



H O M E X

NOVEMBER 2015

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I. INTRODUCTION

Homex is a Mexican home developer company focused in the Affordable Entry level and Middle Income level through the construction of successful communities.

- On April, 2014 Homex filed a request for a pre-packaged Concurso Mercantil proceeding
- On July 7th, 2015, the First District Court issued a judgment approving the “Convenios Concursales” (reorganization plans) presented by Homex, which were previously supported by the requisite majorities of recognized creditors. This resolution completes the Company’s *Concurso Mercantil* legal proceeding.
- On October 23, Homex initiated its restructuring and reactivation process. The Company received a capitalization for Ps.1,750 million in the form of a convertible bond. With this capitalization the Company expects:
 - To have access to two revolving credit lines with Adamantine (up to Ps.1,850 million)
 - To have access to a credit line with INFONAVIT for infrastructure construction at housing developments for Ps.350 million
 - Update investments at projects to reactivate more bridge loans with Santander
- The Company has performed a rigorous revision of the local housing market dynamics and selected the projects that will be reactivated based on cash flow considering a conservative sales rhythm.
- The housing projects that will be reactivated as well as the land reserve of Homex are aligned to the National Housing Policies.
- The Company will continue to be focused on the affordable entry level segments, where today exists a large demand of at least 9 million housing actions.

II. RECAPITALIZATION / RE STRUCTURING PLAN

RECAPITALIZATION/ RE STRUCTURING PLAN

- On October 23, 2015 the Company successfully emerged from its Concurso Mercantil proceeding. Homex is the first public company to conclude a successful restructuring under the reformed Concursos law.
- The start of Homex restructuring plan implies different procedures that include:
 1. Reverse split from the total shares representing the capital stock of Homex, performed a reverse split at a ratio of 10 to 1, thus the 335,869,550 shares were reduced to 33,586,955 shares.
 2. Capital Increase in the amount of Ps.28,466 million pesos, represented by 302,282,595 ordinary shares, which were issued with the objective of delivering them to Homex common creditors recognized by the Company as partial payment of the capitalized balance of its common credits, precisely in terms and in full compliance with that provided for in the respective Convenios Concursales.
 3. Capital Increase in the amount of Ps.124,396 million represented by 124,396,130 ordinary shares, that were issued to establish an Option Plan for Homex common creditors, according and in line with the implementation of the respective Convenios Concursales.
 4. Capital Increase in the amount of Ps.414,654 million pesos represented by 414,653,767 ordinary shares to be used to establish a Management Incentive Plan to be implemented by its Board of Directors.
 5. Capital increase in its variable portion in the amount of Ps.1,750 million to be represented by 783,695,617 ordinary shares. These shares will be kept at treasury for the issuance of a convertible bond in shares.

■ **Derived from the Reverse Split and Capital Increases performed by the Company the Proforma Stockholder structure is as follows:**

	Number of Shares	% of Total	
Shares reverse split	33,586,955	2%	} Shares considered on the Public Float at the Mexican Stock Exchange
Common creditors ¹	302,282,595	18%	
Options for Common Creditors ²	124,396,130	8%	
Management Incentive Plan ³	414,653,767	25%	
Convertible Bond ⁴	783,695,617	47%	
TOTAL	1,658,615,064	100%	

¹ The Company is currently in the process of delivering the corresponding shares to common creditors

² The Options for Common Creditors are held at a trust therefore these shares are not part of the free float of the Company. The first package of options which represents the 50% of the total are eligible to be vested when the Company has a market cap of Ps.12.5 billion. The second package of options which represents the 50% of the total are eligible to be vested when the Company has a market cap of Ps.15.0 billion.

³ The incentive Plan of the Management Team is a 5 year plan, which is subject to the achievement of operative objectives according to the approved Business Plan. On October 2015, effective data of the restructure and according to the approved plan, 82.9 million shares were granted which are eligible to be vested until December 31, 2016. Mean while the shares are not delivered and vested do not form part of the public float of the Company.

⁴ The Convertible bond has a 7 year maturity and is eligible to be converted from December 31, 2016.

Plan of Restructuring – MIP

The MIP would award up to 25% of the Company’s fully diluted equity to management over five years, subject to the achievement of operational performance targets in the Business Plan

- Upfront equity would be limited to 5% of total diluted shares and would be distributed to key employees (employees would not be able to sell this equity until December 31, 2016)
- Additional shares, up to 20% on a fully diluted basis, would only be awarded if the Company met or exceeded annual housing collections and EBITDA tied to the Business Plan
- If the Company significantly outperforms the Plan, management would be eligible to accelerate equity awards starting in 2016
- Upon a secondary offering at or above specified valuations specified for each year, management would be eligible to receive all unearned and/or unpaid shares then available under the MIP

