OFFERING CIRCULAR

U.S.$30,000,000
SERVICIOS CORPORATIVOS JAVER, S.A.P.I. de C.V.
13.0% Senior Notes due 2014

We are offering US$30,000,000 aggregate principal amount of our 13.0% Senior Notes due 2014 (the "new notes"). We will pay interest on the new notes on February 4 and August 4 of each year. The first interest payment will be made on August 4, 2010. The new notes will mature on August 4, 2014. Prior to maturity, we may redeem, in whole or in part, the new notes by paying the principal amount of the new notes plus the applicable "make-whole" premium and accrued interest. Prior to August 4, 2012, we may also redeem up to 35.0% of the new notes with the proceeds of certain equity offerings. See "Description of Notes—Optional Redemption." In addition, in the event of certain changes in the Mexican withholding tax treatment relating to payments on the new notes, we may redeem all (but not less than all) of the new notes at 100.0% of their principal amount, plus accrued and unpaid interest. There is no sinking fund for the new notes.

The new notes are being offered as additional debt securities under an indenture pursuant to which we have previously issued US$180,000,000 aggregate principal amount of our 13.0% Senior Notes due 2014. The US$180,000,000 13.0% Senior Notes due 2014 that we previously issued are referred to as the "outstanding notes." As used herein the term "notes" refers to both the new notes and the outstanding notes.

The new notes will be treated as a single series with the outstanding notes and will have the same terms as those of the outstanding notes. The new notes and the outstanding notes will vote as one class under the indenture governing the notes. The Rule 144A new notes have the same ISIN and CUSIP numbers and common code as the Rule 144A outstanding notes. The Regulation S new notes were issued temporary CUSIP and ISIN numbers and a temporary common code. Upon completion of the fourty day distribution compliance period, the Regulation S new notes will have the same CUSIP and ISIN numbers and common code as the Regulation S outstanding notes.

The new notes, together with the outstanding notes, will be our senior unsecured general obligations. The new notes, together with the outstanding notes, will be unconditionally guaranteed by our subsidiaries, jointly and severally, on a senior unsecured basis.

The notes and guarantees will rank equally in right of payment with all of our and the subsidiary guarantors' existing and future senior indebtedness and senior to all of our and the subsidiary guarantors' existing and future subordinated indebtedness, subject to certain statutory preferences under Mexican law. The notes and guarantees will be structurally subordinated to the indebtedness and trade payables of our future non-guarantor subsidiaries. The notes will effectively rank junior in right of payment to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness.

No public market currently exists for the new notes. Application has been made to admit the new notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market. This offering circular constitutes a prospectus for the propose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities.

Investing in the new notes involves risks. See "Risk Factors" beginning on page 18.

Price: 109.5%

plus accrued interest, if any, from February 4, 2010.

Delivery of the new notes in book-entry form will be made on or about February 4, 2010.

THE NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) MAINTAINED BY THE NATIONAL BANKING AND SECURITIES COMMISSION (THE *COMISION NACIONAL BANCARIA Y DE VALORES*, OR CNBV), AND MAY NOT BE OFFERED OR SOLD PUBLICLY, OR OTHERWISE BE THE SUBJECT OF BROKERAGE ACTIVITIES, IN MEXICO, EXCEPT PURSUANT TO A PRIVATE PLACEMENT EXEMPTION SET FORTH UNDER ARTICLE 8 OF THE *LEY DEL MERCADO DE VALORES* (THE "MEXICAN SECURITIES MARKET LAW"). AS REQUIRED UNDER THE MEXICAN SECURITIES MARKET LAW, WE WILL NOTIFY THE CNBV OF THE OFFERING OF THE NEW NOTES OUTSIDE OF MEXICO. SUCH NOTICE WILL BE DELIVERED TO THE CNBV TO COMPLY WITH A LEGAL REQUIREMENT AND FOR INFORMATION PURPOSES ONLY, AND THE DELIVERY TO AND THE RECEIPT BY THE CNBV OF SUCH NOTICE, DOES NOT IMPLY ANY CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NEW NOTES OR OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY. THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR OF THE NEW NOTES IS EXCLUSIVELY THE RESPONSIBILITY OF THE COMPANY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. IN MAKING AN INVESTMENT DECISION, ALL INVESTORS, INCLUDING ANY MEXICAN INVESTORS WHO MAY ACQUIRE NOTES FROM TIME TO TIME, MUST RELY ON THEIR OWN REVIEW AND EXAMINATION OF THE COMPANY.

The new notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The new notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and to non-U.S. persons in offshore transactions in reliance on Regulation S. You are hereby notified that sellers of the new notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Credit Suisse

The date of this offering circular is February 4, 2010.

TABLE OF CONTENTS

	Page
Notice to New Hampshire Residents	iii
Notice to Prospective Investors in the United Kingdom	iv
Notice to Prospective Investors in the EEA	v
Available Information	vi
Service of Process and Enforcement of Civil Liabilities	vii
Disclosure Regarding Forward-Looking Statements	viii
Presentation of Financial and Other Information	ix
Terms Used in This Offering Circular	xi
Summary	1
Risk Factors	18
Use of Proceeds	30
Exchange Rates	31
Capitalization	32
Selected Consolidated and Combined Financial Information and Other Information	33
Management's Discussion and Analysis of Financial Condition and Results of Operations	38
The Mexican Housing Industry	48
Our Business	54
Our Management	72
Principal Shareholders	77
Related Party Transactions	81
Description of Notes	83
Taxation	135
Notice to Investors	140
Plan of Distribution	143
Notice to Canadian Investors	146
General Information	147
Legal Matters	148
Independent Auditors	148
Differences between MFRS and U.S. GAAP	149
Index to Consolidated and Combined Financial Statements	F-1

You should rely only on the information contained in this offering circular. We have not, and the initial purchaser has not, authorized any other person to provide you with information that is different. We are not, and the initial purchaser is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this offering circular may only be accurate as of the date of this offering circular.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The new notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. By purchasing the new notes, you will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Notice to Investors" in this offering circular. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

Neither the CNBV nor the U.S. Securities and Exchange Commission (the "SEC"), nor any state securities commission has approved or disapproved of these securities or determined if this offering circular is truthful or complete. Any representation to the contrary is a criminal offense.

We have submitted this offering circular solely to a limited number of qualified institutional buyers in the United States and to investors outside the United States so they can consider a purchase of the new notes. We have not authorized its use for any other purpose. This offering circular may only be used for the purpose for which it has been published. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering circular, you agree to these restrictions. See "Notice to Investors."

This offering circular is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. This offering circular summarizes certain documents and other information and we refer you to such documents and other information for a more complete understanding of what we discuss in this offering circular. In making an investment decision, you must rely on your own examination of our company and the terms of this offering and the new notes, including the merits and risks involved.

The initial purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering circular. Nothing contained in this offering circular is, or shall be relied upon as, a promise or representation by the initial purchaser as to the past or future. We have furnished the information contained in this offering circular. The initial purchaser makes no representation as to any of the information contained herein (financial, legal or otherwise) and assumes no responsibility for the accuracy or completeness of any such information.

We are not making any representation to any purchaser of the new notes regarding the legality of an investment in the new notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering circular to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding any investment in the new notes.

Notwithstanding anything in this offering circular to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of this offering of the new notes and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of this offering of the new notes.

We accept responsibility for the information contained in this offering circular. To the best of our knowledge and belief (and we have taken all reasonable care to ensure that), the information contained in this offering circular is in accordance with the facts and does not omit any material information. You should assume that the information contained in this offering circular is accurate only as of the date on the front cover of this offering circular.

We reserve the right to withdraw this offering of the new notes at any time, and we and the initial purchaser reserve the right to reject any commitment to subscribe for the new notes in whole or in part and to allot to any prospective investor less than the full amount of new notes sought by that investor. The initial purchaser and certain related entities may acquire for their own account a portion of the new notes.

You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the new notes under the laws and regulations in force in your jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchaser will have any responsibility therefor.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The new notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN THE EEA

To the extent that the offer of the new notes is made in any European Economic Area ("EEA") member state that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member state, the "Prospectus Directive") before the date of publication of a prospectus in relation to the notes which has been approved by the competent authority in that member state in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in that member state in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that member state within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require the issuer to publish a prospectus pursuant to the Prospectus Directive.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of notes, we will be required under the indenture under which the new notes are issued, upon the request of a holder of Rule 144A notes or Regulation S notes (during the restricted period, as defined in the legend included under "Notice to Investors"), to furnish to such holder and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request we are neither a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. As long as we maintain this exemption, we will not be required under the indenture to deliver information otherwise required to be delivered under Rule 144A(d)(4) under the Securities Act.

The indenture further requires that we furnish to the Trustee (as defined herein) all notices of meetings of the holders of notes and other reports and communications that are generally made available to holders of the notes. At our request, the Trustee will be required under the indenture to mail these notices, reports and communications received by it from us to all record holders of the notes promptly upon receipt. See "Description of Notes."

We will make available to the holders of the notes, at the corporate trust office of the Trustee at no cost, copies of the indenture as well as this offering circular, including a review of our operations, and annual audited consolidated financial statements prepared in conformity with Mexican Financial Reporting Standards ("MFRS"). We will also make available at the office of the Trustee our unaudited quarterly consolidated financial statements in English prepared in accordance with MFRS. Information will also be available at the office of the Luxembourg Listing Agent (as defined herein).

Application has been made to admit the new notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. This offering circular forms, in all material respects, the listing memorandum for admission to the Luxembourg Stock Exchange. We will be required to comply with any undertakings given by us from time to time to the Luxembourg Stock Exchange in connection with the new notes, and to furnish to them all such information as the rules of the Luxembourg Stock Exchange may require in connection with the listing of the new notes.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a *sociedad anónima promotora de inversión de capital variable* (an investment promotion variable capital corporation) organized under the laws of Mexico. Most of our directors and officers reside outside the United States. Substantially all of the assets of such persons are located outside the United States. Furthermore, substantially all of our assets are located in Mexico. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside of Mexico upon our directors or officers or to enforce against us or them in any jurisdiction outside of Mexico judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the federal and state securities laws of the United States. We have been advised by our Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability in Mexican courts of civil liabilities under the laws of any jurisdiction outside of Mexico, including any judgment predicated solely upon the federal and state securities laws of the United States. See "Risk Factors—Risks Related to the Notes—It may be difficult to enforce civil liabilities against us or our directors or executive officers."

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This offering circular includes forward-looking statements. These forward-looking statements include, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution potential investors that forward looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the Mexican mortgage finance industry, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this offering circular. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this offering circular, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- risks related to our competitive position;
- risks related to our business, to our strategy, to our expectations about growth in demand for our products and services and to our business operations, financial condition and results of operations;
- our access to funding sources, and the cost of the funding;
- changes in regulatory, administrative, political, fiscal or economic conditions, including fluctuations in interest rates and growth or diminution of the Mexican real estate and/or home mortgage market;
- increases in customer default rates;
- risks associated with market demand for and liquidity of the notes;
- foreign currency exchange fluctuations relative to the U.S. Dollar against the Mexican Peso; and
- risks related to Mexico's social, political or economic environment.

Potential investors should read the sections of this offering circular entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering circular may not occur. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

This offering circular includes our audited consolidated and combined financial statements and related auditor's report and notes as of December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008, which we refer to as the "Audited Financial Statements," and our unaudited condensed consolidated financial statements and related notes as of September 30, 2009 and for the nine-month periods ended September 30, 2009 and 2008, which we refer to as the "Unaudited Financial Statements," and, together with the Audited Financial Statements, as the "Financial Statements."

The Financial Statements are prepared in accordance with Mexican Financial Reporting Standards ("MFRS") issued by the Mexican Board for Research and Development of Financial Reporting Standards (the "CINIF"), which differ in certain significant respects from accounting principles generally accepted in the United States, which we refer to as "U.S. GAAP." See "Differences Between MFRS and U.S. GAAP" for a description of certain principal differences between MFRS and U.S. GAAP as they relate to us. **We are not providing any reconciliation to U.S. GAAP of our Financial Statements or other financial information in this offering circular. We cannot assure you that a reconciliation would not identify material quantitative differences between our Financial Statements or other financial information as prepared on the basis of MFRS if such information were to be prepared on the basis of U.S. GAAP.**

As disclosed in Note 3(b) of our Audited Financial Statements, beginning January 1, 2008, we adopted the following new MFRS: NIF B-2, *Statement of Cash Flows;* NIF B-10, *Effects of Inflation;* NIF B-15, *Foreign Currency Translation;* NIF D-3, *Employee Benefits* and NIF D-4, *Income Taxes.* Therefore, our consolidated financial statements for the year ending December 31, 2008 are not comparable to prior years.

As disclosed in Note 3(b) of our Audited Financial Statements, NIF B-10 considers two economic environments: a) an inflationary environment, where cumulative inflation over a three-year period is 26.0% or more, in which case, the effects of inflation need to be recognized, and b) a non-inflationary environment, where inflation is less than 26.0% in the same period, in which case, the effects of inflation may not be recognized in the financial statements. Furthermore, NIF B-10 requires that the gain (loss) from monetary position in stockholders' equity and the cumulative gain (loss) from holding non-monetary assets be reclassified to retained earnings, except for the gain (loss) from holding non-monetary assets that is identified with inventories or fixed assets that have not been realized as of the effective date of this standard. Such amounts are required to be maintained in stockholders' equity and realized within current earnings of the period in which such assets are depreciated or sold. NIF B-10 establishes that this accounting change be recognized prospectively.

As a result of having adopted NIF B-10, we discontinued recognition of the effects of inflation in our financial statements beginning January 1, 2008 because the accumulated inflation in the prior three-year period was less than 26.0%. The comparative information for the periods prior to January 1, 2008 is restated and presented in constant Mexican Pesos of December 31, 2007.

