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Initiating with a BUY



EXTENSIVE
ADRESSABLE MARKET



HIGH OPERATIONAL EFFICIENCY
AND SPEED OF SALES



SOLID RETURNS



EARNINGS MOMENTUM
NOT FAIRLY PRICED IN



CLOSING PRICE
BRL 29.76
November 4th

TARGET PRICE
BRL 36.40

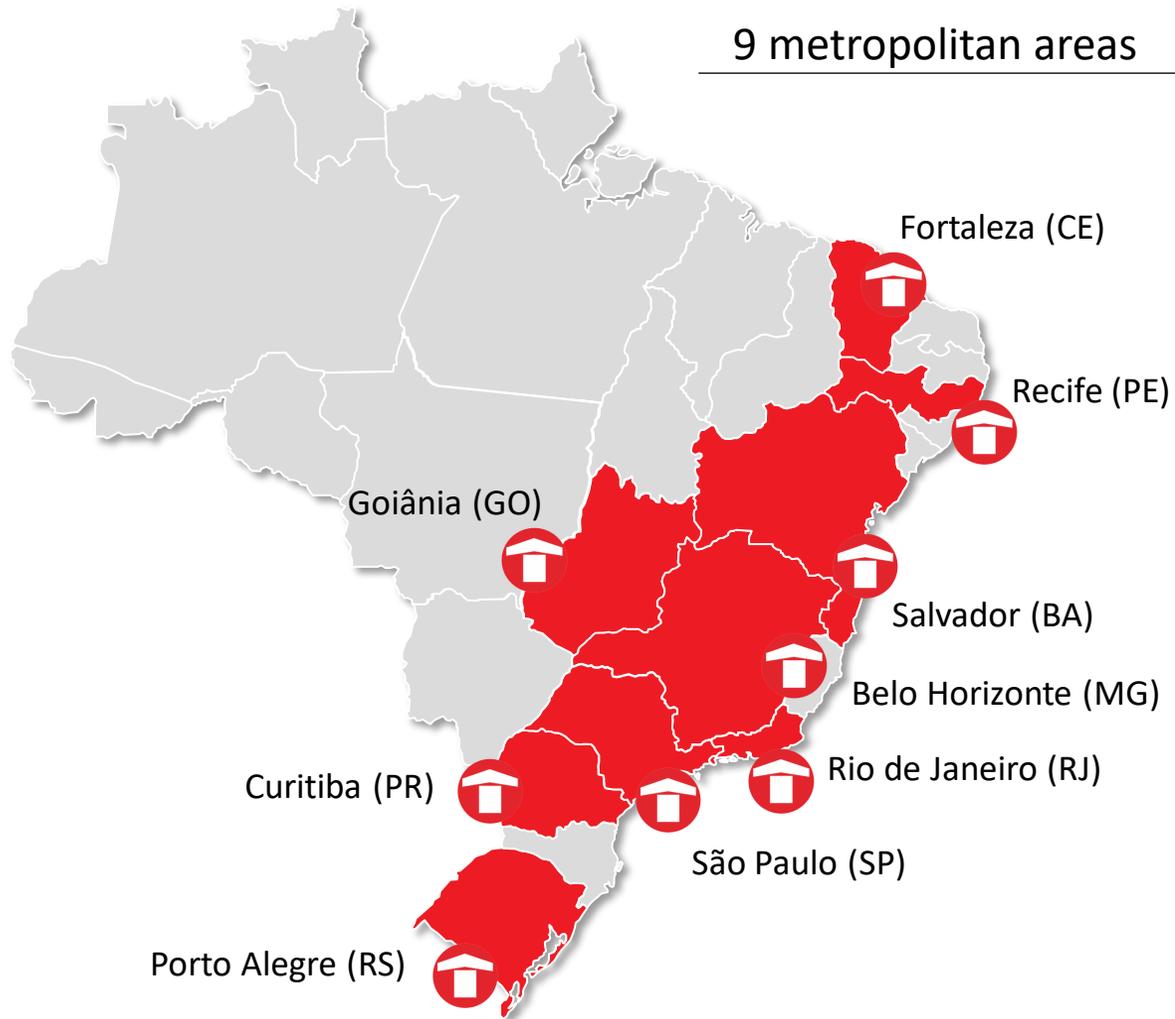
UPSIDE
22.3%

Third largest homebuilder in Brazil



Source: company IR

9 metropolitan areas



17,956 launched units

2020 LTM

Operations exclusively focused in
low-income segment



**CASA VERDE E
AMARELA**

With a turnaround towards efficiency



Source: company IR, McKinsey



New strategic plan in 2013

EFFECTIVE COST MANAGEMENT

Structured in 4 pillars:



Disciplined operation



Credit guarantee



Own stores sales



Construction method

But what is so special about it?

HIGH INEFFICIENCY
IN THE SECTOR



Traditional construction by bricks

Sector's annual productivity growth has only increased

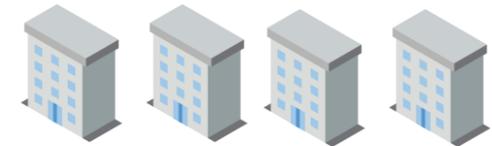
1% over the past **20 YEARS**



TENDA

INNOVATED

ONLY
3 SKU MODELS



STANDARDIZATION

Aluminum form work system

- ✓ **PRODUCTIVITY**
- ✓ **OPERATIONAL EFFICIENCY**

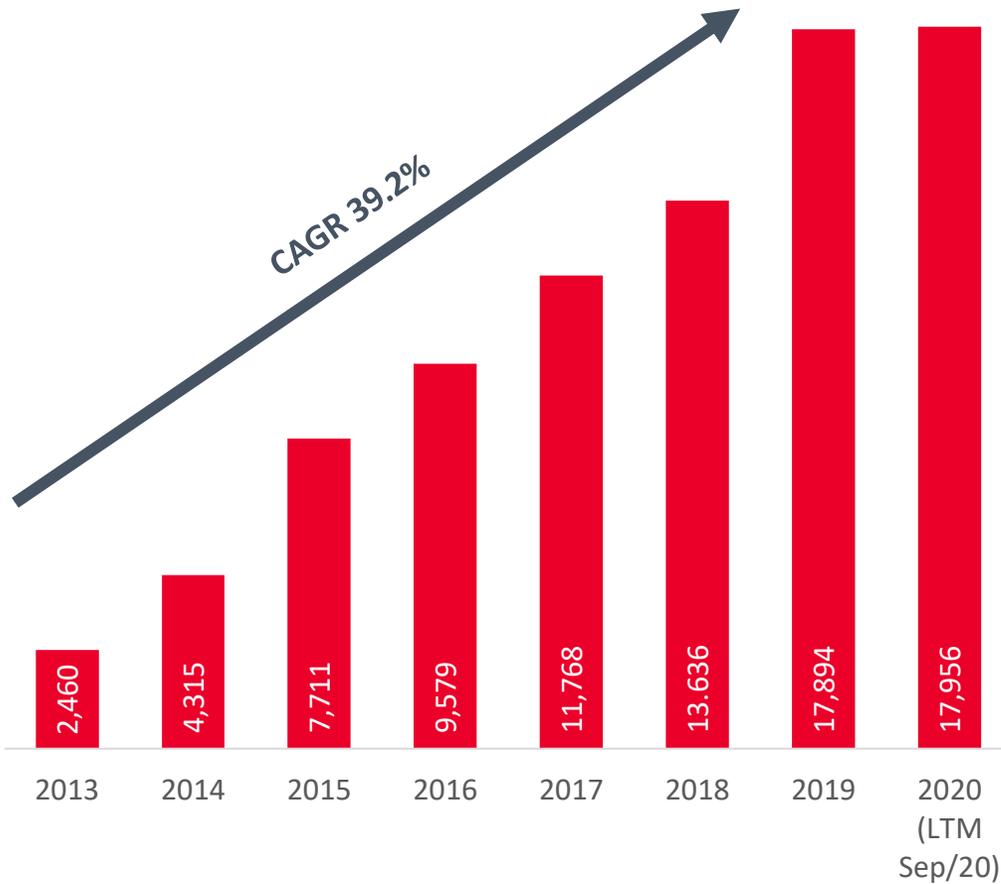
That delivered results



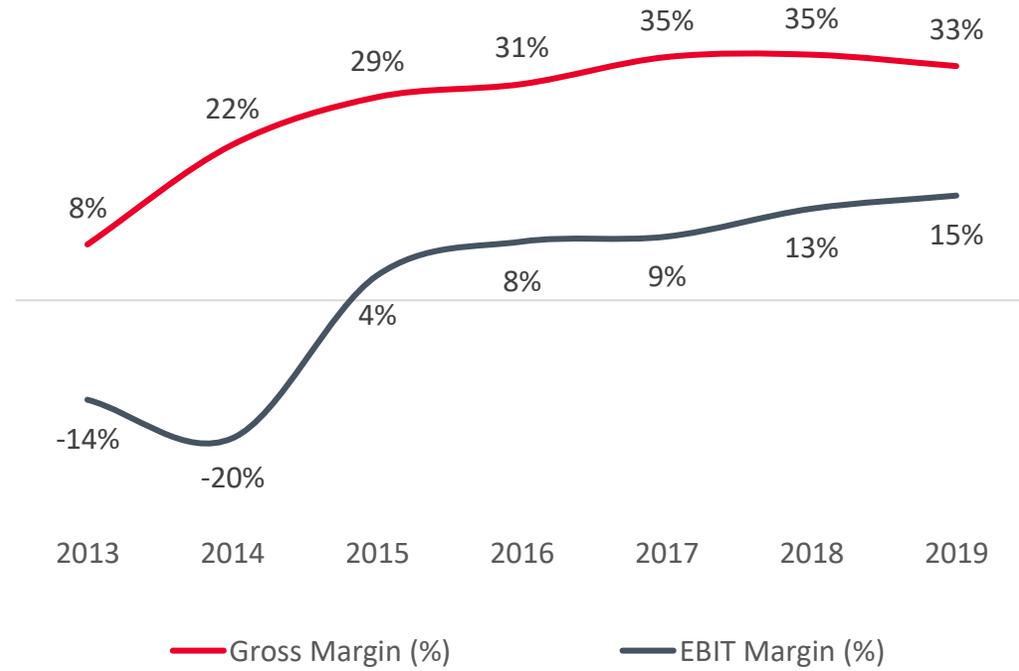
Source: company IR

Historical launch of units

Units per year



Historical gross and operational margins



✓ **HIGHER SPEED OF SALES**
✓ **LOWER CANCELLATION RATES**

A top tier Corporate Governance



Source: company IR

Outstanding and experienced management



Rodrigo Osmo
CEO

Successfully implemented the new business plan in 2013

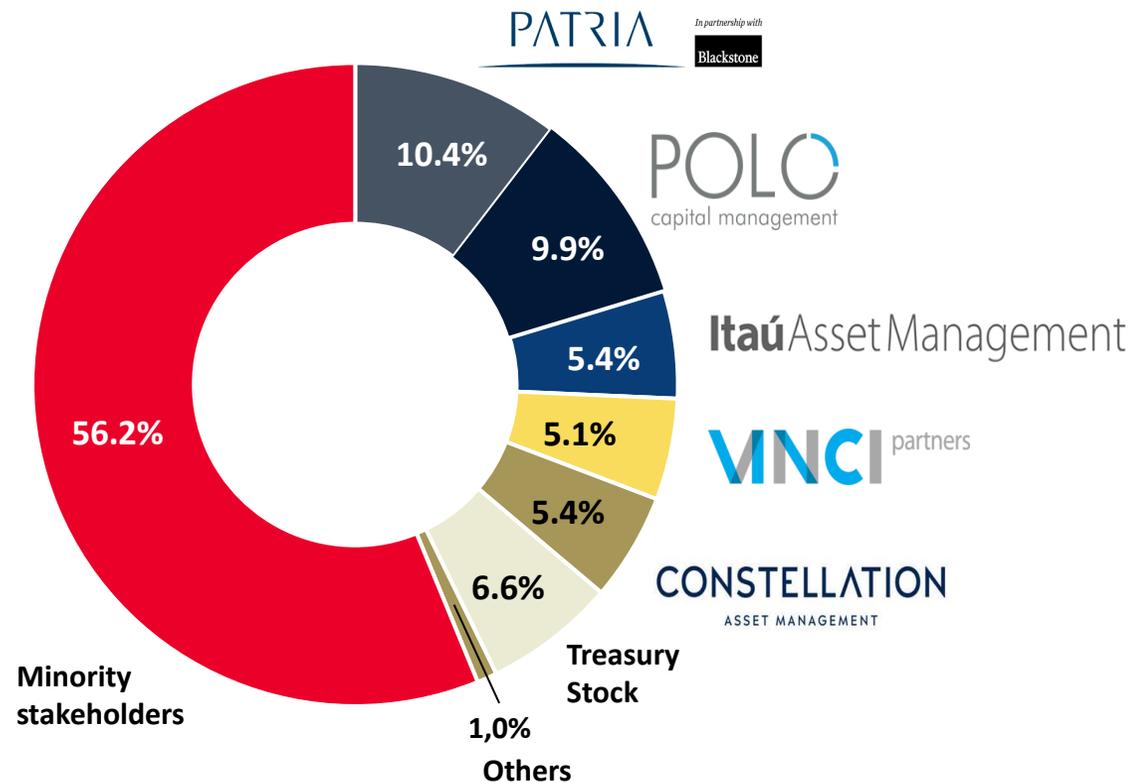
Board of Directors

9 out of 11 management members were part of the team that put the new plan into practice



HIGHLY RESPECTED AND LONG-TERM ORIENTED SHAREHOLDERS

Shareholder's structure



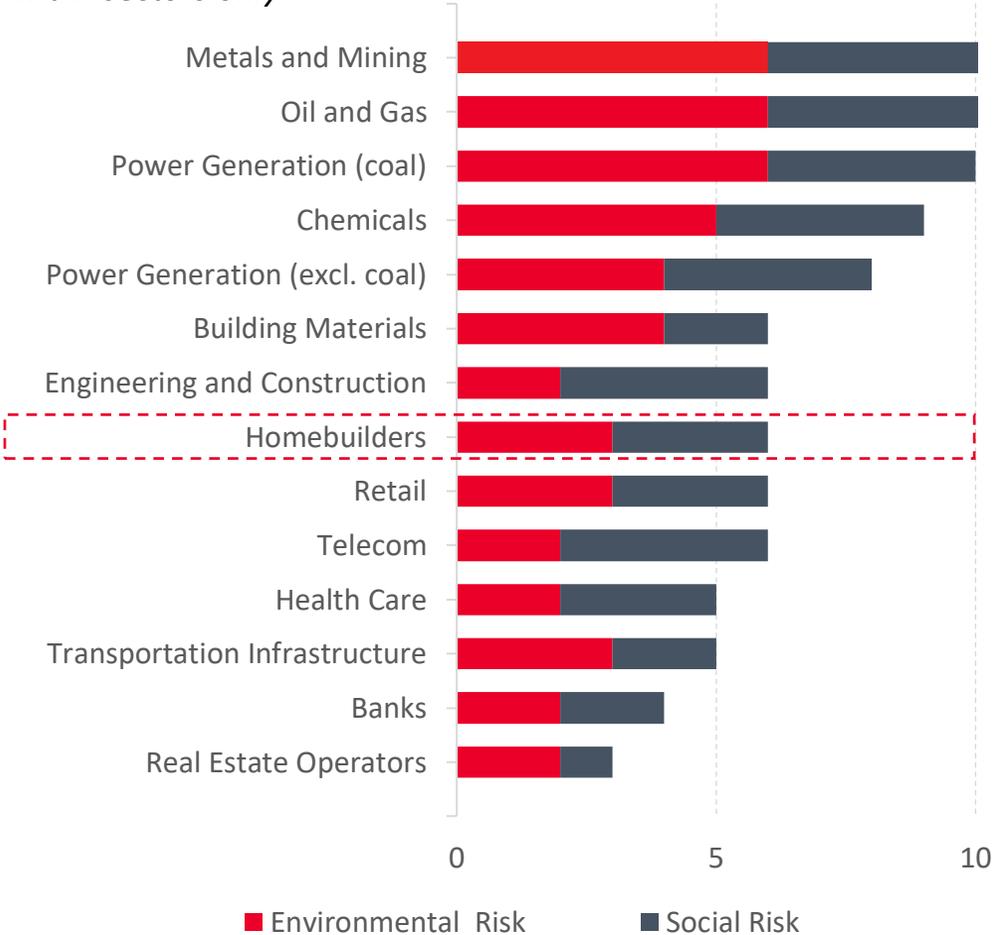
Environmental: challenging but with opportunities



Source: S&P Capital, Company IR, Team 45

Environmental & social risks rank

Main sectors only



COMPANY DOESN'T RELEASE A SUSTAINABILITY REPORT

ENVIRONMENTAL IMPACTS



- Climate change
- Large amount of waste
- Extensive use of water and energy
- Air, water and sound pollution

✓ Business model fits well with an **environmentally conscious construction**

Despite of some risks



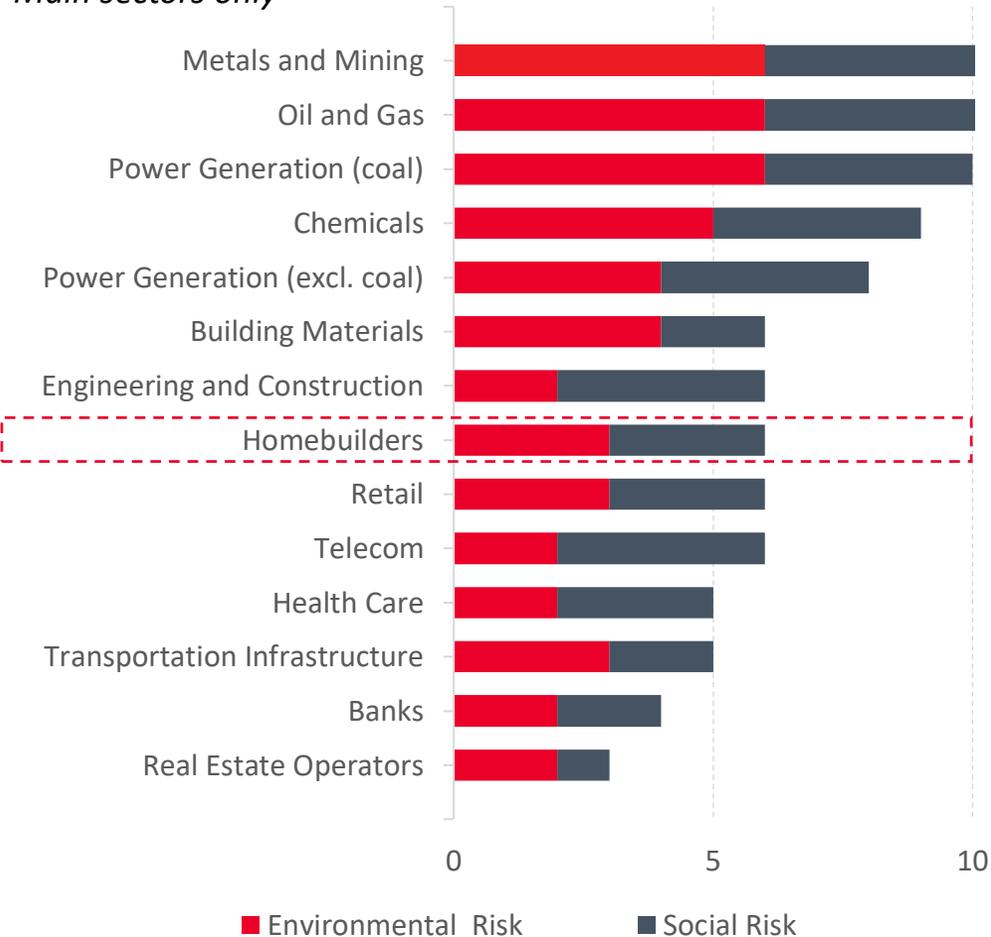
Social: positive impact by definition



Source: S&P Capital, Company IR, Team 45

Environmental & social risks rank

Main sectors only



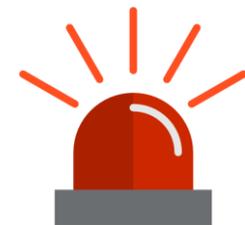
COMPANY DOESN'T RELEASE A SUSTAINABILITY REPORT

SOCIAL IMPACTS



- ✓ **Affordable homes** for low-income population in country with **high levels of habitational deficit**
- ✓ Improvement of quality of life
- ✓ Most of employees (including construction workers) are hired directly by the company

➤ **Safety of construction workers**
No data available from Tenda



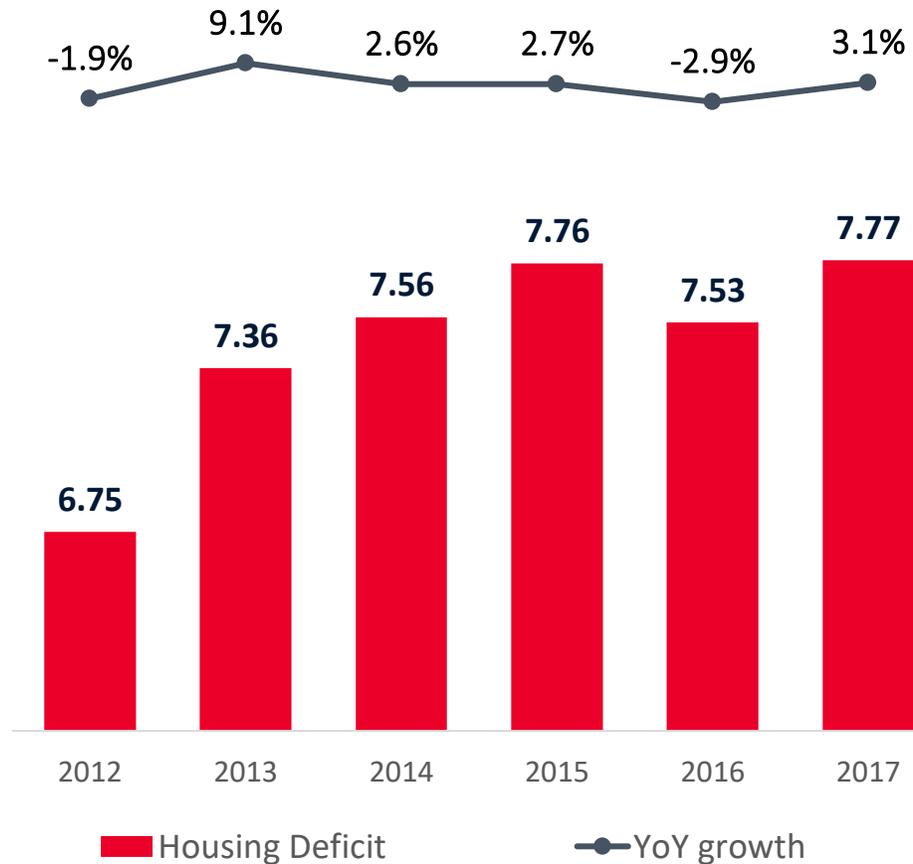
Sustainable growth perspective



Source: FGV, Abrainc, Fipe

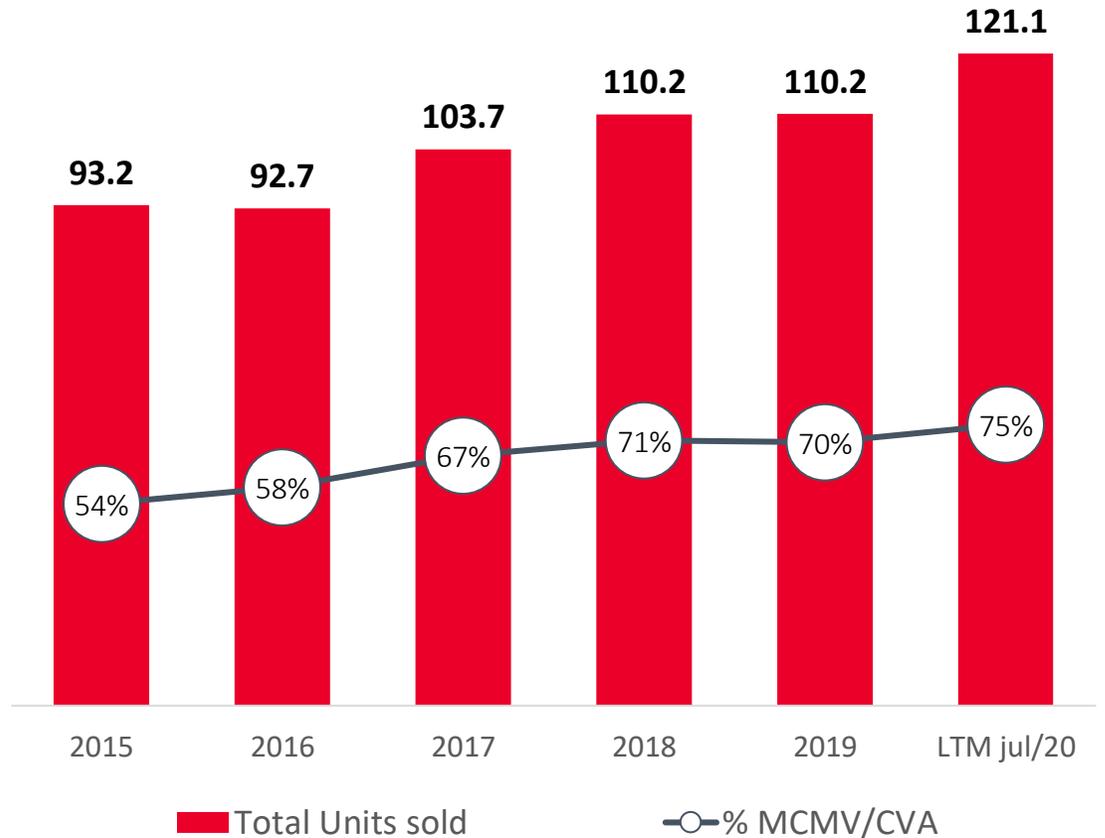
Housing deficit in Brazil

In millions of units



Brazilian housing sales

In thousands of units – 20 largest players



Understanding “Casa Verde e Amarela” program



Source: Companies' IR, Regional Development Ministry, FGV, Abrainc



CASA VERDE E AMARELA

Social housing program

substituted Minha Casa, Minha Vida (MCMV)

30 YEARS

Financing of low-income houses

Low interest rates

Fixed and independent of Selic



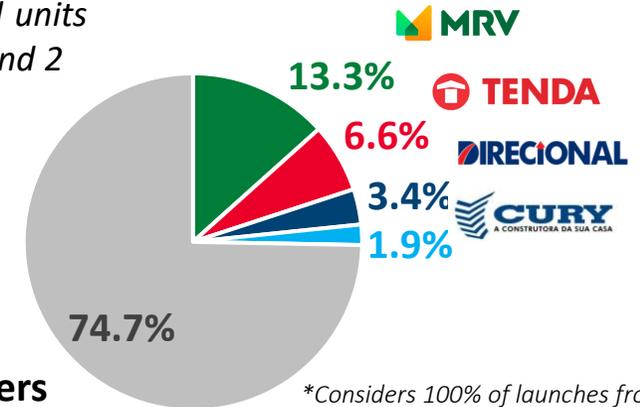
Program divided into different brackets according to the families' monthly income

Maximum at BRL 7K

Up to 80% of the unit price is subsidized by the government

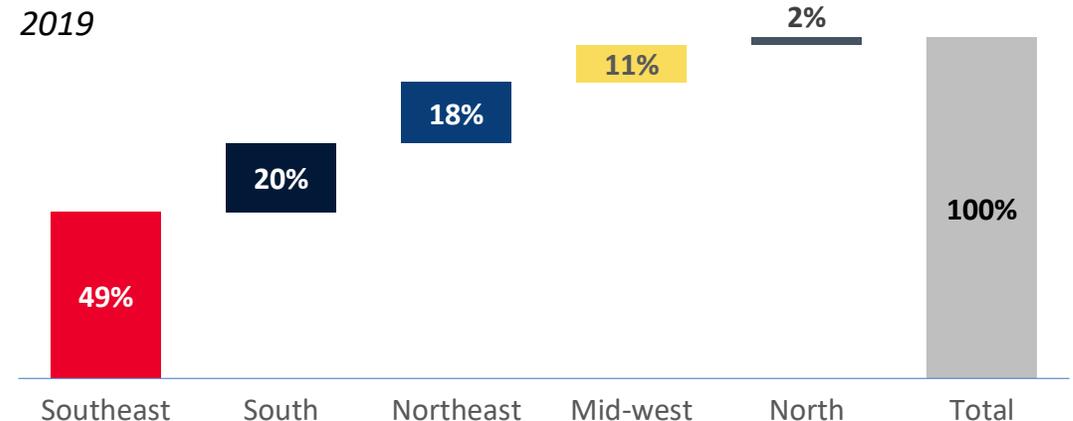
CVA market share

Launched*/contracted units
MCMV brackets 1.5 and 2
in 2019



*Considers 100% of launches from MRV and ex-bracket 1 from Direcional

MCMV launched units regional footprint



But where does the money come from?