ILLUSTRATIVE MANAGEMENT INCENTIVE PLAN AT VARIOUS PERFORMANCE LEVELS

<u>Proposed MIP</u>	<u>Upfront Equity</u>	<u>Performance Grants</u>					<u>Aggregate Equity</u>	
		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>		
Annual	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%		
Cumulative	5.0%	9.0%	13.0%	17.0%	21.0%	25.0%		
<u>Performance</u>	<u>Award</u>							
Below 80% of Plan	0.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
80% of Plan	50.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	15.0%
100% of Plan	75.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	20.0%
120% of Plan	100.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	25.0%
150% of Plan	150.0%	5.0%	4.0%	4.0%	10.0%	2.0%	0.0%	25.0%

III. BUSINESS PLAN

Financial Model Development

Homex, with assistance from its advisors, created a detailed financial model over several months. The process included:

- **Due diligence on project and unit pricing/construction assumptions with the Company's construction team and various suppliers**
- **Analysis of optimal project and unit ramp, including discussions with management**
- **Developing monthly projections through December 2022 for 59 different projects (53 go-forward) and infrastructure business**
 - Detailed financial projections include revenue, costs and financing on a cash basis for both current and prospective projects
 - Project-level financials are combined with infrastructure business into a consolidated financial model
- **Projecting various expenses and financing costs at a corporate level**
 - Corporate SG&A (management and headquarter expenses)
 - Financing/Other Claims Repayment – forecast based on negotiations with creditors
- **FinanciaT, a Mexican homebuilding specialist firm, reviewed the financial model performing a project-by-project review which included testing the Company's assumptions against current market conditions**
- **Post-Concurso, Homex will operate with a lean corporate structure composed of only 250 employees, compared to the more than 1,000 administrative employees in 2013**

Key Business Plan Assumptions

	COMMENTS
UNITS	<ul style="list-style-type: none"> ■ Monthly projections ■ Units take 5 – 7 weeks (AEL/MIL) to construct, 2 weeks to title (when the sale is recorded for revenue purposes) and 2 weeks to collect (total cycle of 9 – 11 weeks) ■ Assumes monthly mid-point convention on start of construction, titling and completion ■ Units are allocated among specific facilities, according to lender negotiations
PRICING AND COSTS	<ul style="list-style-type: none"> ■ Pricing and costs depend on current⁽¹⁾ vs. prospective projects⁽¹⁾, with units guaranteeing bridge loans generally modeled using “current” costs and units with land guarantees or no guarantees using “prospective costs” ■ Prices are inflation-adjusted using forward inflation estimates from the Mexican Central Bank ■ Most costs estimated as a percent of sales, using historical results as a basis ■ Upfront costs <ul style="list-style-type: none"> ■ Costs spread across 1 month for current projects and 2 months for “prospective” ■ Costs begin in the same month as construction in current projects, 2 months in advance in initial phase of prospective projects and 4 months in advance in additional phases of prospective construction (to create uninterrupted collections) ■ Phases on a prospective project: 1,200 units for AEL projects and 500 for MIL projects ■ Infrastructure and license costs assumed to be, respectively, 20% and 5% of sales on average
LAND ACQUISITION	<ul style="list-style-type: none"> ■ Minimum required land inventory to meet permitting lead time, based on projected construction rates and assumed time obtain approval in relevant municipality <ul style="list-style-type: none"> ■ Varies by project (between 9 months and 15 months) ■ Current starting balance of ~ 40,600
CURRENT BRIDGE LOAN FACILITIES	<ul style="list-style-type: none"> ■ Assumed to continue providing ministrations to develop remaining units ■ All credit facilities’ ministrations cover direct and indirect construction costs <ul style="list-style-type: none"> ■ Certain ministrations also cover SG&A and land guarantee payments

(1) “Current” projects are those projects that are partially finished while “prospective” projects are those that have not started.

Key Business Plan Assumptions (cont'd)

COMMENTS

NEW BRIDGE LOAN FACILITIES	<ul style="list-style-type: none"> ■ Revolving facilities ■ Must have an interest reserve equal to two months of interest expense <ul style="list-style-type: none"> ■ Interest accrues until paid out from debt repayment ■ Excess cash swept back to Homex
PRE-EXISTING DEBT	<ul style="list-style-type: none"> ■ Treatment as per preliminary reorganization (secured claims reinstated up to their value of collateral) ■ Reinstated debt assumed to have interest paid at corporate level ■ Debt with Infrastructure guarantees is reinstated and repaid with cash flows from Homex Infrastructure
HOMEX INFRA.	<ul style="list-style-type: none"> ■ Assumes 1.0 billion MXN in revenue in Year 3 with 3.4% growth in Year 4, 3.6% in Year 5, 3.7% in Year 6, 3.9% in Year 7, and 3.5% thereafter ■ Construction costs assumed to be 85% of sales with 6 weeks estimated time to complete construction
FUTURE TAXES	<ul style="list-style-type: none"> ■ Cash taxes determined by an established schedule based on the analysis of our fiscal advisors
CAPEX	<ul style="list-style-type: none"> ■ CapEx: ~240 million MXN of CapEx for first 2.5 years (0.5% - 3.5% of collections), ramping down to ~100 million MXN subsequently <ul style="list-style-type: none"> ■ Treats leasing counterparties as unsecured debt ■ CAPEX investment is for maintenance of fixed assets
SELECT CREDITOR TREATMENT / OTHER	<ul style="list-style-type: none"> ■ Taxes balance assume a reduction according to the common creditors treatments and the balance to be paid in one exhibition. ■ Tax / IMSS payments are paid according to the treatment determined in the Restructuring Plan and negotiation with these creditors.