In addition, as disclosed in Note 3(a) to the Audited Financial Statements, in 2009 (subsequent to February 27, 2009, the original issuance date of our Audited Financial Statements) we adopted the provisions established by INIF 14, *Construction Contracts, Sale of Real Estate and Rendering of Related Services, an interpretation of NIF D-7, Construction and Manufacturing Contracts for Certain Capital Assets.* INIF 14 changed the method according to which we recognize our revenues from the "percentage-of-completion" method to recognizing revenues when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer. INIF 14 requires that an entity adopt its provisions retroactively and therefore, the previously issued financial statements have been restated for the purpose of comparability.

INIF 14 requires separating the different components of contractual agreements in order to identify whether such agreements pertain to construction of real estate, sale of real estate or rendering-related services, and establishes the rules for recognizing revenue and related costs and expenses, based on different elements in such agreements. For real estate sales agreements, according to the criterion established by INIF 14, revenues are recognized when the entity has transferred ownership to the buyer.

INIF 14 is effective for all entities that enter into construction and related real estate sale agreements beginning January 1, 2010; however, early adoption is permitted. The accounting changes arising from the initial application of this INIF, if any, are required to be recognized using the retrospective method of accounting stated in NIF B-1 "Accounting Changes and Error Recognition." As we adopted INIF 14 beginning on January 1, 2009, the previously issued Audited Financial Statements have been restated for the purpose of comparability.

Currency Information

Unless stated otherwise, references herein to "Pesos" or "Ps." are to Mexican Pesos, the legal currency of Mexico; references to "U.S. Dollars," "Dollars," "US$" or "$" are to U.S. Dollars, the legal currency of the U.S.

This offering circular contains translations of certain Peso amounts into Dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Peso amounts actually represent such Dollar amounts or could be converted into Dollars at the rate indicated as of the dates mentioned herein or at any other rate. Unless otherwise indicated, Dollar amounts in this offering circular have been converted from Pesos at an exchange rate of Ps. 13.4805 to US$1.00, which was the noon buying rate for cable transfers in Pesos published by the Federal Reserve Bank of New York (the "Fed Noon Buying Rate") on September 30, 2009. In particular, the Dollar amounts for the years ended December 31, 2008, 2007 and 2006 have been converted using the exchange rate of Ps. 13.832 to US$1.00, which was the Fed Noon Buying Rate on December 31, 2008. Also, the Dollar amounts for the three-month period ended March 31, 2009 have been converted using the exchange rate of Ps. 14.21 to US$1.00, which was the Fed Noon Buying Rate on March 31, 2009. On January 8, 2010 the Fed Noon Buying Rate was Ps. 12.7256 to US$1.00. See "Exchange Rates" for information regarding the rates of exchange between the Peso and the Dollar for the periods specified therein.

References herein to "UDIs" are to *Unidades de Inversión*, a unit of account in Pesos, the value of which is indexed to inflation on a daily basis, as measured by the change in the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*, or "NCPI"). Under a UDI-based loan, the borrower's nominal Peso principal balance is valued at the UDI stated value at the balance sheet date. Differences in valuation are recognized as interest expense within the net comprehensive financing result. At December 31, 2008, one UDI was equal to Ps. 4.184316. Banco de México publishes the value of the UDI for every business day. Unless otherwise stated, all information herein pertaining to UDIs refers to its unit of account value as of December 31, 2008. In instances where UDIs are converted as of March 31, 2009, at that date, one UDI was equal to Ps. 4.230011.

Industry and Market Data

Market data and other statistical information used throughout this offering circular are based on independent industry publications, government publications and reports by market research firms or other published independent sources. Some data are also based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness.

Other Information Presented

The standard measure of area in the real estate market in Mexico is the square meter (m2), while in the U.S. the standard measure is the square foot (sq. ft.). Unless otherwise specified, all units of area shown in this offering circular are expressed in terms of square meters, acres or hectares. One square meter is equal to approximately 10.764 square feet, approximately 4,047 square meters (or 43,560 square feet) is equal to one acre and one hectare is equal to 10,000 square meters (or approximately 2.5 acres).

Certain terms used in this offering circular, if not already defined, are defined in "Terms Used in This Offering Circular."

TERMS USED IN THIS OFFERING CIRCULAR

Unless the context otherwise indicates, the following terms used in this offering circular have the meanings specified below. Note that references to "we," "us," "our" or the "Company" mean Servicios Corporativos Javer, S.A.P.I. de C.V. and its subsidiaries, collectively, and references to "Proyectos del Noreste" are to Proyectos del Noreste, S.A. de C.V., which was our parent company prior to our recent change of control.

"2001-2006 Housing Sector Program" means the Mexican *Programa Sectorial de Vivienda 2001-2006*.

"affordable entry-level housing" refers to housing developed by us in Mexico with a per unit listed sales price of up to Ps. 260,000 (approximately US$19,287).

"BMV" means the *Bolsa Mexicana de Valores, S.A.B. de C. V.*, the Mexican Stock Exchange.

"CAGR" means compound annual growth rate.

"CANADEVI" means *Cámara Nacional de la Industria de Desarrollo y Promoción de la Vivienda*, the Mexican Home Building and Development Industry Chamber of Commerce.

"CINIF" means *Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera*, the Mexican Board for Research and Development of Financial Reporting Standards.

"CNBV" means the *Comisión Nacional Bancaria y de Valores*, the Mexican National Banking and Securities Commission.

"CONAFOVI" means *Comisión Nacional de Fomento a la Vivienda*, the Mexican Housing Development Agency.

"CONAPO" means *Consejo Nacional de Población*, the Mexican Population Council.

"CONAVI" means *Comisión Nacional de Vivienda*, the Mexican National Housing Commission.

"FONHAPO" means *Fideicomiso Fondo Nacional de Habitaciones Populares*, the Mexican Fund for Popular Housing.

"FOVISSSTE" means the *Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, the Mexican Social Security and Services Institute of the Public-Sector Workers' Housing Fund.

"INEGI" means the *Instituto Nacional de Estadística, Geografía e Informática*, the Mexican Institute of Statistics, Geography and Computer Sciences.

"INFONAVIT" means the *Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, the Mexican National Workers' Housing Fund Institute.

"INIF" means *Interpretaciones de Normas de Información Financiera*, Interpretations of Financial Reporting Standards.

"MFRS" refers to the Mexican Financial Reporting Standards issued by the CINIF.

"middle-income housing" refers to housing developed by us in Mexico with a per unit listed sales price exceeding Ps. 260,000 (approximately US$19,287) but not more than Ps. 560,000 (approximately US$41,541).

"Mortgage Commitment Backlog" means the number of homes for which the mortgage providers have confirmed to us that mortgage financing will be made available once we locate qualified home buyers.

"NIF" means *Normas de Información Financiera*, the Mexican Financial Reporting Standards.

"residential housing" refers to housing developed by us in Mexico with a per unit listed sales price of more than Ps. 560,000 (approximately US$41,541).

"SEDESOL" means the *Secretaría de Desarrollo Social*, the Mexican Ministry of Social Development.

"SHF" means the *Sociedad Hipotecaria Federal, S.N.C., Institución de Banca de Desarrollo,* the Mexican Federal Mortgage Bank.

"Sofoles" means *Sociedades Financieras de Objeto Limitado,* or limited purpose financial companies.

"Sofomes" means *Sociedades Financieras de Objeto Múltiple*, or multiple purpose financial companies.

"TIIE" refers to the 28-day Mexican interbank rate (*Tasa de Interés Interbancaria de Equilibrio*), which was 8.6886% as of December 31, 2008.

"UDIs" means *Unidades de Inversión*, a unit of account in Pesos, the value of which is indexed to inflation on a daily basis, as measured by the change in the NCPI.

"U.S. GAAP" means Generally Accepted Accounting Principles in the United States of America.

SUMMARY

This summary highlights selected information from this offering circular and is qualified in its entirety by, and is subject to, the more detailed information and Financial Statements appearing elsewhere in this offering circular. You should read this entire offering circular carefully, including the risk factors, Financial Statements and recent developments contained herein, before making an investment decision.

Our Company

We are one of the largest privately-owned housing development companies in Mexico, and specialize in the construction of affordable entry-level, middle-income and residential housing in Mexico. Headquartered in Monterrey, Mexico, we started operations in 1973 and are currently the leading housing developer in terms of number of units sold in northeastern Mexico, including in the state of Nuevo León, which as of 2008 is the second wealthiest state in Mexico based on per capita income, and where the city of Monterrey is located. In Nuevo León, in the first quarter of 2009, we had approximately a 21.06% market share in the construction of all houses for which INFONAVIT (a social services entity established by the Mexican government to manage the government's national housing fund and offer mortgages to credit-qualified private sector employees) provides loans, while our nearest competitor had approximately a 10.0% market share. During the first quarter of 2009, we were the third largest developer in Mexico under INFONAVIT's lending programs. We also have larger land reserves in Nuevo León than any of our competitors. We believe our success in this area is largely the result of our strong brand name and solid reputation for high quality products. Our growth in the housing business has benefited from the population and economic growth in northeastern Mexico, our principal area of operations. In recent years, we have begun to expand our area of operations by replicating our business model in selected other states with such fast-growing cities as Guadalajara, Aguascalientes and Reynosa.

Our focus is on building affordable entry-level, middle-income and residential housing units. During 2008, we sold 13,910 housing units, compared to 9,193 housing units sold during 2007, representing an increase of 51.3%. In 2008, approximately 53.3% of our unit sales were affordable entry-level housing units, 40.3% were middle-income housing units and 6.4% were residential housing units. During the nine months ended September 30, 2009, we sold 11,455 housing units, compared to 8,280 housing units sold during the same period in 2008. During the nine months ended September 30, 2009, approximately 47.5% of our unit sales were affordable entry-level housing units, 48.5% of our sales were middle-income housing units and 4.0% were residential housing units.

In 2008, our revenues increased to Ps. 4,472.9 million (US$323.4 million) compared to Ps. 3,089.8 million (US$223.4 million) in 2007, with EBITDA (as defined herein) of Ps. 1,100.7 million (US$79.6 million) for 2008 compared to Ps. 749.4 million (US$54.2 million) in 2007. For the nine months ended September 30, 2009, our revenues and EBITDA were Ps. 3,441.0 million (US$255.2 million) and Ps. 678.9 million (US$50.4million), respectively, compared to Ps. 2,634.7 million (US$195.4 million) and Ps. 601.5 million (US$44.6 million) for the same period in 2008.

We believe our strong growth over the last few years can be attributed primarily to (i) our efficient mix of housing products (in terms of size and price), which coupled with the infrastructure, services and amenities of each housing development, maximizes the value of each housing unit sold, (ii) our strict cost and expense control that helps maintain our gross margins above the Mexican housing industry average, which was approximately 30.1% as of September 30, 2009, and (iii) our strategic acquisition of land reserves to optimize our mix of products.

As of September 30, 2009, we had 29 housing developments in progress in 16 cities, including the metropolitan area of Monterrey, and a Mortgage Commitment Backlog (which is the number of homes for which mortgage providers have confirmed that mortgage financing will be available once we locate qualified home buyers) of 6,327 homes. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres), which had an estimated aggregate capacity of approximately 67,223 affordable entry-level homes, 28,065 middle-income homes and 8,501 residential homes. We anticipate that these land reserves will be sufficient for approximately 5.8 years of operations based on the volume of homes where the actual, legal title passed to the purchaser, in our last twelve months of operations ended September 30, 2009. We believe that the size and quality of our land reserves are greater than most of our competitors, which generally have land reserves of 3.5 to 5.5 years, based on production levels for the most recent twelve months ended September 30, 2009.

The Mexican Housing Industry

We believe there are substantial opportunities for us to continue to grow our business within the Mexican housing industry. Political stability, lower interest rates and the recent adoption of laws permitting tax deductibility of real interest on mortgages all contribute to what we believe are further growth opportunities.

We believe the following factors also provide us with substantial opportunities for continued strong growth in the Mexican housing industry:

Continuing Housing Deficit. Existing housing in Mexico totaled 26.3 million homes in 2007 according to CONAPO. In 2000, CONAVI estimated that Mexico had a housing shortage of approximately 5.5 million units, including units in need of upgrading or replacement, and that the Mexican housing deficit would increase by approximately 1.1 million units annually during the period 2001-2010.

Beneficial Demographic Trends. We believe that the current demographic trends of the Mexican population are likely to contribute to increased demand for affordable entry-level and middle-income housing. Mexico's population as of December 31, 2008 was estimated to be approximately 106.7 million, according to INEGI. According to CONAPO and INEGI, between 2000 and 2007, the population growth rate in Nuevo León, Mexico, where most of our current housing developments and land reserves are located, was 21.8%, while Mexico's overall population grew 15.0%. Additionally, according to CONAPO and INEGI, the population in Nuevo León is expected to grow at a 1.2% CAGR over the next five years. Further, according to INEGI and CONAPO, the population in Mexico of persons in the 25-50 years of age bracket is expected to grow from 31 million in 2000 to 45 million in 2030. The growth of this age group is expected to contribute to increased housing demand in Mexico.

Fragmented Industry. The housing industry in Mexico is highly fragmented. Although, according to the consulting firm Softec S.C. ("Softec"), approximately 3,000 companies perform construction and development services, we believe that the majority of these companies engage in small projects of between 100 and 200 homes each and that there were no more than eight developers in Mexico that built more than 10,000 homes during 2008. We believe this industry fragmentation will allow us to continue increasing our market share through economies of scale.