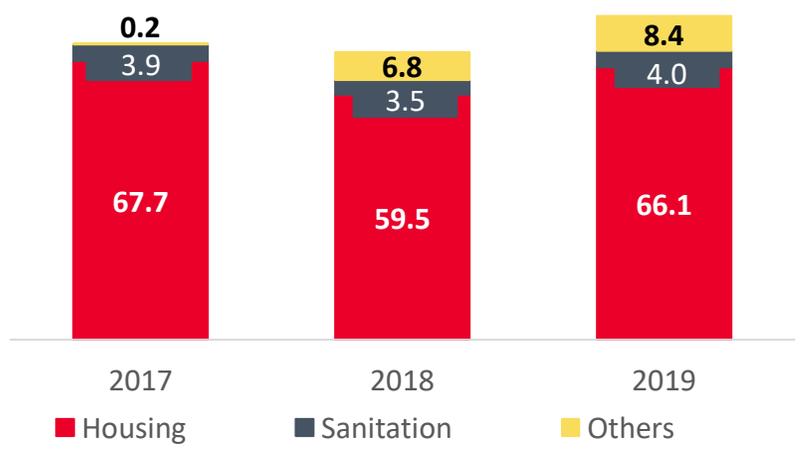


Source: FGTS, Team 45



FGTS's investment breakdown evolution

BRL bn



85% - 88% invested in housing
 Mainly via Casa Verde e Amarela program

SOLID BASE OF RESOURCES



But where does the money come from?

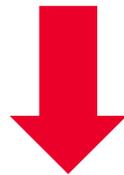


Source: FGTS, Team 45



RESTRICTED WITHDRAWALS

- 1 Individual is dismissed from his job
- 2 Extraordinary withdraws authorized by the government
- 3 First house purchase



COVID-19 RISKS FOR FGTS

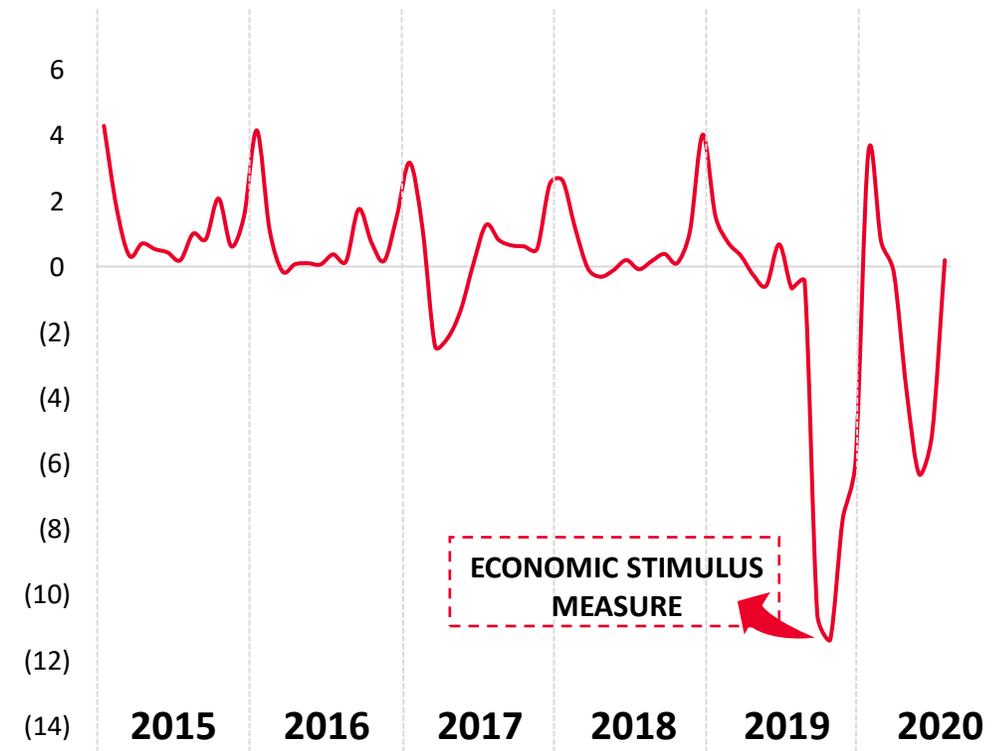
- 1 Rise in unemployment
- 2 Extraordinary withdraws to support economic conditions during the pandemic

**DOUBLE
NEGATIVE
EFFECT**



FGTS' inflows and outflows

BRL bn



— Net Inflows/Outflows

Sustained growth amidst coronavirus pandemic



Source: Abrainc, Fipe



COVID-19 TRENDS

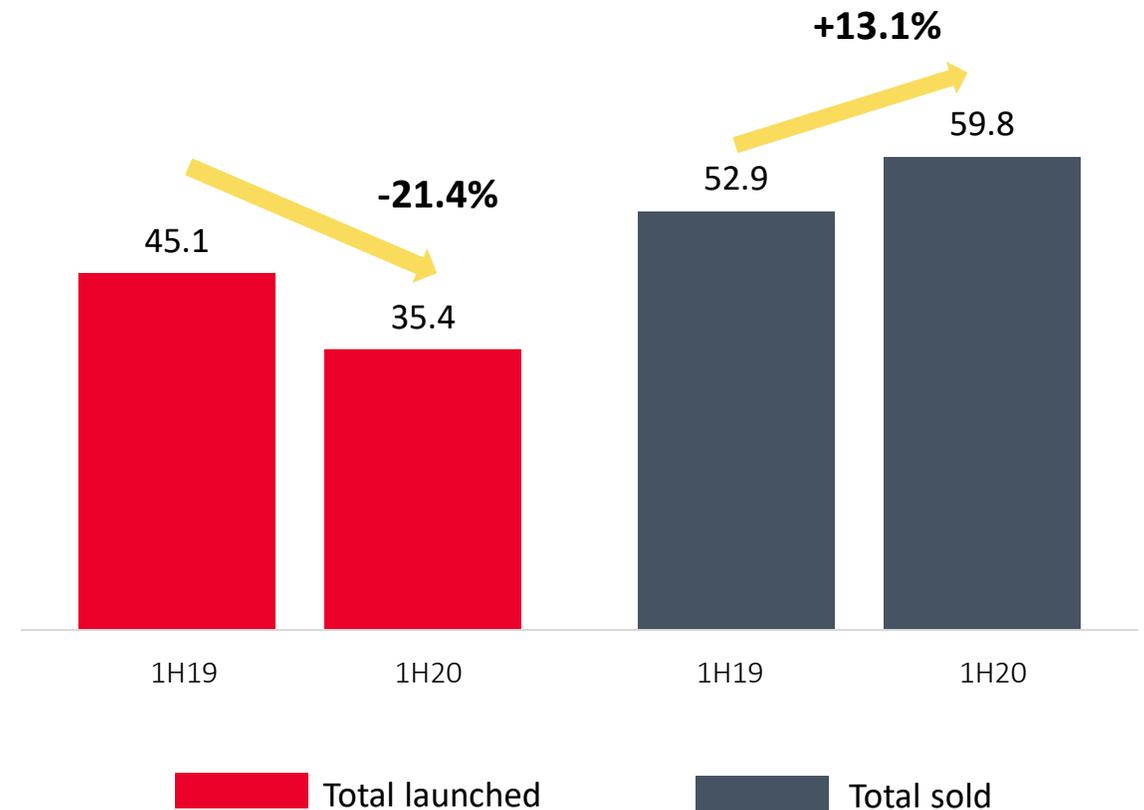
Sales records throughout the sector

- ✓ Acceptance of low-income consumers to online sales channels
- ✓ Credit support initiatives from Caixa
- ✓ Discount in prices granted during the period

Resiliency from the sector even in times of economic uncertainty

Launches x sales performance

Thousands of units – 20 largest players



But in which segment does the company operate?



Source: Companies' IR, Capital IQ

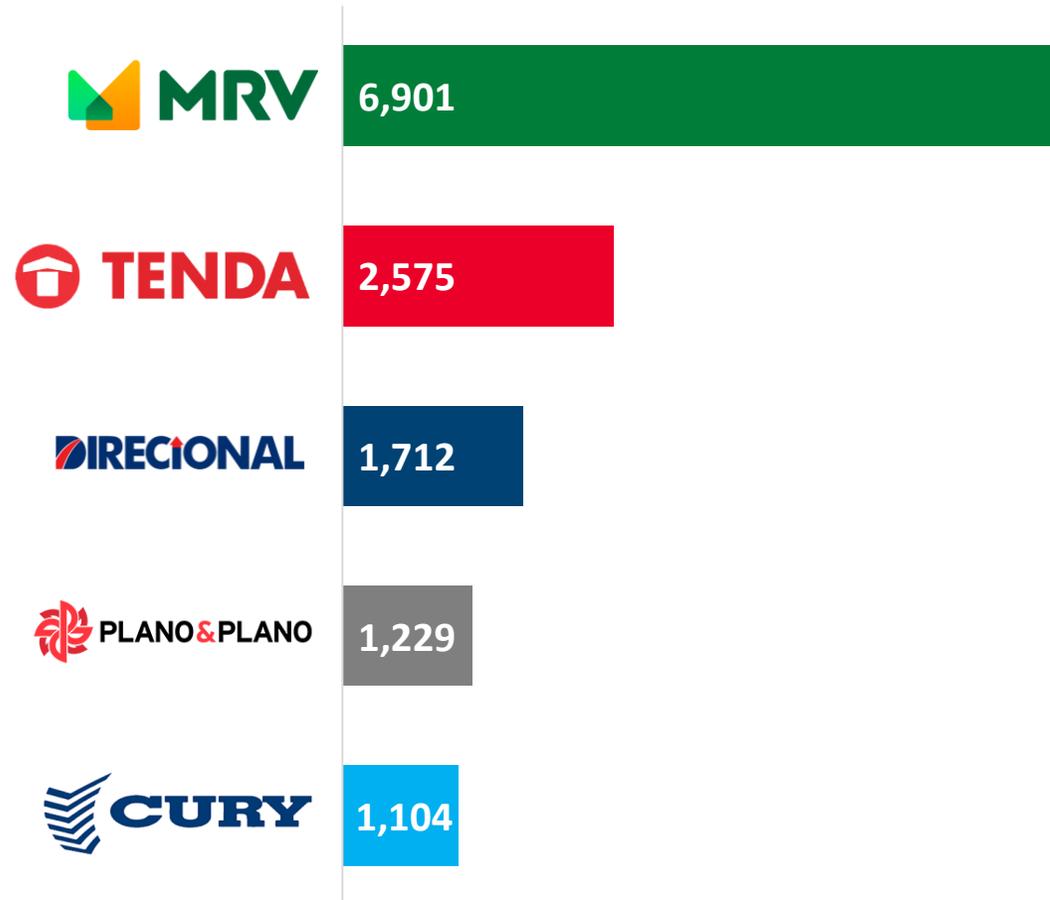
Low-income homebuilders: main players

Values from 2019

	Net revenues (BRL mn)	Gross margin	Units Launched
 TENDA	1,950	33.2%	17,894
 MRV	6,055	30.4%	39,660
 DIRECIONAL	1,458	33.7%	11,212
 CURY	1,019	34.9%	6,084
 PLANO&PLANO	719	35.5%	7,035

PSV of launches by company

Values from 2019, in BRL mn

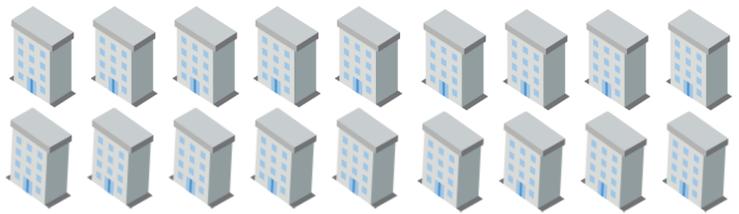


But we have to understand the consumer's decision process



PRICE CAP IN CASA VERDE E AMARELA PROGRAM

BRL 240K



STANDARD PRODUCT AMONG PLAYERS
in terms of construction and of payment conditions

WHAT IS THE TRIGGER FOR A PURCHASE?



BEST LOCATION

OR

LOWER PRICES



Study case: geographic location



Source: Companies website, City Hall of São Paulo, São Paulo State Government, Team 45



BEST LOCATION

Study case in São Paulo city

Sample description

- ✓ **248 LAUNCHES FROM 9 DIFFERENT HOMEBUILDERS**
- ✓ **4,047 PUBLIC SCHOOLS**
- ✓ **157 SUBWAY STATIONS**
- ✓ **477 HOSPITALS**

Launches by company vs. average household income

Sample's weight

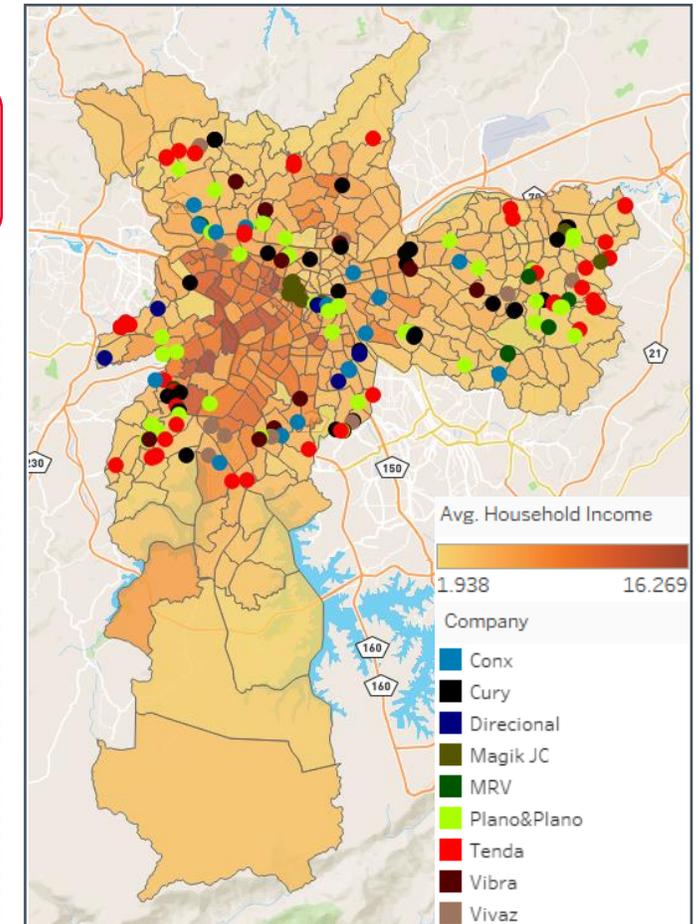
 **TENDA**
22%

 **CURY**
20%

 **PLANO&PLANO**
CONSTRUÇÕES E PARTICIPAÇÕES
15%

 **MRV**
14%

 **DIRECIONAL**
3%



Study case: geographic location



Source: Companies website, City Hall of São Paulo, São Paulo State Government, Team 45



BEST LOCATION

Study case in São Paulo city

Study results

Location limited by price cap

No significant differentiation among large companies

Location Index	Avg. Min. Dist	Median	#
Magik JC	3.32	2.74	1°
Vibra	8.12	7.72	2°
MRV	10.04	7.09	3°
Conx	10.16	6.30	4°
Direcional	10.26	10.84	5°
Cury	10.37	10.22	6°
Tenda	10.65	9.39	7°
Plano & Plano	10.68	9.11	8°
Vivaz	13.01	9.14	9°

Launches by company vs. average household income

Sample's weight

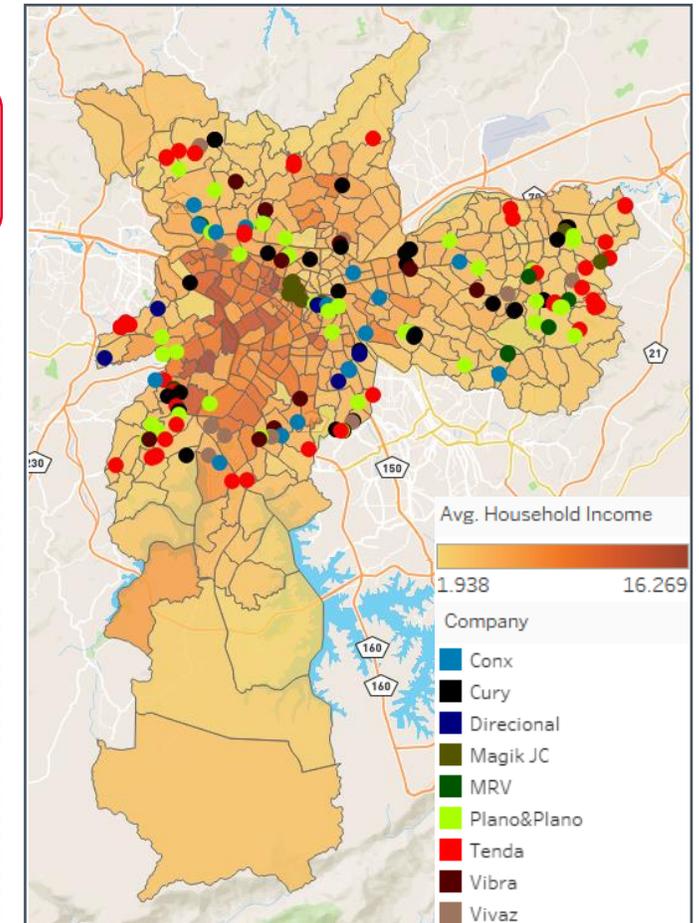
 **TENDA**
22%

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 **MRV**
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Low-income homebuilding: a commodity game