Business Plan – Summary Financials

(MXN in millions)

ANNUAL SUMMARY FINANCIALS

	2015	2016	2017	2018	2019	2020	2021	2022	Total
Units Sold	2,054	18,711	24,396	30,359	35,554	36,850	38,159	38,578	224,661
Housing Revenue	1,104	9,052	12,320	15,954	19,088	20,530	21,959	22,932	122,939
Infrastructure Revenue	--	--	1,000	1,034	1,071	1,111	1,154	1,195	6,565
Total Revenue	\$1,104	\$9,052	\$13,320	\$16,988	\$20,159	\$21,641	\$23,113	\$24,126	\$129,504
% Growth			47.2%	27.5%	18.7%	7.4%	6.8%	4.4%	
COGS	(911)	(6,720)	(9,754)	(12,253)	(14,522)	(15,548)	(16,554)	(17,252)	(93,515)
SG&A	(468)	(837)	(1,058)	(1,303)	(1,516)	(1,619)	(1,722)	(1,796)	(10,320)
EBITDA	(\$276)	\$1,495	\$2,509	\$3,431	\$4,121	\$4,474	\$4,837	\$5,079	\$25,669
% Margin	(25.0%)	16.5%	18.8%	20.2%	20.4%	20.7%	20.9%	21.1%	19.8%
Cash Flow Reconciliation									
EBITDA	(\$276)	\$1,495	\$2,509	\$3,431	\$4,121	\$4,474	\$4,837	\$5,079	\$25,669
Less: Cash Interest	(96)	(438)	(435)	(381)	(297)	(260)	(175)	(146)	(2,229)
Less: Cash Taxes ⁽¹⁾	(19)	(44)	(79)	(885)	(1,110)	(1,219)	(1,351)	(1,434)	(6,141)
Less: Capex	(18)	(88)	(134)	(111)	(115)	(119)	(123)	(127)	(834)
Less: Change in NWC	(581)	1,136	348	(22)	259	(30)	331	561	2,003
Less: Debt/Claim Repayment	(1,061)	(8,073)	(10,385)	(12,583)	(12,726)	(12,726)	(12,603)	(12,197)	(82,353)
Plus: New Financing	1,713	5,675	8,629	10,625	11,334	11,737	12,114	12,050	73,877
Plus: Capital Raise	1,750	--	--	--	--	--	--	--	1,750
Less: Transaction Fees	(540)	--	--	--	--	--	--	--	(540)
Levered Free Cash Flow	\$872	(\$337)	\$452	\$76	\$1,466	\$1,857	\$3,030	\$3,785	\$11,201
Cash	\$872	\$535	\$987	\$1,062	\$2,529	\$4,386	\$7,416	\$11,201	
Financial Debt ⁽²⁾	5,982	5,203	4,424	3,250	2,656	1,850	1,431	1,284	
Total Claims Outstanding ⁽³⁾	8,244	6,556	5,678	4,208	2,908	1,919	1,431	1,284	
Leverage Stats									
Financial Debt/LTM EBITDA	NM	3.5x	1.8x	0.9x	0.6x	0.4x	0.3x	0.3x	
Net Financial Debt/LTM EBITDA	NM	3.1x	1.4x	0.6x	0.0x	--	--	--	

Note: Not presented in accordance with IFRS. Revenue and costs assume consolidated Land Trust for illustrative purposes.

(1) 2015–2017 based on Company's analysis; 30% thereafter.

(2) Includes secured debt (excluding Land Trust), Infonavit and unsecured debt (infrastructure, bonds, Brazil, term loans and factoring). Does not include any New Capital Raise (assumes conversion to equity).