Favorable Governmental Policies. To address Mexico's housing deficit, the Mexican federal government has implemented policies that are designed to expand the supply of affordable housing. Mortgage financing in Mexico for affordable entry-level and middle-income housing has been made available primarily through social interest housing programs, by government or government-sponsored institutions including INFONAVIT, SHF and FOVISSSTE, and to a lesser extent by commercial banks and other mortgage loan providers, including Sofoles and Sofomes. According to CONAVI, the housing program goal for 2009 consisted of 1.35 million housing loans. In addition, to increase the liquidity of the mortgage industry through the capital markets, INFONAVIT and other mortgage providers have launched several mortgage securitization programs to provide increased liquidity in the secondary mortgage market.

Many of the factors leading to the destabilization of the residential mortgage market in the U.S. are not present in the Mexican system. As compared to the U.S. subprime market, the Mexican mortgage market is characterized by (i) a stable environment, whereby residential properties instead of speculative investments are purchased; (ii) standard lending products based on payment ability as opposed to complex lending instruments that assumed increasing property values; and (iii) established origination policies.

Our Competitive Strengths

Our primary long-term strategic objective is to further strengthen our position as one of the leading Mexican homebuilders in terms of revenues, profitability and brand recognition. To achieve this goal, we focus on the following competitive strengths:

Leading Position in Key Markets. We are a leading homebuilder in northeastern Mexico and, for the first quarter of 2009, the third largest developer nationwide under INFONAVIT's lending programs. During 2008, we had approximately a 20.0% market share in the construction of all houses for which INFONAVIT provides loans in the state of Nuevo León, where the city of Monterrey is located (based on the number of loans given by

INFONAVIT to acquire a home built by us divided by the total number of loans given by INFONAVIT in Nuevo León in 2008). Through a targeted expansion strategy, a disciplined approach to land acquisition (directly as well as through land trusts), a solid management team and strong quality control, we continue to expand our presence in Nuevo León and play an increasingly important role in other states with attractive housing markets such as Aguascalientes, Jalisco and Tamaulipas.

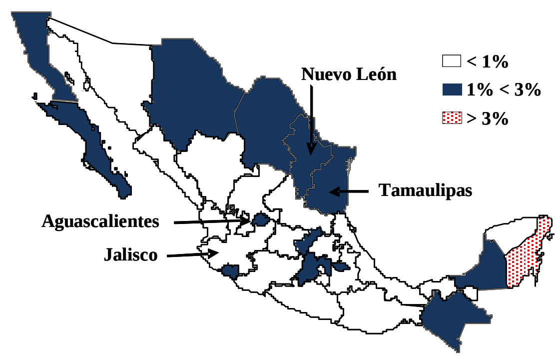
As shown in the table below, the states in which we currently operate and have significant land reserves represent significant growth opportunity due to (i) a high concentration of urban centers; (ii) some of the highest gross domestic product ("GDP") per capita rates in Mexico; and (iii) a large number of INFONAVIT-affiliated workers or employees in Mexico who would qualify for an INFONAVIT mortgage, but who have not yet obtained a housing loan and will be eligible to do so in the coming years. In addition, we are actively seeking to acquire land and expand our operations See "Our Business—Our Competitive Strengths—Leading Position in Key Markets."

Presence in attractive states[1]

	Population in cities with > 15,000 people	GDP per capita[2]	Potential incremental INFONAVIT demand[3]
Nuevo León	39.2%	$10,851.7	770,973
Aguascalientes	81.8%	$7,223.6	124,883
Tamaulipas	48.8%	$6,398.7	355,293
Jalisco	52.4%	$5,645.2	804,191

(1) Source: http://www.cmic.org/mnsectores/vivienda/2009/INFONAVIT/Demanda%20potencial/Demanda%20potencial.htm; http://cuentame.inegi.gob.mx/monografias/informacion/jal/poblacion/default.aspx?tema=me&e=14
(2) Converted to U.S. Dollars using an exchange rate of 14.21 Pesos per U.S. Dollar, the exchange rate published by Banco de México on March 31, 2009.
(3) Number of INFONAVIT affiliated workers or employees in Mexico who would qualify for an INFONAVIT mortgage.

2009 Projected demographic average growth by state



Balanced Land Reserves in Premium Locations. We believe that one of our key competitive advantages is our skill and experience in acquiring and permitting land (directly as well as through land trusts) in attractive locations that are likely to meet permit, zoning and other federal, state and local regulatory requirements for development. We actively seek to balance our land identification and acquisition strategy with long term growth targets. Strict and efficient land reserve management ensures timely replenishment of inventory and avoids tying up working capital with excess inventory. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres). We anticipate that these land reserves will be sufficient for approximately 5.8 years of operations. We are also in a satisfactory inventory position, as 45.0% of our homes under development are 90.0% completed. As a result of our successful land acquisition and permitting strategy, our developments are generally situated in a premium location, which we believe has allowed us to often maintain higher pricing than that of our peers for units of similar size and characteristics. We believe our large and high quality land reserves provide us with a distinct advantage over many of our competitors. See "Our Business–Description of Our Operations–Land Acquisition Policy."

Industry Leading Financial Performance. Our financial performance has a solid track record and continues to compare favorably to publicly listed peer companies. Between 2006 and 2008, our revenues and EBITDA have grown at a CAGR of 51.4% and 90.9% respectively. Our growth has not been at the expense of reduced profitability; in 2008, we achieved an EBITDA margin of 24.6%. We believe our financial performance is largely the result of a highly efficient operational business model and a deep knowledge of the attractive geographic markets in which we operate.

Efficient Business Model and Strategy with Substantial Growth Potential. Our successful business model and strategy is based on targeting states with large unmet housing demands (measured by qualifying labor force who have not obtained a housing loan from INFONAVIT), and an increased loan availability by INFONAVIT. Our business plan is based on our understanding of the market and matching our product offering with local market necessities, preferences and expected demand. We have little exposure to home sales financed through Sofoles, Sofomes or commercial banks. In 2008, over 87.0% of our revenues were attributable to home purchases financed with an INFONAVIT loan, and in 2009, we estimate this percentage to be over 86.0%. We believe we have a strong technical capability to (i) acquire land (directly as well as through land trusts) on attractive terms; (ii) build or facilitate the development of key infrastructure, significantly increasing the value of the land; (iii) construct attractive housing units maintaining strict cost controls; and (iv) develop the highest quality product and value proposition for our clients appropriate for the development area.

Strong Brand and Product with High Growth Potential. We believe the combination of an aggressive marketing strategy, high quality products and customer service has contributed to our strong brand name. We view client service as a means of adding value, a competitive edge and a differentiating factor from our peers. In 2006, we were recognized as one of the top ten home developers for the development of homes with INFONAVIT financing. We intend to continue to focus on providing our customers with the best value proposition by providing the highest quality product at the most competitive prices. We believe that a strong brand will allow us to grow, on average, at a higher pace than the industry generally and at the expense of smaller, less recognized homebuilders, as end consumers will tend to favor brands that are associated with high quality, proven track record and higher resale values, especially for an investment that typically represents a majority of their net worth.

Experienced Management Team. We believe that we benefit from a management team with significant depth of experience in the Mexican housing industry. We also have considerable experience in the construction of middle-income and residential housing and a proven ability to diversify into other segments of the Mexican housing market. Our management structure is designed to encourage accountability, performance and innovation within our management team and throughout our operations.

Our Strategy

Increase Our Market Share

Our expansion and growth strategy is based on (i) targeting states with the greatest unmet housing demand, as measured by qualifying workers who have not yet exercised their right to a housing loan from INFONAVIT, coupled with (ii) increased loan availability in the states targeted by INFONAVIT as having accelerated growth in housing demand. Consequently, management expects that we will be able to significantly expand our market share in the states where we currently operate and through execution of our existing business plan.

Although originally focused on the Monterrey area, we have evolved from a leading developer of housing units in the state of Nuevo León into a regional developer focused on four states across Mexico. In Nuevo León, we are the leading housing developer in terms of market share, brand recognition and community involvement. The decision to expand into other states stems from management's identification of growing housing demand, increased loan availability and a favorable competitive landscape in those states that have been targeted.

Our strength vis-à-vis our competitors has been our focus on developing higher-margin housing units, which combine superior design and quality with premium locations. At the same time, we have been able to quickly adapt to changes in the environments where our developments compete.

Focus on Large-Scale Projects to Increase Efficiencies

Starting in 2005, our strategic plan also included an increasingly important focus on developing large-scale projects, which extend, in many cases, beyond the reach of the locations of our current projects. These large-scale projects are conceived by our management team and often include investments in basic infrastructure (i.e., water, electricity and sewage), enabling us to exploit this infrastructure on an exclusive basis or, in those situations in which we enter into partnerships with other developers, with a limited number of competing products in the same large-scale project. Management's vision and market knowledge have enabled us to secure land and negotiate access to infrastructure for several large scale affordable entry-level projects to be undertaken in the future, which should further enhance our growth. Large-scale projects also contribute to improved profitability and greater efficiencies for us, as we achieve significant economies of scale in the construction of basic infrastructure, obtaining of permits and marketing of the development.

Maintain Appropriate and Balanced Land Reserves

Our ability to identify, acquire and improve land is critical to our success. Because the success of our operations depends, among other things, on managing our reserves efficiently, we continually review our portfolio and seek new development opportunities. We balance our need for additional land for growth with our desire to minimize leverage and avoid excessive land inventory. Our current goal is to maintain sufficient land reserves for a minimum of three to five years in order to undertake the lengthy processes necessary to prepare land for development, including identifying suitable parcels, locating adequate water supplies, obtaining required governmental permits and authorizations and incorporating parcels into existing urban zones. We generally purchase large parcels of land in order to amortize our acquisition and infrastructure costs over a large number of homes, minimize competition and take advantage of economies of scale. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres), which had an estimated aggregate capacity of approximately 67,223 affordable entry-level homes, 28,065 middle-income homes and 8,501 residential homes.

Continue to Strengthen our Capital Structure

The notes offered hereby are part of our current strategy of extending the maturity profile of our debt from approximately two years to an anticipated five years. As part of our strategy we will seek to continue to strengthen our capital structure and our debt profile.

Our Recent Change of Control, Reorganization and Corporate Structure

We recently experienced a change of control in which Proyectos del Noreste sold the Series “A” and Series “B” shares it held in us (collectively, the “Shares”) in an amount representing 60.0% of our capital stock, which as consequence of the change of control were converted into Series “A”, Series “B” and Series “C” shares (see “Principal Shareholders” for further information). We, along with Proyectos del Noreste, which until the change of control owned 99.99% of our capital stock, and Salomón Marcuschamer Stavchansky (“Mr. Marcuschamer”), who continues to own 99.99% of the capital stock of Proyectos del Noreste, entered into a Stock Purchase Agreement dated as of October 24, 2009 (the “Stock Purchase Agreement”) with (a) Southern Cross Latin America Private Equity Fund III, L.P., (“SCLAPEF III”), (b) Gestora Metevco Holding Limitada y Compañía en Comandita por Acciones (“Gestora”), (c) Degomex Holding, L.P. (“Degomex Holding), (d) Evercore Mexico Capital Partners II, L.P. (“EMCP II”), (e) ARVX Capital, S.A. de C.V. (“Arzentia” and, together with SCLAPEF III, Gestora, Degomex Holding and EMCP II, the “Original Purchasers”), and (f) other parties thereto, to effect the sale of the Shares. Pursuant to the terms of the Stock Purchase Agreement, the Original Purchasers, except for Arzentia, appointed the following entities as designees to carry out the actual purchase of the Shares: (i) Atevco Investors BVBA (“Atevco”), a special purpose vehicle owned and controlled by SCPEF III, (ii) Metevco Investors BVBA (“Metevco”), a special purpose vehicle owned and controlled by Gestora, (iii) Degomex Investors BVBA (“Degomex”, and together with Atevco and Metevco, the “Southern Cross Designees”), a special purpose vehicle owned and controlled by Degomex Holding, and (iv) Proja Investors BVBA (the “Evercore Designee”, and together with the Southern Cross Designees and Arzentia, the “New Controlling Shareholders”), a special purpose vehicle owned and controlled by EMCP II. This transaction was consummated and our change of control became effective on December 22, 2009.

As a result of the transaction, (i) Proyectos del Noreste owns 38.0% of our capital stock, (ii) the New Controlling Shareholders own, by means of an irrevocable management and transfer of title trust agreement entered into by and among the New Controlling Shareholders, as trustors-beneficiaries, and Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria, as trustee (the “Scotiabank Control Trust”), 60.0% of our capital stock, and (iii) Promotora de Proyectos Inmobiliarios Turín, S.A. de C.V. (“Promotora Turín”), a special purpose vehicle owned and controlled by Roberto Russildi Montellano, our Chief Executive Officer, currently owns 2.0% of our capital stock. Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. Our change of control has not, as of the date of this offering circular, resulted in any significant changes in our management or overall business or financial strategy.

Of the 38.0% of our capital stock owned by Proyectos del Noreste, 3% of our capital stock is currently held by HSBC Mexico, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, as trustee (the "Security Trustee") under the security trust agreement securing the compliance of certain obligations under the US$100 million senior secured credit facility described below, entered into among Proyectos del Noreste and Mr. Marcuschamer Stavchansky, as trustors, HSBC Bank USA National Association, as collateral agent for the benefit of the secured parties and beneficiary, and the Security Trustee, in such capacity (the "HSBC Proyectos Security Trust"). This capital stock will be held in escrow by the Security Trustee until certain conditions specified in the transaction documents related to such senior secured credit facility are satisfied (the "HSBC Held Shares").

