of comprehensive income
Years ended December 31, 2017 and 2016
(In thousands of Brazilian Reais, except if otherwise stated)

	Company		Consolidated	
	2017	2016	**2017**	2016
Net income for the year	**106,686**	56,651	**104,636**	47,269
Total comprehensive income for the year, net of taxes	**106,686**	56,651	**104,636**	47,269
Attributable to:				
Shareholders of the Company	**106,686**	56,651	**106,686**	56,651
Non-controlling interests	**-**	-	**(2,050)**	(9,382)

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.

Statements of changes in equity
Years ended December 31, 2017 and 2016
(In thousands of Brazilian Reais)

		Attributed to Shareholders of the Company					
	Notes	Capital	Capital reserves	Accumulated losses	Total Company	Non-controlling interests	Total Consolidated
Balances at December 31, 2015		1,194,000	99,186	(202,250)	1,090,936	35,878	1,126,814
Capital decrease		(100,000)	-	-	(100,000)	-	(100,000)
Stock option plan		-	1,539	-	1,539	-	1,539
Net income (loss) for the year		-	-	56,651	56,651	(9,382)	47,269
Balances at December 31, 2016		**1,094,000**	**100,725**	**(145,599)**	**1,049,126**	**26,496**	**1,075,622**
Capital increase	19.1	171	-	-	171	-	171
Capital reserve		-	276	-	276	-	276
Loss of Control	19.4	-	-	-	-	(19,399)	(19,399)
Stock option plan		-	2,433	-	2,433	-	2,433
Net income (loss) for the year	19.2	-	-	106,686	106,686	(2,050)	104,636
Balances at December 31, 2017		**1,094,171**	**103,434**	**(38,913)**	**1,158,692**	**5,047**	**1,163,739**

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.

Statements of cash flows
Years ended December 31, 2017 and 2016
(In thousands of Brazilian Reais)

	Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Operating activities				
Income before income tax and social contribution	**103,363**	58,488	**122,630**	68,234
Expenses/(income) not affecting cash and cash equivalents:				
Depreciation and amortization (Notes 10 and 11)	**18,363**	15,450	**18,369**	15,455
Allowance (reversal) for doubtful accounts and cancelled contracts (Note 5)	**(12,742)**	24,647	**11,319**	22,600
Present value adjustment	**1,536**	-	**7,978**	-
Provision for realization of non-financial assets	**5,332**	(15,476)	**5,045**	(14,774)
Share of profit/(loss) of equity method investment (Note 9)	**(183,378)**	(78,145)	**1,115**	5,456
Provision for legal claims and commitments (Note 18)	**25,575**	(7,103)	**18,089**	(10,646)
Unrealized interests and charges, net	**17,186**	18,060	**18,860**	24,181
Warranty provision	**(1,414)**	3,510	**187**	4,892
Provision for profit sharing (Note 26)	**10,947**	817	**18,452**	11,121
Stock option expenses (Note 19.3)	**2,433**	1,539	**2,433**	1,539
Write-off of property and equipment and intangible assets, net	**1,083**	2,266	**1,121**	2,266
Other provisions	**5**	(348)	**1,008**	(69)
Other operating income and expenses	**4,333**	-	**(882)**	-
Deferred taxes (PIS/COFINS)	**3,033**	-	**(7,075)**	-
Decrease/(increase) in operating assets				
Trade accounts receivable	**33,511**	10,352	**26,991**	15,075
Properties for sale and land for sale	**45,151**	22,538	**(108,041)**	14,347
Other receivables	**6,437**	(4,404)	**9,364**	(5,634)
Increase/(decrease) in operating liabilities				
Payables for goods and service suppliers	**(2,128)**	3,570	**(8,915)**	17,995
Taxes and contributions	**2,009**	(7,655)	**216**	(13,248)
Salaries, payroll charges and profit sharing	**(6,009)**	(11,872)	**(11,055)**	(13,788)
Payables for purchase of properties and advances from customers	**(5,256)**	529	**147,673**	(5,012)
Other payables	**(118,425)**	13,377	**(109,886)**	5,368
Related parties transactions	**129,920**	2,636	**51,205**	4,369
Paid income tax and social contribution	**-**	-	**(27,790)**	(12,672)
Cash and cash equivalents from (used in) operating activities	**80,865**	52,776	**188,411**	137,055
Increase in investments (Note 9)	**-**	(9,118)	**-**	10,064
Purchase of property and equipment and intangible assets (Notes 10 and 11)	**(34,942)**	(22,615)	**(34,950)**	(22,615)
Purchase of short-term investments and restricted cash in guarantee to loans	**(1,242,412)**	(1,649,477)	**(1,501,275)**	(1,903,123)
Redemption of short-term investments and restricted cash in guarantee to loans	**1,063,302**	1,709,029	**1,238,002**	1,920,671
Dividends received (Note 9)	**-**	109,884	**-**	-
Cash from (used in) investing activities	**(214,052)**	137,703	**(298,223)**	4,997
Capital increase	**171**	-	**171**	-
Increase in capital reserve	**276**	-	**276**	-
Increase in loans, financing and debentures	**258,610**	68,970	**549,630**	290,481
Payment of loans, financing and debentures – principal	**(113,103)**	(235,561)	**(417,054)**	(404,142)
Payment of loans, financing and debentures – interest	**(7,324)**	(19,422)	**(14,177)**	(23,856)
Loan transactions with related parties	**1,913**	1,410	**1,929**	2,226
Net cash and cash equivalents from (used in) financing activities	**140,543**	(184,603)	**120,775**	(135,291)
Net increase (decrease) in cash and cash equivalents	**7,356**	5,876	**10,963**	6,761
At the beginning of the year	**12,124**	6,248	**28,414**	21,653
At the end of the year	**19,480**	12,124	**39,377**	28,414
Net increase in cash and cash equivalents	**7,356**	5,876	**10,963**	6,761

The accompanying notes are an integral part of these financial statements.

Construtora Tenda S.A.

Statement of value added
December 31, 2017 and 2016
(In thousands of Brazilian Reais, except if otherwise stated)

	Company		Consolidated	
	2017	2016	**2017**	2016
Revenues	**310,795**	204,799	**1,425,032**	1,133,462
Real estate development and sales	**273,086**	249,167	**1,420,369**	1,170,655
Reversal (recognition) of allowance for doubtful accounts and cancelled contracts	**37,709**	(44,368)	**4,663**	(37,193)
Inputs acquired from third parties (including taxes on purchases)	**(287,279)**	(109,491)	**(978,356)**	(778,576)
Operating costs - Real estate development and sales	**(171,441)**	(94,921)	**(854,263)**	(701,648)
Materials, energy, outsourced labor and other	**(115,838)**	(14,570)	**(124,093)**	(76,928)
Gross value added	**23,516**	95,308	**446,676**	354,886
Retentions				
Depreciation and amortization	**(18,363)**	(15,450)	**(18,369)**	(15,455)
Net value added produced, (distributed) by the Company	**5,153**	79,858	**428,307**	339,431
Value added received on transfer	**200,504**	99,978	**28,267**	21,801
Share of profit/(loss) of equity method investments	**183,378**	78,145	**(1,115)**	(5,456)
Financial income	**17,126**	21,833	**29,382**	27,257
Total value added to be distributed	**205,657**	179,836	**456,574**	361,232
Value added distribution	**205,657**	179,836	**456,574**	361,232
Personnel expenses	**34,069**	50,394	**173,088**	113,267
Salaries and charges	**28,207**	36,831	**137,935**	88,221
Benefits	**4,032**	9,883	**22,250**	15,798
Severance pay fund (FGTS)	**1,830**	3,680	**12,903**	9,248
Taxes and contributions	**35,463**	40,812	**119,707**	125,337
Federal	**32,757**	36,541	**116,792**	120,892
Municipal	**2,706**	4,271	**2,915**	4,445
Proceeds from third party’s equity				
Interests and rents	**29,439**	31,979	**59,143**	75,358
Proceeds from own equity				
Retained earnings	**106,686**	56,651	**106,686**	56,651
Non-controlling interest in net income for the year	**-**	-	**(2,050)**	(9,382)

The accompanying notes are an integral part of these financial statements.

1. Operations

Construtora Tenda S.A. ("Company" or "Tenda") is a publicly-traded company with registered office at Rua Álvares Penteado, 61, in the city and state of São Paulo, and registered with the São Paulo Stock Exchange – B3 (former BM&FBOVESPA) under the ticker symbol "TEND3".

The operations of Tenda and its subsidiaries comprise the carry out of civil construction works, real estate development, real estate purchase and sales, civil construction administration services, intermediation of consortia shares sales, and holding of interests in other companies.

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

On April 24, 2017, the Company disclosed a notice to the market informing that its shares will start to be traded in the basic segment of B3 – Brasil, Bolsa, Balcão (former BM&FBOVESPA), as approved at the Extraordinary Shareholders' Meeting of the Company held on February 20, 2017. On May 4, 2017, Tenda started to be traded at B3- Brasil, Bolsa e Balcão.

On June 28, 2017, the Company disclosed a notice to the market that its shares started to be traded in the special listing segment of B3 (former BM&FBOVESPA) called Novo Mercado.

2. Presentation of financial statements and summary of significant accounting policies

2.1. Statement of Compliance

The (Company) and consolidated financial statement has been prepared and is being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the CPC, approved by the CVM, and according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable to real estate development entities in Brazil, including the Guideline OCPC 04 - Application of the Technical Interpretation ICPC 02 to the Brazilian Real Estate Development Entities, in relation to the treatment of the recognition of revenue and involves certain matters related to application of the continuous transfer of the risks, rewards and control over the real estate units sold.

2. Presentation of financial statements and summary of significant accounting policies - Continued

2.1.1 Basis of preparation

The financial statements have been prepared in the ordinary course of business, considering the historical cost basis, some liabilities and assets being stated at present or realizable value.

All material information that is proper of the Financial Statements, and only it, has been evidenced and correspond to those used by Management in its administration.

Management makes an assessment of the Company's ability to continue as going concern when preparing the financial statements.

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

2.1.2 Approval of the financial statements

On March 8, 2018, the Board of Directors of the Company approved the individual and consolidated financial statements of the Company and authorized their disclosure.

2.1.3. Consolidated financial statements

The consolidated financial statements of the Company include the individual financial statements of the Company and its direct and indirect subsidiaries. The Company controls an entity when it is exposed or has right to the variable returns arising from its involvement with the entity and has the ability to affect those returns through the power that it exerts over the entity. The existence and the potential effects of voting rights, which are currently exercisable or convertible, are taken into account when evaluating whether the Company controls other entity. The subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

The accounting practices have been applied consistently by all subsidiaries included in the consolidated financial statements of Company. (Note 9)

2.1.4. Functional and presentation currency

The functional and presentation currency of the Company is the Brazilian Real.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies

2.2.1. Cash and cash equivalents and short-term investments

Cash and cash equivalents substantially comprise demand deposits and bank certificates of deposit (“CDB”) held under resale agreements, denominated in Reais, with high market liquidity and original contractual maturities of 90 days or less, and for which there are no penalties or other restrictions for the immediate redemption thereof.

Cash equivalents are classified as financial assets at fair value through profit or loss and are recorded at the original amounts plus income earned, calculated on a “pro rata basis", which are equivalent to their market values, not having any impact to be accounted for in the Company’s equity.

Short-term investments include bank deposit certificates, federal government bonds, exclusive investment funds and pledges, which are classified at fair value through profit or loss (Note 4.2).

2.2.2. Trade accounts receivable

These are presented at present and realizable values. The classification between current and non-current is made based on the expected maturity of contract installments.

The installments outstanding are indexed to the National Civil Construction Index (INCC) during the period of construction, and to the General Market Prices Index (IGP-M), after the delivery of the units.

The present value adjustment is calculated between the contract signature date and the estimated date to deliver the property keys to the buyer, using a discount rate represented by the higher of average rate of the financing obtained by the Company, net of inflation, and the NTN-B.

The reversal of the present value adjustment, considering that an important part of the Company operations consists of financing its customers until key delivery, was carried out as contra-entry to the group of real estate development revenue, consistently with interest accrued on the portion of receivables balance related to the period subsequent to the handover of keys.

2.2.3. Properties for sale

The Company and its subsidiaries acquire land for future real estate developments, on payment conditions in currency or through barter transactions. Land acquired through barter transaction is recorded at fair value of the units to be delivered, and the revenue and cost are recognized according to the criteria described in Note 2.2.4 (g).

Properties are measured at construction cost, less provision when such amount exceeds the net realizable value. In the case of real estate under construction, the portion in inventories corresponds to the cost incurred for units that have not yet been sold. The incurred cost comprises construction costs (materials, own or outsourced labor, and other related items), legal expenses relating to the regularization of land and venture, the land costs and the financial charges levied on the venture incurred during the construction period.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.3. Properties for sale - Continued

The classification of land between current and non-current assets is made by Management based on the expected period for launching real estate ventures. Management periodically revises the estimates of real estate ventures launches.

2.2.4. Accounting judgments, estimates and assumptions

In the preparation of the accompanying financial statements, Management made judgments, estimates and assumptions that affect the adoption of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may diverge from such estimates.

Estimates and assumptions are continuously reviewed. The reviews of estimates are recognized on forward-looking basis.

The information on the uncertainties related to assumptions and estimates that have significant risk of resulting in a material adjustment in the year ended December 31, 2017 are included in the following explanatory notes:

a) Impairment of non-financial assets

An impairment loss exists when the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use.

The calculation of the fair value less cost to sell is based on available information on sale transactions of similar assets or market prices less additional costs of disposal.

b) Share-based payment transactions

The Company measures the cost of transactions with employees to be settled with shares based on the fair value of equity instruments on the grant date. The estimate of the fair value of share-based payments requires the determination of the most adequate pricing model to grant equity instruments, which depends on the grant terms and conditions.

It also requires the determination of the most adequate data for the pricing model, including the expected option life, volatility and dividend income, and the corresponding assumptions. The assumptions and models used for estimating the fair value of share-based payments are disclosed in Note 19.3.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.4. Accounting judgments, estimates and assumptions - Continued

c) Allowance for doubtful accounts and cancelled contracts

The Company reviews annually its assumptions related to the recognition of its allowance for doubtful accounts and cancelled contracts, taking into account the history of current operations in order to improve the accuracy of its estimates.

The Company records an allowance for doubtful accounts and cancelled contracts for customers who show intention to formalize cancellation and at the average volume of cancellations on net sales of the resale speed of such units. This allowance is calculated based on the percentage of completion of the construction work, a methodology adopted for recognizing profit or loss for the year.

d) Provision for legal claims

The Company recognizes a provision for tax, labor and civil claims (Note 18). The assessment of the probability of loss includes the evaluation of the available evidences, the hierarchy of Laws, existing case law, the latest court decisions and their significance in the judicial system, and the opinion of external legal counsel. Provisions are reviewed and adjusted to take into account any changes in circumstances, such as applicable statutes of limitations, findings of tax inspections, or additional exposures found based on new court issues or decisions.