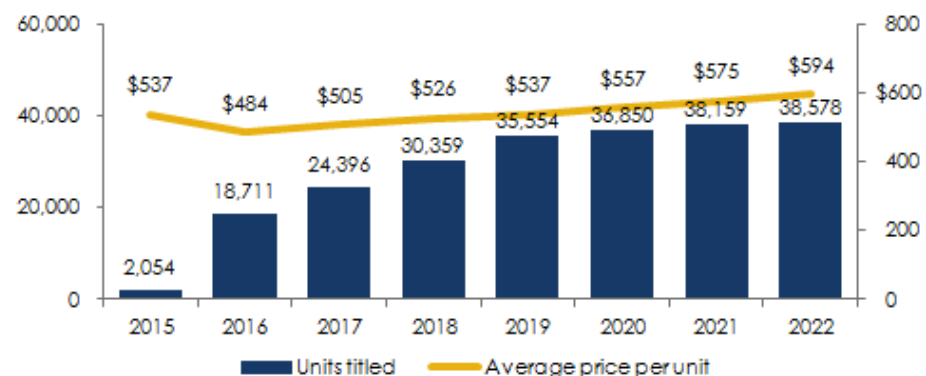
(3) Does not include Land Trust debt that is not directly a Homex obligation.

Summary Financial Performance (1)

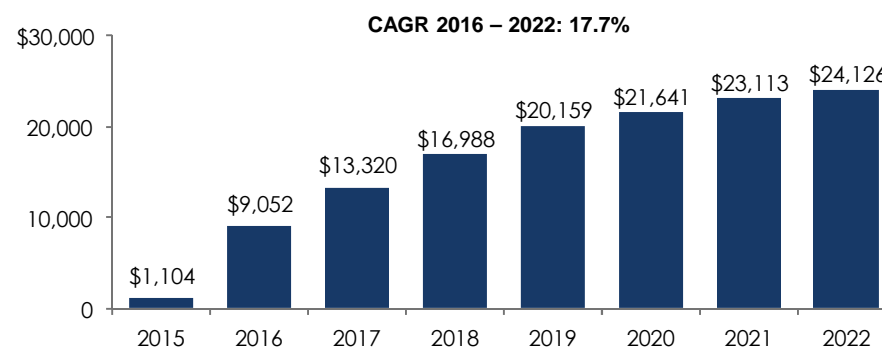
(MXN in millions, except per unit amounts)

Homex's Business Plan is conservative and assumes a multi-year rebuilding process

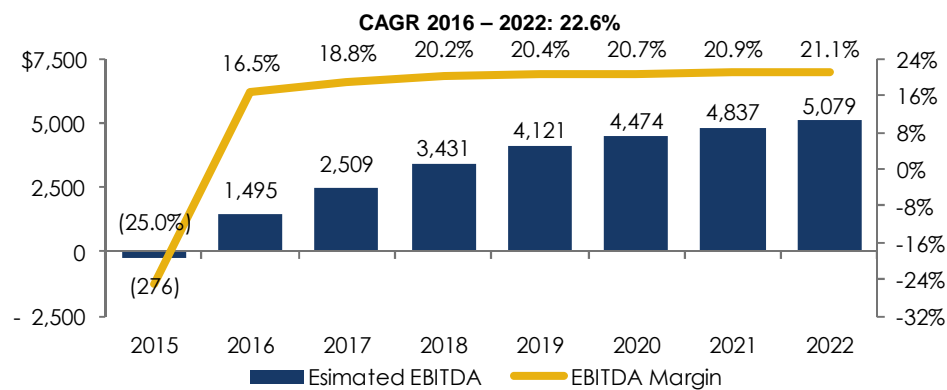
Units Titled (#)/Avg. Price Per Unit (Ps. '000)