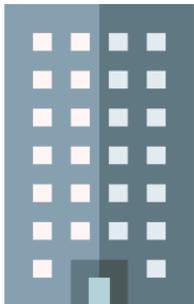
Source: Companies' IR, Team 45



LOWER PRICES

Homebuilders offer roughly the same product

In terms of



CONSTRUCTION



PAYMENT CONDITIONS



LOCATION



Most important feature in purchase decision process

*Similar to a **commodity market***

PRICES ARE THE MAIN DIFFERENTIAL

If it's a commodity game, we have a winner



Source: Companies' IR, Team 45

Low-income housing: standard buildings where prices are the main differential

Average price per unit launched in 3Q20

 **TENDA**



BRL 155K

 **MRV**



BRL 165K

 **DIRECIONAL**



BRL 168K

 **CURY**



BRL 193K

Winner will be the company with



GOOD COST STRUCTURE

leading to



LOWER PRICES

which combined with



HIGHER SOS

will result in



HIGHEST RETURNS

And the winner is Tenda



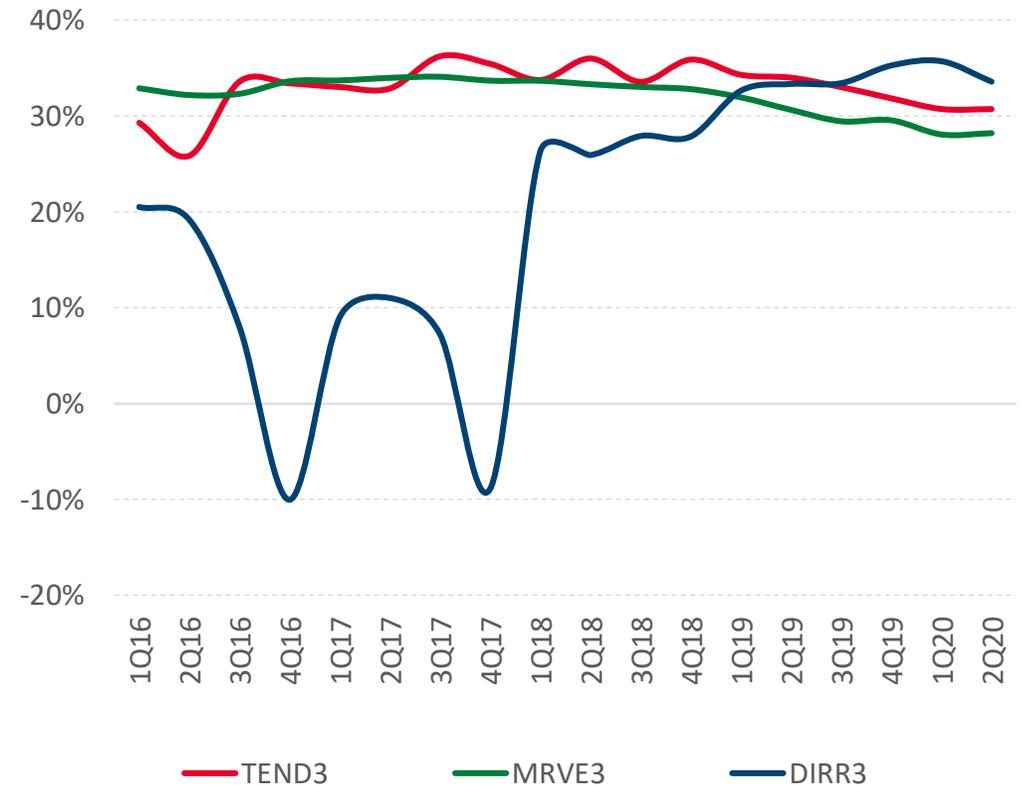
Source: Companies' IR, Team 45



GOOD COST
STRUCTURE



Historical gross margins by company



And the winner is Tenda

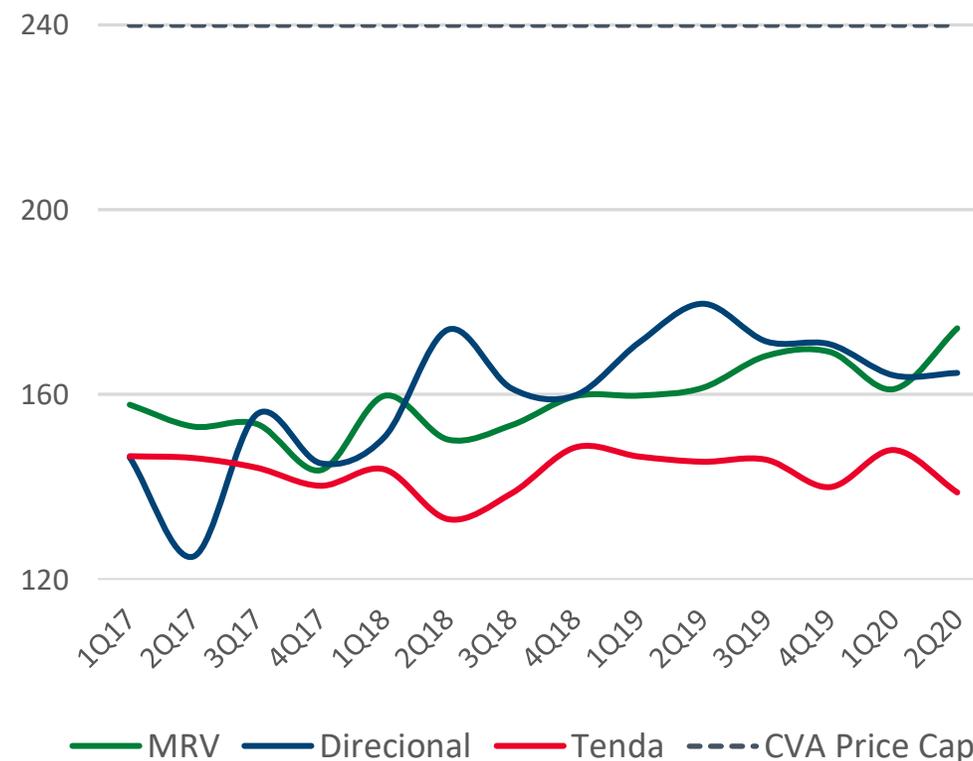


Source: Companies' IR, Team 45



Average unit price evolution by company

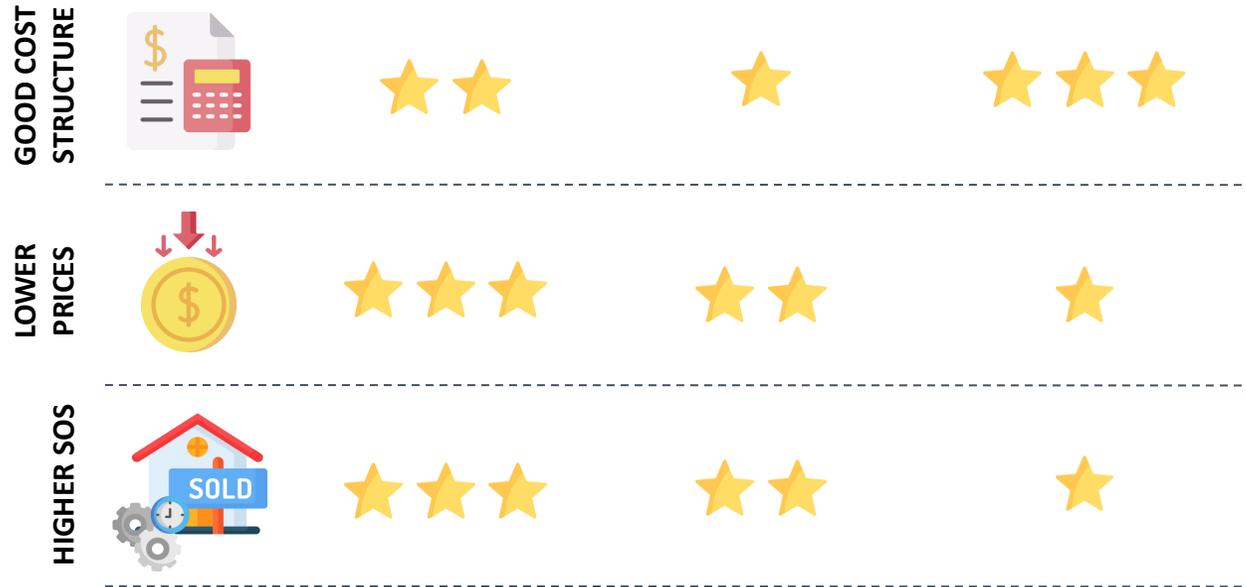
BRL thousands



And the winner is Tenda

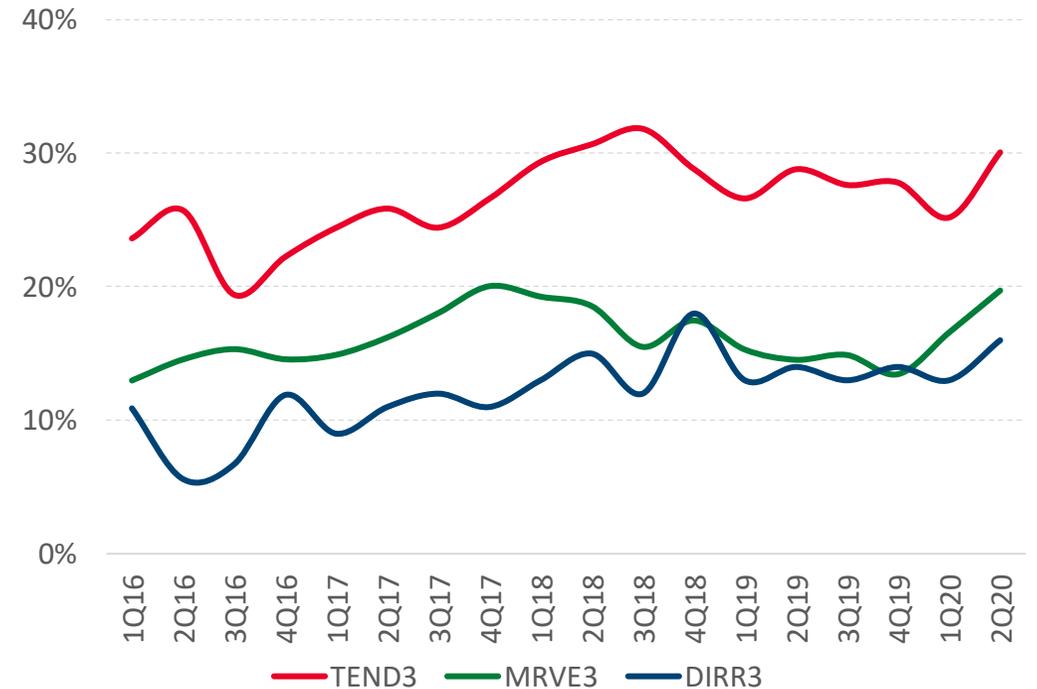


Source: Companies' IR, Team 45



Historical net SOS by company

Speed Of Sales



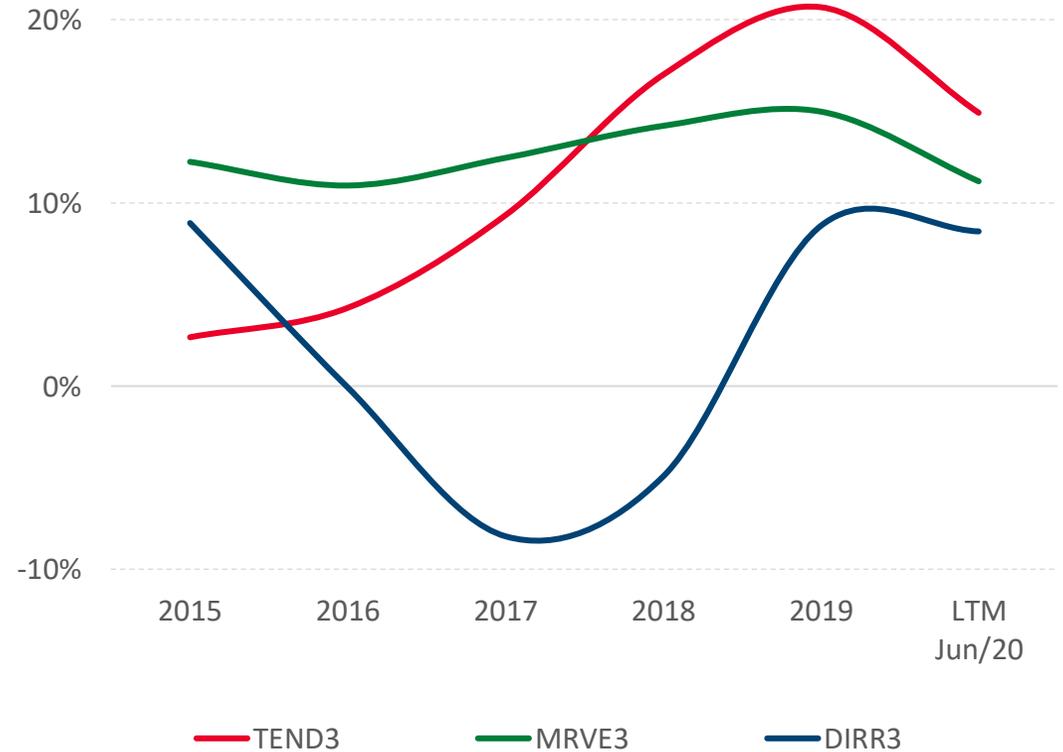
And the winner is Tenda



Source: Companies' IR, Team 45

	 TENDA	 MRV	 DIRECIONAL
GOOD COST STRUCTURE 	★ ★	★	★ ★ ★
LOWER PRICES 	★ ★ ★	★ ★	★
HIGHER SOS 	★ ★ ★	★ ★	★
HIGHEST RETURNS 	★ ★ ★	★ ★	★

Historical ROE by company

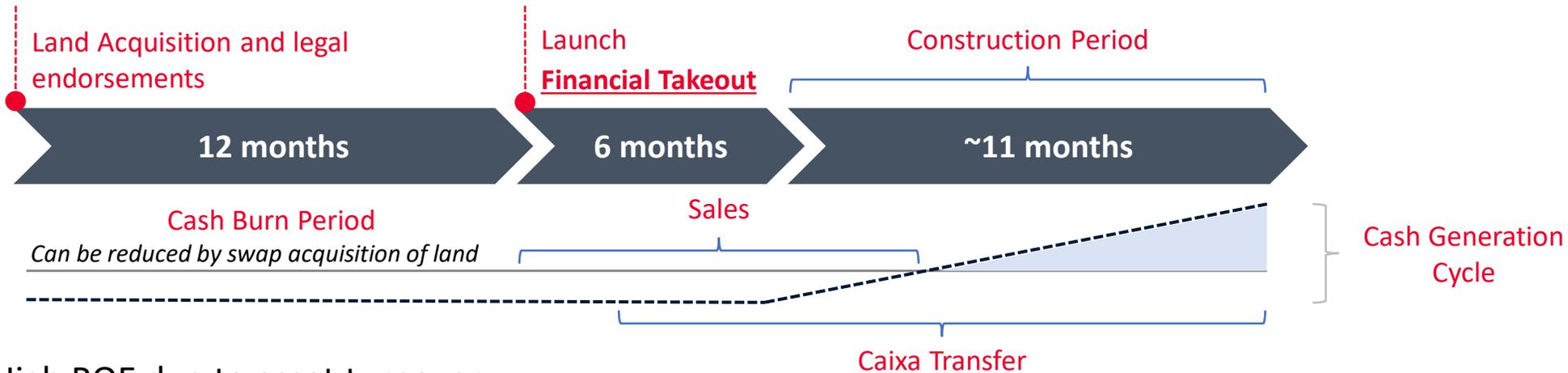


Asset turnover leading to higher returns



Source: Companies' IR, Team 45

Tenda - Construction cycle

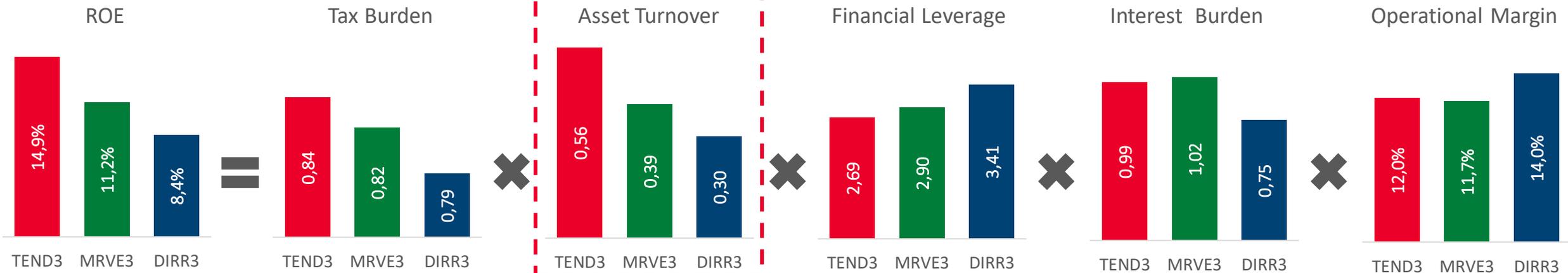


Benefits of this model

Tenda benefits from the **immediate transfer** from the bank (Associative Credit) and a short construction period, accelerating **cash flow generation**

High ROE due to asset turnover

Dupont Analysis



But what's next?

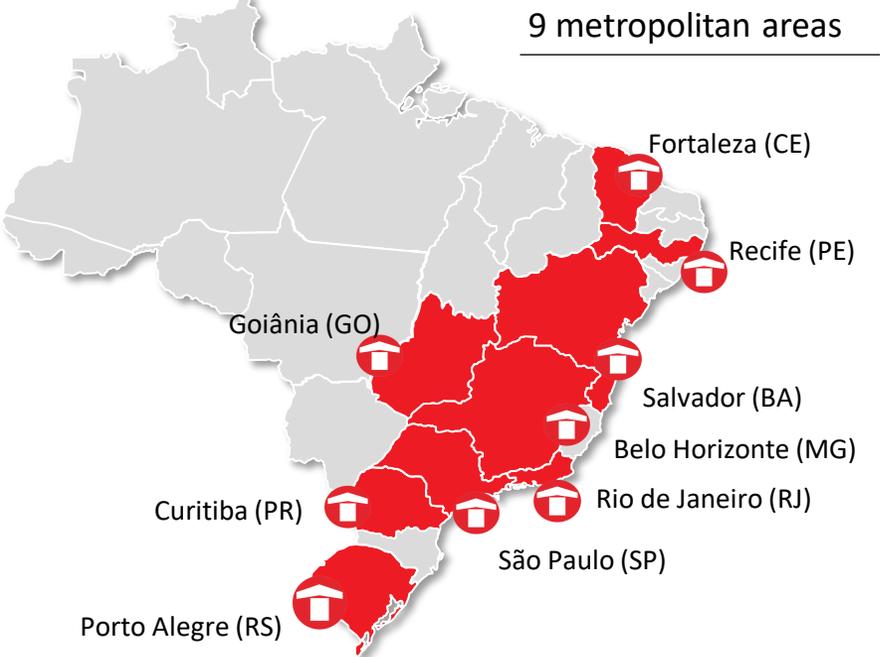


Source: Companies' IR, FGV, Abrainc, Team 45



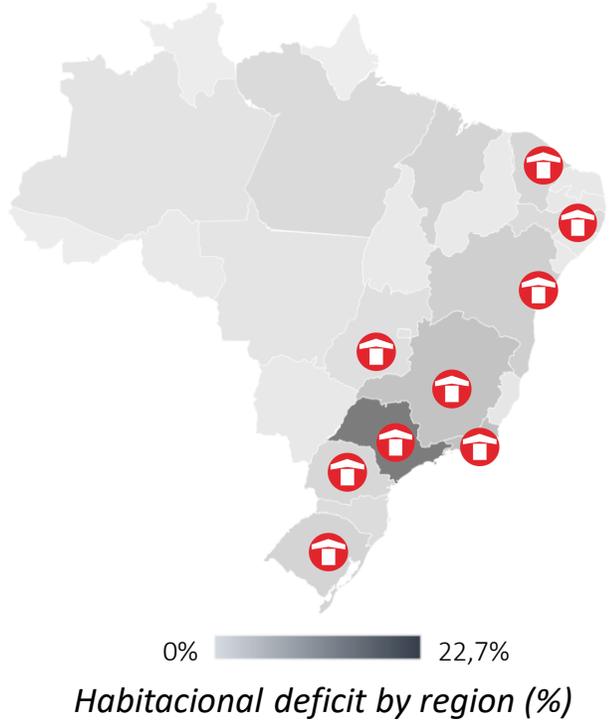
ORGANIC GROWTH

Expansion plan: entering 4 new metropolitan areas



STRATEGIC POSITIONING

✓ Higher levels of habitational deficit



But what's next?



Source: Company IR, Team 45

HIGH SCALABILITY



Only cities that allow 1,000 units launched or more



3 SKUs in the portfolio

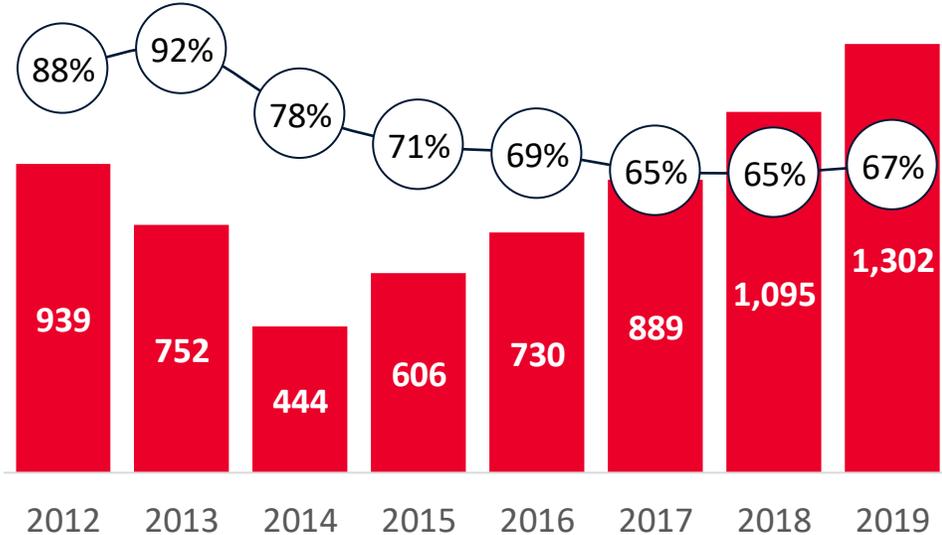


Aluminum form work system



LOWER COSTS

in real terms



■ COGS ○ % Net Revenues



ADDITIONAL GROWTH OPPORTUNITIES OFFSITE CONSTRUCTION

planning, designing, and fabrication of components are done off the construction site

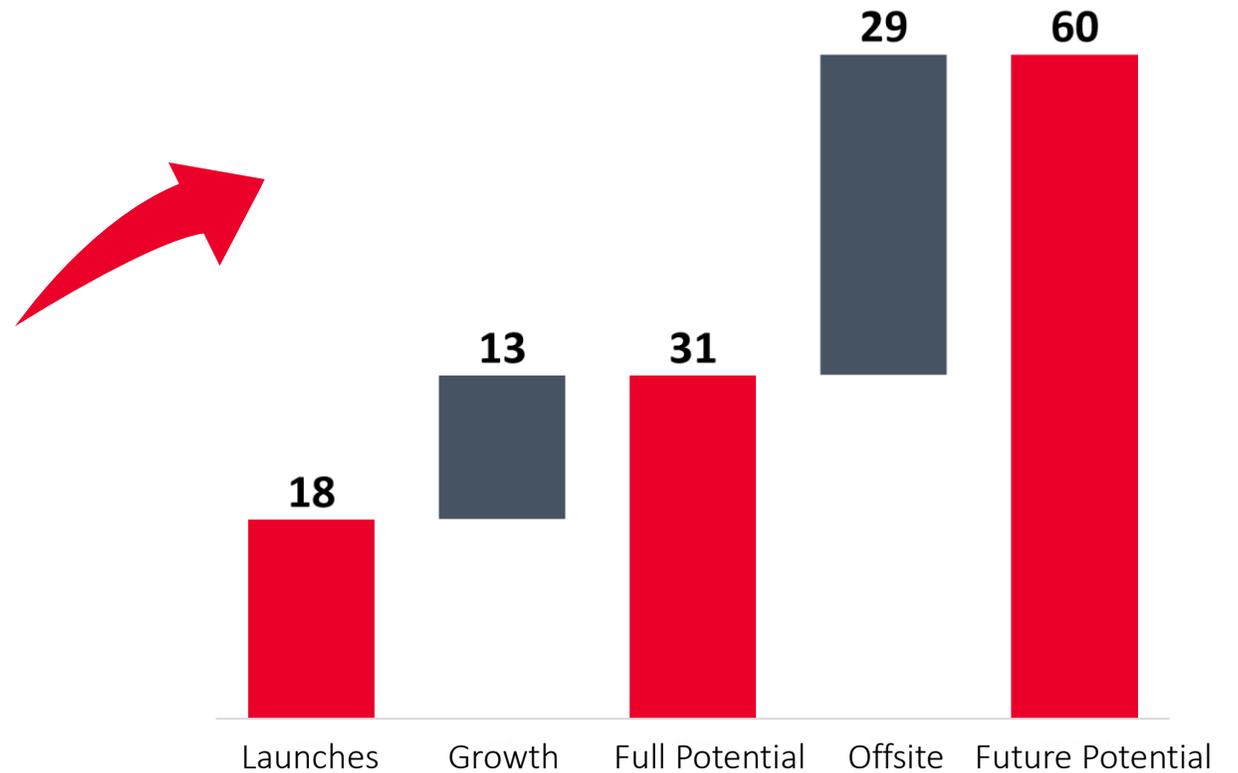
**POTENTIALLY DOUBLE TENDA'S
ADRESSABLE MARKET**

ENTERING SMALLER CITIES
by gains of scale in markets that were previously unreachable



Addressable market through offsite

Thousands of units per year





A model that provides substantial benefits...

	Improvement Over Conventional Construction
SOCIAL	
Health & Safety	Up to 80%
Working Conditions	Significant
ENVIROMENTAL	
Reduced Energy Used	Up to 80%
Reduced Waste	Up to 90%
ECONOMIC	
Faster Construction	Up to 60%
Reduced Defects	Up to 80%

...But also holds some risks



LOGISTICS

Eventually it will be necessary to transport the walls through long distances

Not the company's expertise
Could lead to a **possible acquisition**



REGULATORY FRAMEWORK

Each municipality has its specific regulations regarding the approval of construction projects

52 documents and approvals required in the construction process in São Paulo city



WE EXPECT OPERATIONS TO START ONLY BY 2023

Considered in our bullish scenario



INCIPIENT FIGURES

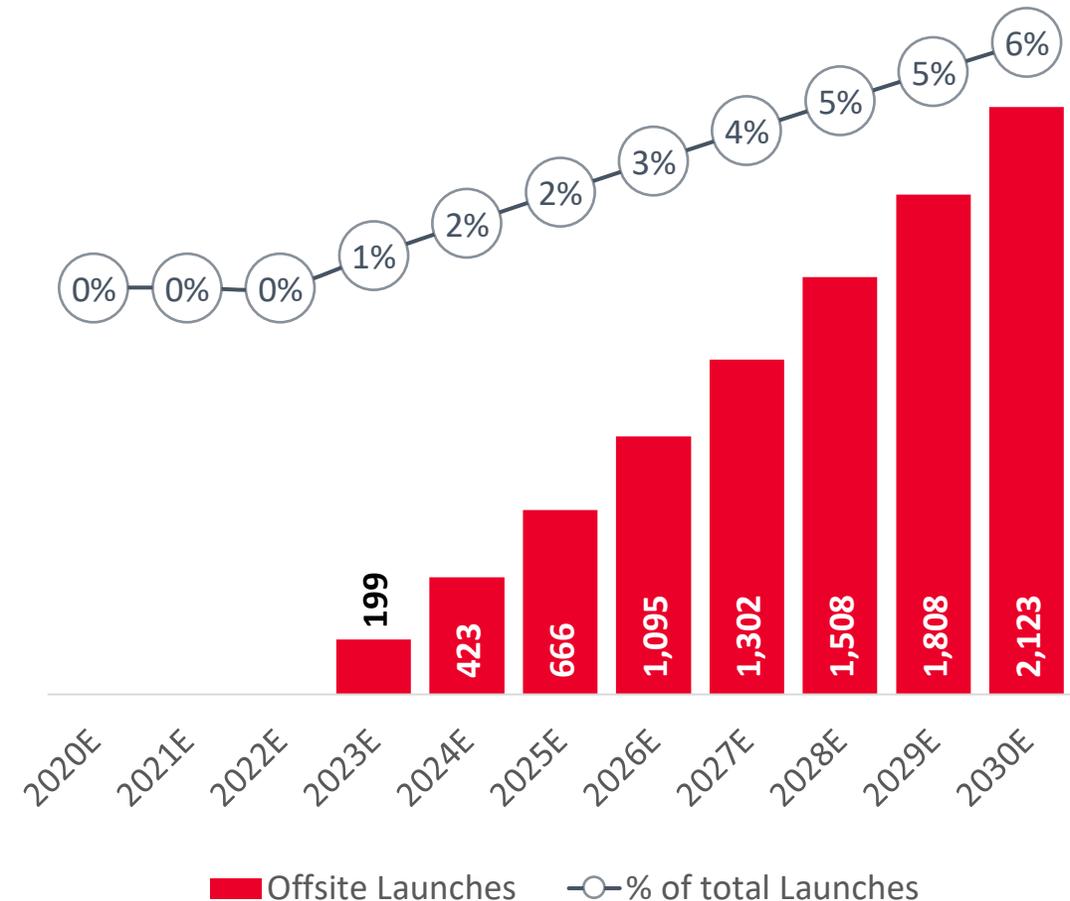
compared to total launches



BETTER MARGINS

than regular operations

Offsite estimated launches x % total launches



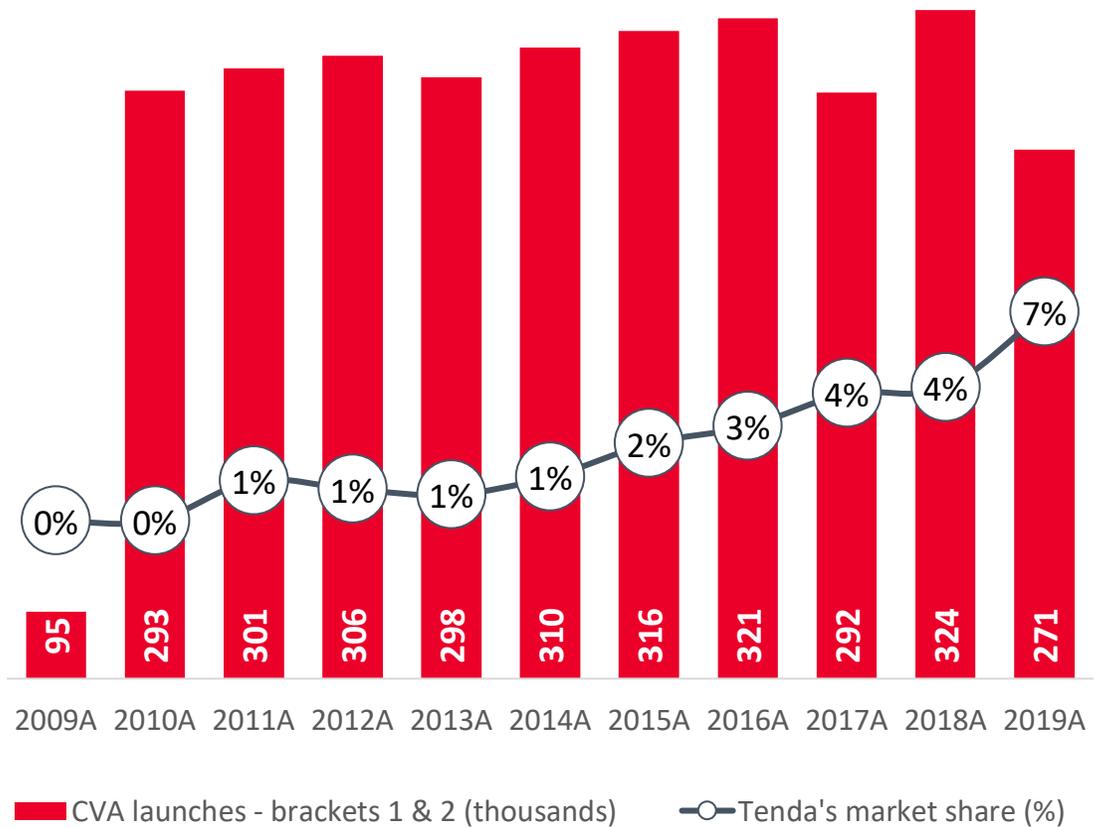
Consistent Launches Performance in CVA...