There are uncertainties inherent in the interpretation of complex tax rules and in the value and timing of future taxable income.

e) Fair value of financial instruments

When the fair values of the financial assets and liabilities presented in the statement of financial position cannot be obtained in the active market, they are determined using valuation techniques, including the discounted cash flow method.
The data for such methods is based on available market information when possible; however, when it is not viable, judgment is required to establish the fair value. The judgment includes considerations regarding the data used, such as interest rates, liquidity risk, credit risk, and volatility. Changes in the assumptions about these factors may affect the stated fair value of financial instruments.

f) Estimated cost of construction

The estimated costs, mainly comprising incurred and future costs for completing the construction projects, are regularly reviewed, based on the progress of construction, and any resulting adjustments are recognized in profit or loss of the Company. The effect of such estimate reviews affects the recognition of revenue, as mentioned in Note 2.2.5.i.b.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.4. Accounting judgments, estimates and assumptions - Continued

g) Barter transactions

Barter transactions have the objective of receiving land from third parties that are settled with the delivery of real estate units, or transfer of portions of the revenue from the sale of real estate units of ventures. The land acquired by the Company and its subsidiaries is recorded at fair value, as a component of inventory, with a corresponding entry to advances from customers in liabilities. Revenues and costs incurred from barter transactions are included in profit or loss over the course of construction period of ventures.

The initial recognition and subsequent analyses of realization of deferred income tax are made when it is probable that a taxable profit will be available in subsequent years to offset the deferred tax asset, based on projections of results prepared and supported by internal assumptions and future economic scenarios that enable its full or partial use.

2.2.5. Recognition of revenue and expenses

(i) *Real estate development and sales*

(a) For the sales of completed units, revenues are recognized upon completion of the sale and the transfer of significant risks and benefits, regardless of the timing of receipt of the contractual amount.

(b) For the construction phase of units sold, but not yet completed:

- The incurred cost (including cost of land, and other directly related expenditure with inventory) that corresponds to the units sold is included in profit or loss. For the units not yet sold, the incurred cost is included in inventory (Note 2.2.3);

- Sales revenues are appropriated to profit or loss, using the percentage-of-completion method for each project, this percentage being measured based on the incurred cost in relation to the total estimated cost of the respective project;

- Revenues recognized in excess of actual payments received from customers are recorded as either a current or non-current assets in “Trade accounts receivable”. Any payment received in connection with the sales of units that exceeds the amount of revenue recognized is recorded as “Payables for purchase of property and advances from customers ";

- Interest and inflation indexation charges on trade accounts receivable until the delivery of keys, as well as the present value adjustment of trade accounts receivable, are included in the real estate development and sales when incurred, on a pro rata basis using the accrual basis of accounting;

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.5. Recognition of revenue and expenses - Continued

- Financial charges on accounts payable for acquisition of land and those directly associated with the financing of construction are capitalized and recorded in inventory of properties for sale and included in the incurred cost of units under construction until their completion, and follow the same recognition criteria as the cost of real estate development for units sold while under construction;

- Taxes levied and deferred on the difference between real estate development revenues and the cumulative revenue subject to tax are calculated and reflected in the books when this difference in revenue is recognized;

- Other expenses, including advertising and publicity, are recognized in profit or loss when incurred.

2.2.6. Financial instruments

The Company classifies non-derivative financial assets in the following categories: financial assets measured at fair value through profit or loss, loans and receivables.

The Company classifies non-derivative financial liabilities in the following categories: financial liabilities measured at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized and measured as follows:

(i) *Non-derivative financial assets and liabilities - recognition and derecognition*

The Company recognizes loans, receivables and debt instruments initially at the date they were originated. All other financial assets and liabilities are recognized on the negotiation date when the Company becomes party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company transfers the rights to the receipt of the contractual cash flows of a financial asset in a transaction in which substantially all the risks and rewards from the ownership of the financial asset are transferred. Any share that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

2. Presentation of financial statements and summary of significant accounting policies – Continued

2.2. Summary of significant accounting policies - Continued

2.2.6. Financial instruments – Continued

(i) *Non-derivative financial assets and liabilities - recognition and derecognition - Continued*

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset, and the net amount is shown in the statement of financial position when, and only when, the Company has a current and enforceable legal right to offset the amounts, and intention to settle them on net basis or realize the asset and settle the liability simultaneously.

(ii) *Non-derivative financial assets - measurement*

The Company's financial assets include cash and cash equivalents, short-term investments, trade accounts receivable, and loans receivable.

Financial assets measured at fair value through profit or loss

A financial asset is classified as measured at fair value through profit or loss in case it is classified as held for trading or designated as such at the time of its initial recognition. The transaction costs are recognized in profit or loss as incurred. These assets are measured at fair value, and the changes in fair value, including gains on interests and dividends, are recognized in profit or loss for the year.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.6. Financial instruments – Continued

(iii) *Non-derivative financial liabilities - measurement*

A financial liability is classified as measured at fair value through profit or loss in case it is classified as held for trading or designated as such at the time of its initial recognition. Transaction costs are recognized in profit or loss as incurred. These financial liabilities are measured at fair value, and the changes in fair value, including gains on interests and dividends, are recognized in profit or loss for the year.

Other non-derivative financial liabilities are initially measured at fair value deducted for any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Company’s financial liabilities include loans and financing, debentures, suppliers, payable for purchase of properties and advance from customers and loans payable.

(iv)*Derivative financial instruments, including hedge accounting*

As of December 31, 2017 and 2016, the Company did not have any transaction involving derivative financial instruments.

2.2.7. Selling expenses - commissions

When the sale is consummated, the brokerage become due, and the expenses are recorded in profit or loss under the account “Selling expenses” employing the same percentage-of-completion criteria used for revenue recognition. The charges related to sales commission paid by the buyer to their broker are not recognized as revenue or expense of the Company.

2.2.8. Prepaid expenses

These are recognized in profit or loss as incurred using the accrual basis of accounting.

2.2.9. Land for sale

Land for sale is measured at the lower of the carrying value and the fair value less the costs to sell and is classified as held for sale if its carrying value is to be recovered through a sale transaction of the land. This condition is considered fulfilled only when the sale is highly probable, and the asset is available for immediate sale on its current condition.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.10. Investments in ownership interests

Investments in ownership interests are recorded in the Company using the equity method. When the Company's equity in the losses of investees is equal to or higher than the amount invested, the Company recognizes the residual portion in “Provision for net capital deficiency of equity accounted investees”, since it assumes obligations and makes payments on behalf of these companies. For this purpose, the Company recognizes a provision at an amount considered appropriate to meet the obligations of the investee (Note 9).

2.2.11. Property and equipment

Items of property and equipment are measured at cost, less accumulated depreciation and/or any accumulated impairment losses, if applicable.

An item of property and equipment is derecognized when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognized in profit or loss upon derecognition.

Depreciation is calculated based on the straight-line method considering the estimated useful lives of the assets (Note 10).

Property and equipment are subject to periodical analysis of asset impairment.

2.2.12. Intangible assets

Expenditures related to the acquisition and implementation of computer systems and software licenses are recorded at acquisition cost and amortized on straight-line basis over a period of up to five years, and are subject to periodic assessments of impairment of assets.

2.2.13. Payables for purchase of properties and advances from customer due to barter

Payables for purchase of properties are recognized at the amounts corresponding to the contractual obligations assumed. Subsequently they are measured at amortized cost, that is, plus, if applicable, interest and charges proportional to the incurred period (“pro rata temporis”), net of present value adjustment.

The obligations related to barter transactions of land in exchange for real estate units are stated at fair value of the units to be delivered.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.14. Income tax and social contribution

(i) *Current income tax and social contribution*

The Company and subsidiaries determine the income tax (IRPJ) and social contribution on net income (CSLL) based on taxable profit, presumed profit or “patrimônio de afetação” (detached assets) with the Special Taxation Regime (RET), as detailed below:

- **Taxable profit** – Adopted by the Company. In this systematics, the IRPJ is calculated at the rate of 15%, plus an additional 10% on taxable profit in excess of R$240, and the CSLL is calculated at the rate of 9% on taxable profit, and consider the offset of tax and CSLL loss carryforwards, limited to 30% of the taxable profit of each fiscal year.

- **Presumed profit** – Adopted by certain subsidiaries. In this systematics, the IRPJ and CSLL tax base is calculated at the rates of 8% and 12% on gross revenues (100% of financial income), respectively. Regarding presumed profit, income tax and social contribution rates in effect on the closing date of each period (15% plus 10% for annual profit in excess of R$240 for IRPJ, and 9% for CSLL) are applied.

- **Special Taxation Regime (RET)** – Adopted for certain ventures of the Company. As permitted by Act 12,024 of August 27, 2009, which amended Act 10,931/2004, which established the RET, they opted for submitting them to the “patrimônio de afetação” (detached assets) and the RET. For such ventures, the consolidated burden related to the IRPJ and CSLL, the Contribution to Social Security Financing (COFINS) and the Contribution to the Social Integration Program (PIS), is calculated at the global rate of 4% applied to gross revenue received, according to the limit established by the Law. The total IRPJ and CSLL rate is 1.92%, and the total PIS and COFINS rate is 2.08% applied to gross revenue under the RET.

(ii) Deferred income tax and social contribution

Deferred taxes are recognized in relation to tax losses and temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to be used to offset against deferred tax assets, based on profit projections made using internal assumptions and considering future economic scenarios that make it possible their full or partial use, upon the recognition of a provision for the non-realization of the balance. The recognized amounts are periodically reviewed and the impacts of realization or settlement are reflected in compliance with tax legislation provisions.

Deferred tax on accumulated tax losses does not have expiration date, however, its offset is limited to 30% of the taxable profit for each year.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.14. Income tax and social contribution - Continued

(II) Deferred income tax and social contribution - Continued

Deferred tax assets and liabilities are stated at net amount in the statement of financial position when there is the legal right and intention to offset them when determining the current taxes, related to the same legal entity and the same tax authority.

2.2.15. Other current and non-current liabilities

These liabilities are stated at their known or estimated amounts, plus, when applicable, adjustment for charges and inflation-indexed variations through the reporting date of the statement of financial position, which contra-entry is recorded in profit or loss. When applicable, current and non-current liabilities are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction.

2.2.16. Stock option plans

As approved by its Board of Directors, the Company offers management members and employees share-based compensation plans (“Stock Options”), as payments for services received.

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

In a settled transaction, for the equity which the plan is modified, a minimum expense is recognized corresponding to the expense that would have been recorded if the terms have not been changed. An additional expense is recognized for any modification that increases the total fair value of granted options, or that otherwise benefits the employee, measured on the modification date.

In case of cancellation of a stock option plan, this is treated as if it had been vested on the cancellation date, and any unrecognized plan expense is immediately recognized. However, if a new plan substitutes the cancelled plan, and a substitute plan is designated on the grant date, the cancelled plan and the new plan are treated as if they were a modification of the original plan, as previously mentioned.

The Company annually revises its estimates of the amount of options that shall be vested, considering the vesting conditions not related to the market and the conditions based on length of service. The Company recognizes the impact of the revision of the initial estimates, if any, in the statement of profit or loss, as contra-entry to equity.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies - Continued

2.2.17. Other employee benefits

The salaries and benefits granted to the Company's employees and executives include fixed compensation (salaries, social security contributions (INSS), Government Severance Indemnity Fund for Employees (FGTS), vacation pay and 13th salary, among others) and variable compensation such as profit sharing, bonus, and share-based payments. These benefits are recorded in the line items "Cost of Real Estate Development and Sales, Selling Expenses and General and Administrative Expenses" as they are incurred.

The bonus system operates with individual corporate targets, structured based on the efficiency of corporate goals, followed by the business goals and, finally, individual goals.

2.2.18. Present value adjustment – assets and liabilities

Assets and liabilities arising from long or short-term transactions are adjusted to present value if significant.
The real estate development entities, in installment sales of units not yet completed, record receivables adjusted for inflation, including the installment of keys, without interest, and shall be discounted to present value, once the inflation indexes established in the contract do not include the interest component.

Borrowing costs and other financing costs directly attributable to the construction of real estate ventures are capitalized. Therefore, the reversal of the present value adjustment of an obligation related to these items is included in the cost of real estate unit sold or in the inventories of properties for sale, as the case may be, until the period of construction of the project is completed.

Accordingly, certain assets and liabilities are adjusted to present value based on discount rates that reflect the best estimate of the value of the money over time.

2.2.19. Debenture issue costs

The transaction costs to issue debenture are accounted as charge to the proceeds and are amortized according to the effective term of transactions. (Note 13)

2.2.20. Borrowing costs

Borrowing costs which are directly attributable to projects during the construction period and to land during the development of assets for sale are capitalized as part of the cost of the corresponding asset, which are recognized in profit or loss to the extent units are sold. All other borrowing costs are expensed as incurred. Borrowing costs comprise interest and other related incurred costs, including those for funding.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies – Continued

2.2.20 Borrowing costs - Continued

The charges not included in profit or loss of subsidiaries are recorded in the financial statements of the Company, in the account investments in non-current assets (Note 9).

2.2.21. Provisions

Provisions are recorded when considered probable, and based on the best estimates of the involved risk. The recognized provisions mainly refer to the following:

(i) *Provision for legal claims*

The Company is party to various lawsuits and administrative proceedings. Provisions are recognized for all contingencies related to lawsuits which expectation of unfavorable outcome is considered probable.

Contingent liabilities for which losses are considered possible are only disclosed in a note to financial statements, and those for which losses are considered remote are neither provided nor disclosed.

Contingent assets are recognized only when there are real guarantees or favorable final and unappealable court decisions. Contingent assets with probable likelihood of favorable decisions are only disclosed in the notes. As of December 31, 2017 and 2016 there are no claims involving contingent assets recorded in the statement of financial position of the Company.

(ii) *Allowance for doubtful accounts and cancelled contracts*

The Company records an allowance for doubtful accounts and cancelled contracts for customers whose installments are past due, based on the assumptions made by the Company. This allowance is calculated based on the percentage of completion of the construction work, a methodology adopted for recognizing profit or loss for the year (Note 2.2.5).

(iii) *Provision for penalties due to delay in construction work*

As contractually provided, the Company adopts the practice of provisioning the contractual charges payable to eligible customers for projects whose delivery is delayed over 180 days, pursuant to the respective contractual clause and history of payments.

(iv) *Warranty provision*

The Company and its subsidiaries recognize a provision to cover expenditures for repairing construction defects covered during the warranty period, based on the estimate that considers the history of incurred expenditures adjusted by the future expectation, except for subsidiaries that operate with outsourced companies, which are the own guarantors of the construction services provided. The warranty period is five years from the delivery of the venture.

2. Presentation of financial statements and summary of significant accounting policies– Continued

2.2. Summary of significant accounting policies – Continued

2.2.21. Provisions - Continued

(v) *Provision for impairment of non-financial assets*

When there is evidence of impairment of asset, and the net carrying value exceeds the recoverable amount, a provision for impairment is recorded, adjusting the net carrying value to the recoverable value. Goodwill and intangible assets with indefinite useful lives have the recovery of their net carrying amounts tested annually, regardless whether there is any indication of impairment, by comparing the net realization value measured by cash flows discounted to present value, using a discount rate before taxes, which reflects the weighted average cost of capital of the Company.