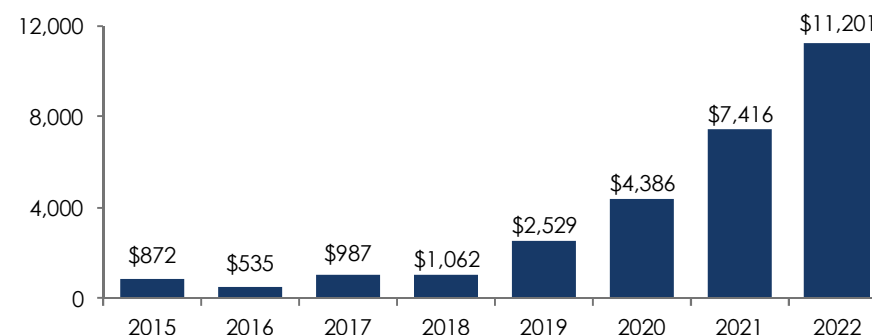
Total Gross Revenues



EBITDA



Ending Cash Balance

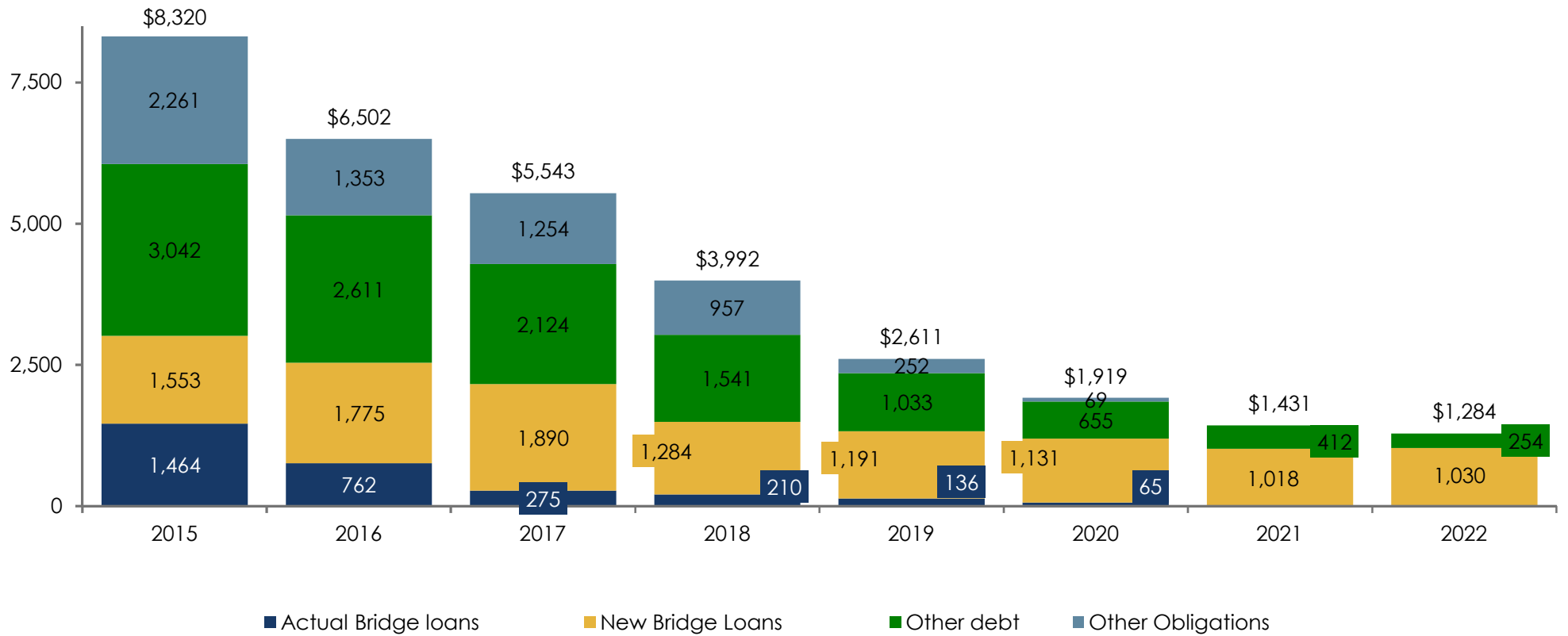


(1) Includes Homex Infrastructure, a non-Concurso entity.

Debt Treatment

Secured Debt	<ul style="list-style-type: none"> ■ Bridge loans / land guarantees: <ul style="list-style-type: none"> ■ To be reactivated to restart projects ■ Some secured debt is paid in kind ■ To be repaid with project collections
Common Debt	<ul style="list-style-type: none"> ■ All capitalized except for INFONAVIT, IMSS, accounts payable to a trust and key suppliers ■ Unsecured claims to receive 90% of the stockholders equity of the Company before the issuance of the convertible bond.
Land Trust	<ul style="list-style-type: none"> ■ Trust AP Claims <ul style="list-style-type: none"> ■ Paid through a percentage at each trust starting in 2017. ■ Bridge loans do not generate interest payments ■ New revolving credit line of Ps.500 million for units development
Other Debt / Claims	<ul style="list-style-type: none"> ■ Pending supplier payments: are equitized so that balance is Ps. 300 million, paid starting in January 2018 ■ SAT / IMSS payments: Payment to SAT is pending of resolution, a reduction request has been made in the same proportion of that applied to secured debt and balance to be paid in cash. IMSS payment according to payment schedule, with step up payments for the following 48 months ■ Labor Payments: 100% paid

Liabilities Payments



New Convertible Loan – Key Terms

	DESCRIPTION
PRINCIPAL	<ul style="list-style-type: none"> ■ Ps. 1.75 billion
MATURITY	<ul style="list-style-type: none"> ■ 7 years from closing date
INTEREST	<ul style="list-style-type: none"> ■ 3.5% in cash or 4.5% in kind (at the Company's option) per year payable semiannually, until December 31, 2020 <ul style="list-style-type: none"> ■ 4% cash thereafter ■ In addition, Company will make a payment to each lender to cover any deemed tax liability from interest paid in kind (assumed 33% tax rate)
FEES	<ul style="list-style-type: none"> ■ No fees
CONVERSION FEATURE	<ul style="list-style-type: none"> ■ Loan is convertible into 70% of the Company's equity beginning on December 31, 2016 ■ Equity received by converting lenders will be subject to dilution from MIP and the unsecured creditor stock options
MANDATORY CONVERSION	<ul style="list-style-type: none"> ■ Required conversion for entire loan if more than 50% of the loan has been converted ■ Mandatory conversion in the event of a secondary offering issuing more than Ps3.0 billion at an equity value of Ps.15 billion ■ Mandatory conversion at maturity
CLOSING CONDITIONS	<ul style="list-style-type: none"> ■ Effectiveness of the restructuring as provided for by the Restructuring Term Sheet ■ Other customary provisions to closing