The remaining 35.0% of our capital stock owned by Proyectos del Noreste is currently held by Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria, as trustee (the "Scotiabank Trustee") under an irrevocable management trust agreement entered into by and among Proyectos del Noreste, as trustor, Atevco, on its own behalf and for the benefit of the rest of the New Controlling Shareholders, as beneficiaries, and the Scotiabank Trustee, in such capacity (the "Scotiabank Escrow Trust"). Under the Scotiabank Escrow Trust, the shares held by the Scotiabank Trustee will be progressively released either to Proyectos del Noreste or to Atevco for its own benefit and for the benefit of the rest of the New Controlling Shareholders based on certain release criteria described under the Stock Purchase Agreement which relate to the payment of indemnities and/or price adjustments contained in the Stock Purchase Agreement and the outcome of the legal proceedings related to the tax contingencies described under "Our Business—Litigation."

Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. As a result of the change of control, Proyectos del Noreste retained special voting rights with respect to certain matters identified in our by-laws as reserved matters and major decisions. See "Principal Shareholders" for further information on these rights.

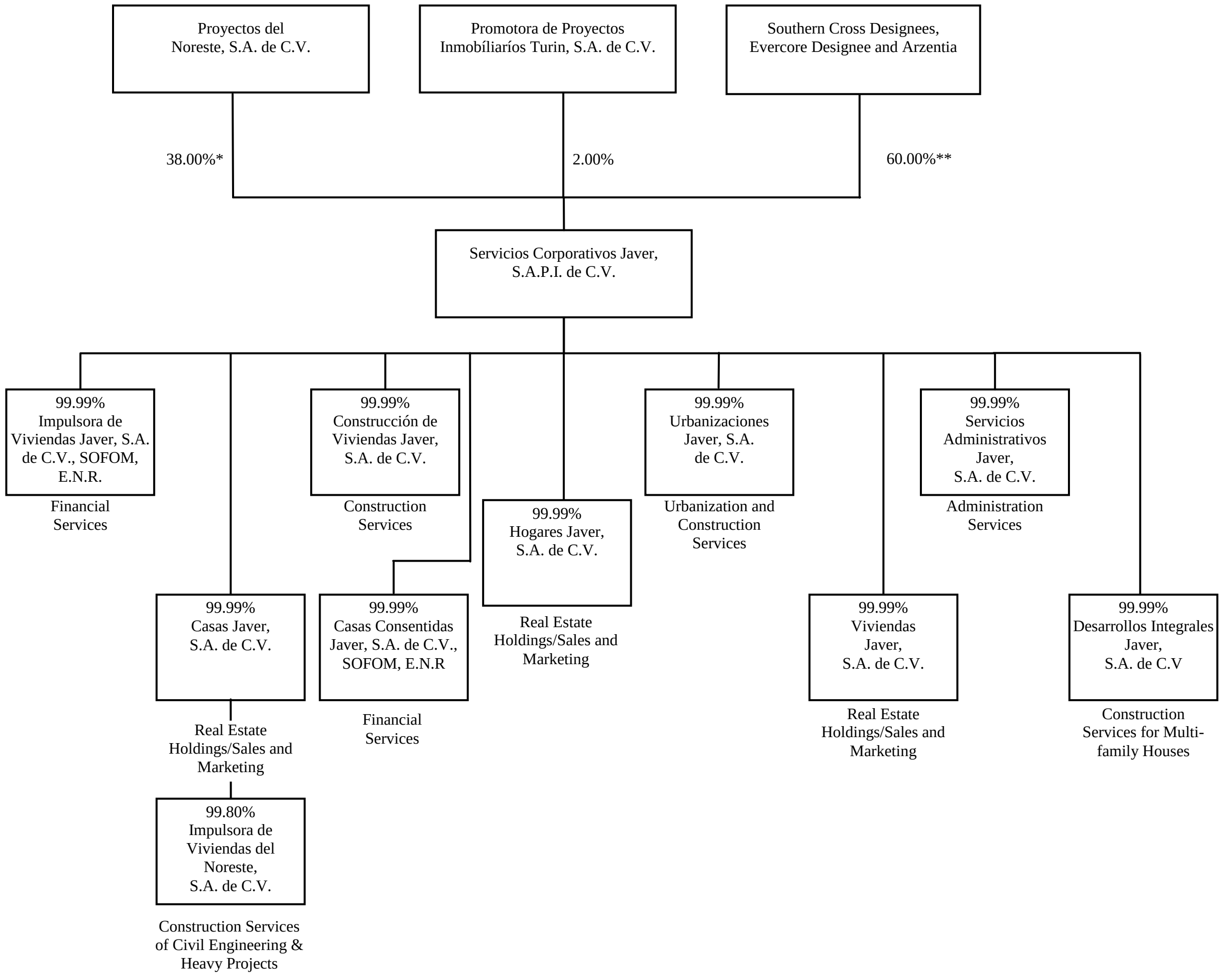
In connection with the sale of the Shares, we completed a consent solicitation pursuant to a consent solicitation statement dated October 28, 2009, requesting that holders of the outstanding notes as of a record date waive the change of control provisions of and consent to an amendment to the indenture governing the outstanding notes (together, the "Waiver and Amendment"). In particular, we requested that holders (i) waive our obligation under the indenture to make a Change of Control Offer (as defined in the indenture governing the notes) in connection with the sale of the Shares and (ii) amend the indenture to provide that the New Controlling Shareholders and/or their respective affiliates, Southern Cross Capital Partners III, L.P. and/or its affiliates, Evercore Mexico Partners II, L.P. and/or its affiliates and Arzentia and/or its affiliates, investment funds or vehicles managed, sponsored or advised, directly or indirectly, by Southern Cross Capital Partners III, L.P., Evercore Mexico Partners II, L.P. or Arzentia, or any of their respective affiliates, and any limited or general partners of, or other investors in, any of the entities referred to in the foregoing and their respective affiliates be "Permitted Holders" under the indenture. After receiving valid consents from holders of a majority in aggregate principal amount of the outstanding notes, the Waiver and Amendment was effected through the execution of a supplemental indenture, dated as of November 9, 2009, to the indenture.

We and Proyectos del Noreste were recently created to facilitate the separation of Mr. Marcuschamer's industrial real estate businesses and housing business. On December 11, 2007, we were incorporated as a legal entity. Effective March 31, 2008, Mr. Marcuschamer as controlling shareholder of Proyectos del Noreste, completed a corporate reorganization by transferring to us certain subsidiaries dedicated to the development of residential real estate and the "Javer" trademarks and brand names that were previously held within Corporativo SMS, S.A. de C.V. ("Corporativo SMS," formerly Corporativo Javer, S.A. de C.V.), a holding company controlled by Mr. Marcuschamer, for Ps. 6,240.0 million. The consideration was payable in the form of two promissory notes in the amounts of Ps. 6,200.0 million and Ps. 40.0 million. The promissory note in the amount of Ps. 6,200.0 million was assumed in full by Proyectos del Noreste in exchange for 99.99% of our share capital, and we were released of any obligation under this account payable. On July 5, 2008, the promissory note in the amount of Ps. 40.0 million was assumed in full by Proyectos del Noreste and we were released of any obligation under that promissory note. As both we and the residential real estate companies are under common control, our Financial Statements have been prepared as if we had been consolidated and combined (as applicable) as of the beginning of the earliest period presented.

As a result of the corporate reorganization discussed above, certain operations of the industrial real estate sector of Corporativo SMS that were historically integrated within the residential real estate subsidiaries' operations have been spun-off and are presented as discontinued operations within our Audited Financial Statements. See "Our Business—History—Corporate Reorganization" for further discussion of the corporate reorganization.

On May 15, 2008, we obtained a US$160 million senior secured credit facility to refinance our existing indebtedness and for general corporate purposes. This facility was secured by (i) a security trust which held title to all but one of the shares of the corporate capital of each of our subsidiaries, our undeveloped land and our beneficiary rights under land trusts entered into in connection with land acquisitions; (ii) a floating lien pledge over all our personal property (*bienes muebles*) and the personal property of our subsidiaries, including the intellectual property; and (iii) a stock pledge over the shares of our subsidiaries not transferred to the security trust. On the same date, Proyectos del Noreste obtained a US$100 million senior secured credit facility. Part of the proceeds from this facility was used by Proyectos del Noreste to pay a portion of the promissory note assumed by it as described above. This facility was secured by Mr. Marcuschamer's equity interest in Proyectos del Noreste, Proyectos del Noreste's equity interests in us and a reserve account. As a result of these transactions, all but one of our shares were held in a security trust as a means of securing Proyectos del Noreste's credit facility, and all but one of the shares of each of our subsidiaries were held in a trust as a means of securing our obligations under our credit facility. The proceeds of the offering of the outstanding notes were used to repay both of these facilities in full, and as a result, the pledges described above have been released, except for the floating lien pledge over all of our personal property (*bienes muebles)* and the personal property of our subsidiaries, as well as the intellectual property, which is in the process of being cancelled, and our shares and the shares of our subsidiaries are no longer securing any payment obligations under such credit facilities, except for the HSBC Held Shares that are securing certain remaining obligations of Proyectos del Noreste under the Proyectos del Noreste credit facility.

The following chart summarizes our current corporate structure and indicates the percent ownership of each subsidiary:



*Of the 38.0% of our capital stock, 3.0% of our capital stock is currently held by the HSBC Proyectos Security Trust as a result of certain guarantees and the remaining 35.0% by the Scotiabank Escrow Trust. See "Summary – Our Recent Change of Control, Reorganization and Corporate Structure" for further information in this respect.

**These shares are held by the Scotiabank Control Trust on behalf of the New Controlling Shareholders. See "Summary—Our Recent Change of Control, Reorganization and Corporate Structure" for further information in this respect.

Our Corporate Information

Our headquarters are located at Boulevard Antonio L. Rodriguez 2850, Colonia Santa María, Monterrey, Nuevo León, Mexico 64650, and our telephone number at that office is (52-81) 1133-6699.

The Offering

The following is a brief summary of some of the terms of this offering of the notes. For a more complete description of the terms of the notes, see “Description of Notes” in this offering circular.

Issuer	Servicios Corporativos Javer, S.A.P.I. de C.V.
Issue Date	February 4, 2010
Notes offered	US$30,000,000 aggregate principal amount of 13.0% senior notes due 2014. The new notes are being offered as additional debt securities under the indenture dated August 4, 2009, pursuant to which we have previously issued US$180,000,000 aggregate principal amount of our 13.0% Senior Notes due 2014. The new notes will be treated as a single series with the outstanding notes and will have the same terms as those of the outstanding notes. The new notes and the outstanding notes will vote as one class under the indenture governing the notes.
Maturity	August 4, 2014.
Interest payment dates	February 4 and August 4 of each year, beginning on August 4, 2010. Interest will accrue on the new notes from and including February 4, 2010.
Guarantors	Servicios Administrativos Javer, S.A. de C.V., Casas Javer, S.A. de C.V., Hogares Javer, S.A. de C.V., Viviendas Javer, S.A. de C.V., Construcción de Viviendas Javer, S.A. de C.V., Urbanizaciones Javer, S.A. de C.V., Impulsora de Viviendas del Noreste, S.A. de C.V., Impulsora de Viviendas Javer, S.A. de C.V., SOFOM, E.N.R. and, Desarrollos Integrales Javer, S.A de C.V. Casas Consentidas Javer, S.A. de C.V., SOFOM, E.N.R. is in the process of being designated a guarantor.
Ranking	The new notes, together with the outstanding notes, and the guarantees, will rank • equally in right of payment with all of our and the subsidiary guarantors’ existing and future senior indebtedness; and • senior in right of payment to all of our and the subsidiary guarantors’ existing and future subordinated indebtedness. The new notes, together with the outstanding notes, and the guarantees, will effectively rank junior in right of payment to all of our and the subsidiary guarantors’ existing and future secured indebtedness with respect and up to the value of the assets securing such indebtedness. The new notes, together with the outstanding notes, and the guarantees, will be structurally subordinated to all indebtedness (including trade payables) of our non-guarantor subsidiaries. Furthermore, the new notes, together with the outstanding notes, and the guarantees, will rank junior in right of payment to all

obligations preferred by statute (such as tax or labor obligations).

As of September 30, 2009, after giving pro forma effect to this offering of the new notes and the application of proceeds as described under "Use of Proceeds," we would have had Ps. 2,865.3 million (US$212.6 million) of consolidated senior unsecured indebtedness and Ps. 372.2 million (US$27.6 million) of consolidated secured indebtedness.