2.2.22. Sales taxes

Under the non-cumulative taxation regime, the PIS and COFINS contribution rates are 1.65% and 7.6%, respectively, for companies under the taxable profit taxation regime, levied on gross revenue and discounting certain credits determined based on incurred costs and expenses. For companies that opt for the presumed profit taxation regime, under the cumulative taxation regime, the PIS and COFINS contribution rates are 0.65% and 3%, respectively, on gross revenue, without discounts of credits in relation to incurred costs and expenses.

2.2.23. Dividends

Management’s proposal for dividend distribution is within the mandatory minimum dividend are recorded as current liabilities in the line item “Dividends payable”, since it is considered a legal obligation provided for in the articles of incorporation of the Company.

2.2.24. Earnings (loss) per share – basic and diluted

Basic earnings per share are calculated by dividing the net income for the year attributable to the ordinary shareholders of the Company by the weighted average number of common shares outstanding over the year. Diluted earnings per share are calculated in a similar manner, however, they are increased by the weighted average ordinary shares that would be issued in the conversion of all potential diluted ordinary shares into ordinary shares.

(In thousands of Brazilian Reais, except if otherwise stated)

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

A series of new standards or changes to standards and interpretations will be effective for the following years, as follows:

New standards, changes and interpretations	Effective from
IFRS 15 (CPC 47) – Revenue from Contracts with Customers (a)	January 1st 2018*
IFRS 9 (CPC 48) – Financial Instruments (b)	January 1st 2018
IFRS 16 (CPC 06R2) – Leases (c)	January 1st 2019

a) IFRS 15 - Revenue from Contracts with Customers - *Suspended to Real Estate Development Companies*

The CPC 47 (IFRS 15) requires an entity to recognize the amount of revenue reflecting the consideration it expects to receive in exchange for the control over such goods or services. The new standard is going to replace most of the detailed guidance on revenue recognition that currently exists under the IFRS when it is adopted. For the real estate development sector, the evaluation will result from the recognition of revenue by maintaining the percentage of completion (POC) method, or adopting the method of delivery of keys.

CVM, through Letter CVM/SNC/SEP/No. 01/2018, instructed entities in the sense of maintaining the application of the provisions of Guideline OCPC 04 currently in effect, approved by CVM Resolution 653/2010, applying the adjustments deemed necessary in view of the IFRS 15 in effect for annual periods beginning on January 1, 2018, until an alignment is reached on whether to apply or not the recognition of revenue over time. Accordingly, the Company is waiting for the reassurance about the theme to measure, if applicable, the possible impact of the CPC 47 application on its financial statements.

b) IFRS 9 - Financial Instruments

IFRS 9 replaces the guidance of IAS 39 (CPC 38) Financial Instruments: Recognition and Measurement. IFRS 9 includes the new models for classification and measurement of financial instruments, and measurement of expected credit losses for financial and contractual assets, as well as new requirements for hedge accounting. The new standard maintains the existing guidance on the recognition and derecognition of financial instruments of IAS 39. The Company evaluated the impacts and, aimed to avoid providing incorrect information to the users of financial statements, it will wait for the conclusion of the discussions related to IFRS 15, as mentioned in the above paragraph, to disclose the effects of IFRS 9.

c) IFRS 16 - Leases

IFRS 16 introduces a single lease accounting model in the statement of financial position for lessees. The lessee recognizes a right-of-use asset that represents its right to use the leased asset, and a lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low value items. The lessor accounting remains similar to the current standard, that is, lessors continue to classify leases as finance or operating leases.

(In thousands of Brazilian Reais, except if otherwise stated)

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

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

The Company evaluates that the potential impact on its financial statements is that it will recognize new assets and liabilities for its operating leases of administrative offices. In addition, the nature of the expenses related to such leases will be changed, because IFRS 16 substitutes the expense on a straight-line basis for depreciation expenses of the right-of-use and interests on lease liabilities.

4. Cash and cash equivalents and short-term investments

4.1. Cash and cash equivalents

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Cash and banks	**19,480**	12,093	**39,377**	27,835
Securities purchased under resale agreements (a)	**-**	31	**-**	579
Cash and cash equivalents (Note 22.b.i)	**19,480**	12,124	**39,377**	28,414

(a) Securities purchased under resale agreements are securities issued by banks with security repurchase agreement guaranteed by the issuer and security resale agreement guaranteed by the customer, at agreed-upon rates and terms, backed by corporate or government securities depending on the bank’s cash and registered with CETIP. As of December 31, 2016, the securities purchased under resale agreements include interest earned through the statement of financial position’s reporting date December 31, 2017 from 75% to 100% of CDI.

4.2. Short-term investments

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Fixed-income funds	**-**	36,325	**1,718**	37,647
Exclusive fund (c)	**248,290**	-	**-**	-
Government bonds (LFT) (c)	**-**	4,043	**129,957**	4,091
Corporate securities	**-**	21,327	**3,979**	21,579
Securities purchased under resale agreements (c)	**7,828**	1,061	**204,339**	1,068
Bank certificates of deposit (a)	**70**	10,844	**230**	27,996
Restricted cash in guarantee to loans	**-**	33	**-**	33
Restricted credits (b)	**24,139**	27,584	**118,123**	102,659
Total short-term investments (Note 22.b.i)	**280,327**	101,217	**458,346**	195,073

(a) As of December 31, 2017, the Bank Certificates of Deposit (CDBs) include interest earned through the statement of financial position’s reporting date, ranging from 78.64% to 100% (from 85% to 104.5% as of December 31, 2016) of Interbank Deposit Certificates (CDI).

(b) Restricted credits are represented by onlending of the funds from associate credit (“*crédito associativo*”), a type of government real estate financing, which are in process of approval at the Caixa Econômica Federal (a Federally owned Brazilian bank used for real estate financing purpose). These approvals are made to the extent the contracts signed with customers at the financial institutions are regularized, which the Company expect to occur in up to 90 days.

(c) Tenda exclusive fund managed by Caixa, created on January 30, 2017, starting its activities on July 21, 2017, the net worth amounting to R$330,447, comprising Financial Treasury Bills (LFT) (SELIC) government bonds and securities purchased under resale agreements backed by NTN-F.

(In thousands of Brazilian Reais, except if otherwise stated)

5. Trade accounts receivable from real estate development and services

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Real estate development and sales	**140,002**	170,830	**496,490**	532,176
(-)Allowance for doubtful accounts	**(55,947)**	(60,775)	**(99,007)**	(79,586)
(-)Provision for cancelled contracts	**(10,209)**	(43,090)	**(21,688)**	(45,772)
(-)Present value adjustments	**(2,996)**	(1,460)	**(10,879)**	(2,901)
Receivables for land and services	**21,426**	24,109	**31,925**	23,230
	92,276	89,614	**396,841**	427,147
Current	**59,308**	51,674	**277,073**	250,474
Non-current	**32,968**	37,940	**119,768**	176,673

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

	Company		Consolidated	
Maturity	**12/31/2017**	12/31/2016	**12/31/2017**	12/31/2016
Overdue				
Up to 90 days	**374**	1,680	**13,549**	53,779
From 91 to 180 days	**1,564**	4,153	**9,888**	17,371
Over 180 days (a)	**50,702**	97,041	**76,773**	170,336
Subtotal – Overdue	**52,640**	102,874	**100,210**	241,486
Falling due				
2017	**-**	52,834	**-**	121,965
2018	**79,630**	18,704	**287,400**	96,543
2019	**14,911**	9,893	**79,792**	63,211
2020	**6,072**	3,217	**24,056**	15,306
2021	**3,720**	7,417	**21,408**	16,895
2022 onwards	**4,455**	-	**15,549**	-
Subtotal – Falling due	**108,788**	92,065	**428,205**	313,920
(-)Present value adjustment	**(2,996)**	(1,460)	**(10,879)**	(2,901)
(-)Allowance for doubtful account and provision for cancelled contracts	**(66,156)**	(103,865)	**(120,695)**	(125,358)
	92,276	89,614	**396,841**	427,147

(a) Of the amount more than 180 days overdue, the amounts in process of transfer to financial institutions amount to R$28,301 in the Company's balance and R$55,255 in the consolidated balance (R$25,433 in the Company's balance and R$55,492 in the consolidated balance as of December 31, 2016).

The change in the allowance for doubtful accounts and provision for cancelled contracts for the year ended December 31, 2017 and 2016, is as follows:

	Company			
	Receivables allowance for doubtful accounts	**Receivables provision for cancelled contracts**	**Properties for sale (Note 6)**	**Net balance**
Balance as at December 31, 2015	(43,451)	(16,046)	14,793	(44,704)
Additions	(29,882)	(39,042)	34,514	(34,410)
Reversal	12,558	11,998	(14,793)	9,763
Balance as at December 31, 2016	(60,775)	(43,090)	34,514	(69,351)
Additions	**(8,968)**	**(5,403)**	**4,526**	**(9,845)**
Reversal	**13,796**	**38,284**	**(29,493)**	**22,587**
Balance as at December 31, 2017	**(55,947)**	**(10,209)**	**9,547**	**(56,609)**

(In thousands of Brazilian Reais, except if otherwise stated)

5. Trade accounts receivable from real estate development and services - Continued

	Consolidated			
	Receivables allowance for doubtful accounts	**Receivables provision for cancelled contracts**	**Properties for sale (Note 6)**	**Net balance**
Balance as at December 31, 2015	(63,144)	(25,021)	21,764	(66,401)
Additions	(36,279)	(39,020)	36,357	(95,570)
Reversal	19,837	18,269	(21,764)	72,970
Balance as at December 31, 2016	(79,586)	(45,772)	36,357	(89,001)
Additions	**(39,342)**	**(35,720)**	**27,631**	**(47,431)**
Reversal	**19,921**	**59,804**	**(43,613)**	**36,112**
Balance as at December 31, 2017	**(99,007)**	**(21,688)**	**20,375**	**(100,320)**

The total amount of adjustment to present value recognized in revenue from real estate development for the year ended December 31, 2017 was R$1,536 (R$1,426 in December 2016), in the Company's balance, and R$7,978 (R$2,248 in December 2016) in the Consolidated balance.

Trade accounts receivable for properties completed and not completed were measured at present value considering the rate according to the criteria described in Note 2.2.2. The discount rate applied by the Company and its subsidiaries was 3.93% in 2017 (7.01% in 2016, net of INCC).

6. Properties for sale

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Land	**76,483**	95,374	**654,009**	454,183
Property under construction	**57,816**	72,886	**226,364**	227,940
Real estate cost in the recognition of the provision for cancelled contracts (Note 5)	**9,547**	34,514	**20,375**	36,357
Completed units	**31,744**	34,557	**70,846**	74,407
(-)Present value adjustment in purchase of land	**(1,593)**	(2,132)	**(28,368)**	(14,637)
(-)Impairment of properties for sale	**(8,282)**	(2,267)	**(9,021)**	(2,963)
	165,715	232,932	**934,205**	775,287
Current	**109,262**	177,838	**517,172**	563,576
Non-current	**56,453**	55,094	**417,033**	211,711

The Company has construction agreements on bartered units, related to the acquisition of land, recorded based on the fair value of bartered units at the acquisition date. As of December 31, 2017, the balance of obligations for land acquired by means of barter totals R$1,921 (R$2,505 in 2016) in the Company's balance, and R$118,037 (R$42,802 in 2016) in the Consolidated balance (Note 16).

According to Note 12, as of December 31, 2017 the balance of capitalized financial charges was R$7,357 (R$12,845 in 2016) in the Company's balance and R$28,394 (R$42,802 in 2016) in the Consolidated balance.

(In thousands of Brazilian Reais, except if otherwise stated)

7. Related parties

7.1 Balances with related parties

The balances with related parties, assets and liabilities are as follows:

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Assets				
Subsidiaries				
Related parties - Current account (b)	**96,875**	160,660	**-**	-
Loan receivable (d)	**9,299**	9,299	**-**	-
Total Subsidiaries	**106,174**	169,959	**-**	-
Jointly-controlled entities – Joint venture				
Related parties - Current account (b)	**13,222**	55,733	**13,222**	55,733
Loan receivable (d)	**33,837**	37,745	**33,837**	37,745
Total	**47,059**	93,478	**47,059**	93,478
Total assets	**153,233**	263,437	**47,059**	93,478
Curren	**110,097**	216,393	**13,222**	55,733
Non-current	**43,136**	47,044	**33,837**	37,745

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Liabilities				
Subsidiaries				
Related parties - Current account (c)	**230,328**	823,684	**-**	-
Total Subsidiaries	**230,328**	823,684	**-**	-
Jointly-controlled entities – Joint venture				
Related parties - Current account (c)	**34,817**	54,118	**34,817**	54,118
Loan payable (d)	**15,860**	50,599	**15,860**	50,599
Payables to Shareholders (a)	**-**	100,000	**-**	100,000
Total	**50,677**	204,717	**50,677**	204,717
Total liabilities	**281,005**	1,028,401	**50,677**	204,717
Current	**265,145**	877,802	**30,793**	49,665
Non-current	**15,860**	150,599	**19,884**	155,052

a) On December 14, 2016, the Extraordinary Shareholders' Meeting approved the decrease in the capital stock of the Company, without cancellation of shares and with refund to Gafisa of R$100 million, adjusted by the country's base rate (Selic) from May 4, 2017, date when the Company ceased to be a wholly-owned subsidiary of Gafisa. On November 30, 2017 the Company settled the debit at the amount of R$105,170;

b) The Company participates in the development of real estate ventures with other partners either directly or indirectly by means of related parties. The management structure of such ventures and cash management is centralized in the leading company of the venture, which manages the construction development and budget. Therefore, the venture leader assures that the investments of the required funds are made and allocated as planned. The sources and investment of funds of the ventures are reflected in these balances, observing the respective interest percentage of each investor, and are not subject to the adjustment or financial charges of each investor, and do not have fixed maturity. Such operations aim at streamlining the business relationships that demand joint management of amounts reciprocally owed by the involved parties, and, accordingly, the control over the change in the amounts reciprocally granted, which offset each other at the closing of the current account. The average term of development and completion of the ventures in which the funds are invested ranges from 18 to 24 months;

c) Amount related to the funds transferred between the companies of the group that will be written-off due to capital increase or reduction;

d) The loans of the Company and its joint venture, shown below, are taken out due to the cash needs for carrying out their respective activities, being subject to the financial charges described in agreements. The businesses and transactions with related parties are made at arm's length, and adjusted to protect the interests of both parties involved in the transaction.

The composition, nature and conditions of loan balance receivable and payable of the Company are shown below. Loans have maturities according to the period of the respective ventures.

(In thousands of Brazilian Reais, except if otherwise stated)

7. Related parties - Continued

7.1 Balances with related parties - Continued

	Company		Consolidated			
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016	**Nature**	**Interest rate**
Subsidiaries						
Fit 09 SPE Empr. Imob. Ltda. (c)	**9,299**	9,299	**-**	-	Construction	120% to 126.5% p.a. of CDI
Loans receivable - Subsidiaries	**9,299**	9,299	**-**	-		
Jointly-controlled entities – Joint venture						
Atua Construtora e Incorporadora S.A. (a)	**12,167**	12,167	**12,167**	12,167	Construction	112% of 113.5% of CDI
Interativa Empre. & Part. Ltda. (b)	**-**	4,548	**-**	4,548	Construction	12% p.a.
Fit 19 SPE Empr. Imobiliários Ltda. (c)	**17,389**	17,002	**17,389**	17,002	Construction	100% of CDI
Acedio SPE Empr. Imobiliários Ltda. (c)	**4,281**	4,028	**4,281**	4,028	Construction	100% of CDI
Loans receivable Joint venture	**33,837**	37,745	**33,837**	37,745		
	43,136	47,044	**33,837**	37,745		

(a) Amount related to the loan of the company with the company 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 by agreed-upon financial charges in view of the arbitration.