Use of Resources Convertible Bond

- The new capital injection for Ps.1,750 million as well as other sources of liquidity as revolving credit lines and bridge loans in conjunction will allow Homex to re-establish its operations, fund long-term capital improvements as well as provide liquidity to the Company to fund its Business Plan.
- The following table shows the main use of resources of the new capital injection for the Company. Cash in Balance will be used for various concepts such as:
 - CAPEX
 - Re-Payment of certain creditors
 - Corporate expenses
 - Some projects reactivation costs
 - Cash balance strengthening
 - Payment of expenses derived from the Concurso Mercantil Procedure

USE AND PROCEDURES			
<u>Source</u>		<u>Use</u>	
Convertible Bond	\$1,750	Transaction expenses	\$540
		SAT	460
		Office Refurbishment	119
		Projects investment	150
		Cash	481
Total	\$1,750	Total	\$1,750

IV. BOARD OF DIRECTORS

Board of Directors

- **The new board of directors consists of 7 members, with two board members from the de Nicolas Family**
 - 71% of the Board Members qualify as independent directors
 - The size of the Board of Directors may grow in the future

Name	Committees
Eustaquio de Nicolás Gutiérrez	Chairman of the Board
Gerardo de Nicolás Gutiérrez	Executive Committee, Corporate Governance and Compensation Committee
José Manuel Canal	Executive Committee, Audit Committee (Chariman)
Antonio Manuel Dávila Uribe	Executive Committee, Corporate Governance and Compensation Committee (Chariman)
Samuel Suchowiecky	Executive Committee, Corporate Governance and Compensation Committee
Ernesto Valenzuela	Audit Committee
William J. Crombie	Audit Committee

V. OPERATING STRATEGY

Company Strengths and Strategy

Mission: To improve the quality of life of our community through superior quality real estate developments

Strengths

- ✓ **Deep experience** in selling and building in growth areas across Mexico
- ✓ **Mold technology** accelerates capital cycle and provides flexibility
- ✓ **Land reserves** aligned with the new Housing Policy with water rights and sewage permits
- ✓ **Institutional Relationships** with housing authorities and municipalities
- ✓ **Bespoke IT system** keeps Company on time and on budget
- ✓ **Performance-based compensation** aligns commercial and construction functions