Optional redemption	We may, at our option, at any time prior to maturity, redeem some or all of the notes by paying a redemption price equal to 100.0% of the principal amount of such notes plus a Make-Whole Amount and accrued and unpaid interest, if any, to the date of such redemption. The term "Make-Whole Amount" is defined under "Description of Notes—Optional Redemption."
Optional redemption upon equity offering	We may, at our option, at any time on or prior to August 4, 2012, use the net cash proceeds of certain equity offerings to redeem in the aggregate up to 35.0% of the aggregate principal amount of the notes, including any additional notes we may issue in the future under the indenture, at a redemption price equal to 113.0% of the principal amount thereof, *provided*, that: • After giving effect to any such redemption at least 65.0% of the aggregate principal amount of the notes (including any additional notes) issued under the indenture remains outstanding; and • we make such redemption not more than 90 days after the consummation of such equity offering. See "Description of Notes—Optional Redemption."
Redemption for changes in withholding taxes	In the event that, as a result of certain changes in Mexican tax laws applicable to payments under the notes, we become obligated to pay additional amounts with respect to interest (or amounts deemed interest) payable under the notes, in excess of amounts attributable to a Mexican withholding tax rate of 10.0% on the notes, the notes will be redeemable, in whole but not in part, at our option, at any time upon notice, at 100.0% of the outstanding principal amount, plus accrued and unpaid interest. See "Description of Notes—Optional Redemption."
Change of control	If a Change of Control occurs, each holder of notes may require us to repurchase all or a portion of its notes at a purchase price equal to 101.0% of the principal amount, plus accrued and unpaid interest. The term "Change of Control" is defined under "Description of Notes—Change of Control."
Use of proceeds	We estimate that the net proceeds from this offering of the new notes will be approximately US$32.55 million. We expect to use the net proceeds from the sale of the notes to refinance

	short-term debt and for general corporate purposes. See “Use of Proceeds.”
Certain covenants	The indenture contains certain covenants that, among other things, limit our ability and the ability of our subsidiaries to: • incur additional indebtedness; • pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; • make investments; • create liens; • create any consensual limitation on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us; • engage in transactions with affiliates; • sell assets, including capital stock of our subsidiaries; and • consolidate, merge or transfer assets. If the new notes obtain investment grade ratings from both Moody’s Investors Services, Inc. and Fitch Ratings and no default has occurred and is continuing, the foregoing covenants will cease to be in effect with the exception of covenants that contain limitations on liens and on, among other things, certain consolidations, mergers and transfer of assets for so long as each of the foregoing rating agencies maintains its investment grade rating. These covenants are subject to important exceptions and qualifications. See “Description of Notes—Certain Covenants.”
Events of default	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued interest, and any other amounts due with respect to the notes, see “Description of Notes—Events of Default.”
Further issuances	Subject to the limitation contained in the indenture, we may from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes offered pursuant to this offering circular.
Notice to investors	We have not registered, and we are not required to and do not currently plan on registering in the immediate future, the new notes under the Securities Act and, unless so registered, the new notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. See “Notice to Investors.” The new notes will not be registered in the National Registry of Securities maintained by the CNBV and may not be offered or sold publicly or otherwise be subject to brokerage activities in

	Mexico, except pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law. As required under the Mexican Securities Market Law, we will notify the CNBV of the offering of the new notes outside of Mexico. Such notice will be delivered to the CNBV to comply with a legal requirement and for information purposes only, and the delivery to and the receipt by the CNBV of such notice, does not imply any certification as to the investment quality of the new notes or our solvency, liquidity or credit quality.
Book entry; form and denominations	The new notes will be issued in the form of one or more global notes without coupons, registered in the name of a nominee of The Depository Trust Company (“DTC”), as depositary, for the accounts of its participants including the Euroclear Bank S.A./N.V. (“Euroclear”), and Clearstream Banking, *société anonyme*, Luxembourg (“Clearstream”). The new notes will be issued in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. See “Description of Notes.”
Listing	Application has been made to admit the new notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market.
Risk factors	See “Risk Factors” and the other information in this offering circular for a discussion of factors you should carefully consider before deciding to invest in the new notes.
Governing law	State of New York
Trustee, registrar, paying agent and transfer agent	The Bank of New York Mellon
Luxembourg paying agent, transfer agent and listing agent	The Bank of New York Mellon (Luxembourg) S.A.
CUSIP Numbers	The Rule 144A new notes will have the same CUSIP number as the Rule 144A outstanding notes. The Regulation S new notes will be issued a temporary CUSIP number.

Summary of Consolidated and Combined Financial Information

The following tables present our summary consolidated and combined financial information and other data for the periods indicated. These tables should be read in conjunction with our Financial Statements and notes thereto included elsewhere in this offering circular and are qualified in their entirety by the information contained therein. See "Presentation of Financial and Other Information." Our Financial Statements as of December 31, 2008 and 2007 and for the years ended December 31, 2008, 2007 and 2006 have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., a Member of Deloitte Touche Tohmatsu, our independent auditors. Our Financial Statements have been prepared in accordance with MFRS, which differs in certain respects from U.S. GAAP. See "Differences Between MFRS and U.S. GAAP" for a description of certain principal differences between MFRS and U.S. GAAP as they relate to us.

On January 1, 2008, NIF B-10 became effective. NIF B-10 revised the accounting for inflation such that inflation accounting no longer applies unless the economic environment in Mexico qualifies as "inflationary" for purposes of MFRS. An environment is considered inflationary if the cumulative inflation rate equals or exceeds an aggregate of 26.0% over the three preceding years. Because of the relatively low level of inflation in Mexico in recent years, as of January 1, 2008 and through September 30, 2009, due to a cumulative inflation rate of less than 26.0% in the three preceding years (measured as of January 1 of each year), Mexico's economy is not considered an inflationary environment since December 31, 2007.

The Dollar amounts provided below are conversions from the Peso amounts, solely for the convenience of the reader. The Dollar amounts for the nine-month period ended September 30, 2009 have been converted using the exchange rate of Ps. 13.4805 to US$1.00, which was the Fed Noon Buying Rate on September 30, 2009. The Dollar amounts for the years ended December 31, 2008, 2007 and 2006 have been converted using the exchange rate of Ps. 13.832 to US$1.00, which was the Fed Noon Buying Rate on December 31, 2008. See "Exchange Rates" for information regarding the rates of exchange between the Peso and the U.S. Dollar for the periods specified therein. These conversions should not be construed as representations that the Peso amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated or at any other rate.

	Nine Months Ended September 30,			Year Ended December 31,			
Income Statement Data	**2009**	**2009**	**2008**	**2008**	**2008**	**2007**	**2006**
	(in thousands of US$)	**(in thousands of Mexican Ps.)**		**(in thousands of US$)**	**(in thousands of Mexican Ps.)**		
Revenues	225,256	3,440,975	2,634,695	323,377	4,472,945	3,089,797	1,951,591
Cost of sales	178,501	2,406,289	1,697,108	205,988	2,849,221	2,075,565	1,327,113
Gross profit	76,755	1,034,686	937,587	117,389	1,623,724	1,014,232	624,478
Selling and administrative expenses	28,521	384,473	367,346	40,761	563,809	319,084	332,406
Income from operations	48,234	650,213	570,241	76,628	1,059,915	695,148	292,072
Other expense (income) net	4,024	54,245	(5,276)	2,041	28,238	16,201	(29,906)
Net comprehensive financing result	19,891	268,149	193,383	25,035	346,284	126,161	131,440
Income before income taxes	24,319	327,819	382,134	49,552	685,393	552,786	190,538
Income taxes	9,900	133,459	96,298	12,650	174,968	266,646	41,496

Income Statement Data	Nine Months Ended September 30,			Year Ended December 31,			
	2009	2009	2008	2008	2008	2007	2006
	(in thousands of US$)	(in thousands of Mexican Ps.)		(in thousands of US$)	(in thousands of Mexican Ps.)		
Income from continuing operations	14,419	194,360	285,836	36,902	510,425	286,140	149,042
(Loss) income from discontinued operations	—	—	—	—	—	(16,462)	35,108
Net income	14,419	194,360	285,836	36,902	510,425	269,678	184,150

Balance Sheet Data	As of September 30,		As of December 31,		
	2009	2009	2008	2008	2007
	(in thousands of US$)	(in thousands of Mexican Ps.)	(in thousands of US$)	(in thousands of Mexican Ps.)	
Cash and cash equivalents	39,212	528,598	25,307	350,041	54,567
Trade receivables - net	50,487	680,593	34,146	472,312	548,708
Inventories	162,962	2,196,804	213,749	2,956,577	2,453,394
Total current assets	269,424	3,631,959	287,186	3,972,365	3,965,772
Land held for future development	44,310	597,319	40,508	560,311	311,055
Total assets	365,848	4,931,789	371,497	5,138,574	4,509,953
Notes payable to financial institutions	25,091	338,237	20,442	282,760	1,169,270
Current portion of long-term debt	1,795	24,192	24,665	341,166	309,163
Total current liabilities	65,520	883,230	103,789	1,435,628	2,920,637
Long-term debt	181,674	2,449,050	114,106	1,578,316	32,269
Deferred income taxes	49,602	668,655	57,741	798,679	686,020
Total liabilities	298,883	4,029,073	277,525	3,838,748	3,661,207
Capital stock	54,422	733,641	95,405	1,319,641	1,273,641
Other stockholders' equity accounts	12,543	169,075	(1,433)	(19,815)	(424,895)
Total stockholders' equity	66,965	902,716	93,972	1,299,826	848,746
Total	365,848	4,931,789	371,497	5,138,574	4,509,953

Other Financial Information	Nine Months Ended September 30, 2009	2009	2008	Year Ended December 31, 2008	2008	2007	2006
	(in thousands of US$)	(in thousands of Mexican Ps.)		(in thousands of US$)	(in thousands of Mexican Ps.)		
Capital expenditures, net......	4,663	62,857[9]	108,585[9]	3,893	106,665[9]	85,156[1]	90,426
EBITDA[2]	50,366	678,954	601,488	79,573	1,100,650	749,381	302,020
Depreciation.........................	2,132	28,741	31,247	2,945	40,735	28,415	9,947

Financial Ratios	Nine Months Ended September 30, 2009	2008	Year Ended December 31, 2008	2007	2006
Gross margin[3].....................................	30.1%	35.6%	36.3%	32.8%	32.0%
EBITDA margin[4]	19.7%	22.8%	24.6%	24.3%	15.5%
Operating margin[5]..............................	18.9%	21.6%	23.7%	22.5%	15.0%
Total debt/total capitalization[6]	61.5%	53.5%	52.9%	61.7%	47.6%
Return on equity[7]	23.5%	38.4%	47.5%	21.7%	11.9%
Current ratio[8]......................................	4.1%	2.9%	2.8%	1.4%	1.5%

(1) Includes other assets of US$44,219.

(2) EBITDA is not a financial measure computed under MFRS. We consider EBITDA to be net income excluding (i) depreciation and amortization; (ii) net comprehensive financing result, including capitalized comprehensive financing result; (iii) income tax expense; (iv) expenses (income) from discontinued operations; and (v) other expenses (income) (which consist of miscellaneous items that are not part of our operating results). The following reconciles net income to EBITDA:

	Nine Months Ended September 30, 2009	2009	2008	Year Ended December 31, 2008	2008	2007	2006
	(in thousands of US$)	(in thousands of Mexican Ps.)		(in thousands of US$)	(in thousands of Mexican Ps.)		
Net income.................................	14,419	194,360	285,836	36,902	510,425	269,678	184,150
Depreciation and amortization....	2,132	28,741	31,247	2,945	40,735	28,415	9,947
Net comprehensive financing result..	19,891	268,149	193,383	25,035	346,284	126,161	131,440
Capitalized comprehensive financing result	—	—	—	—	—	25,818	—
Income tax expense....................	9,900	133,459	96,298	12,650	174,968	266,646	41,496
Expenses (income) from discontinued operations	—	—	—	—	—	16,462	(35,108)
Other expenses (income) – net....	4,024	54,245	(5,276)	2,041	28,238	16,201	(29,906)
EBITDA	50,366	678,954	601,488	79,573	1,100,650	749,381	302,019

We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies in our industry because it excludes the effect of (i) depreciation and amortization, which represent a non-cash charge to earnings; (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates, and inflation rates, which have little or no bearing on our operating performance; (iii) income tax expense; and (iv) other expenses (income) of miscellaneous items that are not part of our operating results.

EBITDA is also a useful basis for comparing our results with those of other companies because it presents operating results on a basis unaffected by capital structure. You should review EBITDA, along with net income (loss) and cash flow from operating activities, investing activities and financing activities, when trying to understand our operating performance. While EBITDA may provide a useful basis for comparison, our computation of EBITDA is not necessarily comparable to EBITDA as reported by other companies, as each is calculated in its own way and must be read in conjunction with the explanations that accompany it. While EBITDA is a relevant and widely used measure of operating performance, it does not represent cash generated from operating activities in accordance with MFRS and should not be considered as an alternative to net income, determined in accordance with MFRS, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with MFRS, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs.

EBITDA has certain material limitations: (i) it does not include interest expense, which, because we have borrowed money to finance some of our operations, is a necessary and ongoing part of our costs and assisted us in generating revenue; (ii) it does not include taxes, which are a necessary and ongoing part of our operations; and (iii) it does not include depreciation or amortization, which, because we must utilize property and equipment in order to generate revenues in our operations, is a necessary and ongoing part of our costs. Therefore, any measure that excludes any or all of interest expense, taxes and depreciation and amortization has material limitations.

(3) Represents gross profit divided by revenues, expressed as a percentage.

(4) Represents EBITDA divided by revenues, expressed as a percentage.

(5) Represents operating income divided by revenues, expressed as a percentage.

(6) Represents total debt net of cash and cash equivalents divided by the sum of total debt and stockholders’ equity. Total debt includes notes payable to financial institutions, current portion of long-term debt and long-term debt.

(7) Annualized net income divided by average stockholders’ equity, expressed as a percentage.

(8) Represents current assets divided by current liabilities.

(9) Includes non-cash purchases of fixed assets of Ps. 14,595, Ps. 65,619 and Ps. 52,819 for the nine months ended September 30, 2009, September 30, 2008 and for the year ended December 31, 2008, respectively.

Summary Operating Data

Operating Data	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Homes sold (number of units)[1]					
Affordable entry-level	5,440	4,741	**7,416**	**4,801**	**4,691**
Middle-income	5,552	2,811	**5,606**	**3,250**	**1,327**
Residential	463	728	**888**	**1,142**	**399**
Mortgage commitment backlog[2]	**6,327**	**—**	**11,594**	**—**	**—**

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(in thousands of Mexican Ps.)		(in thousands of Mexican Ps.)		
Average home sales price per home					
Affordable entry-level	219.9	213.6	**217.9**	**250.1**	**219.6**
Middle-income	330.3	337.0	**336.3**	**273.0**	**436.8**
Residential	785.4	806.4	**788.4**	**790.9**	**856.7**

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(in thousands of Mexican Ps.)		(in thousands of Mexican Ps.)		
Total revenue from home sales	**3,393,705**	**2,546,599**	**4,200,882**	**2,991,378**	**1,951,591**
Affordable entry-level	1,196,379	1,012,301	**1,615,623**	**1,200,838**	**1,030,077**
Middle-income	1,833,663	947,229	**1,885,189**	**887,377**	**579,699**
Residential	363,663	587,069	**700,070**	**903,163**	**341,815**

(1) Number of equivalent housing units sold is calculated based on the number of homes for which sale contracts were notarized and where actual, legal title passed to purchasers.