(b) Loan with the company Interativa Empreendimentos & Amount, received on March 29, 2017.

(c) Amounts receivable among the SPEs that are adjusted through August 2014 (date of last request in arbitration) with the financial charges agreed upon in the terms of contracts. 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 with the company Fit 09 SPE Empr. Imob. Ltda. was eliminated for purposes of the Consolidated financial statements, and the balance changes that were shown arose from the new amounts to guarantee the operations of the companies.

	Company		Consolidated			
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016	**Nature**	**Interest rate**
Jointly-controlled entities – Joint venture						
Parque dos Pássaros (d)	**7,943**	5,765	**7,943**	5,765	Construction	6% p.a.
Fit 11 SPE Empr. Imob.Ltda. (e)	**-**	6,285	**-**	6,285	Construction	6% p.a.
Fit 31 SPE Empr. Imob. Ltda. (e)	**-**	1,381	**-**	1,381	Construction	6% p.a.
Fit 34 SPE Empr. Imob. Ltda. (e)	**-**	23,318	**-**	23,318	Construction	6% p.a.
Fit 03 SPE Empr. Imob. Ltda. (e)	**-**	8,412	**-**	8,412	Construction	6% p.a.
Araçagy (Franere Gafisa 08) (d)	**7,917**	5,438	**7,917**	5,438	Construction	6% p.a.
Loans payable	**15,860**	50,599	**15,860**	50,599		

(d) Loans with joint ventures that will be adjusted for inflation at 6% p.a. plus IOF levied on the transaction, until its settlement.

(e) Loan settled by the acquisition of subsidiaries: 30% of Fit 11 SPE Empreendimentos Imobiliários Ltda; 30% of Fit 31 SPE Empreendimentos Imobiliários Ltda.; 30% of Fit 34 SPE Empreendimentos Imobiliários Ltda; and 20% of Fit 03 SPE Empreendimentos Imobiliários Ltda.

In the year ended December 31, 2017 financial income from loan interests was recognized in the amount of R$116 (R$161 in 2016) in the Company's balance and R$132 (R$178 in 2016) in the Consolidated balance (Note 25).
In the year ended December 31, 2017 financial expenses from loan interests payable were recognized in the amount of R$2,220 (R$1,341 in the Company's and Consolidated balance as of December 31, 2016) in the Company's and Consolidated balance (Note 25).

7.2 Endorsements, guarantees and sureties

The financial transactions of the Tenda group are guaranteed by the endorsement or surety in proportion to the interest of the Company in the capital stock of such companies, in the amount of R$375,306 as of December 31, 2017 (R$346,250 as of December 31, 2016).

(In thousands of Brazilian Reais, except if otherwise stated)

7. Related parties - Continued

7.3 Transactions with Related Parties of the same group

The transactions between the Company and its subsidiaries amounted to R$54,048 as of December 31, 2017 related to management and construction work management services (R$81,764 in December 2016), which were recognized in the line item "Net Operating Revenue" in the Company's balance, and were fully eliminated from the consolidated financial statements.

8. Non-current assets held for sale

8.1 Land for sale

The Company, in line with its adopted strategic direction, opted for putting for sale the land not included in the business plan approved for the year 2017. Similarly, it formulated a specific plan for selling such land. Their carrying amount, adjusted to market value, when applicable, after tests for impairment, is as follows:

	Company			Consolidated		
	Cost	Provision for impairment	Net balance	Cost	Provision for impairment	Net balance
Balance as at December 31, 2015	**94,642**	**(25,371)**	**69,271**	**128,216**	**(26,726)**	**101,490**
Additions	3,592	-	3,592	14,511	-	14,511
Reversal / write-offs	(44,529)	15,153	(29,376)	(55,457)	14,683	(40,774)
Balance as at December 31, 2016	**53,705**	**(10,218)**	**43,487**	**87,270**	**(12,043)**	**75,227**
Additions	**1,121**	**(2,024)**	**(903)**	**12,828**	**(2,044)**	**10,881**
Reversal / write-offs	**(10,080)**	**2,707**	**(7,373)**	**(24,241)**	**3,057**	**(21,281)**
Balance as at December 31, 2017	**44,746**	**(9,535)**	**35,211**	**75,857**	**(11,030)**	**64,827**

9. Investments in ownership interests

(i) Ownership interests:

	Company		Consolidated	
Subsidiaries	**12/31/2017**	12/31/2016	**12/31/2017**	12/31/2016
Wholly-owned	**822,372**	1,223,901	**-**	-
By managing significant operations	**16,980**	28,156	**-**	-
Capitalized interests	**4,858**	9,781	**-**	-
Amount in excess of carrying amount on purchase	**-**	12	**-**	-
	844,210	1,261,850	**-**	-
Jointly-controlled entities - Joint venture	**65,417**	147,831	**65,417**	147,831
	909,627	1,409,681	**65,417**	147,831

(In thousands of Brazilian Reais, except if otherwise stated)

9. Investments in ownership interests - Continued

Change in investments

	Company	Consolidated
Balance as at December 31, 2015	1,432,302	163,349
Income from equity method investments	78,145	(5,456)
Dividends	(109,884)	-
Advance for future capital increase	(90,091)	(6,614)
Capital contribution	91,408	3,694
Capital decrease	(11,339)	-
Capitalized interests	-	-
Provision for net capital deficiency of equity accounted investees	11,135	2
Other Investments	8,005	(7,144)
Balance as at December 31, 2016	**1,409,681**	**147,831**
Income from equity method investments	**183,378**	**(1,115)**
Dividends	**(92,704)**	**-**
Advance for future capital increase	**(65,671)**	**-**
Capitalized interests	**92,895**	**-**
Capital decrease (a)	**(623,577)**	**(13,353)**
Acquisition (sale) of interest	**11,757**	**(68,888)**
Provision for net capital deficiency of equity accounted	**(1,797)**	**60**
Other Investments	**(4,335)**	**882**
Balance as at December 31, 2017	**909,627**	**65,417**

a) Most of the decrease in the capital of investees was settled with related parties: Cita Itapoan;FIT 31 SPE Emp. Imob; AC Participações Ltda; FIT 32 SPE Emp. Imob;FIT 22 SPE Emp. Imob; FGM Incorporações S.A; FIT 24 SPE Emp. Imob; FIT 07 SPE Emp. Imob.; FIT SPE 05 Emp. Imob.; FIT SPE 01 Emp. Imob.; Tenda SP Jardim São Luiz; SPE Tenda SP Vila Park; Salvador Dali Emp. Imob; Guaianazes Life Emp. Imob.;SPE Tenda SP Osasco; and SPE Tenda SP Itaquera.

Construtora Tenda S.A.

Notes to the Individual and Consolidated Financial Statements
December 31, 2017 and 2016
(In thousands of Brazilian Reais, except if otherwise stated)

9. Investments in ownership interests –Continued

Breakdown of investments as of December 31, 2017

OWNERSHIP INTERESTS AT 12/31/2017

Subsidiaries	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and Advance for future capital increase	Profit (loss) for the year	Interest in capital	Share of profit/(loss) of equity method investments	Investment balance
SPE TENDA SP ITAQUERA LIFE EMP.IMOB.LTDA	320	28	30	-	318	259	100%	259	318
SPE TENDA SP OSASCO LIFE EMP.IMOB.LTDA	991	8	7	-	992	980	100%	980	992
SPE TENDA SP SALVADOR DALI EMP.IMOB.LTDA	129	10	19	-	120	1,013	100%	1,013	120
SPE TENDA SP VILA PARK EMP.IMOB.LTDA	1,191	42	194	-	1,039	341	100%	341	1,039
SPE TENDA SP VALÊNCIA EMP.IMOB.LTDA	403	16	20	-	399	90	100%	90	399
SPE TENDA SP JD. SÃO LUIZ LIFE EMP.IMOB.LTDA	316	38	31	-	323	176	100%	176	323
COTIA 1 EMP.IMOB.LTDA.	1,869	64	192	-	1,741	(1,386)	100%	(1,386)	1,741
FIT ROLAND GARROS EMP.IMOB.LTDA.	102	-	98	-	4	(270)	100%	(270)	4
MARIA INÊS SPE EMP.IMOB.LTDA.	676	-	54	8	614	(65)	100%	(65)	614
FIT 01 SPE EMP.IMOB.LTDA.	964	80	223	-	821	134	100%	134	821
FIT 02 SPE EMP.IMOB.LTDA.	9,566	-	73	-	9,493	(60)	100%	(60)	9,493
FIT 05 SPE EMP.IMOB.LTDA.	919	41	416	-	544	(666)	100%	(666)	544
FIT 10 SPE EMP.IMOB.LTDA.	2,201	241	277	-	2,165	(1,009)	100%	(1,009)	2,165
FIT 11 SPE EMP.IMOB.LTDA.	2,300	-	634	12	1,654	949	100%	949	1,654
FIT PALLADIUM SPE EMP.IMOB.LTDA.	64	-	1	-	63	(192)	100%	(192)	63
FIT 06 SPE EMP.IMOB.LTDA.	7,852	-	666	-	7,186	(1)	100%	(1)	7,186
FIT 07 SPE EMP.IMOB.LTDA.	503	-	342	-	161	(218)	100%	(218)	161
FIT 24 SPE EMP.IMOB.LTDA.	46	-	-	-	46	18	100%	18	46
FGM INCORP. S/A	230	1	178	-	53	(345)	100%	(345)	53
FIT 16 SPE EMP.IMOB.LTDA.	21,758	208	369	-	21,597	(1,654)	100%	(1,654)	21,597
FIT 25 SPE EMP.IMOB.LTDA.	3,344	60	1,075	-	2,329	(1,774)	100%	(1,774)	2,329
FIT 31 SPE EMP.IMOB.LTDA.	5,100	-	433	-	4,667	(247)	100%	(247)	4,667
FIT 32 SPE EMP.IMOB.LTDA.	2,435	782	135	-	3,082	(9)	100%	(9)	3,082
FIT 34 SPE EMP.IMOB.LTDA.	17,415	-	20	-	17,395	96	100%	96	17,395
FIT 35 SPE EMP.IMOB.LTDA.	227	51	5	-	273	(74)	100%	(74)	273
FIT 37 SPE EMP.IMOB.LTDA.	105	14	44	-	75	(77)	100%	(77)	75
FIT 38 SPE EMP.IMOB.LTDA.	99	16	19	-	96	(91)	100%	(91)	96
FIT 39 SPE EMP.IMOB.LTDA.	103	3	86	-	20	(47)	100%	(47)	20
FIT 40 SPE EMP.IMOB.LTDA.	845	256	47	33	1,021	210	100%	210	1,021
FIT 42 SPE EMP.IMOB.LTDA.	215	-	90	-	125	33	100%	33	125
FIT 03 SPE EMP.IMOB.LTDA.	207	-	82	11	114	(176)	100%	(176)	114
TENDA NEG. IMOB. S/A (Consolidated)	924,299	413,845	367,942	298,070	672,132	197,822	100%	197,822	672,132
TENDA 28 SPE EMP.IMOB.LTDA.	346	-	18	-	328	328	100%	328	328
AC PART. LTDA.	1,668	19	110	50	1,527	(1,326)	100%	(1,326)	1,527
EVP PART. S.A.	102	-	5	-	97	-	100%	-	97
ASPLENIUM EMP.IMOB.LTDA.	1,675	2,794	237	269	3,963	(1,158)	100%	(1,158)	3,963
TENDA SPE 19 EMP.IMOB.LTDA	9	-	-	-	9	(90)	100%	(90)	9
JD. SÃO LUIZ SPE INCORP. LTDA	62,140	4,438	366	427	65,785	(1,086)	100%	(1,086)	65,785
TENDA 25 SPE EMP.IMOB.LTDA.	15,290	-	-	-	15,290	(90)	70%	(63)	10,703
CITTÀ VILLE SPE EMP.IMOB.LTDA.	17,688	4	2,904	2,233	12,555	(4,102)	50%	(2,051)	6,278
Capitalized interests								(4,922)	4,859
Total Subsidiaries	**1,105,712**	**423,059**	**377,442**	**301,113**	**850,216**	**186,236**		**183,392**	**844,211**

Joint control	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and advance for future capital increase	Net revenue	Profit (loss) for the year	Interest in capital	Share of profit/(loss) of equity method investments	Investment balance
ACEDIO SPE EMP.IMOB.LTDA.	5,648	-	7	4,281	1,360	1	(1)	55%	(1)	748
FIT JD. BOTÂNICO SPE EMP.IMOB.LTDA.	8,685	-	106	16	8,563	442	(14)	55%	(8)	4,710
IMBUI I SPE EMP.IMOB.LTDA.	1,263	7,526	116	428	8,245	47	(22)	50%	(11)	4,123
CITTA IPITANGA SPE EMP. IMOB.S LTDA.	1,136	2	337	660	141	33	4	50%	2	71
GRAND PARK PQ. PÁSSAROS EMP.IMOB.LTDA.	6,629	25,742	1,907	1,843	28,621	2,087	(1,602)	50%	(801)	14,311
CITTA ITAPUÃ EMP. IMOB.S SPE LTDA.	2,801	9	459	1,775	576	66	31	50%	16	288
SPE FRANERE GAFISA 08 EMP.IMOB.LTDA.	21,553	27,360	2,150	3,427	43,336	322	500	50%	250	21,668
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,369	-	168	87	18,114	866	(976)	50%	(488)	9,057
FIT 13 SPE EMP.IMOB.LTDA.	18,014	3,526	655	-	20,885	-	(7)	50%	(3)	10,443
Consolidated	**84,098**	**64,165**	**5,905**	**12,517**	**129,841**	**3,864**	**(2,087)**		**(1,044)**	**65,417**
Amount in excess of carrying value at the time of the purchase									(12)	-
Total Company	**1,189,810**	**487,224**	**383,347**	**313,630**	**980,057**	**3,864**	**184,149**		**182,336**	**909,627**

(In thousands of Brazilian Reais, except if otherwise stated)