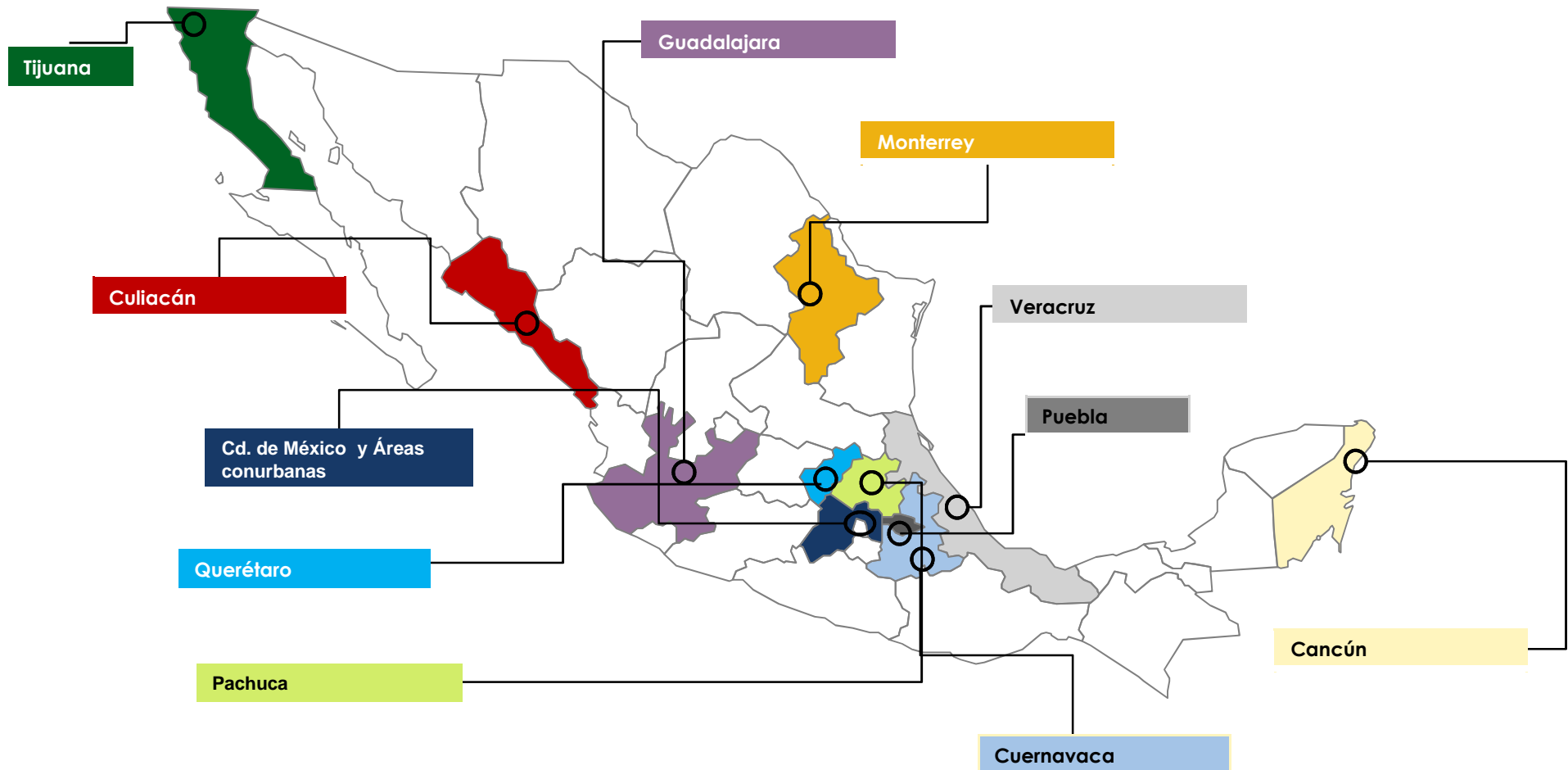
Strategy

Maintain Geographic Advantage	Align Development to New Housing Policy	Capitalize on Unique Construction Process	Focus on Profitability vs. Growth	Establish Optimal Capital Structure
<ul style="list-style-type: none"> ■ Experience managing nationwide project portfolio ■ Focus on growth markets aligned with the Housing Policy, with strong economic trends and history of success for Homex ■ Pipeline focused on the most efficient and profitable projects 	<ul style="list-style-type: none"> ■ Technology and experience to build quality vertical homes efficiently (70% vertical construction by 2016) ■ Land bank aligned with Housing Policy ■ High density projects ■ Know-how certifying land for concentric circles and qualifying for subsidies 	<ul style="list-style-type: none"> ■ Best-in-class construction technology (aluminum molds) allows for rapid, flexible construction ■ In-house construction team ■ Bespoke IT platform promotes efficiency and alignment ■ Just-in-time inventory and material purchasing 	<ul style="list-style-type: none"> ■ Bottoms up profitability analysis conducted prior to pursuing any project ■ Strong cash management and lean organization ■ Land acquisition and construction match sales speed, maximizing operating leverage 	<ul style="list-style-type: none"> ■ 70% reduction of liabilities in Concurso ■ Diversified capital sources including 10-year revolving loans minimizing capital need ■ Land reserve plan requires lower leverage/less capital ■ Capitalizing on low-cost financing opportunities from government

Focus on Key Markets with Attractive Economics

Homex will take advantage of key markets where it has a competitive edge and will benefit from attractive demographic and economic trends

- The Company plans to expand its presence in mid-sized cities where there is significant demand



Strategy - Focus on Profitability

Homex has redefined its strategy and focus to become a profitable company with the objective of fully satisfying its clients, at the same time that our housing projects are aligned to National Housing Policies and market dynamics.

- Before starting a project the Company performs a market study to project the expected price, construction margin, infrastructure cost, and sales velocity as well as the project profitability and return of each project.
 - The company subcontracts the infrastructure and urbanization works to third parties at a fixed price, which minimizes over costs.
- Homex has an strict selection criteria, that requires that operating margins of the project are higher or similar to 20%
- Land bank policy based on the minimum required land inventory to meet permitting lead time, based on projected construction rates and assumed time obtain approval in relevant municipality, based on the projected construction speed and the required timed assumed to obtain the permits at municipalities.
- Initial suppliers payment policy on-delivery, minimizing the risk of an over leverage with suppliers
- Minimum level of material inventory to maintain the construction process
- Corporate Governance with the best market practices, to strengthen Homex institutionalization.