(2) Defined as the number of homes for which mortgage providers have confirmed that mortgage financing will be made available once we locate qualified home buyers. See "Our Business—Our Company."

RISK FACTORS

You should carefully consider the following discussion of risks, as well as all the other information presented in this offering circular before investing in the new notes. These risks are not the only risks that affect our business. Additional risks that are presently unknown to us or that we currently deem immaterial may also impair our business. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, financial condition and prospects.

RISKS RELATED TO OUR BUSINESS

Our ability to generate sufficient revenues to ensure our viability is dependent on the availability of public mortgage financing.

In 2008, buyers of our affordable entry-level and middle-income housing accounted for 83.3% of our total revenue from home sales. We depend on the availability of mortgage financing provided by government or government-sponsored entities in connection with our sales of affordable entry-level and middle-income housing. In 2008, approximately 97.0% of total mortgages granted to our customers were provided by public sector entities. Substantially all mortgage financing for affordable entry-level and middle-income housing in Mexico is provided by INFONAVIT, SHF and FOVISSSTE. In general, financing for affordable entry-level housing has been stable at amounts starting at Ps. 187,153 in order to benefit workers with an income below four times *Salario Mínimo General Mensual del Distrito Federal*, the minimum monthly general wage in Mexico City ("SMG"). See "The Mexican Housing Industry—Sources of Mortgage Financing." Although we have increased the construction of high middle-income and residential housing, which are subject to fewer pricing restrictions and greater operating margins, the sale of affordable entry-level and middle-income housing constitutes a substantial part of our business. Substantially all of our customers that received mortgages from public sector entities received such mortgages from INFONAVIT.

Accordingly, our results of operations and financial condition have been, and will continue to be, affected by the level of funding, policies, programs and administrative procedures of INFONAVIT, SHF and FOVISSSTE, as well as by the housing policies of the Mexican federal government. We cannot assure you that the amount of mortgage financing provided by INFONAVIT, SHF, FOVISSSTE or any other funding source will be maintained at current levels, or that, either as a result of political or economic conditions, the Mexican federal government will not otherwise limit the availability of such financing or change the policies and methods under which such financing is provided. Any decrease in the amount of funds available from these sources, changes in the programs or policies of mortgage financing, different regional allocation of financing or administrative delays in the disbursement of funds could have a material adverse effect on our business, results of operations, financial condition and prospects. In addition, we cannot assure you that these funds will continue to be allocated for housing development in regions in which we have operations.

Since INFONAVIT is primarily financed by mandatory employer contributions equal to 5.0% of a worker's gross wages, financing from INFONAVIT depends upon prevailing conditions in the Mexican economy. Home financing by SHF depends on the return from its mortgage portfolio, World Bank financing, funds provided by the Mexican federal government and funds obtained from mortgage-backed securitizations for funding. From 2013 onwards, SHF's obligations will no longer be guaranteed by the Mexican federal government. In addition, INFONAVIT policy prioritizes the financing of affordable entry-level homes over more expensive homes. These policies may affect our ability to expand our development of middle-income and residential housing or our flexibility to increase the prices of our affordable entry-level homes.

Our business operations depend on our ability to secure financing.

We do not receive the proceeds from sales until the construction phase is over and the sales are finalized. Typical construction lasts four months for affordable entry-level housing and five months for middle-income and residential housing. As a result, we finance our housing development and construction activities with debt, primarily through funds obtained from working capital, and with bridge loans from commercial banks, Sofoles or Sofomes, and recently with syndicated loans guaranteed by our subsidiaries. Traditionally, SHF, through financial intermediaries, provided bridge loans to construction developers. However, under a SHF policy implemented in

2002, SHF has concentrated its funding efforts on financing qualified home buyers and reduced funding efforts to provide bridge loans for construction developments.

Adverse developments in the Mexican and international credit markets, including higher interest rates, reduced liquidity or decreased interest by financial institutions in lending to us, have in the past and may in the future increase our cost of borrowing or refinancing maturing indebtedness, with adverse consequences to our financial condition and results of operations. We cannot assure you that we will be able to refinance any indebtedness we may incur or otherwise obtain funds by selling assets or raising equity to make required payments on maturing indebtedness.

Our business is capital-intensive and extreme changes in capital requirements could affect our financial condition.

Our business is capital-intensive and requires significant investments in land and substantial expenditures for, among other things, developing and constructing housing developments. The amount and timing of these capital investments and expenditures depend in part on market conditions. We may not be able to accurately predict the timing or amount of capital investments and expenditures we will require. In addition, we do not receive proceeds from the sale of homes until the construction phase is over and the sales are finalized. As a result, we may not always have sufficient liquidity to satisfy our working capital needs at levels required to support growth in our housing development projects. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

If we do not accurately estimate our costs, the profitability of our business could be adversely affected.

We usually sign initial sales contracts for our housing units before we begin construction, with the price of the unit finalized upon its completion. Although our initial sales contracts allow us to provide for an expected profitable sales price, our ability to increase the price after completion of the unit is limited by the terms of the initial sales contract. Consequently, to the extent we underestimate our cost of contractors, materials and in-house man-hour labor and do not achieve projected margins under our pricing arrangements with purchasers, the profitability of our business could be adversely affected.

The monetary value of our Mortgage Commitment Backlog may not be realized.

Our Mortgage Commitment Backlog reflects the number of housing units for which we have received confirmation from a mortgage provider that, once we find qualified home buyers, mortgage financing will be made available to such buyers. Our general policy is to obtain and maintain sufficient mortgage commitments in our Mortgage Commitment Backlog to ensure the continuous sale of homes in our future operations. We cannot assure you that the homes reflected in our Mortgage Commitment Backlog will be sold or that the monetary value of this backlog will be realized.

A substantial portion of our business is conducted within a limited geographic market in Nuevo León, Mexico, which exposes us to risks in this region.

A substantial portion of our business is focused in Nuevo León. Therefore, our results of operations depend on the general level of economic activity and mortgage financing granted in this region, in particular by SHF, INFONAVIT and other financial institutions. We cannot assure you that our present level of operations in this region will not decrease or that our growth will not be limited due to regional economic weakness, increased competition, scarcity in labor resources, natural disasters or otherwise.

Due to the lending cycles of some providers of mortgage financing, we experience significant variations in quarterly results.

The Mexican affordable entry-level and middle-income housing industry experiences significant seasonality during the year due to the operational and seasonal lending cycles of providers of mortgage financing. As a result, most construction of new homes financed by these programs begins toward the end of the first calendar quarter. With construction of the base structure of affordable entry-level homes typically taking four months and construction of the base structure of middle-income and residential homes typically taking five months, most of the homes built by us are completed during the last quarter of the year. Consequently, we have experienced significant quarter-to-quarter variability in our results of operations, with most cash revenues received in the fourth quarter and most construction activity in the second and third quarters. See "Selected Consolidated and Combined Financial Information and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Seasonality," "The Mexican Housing Industry" and "Our Business—Our Competitive Strengths."

In addition, we generally do not receive payment until homes are completed and delivered to the purchaser. As a result, our results of operations for any particular quarter are not necessarily indicative of the results for the full year. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Seasonality."

We may not be able to locate suitable land at reasonable prices for future housing development projects.

As more developers enter or expand their operations in the Mexican home building industry, land prices could rise significantly and suitable land could become scarce due to increased demand or decreased supply. As of September 30, 2009, we had land resources of 1,955 hectares (approximately 4,832 acres) which we estimate are sufficient for approximately six years of operations based on the volume of sales in the last twelve months ended September 30, 2009. We cannot assure you, however, that we will be able to locate suitable land to meet our development needs beyond this time frame, or that we will be able to acquire such land in the future at competitive price levels. See "Our Business—Land Acquisition Policy."

Significant competition from other housing development companies may adversely affect our position in the Mexican housing industry.

The housing development industry in Mexico is highly fragmented and there are currently a large number of businesses engaged in the construction of housing projects. Competition in the Mexican housing industry is intense and we cannot assure you that we will compete successfully to maintain or increase our market share, which was 2.9% in 2008 (according to CONAVI and based on the total number of mortgages granted in Mexico for the acquisition of new homes in 2008 and the number of new units we sold in 2008). Some of our competitors in the affordable entry-level and middle-income markets may have greater financial, technological and personnel resources than we do and may take advantage of greater economies of scale. Further, we cannot assure you that some of these competitors with a significant presence in various parts of Mexico will not expand their operations in our principal markets. Small developers in the high middle-income and residential housing market may be able to better adapt to specific demand and offer more customized housing than us. See "Our Business—Competition."

In addition, we cannot assure you that foreign construction companies with greater financial resources will not begin operations in Mexico in the future and that we will not face significant competition from foreign entities.

Building and zoning regulations and environmental laws may adversely affect our business, financial condition or results of operations.

The Mexican housing industry is subject to extensive building and zoning regulations by various federal, state and municipal authorities, which affect land acquisition and other development and construction activities. Relevant to the housing sector are the laws and regulations regarding the management and disposal of hazardous waste that make owners and/or possessors of real property affected with soil contamination jointly and severally liable for the remediation of such sites, irrespective of any recourse or other actions such owners and/or possessors may have against the contaminating party, and regardless of any liability such contaminating party may have. Further, the direct transfer of contaminated sites is subject to the approval of the *Secretaría de Medio Ambiente y Recursos Naturales* (Ministry of Environment and Natural Resources, "SEMARNAT").

Additionally, the relatively recent enactment and improved enforcement of legal requirements on forestry zoned areas have also had an impact on the housing sector in Mexico, and specifically on some of our projects, as we are now often required to obtain the "change of forestry land use" authorization, among the various environmental and zoning permits required for our development activities.

The expansion of our business depends in large part on our ability to timely obtain required governmental approvals, permits and other authorizations for our developments. Non-compliance with applicable environmental laws and regulations may entail a series of sanctions, depending on the severity of the violation, including monetary fines; revocation of authorizations, concessions, licenses, permits or registries; administrative arrests; seizure of contaminating equipment; in certain cases, temporary or permanent closure of facilities; and even incarceration, when environmental violations are classified as criminal offenses. The costs associated with obtaining building and zoning permits, paying purchase or development fees and taxes, securing utility service rights, and titling new homes are substantially higher in Mexico than in other countries and vary significantly from region to region in Mexico. We are required to obtain the approval of numerous federal, state, and local governmental authorities for our development activities. Changes in local circumstances or applicable law or regulations of such entities may require modifying or applying for additional approvals or changing our processes and procedures to comply with them. It is possible that these factors could cause delays in construction and result in increased costs.

Mexican environmental regulations will likely continue to become increasingly stringent and may be influenced by the North American Agreement on Environmental Cooperation, a side agreement to the North American Free Trade Agreement ("NAFTA"), whose key objectives are to promote sustainable development, encourage pollution prevention policies and practices and increase compliance with environmental laws and regulations. We cannot assure you that laws and regulations affecting the housing industry or the enforcement thereof will not change in a manner that could increase our costs of doing business or could have a material adverse effect on our business, results of operations, financial condition or prospects.

Our ability to generate tax deductions could be limited in the future.

Our net results have benefited in the past from tax deductions which reduce the amount of income taxes charged to our net income. In the past, significant tax deductions were the result of deductions from land purchases. If our housing development and land purchase activities do not continue at current levels, the related tax deductions would be lower than in the past. That would generally result in greater taxable income. See Note 13 to our Audited Financial Statements.

We are party to certain legal proceedings derived from inspections performed by the Monterrey local tax authorities in connection with the fiscal year 2005.

The Local Tax Administration Office of Monterrey, Nuevo León *(Administración Local de Auditoría Fiscal de Monterrey*, the "Monterrey Local Tax Office") has made certain material tax assessments against Viviendas Javer, S.A. de C.V. stemming from two inspections performed by such tax authority in respect of the fiscal year 2005. We are involved in legal proceedings challenging these claims before the Administrative Federal Circuit Courts (*Tribunales Colegiados en Materia Administrativa*) with respect to the legality of the inspections and before the Tax Administration Office (*Servicio de Administración Tributaria*) with respect to the tax assessments. See "Our Business – Litigation" for further information. We cannot assure you that these legal proceedings will be resolved in our favor. If such proceedings are decided adversely to us, they could have a material adverse effect on our financial condition and results of operation.

An increase in the number of claims under our construction warranties could adversely affect us.

As required by Mexican law, we provide a one-year warranty to our customers for construction defects, which may be caused by either our actions, defects in materials supplied by third parties or other circumstances outside of our control. We cannot assure you that we will not incur significant expenses with respect to claims under customer warranties.

Increases in costs or scarcity of construction materials and labor could adversely affect our results.

Increases in prices of construction materials for new housing developments or increases in contractors' or workers' wages could adversely affect our results of operations. Certain construction materials, such as steel, are indexed to the U.S. Dollar and if the value of the Peso depreciates against the U.S. Dollar, our cost of obtaining raw materials could increase. In addition, we could be exposed to a potential scarcity of materials or labor that could cause project delays. We cannot assure you that such delays will not occur in the future.

A substantial portion of our business is subcontracted, which exposes us to risks relating to subcontractors' business.

Our construction methods are based on the mass production of housing units and the use of specialized labor. In this respect, we enter into agreements with local subcontractors specializing in different stages of the construction process. Substantially all of our construction process is currently subcontracted to third parties and we expect to continue this trend of outsourcing. All of our subsidiaries employ subcontractors. Any delay or default on performance by the subcontractors could disrupt our business and have an adverse effect on our business operations. We cannot assure you that our subcontractors will perform outsourced projects on a timely basis.