Source: Companies' IR, Regional Development Ministry, Team 45

Historical CVA launches & Tenda's market share

Thousand units per year



Estimated CVA launches & Tenda's market share

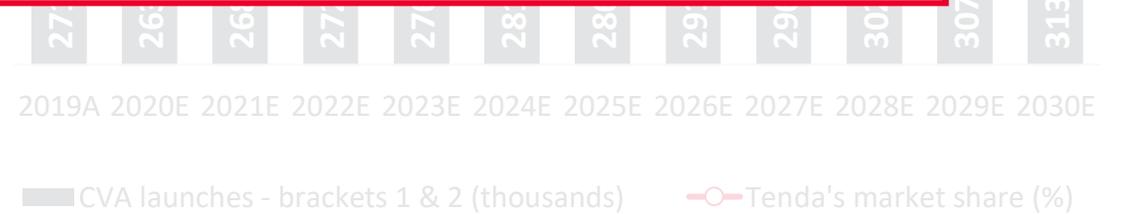
Thousand units per year



Consistent CVA launches' curve



Continuous gains of mkt. share



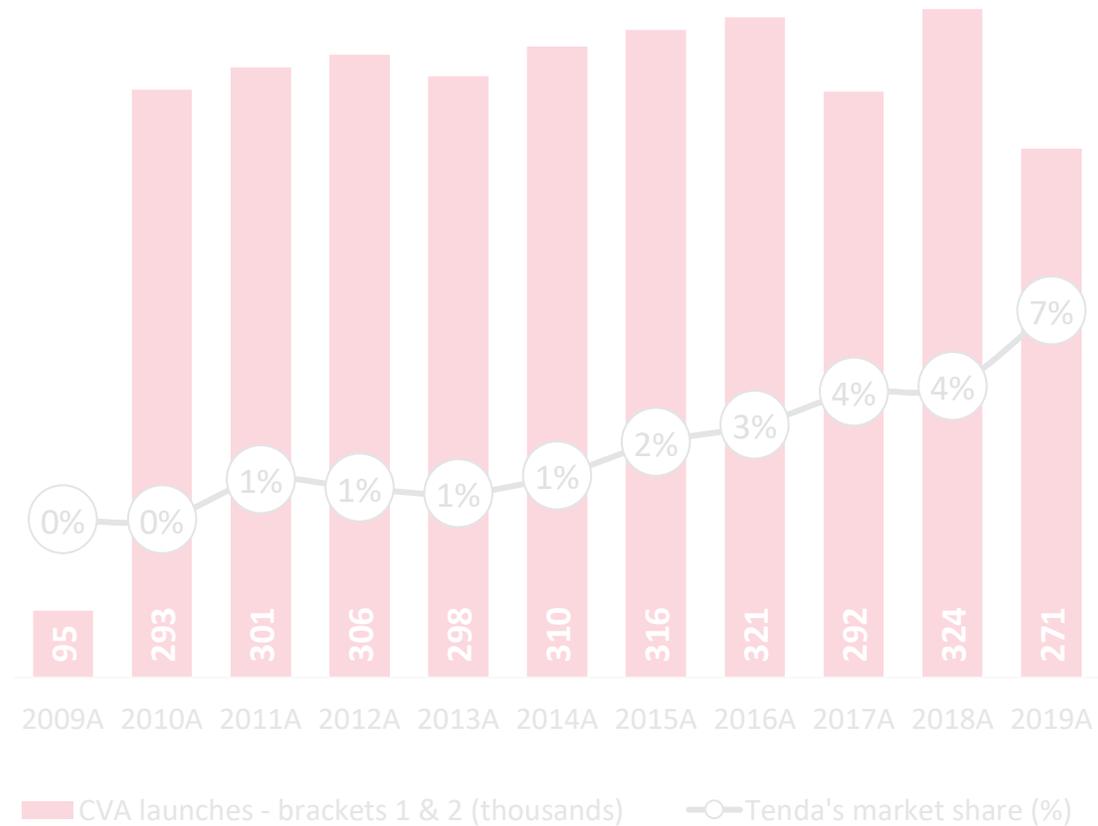
...With Market Share Gains



Source: Companies' IR, Regional Development Ministry, Team 45

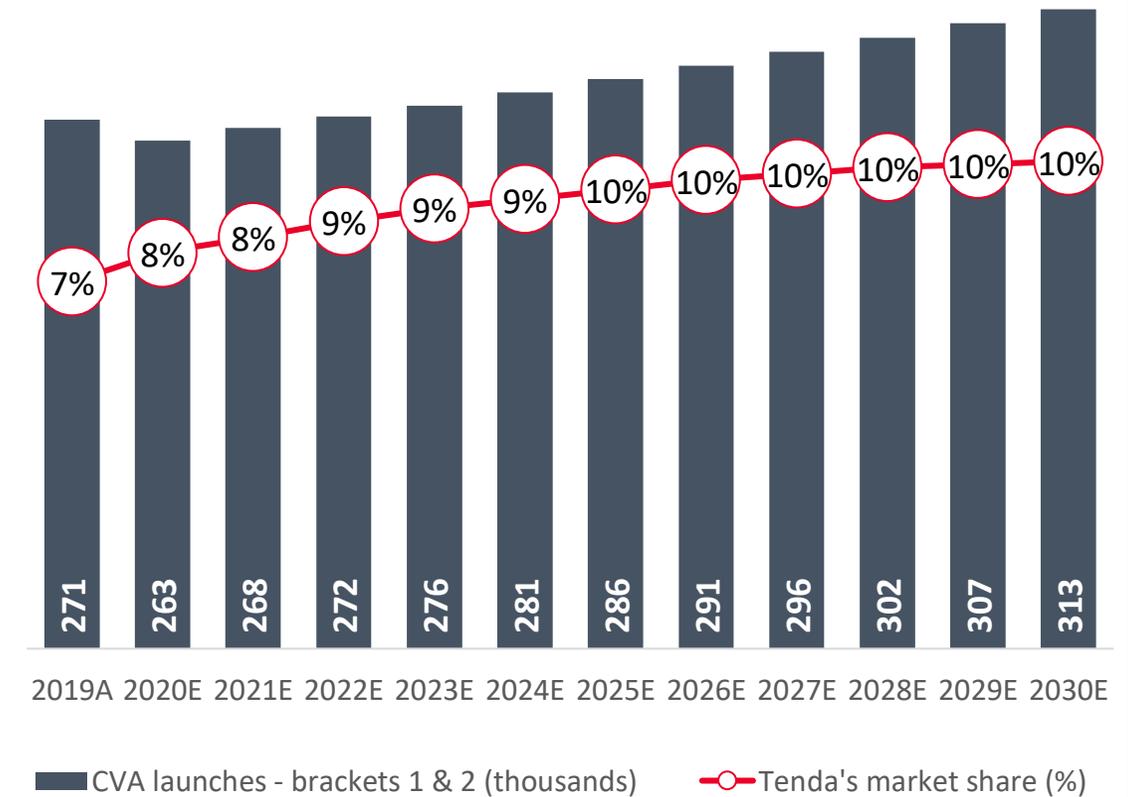
Historical CVA launches & Tenda's market share

Thousand units per year



Estimated CVA Launches & Tenda's market share

Thousand units per year



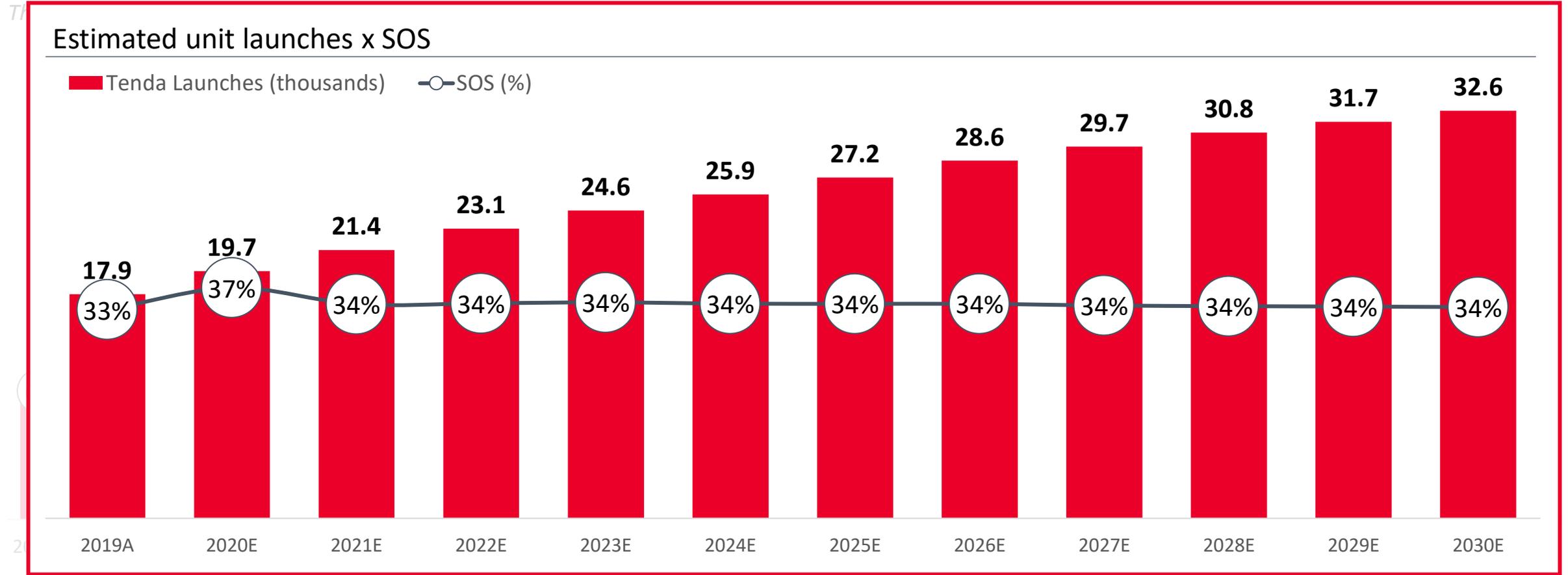
Solid Operational Performance



Source: Company IR, Team 45

Historical growth & market share

Estimated market growth & market share



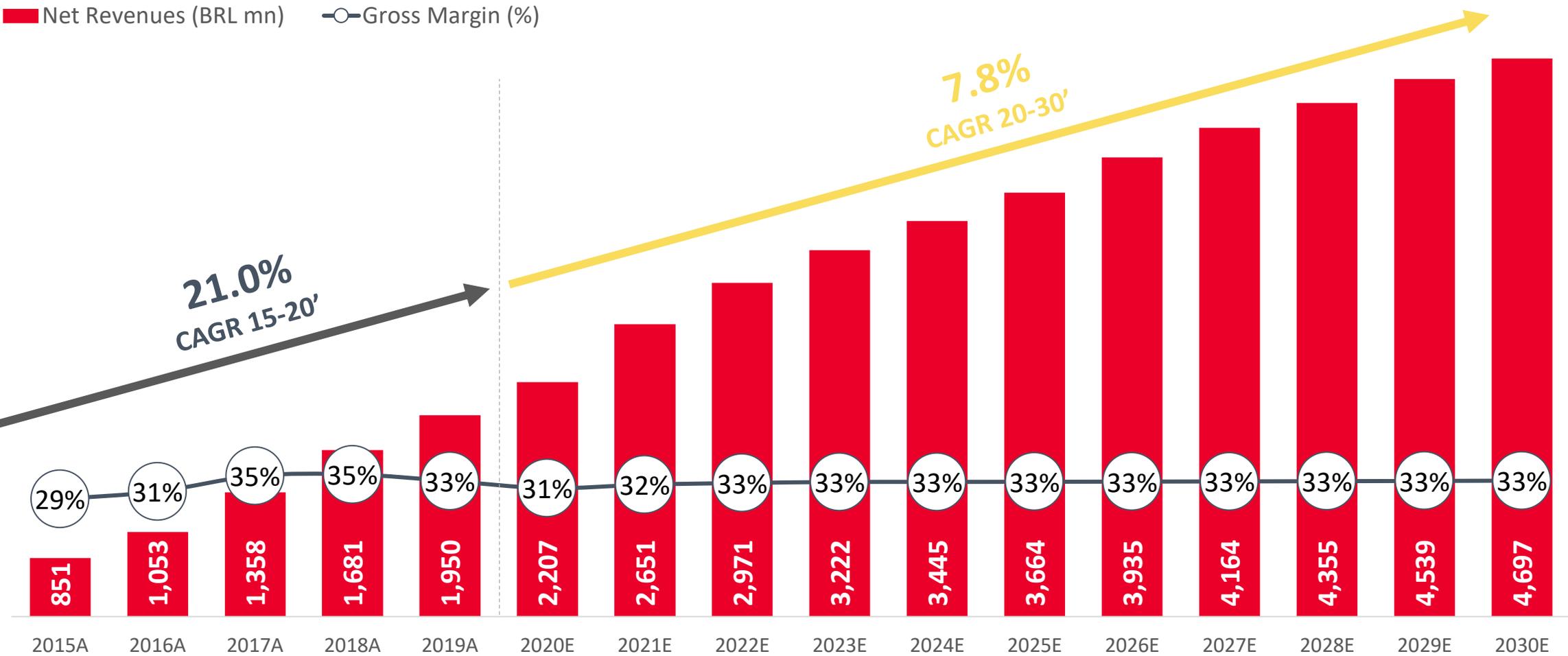
■ CVA launches - brackets 1 & 2 (thousands) ○ Tenda's market share (%) ■ CVA launches - brackets 1 & 2 (thousands) ○ Tenda's market share (%)

Financial Growth perspectives



Source: Company IR, Team 45

Estimated Net Revenues x Gross margin

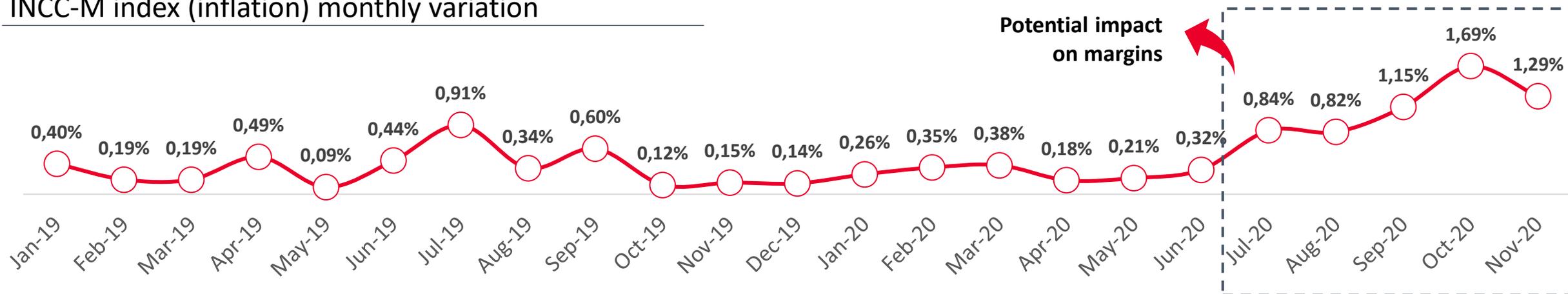


Sensitivity Analysis: possible inflation in construction costs



Source: Company IR, FGV, Team 45

INCC-M index (inflation) monthly variation



Unit economics sensitivity – 2021E

	Current Scenario	Pessimistic	Neutral	Optimistic
Avg. price / unit sold	150,000	150,000	153,000	154,500
Avg. sale price variation	-	0.0%	2.0%	3.0%
Construction costs inflation 2021E	-	12.0%	8.5%	5.0%
Land costs inflation 2021E	-	4.0%	2.0%	2.0%
Gross margin	31.2%	24.5%	27.9%	30.3%

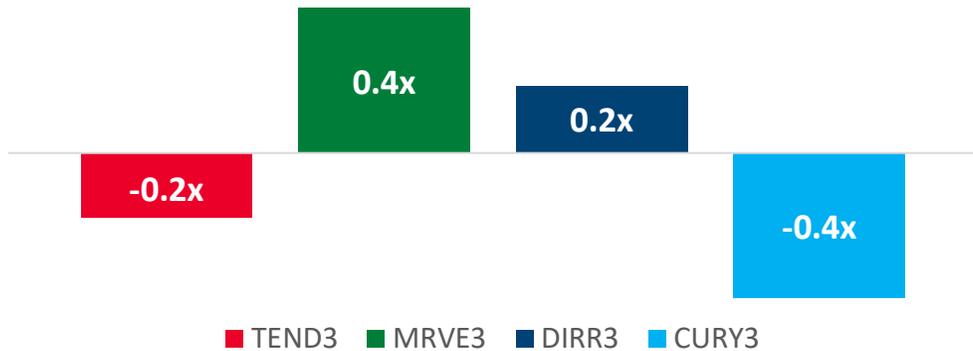
Financial support to positive spread between ROIC and WACC



Source: Companies' IR, Team 45

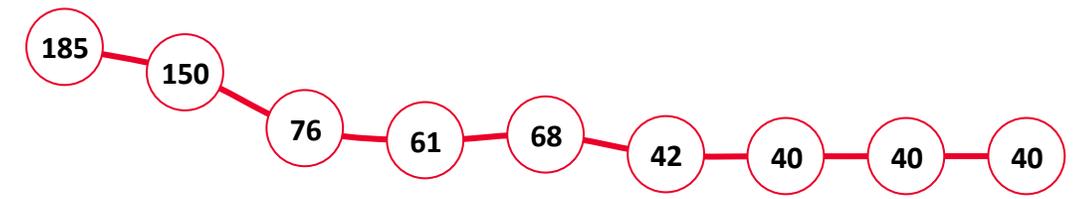
Net debt / equity comparison

As of 3Q20

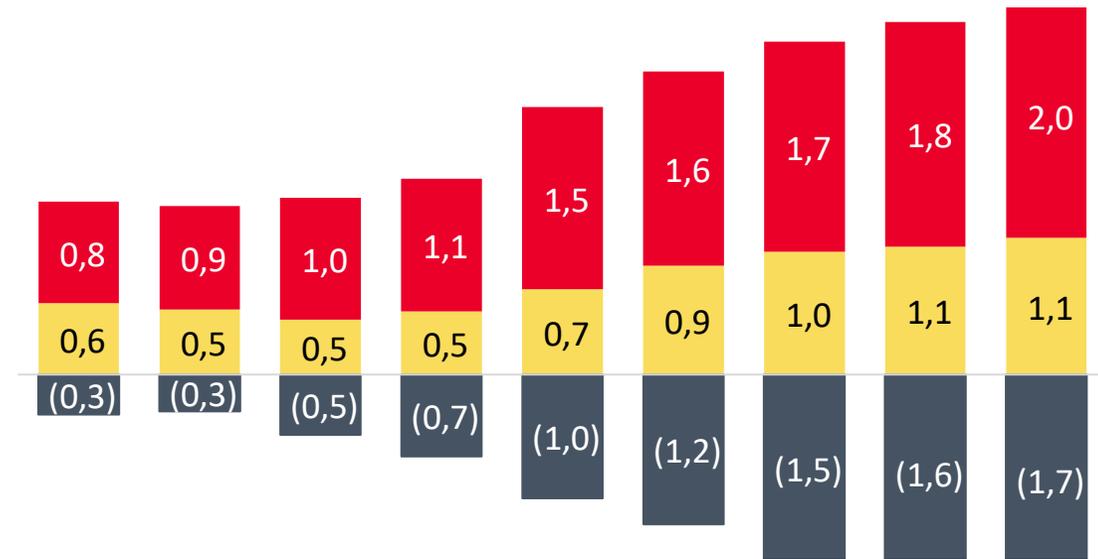
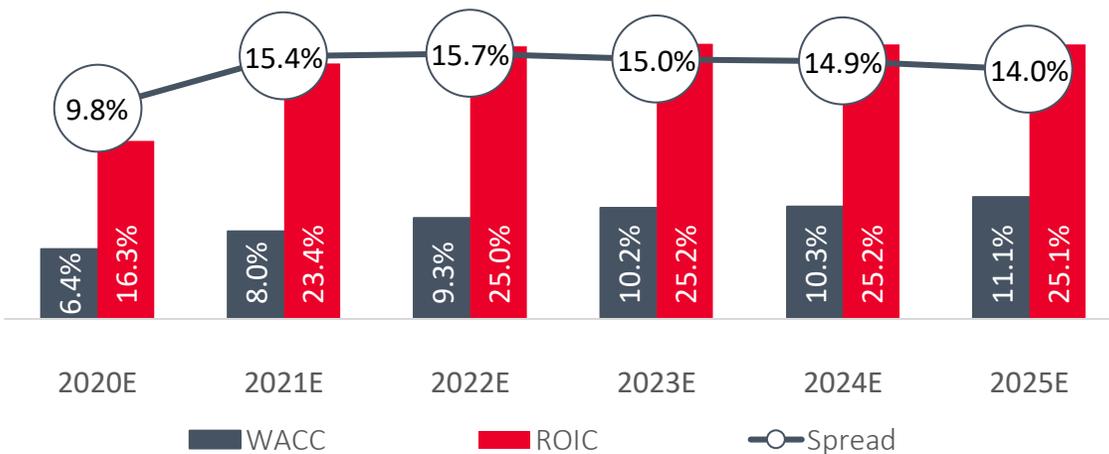


Cash conversion cycle / working capital breakdown

Working capital values in BRL mn, cash conversion cycle in days



Tenda's ROIC x WACC spread



2015A 2016A 2017A 2018A 2019A 2020E 2021E 2022E 2023E

Receivables Inventories Payables Cash conversion cycle

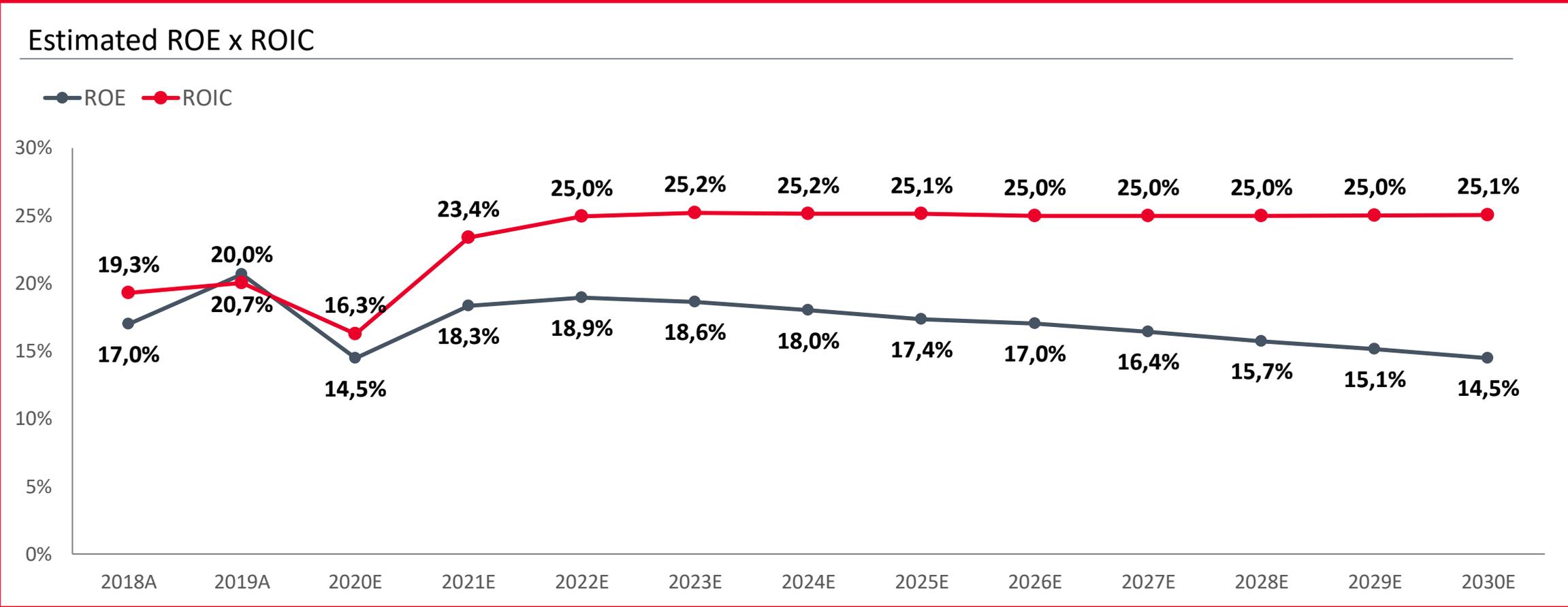
Estimated Return Ratios



Source: Companies' IR, Team 45

Net debt / equity comparison

Cash conversion cycle / working capital breakdown



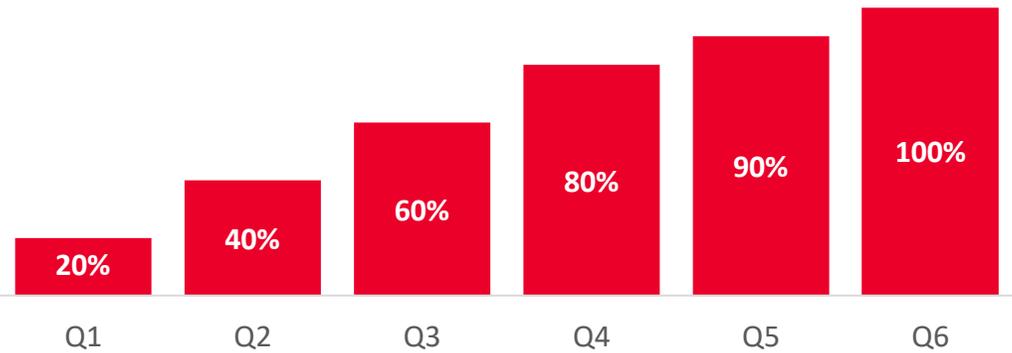
Key accounting factor: POC



Source: Team 45

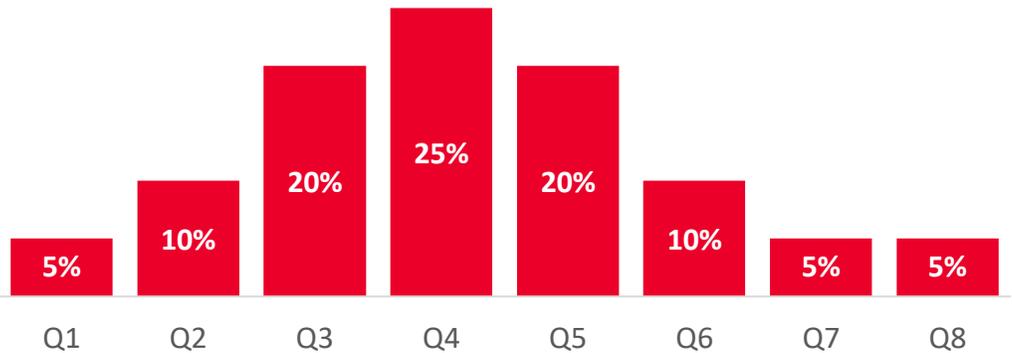
Sales speed curve assumption

Total % sold per quarter



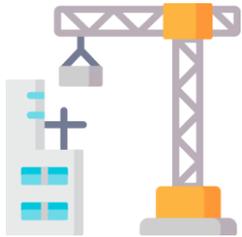
Construction speed curve assumption

% of additional completion per quarter



Percentage of completion method

POC



Revenues are recognized as the percentage of built construction

Sales start before the beginning of construction

Values are maintained in backlog

DELAY TO SALES PERFORMANCE REFLECT INTO REVENUES

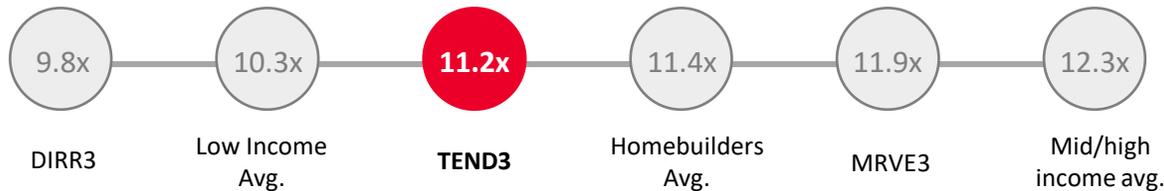
EARNINGS MOMENTUM FROM RECORD SALES STILL NOT PRICED-IN

Multiple Comparison



Source: Capital iQ, Team 45

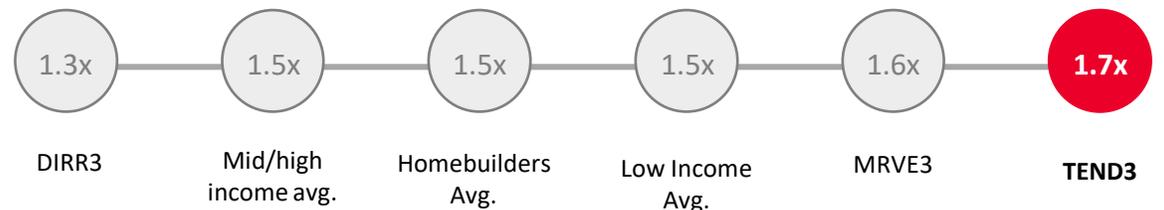
Forward P/E multiples (2021)