VI.ABOUT THE INDUSTRY

Significant Opportunity – Industry Overview

Housing Deficit

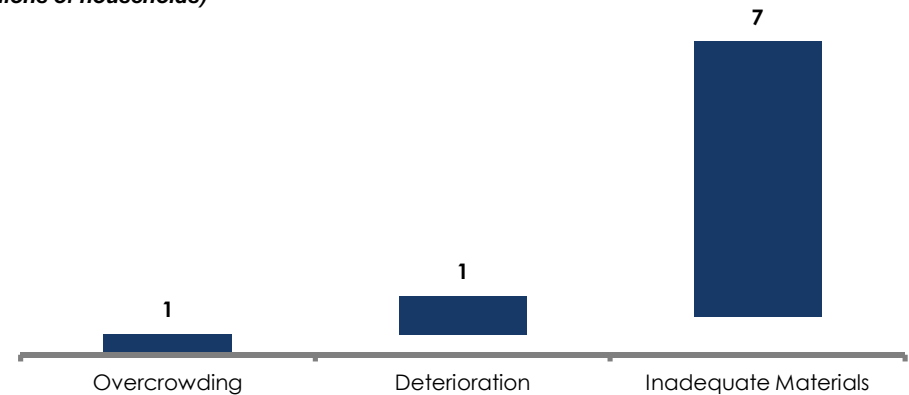
- There is currently a housing deficit in Mexico of 9 million households
- ~6 million households are employed but lack access to subsidies, representing a large potential market for subsidized housing and SHF mortgage programs
- Total incremental target population for INFONAVIT of ~33 million due to ability to provide mortgages to everyone with an INFONAVIT housing savings account

Key Demographics

- In addition, over the next 20 years, 10.7 million new homes will be required solely to address population growth
 - Of this amount, demand for new homes in urban areas is estimated at 4.6 million, of which 2.8 million (463k annually) have access to financing
- Approximately 45% of the population is between 20 to 50 years old with a median age of 26 years

Composition of Housing Deficit

(millions of households)



Annual Housing Supply and Demand Analysis

(thousands of households)

	'10	'11	'12-'15	'16-'20	'21-'25	'26-'30
Annual Household formulation	463	440	434	420	382	317
Annual replacement	150	150	150	150	150	150
Annual avg. housing demand	631	590	584	570	532	467
Construction	882	1,109	835	-	-	-
Deficit Increase / (Decrease)	(269)	(519)	(251)	-	-	-

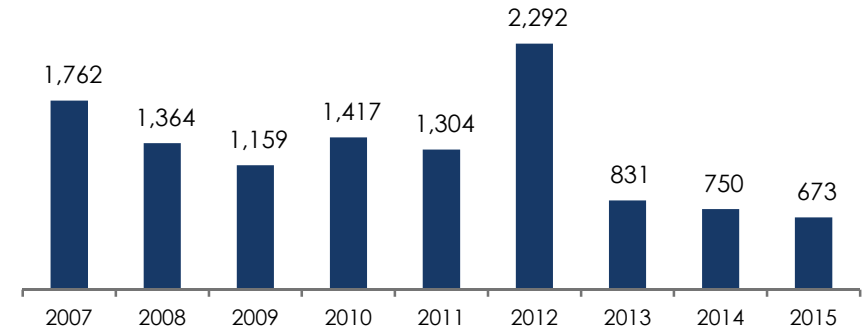
Source: INFONAVIT, CONAVI, SHF, FONHAPO

Significant Opportunity – Industry Overview (cont'd)

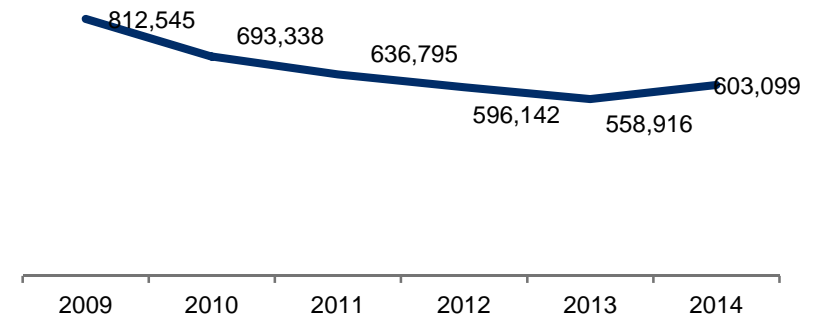
Fragmented Industry

- The industry continues to be very fragmented, composed of mainly regional players
- Smaller and less specialized homebuilders have not been able to comply with the Housing Policy objectives evidenced in the lack of vertical housing in the country
 - 464,100 homes are under construction as of September 2015, with only 28% being vertical units
- Number of registered homebuilders decreased to 9 year in 2015 following shift in housing policy and lack of mortgage availability

Registered Residential Homebuilders (1)



Mortgages New Homes(2)



Mortgage Financing Programs

- Derived from the industry changes, which is reflected in the lack of home offering, there is a shift in the performance of mortgage credits. INFONAVIT is the main source of financing with approximately 60% of the market
 - During 2014 granted 551,861 where only 46% was for new homes compared with 74% in 2010.
 - 2015-2019 mortgage program: 350,000 - 375,000 credits
 - Mortgage limit increased almost 2x from Ps. 453 k to Ps. 853 k

Source: INFONAVIT, CONAVI, SHF, FONHAPO.

(1) Latest data available

(2) Includes all sources of financing: INFONAVIT, CONAVI, BANCOS, SHF, SOFOLES, etc..



H O M E X

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