Loss of services of our key management personnel could result in disruptions to our business operations.

Our management and operations are dependent in large part upon the contributions of a small number of key senior management personnel. Because of their knowledge of the industry and our operations and their experience with us, we believe that our future results will depend to a significant extent upon their efforts. There can be no assurance that we will be successful in retaining our current senior management personnel. The loss of services of any of these individuals for any reason or the inability to attract and retain additional senior management personnel could result in disruptions to our business operations and could have a material adverse effect on our financial condition or results of operation. Our future success also depends on our continuing efforts to identify, hire and train other qualified managerial personnel.

A malfunction of our information technology platform systems may have an adverse effect on our business operations.

Our information technology platform, Oracle Business, plays a critical role in maintaining high quality standards and supporting continuing decentralized, large scale and profitable growth. Should our information technology systems malfunction, we may not be able to access the detailed financial and operational data on a real-time basis and the efficiency of our business operations could be compromised, resulting in an adverse impact on our business, results of operations, financial condition or prospects.

Our uninsured land reserves could suffer from unforeseen circumstances, which could result in significant losses to us.

We do not generally obtain liability, property or casualty insurance to cover land reserves prior to the commencement of construction. In the event that our uninsured land reserves suffer from unforeseen circumstances, we may experience significant losses as a result of delays in the commencement of the housing development. See "Our Business—Insurance and Performance Bonds."

RISKS RELATED TO MEXICO

Weakness in the Mexican economy could adversely affect our business, financial condition and results of operations.

Our operations, results and financial condition are dependent in part upon the level of economic activity in Mexico. Mexico experienced a period of slow economic growth from 2001 through 2003, primarily as a result of the downturn in the U.S. economy. According to Banco de México estimates, in 2001, Mexico's gross domestic product, or GDP, declined by 0.2%, while inflation reached 4.4%. In 2002, GDP grew by 0.8% and inflation reached 5.7%. In 2003, GDP grew by 1.4% and inflation declined to 4.0%. In 2004, GDP grew by 4.0% and inflation increased to 5.2%. In 2005, GDP grew by 3.2% and inflation decreased to 3.3%. In 2006, GDP increased by 5.1% and inflation increased to 4.1%. In 2007, GDP increased by 3.3% and inflation decreased to 3.8%. In 2008, GDP increased by 1.3% and inflation increased to 6.8%.

Mexico also has, and is expected to continue to have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities *(certificados de la tesorería)* averaged approximately 6.8%, 9.2%, 7.2%, 7.2% and 7.7% for 2004, 2005, 2006, 2007 and 2008, respectively. Relative to the U.S. Dollar, the Peso appreciated by 0.8% in 2004, appreciated by 4.7% in 2005, depreciated by 1.6% in 2006, depreciated by 1.1%

in 2007 and depreciated by 26.70% in 2008, all in nominal terms. Accordingly, to the extent that we incur Peso-denominated debt in the future, it could be at high interest rates.

As a consequence of the global recession and economic slowdown during 2008, the Mexican economy entered into a recession. In Mexico, GDP growth during the first three months of 2009 contracted 8.2% compared to the first three months of 2008. As of April 30, 2009, twelve-month accumulated inflation had increased 6.2% compared to 4.5% during the same period in 2008. As a consequence, the Mexican consumer confidence index decreased to an eight-year low of 82.1 points, with a corresponding impact on consumption. As a result, consumer purchasing power may decrease and demand for housing may also decrease. The current recession could affect our operations to the extent that we are unable to reduce our costs and expenses in response to falling demand. These factors could result in a decrease in our revenues and profit.

Our revenues may be adversely affected if a slowdown in the Mexican economy limits the availability of private-sector mortgage financing.

Private sector entities, commercial banks, Sofomes and Sofoles provide a substantial majority of mortgage financing to the high middle-income market and the upper-income market. Private sector financing is generally provided at higher interest rates than the interest rates prevailing in the U.S. and other international markets. In 2008, buyers of our middle-income and residential income housing accounted for 61.6% of our total revenue from home sales and approximately 2.9% of total mortgages granted to our customers were provided by commercial banks, Sofomes and Sofoles.

The availability of private segment mortgage financing in Mexico has been severely constrained in the past as a result of volatile economic conditions in Mexico, the level of liquidity and stability of the Mexican banking system, and the resulting adoption of more stringent lending criteria and bank regulations. From 1995 through 2001, commercial bank mortgage lending was generally unavailable in Mexico. Since 2002, private sector lenders have gradually increased their mortgage financing activities as a result of improved economic conditions and increasing consumer demand. However, unfavorable general economic conditions, such as the current recession and economic slowdown in the United States, have begun to negatively affect the Mexican economy and the availability of private sector mortgage financing. As a result, commercial lenders have begun to change their criteria for mortgage origination. Additionally, Sofoles and Sofomes have begun to face liquidity constraints due to increased exposure to non-performing loans. As a result, our profitability could be reduced and financial performance could be negatively affected.

In addition, our customers' ability to obtain private sector financing depends, to a certain extent, on our ability to maintain strong working relationships with commercial banks, Sofomes and Sofoles. A loss of such relationships could impact our customers' ability to successfully obtain mortgages from these sources to purchase our homes and there can be no assurance that we will be able to maintain these relationships.

Fluctuations in interest rates could adversely affect our financial condition and results of operations.

The availability of mortgages to middle-income and residential markets depends upon fluctuations in interest rates. Historically, when interest rates are high, fewer mortgages become available in Mexico in these housing markets as the mortgages become expensive, and the demand for bank mortgages falls. During times of improved economic conditions and lower interest rates, commercial banks have targeted the low middle- and high middle-income housing market and demand for housing increased. Due to the global economic crisis, Mexico has entered into a recession. Significant increases in interest rates could adversely affect the availability of mortgages from commercial banks and other financial sources to low middle- and high middle-income housing market segments. Furthermore, housing activity and infrastructure development in Mexico may contract, causing demand for our products to decrease.

In addition, fluctuations in interest rates affect our interest expense. As of December 31, 2008, Ps. 2,138.1 million, or 97.0%, of our total indebtedness accrued interest at variable rates, at an average rate of 12.27%. We may also incur indebtedness in the future that accrues interest at higher rates or we may be required to refinance our debt at variable rates. Increases in interest rates could adversely affect our results of operations.

Depreciation of the Peso could adversely affect our financial condition, results of operations and cash flows and limit our ability to make timely payments on foreign currency-denominated debt.

Changes in the value of the Peso relative to the U.S. Dollar could adversely affect our financial condition and results of operations. Because substantially all of our revenues are and will continue to be denominated in Pesos and a significant portion of our indebtedness is denominated in U.S. Dollars, if the value of the Peso decreases against the U.S. Dollar, our cost of financing will increase. Further, the devaluation or depreciation of the Peso could increase in Peso terms the amount of our foreign currency denominated liabilities, negatively affecting our results of operations. As of September 30, 2009, we had approximately US$90 million in U.S. Dollar denominated liabilities while substantially all of our revenues were in Pesos. From January 1, 2008 through December 31, 2008 the Peso depreciated by approximately 26.70%. Severe depreciation of the Peso may also result in disruption of the international foreign exchange markets. This may limit our ability to transfer or convert Pesos into U.S. Dollars and other currencies for the purpose of making timely payments of interest and principal on the notes and any other Dollar-denominated debt that we may incur in the future. While the Mexican federal government does not currently restrict the ability of Mexican or foreign persons or entities to convert Pesos into U.S. Dollars or other currencies, the Mexican federal government could institute restrictive exchange control policies in the future. In addition, any devaluation or depreciation of the Peso could also adversely impact the availability of financing on terms attractive to potential high middle-income and upper-income housing customers.

Health epidemics and other outbreaks in Mexico may affect our business operations.

Our business could be adversely affected by the effects of avian flu, severe acute respiratory syndrome, SARS, H1N1 flu or another epidemic or outbreak. In April 2009, an outbreak of H1N1 flu occurred in Mexico and the United States and has spread to more than 70 countries, leading the World Health Organization to declare the first global flu pandemic in over 40 years. Any prolonged occurrence or recurrence of avian flu, SARS, H1N1 flu or other adverse public health developments in Mexico may have a material adverse effect on our business operations. Our operations may be impacted by a number of health-related factors, including, among other things, quarantines or closures of our facilities and developments, which could disrupt our operations, and a general slowdown in the Mexican economy. Any of the foregoing events or other unforeseen consequences of public health problems could adversely affect our business and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS, H1N1 flu or any other epidemic.

Mexican federal governmental policies could adversely affect our results of operations and financial condition.

We are incorporated in Mexico and all of our assets and operations are located in Mexico. As a result, we are subject to political, economic, legal and regulatory risks specific to Mexico. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state controlled, funded or influenced financial institutions (particularly INFONAVIT, FOVISSSTE, and SHF) and the Mexican housing organizations, in particular, could have a significant impact on private sector entities in general and on us in particular, as well as on market conditions, prices and returns on Mexican equity securities. See "Our Business—Government Regulation." In addition, many of our customers rely on mortgage financing programs offered by government or government-sponsored institutions such as INFONAVIT, SHF and FOVISSSTE. See "The Mexican Housing Industry—Government Policy and Available Financing." We cannot assure you that changes in Mexican federal governmental policies or in mortgage financing programs offered by such institutions will not adversely affect our business, financial condition and results of operations.

In addition, the Mexican government has in recent years implemented changes to tax laws applicable to Mexican companies. If the Mexican government implements changes to the tax laws that result in us having significantly higher income or asset tax liability or being subject to the payment of new taxes, such changes could have a material adverse impact on our results of operations.

We cannot provide any assurance that future policy developments in Mexico, over which we have no control, will not have an unfavorable impact on our financial position or results of operations.

Political events in Mexico may affect our operations.

Mexican President Felipe Calderón Hinojosa, of the political party *Partido Acción Nacional*, or PAN, may implement significant changes in laws, public policies and/or regulations that could affect Mexico's political and economic situation, which could adversely affect our business. Any change in the current housing policies could have a significant effect on Mexican homebuilders, including us, as well as on housing finance, variations in interest rates demand for housing, market conditions, and the prices of and returns on Mexican securities.

Furthermore, following Mr. Calderón's election in 2006, the Mexican Congress became politically divided, as the PAN does not have majority control. Elections for the Mexican Senate, House of Representatives and for the governorship of certain states of the Republic took place on July 5, 2009, giving the Partido Revolucionario Institucional, or PRI, a majority in the legislature. The lack of alignment between the legislature and the President could result in deadlock and prevent the timely implementation of political and economic reforms, which in turn could have a material adverse effect on Mexican economic policy and on our business. It is also possible that political uncertainty may adversely affect Mexico's economic situation.

Social and political instability in Mexico or other adverse social or political developments in or affecting Mexico could adversely affect our business, financial condition and result of operations, as well as market conditions and prices for our securities. These and other future developments in the Mexican political or social environment may cause disruptions to our business operations and decreases in our sales and net income.

Developments in other countries could adversely affect the Mexican economy, the market value of our securities and our results of operations.

As is the case with respect to securities of issuers from emerging markets, the market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other emerging market countries. Although economic conditions in these countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, prices of both Mexican debt securities and Mexican equity securities dropped substantially as a result of developments in Russia, Asia and Brazil.

In addition, the correlation between economic conditions in Mexico and the U.S. has sharpened in recent years as a result of the NAFTA and increased economic activity between the two countries. As a result of the slowing economy in the United States and the uncertainty it could have on the general economic conditions in Mexico and the United States, our financial condition and results of operations could be adversely affected. In addition, due to recent developments in the international credit markets, capital availability and cost could be significantly affected and could restrict our ability to obtain financing or refinance our existing indebtedness on favorable terms, if at all.

We are subject to different corporate disclosure and accounting standards than U.S. companies.

A principal objective of the securities laws of the U.S., Mexico and other countries is to promote full and fair disclosure of all material corporate information, including accounting information. However, there may be less or different publicly available information about foreign issuers of securities than is regularly published by or about U.S. issuers of listed securities. See "Differences Between MFRS and U.S. GAAP."

RISKS RELATED TO THE NOTES

Our level of debt could impair our financial condition.

We currently have, and after this offering of the new notes will have, a substantial amount of debt and may incur substantially more debt. As of September 30, 2009, after giving pro forma effect to the issuance of the new notes and the use of the net proceeds of this offering of the new notes, we would have had Ps. 3,250.3 million (US$241.1 million) of outstanding debt. Our significant level of debt could have important consequences to you, including:

- requiring a substantial portion of our cash flows from operations be used for the payment of principal and interest on our debt, therefore reducing the funds available to us for the operations or other capital needs;

- limiting our flexibility in planning for, or reacting, to changes in our business and the industry in which we operate because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures necessary to address these changes;

- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flow, we will be required to devote a proportionally greater amount of our cash flow to paying principal and interest on our debt;

- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions and general corporate requirements;

- making it difficult for us to refinance our indebtedness or to refinance such indebtedness on competitive terms;

- restricting our ability to take advantage of opportunities that would permit us to acquire other businesses;

- placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to fund working capital, capital expenditures and general corporate requirements; and

- any borrowings we make at variable interest rates, including our revolving credit facility, leave us vulnerable to increases in interest rates generally.

Our ability to repay the notes and our other debt depends, to some extent, on cash flow from our subsidiaries.

We depend, to some extent, on distributions or other inter-company transfers of funds from our subsidiaries to meet our debt service and other obligations, including those with respect to the notes. Our non-guarantor subsidiaries, if any, will not be obligated to make funds available to us for the payment on the notes. We cannot assure you that our operating results together with those of our subsidiaries will be sufficient to enable us to make payments on the notes. Furthermore, under Mexican law, our subsidiaries may only pay dividends out of retained earnings and after all losses from prior fiscal years have been satisfied.