9. Investments in ownership interests –Continued

Breakdown of investments as of December 31, 2016

Subsidiaries	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Ownership interests	Income from equity method investments	Investment balance
AC PARTICIPAÇÕES LTDA.	20,683	53	859	-	19,877	(811)	100%	(811)	19,877
ASPLENIUM EMP.IMOB.LTDA.	32,585	4,136	1,398	42	35,281	20,579	100%	20,579	35,281
COTIA 1 EMP.IMOB.LTDA.	153,367	792	261	-	153,898	(3,266)	100%	(3,266)	153,898
FGM INCORP. S/A	50,776	-	39	-	50,737	51	100%	51	50,737
FIT 01 SPE EMP.IMOB.LTDA.	38,070	302	291	-	38,081	(392)	100%	(392)	38,081
FIT 05 SPE EMP.IMOB.LTDA.	96,386	-	147	-	96,239	(1,203)	100%	(1,203)	96,239
FIT 06 SPE EMP.IMOB.LTDA.	7,536	-	349	-	7,187	115	100%	115	7,187
FIT 07 SPE EMP.IMOB.LTDA.	47,242	-	64	-	47,178	(172)	100%	(172)	47,178
FIT 10 SPE EMP.IMOB.LTDA.	7,614	576	685	-	7,505	(1,097)	100%	(1,097)	7,505
FIT 16 SPE EMP.IMOB.LTDA.	30,145	589	735	5	29,994	345	100%	345	29,994
FIT 22 SPE EMP.IMOB.LTDA.	10,504	-	4	-	10,500	(3)	100%	(3)	10,500
FIT 24 SPE EMP.IMOB.LTDA.	31,538	88	81	-	31,545	(273)	100%	(273)	31,545
FIT 32 SPE EMP.IMOB.LTDA.	12,106	1,806	601	-	13,311	2,645	100%	2,645	13,311
FIT 40 SPE EMP.IMOB.LTDA.	24,068	438	276	-	24,230	187	100%	187	24,230
JD. SÃO LUIZ SPE INCORP. LTDA	70,124	6,486	1,536	10	75,064	25,766	100%	25,766	75,064
SPE TENDA SP GUAIANAZES LIFE EMP.IMOB.LTDA	20,348	67	31	-	20,384	(46)	100%	(46)	20,384
SPE TENDA SP ITAQUERA LIFE EMP.IMOB.LTDA	10,337	-	32	-	10,305	80	100%	80	10,305
SPE TENDA SP JD. SÃO LUIZ LIFE EMP.IMOB.LTDA	16,023	15	112	-	15,926	127	100%	127	15,926
SPE TENDA SP OSASCO LIFE EMP.IMOB.LTDA	18,259	39	22	-	18,276	(26)	100%	(26)	18,276
SPE TENDA SP VILA PARK EMP.IMOB.LTDA	19,244	134	175	-	19,203	(687)	100%	(687)	19,203
TENDA 25 SPE EMP.IMOB.LTDA.	15,379	-	-	-	15,379	474	70%	332	10,765
TENDA NEG. IMOB. S/A	956,027	132,791	413,873	200,635	474,310	71,383	100%	71,383	474,310
TENDA SPE 19 EMP.IMOB.LTDA	6,430	9	130	-	6,309	85	100%	85	6,309
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	19,034	205	149	-	19,090	862	50%	431	9,545
CITTÀ VILLE SPE EMP.IMOB.LTDA.	18,363	-	2,031	-	16,332	(5,862)	50%	(2,931)	8,166
FIT 13 SPE EMP.IMOB.LTDA.	21,545	-	653	-	20,892	(13,596)	50%	(6,798)	10,446
								(1,357)	9,781
Other (*)	12,144	2,477	3,248	-	11,374	(5,903)		(5,980)	7,807
Total subsidiaries	**1,765,877**	**151,003**	**427,782**	**200,692**	**1,288,407**	**89,362**		**97,084**	**1,261,850**

Jointly-controlled investees	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Ownership interests	Income from equity method investments	Investment balance
CITTA IPITANGA SPE EMP. IMOB.S LTDA.	2,409	9,946	535	202	11,618	(143)	50%	(71)	5,809
CITTA ITAPUÃ EMP. IMOB.S SPE LTDA.	4,303	14,777	750	976	17,354	(661)	50%	(331)	8,677
FIT 02 SPE EMP.IMOB.LTDA.	13,635	-	1	1,334	12,301	2,715	60%	1,629	7,381
FIT 03 SPE EMP.IMOB.LTDA.	906	10,785	310	-	11,381	(23)	80%	(19)	9,105
FIT 11 SPE EMP.IMOB.LTDA.	24,248	9,091	4,384	-	28,956	(526)	70%	(368)	20,269
FIT 31 SPE EMP.IMOB.LTDA.	13,012	2,062	654	-	14,420	(1,869)	70%	(1,308)	10,094
FIT 34 SPE EMP.IMOB.LTDA.	1,729	33,989	1,331	-	34,387	768	70%	538	24,071
GRAND PARK–PQ. DOS PÁSSAROS EMP.IMOB.LTDA.	10,678	22,437	705	2,187	30,222	(5,020)	50%	(2,510)	15,111
MARIA INÊS SPE EMP.IMOB.LTDA.	21,058	-	41	-	21,017	(10)	60%	(6)	12,610
SPE FRANERE GAFISA 08 EMP.IMOB.LTDA.	29,652	18,210	1,731	3,295	42,834	(5,469)	50%	(2,735)	21,417
Other (*)	15,480	7,526	4,312	243	18,451	(1,047)		(273)	13,275
Total Consolidated	**137,110**	**128,823**	**14,754**	**8,237**	**242,941**	**(11,285)**		**(5,454)**	**147,819**
Amount in exccess of carrying value upon purchase									12
Total Company	**1,902,987**	**279,826**	**442,536**	**208,929**	**1,531,348**	**78,077**		**91,630**	**1,409,681**

(In thousands of Brazilian Reais, except if otherwise stated)

9. Investments in ownership interests –Continued

(ii) Ownership interests – net capital deficiency

Breakdown of the Provision for net capital deficiency of equity accounted investees as of December 31, 2017

PROVISION FOR NET CAPITAL DEFICIENCY OF EQUITY ACCOUNTED INVESTEES DEC/2017

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Interest in capital	Share of profit/(loss) of equity method investments	Investment balance
Subsidiaries									
MÁRIO COVAS SPE EMP.IMOB.LTDA.	266	1	587	-	(320)	(811)	100%	(811)	(320)
FIT BILD 09 SPE EMP.IMOB.LTDA.	3,147	-	947	9,376	(7,176)	109	75%	82	(5,379)
FIT 12 SPE EMP.IMOB.LTDA.	138	23	550	-	(389)	(551)	100%	(551)	(389)
FIT 22 SPE EMP.IMOB.LTDA.	5	-	18	-	(13)	(63)	100%	(63)	(13)
TENDA 24 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
TENDA 26 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
SPE TENDA SP GUAIANAZES LIFE EMP.IMOB.LTDA	43	5	523	-	(475)	(524)	100%	(524)	(475)
TENDA 30 SPE EMP.IMOB.LTDA	1	-	107	-	(106)	(22)	100%	(22)	(106)
TND NEG. IMOB. LTDA.	1,526	-	8,262	-	(6,736)	2,644	100%	2,644	(6,736)
TENDA 35 SPE PART. S/A	3	-	35	-	(37)	(5)	100%	(5)	(37)
TDA NEG. IMOB. LTDA.	172	-	2,286	-	(2,114)	355	100%	355	(2,114)
	5,301	29	13,317	9,376	(17,368)	1,130		1,103	(15,571)
Joint control									
FIT CAMPOLIM SPE EMP.IMOB.LTDA	7,469	-	-	17,385	(9,920)	(107)	55%	(59)	(5,456)
	7,469	-	-	17,385	(9,920)	(107)		(59)	(5,456)
Total Provision for Net Capital Deficiency of Equity Accounted Investe	**12,770**	**29**	**13,317**	**26,761**	**(27,288)**	**1,023**		**1,044**	**(21,027)**

Breakdown of the Provision for net capital deficiency of equity accounted investees as of December 31, 2016

	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Ownership interests	Income from equity method investments	Provision balance
Subsidiaries									
FIT BILD 09 SPE EMP.IMOB.LTDA.	3,141	37	10,463	-	(7,285)	(894)	75%	(671)	(5,465)
TDA NEG. IMOB. LTDA.	117	-	2,586	-	(2,469)	(1,402)	100%	(1,402)	(2,469)
TENDA 30 SPE EMP.IMOB.LTDA	2	-	85	-	(83)	(22)	100%	(22)	(83)
TENDA 35 SPE PARTICIPAÇÕES S/A	1	-	32	-	(31)	(7)	100%	(7)	(31)
TND NEG. IMOB. LTDA.	1,310	-	10,690	-	(9,380)	(11,381)	100%	(11,381)	(9,380)
	4,571	37	23,856	-	(19,248)	(13,706)		(13,483)	(17,428)
Jointly-controlled investees									
FIT CAMPOLIM SPE EMP.IMOB.LTDA	7,200	-	17,009	-	(9,809)	(4)	55%	(2)	(5,396)
	7,200	-	17,009	-	(9,809)	(4)		(2)	(5,396)
Total provision for net capital deficiency of equity accounted investees	**11,771**	**37**	**40,865**	**-**	**(29,057)**	**(13,710)**		**(13,485)**	**(22,824)**

10. Property and equipment

Company		Company		Consolidated	
Type	**Depreciation rate % p.a.**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**
Cost					
Hardware	20%	**21,483**	18,662	**21,483**	18,662
Leasehold improvements and installations	25%	**8,906**	9,338	**8,906**	9,338
Furniture and fixtures	10%	**3,353**	4,171	**3,353**	4,239
Machinery and equipment	10%	**2,729**	1,450	**2,729**	1,450
Molds	20%	**32,936**	18,681	**32,936**	18,681
		69,407	52,302	**69,407**	52,370
Accumulated depreciation		**(27,583)**	(22,195)	**(27,583)**	(22,227)
		41,824	**30,107**	**41,824**	**30,143**

The residual value, useful life and depreciation methods were reviewed in the closing of the fiscal year, and no change was made. Assets are subject to periodical analysis of impairment.

(In thousands of Brazilian Reais, except if otherwise stated)

10. Property and equipment - Continued

Change in property and equipment

	Company						
Cost	**Hardware**	**Leasehold improvements and installations**	**Furniture and fixtures**	**Machinery and equipment**	**Molds**	**Sales stands**	**Total**
Balance as at 12/31/2015	13,582	8,020	4,247	1,400	13,067	1,483	41,799
Addition	7,085	1,453	17	53	5,614	-	14,222
Write-off	(455)	-	-	-	-	-	(455)
100% depreciated items	(1,550)	(135)	(93)	(3)	-	(1,483)	(3,264)
Balance as at 12/31/2016	18,662	9,338	4,171	1,450	18,681	-	52,302
Depreciation							
Balance at 12/31/2015	(5,886)	(3,375)	(2,926)	(554)	(3,074)	(1,398)	(17,213)
Addition	(3,048)	(1,381)	(431)	(143)	(3,158)	(85)	(8,246)
100% depreciated items	1,550	135	93	3	-	1,483	3,264
Depreciation at 12/31/2016	(7,384)	(4,621)	(3,264)	(694)	(6,232)	-	(22,195)
Balance as at 12/31/2016	11,278	4,717	907	756	12,449	-	30,107

	Company					
	Hardware	**Leasehold improvements and installations**	**Furniture and fixtures**	**Machinery and equipment**	**Molds**	**Total**
Cost						
Balance as at 12/31/2016	18,662	9,338	4,171	1,450	18,681	52,302
Addition	5,166	1,529	345	1,294	14,255	22,589
100% depreciated items	(2,345)	(1,961)	(1,163)	(15)	-	(5,484)
Cost at 12/31/2017	**21,483**	**8,906**	**3,353**	**2,729**	**32,936**	**69,407**
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,621)	(3,264)	(694)	(6,232)	(22,195)
Addition	(3,968)	(1,455)	(390)	(216)	(4,843)	(10,872)
100% depreciated items	2,345	1,961	1,163	15	-	5,484
Depreciation at 12/31/2017	**(9,007)**	**(4,115)**	**(2,491)**	**(895)**	**(11,075)**	**(27,583)**
Balance as at 12/31/2017	**12,476**	**4,791**	**862**	**1,834**	**21,861**	**41,824**

(In thousands of Brazilian Reais, except if otherwise stated)

10. Property and equipment - Continued

Change in property and equipment -Continued

	Consolidated						
Cost	**Hardware**	**Leasehold improvements and installations**	**Furniture and fixtures**	**Machinery and equipment**	**Molds**	**Sales stands**	**Total**
Balance as at 12/31/2015	13,582	8,020	4,315	1,400	13,067	1,599	41,983
Addition	7,085	1,453	17	53	5,614	-	14,222
Write-off	(455)	-	-	-	-	-	(455)
100% depreciated items	(1,550)	(135)	(93)	(3)	-	(1,599)	(3,380)
Cost at 12/31/2016	18,662	9,338	4,239	1,450	18,681	-	52,370
Depreciation							
Balance as at 12/31/2015	(5,886)	(3,069)	(2,952)	(554)	(3,379)	(1,514)	(17,354)
Addition	(3,048)	(1,381)	(438)	(143)	(3,158)	(85)	(8,253)
100% depreciated items	1,550	135	93	3	-	1,599	3,380
Depreciation at 12/31/2016	(7,384)	(4,315)	(3,297)	(694)	(6,537)	-	(22,227)
Balance as at 12/31/2016	11,278	5,023	942	756	12,144	-	30,143

	Consolidated					
Cost	**Hardware**	**Leasehold improvements and installations**	**Furniture and fixtures**	**Machinery and equipment**	**Molds**	**Total**
Balance as at 12/31/2016	18,662	9,338	4,239	1,450	18,681	52,370
Addition	5,166	1,529	353	1,294	14,255	22,597
Write-off	-	-	(76)	-	-	(76)
100% depreciated items	(2,345)	(1,961)	(1,163)	(15)	-	(5,484)
Cost at 12/31/2017	**21,483**	**8,906**	**3,353**	**2,729**	**32,936**	**69,407**
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,315)	(3,297)	(694)	(6,537)	(22,227)
Addition	(3,968)	(1,455)	(396)	(216)	(4,843)	(10,878)
Write-off	-	-	38	-	-	38
100% depreciated items	2,345	1,961	1,163	15	-	5,484
Depreciation at 12/31/2017	**(9,007)**	**(3,809)**	**(2,492)**	**(895)**	**(11,380)**	**(27,583)**
Balance as at 12/31/2017	**12,476**	**5,097**	**861**	**1,834**	**21,556**	**41,824**

11. Intangible assets

	Company/Consolidated					
	12/31/2015					**12/31/2016**
	Balance	**Addition**	**Write-off**	**Amortization**	**100% amortized items**	**Balance**
Software – Cost	34,774	8,393	(1,821)	-	(12,181)	**29,165**
Software – Amortization	(17,915)	-	-	(6,131)	12,181	**(11,865)**
Other	1,628	-	-	(1,063)	-	**565**
	18,487	8,393	(1,821)	(7,194)	-	**17,865**

(In thousands of Brazilian Reais, except if otherwise stated)

11. Intangible assets - Continued

	Company/Consolidated					
	12/31/2016					12/31/2017
	Balance	Addition	Write-off	Amortization	100% amortized items	Balance
Software – Cost	29,165	12,088	(1,083)	-	(3,273)	**36,897**
Software – Amortization	(11,865)	156	-	(6,817)	3,273	**(15,253)**
Other	565	109	-	(674)	-	**-**
	17,865	12,353	(1,083)	(7,491)	-	**21,644**

These refer to expenditures on acquisition and implementation of information systems and software licenses, amortized over a five-year period (20% per year).