IMPLIED DCF MULTIPLE
12.2x P/E 2021

Low-income homebuilders usually trade at lower P/E because of their fast construction

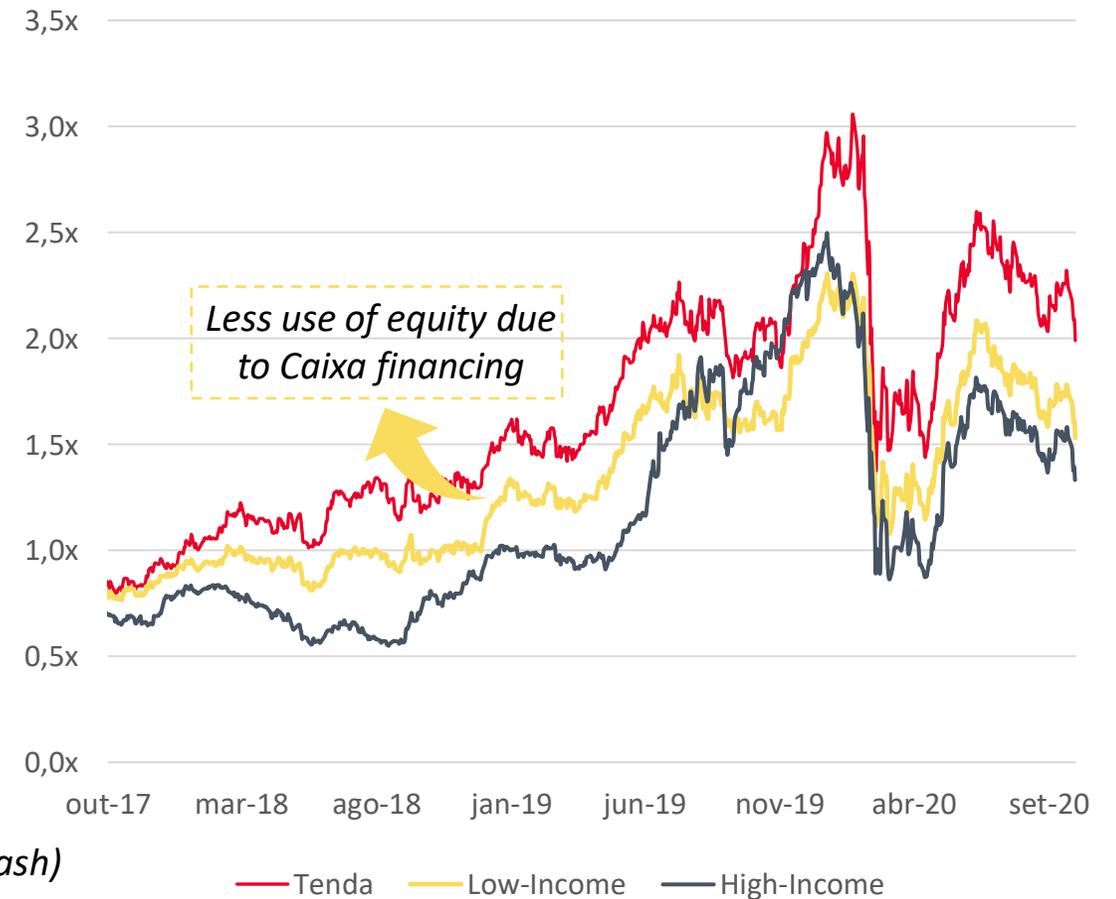
Forward P/BV multiples (2021)



IMPLIED DCF MULTIPLE
2.1x P/BV 2021

Tenda has historically traded at a premium reflecting the company's capital structure (net cash)

Tenda vs. Homebuilders historical P/BV



Discounted Free Cash Flow to Equity

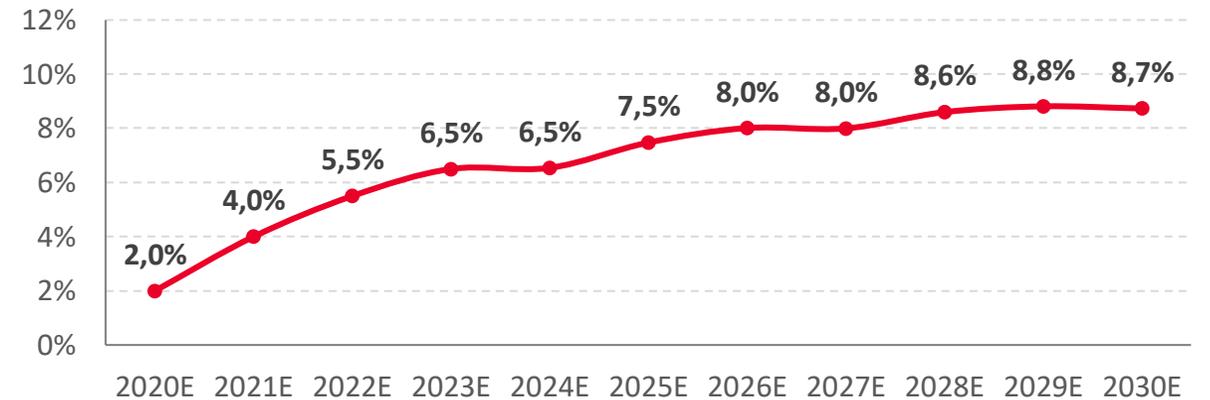


Cost of Equity composition

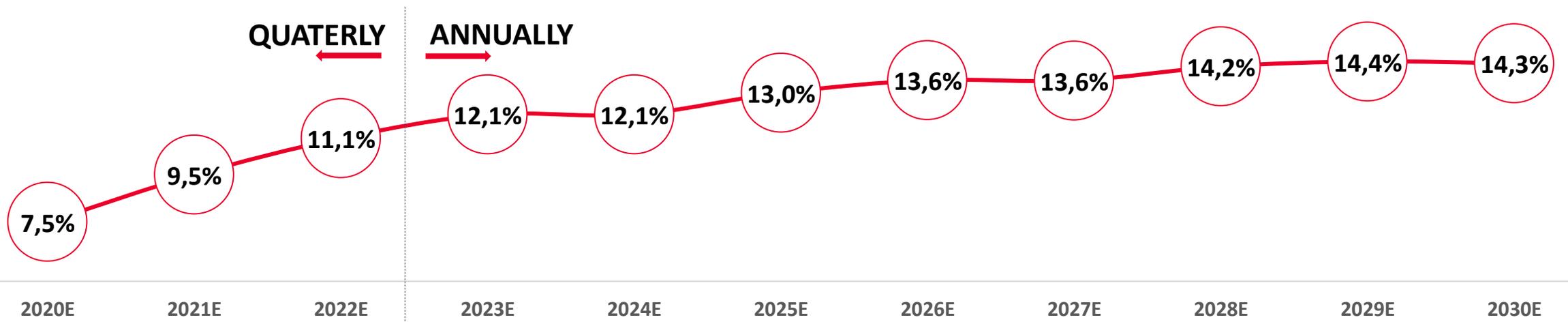
TEND3 levered Beta	1.115
Market risk premium	5.0%
Perpetuity growth rate	4.0%

DYNAMIC RISK FREE RATE → Higher interest rates in Brazil for the next years

Risk free rate - Brazil's yield curve



Tenda's dynamic Cost of Equity

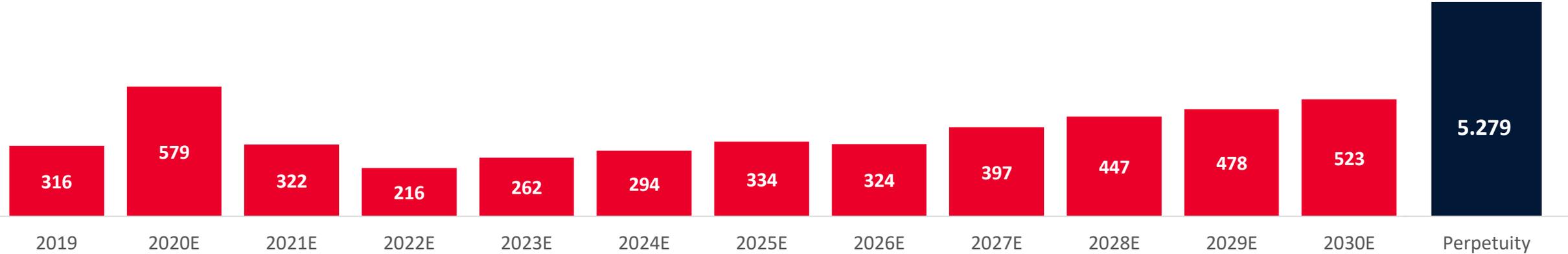


Discounted Free Cash Flow to Equity

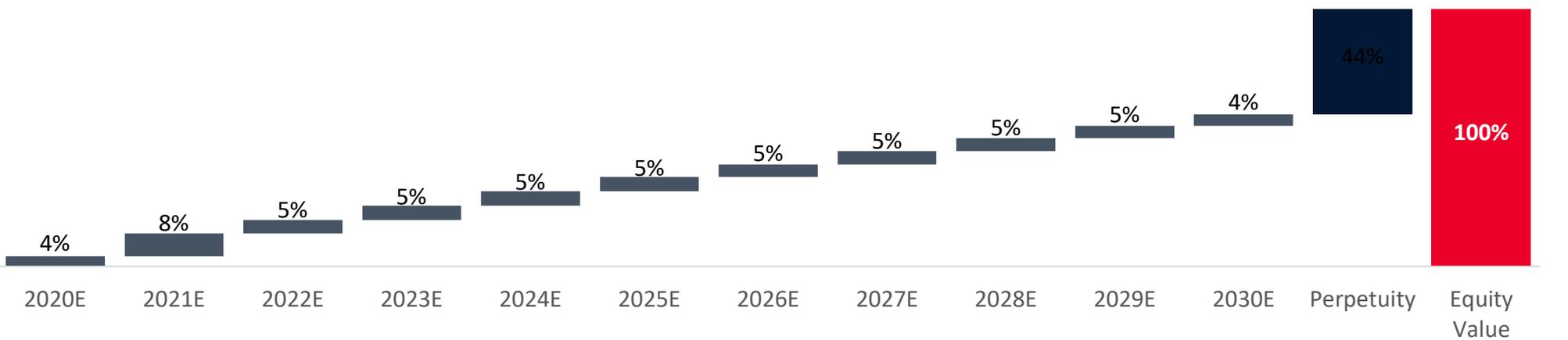


Source: Company IR, Team 45

Free Cash Flow to Equity



Equity Value Decomposition



BRL
3,577M

Equity Value

Scenarios comparison



Source: Team 45

	Gross Revenues CAGR 20-30E'	Accumulated Sales PSV 20-30E'	Accumulated Launches 20-30E'	Avg. EBIT Margin 20-30E'	Target Price	Upside/ Downside
BASE	7.6%	43.9 bn BRL	295,000	13.4%	R\$ 36.39	22.3% Upside
BULL	8.4%	44.5 bn BRL	308,000	14.6%	R\$ 40.03	34.5% Upside
BEAR	5.3%	37.2 bn BRL	265,000	10.3%	R\$ 22.60	-24.0% Downside

We reiterate our BUY recommendation



Source: Team 45

Our recommendation

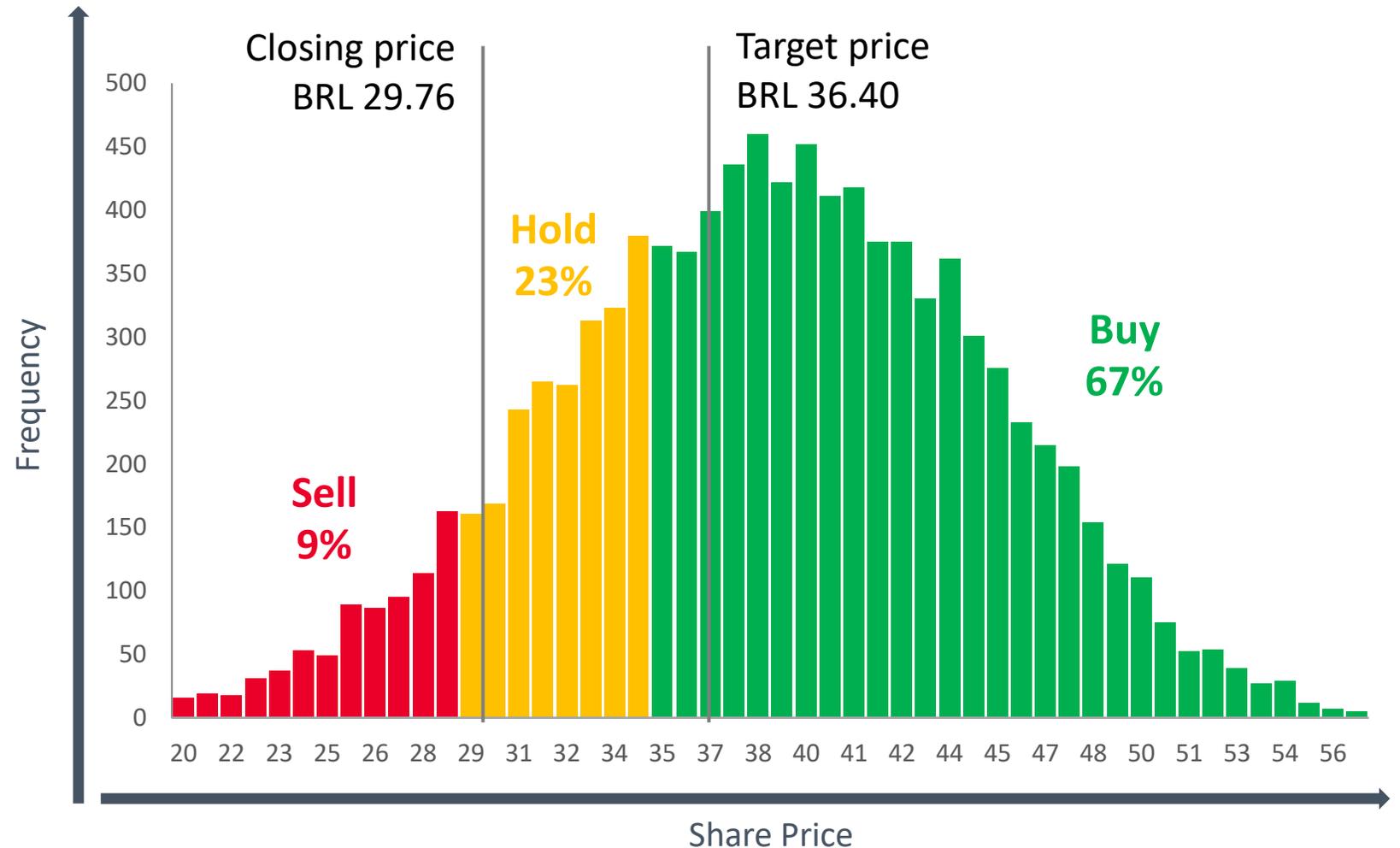
BUY

CLOSING PRICE
BRL 29.76

TARGET PRICE
BRL 36.40

UPSIDE
22.3%

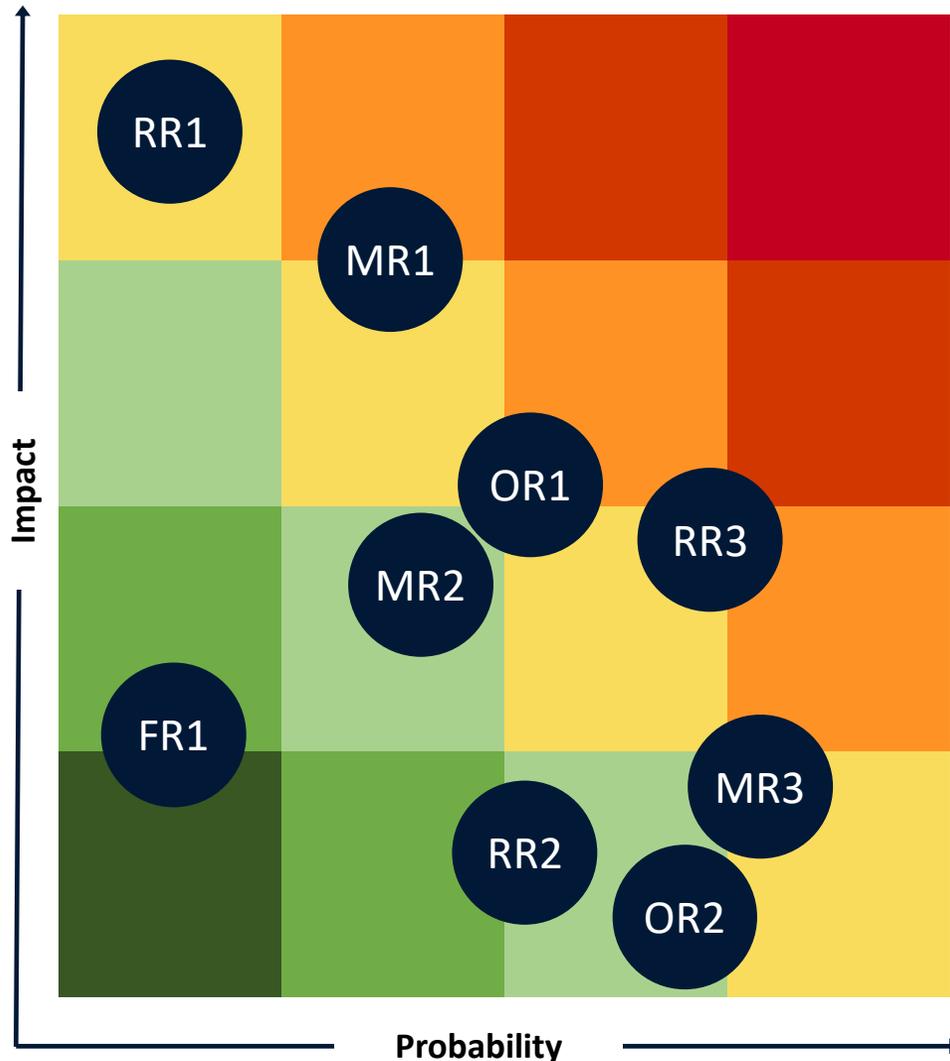
Monte Carlo analysis



Addressing risks to our analysis



Source: Team 45



Market Risks (MR)

MR1 | Sharp Increase in Unemployment Rate

MR2 | Strong capitalization of competitors shall increase land's price

MR3 | Delay in FGTS' installment payments

Regulatory Risks (RR)

RR1 | End of CVA program

RR2 | Delays in approval process for new construction methods by Caixa

RR3 | Difficulty in establishing a good relationship with local governments

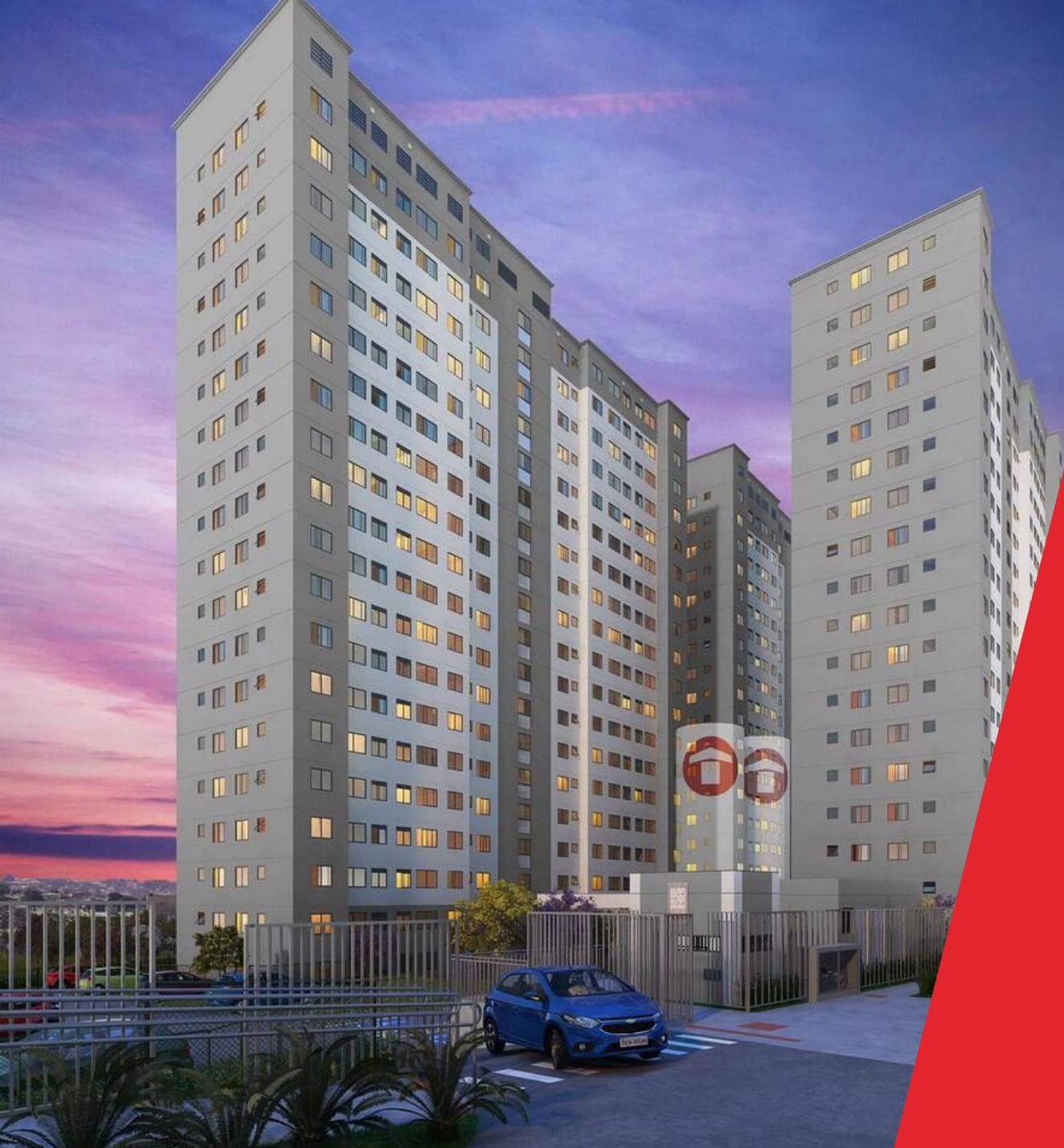
Operational Risks (OR)

OR1 | Significantly increase in building materials costs

OR2 | Off-site construction unviability

Financial Risks (FR)

FR1 | Increase in cancellations, impacting Tenda's margins



TENDA

Q&A



Presentation Summary



1.	<u>Third largest homebuilder in Brazil</u>	3	15.	<u>Construction cycle and asset turnover returns</u>	24
2.	<u>New strategic plan</u>	4	16.	<u>Organic growth</u>	25 & 26
3.	<u>Historical launch of units and margins</u>	5	17.	<u>Offsite</u>	27, 28 & 29
4.	<u>Corporate Governance</u>	6	18.	<u>Launched build-up</u>	30, 31 & 32
5.	<u>ESG: Social and Environmental impact</u>	7 & 8	19.	<u>Estimated net revenues and gross margin</u>	33
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7.	<u>Casa Verde e Amarela</u>	10	21.	<u>Financial summary</u>	35
8.	<u>FGTS</u>	11 & 12	22.	<u>Estimated ROE and ROIC</u>	36
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Appendix 1: Main Assumptions