For intangible assets with finite lives, the Company makes the amortization over their useful economic life, which are assessed for impairment whenever there is indication of asset impairment. The amortization period and method of an intangible asset with finite life are reviewed at least at the end of each fiscal year.

12. Loans and financing

			Company		Consolidated	
Type	Maturity	Annual interest rate p.a.	12/31/2017	12/31/2016	12/31/2017	12/31/2016
National Housing System - SFH	10/2017 to 08/2021	TR + 8.30% p.a.	**22,064**	11,254	**92,395**	82,974
Certificate of Bank Credit - CCB	12/2017 to 2019	CDI + 3.95% p.a.	**15,934**	33,652	**20,126**	46,234
		INCC-DI Variation	**-**	-	**3,642**	5,786
Total			**37,998**	44,906	**116,163**	134,994
Current			**17,315**	28,690	**31,033**	41,333
Non-current			**20,683**	16,216	**85,130**	93,661

The current and non-current portions mature as follows:

	Company		Consolidated	
Maturity	**12/31/2017**	12/31/2016	**12/31/2017**	12/31/2016
2017	-	28,690	-	41,333
2018	**17,315**	10,371	**31,033**	37,242
2019	**8,037**	4,636	**30,805**	38,446
2020	**9,562**	1,209	**38,290**	17,111
2021 onwards	**3,084**	-	**16,035**	862
	37,998	44,906	**116,163**	134,994

The Company has loan and financing contracts with restrictive covenants that require the fulfillment of certain economic and financial ratios. The non-compliance with such covenants may imply debt acceleration.

As of December 31, 2017 the ratio required by this restrictive covenant is shown in the table is as follows:

	12/31/2017
Net leverage ratio of total net financial debt to equity, which shall not exceed 15%(Note 22.c).	**-19.55%**

(In thousands of Brazilian Reais, except if otherwise stated)

12. Loans and financing – Continued

Financial expenses of loans and financing are capitalized at cost of each venture construction and land, according to the use of funds, and appropriated to profit or loss for the year in proportion to the units sold, as shown below. The capitalization rate used for determining the amount of the costs of loan eligible to capitalization was 8.30% as of December 31, 2017 (8.30% to 9.50% as of December 31, 2016).

The following table shows the summary of financial expenses and charges and the capitalized portion in the line item “properties for sale".

	Company		Consolidated	
	12/31/2017	12/31/2016	**3/12/2017**	12/31/2016
Total financial charges for the year	**9,623**	20,277	**23,990**	34,934
Capitalized financial charges	**(1,232)**	(3,888)	**(15,732)**	(15,957)
Financial expenses (Note 25)	**8,391**	16,389	**8,258**	18,977
Financial charges included in “Properties for sale”:				
Opening balance	**12,845**	23,523	**42,802**	54,902
Capitalized financial charges	**1,232**	3,888	**15,732**	15,957
Charges recognized in profit or loss (Note 23)	**(6,720)**	(14,566)	**(30,140)**	(28,057)
Closing balance	**7,357**	12,845	**28,394**	42,802

13. Debentures

			Transaction costs		Company/Consolidated
Transaction type	**Maturity**	**Annual interests**	**Incurred**	**To be incurred**	**12/31/2017**
Debentures	January 2021	CDI + 0.90%	**207**	**6,069**	**154,002**
Total debentures					**154,002**

	Company / Consolidated
	12/31/2017
Non-current	
Debentures	**160,071**
Transaction costs	**(6,069)**
	154,002

On September 06, 2017, the Company launched the third placement of non-convertible debentures, with maturity on January 15, 2021, in a single lot, in the total amount of R$270,000. Debentures are securitized by real estate receivables certificates issued by Ares Serviços Imobiliários Ltda. and backs the CRI issued by Apice Securitizadora S/A.

The proceeds will solely be used in real estate ventures specifically targeted at the popular segment.

The Company has restrictive covenants that restrict certain decision-making, such as debt issue and power to require debt acceleration or loan refinancing if it breaches such restrictive covenants.

The ratio required by such restrictive covenant as of December 31, 2017 is as follows:

	12/31/2017
Net leverage ratio, of total net financial debt to equity, cannot exceed 15% (Note 22.c).	**-27.09%**

(In thousands of Brazilian Reais, except if otherwise stated)

14. Salaries, payroll charges and profit sharing

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Salaries and payroll charges	**2,472**	2,392	**7,652**	6,154
Provisions for labor claims	**2,480**	2,522	**13,941**	11,218
Profit sharing (a)	**4,980**	80	**15,402**	12,226
	9,932	4,994	**36,995**	29,598

a) The Company has a variable compensation program that entitles its employees and management members and those of its subsidiaries to a share of the profits of the Company. This program is tied to the fulfillment of specific goals, which are set, agreed-upon and approved by the Board of Directors in the beginning of each year.

15. Taxes and contributions

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Deferred PIS and COFINS (a)	**3,926**	4,037	**9,324**	11,776
Current PIS and COFINS	**3,322**	2,202	**3,857**	3,454
Other tax obligations	**7,716**	6,827	**14,206**	15,280
	14,964	13,066	**27,387**	30,510

a) The Company records long-term deferred PIS and COFINS in the line item "Other payables and other " in the amount of R$2,556 in the Company's balance and R$4,104 in the Consolidated balance (R$2,964 in the Company's balance and R$7,849 in the consolidated balance as of December 31, 2016)

16. Payables for purchase of properties and advances from customers

	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Payables for purchase of properties	**14,848**	17,568	**325,784**	190,308
Development and services	**218**	2,216	**979**	2,513
Barter transaction – Land	**1,921**	2,505	**118,037**	42,802
	16,987	22,289	**444,800**	235,623
Current	**5,980**	9,256	**204,661**	131,280
Non-current	**11,007**	13,033	**240,139**	104,343

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

	Company		Consolidated	
Maturity	**12/31/2017**	12/31/2016	**12/31/2017**	12/31/2016
2017	**-**	9,256	**-**	131,280
2018	**5,980**	5,649	**204,661**	55,236
2019	**6,726**	5,264	**118,388**	26,897
2020	**4,281**	2,120	**47,458**	19,282
2021 onwards	**-**	-	**74,293**	2,928
	16,987	22,289	**444,800**	235,623

(In thousands of Brazilian Reais, except if otherwise stated)

17. Income tax and social contribution

(a) Current income tax and social contribution

The reconciliation of the effective tax rate for the years ended December 31, 2017 and 2016, is as follows:

	Company		Consolidated	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Profit (loss) before income tax and social contribution:	**103,363**	58,488	**122,630**	68,235
Income tax calculated at the applicable rate - 34 %	**(35,143)**	(19,886)	**(41,694)**	(23,200)
Net effect of subsidiaries taxed by presumed profit /RET	**-**	-	**30,298**	11,822
Tax losses (loss carryforwards used)	**-**	798	**-**	1,582
Other permanent differences	**(1,510)**	(7,761)	**(1,057)**	(7,761)
Tax credits not recognized	**(14,061)**	(2,018)	**(19,734)**	(1,554)
Income from equity method investments	**62,349**	27,030	**(379)**	(1,855)
Recognized deferred tax assets – PERT(i)	**3,323**	-	**3,323**	-
Deferred tax assets used in the deferred tax base	**-**	-	**14,662**	-
Other additions and exclusions	**(11,635)**	-	**(3,413)**	-
Expenses (income) from Income tax and social contribution	**3,323**	(1,837)	**(17,994)**	(20,966)
Tax expenses (income) – current	**-**	(1,837)	**(27,053)**	(16,089)
Tax expenses (income) – deferred	**3,323**	-	**9,059**	(4,877)

(i) Special Tax Regularization Program (PERT) - Law 13,496/2017

On May 31, 2017, the federal tax authority launched the Special Tax Regularization Program, which provided for the installment payment of tax debits, with discounts on fines and interests, and offset against accumulated tax losses.

On July 27, 2017, the Company opted to pay in installments some debits that were being challenged in the administrative level, regarding the PIS/COFINS for 2005 and 2009, the principal amount of which was R$ 2,612, plus interests and fine amounting to R$ 7,581. It was paid as follows:

	Company/Consolidated
	12/31/2017
Principal	**2,612**
Fine and interests	**4,969**
Total adjusted	**7,581**
Cash payment	**(379)**
Offset against tax losses	**(3,323)**
Tax benefits (reduction of fine and interests)	**(3,879)**

(In thousands of Brazilian Reais, except if otherwise stated)

17. Income tax and social contribution - Continued

b) Deferred income tax and social contribution

As of December 31, 2017 and December 31, 2016, deferred income tax and social contribution are from the following sources:

Description	Company 12/31/2017	Company 12/31/2016	Consolidated 12/31/2017	Consolidated 12/31/2016
Assets				
Income tax and social contribution loss carryforwards	**244,208**	228,567	**244,208**	234,837
Temporary differences – CPC adjustment	**1,557**	1,008	**2,312**	2,758
Temporary differences – deferred PIS and COFINS	**2,077**	2,380	**2,423**	5,708
Provisions for legal claims	**18,442**	9,746	**19,848**	14,568
Provisions for losses of accounts receivable	**19,007**	20,802	**21,306**	22,468
Provisions for realization of non-financial assets	**6,058**	4,245	**5,846**	4,017
Other provisions	**6,617**	19,223	**10,985**	24,408
Temporary differences recognized and tax losses	**-**	-	**-**	-
Tax credits not recognized	**(279,622)**	(265,560)	**(285,294)**	(271,830)
Subtotal	**18,344**	20,411	**21,634**	36,934
Liabilities				
Deferred income tax and social contribution (detached assets - RET)	**-**	-	**(5,851)**	(2,482)
Differences between income taxed on cash basis and recorded on an accrual basis	**(15,021)**	(20,411)	**(18,311)**	(45,889)
Subtotal	**(15,021)**	(20,411)	**(24,162)**	(48,371)
Recorded in the line item deferred taxes (Liabilities)	**-**	-	**(5,851)**	(11,437)
Recorded in the line item deferred taxes (Assets)	**3,323**	-	**3,323**	-

The Company has income tax loss and social contribution loss carryforwards not recorded for offset against 30% of annual taxable profits, without expiration date, in the following amounts:

	Company					
	12/31/2017			12/31/2016		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Balance of income tax and social contribution loss carryforwards	**718,259**	**718,259**	**-**	672,257	672,257	-
Deferred tax asset (25%,9%)	**179,565**	**64,643**	**244,208**	168,064	60,503	228,567
Recognized deferred tax asset (PERT)	**(2,443)**	**(880)**	**(3,323)**	-	-	-
Unrecognized deferred tax asset	**177,122**	**63,763**	**240,885**	168,064	60,503	228,567

	Consolidated					
	12/31/2017			12/31/2016		
Description	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Balance of income tax and social contribution loss carryforwards	**718,259**	**718,259**	**-**	690,697	690,697	-
Deferred tax asset (25%,9%)	**179,565**	**64,643**	**244,208**	172,674	62,163	234,837
Recognized deferred tax asset	**(2,443)**	**(880)**	**(3,323)**	-	-	-
Unrecognized deferred tax asset	**177,122**	**63,763**	**240,885**	172,674	62,163	234,837

(In thousands of Brazilian Reais, except if otherwise stated)

18. Provisions for legal claims and commitments

18.1 Provisions for legal claims

In the years ended December 31, 2017 and 2016, the changes in the provision for legal claims are summarized as follows:

	Company			
	Civil lawsuits	**Labor claims**	**Other**	**Total**
Balance as at December 31, 2015	19,227	17,497	547	37,271
Addition (Note 24)	20,121	13,208	30	33,359
Write-off /transfer (Note 24)	(20,180)	(21,240)	(545)	(41,965)
Balance as at December 31, 2016	**19,168**	**9,465**	**32**	**28,665**
Addition (Note 24)	57,091	8,897	55	66,043
Write-off (Note 24)	(32,308)	(8,121)	(39)	(40,468)
Balance as at December 31, 2017	**43,951**	**10,241**	**48**	**54,240**
Current	**22,006**	**5,128**	**24**	**27,158**
Non-current	**21,945**	**5,113**	**24**	**27,082**

	Consolidated			
	Civil lawsuits	**Labor claims**	**Other**	**Total**
Balance as at December 31, 2015	**29,619**	**25,554**	**543**	**55,716**
Addition (Note 24)	30,168	19,743	45	49,956
Write-off /transfer (Note 24)	(29,446)	(30,994)	(282)	(60,722)
Balance as at December 31, 2016	**30,341**	**14,303**	**306**	**44,950**
Addition (Note 24)	60,142	8,919	55	69,116
Write-off (Note 24)	(38,880)	(12,126)	(55)	(51,061)
Acquisition of control of investees	(36)	70	-	34
Balance as at December 31, 2017	**51,567**	**11,166**	**306**	**63,039**
Current	**25,820**	**5,591**	**153**	**31,564**
Non-current	**25,747**	**5,575**	**153**	**31,475**

18.2 Judicial Deposits

As of December 31, 2017, the Company and its subsidiaries have deposited in court the following amounts:

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Civil lawsuits	**20,117**	16,125	**20,489**	16,202
Environmental proceedings	**87**	87	**88**	87
Tax proceedings	**3,447**	2,790	**3,512**	2,803
Labor claims	**6,153**	6,230	**6,266**	6,259
	29,804	25,232	**30,355**	25,351
Current	**10,557**	2,426	**10,752**	2,545
Non-current	**19,247**	22,806	**19,603**	22,806

(In thousands of Brazilian Reais, except if otherwise stated)

18. Provisions for legal claims and commitments – Continued

18.3 Legal claims in which likelihood of loss is rated as possible

As of December 31, 2017, the Company and its subsidiaries are aware of other civil, labor, tax and environmental claims. Based on the history of probable claims and the specific analysis of the main ones, those which likelihood of unfavorable outcome are rated as possible are estimated at R$529,120 (R$474,544 as of December 31, 2016), based on the historical average of claims adjusted to current estimates, for which the Company's Management believes it is not necessary to recognize a provision for losses. The change in the period was caused by the review of the involved amounts:

	Consolidated	
	12/31/2017	12/31/2016
Civil lawsuits (a)	**309,014**	241,486
Tax proceedings (b)	**206,933**	209,557
Labor claims	**11,317**	19,964
Environmental proceedings	**1,856**	3,537
	529,120	474,544

(a) As of December 31, 2017, the Company and its subsidiaries are aware of civil lawsuits and risks based on the history of probable claims and specific analysis of main lawsuits, the measure of claims with likelihood of unfavorable decision are considered possible was R$ 309,014, mostly attributed to legacy projects.

(b) The Company had received a tax deficiency notice served by the Federal Revenue Service of Brazil, in which it challenges the tax bases of IRPJ, CSLL, PIS and COFINS for the fiscal year 2010. A motion to deny was filed within the established period, which was partially accepted on March 30, 2017 by the administrative trial court, for reduction of the ex-officio fine and rebate of the amounts paid as COFINS and PIS contribution. In relation to such decision, the Company filed an administrative appeal, which is pending the analysis by the Administrative Council of Tax Appeals (CARF). The likelihoods of unfavorable outcome in such disputes were considered "possible" by the attorneys handling them, and, accordingly, no provision was recognized in the financial statements.

18.4 Commitments

In addition to the commitments mentioned in Notes 6, 12 and 13, the Company has the following commitments:

(i) The Company has contracts related to the rental of 45 properties where its facilities are located, at a monthly average cost of R$611 annually adjusted by the IGP-M/FGV variation.

The rental term is from one to five years, and there is a fine in case of contract termination corresponding to three-month rent or in proportion to the time to contract expiration. The estimate of minimum future payments for commercial property rentals (cancellable leases) totals R$4,143 (R$7,690 as of December 31, 2016), as follows:

	Consolidated	
Payment estimate	**12/31/2017**	12/31/2016
2017	**-**	4,359
2018	**3,136**	2,613
2019	**858**	683
2020	**149**	35
	4,143	7,690

(ii) As of December 31, 2017, the Company have long-term liabilities in the total amount of R$9,672 (R$3,723 as of December 31, 2016), related to the pledges of service providers used for developing real estate ventures.

(In thousands of Brazilian Reais, except if otherwise stated)

19. Equity

19.1 Capital

As of December 31, 2017, the Company's authorized and paid-in capital was R$1,094,171, represented by 54,035,100 registered common shares, with no par value (as of December 31, 2016 it amounted to R$1,094,000 represented by 54,000,000 registered common shares).

On November 30, 2017, the Board of Directors ratified the capital increase in the amount of R$171, represented by 35,100 registered common shares, with no par value, following the resolution taken at the Extraordinary Shareholders' Meeting held on August 11, 2014 related to the Stock Option Plan, which authorizes the increase for the realization of the options by its beneficiaries.

19.2 Allocation of profit or loss for the year

According to the Company's articles of incorporation, the net income for the year will be allocated as follows: (i) 5% to legal reserve, until it reaches 20% of paid-in capital or the limit provided in paragraph 1, article 193 of Act 6,404/76. Of the net income for the year, obtained after the deduction to which item "a" of such article refers, and adjusted as provided for article 202, of Act 6,404/76, 25% of the remaining balance will be allocated to the payment of mandatory dividends to shareholders.

Art. 45 of the Articles of Incorporation of the Company establishes that the profit or loss for the year will be deducted, before any profit sharing, for any accumulated losses and provision for income tax, as follows:

Balance of accumulated losses for 2015	**(202,250)**
Net income for the year 2016	56,651
Balance of accumulated losses for 2016	**(145,599)**
Net income for the year 2017	106,686
Balance of accumulated losses for 2017	**(38,913)**

19.3 Stock option plan

The Company has a total of two stock option plans for common shares, launched in 2014 and 2017 that follow the rules set out in the Stock Option Plan of the Company.
The granted options entitle their holders (management members and employees appointed by the board of executive officers, and approved by the board of directors) to purchase common shares of the Company's capital, after periods that vary from three to ten years in the Company (essential condition to exercise the option), and expire ten years after the grant date.
The fair value of options is determined on the grant date, considering that it is recognized as expense in profit or loss (as contra-entry to equity), during the grace period of the program, to the extent services are provided by employees and management members.

The changes in options outstanding in the year ended December 31, 2017 and in the year ended December 31, 2016, which include their respective weighted average exercise prices, are as follows:

(In thousands of Brazilian Reais, except if otherwise stated)

19. Equity – Continued

19.3 Stock option plan - Continued

	12/31/2017		12/31/2016	
	Number of options	**Weighted average exercise price (Reais)**	**Number of options**	**Weighted average exercise price (Reais)**
Options outstanding at the beginning of the year	**5,489,848**	**6.53**	5,421,000	6.52
Options forfeited	**(162,079)**	**4.78**	(141,152)	6.52
Options granted	**190,102**	**12.84**	210,000	6.83
Exercised options	**(38,420)**	**4.78**	-	-
Options outstanding at the end of the year	**5,479,451**	**6.74**	5,489,848	6.53

The fair value of the options granted in 2014 and 2017 totaled R$8,971, estimated based on the Black & Scholes pricing model, according to the following assumptions:

Plan	Grant date	Exercise price	Weighted average	Expected volatility (%) (*)	Expected option life (years)	Risk-free interest rate (%) (**)
1	08/11/2014	6.63	6.52	31.02%	1.08 year	11.66% to 11.81%
1	11/122014	6.63	6.53	31.30%	1.05 year	12.77% to 12.84%
2	05/09/2016	6.86	6.83	26.70%	3.01 years	12.67% to 12.77%
3	04/10/2017	8.13	8.13	24.65%	3.95 years	9.69% to 10.07%
4	10/02/2017	14.73	14.73	24.84%	-	9.52% to 9.88%
5	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).
(**)The market risk-free interest rate for the option term at the grant moment.

The options outstanding and exercisable as of December 31, 2017, are as follows:

Options outstanding			Options exercisable	
Number of options	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (Reais)**	**Number of options**	**Weighted average exercise price (Reais)**
5,479,451	1.18	6.74	35,695	4.78

The total amount of expenses (income) recorded in the year ended December 31, 2017 was R$2,433 (R$1,539 as of December 31, 2016) and is disclosed in Note 24.

19.4 Loss of Control

Discontinuity of the consolidation of entities due to cease of control without changing interest percentage.

20. Insurance

The Tenda Group maintain insurance policies against engineering risk, barter guarantee, completion bond and civil liability related to unintentional personal damages caused to third parties and material damages to tangible assets, as well as against fire hazards, lightning strikes, electrical damages, natural losses and gas explosion. The contracted coverage is considered sufficient by Management to cover possible risks involving its assets and/or responsibilities. The liabilities covered by insurance and the respective amounts as of December 31, 2017 are as follows:

Insurance type (in effect)	Coverage - R$ thousand
Engineering risks and completion bond	2,296,203
Civil liability (Directors and Officers – D&O) - (*)	50,000

(*)The effective period of the policy on civil liability of management members is from February 28, 2017, renewed until February 28, 2018 by the Company.

Insurance type (future periods)	Coverage - R$ thousand
Engineering risks and completion bond (effective from 01/2018 to 03/2026)	104,620

21. Earnings per share

Basic and diluted earnings per share are calculated as follows.

	12/31/2017	12/31/2016
Basic numerator		
Undistributed earnings	**106,686**	56,651
Undistributed earnings, available to the holders of common shares	**106,686**	56,651
Basic denominator (in thousand shares)		
Weighted average number of shares	**54,003**	54,000
Basic earnings per share in Reais	**1.9756**	1.0491
Diluted numerator		
Undistributed earnings	**106,686**	56,651
Undistributed earnings, available to the holders of common shares	**106,686**	56,651
Diluted denominator (in thousands of shares)		
Weighted average number of shares	**54,003**	54,000
Stock options	**3,728**	3,719
	57,731	57,719
Diluted earnings per share in Reais	**1.8480**	0.9815

22. Financial instruments

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

(a) Risk considerations

(i) Credit risk

The Company and its subsidiaries restrict their exposure to credit risks associated with cash and cash equivalents, investing only in short-term securities of top tier financial institutions.

With regards to accounts receivable, the Company restricts its exposure to credit risks through sales to a broad base of customers and ongoing credit analysis. Additionally, there is no relevant history of losses due to the existence of secured guarantee, represented by real estate unit, for the recovery of its products in the cases of default during the construction period. As of December 31, 2017 and December 31, 2016, there was no significant credit risk concentration associated with customers.

(In thousands of Brazilian Reais, except if otherwise stated)

22. Financial instruments - Continued

(ii) Derivative financial instruments

As of December 31, 2017, the Company does not have transactions with derivative financial instruments.

(iii) Interest rate risk

Interest rate risk arises from the possibility that the Company and its subsidiaries may experience gains or losses because of fluctuations in the interest rates of its financial assets and liabilities. Aiming to mitigate this risk type, the Company and its subsidiaries seek to diversify funding in terms of fixed or floating rates. The interest rates on loans and financing are mentioned in Notes 12 and 13. The interest rates contracted on financial investments are mentioned in Note 4. In the accounts receivable from real estate development, the National Civil Construction Index (INCC) and General Market Price Index (IGP-M) are adopted.

(iv) Liquidity risk

Liquidity risk refers to the possibility that the Company and its subsidiaries do not have sufficient funds to meet their commitments because of the settlement terms of their rights and obligations.
To mitigate liquidity risks, and to optimize the weighted average cost of capital, the Company and its subsidiaries monitor on an on-going basis the debt levels according to the market standards and the fulfillment of covenants provided for in loan, financing and debenture agreements, in order to guarantee that the operating-cash generation and the advance funding, when necessary, are sufficient to meet the schedule of commitments, not giving rise to liquidity risk to the Company and its subsidiaries (Notes 12 and 13).

Most of the Company’s financing is carried out with Caixa Econômica Federal by means of associate credit (“crédito associativo”), a type of government real estate financing, under the “Minha Casa Minha Vida” program and transfers at the end of the construction work.

The maturities of financial instruments of loans, financing, suppliers and debentures are as follows:

	Company				
Year ended December 31, 2016	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**More than 5 years**	**Total**
Loans and financing (Note 12)	28,690	15,007	1,209	-	44,906
Suppliers	7,827	-	-	-	7,827
Payables for purchase of properties and advances from customers (Note 16)	9,256	10,913	2,120	-	22,289
Loans payable (Note 7.1)	-	-	-	50,599	50,599
	45,773	25,920	3,329	50,599	125,621

	Company				
Year ended December 31, 2017	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**More than 5 years**	**Total**
Loans and financing (Note 12)	17,315	17,599	3,084	-	37,998
Debentures (Note 13)	-	-	154,002	-	154,002
Suppliers	5,699	-	-	-	5,699
Payables for purchase of properties and advances from customers (Note 16)	5,980	11,007	-	-	16,987
Loans payable (Note 7.1)	-	-	-	15,860	15,860
	28,994	**28,606**	**157,086**	**15,860**	**230,546**

(In thousands of Brazilian Reais, except if otherwise stated)

22. Financial instruments – Continued

	Consolidated				
Year ended December 31, 2016	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**More than 5 years**	**Total**
Loans and financing (Note 12)	41,333	75,688	17,973	-	134,994
Suppliers	31,664	-	-	-	31,664
Payables for purchase of properties and advances from customers (Note 16)	131,280	82,133	22,210	-	235,623
Loans payable (Note 7.1)	-	-	-	50,599	50,599
	204,277	157,821	40,183	50,599	452,880

	Consolidated				
Year ended December 31, 2017	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**More than 5 years**	**Total**
Loans and financing (Note 12)	31,033	69,095	16,035	-	116,163
Debentures (Note 13)	-	-	154,002	-	154,002
Suppliers	22,749	-	-	-	22,749
Payables for purchase of properties and advances from customers (Note 16)	204,661	165,846	74,293	-	444,800
Loans payable (Note 7.1)	-	-	-	15,860	15,860
	258,443	**234,941**	**244,330**	**15,860**	**753,574**

(v) Fair value classification

The Company uses the following classification to determine and disclose the fair value of financial instruments by the valuation technique:
Level 1: quoted prices (without adjustments) in active markets for identical assets or liabilities;
Level 2: input different from the quoted prices in active markets included in Level 1 which are observable for asset or liability, directly (as prices) or indirectly (prices derivate); and
Level 3: inputs to asset or liability not based on observable market data (unobservable inputs).

The classification level of fair value for financial instruments measured at fair value through profit or loss of the Company as of December 31, 2017 and December 31, 2016 is as follows:

	Company			Consolidated		
	Fair value classification					
As of December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Short-term investments (Note 4.2)	-	101,217	-	-	195,073	-

	Company			Consolidated		
	Fair value classification					
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Short-term investments (Note 4.2)	**-**	**280,327**	**-**	**129,957**	**328,389**	**-**

In the year ended December 31, 2017 and year ended December 31, 2016, there were no transfers between the Levels 1 and 2 fair value classifications, nor were transfers between Levels 3 and 2 fair value classifications.

(b) <u>Fair value of financial instruments</u>

(i) Fair value measurement

The following estimated fair values were determined using available market information and proper measurement methodologies. However, a considerable amount of judgment is necessary to interpret market information and estimate fair value. Accordingly, the estimates presented in this document are not necessarily indicative of amounts that the Company could realize in the current market. The use of different market assumptions and/or estimation methodologies may have a significant effect on estimated fair values.

(In thousands of Brazilian Reais, except if otherwise stated)

22. Financial instruments – Continued

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

(i) The amounts of cash and cash equivalents, short-term investments, accounts receivable and other receivables, suppliers, and other current liabilities approximate to their fair values, recorded in the financial statements.

(ii) The fair value of bank loans and other financial debts is estimated through future cash flows discounted using benchmark rates available for similar and outstanding debts or terms.

The most significant carrying values and fair values of financial assets and liabilities as of December 31, 2017 and December 31, 2016, classified into Level 2 of the fair value classification, are as follows:

	Company			
	12/31/2017		**12/31/2016**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents (Note 4.1)	**19,480**	**19,480**	12,124	12,124
Short-term investments and Restricted cash in guarantee to loans (Note 4.2)	**280,327**	**280,327**	101,217	101,217
Trade accounts receivable (Note 5)	**92,276**	**92,276**	89,614	89,614
Loans receivable (Note 7.1)	**43,136**	**43,136**	47,044	47,044
Financial liabilities				
Loans and financing (Note 12)	**37,998**	**37,874**	44,906	42,292
Debentures (Note 13)	**154,002**	**163,733**	-	-
Suppliers	**5,699**	**5,699**	7,827	7,827
Payables for purchase of properties and advances from customers (Note 16)	**16,987**	**16,987**	22,289	22,289
Loans payable (Note 7.1)	**15,860**	**15,860**	50,599	50,599

	Consolidated			
	12/31/2017		**12/31/2016**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents (Note 4.1)	**39,377**	**39,377**	28,414	28,414
Short-term investments and Restricted cash in guarantee to loans (Note 4.2)	**458,346**	**458,346**	195,073	195,073
Trade accounts receivable (Note 5)	**396,841**	**396,841**	427,147	427,147
Loans receivable (Note 7.1)	**33,837**	**33,837**	37,745	37,745
Financial liabilities				
Loans and financing (Note 12)	**116,163**	**115,114**	134,994	126,781
Debentures (Note 13)	**154,002**	**163,733**	-	-
Suppliers	**22,749**	**22,749**	31,664	31,664
Payables for purchase of properties and advances from customers (Note 16)	**444,800**	**444,800**	235,623	235,623
Loans payable (Note 7.1)	**15,860**	**15,860**	50,599	50,599

(In thousands of Brazilian Reais, except if otherwise stated)

22. Financial instruments – Continued

(ii) Risk of debt acceleration

As of December 31, 2017, the Company has loans and financing, with restrictive covenants related to cash generation, debt ratios and other. These restrictive covenants have been complied with by the Company and do not limit its ability to continue as going concern.

(c) Capital management

The objective of the Company's capital management is to guarantee that a strong credit rating is maintained in institutions and an optimum capital ratio in order to support the Company's business and maximize value to shareholders.