Source: Team 45

Tenda's construction curve assumptions	1Q	2Q	3Q	4Q	5Q	6Q	7Q	8Q	9Q	10Q	11Q	12Q	13Q	14Q	15Q	16Q
Regular Project Assumptions																
Speed of sales	25%	25%	20%	20%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Accumulated curve</i>	25%	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Speed of construction (POC)	0%	0%	15%	25%	20%	20%	10%	5%	5%	0%	0%	0%	0%	0%	0%	0%
<i>Accumulated curve</i>	0%	0%	15%	40%	60%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%
Recognition of launches revenue																
Speed of sales x Speed of construction	0%	0%	11%	36%	60%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Difference</i>	0%	0%	11%	26%	24%	20%	10%	5%	5%	0%	0%	0%	0%	0%	0%	0%
Inverted																
Speed of sales	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	20%	25%	25%
Recognition of launches revenue	0%	0%	0%	0%	0%	0%	0%	5%	5%	10%	20%	24%	26%	11%	0%	0%
Offsite Project Assumptions																
Speed of sales	25%	25%	20%	20%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Accumulated curve</i>	25%	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Speed of construction (POC)	0%	0%	25%	25%	20%	20%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Accumulated curve</i>	0%	0%	25%	50%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Recognition of launches revenue																
Speed of sales x Speed of construction	0%	0%	18%	45%	70%	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Difference</i>	0%	0%	18%	28%	25%	20%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Inverted																
Speed of sales	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	20%	25%	25%
Recognition of launches revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	25%	28%	18%	0%	0%

Appendix 3: Revenue Buildup



Source: Team 45

Launches

Launches – PSV	339	613	1.089	1.342	1.695	1.913	2.575	2.943	3.215	3.471	3.688	3.881	4.202	4.413	4.584	4.760	4.893	5.029
Launches PSV – Forecast	-	-	-	-	-	-	-	2.147	3.215	3.471	3.688	3.881	4.202	4.413	4.584	4.760	4.893	5.029
<i>% yoy growth</i>		81,0%	77,6%	23,3%	26,3%	12,8%	34,6%	14,3%	9,2%	8,0%	6,3%	5,2%	8,3%	5,0%	3,9%	3,8%	2,8%	2,8%
Number of launched units (quarter)	2.460	4.315	7.711	9.579	11.768	13.636	17.894	19.737	21.430	23.137	24.589	25.874	27.198	28.562	29.669	30.806	31.668	32.551
Number of launched units (year)	2.460	4.315	7.711	9.579	11.768	13.636	17.894	19.737	21.430	23.137	24.589	25.874	27.198	28.562	29.669	30.806	31.668	32.551
<i>% yoy growth</i>		75,4%	78,7%	24,2%	22,9%	15,9%	31,2%	10,3%	8,6%	8,0%	6,3%	5,2%	5,1%	5,0%	3,9%	3,8%	2,8%	2,8%
PSV per unit (R\$ '000)	142	142	141	139	144	141	144	148	150	150	150	150	155	155	155	155	155	155
Number of projects launched	7	14	30	40	45	49	63	58	64	68	73	77	80	84	87	90	93	96
<i>Units per launch</i>	1.350	1.276	1.043	958	1.045	1.096	1.138	1.324	1.393	1.393	1.393	1.393	1.393	1.393	1.393	1.393	1.393	1.393
Recognized revenue for launches	-	-	-	-	-	-	-	71	2.088	3.230	3.465	3.684	3.898	4.186	4.407	4.584	4.753	4.893
Sales	-	-	-	-	-	-	-	689	2.787	3.328	3.555	3.764	4.012	4.281	4.479	4.653	4.811	4.947
Launches sales	-	-	-	-	-	-	-	493	643	694	738	776	840	883	917	952	979	1.006
Inventory sales	-	-	-	-	-	-	-	197	2.144	2.634	2.818	2.987	3.172	3.399	3.562	3.701	3.832	3.941
Backlog	-	-	-	-	-	-	-	869	4.572	5.459	5.814	6.143	6.524	6.954	7.268	7.542	7.793	8.006
Inventory	-	-	-	-	-	-	-	2.182	6.320	6.846	7.332	7.755	8.334	8.858	9.247	9.612	9.924	10.208

Appendix 4: Income Statement



Source: Team 45

In BRL millions	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Gross revenues	1.747	2.005	2.229	2.508	3.174	3.430	3.657	3.892	4.152	4.340	4.474	4.601	4.731
% Growth YoY		14,8%	11,2%	12,5%	26,6%	8,0%	6,6%	6,4%	6,7%	4,5%	3,1%	2,8%	2,8%
Deductions	(65)	(55)	(129)	(125)	(159)	(171)	(183)	(195)	(208)	(217)	(224)	(230)	(237)
% Gross Revenues	-3,7%	-2,8%	-5,8%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%	-5,0%
Net Revenues	1.681	1.950	2.100	2.382	3.016	3.258	3.474	3.697	3.945	4.123	4.250	4.371	4.495
% Growth YoY		16,0%	7,7%	13,4%	26,6%	8,0%	6,6%	6,4%	6,7%	4,5%	3,1%	2,8%	2,8%
Costs of Goods Sold (COGS)	(1.095)	(1.302)	(1.441)	(1.623)	(2.055)	(2.220)	(2.367)	(2.519)	(2.688)	(2.809)	(2.896)	(2.978)	(3.063)
Gross Profit	586	648	659	759	961	1.038	1.107	1.178	1.257	1.314	1.354	1.393	1.432
% Gross Margin	34,8%	33,2%	31,4%	31,9%	31,9%	31,9%	31,9%	31,9%	31,9%	31,9%	31,9%	31,9%	31,9%
Selling Expenses	(145)	(163)	(191)	(237)	(249)	(266)	(283)	(302)	(320)	(332)	(342)	(351)	(361)
General and Administrative Expenses	(124)	(117)	(144)	(147)	(178)	(206)	(222)	(236)	(252)	(266)	(277)	(285)	(293)
Other Operating Revenue/Expenses	(81)	(57)	(68)	(76)	(95)	(103)	(110)	(117)	(125)	(130)	(134)	(138)	(142)
EBITDA	236	311	255	300	438	463	492	523	561	585	602	618	636
% EBITDA Margin	14,0%	16,0%	12,2%	12,6%	14,5%	14,2%	14,2%	14,1%	14,2%	14,2%	14,2%	14,1%	14,1%
Adjusted EBITDA	272	381	299	406	546	593	632	673	718	750	773	795	818
% Adj. EBITDA Margin	16,2%	19,5%	14,3%	17,0%	18,1%	18,2%	18,2%	18,2%	18,2%	18,2%	18,2%	18,2%	18,2%
Depreciation and Amortization	(16)	(20)	(21)	(22)	(25)	(28)	(31)	(34)	(37)	(40)	(43)	(46)	(48)
EBIT	219	291	234	278	413	435	461	488	523	545	558	572	587
% EBIT Margin	13,0%	14,9%	11,2%	11,6%	13,7%	13,3%	13,3%	13,2%	13,3%	13,2%	13,1%	13,1%	13,1%
Financial Result	9	9	(21)	(18)	5	15	20	26	32	39	48	57	66
Financial Income	43	61	36	39	61	71	77	83	89	96	104	113	122
Financial Expenses	(34)	(52)	(57)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)
EBT	228	300	213	260	418	450	481	515	555	584	606	629	653
% EBT Margin	13,6%	15,4%	10,2%	10,9%	13,9%	13,8%	13,9%	13,9%	14,1%	14,2%	14,3%	14,4%	14,5%
Incomes Taxes and Contributions	(28)	(36)	(34)	(30)	(49)	(53)	(57)	(61)	(66)	(69)	(72)	(75)	(78)
Deferred income tax and social contribution	(2)	(4)	(5)	(5)	(8)	(8)	(9)	(9)	(10)	(11)	(11)	(12)	(12)
Current Income Tax and Social Contribution	(25)	(31)	(29)	(26)	(42)	(46)	(49)	(52)	(56)	(59)	(62)	(64)	(66)
Minority Shareholders	(1)	(1)	1	1	1	1	1	1	1	1	1	1	1
Effective Tax Rate	11,6%	11,7%	16,1%	12,0%									
Net Income before extraordinary	200	264	180	229	368	397	424	454	490	515	534	554	575
Result from Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Other/extraordinary	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	200	264	180	229	368	397	424	454	490	515	534	554	575
% Net Margin	11,9%	13,5%	8,5%	9,6%	12,2%	12,2%	12,2%	12,3%	12,4%	12,5%	12,6%	12,7%	12,8%
Earnings per Share	2,04	2,62	1,83	2,33	3,75	4,03	4,32	4,62	4,98	5,24	5,43	5,64	5,85

Appendix 5: Balance Sheet



Source: Team 45

In BRL millions	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Current Assets	1.788	2.506	3.141	3.541	3.921	4.207	4.507	4.832	5.164	5.500	5.843	6.198	6.567
Cash and cash equivalents	856	1.071	1.514	1.752	2.201	2.362	2.543	2.735	2.940	3.195	3.470	3.757	4.056
Receivables from clients	318	407	635	811	765	818	870	928	985	1.021	1.051	1.080	1.111
Properties for sale	533	937	880	840	815	876	934	999	1.058	1.096	1.129	1.162	1.195
Other accounts receivable	44	74	89	114	107	115	122	130	138	143	147	151	156
Land for sale	37	18	23	24	32	35	37	40	42	45	46	47	49
Non-Current Assets	833	972	1.139	1.186	1.204	1.301	1.391	1.489	1.584	1.652	1.708	1.764	1.819
Receivables from clients LT	158	219	228	291	275	294	312	333	353	366	377	388	399
Properties for sale LT	516	537	691	660	640	689	734	785	832	861	887	913	939
Others	55	72	69	73	96	105	112	119	127	133	138	142	146
Intangible, Property and Equipment	65	102	105	114	129	144	159	173	188	202	215	227	239
Investments	39	43	46	49	64	70	74	79	84	89	92	94	97
Total Assets	2.621	3.479	4.280	4.727	5.124	5.507	5.898	6.322	6.748	7.152	7.551	7.961	8.386
Current Liabilities	454	579	1.069	1.159	1.258	1.317	1.370	1.426	1.479	1.520	1.551	1.580	1.610
Loans and financing	7	9	197	197	197	197	197	197	197	197	197	197	197
Debentures	3	6	319	319	319	319	319	319	319	319	319	319	319
Obligations for purchase of land and advances from customers	258	341	288	362	373	398	424	453	475	490	504	519	533
Material and service suppliers	21	39	60	63	83	91	97	103	110	116	120	123	127
Taxes and contributions	27	30	41	44	58	63	67	71	76	80	83	85	88
Others	137	155	164	174	229	249	266	283	302	318	328	338	347
Non-current liabilities	964	1.548	1.726	1.936	1.998	2.080	2.160	2.250	2.324	2.375	2.420	2.465	2.511
Loans and financing	98	51	333	333	333	333	333	333	333	333	333	333	333
Debentures	434	805	498	498	498	498	498	498	498	498	498	498	498
Obligations for purchase of land and advances from customers LT	361	602	799	1.004	1.034	1.104	1.174	1.255	1.317	1.360	1.398	1.438	1.478
Deferred taxes	8	12	15	16	21	23	24	26	28	29	30	31	32
Provision for contingencies	33	29	31	33	43	47	50	53	57	60	62	64	65
Other creditors	-	-	-	-	-	-	-	-	-	-	-	-	-
Others LT	29	49	49	52	68	75	80	85	90	95	98	101	104
Shareholders' Equity	1.204	1.352	1.485	1.633	1.868	2.110	2.368	2.645	2.945	3.257	3.580	3.916	4.265
Shareholders' Equity	1.198	1.351	1.484	1.632	1.867	2.109	2.368	2.644	2.944	3.256	3.580	3.915	4.264
Capital Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Minority Shareholders	6	1	1	1	1	1	1	1	1	1	1	1	1
Total Liabilities and Equity	2.621	3.478	4.280	4.727	5.124	5.507	5.898	6.322	6.748	7.152	7.551	7.961	8.386

Appendix 6: Cash Flow



Source: Team 45

In BRL millions	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net Income	200	264	180	229	368	397	424	454	490	515	534	554	575
D&A	16	20	21	22	25	28	31	34	37	40	43	46	48
Change in working capital	18	(62)	74	355	111	(4)	(0)	1	(11)	(3)	(0)	(1)	(1)
Receivables	(67)	(179)	(253)	(264)	69	(80)	(78)	(86)	(85)	(55)	(44)	(45)	(46)
Inventories	(88)	(406)	(102)	71	36	(113)	(106)	(119)	(108)	(70)	(59)	(60)	(62)
Payables	173	344	176	284	75	109	106	120	97	67	59	60	61
Operational Cash Flow	235	222	275	606	505	421	455	489	516	553	577	599	623
Capex	(18)	(57)	(24)	(32)	(40)	(43)	(46)	(49)	(52)	(55)	(56)	(58)	(60)
Cash flow from investments	(18)	(57)	(24)	(32)	(40)	(43)	(46)	(49)	(52)	(55)	(56)	(58)	(60)
Debt addition (decrease)	272	328	477	0	0	0	0	0	0	0	0	0	0
Capital increase/dividend	(160)	(116)	(46)	(81)	(133)	(155)	(165)	(177)	(190)	(202)	(211)	(219)	(227)
Others (net non-operating assets)	29	16	15	8	49	18	15	15	17	14	9	8	8
Cash flow from Financing	141	229	446	(73)	(84)	(137)	(151)	(162)	(173)	(189)	(201)	(210)	(218)
Δ Cash Flow	358	394	697	502	380	241	259	278	290	309	320	331	345
BoP	2.662	3.732	5.167	6.281	7.749	9.029	9.693	10.434	11.210	12.113	13.165	14.282	15.446
EoP	3.020	3.947	5.611	6.519	8.198	9.190	9.874	10.627	11.415	12.367	13.440	14.568	15.746

Appendix 8: Free Cash Flow



Source: Team 45

In BRL millions	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	219	291	234	278	413	435	461	488	523	545	558	572	587
Taxes	(26)	(34)	(34)	(31)	(50)	(52)	(55)	(59)	(63)	(65)	(67)	(69)	(70)
Depreciation	16	20	21	22	25	28	31	34	37	40	43	46	48
Working Capital	18	(241)	(179)	91	181	(84)	(78)	(85)	(96)	(58)	(44)	(45)	(47)
Gross Cash Flow	229	36	42	360	568	327	359	380	401	462	490	504	519
Capex	(18)	(57)	(24)	(32)	(40)	(43)	(46)	(49)	(52)	(55)	(56)	(58)	(60)
Free Cash Flow to firm	211	(21)	18	328	528	284	313	331	349	408	434	446	459
Change in Debt	272	328	477	(0)	0	0	0	0	0	0	0	0	0
Financial Result	9	9	(21)	(18)	5	15	20	26	32	39	48	57	66
Free Cash Flow to Equity	491	316	474	310	533	299	333	357	381	447	482	503	525

Appendix 9: Discount Rate Breakdown



Source: Team 45

Discount Rate		3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Perpetuity
Risk Free Rate		0,5%	0,5%	0,6%	0,7%	0,9%	1,0%	1,2%	1,3%	1,4%	1,4%	6,5%	6,5%	7,5%	8,0%	8,0%	8,6%	8,8%	8,7%	8,7%
Beta	1,19	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2	1,2
Market Risk Premium	5,0%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Cost of Equity		1,9%	1,9%	2,0%	2,2%	2,3%	2,4%	2,6%	2,7%	2,9%	2,8%	12,5%	12,5%	13,4%	14,0%	13,9%	14,5%	14,8%	14,7%	14,7%
Discount Rate		0,0	1,9%	4,0%	6,3%	8,8%	11,4%	14,4%	17,5%	20,9%	24,3%	39,8%	57,3%	78,4%	103,3%	131,6%	165,3%	204,5%	249,2%	249,2%
g	4,0%																			
Annualized risk free		1,9%	2,0%	2,4%	2,9%	3,6%	4,0%	4,8%	5,2%	5,7%	5,5%	6,5%	6,5%	7,5%	8,0%	8,0%	8,6%	8,8%	8,7%	8,7%
Discounted FCFE		(35,5)	29,1	33,8	85,1	69,6	102,8	108,6	109,0	102,0	78,5	212,6	210,7	199,0	186,7	192,2	180,9	164,5	149,8	1.458,6
Debt/Total Capital		33%	32%	30%	29%	29%	28%	28%	28%	27%	26%	24%	23%	21%	20%	19%	18%	17%	16%	16%
Equity/Total Capital		67%	68%	70%	71%	71%	72%	72%	72%	73%	74%	76%	77%	79%	80%	81%	82%	83%	84%	84%
Cost of Debt		1,1%	1,1%	1,1%	1,1%	1,1%	1,1%	1,1%	1,1%	1,1%	1,1%	4,6%	4,6%	4,6%	4,6%	4,6%	4,6%	4,6%	4,6%	4,6%
Effective Tax rate		-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%
Annualized cost of Debt (2Q20)	4,6%																			
WACC		1,6%	1,6%	1,7%	1,8%	2,0%	2,0%	2,2%	2,3%	2,4%	2,3%	10,4%	10,6%	11,4%	12,0%	12,1%	12,7%	12,9%	13,0%	13,0%
		2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E								
Annualized WACC		6,4%	8,0%	9,8%	10,2%	10,3%	11,1%	11,7%	11,8%	12,4%	12,7%	12,7%								

Appendix 10: DCF & Indebtedness & Cost of Debt



Source: Team 45

FCFE	
Equity Value	3.577
% perp.	43,8%
Shares Outstanding	98.289
Market Cap	2.925.081
PO	
Current price	R\$ 29,76
Upside	22,3%

Type of Operation	Due date	Yield (year)	Value	Financial Expenses	% total
SFH	01/07/2020 - 03/2024	8,30%	178.546	14.819	13%
Bank Loans	mar/24	4,83%	352.800	17.040	26%
CRI Tenda	jan/21	2,80%	314.800	8.814	23%
Debenture Tenda 14	set/23	3,65%	152.200	5.555	11%
Debenture Tenda 15	mar/24	3,30%	151.300	4.993	11%
Debenture Tenda 16	dez/24	3,20%	198.600	6.355	15%
Total	-		1.348.246	57.577	100%

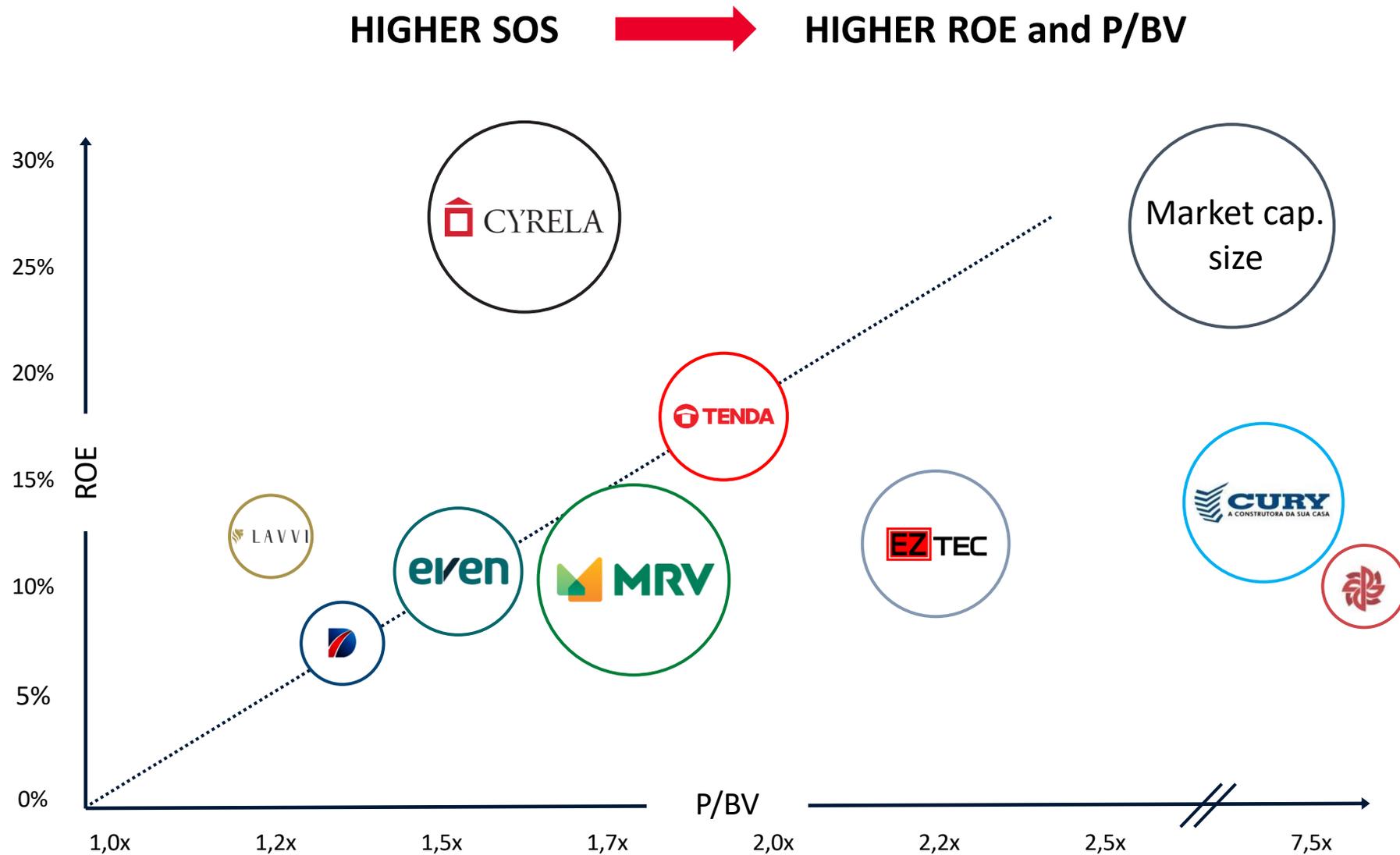
Average weighted cost of debt	Debt Balance	% total	Average cost
CDI	1.169.800,0	86,76%	CDI + 1,98%
TR	178.500,0	13,24%	TR + 8,30%
Total	1.348.300,0	100%	4,6%

Debt Amortization Table	30/06/2020
2020	12.600
2021	689.500
2022	249.400
2023	265.400
2024	131.500
2025 onward	0
Total	1.348.400

Appendix 11: ROE vs P/BV analysis



Source: Capital iQ, Team 45



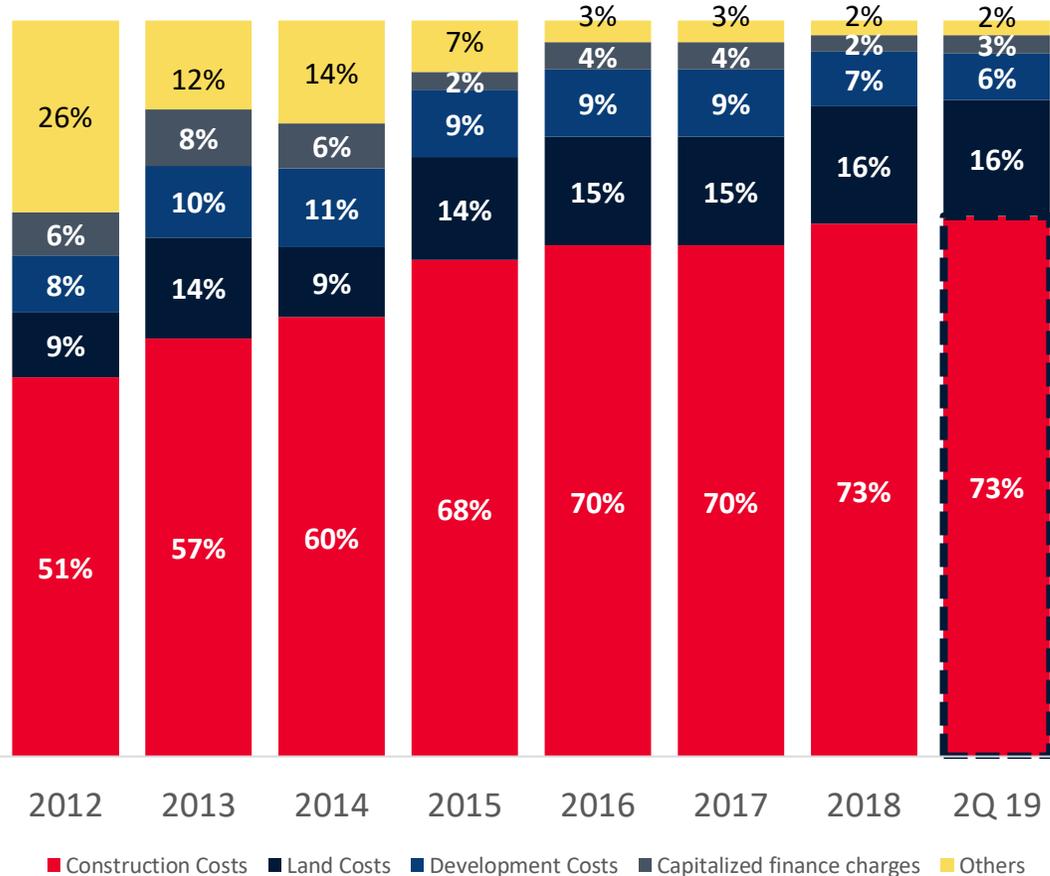
Appendix 12: Construction Costs Analysis



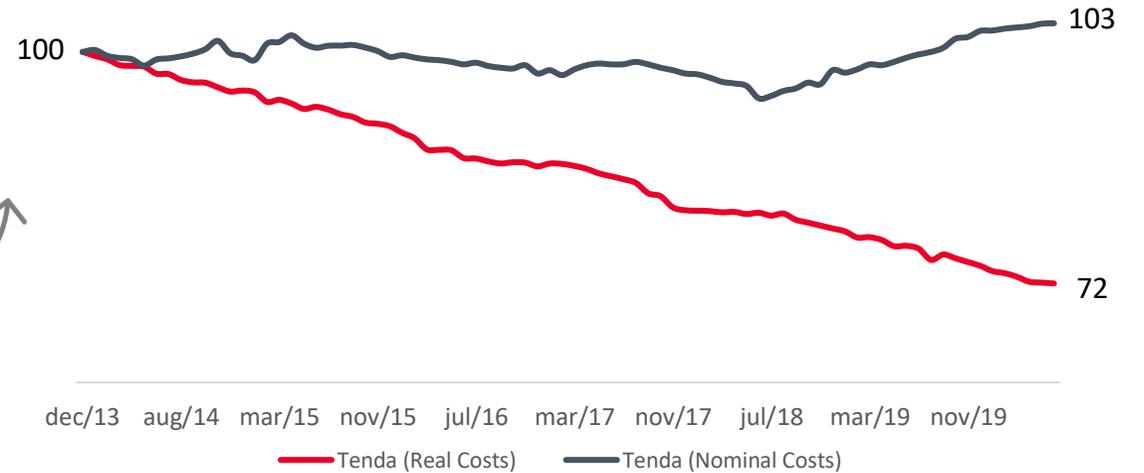
Source: company report, Team 45

Tenda's Cost Composition

Tenda's Cost composition



Construction Cost Evolution



Even though Tenda had reduced its construction cost in real terms on the last few years, we see that is one of the main risk of our analysis