The Company controls its capital structure by making adjustments and adapting to current economic conditions. In order to maintain its structure adjusted, the Company may pay dividends, return on capital to shareholders, take out new loans and issue debentures.
The Company includes in its net debt structure: loans and financing less cash and banks (cash and cash equivalents, short-term investments and restricted cash in guarantee to loans):

	Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Loans and financing (Note 12)	**37,998**	44,906	**116,163**	134,994
Debentures (Note 13)	**154,002**	-	**154,002**	-
(-)Cash and cash equivalents and short-term investments (Note 4.1 e 4.2)	**(299,807)**	(113,341)	**(497,723)**	(223,487)
Net debt	**(107,807)**	(68,435)	**(227,558)**	(88,493)
Equity	**1,158,692**	1,049,126	**1,163,739**	1,075,622
Equity and net debt	**1,050,885**	980,691	**936,181**	987,129

(d) Sensitivity analysis

The sensitivity analysis of financial instruments for the year ended December 31, 2017, describes the risks that may cause material changes in the Company's profit or loss, as provided for by CVM, through Instruction No. 475/08, in order to show 10%, 25% and 50% increase/decrease in the risk variable considered.
As of December 31, 2017, the Company has the following financial instruments:

a) Short-term investments, loans and financing linked to Interbank Deposit Certificates (CDI);
b) Loans and financing linked to the Referential Rate (TR);
c) Accounts receivable and loans and financing linked to the National Civil Construction Index (INCC) and General Market Price Index (IGP-M).

For the sensitivity analysis in the year ended December 31, 2017, the Company considered the interest rates of investments, loans and accounts receivable, the CDI rate at 6.89%, Referential Rate (TR) at 0%, National Civil Construction Index (INCC) at 4.54%, and General Market Price Index (IGP-M) at 4.51% .

The scenarios considered were as follows:
Scenario I - Probable: 10% increase / decrease in the variables used for pricing;
Scenario II - Possible: 25% increase / decrease in risk variables used for pricing;
Scenario III - Remote: 50% increase / decrease in risk variables used for pricing

(In thousands of Brazilian Reais, except if otherwise stated)

22. Financial instruments – Continued

(d) Sensitivity analysis - Continued

As of December 31, 2017:

		Scenario					
		I	II	III	III	II	I
Instrument	**Risk**	**Increase 50%**	**Increase 25%**	**Increase 10%**	**Decrease 10%**	**Decrease 25%**	**Decrease 50%**
Short-term investments	Increase/Decrease of CDI	10,965	5,483	2,193	(2,193)	(5,483)	(10,965)
Debentures	Increase/Decrease of CDI	(4,963)	(2,482)	(993)	993	2,482	4,963
Certificate of Bank Credit (CCB)	Increase/Decrease of CDI	(649)	(324)	(130)	130	324	649
Net effect of CDI variation		5,353	2,677	1,071	(1,071)	(2,677)	(5,353)
Trade accounts receivable	Increase/Decrease of INCC	4,814	2,407	963	(963)	(2,407)	(4,814)
Certificate of Bank Credit (CCB)	Increase/Decrease of INCC	(79)	(40)	(16)	16	40	79
Net effect of INCC variation		4,735	2,367	947	(947)	(2,367)	(4,735)
Trade accounts receivable	Increase/Decrease of IGP-M	3,775	1,888	755	(755)	(1,888)	(3,775)

23. Net operating revenue

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Gross revenue				
Real estate development, sale, barter transactions and construction services	**273,086**	249,167	**1,420,369**	1,170,655
(Recognition) Reversal of allowance for doubtful accounts (Note 5)	**4,828**	(17,324)	**(19,421)**	(16,442)
(Recognition) Reversal of cancelled contracts (Note 5)	**32,881**	(27,044)	**24,084**	(20,751)
Taxes on sale of real estate and services	**(32,806)**	(25,735)	**(67,128)**	(80,752)
Net revenue	**277,990**	179,064	**1,357,904**	1,052,710

24. Costs and expenses by nature

These are represented by the following:

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Cost of real estate development and sale:				
Construction cost	**(93,708)**	(84,943)	**(600,036)**	(529,349)
Land cost	**(31,395)**	(6,434)	**(159,423)**	(112,305)
Development cost	**(17,914)**	(19,755)	**(76,643)**	(69,695)
Capitalized financial charges (Note 12)	**(6,720)**	(14,566)	**(30,140)**	(28,057)
Maintenance / warranty	**(8,298)**	(3,510)	**(7,063)**	(4,892)
Real estate cost in the recognition of the provision for cancelled contracts (Note 6)	**(24,967)**	19,721	**(15,982)**	14,593
	(183,004)	(109,487)	**(889,287)**	(729,705)
Selling expenses:				
Product marketing expenses	**(8,796)**	(15,046)	**(52,430)**	(49,472)
Brokerage and sale commission expenses:	**(13,031)**	(11,823)	**(77,676)**	(38,873)
Selling	**(8,670)**	(81)	**(51,678)**	(267)
Onlending	**(1,657)**	(5,547)	**(9,878)**	(18,234)
Registration	**(579)**	(2,608)	**(3,453)**	(8,577)
Brokerage	**(2,125)**	(3,587)	**(12,667)**	(11,795)
Customer Relationship Management (CRM) expenses	**(311)**	(362)	**(1,856)**	(1,191)
Other selling expenses	**(823)**	(290)	**(4,911)**	(954)
	(22,961)	(27,521)	**(136,873)**	(90,490)

(In thousands of Brazilian Reais, except if otherwise stated)

24. Costs and expenses by nature - Continued

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
General and administrative expenses:				
Salaries and payroll charges	**(8,954)**	(14,986)	**(44,693)**	(39,023)
Employee benefits	**(847)**	(1,442)	**(4,227)**	(3,756)
Travel and utilities	**(253)**	(581)	**(1,265)**	(1,512)
Services	**(3,404)**	(6,104)	**(16,972)**	(15,896)
Rents and condominium fees	**(988)**	(2,102)	**(4,931)**	(5,474)
Information Technology	**(126)**	(3,592)	**(630)**	(9,355)
Stock option plan (Note 19.3)	**(2,433)**	(1,539)	**(2,433)**	(1,539)
Provision for profit sharing (Note 26.2)	**(10,947)**	(817)	**(18,452)**	(11,121)
Other General and administrative expenses	**(311)**	(794)	**(1,552)**	(2,063)
	(28,263)	(31,957)	**(95,155)**	(89,739)
Other income (expenses), net:				
Depreciation and amortization	**(13,520)**	(4,094)	**(13,488)**	(12,299)
Expenses with payment of legal claims	**(32,517)**	(28,313)	**(33,739)**	(31,994)
Provisions for legal claims (Note 18)	**(25,575)**	7,103	**(18,055)**	10,646
Transfers with legal claims (Note 18)	**-**	1,503	**-**	120
Fees/other administrative expenses	**(13,379)**	-	**(17,124)**	-
Gain and loss on acquisition of companies	**(14,610)**	-	**(14,610)**	-
Other income (expenses)	**(17,791)**	(10,376)	**(14,973)**	(15,514)
	(117,392)	(34,177)	**(111,987)**	(49,041)

25. Financial income (expenses)

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Financial income				
Income from financial investments	**10,155**	19,890	**15,327**	22,511
Financial income on loan contract (Note 7.1)	**116**	161	**132**	178
Other financial income	**6,063**	1,783	**12,687**	4,568
	16,334	21,834	**28,146**	27,257
Financial expenses				
Interest on funding, net of capitalization (Note 12)	**(8,391)**	(16,389)	**(8,258)**	(18,977)
Financial expense on loan contract (Note 7.1)	**(2,220)**	(1,341)	**(2,220)**	(1,341)
Banking expenses	**(1,140)**	(1,069)	**(4,383)**	(2,906)
Transfer of financial expenses	**-**	3,949	**-**	-
Other financial expenses	**(10,968)**	(2,563)	**(14,142)**	(24,076)
	(22,719)	(17,413)	**(29,003)**	(47,300)
Financial income (expenses)	**(6,385)**	4,421	**(858)**	(20,043)

(In thousands of Brazilian Reais, except if otherwise stated)

26. Transactions with management and employees

26.1 Management compensation

The amounts recorded in the account "general and administrative expenses" for the years ended December 31, 2017 and 2016, related to the compensation of the Management members are as follows:

Management compensation			
Year ended December 31, 2017	**Board of Directors**	**Executive Management**	**Total**
Number of members	**6**	**10**	**16**
Fixed compensation for the year (in R$)	**1,403**	**6,944**	**8,347**
Salary / Fees	**1,169**	**5,148**	**6,317**
Direct and indirect benefits	**-**	**766**	**766**
Other (INSS)	**234**	**1,030**	**1,264**
Monthly compensation (in R$)	**117**	**579**	**696**
Variable compensation for the year (in R$)	**-**	**6,792**	**6,792**
Profit sharing (Note 26.2)	**-**	**4,547**	**4,547**
Share-based payment	**-**	**2,245**	**2,245**
Total compensation for the year (in R$)	**1,403**	**13,736**	**15,139**

Management compensation			
Year ended December 31, 2016	**Board of Directors**	**Executive Management**	**Total**
Number of members	9	10	19
Fixed compensation for the year (in R$)	344	5,828	6,172
Salary / Fees	344	5,108	5,452
Direct and indirect benefits	-	720	720
Other (INSS)	-	-	-
Monthly compensation (in R$)	29	486	515
Variable compensation for the year (in R$)	-	7,384	7,384
Profit sharing (Note 26.2)	-	5,663	5,663
Share-based payment	-	1,721	1,721
Total compensation for the year (in R$)	344	13,212	13,556

The maximum aggregate compensation of the Company's management members for the year 2017 was established at R$18,956, as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 18, 2017.

26.2 Profit sharing

In the year ended December 31, 2017 the Company recorded a profit sharing expense amounting to R$10,947 in the Company's balance and R$18,452 in the Consolidated balance (R$817 in the Company's balance and R$11,121 in the Consolidated balance as of December 31, 2016).

	Company		**Consolidated**	
	12/31/2017	**12/31/2016**	**12/31/2017**	**12/31/2016**
Executive management	**4,547**	817	**4,547**	5,663
Other employees	**6,400**	-	**13,905**	5,458
	10,947	817	**18,452**	11,121

(In thousands of Brazilian Reais, except if otherwise stated)

27. Segment information

The Company's management analyses its internal managerial reports to make decisions on the consolidated financial statements, on the same basis that these statements are disclosed, that is, a single segment and region.

Therefore, as the Management does not use any information system other than the quarterly information as of December 31, 2017 and the financial statements as of December 31, 2016, no specific disclosure will be presented, as defined in CPC 22.

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

28. Real estate ventures under construction – information and commitments

In order to meet the provisions of paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are shown in the statement of profit or loss, and the advances received in the line item "Payables for purchase of property and advances from customer". The Company shows below information on the ventures under construction as of December 31, 2017:

1) Unappropriated revenue from ventures under construction:

	Consolidated
	12/31/2017
Unappropriated sales revenue of units sold (i)	**325,149**
Estimated cost of units sold to be incurred (ii)	**(167,100)**
Unappropriated revenue	**158,049**
(i) Unappropriated sales revenue of units sold	
Ventures under construction:	
Contracted sales revenue	**983,813**
Appropriated sales revenue	**(658,664)**
Unappropriated sales revenue (a)	**325,149**
(ii) Estimated cost of units sold to be incurred	
Ventures under construction:	
Estimated cost of units	**(550,579)**
Incurred cost of units	**383,480**
Estimated cost to be incurred (b)	**(167,100)**

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

b) The estimated costs of units sold to be incurred do not include financial charges, which are appropriated to properties for sale and profit or loss (cost of real estate sold) in proportion to the real estate units sold to the extent they are incurred, and also the warranty provision, which is appropriated to real estate units as the construction work progresses.

2) Estimated cost to be incurred of units in inventory:

	Consolidated
	12/31/2017
Estimated cost of units	**(483,049)**
Incurred cost of units	**236,961**
Cost to be incurred	**(246,088)**

As of December 31, 2017, the percentage of consolidated assets in the quarterly information related to real estate ventures included in the asset segregation structure was 62.29%.

(In thousands of Brazilian Reais, except if otherwise stated)

29. Transactions Not Affecting Cash and Cash Equivalents and Reconciliation of Financing Activities

a) Non-cash transactions:

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

	Company		Consolidated	
	12/31/2017	12/31/2016	**12/31/2017**	12/31/2016
Acquisition of control (Note 9)	**-**	-	**(68,888)**	-
Acquisition of ownership interests (Note 9)	**11,757**	-	**-**	-
Capital decrease (Note 9)	**(623,577)**	(11,339)	**(13,353)**	-
Capital contribution (Note 9)	**92,895**	91,408	**-**	3,694
Advance for future capital increase (Note 9)	**(65,671)**	(90,091)	**-**	(6,614)

b) Reconciliation of financing activities:

Company

		Transactions affecting cash			Transactions not affecting cash	
	Opening balance 12/31/2015	New	Interest payment	Principal payment	Interest and Inflation adjustment	Closing balance 12/31/2016
Loans (Note 12)	212,859	68,970	(19,422)	(235,561)	18,060	44,906
Loan with Related Parties Asset	(38,857)	(8,187)	(420)	-	420	(47,044)
Loan with Related Parties Liability	41,002	9,597	1,341	-	(1,341)	50,599
Total	215,004	70,380	(18,501)	(235,561)	17,139	48,461

Company

		Transactions affecting cash			Transactions not affecting cash		
	Opening balance 12/31/2016	New	Interest payment	Principal payment	Interest and Inflation adjustment	Offset of related parties / investments	Closing balance 12/31/2017
Loans (Note 12)	**44,906**	**258,610**	**(7,324)**	**(113,103)**	**8,911**	**-**	**192,000**
Loans with related parties Asset	**(47,044)**	**(524)**	**-**	**-**	**(116)**	**4,548**	**(43,136)**
Loans with related parties Liability	**50,599**	**2,437**	**-**	**-**	**2,220**	**(39,396)**	**15,860**
Total	**48,461**	**260,523**	**(7,324)**	**(113,103)**	**11,015**	**(34,848)**	**164,724**

Consolidated

		Transactions affecting cash			Transactions not affecting cash	
	Opening balance 12/31/2015	New	Interest payment	Principal payment	Interest and Inflation adjustment	Closing balance 12/31/2016
Loans (Note 12)	248,330	290,481	(23,856)	(404,142)	24,181	134,994
Loans with related parties Asset	(30,374)	(7,371)	(520)	-	520	(37,745)
Loans with related parties Liability	41,002	9,597	(1,341)	-	1,341	50,599
Total	258,958	292,707	(25,717)	(404,142)	26,042	147,848

Consolidated

		Transactions affecting cash			Transactions not affecting cash		
	Opening balance 12/31/2016	New	Interest payment	Principal payment	Interest and Inflation adjustment	Offset of related parties / investment	Closing balance 12/31/2017
Loans (Note 12)	**134,994**	**549,630**	**(14,177)**	**(417,054)**	**16,772**	**-**	**270,165**
Loans with related parties Asset	**(37,745)**	**(508)**	**-**	**-**	**(132)**	**4,548**	**(33,837)**
Loans with related parties Liability	**50,599**	**2,437**	**-**	**-**	**2,220**	**(39,396)**	**15,860**
Total	**147,848**	**551,559**	**(14,177)**	**(417,054)**	**18,860**	**(34,848)**	**164,724**