Construction costs inflation simulation

Inflation rate 2020-21'	0%	2%	4%	6%	8%	10%
Gross Margin 2021E	32,0%	30,9%	29,7%	28,6%	27,4%	26,3%
Margin decrease		-1,1%	-2,3%	-3,4%	-4,6%	-5,7%

Appendix 12: Construction Costs Analysis

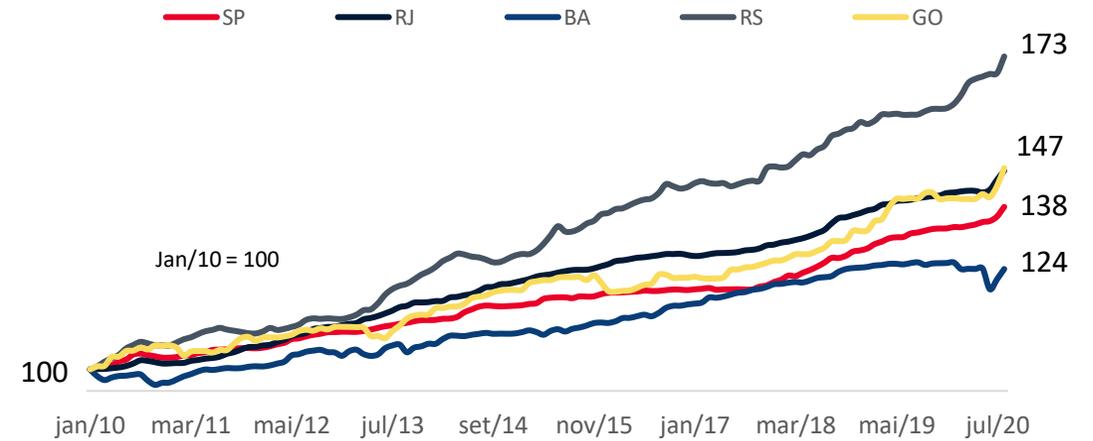


Source: company report

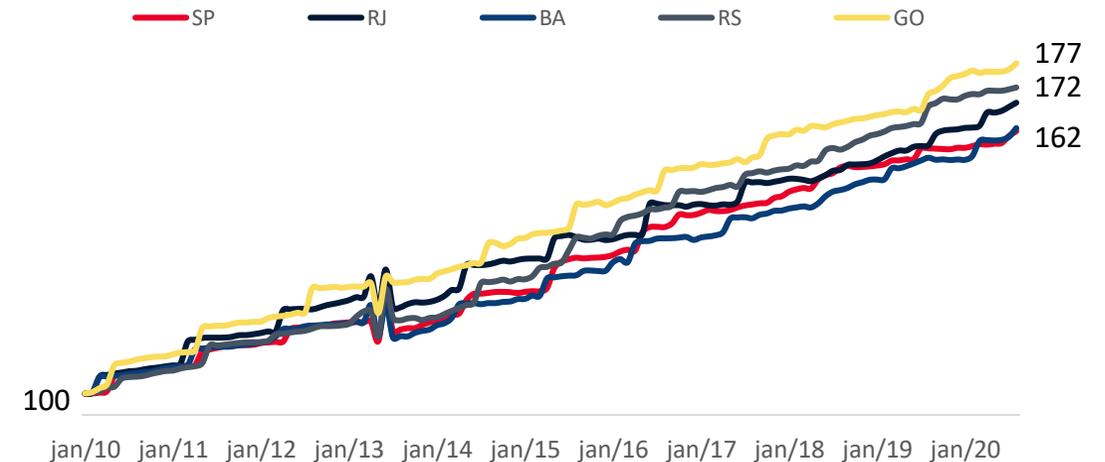
Local analyze of the construction cost market



Material cost per sqm



Avg. Price per sqm

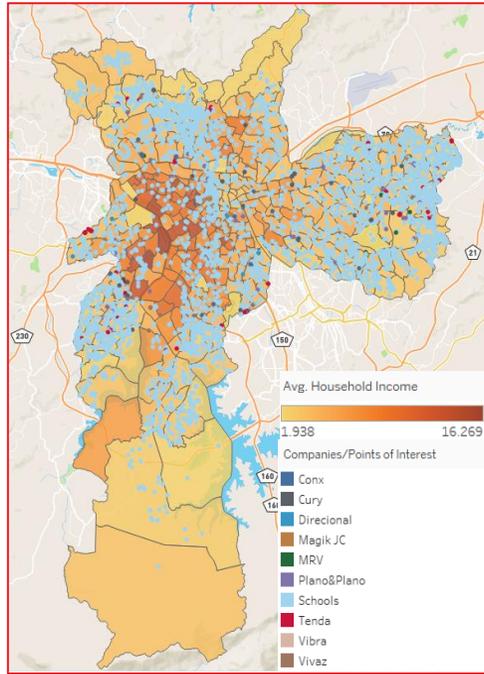


Appendix 13: Study case: geographic location



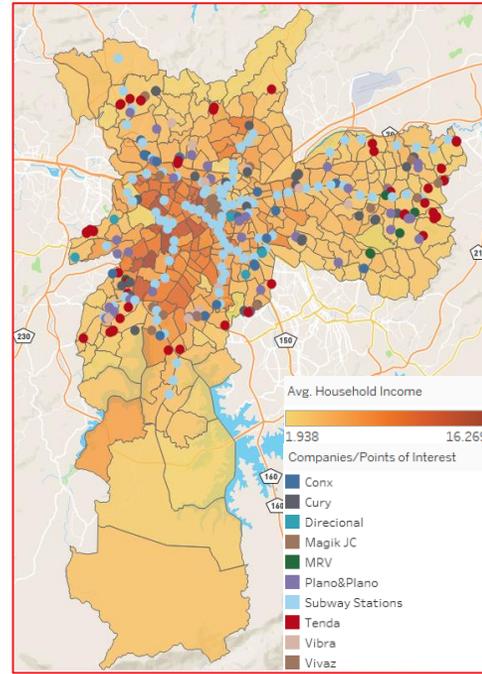
Source: Team 45

Projects x School



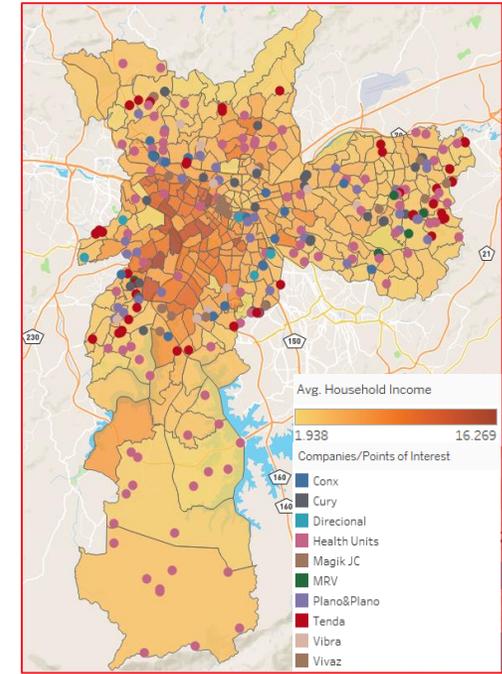
Schools	Avg. Min. Dist	Median	#
Magik JC	0,19 Km	0,18 Km	1°
Vibra	0,24 Km	0,25 Km	2°
Tenda	0,32 Km	0,27 Km	3°
Cury	0,33 Km	0,34 Km	4°
Plano & Plano	0,34 Km	0,31 Km	5°
Direcional	0,35 Km	0,42 Km	6°
Conx	0,37 Km	0,34 Km	7°
Vivaz	0,45 Km	0,37 Km	8°
MRV	0,54 Km	0,65 Km	9°

Projects x Subways



Subways	Avg. Min. Dist	Median	#
Magik JC	0,92 Km	0,76 Km	1°
Vivaz	1,54 Km	1,26 Km	2°
Conx	1,55 Km	0,94 Km	3°
Direcional	1,80 Km	1,43 Km	4°
Vibra	1,90 Km	1,65 Km	5°
Cury	1,91 Km	1,80 Km	6°
Plano & Plano	1,96 Km	1,80 Km	7°
MRV	2,13 Km	0,80 Km	8°
Tenda	2,28 Km	2,24 Km	9°

Projects x Hospitals



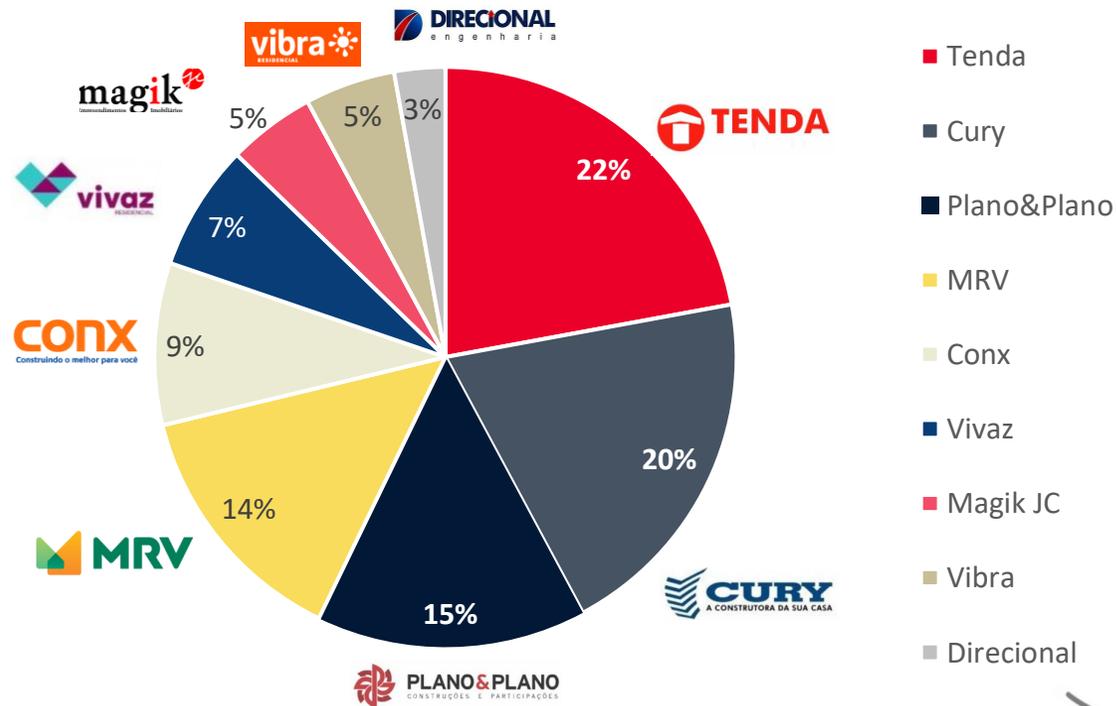
Hospitals	Avg. Min. Dist	Median	#
MRV	0,89 Km	0,92 Km	1°
Magik JC	1,33 Km	1,30 Km	2°
Tenda	1,81 Km	1,98 Km	3°
Plano & Plano	1,89 Km	1,79 Km	4°
Direcional	1,89 Km	1,98 Km	5°
Conx	1,95 Km	1,63 Km	6°
Cury	1,97 Km	1,94 Km	7°
Vibra	2,26 Km	2,20 Km	8°
Vivaz	2,32 Km	2,02 Km	9°

Appendix 13: Study case: geographic location



Source: Team 45

Sample's weight by company visited



Study case - Final Results

Location Index	Avg. Min. Dist	Median	#
Magik JC	3,32	2,74	1°
Vibra	8,12	7,72	2°
MRV	10,04	7,09	3°
Conx	10,16	6,30	4°
Direcional	10,26	10,84	5°
Cury	10,37	10,22	6°
Tenda	10,65	9,39	7°
Plano & Plano	10,68	9,11	8°
Vivaz	13,01	9,14	9°

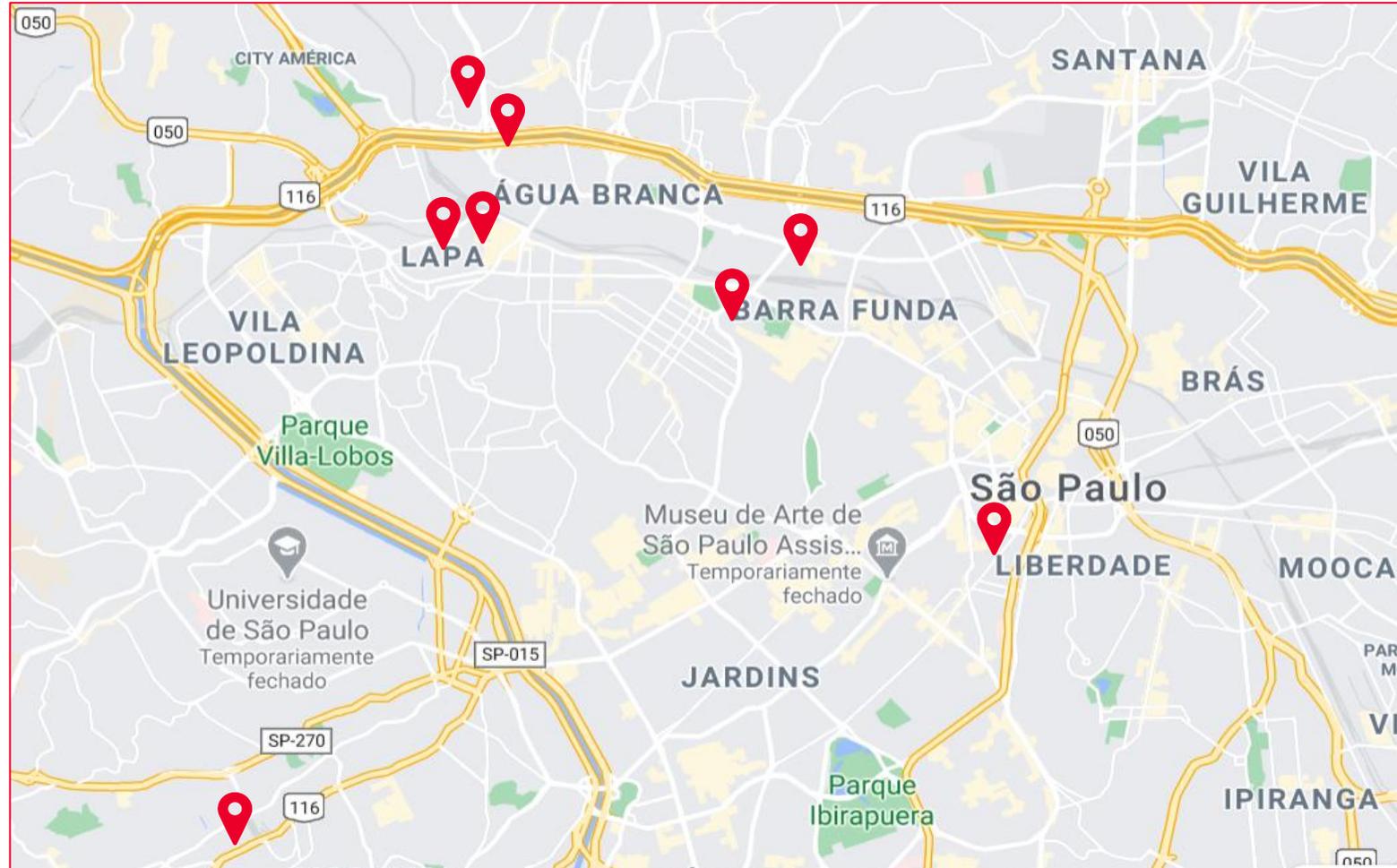


Appendix 14: Channel checks: consumers' journey



Source: Team 45

Stand's Location



Appendix 14: Channel checks: consumers' journey



Source: Team 45

Case Study Summary

Company							
Time to service	5 min	2 min	10 min	2 min	3 min	1 min	20 min
Financing Installments (amount not subsidized)	72-months	Until the end of Construction	60-months	62x	Until the end of Construction	Until the end of Construction	Until the end of Construction
Price (BRL '000)	130-190	200-260	150-230	200-260	200-230	200-270	190-240
ESG Initiatives	No	Yes	No	Yes	No	Yes	Yes
Construction Period	11 months	24 months	24 months	11 months	30 months	20 months	24 months
Offers possibility of smalls changes in projects	No	Yes	Yes	No	No	No	No

Appendix 15: Main Comparables Description



Source: companies IR websites, Team 45



MRV is the largest homebuilder in Latin America, with national presence. The company operates both in the low- and mid-income segments. In 2019, MRV launched ~42k units, with a total PSV of BRL 6,901 mn



Direcional is the third largest homebuilder in Brazil in units launched. It operates in the low-income segment and have presence in Brazil's 5 regions. In 2019, Direcional launched ~11.3k units, totaling a PSV of BRL 1,712 mn.



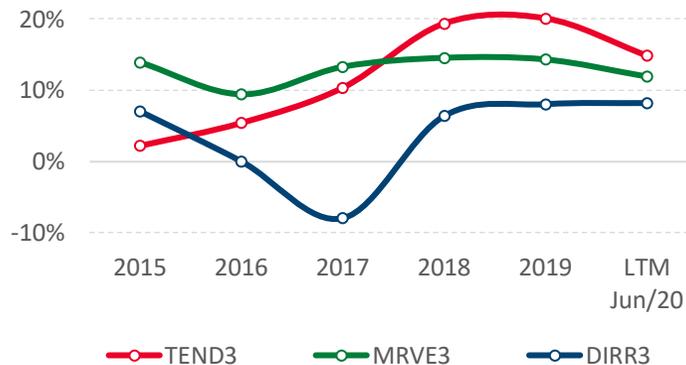
Cury is one of the largest low-income residential developer in Brazil. Cury was a Cyrela's company until its IPO in 3Q20, cashing BRL 170 mn in the offering. In 2019, Cury launched ~1.2k units, totaling a PSV of BRL 923 mn.



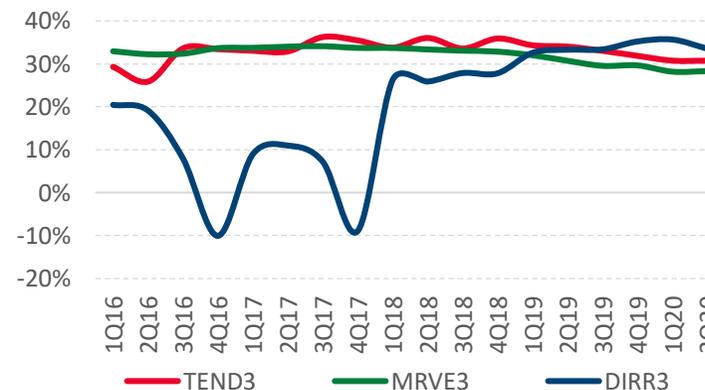
Plano & Plano launched ~7k units in 2019, totaling a PSV of BRL 1,229 mn. The company concluded its IPO in 3Q20, cashing BRL 39 mn in the offering. Plano e Plano operates in São Paulo metropolitan area, servicing the low-income segment.

Operational data comparison

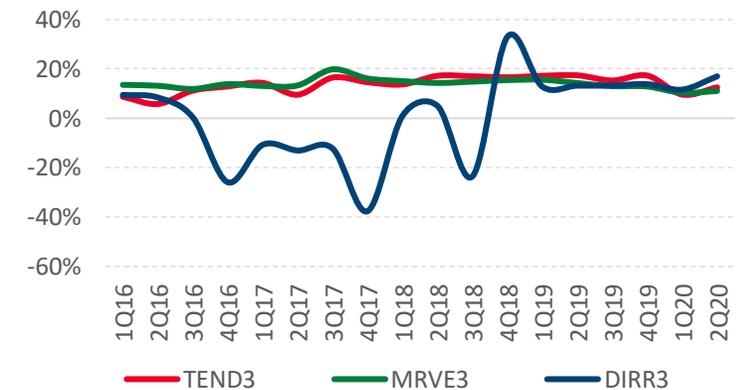
Historical ROIC by company



Historical gross margins by company



Historical EBIT margins by company



Appendix 16: Regional Competition



Source: Abrainc/FGV, Companies' IR

Habitational deficit x companies' presence



0%  22,7%

Salvador Regional Competition

Company	Market Position
 TENDA	1ª
 MRV	2ª
 SERTENGE	3ª
 gráfico IMPRENDIMENTOS	4ª
 HORUS	5ª

Rio de Janeiro Regional Competition

Company	Market Position
 TENDA	1ª
 MRV	2ª
 DIRECIONAL	3ª
ROSSI	4ª
Riooito	5ª

Appendix 17: MCMV turns into CVA



Source: FGTS, CVA, Team 45



Which were the changes in the program?

- ✓ Brackets division (3 from 4 previously)
- ✓ Slightly lower rates

Program should support housing market in the medium term

What is the same?

- ✓ Government subsidy

Casa Verde e Amarela program summary

Bracket	Income Range	Interest Rate Northeast	Interest Rates Others
1	< BRL 2.0k	TR + 4.25% to 4.50%	TR + 4.75% to 5.00%
2	BRL 2.0k - 4.0k	TR + 4.75% to 6.50%	TR + 5.00% to 6.50%
3	BRL 4.0k - 7.0k	TR + 7.66%	TR + 7.66%

Minha Casa, Minha Vida program summary

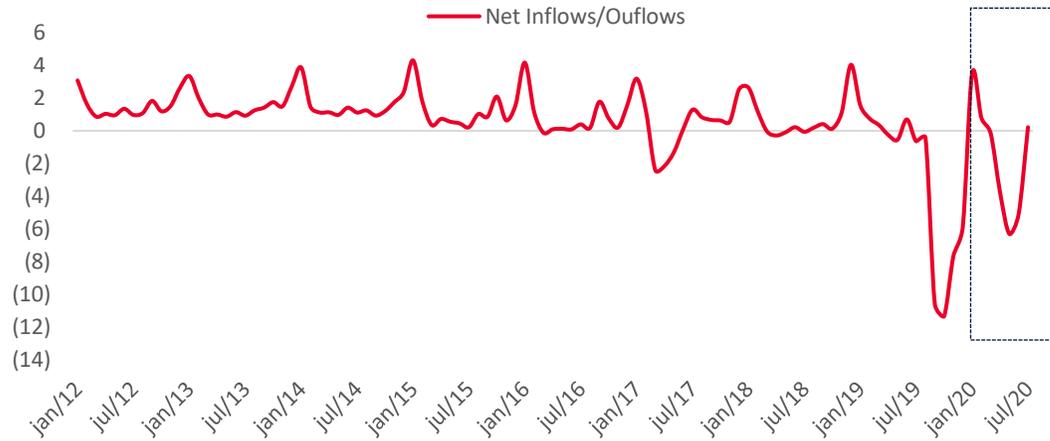
Bracket	Income Range	Interest Rate	Subsidies
1	< BRL 1.8k	Zero	< 90% of Property Price
1.5	BRL 1.8k - 2.6k	TR + 5.0%	< BRL 47.5k
2	BRL 2.6k - 4.0k	TR + 5.0% to 7.0%	< BRL 29k
3	BRL 4.0k - 7.0k BRL 7.0k - 9.0k	TR + 8.16% TR + 9.16%	None

Appendix 18: FGTS Risks



Source: FGTS, Pnad, Caged, Team 45

FGTS Inflows/Outflows (BRL bn)



Unemployment Rate (%)



Evolution of New Hires and Layoffs (mm)



Evolution of job Creation Balance ('000)



Appendix 19: Covid-19 and the Digital Transformation

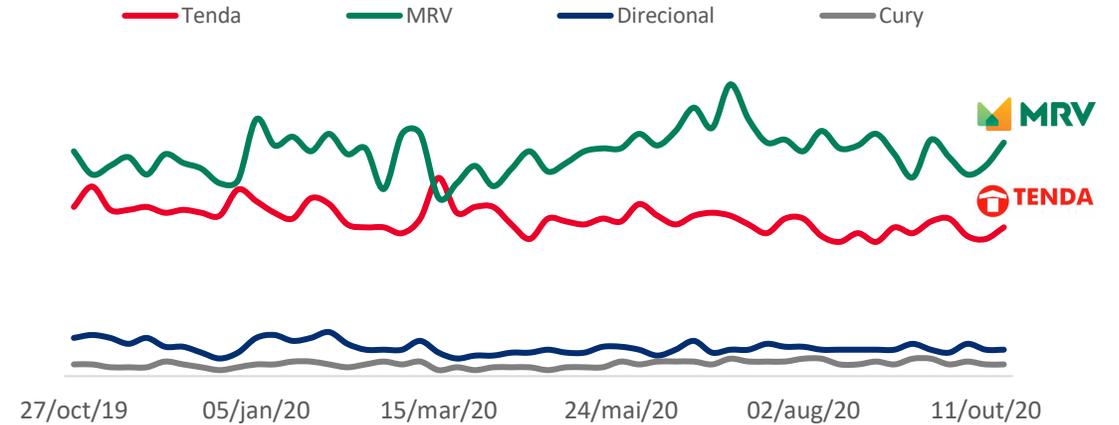


Source: companies IR, Google Trends, Team 45

Habitational deficit x companies' presence

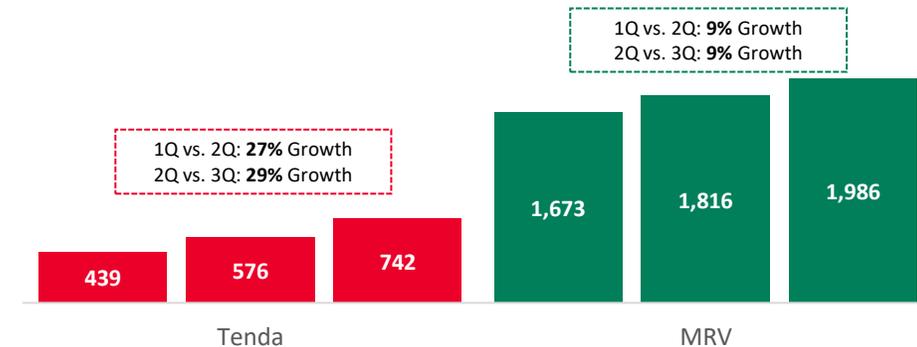
Company	Virtual Tour	3D plan	Virtual Signature	App
TENDA	✓	✓	✓	✓
CURY A CONSTRUTORA DA SUA CASA	✗	✗	✓	✗
PLANO&PLANO IMOBILIÁRIOS PARTICIPADA	✓	✗	✓	✓
MRV	✓	✓	✓	✓
vivaz RESIDENCIAL	✓	✗	✓	✓
magik Empreendimentos Imobiliários	✓	✗	✓	✓
vibra RESIDENCIAL	✓	✗	✓	✓

Google Search LTM



Net Sales during the pandemic (BRL mm)

1Q20 vs. 2Q20 vs. 3Q20 sales



Appendix 20: ESG – Social and Environmental Impact



Source: Team 45

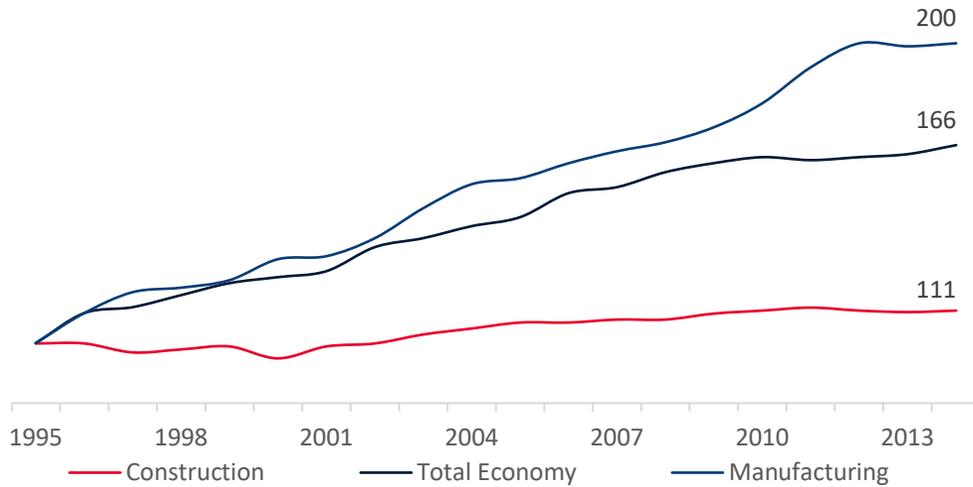
Category	Impact	Source
SOCIAL		
Workers safety	Construction sector has the second most work-related accidents in Brazil (over 5.5% of all work accidents in Brazil in 2019) and is the second in work-related casualties (with 11.76 casualties for each 100 registered jobs, double the average rate).	National Association of Occupational Medicine
Quality of life	Brazilians spends daily on average 1h20 in traffic. This time is increased for the low-income population that lives in peripheral areas. 16% of Brazilians do not have access to treated potable water and 47% do not have access to sewage network.	Proteste Institute and National Sanitation Information System (SNIS)
ENVIRONMENTAL		
Carbon emission and climate change	40% of worldwide greenhouse gas emissions come from construction and operations of buildings	Greengage
Large amount of waste	U.S. construction industry accounts for 160 mn tons (25%) of non-industrial waste generation a year. Only 20% of construction waste is recycled or reused in Brazil	Environmental Protection Agency (EPA) and Brazilian Association for Construction Waste Recycling (Abrecon)
Extensive use of water and energy	Water consumption to build one house of only 36m ² in the standards of “Minha Casa, Minha Vida” is up to 158m ³ (or 158k liters). The global buildings sector consumes around 36% of the world’s energy	Abrecon

Appendix 21: More details on offsite

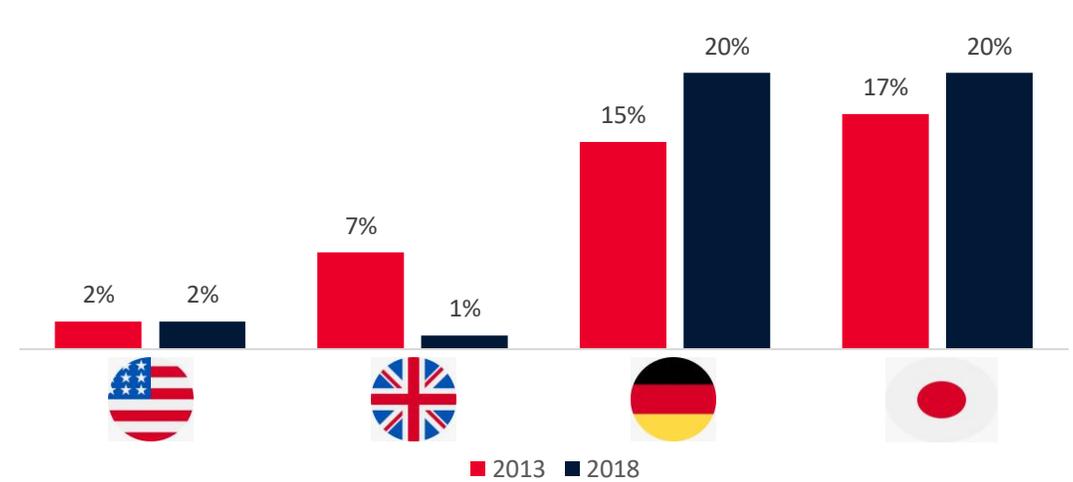


Source: McKinsey, BCG, Buildoffsite, Team 45

Real gross value added per worker (USD)



New single-family homes built offsite (%)



Triple bottom line benefits of offsite

Category	Improvement over Conventional Construction	Financial Benefit
SOCIAL		
Health & Safety	Up to 80%	N/A
Working Conditions	Significant	N/A
ENVIRONMENTAL		
Reduced Traffic	Up to 60%	Small
Reduced Energy Used	Up to 80%	Small
Reduced Waste	Up to 90%	Significant
Reduced Energy-in-Use	Up to 25%	Small
ECONOMIC		
Faster Construction	Up to 60%	Large
Improved cash-flow	Significant	Large
Reduced Defects	Up to 80%	Significant

Stages to get a construction project approved in the city of São Paulo

Stages	1st	2nd	3rd	4th	5th
Stage Description	Land Subdivision	Presentation and analysis of the project by local governments	Obtained certificate of approval by technical institutions	Environment approval by environmental institutions	Utilities companies' declaration
Needs approval by local governments?	✓	✓	✓	✓	✓

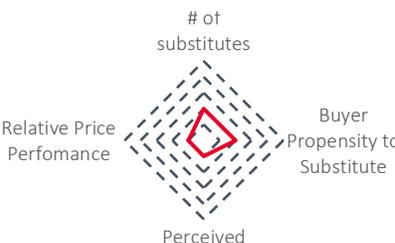
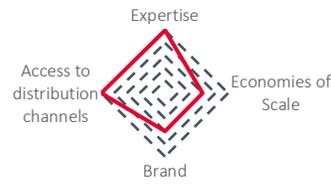
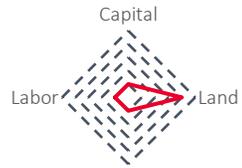
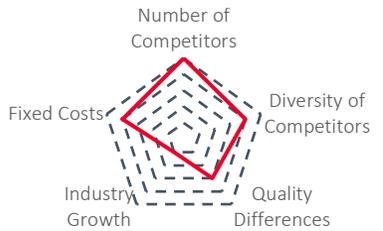
Number of documents and approvals required in the process: 52

Appendix 22: Porter's five forces analysis



Source: Company IR, Team 45

Force	Criteria	Rationale
Rivalry in the industry	Number of Competitors	There are over 52.000 construction companies in Brazil.
	Diversity of Competitors	In addition to major homebuilders, the market encompasses local construction companies that operate with small scale.
	Quality Differences	Houses usually represent the largest purchase of the buyer's life, which makes them concerned with various aspects of the product, including quality.
	Industry Growth	Given that market demand should grow continuously due to a high habitational deficit, the participants are battling over a piece of a growing pie.
	Fixed Costs	Low, since small local companies can work entirely on demand.
Power of Suppliers	Capital	Caixa is the source of capital for almost every CVA project, and has limited power since they operate over government approved guidelines.
	Land	Land has unique characteristics that may give power to its owners. Besides, there is a natural limitation of available land in desired spots.
	Materials	There is a wide range of providers of construction materials. In the low income segment, there is no major differentiation aside from price.
	Labor	Given the 14.4% unemployment rate in Brazil, a shortage of labor is no feasible, specially considering that major homebuilders provide in house training for its workers.
Bargaining Power of buyers	Number of Customers	Considering the habitational deficit in Brazil, the number of potential customers is high and is improving each year.
	Buyer's ability to substitute	The substitutes of new homes are: live in a rented home, live with the parents, buy a existing home or improve the current home. CVA loans makes the purchase of a newly developed home an attractive choice.
	Price Sensitivity	Price is the major aspect in the low income segment. Affordability is, then, a main driver of demand.
	Buyer's information availability	Buyers can easily access new developments at the homebuilders websites.
	Switching costs	Once the sale is made, buyers do not have any ability to switch between suppliers.
Threat of New Entrants	Expertise	House Development is a low complexity activity, which explains the high number of small and local homebuilders in the country.
	Economies of Scale	Significant in metropolitan regions, where the amount and concentration of developments allows the negotiation of special terms with suppliers.
	Brand Identity	Large advertised, solid brands provide more confidence in the purchases that represents major commitments to the buyer.
	Access to distribution channels	Labor subcontracting and materials procurement are local activities available even for a natural person.
Threat of substitutes	# of substitutes	Despite the option of rent a home or buy a existing one, the Brazilian habitation deficit and growth population are high enough to make the number of substitutes insufficient.
	Buyer propensity to substitute	The substitutes of new homes are: live in a rented home, live with the parents, buy a existing home or improve the current home. CVA loans makes the purchase of a newly developed home an attractive choice.
	Perceived level of differentiation	The ownership of a new developed home is much more attractive to buyers than any substitute.
	Relative Price Performance	CVA allows buyers to pay for the loan amount very similar to what would be paid to rent a home.



Appendix 23: SWOT analysis



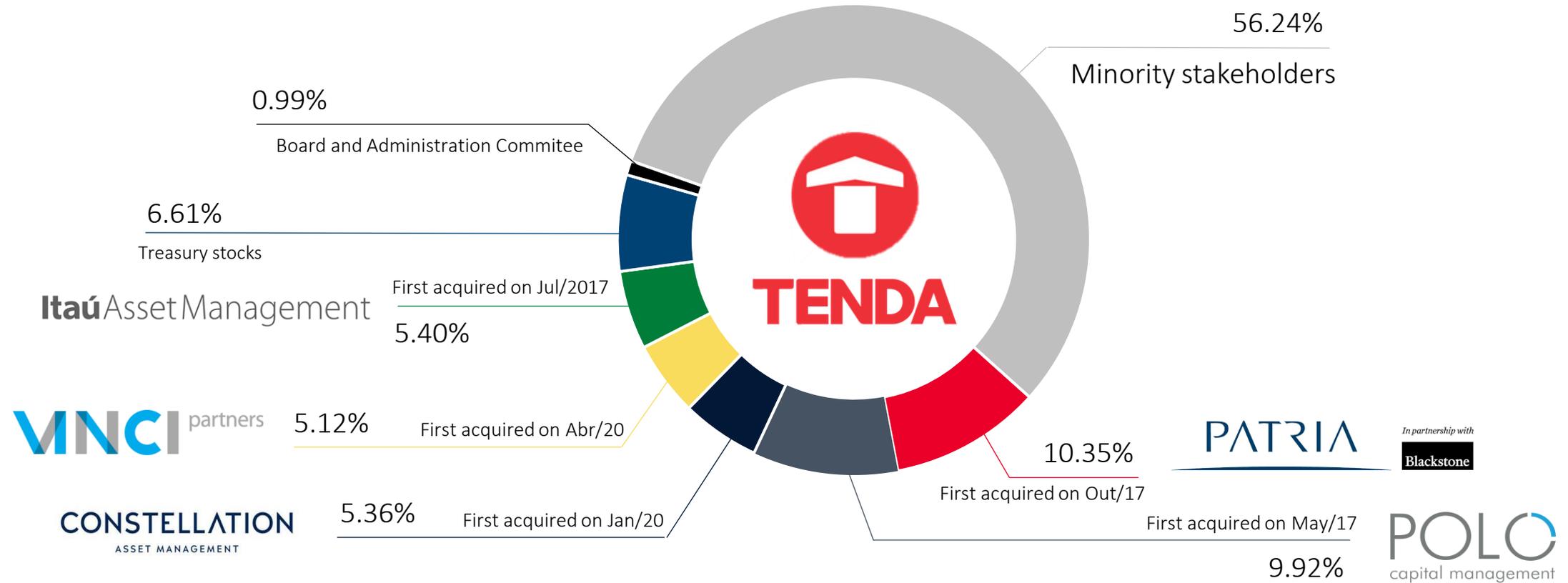
Source: Team 45



Appendix 24: Shareholder's structure



Source: Bloomberg, Team 45



Appendix 25: Committees



Source: company IR

Executive Board

Role	Name	Represents
Chairman	Cláudio José de Andrade	Polo Capital
Member	Eduardo Padal	Polo Capital
Member	Flávio Menezes	Pátria Investiments
Member	José Urbano	Independent
Member	Mario Melo	Independent
Member	Maurício Luchetti	Independent
Member	Rodolpho Amboss	Independent

Permanent Committees

Committee	Members	Main atributions
Investments	6	Analysis and recommendations of land acquisition and new developments
Ethics	6	Actions regarding ethical violation of the Company's policies, solving conflicts and making adjustments
Auditing	3	Oversees auditing processes
People	3	Definition of remuneration policies, as well as identification, attraction and selection of directors and board members.

Executive Committee

Role	Name	Last nomination	Areas	Education	Background
CEO	Rodrigo Osmo	2017	Head of Executive Committee	Chemical Engineering – University of São Paulo MBA - Harvard Business School	CFO - Gafisa S.A. Director - Alphaville Urbanism S.A. Consultant - Bain&Co
CFO/Head of RI	Renan Sanches	2018	Finances Investor Relations	Economics - Mackenzie University	Manager - Gafisa S.A.
Operational Director	Fabricio Arrivabene	2015	Commercial	Production Engineering – Federal University of São Carlos	Regional Director (RJ) - Tenda Sales Director - Gafisa S.A
Operational Director	Luiz Martini	2019	Marketing B.I. I.T.	Mechanical Engineering- University of São Paulo	Retail Director- Omelete Group Marketing Global Manager - Natura S.A.
Operational Director	Sidney Ostrowski	2015	Operations	Civil Engineering- Mackenzie University	Operations Director- Gafisa S.A
Operational Director	Alex Hamada	2015	Innovation (offsite Construction)	Business Administration - FGV MBA - FGV	Products Director - Walmart Brazil Sales Director – GPA
Operational Director	Daniela Britto	2015	Incorporation Business (SP)	Civil Engineering – Mackenzie University	Business Director - Fit Residential Business Manager - Gafisa S.A.
Operational Director	Alexandre Grzegorzewski	2015	Incorporation Business (Brazil)	Civil Engineering – University of São Paulo	Regional Director (Rio de Janeiro - Gafisa S.A
Operational Director	Rodrigo Hissa	2015	Regionals Bahia, Pernambuco and Ceará	Civil Engineering- University of Fortaleza	Manager - Gafisa S.A.
Operational Director	Ricardo Prada	2015	Regionals Rio Grande do Sul, Paraná and Goiás	Production Engineering – Federal University of Rio de Janeiro	Incorporation Manager- Gafisa S.A
Operational Director	Vinicius Faraj	2018	Operations (Human Resources)	Civil Engineering - USP	Manager - Gafisa S.A.

Appendix 26: Governance Scorecard



Source: company IR, Team 45

Governance Scorecard

To quantify the company's commitment to the best practices of Corporate Governance, we elaborated a scorecard based on the guidelines set on the CFA Institute Corporate Governance of Listed Companies Manual for Investors.

Our evaluation states that the company has a deep commitment to the best practices of Corporate Governance, especially when it comes to the maintenance of Shareholder's Rights. However, we highlight the Board of Directors as a point of attention, due to its lack of diversity and independence.

	Score	Max	Rating	Weight	Wtd. Avg.
Board of Directors	27	35	77%	20%	15.4%
Fiscal Council	12	15	80%	10%	8.0%
Executive Management	27	30	90%	30%	27.0%
Committees	17	20	85%	10%	8.5%
Shareowner Rights	29	30	97%	30%	29.0%
TOTAL	112	130			87.9%

Criteria	Description	Rating	Company Policies
Board of Directors			
Independence	Determine whether the majority of a company's board is composed of independent board members	4	4 out of 7 members are totally independent, without stakes or relations with directors, other companies or major stakeholders. However, the Chairman represents Polo Capital, a major shareholder of the company
Qualifications	Determine whether board members have the necessary qualifications to help the company face its challenges	5	All board members are experienced professionals in the real estate or financial sector
Diversity	Diversity among board members in terms of gender, educational background, and professional qualifications also may promote constructive debate in the boardroom	2	There's no gender diversity, since all board members are male. However, there's diversity in the Board's background, with formation in Business, Engineering, System Analysis, in different universities
Board Member Terms	Determine whether board members are elected annually or whether the company has adopted an election process that staggers board member elections	4	The board members have biannual mandates. However, they can be reelected or deposed at any moment by the shareholders in an Extraordinary General Meeting
Related Party Transaction	Investigate whether the company engages in outside business relationships with management, board members, or individuals associated with management	5	The company has never been part of financial transactions with board members, executives or its relatives
Role Delegation	The separation of the chair and CEO positions is best practice because it ensures that the board agenda is set by an independent voice uninfluenced by the CEO	5	The Company's CEO is Rodrigo Osmo, while its Chairman is Cláudio Andrade
Level of Communications	Evaluate the communications the board has with shareowners and how easy it is for shareowners to meet with the board	3	Most of the communication are made through the Investors Relations Director

Appendix 26: Governance Scorecard



Source: company IR, Team 45

Criteria	Description	Rating	Company Policies
Fiscal Council			
Independence	Determine whether the majority of the fiscal council is composed of independent board members	5	All three members of the fiscal council are independent ones, without any ties to major current stakeholders in the company
Qualifications	Determine whether the fiscal council have the necessary qualifications to help the company face its challenges	5	All fiscal council members are experienced professionals in the real estate or financial sector
Transparency	Evaluate if the company has disclosure the minutes of the fiscal council, along with the opinions and votes of the members of the fiscal council, whether dissenting or not, the voting justifications, and any other documents prepared by the members of the fiscal council	2	The company has published only the record of 1 reunion of the fiscal council
Executive Management			
Code of Ethics	Determine whether the company has adopted a code of ethics and whether the company's actions indicate a commitment to an appropriate ethical framework	5	The company has a established Code of Ethics that prevents and solves conflicts related to conflict of interests. The code is enhanced by the Ethics Committee, and there's no record of violation of it
Share-Repurchase	Does the company engage in share-repurchase programs? If so, are the goals of the program and its financing clearly stated?	5	The company is very transparent with its share-repurchased programs, financed with resources from its earnings reserve. Every share-repurchase plan must be approved by the shareowners in the General Meeting
Executive Compensation	Is the management compensation plan aligned with the company best interests?	5	The company has a clearly established compensation plan, in which at least half the total compensation is based on short or long-term variables, such as EBIT, ROE and Share Price. Also, part of the compensation in form of stock have a vesting period of 2 years, besides a 1-year lock-up period
Communication of Strategies	Evaluate if the management has adequately communicated its long-term strategic plans to shareholders	4	The company provides its long-term strategy and main goals in proper documents
Transparency	Quality of reporting around corporate governance and ESG issues as well as financial reporting to determine if the company offers timely and transparent information	3	The company provides the necessary financial information, in accordance with IFRS. However, its lack of stated ESG policies (especially environmental ones) can be a source of concern
Auditing Practices	Evaluate the quality of the audit performed on the company's financials to determine if the financial information provided is accurate and a true reflection of the company's health	5	The financial information of the company was, in the past 3 years, audited by Deloitte Touche Tohmatsu, a major auditing firm

Appendix 26: Governance Scorecard



Source: company IR, Team 45

Criteria	Description	Rating	Company Policies
Committees			
Executive Investments Committee	Determine whether the company has a committee that oversees management's activities regarding major investments related to the strategic plan of the company	4	The current composition is 6 members of the management that approves major capital expenditures and oversees new projects and their respective cash flows. The major issue with this composition is the exclusivity of management members in the committee, which can characterize conflicts of interest
Audit Committee	Determine whether the board has established a committee of independent board members to oversee the audit of the company's financial reports	3	All three current members of the committee are representatives of major stakeholders in the company. None of the members receives extra remuneration for being part of the committee
Nominations and Compensation Committee	Determine whether the company has a committee of independent board members responsible for setting board and management remuneration, compensation and nominations	5	All members of this committee are independent ones. The compensation policies of the company are well defined and long-term oriented. None of the members receives extra remuneration for being part of the committee
Executive Ethical Committee	Determine if the company assures that its code of ethics is properly followed	5	This committee is formed by 6 members, allocated in at least 5 different departments: (I) Financial, (II) Legal, (III) Human Resources, (IV) Operations and (V) Compliance
Shareowner Rights			
Ownership Structure and Voting Rights	Examine the company's ownership structure to determine whether it has different classes of common shares that separate the voting rights of those shares from their economic value	5	As a Company on B3's Novo Mercado segment, it only has ordinary shares, with equal vote rights. It means that the voting rights are connected to the cash flows rights
Proxy Voting	Determine whether the company allows shareowners to vote before scheduled meetings of shareowners regardless of whether they are able to attend the meetings in person	4	The company provides the possibility of remote or proxy voting to shareowners who cannot participate in the General Meeting. However, electronic voting has not been established yet
Voting for Major Corporate Changes	Determine whether shareowners have the right to approve changes to corporate structures and policies that may alter the relationship between shareowners and the company	4	Shareholders have the right to vote in major corporate changes, as the exit of the company from the Novo Mercado segment; shares repurchases programs, etc.
Shareowner-Sponsored Board Nominations	Determine whether and in what circumstances shareowners are permitted to recommend director nominees to the board or place their own nominees on the proxy ballot	5	The shareowners have the right to include one or more candidates to be a board member
Takeover Defenses	Evaluate the structure of an existing or proposed takeover defense and analyze how it could affect the value of shares in a normal market environment and in the event of a takeover bid	5	The company has 100% tag along mechanism that protects its shareholders against bids that would alienate at least 30% of the total shares
Management Compensation	Evaluate if shareholders have the right to determine management compensation	5	According to the Brazilian Law for Public Companies, it is shareholders duty to determine the executive's compensation pool in General Meeting, with the Board being responsible for its distribution

Appendix 27: Main international players



Source: Bloomberg, Team 45

Company	Business Description	Country	Total Revenue (BRL mm)	Gross Margin (%)	Units (2019)	ROE (%)	P/BV	P/E
 LENNAR	Lennar Corporation operates as a homebuilder in the United States. The company's homebuilding operations include the construction and sale of single-family		124,057	22%	51.5K	14%	1.3x	9.8x
 SEKISUI HOUSE	Sekisui House constructs, and contracts built-to-order detached houses in Japan and internationally		116,592	20%	51.7K	10%	0.9x	9.6x
 D-R HORTON <i>America's Builder</i>	D.R. Horton operates as a homebuilding company in the United States. The company constructs and sells single-family detached homes		103,836	22%	61.2K	19%	2.2x	12.1x
 BARRATT DEVELOPMENTS PLC	Barratt Developments engages in the housebuilding and commercial development businesses in Great Britain		23,198	21%	17.9K	8%	1.0x	12.4x
 taylor morrison	Taylor Morrison Home Corporation operates as a public homebuilder in the United States. The company builds single-family and multi-family attached homes		33,923	17%	9.9K	7%	0.8x	13.1x
 ПИК ГРУППА	PIK Group develops constructs and sells residential real estate properties in Russia. The company engages in the construction of houses and neighborhoods		24,292	28%	40K	56%	2.9x	7.1x
 Meritage Homes	Meritage Homes Corporation designs and builds single-family homes in the United States. It develops land, constructs and sells homes for first-time buyers		23,748	21%	2.8K	19%	1.5x	9.0x
 Taylor Wimpey	Taylor Wimpey operates as a residential developer in the United Kingdom and Spain. The company builds various homes, such as one-bedroom apartments to six-bedroom detached houses		22,763	23%	13K	12%	0.9x	8.8x

Appendix 29: Construction Costs Sensitivity Analysis



Construction Costs Sensitivity Analysis

Assumptions					Unit Economics - 2021 Projection					
					Current Scenario	Base Case	Bear Case	Bull Case		
Unit Economics Assumptions					Gross Revenues	150.000	153.000	150.000	154.500	
Avg. Price per unit	150.000				Deductions	(4.650)	(4.743)	(4.650)	(4.790)	
VAT Taxes (%)	1,9%				<i>% of Gross Revenues</i>	-3,1%	-3,1%	-3,1%	-3,1%	
Provisions for Cancellations (%)	1,0%				VAT Taxes	(2.850)	(2.907)	(2.850)	(2.936)	
Provisions for Doubtful Accounts (%)	0,2%				Provisions for Cancellations	(1.500)	(1.530)	(1.500)	(1.545)	
Construction Costs (% of rev)	52,0%				Provisions for Doubtful Accounts	(300)	(306)	(300)	(309)	
Land Costs (% of rev)	11,0%				Net Revenues	145.350	148.257	145.350	149.711	
Others (% of rev)	5,8%				COGS	(100.001)	(106.914)	(109.710)	(104.353)	
Sensitivity Assumptions	Current	Base	Bear	Bull	<i>% of Net Revenues</i>	-69%	-72%	-75%	-70%	
Avg. Price Variation	0,0%	2,0%	0,0%	3,0%	Constructions Costs	(75.582)	(82.006)	(84.652)	(79.361)	
Construction Costs Inflation	0,0%	8,5%	12,0%	5,0%	Land Costs	(15.989)	(16.308)	(16.628)	(16.308)	
Land Costs Inflation	0,0%	2,0%	4,0%	2,0%	Other Costs*	(8.430)	(8.599)	(8.430)	(8.683)	
					Gross Profit	45.349	41.343	35.640	45.358	
					<i>Gross margin</i>	31,2%	27,9%	24,5%	30,3%	

* Includes incorporation costs, capitalized financial costs, maintenance and unit costs included in provisions account