The indenture and the terms of our other indebtedness impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities.

The indenture and the terms of our other indebtedness impose significant operating and financial restrictions on us and our restricted subsidiaries. These restrictions will limit our ability, among other things, to:

- incur additional indebtedness;

- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;

- make investments;

- create liens;

- create any consensual limitation on the ability of our restricted subsidiaries to pay dividends, make loans or transfer property to us;

- engage in transactions with affiliates;

- sell assets, including capital stock of our subsidiaries; and
- consolidate, merge or transfer assets.

These restrictions could limit our ability to seize attractive growth opportunities for our businesses that are currently unforeseeable, particularly if we are unable to incur financing or make investments to take advantage of these opportunities.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

If we undergo a Change of Control (as defined in “Description of Notes”), we may need to refinance large amounts of our debt, including the notes. Under the indenture, if a Change of Control occurs, we must offer to buy back the notes for a price equal to 101.0% of the principal amount of the notes, plus any accrued and unpaid interest. We may not have sufficient funds available to us to make any required repurchases of the notes upon a Change of Control. If we fail to repurchase the notes in those circumstances, we will be in default under the indenture, which may, in turn, trigger cross-default provisions in our other debt instruments.

The new notes may not be transferred freely.

The new notes have not been registered under the Securities Act or any state securities laws, and we are not required to and currently do not plan on making any such registration in the immediate future. The new notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. Prospective investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time. See “Notice to Investors” for a full explanation of such restrictions.

An active trading market for the new notes may not develop.

Currently there is no market for the new notes. Application has been made to admit the new notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. Even if the new notes become listed on this exchange, we may delist the new notes. A trading market for the new notes may not develop, or if a market for the new notes were to develop, the new notes may trade at a discount from their initial offering price, depending upon many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition. The initial purchaser is not under any obligation to make a market with respect to the new notes, and we cannot assure you that trading markets will develop or be maintained. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the new notes. If an active market for the new notes does not develop or is interrupted, the market price and liquidity of the new notes may be adversely affected.

There is a possibility that the IRS may not treat the new notes as fungible with the outstanding notes.

Although we take the position that the current issuance should be treated as a "qualified reopening" for U.S. federal income tax purposes and as such the new notes should be fungible with the outstanding notes, we can give no assurance that the IRS will not challenge this position. If the IRS were successful, the new notes would not be treated as part of the same issuance as the outstanding notes and therefore may not be fungible with the outstanding notes. See "U.S. Federal Income Tax Considerations" below.

If we or the subsidiary guarantors were to be declared insolvent, holders of notes may find it difficult to collect payment on the notes.

Under Mexico’s Law of Reorganization Proceedings (*Ley de Concurso Mercantiles*), if we or the subsidiary guarantors are declared insolvent or become subject to reorganization (*concurso mercantil*) or bankruptcy (*quiebra*) proceedings, our obligations and the obligations of the subsidiary guarantors under the notes, respectively, (i) would be converted into Pesos at the exchange rate prevailing at the time of the declaration of the *concurso mercantil* or *quiebra* proceedings and then from Pesos into UDIs, and would not be adjusted to take into account any devaluation of the Peso relative to the U.S. Dollar occurring after such conversion, (ii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings, (iii) would be satisfied at the time claims of all our creditors are satisfied, (iv) would cease to accrue interest from the date a reorganization proceeding is declared and (v) would be subject to certain statutory preferences including tax, social security and labor claims and claims of secured creditors.

In addition, under Mexican law, it is possible that in the event that we or the subsidiary guarantors are declared insolvent or become subject to *concurso mercantil* or *quiebra* proceedings, any amount by which the stated principal amount of the notes exceeds their accreted value may be regarded as not matured and, therefore, claims of holders of the notes may only be allowed to the extent of the accreted value of the notes. There is no legal precedent in connection with bankruptcy or reorganization proceedings in Mexico on this matter and, accordingly, uncertainty exists as to how a Mexican court would measure the value of claims of holders of the notes.

Payments of judgments against us on the notes would be in Pesos.

In the event that proceedings are brought against us or the subsidiary guarantors in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, we and the subsidiary guarantors would not be required to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of the United Mexican States, an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican currency, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by Banco de México and published every banking day in the Official Gazette. As a result, you may suffer a U.S. Dollar shortfall if you obtain a judgment or a distribution in bankruptcy in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall.

In addition, if we or the subsidiary guarantors are the subject of a *concurso mercantil* or *quiebra* proceeding, our and the subsidiary guarantors' unsecured foreign currency-denominated obligations, including obligations under the notes, will be converted into Pesos at the exchange rate applicable on the date in which the declaration of the *concurso mercantil* or *quiebra* is effective, and the resulting amount, in turn, will be converted to UDIs. Foreign currency-denominated liabilities, including liabilities under the notes, will not be adjusted to take into account any depreciation of the Peso as compared to the U.S. Dollar occurring after the declaration of the *concurso mercantil* or *quiebra*. Also, all obligations under the notes will (i) cease to accrue interest from the date of the *concurso mercantil* or *quiebra* declaration; (ii) will be satisfied only when other creditors are satisfied; (iii) will be subject to the outcome of, and amounts recognized as due, with respect to, the relevant *concurso mercantil* or *quiebra* proceeding; and (iv) will not be adjusted to take into account any depreciation of the Peso against the U.S. Dollar occurring after such declaration.

The new notes and the guarantees, together with the outstanding notes, will be effectively subordinated to our secured debt and to certain claims preferred by statute.

Our obligations under the notes and the obligations of the subsidiary guarantors under the guarantees are unsecured. As a result, the notes and the guarantees will be effectively subordinated to all of our and the subsidiary guarantors' secured debt to the extent of the value of the collateral securing such debt. As of September 30, 2009, after giving pro forma effect to this offering of the new notes and the application of proceeds, Ps. 372.2 million (US$27.6 million) of our debt was secured by collateral, principally consisting of undeveloped land. Further, the terms of the indenture permit us to incur additional secured debt in the future. In the event that we or the subsidiary guarantors are not able to repay amounts due under any existing or future secured debt obligations, creditors could proceed against the collateral guaranteeing such indebtedness. In that event, any proceeds upon a realization of the collateral would be applied first to amounts due under the secured debt obligations before any proceeds would be available to make payments on the notes. If there is a default under our debt obligations, the value of this collateral may not be sufficient to repay both our secured creditors and the holders of the notes. If the value of such collateral is insufficient to repay our secured creditors, such secured creditors are entitled to file a claim against us or our subsidiary guarantors for such deficiency, which claim would rank *pari passu* with the claims of the holders of the notes. Additionally, the claims of holders of the notes will rank effectively junior to certain obligations that are preferred by statute, including certain claims relating to taxes, social security and labor.

To the extent that certain of our subsidiaries are not guarantors, our obligations with respect to the notes will be effectively subordinated to all liabilities of these non-guarantor subsidiaries.

Currently, all of our subsidiaries are guarantors. However, to the extent we acquire other subsidiaries that are not guarantors or our current subsidiary guarantors are released from their guarantees in accordance with the terms of the indenture, any right that we or the guarantors have to receive assets of any of the non-guarantor subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt of that subsidiary.

The guarantees may not be enforceable.

The guarantees provide a basis for a direct claim against the subsidiary guarantors; however, it is possible that the guarantees may not be enforceable under Mexican law. While Mexican law does not prohibit the giving of guarantees and, as a result, does not prevent the guarantees of the new notes from being valid, binding and enforceable against the subsidiary guarantors, in the event that a subsidiary guarantor becomes subject to a reorganization proceeding or to bankruptcy, the relevant guarantee may be deemed to have been a fraudulent transfer and declared void, based upon the subsidiary guarantor being deemed not to have received fair consideration in exchange for such guarantee.

It may be difficult to enforce civil liabilities against us or our directors and executive officers.

We are a *sociedad anónima promotora de inversión de capital variable* (an investment promotion variable capital corporation) organized under the laws of Mexico. Most of our directors and officers reside outside the United States. Substantially all of the assets of such persons are located in Mexico. Furthermore, all of our assets are located in Mexico. As a result, it may be difficult for you to effect service of process within the United States or in any other jurisdiction outside of Mexico upon these persons or to enforce against them or us, in any jurisdiction outside of Mexico, judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the federal and state securities laws of the United States. No bilateral treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. We have been advised by our special Mexican counsel, Mijares, Angoitia, Cortés y Fuentes, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts, in original actions or in actions for enforcement of judgments obtained in courts of jurisdictions outside of Mexico, of civil liabilities under the laws of any jurisdiction outside of Mexico, including any judgment predicated solely upon the federal and state securities laws of the United States. See "Service of Process and Enforcement of Civil Liabilities."

The collection of interest on interest may not be enforceable in Mexico.

Mexican law does not permit the collection of interest on interest and, therefore, the accrual of default interest on past due ordinary interest accrued with respect to the new notes may be unenforceable in Mexico.

USE OF PROCEEDS

We expect to receive net proceeds of approximately US$32.55 million after the initial purchaser's discounts and commissions and the payment of offering expenses payable by us from the issuance of the new notes.

We intend to use the net proceeds from this offering to refinance short-term debt and for general corporate purposes.

EXCHANGE RATES

On December 21, 1994, Banco de México implemented a floating foreign exchange rate regime under which the Peso is allowed to float freely against the U.S. Dollar and other foreign currencies. Banco de México will intervene directly in the foreign exchange market only to reduce what it deems to be excessive short-term volatility. Since mid-2003, Banco de México has been conducting auctions of U.S. Dollars in an attempt to reduce the levels of its foreign reserves. Banco de México conducts open market operations on a regular basis to determine the size of Mexico's monetary base. Changes in Mexico's monetary base have an impact on the exchange rate. Banco de México may increase or decrease the reserve of funds that financial institutions are required to maintain. If the reserve requirement is increased, financial institutions will be required to allocate more funds to their reserves, which will reduce the amount of funds available for operations. This causes the amount of available funds in the market to decrease and the cost, or interest rate, to obtain funds to increase. The opposite happens if reserve requirements are lowered. This mechanism, known as "*corto*" or "*largo*," as the case may be, or more formally "the daily settlement balance target," represents a device used by Banco de México to adjust the level of interest and net foreign exchange rates.

There can be no assurance, however, that Banco de México and the Mexican government will maintain its current policies with respect to the Mexican Peso or that the Mexican Peso will not depreciate significantly in the future.

Banco de México has provided for risk management and hedging mechanisms against fluctuations in the Peso/Dollar exchange rate. Banco de México allows Mexican banks and brokerage houses to participate in futures markets for the Mexican Peso. In April 1995, the Chicago Mercantile Exchange introduced Mexican Peso futures contracts and options on Mexican Peso futures contracts and started trading these options and futures. On December 18, 1998, trading started at the Mexican Derivatives Exchange, including Mexican Peso futures contracts.

The following table sets forth, for the periods indicated, the period-end, average, high and low Fed Noon Buying Rate of the Federal Reserve Bank of New York expressed in Pesos per U.S. Dollar. The rates shown below are in nominal Pesos that have not been restated in constant currency units. No representation is made that the Peso amounts referred to in this offering circular could have been or could be converted into U.S. Dollars at any particular rate or at all. Unless otherwise indicated, U.S. Dollar amounts that have been converted from Pesos have been so converted at an exchange rate of Ps. 13.4805 to US$1.00, the Fed Noon Buying Rate on September 30, 2009.
In particular, the Dollar amounts for the years ended December 31, 2008, 2007 and 2006 have been converted using the exchange rate of Ps. 13.832 to US$1.00, which was the Fed Noon Buying Rate on December 31, 2008. Also, the Dollar amounts for the three-month period ended March 31, 2009 have been converted using the exchange rate of Ps. 14.21 to US$1.00, which was the Fed Noon Buying Rate on March 31, 2009.

	Fed Noon Buying Rate[1]			
	Period End	**Average**	**High**	**Low**
Year Ended December 31,				
2003	11.2420	10.7950	11.4063	10.1130
2004	11.1540	11.2897	11.6350	10.8050
2005	10.6275	10.8938	11.4110	10.4135
2006	10.7995	10.9056	11.4600	10.4315
2007	10.9169	10.9277	11.2692	10.6670
2008	13.8320	11.1415	13.9350	9.9166
2009	13.0576	13.3423	15.4060	12.6318

(1) Source: Federal Reserve Bank of New York.

CAPITALIZATION

The following table sets forth, as of September 30, 2009, our consolidated capitalization (i) on a historical, actual basis and (ii) as adjusted to reflect this offering of the new notes and the application of the net proceeds in the manner described under "Use of Proceeds." This table should be read together with our Unaudited Financial Statements and the notes thereto included elsewhere in this offering circular.

Solely for the convenience of the reader, Peso amounts appearing in the table below have been converted to U.S. Dollar amounts at an exchange rate of Ps. 13.4805 to US$1.00, which was the Fed Noon Buying Rate on September 30, 2009. The exchange rate conversions contained in this offering circular should not be construed as representations that the Peso amounts actually represent the U.S. Dollar amounts presented or could be converted into U.S. Dollars at the rate indicated as of the dates mentioned herein or at any other rate.

	As of September 30, 2009			
	Actual (in thousands of Mexican Ps.)	Actual (in thousands of US$)	As Adjusted for this Offering[(1)] (in thousands of Mexican Ps.)	As Adjusted for this Offering (in thousands of US$)
Cash and cash equivalents	528,598	39,212	963,000	71,437
Short-term debt	362,429	26,886	362,429	26,885
Long-term debt	2,449,050	181,674	2,887,840	214,224
Total debt	2,811,479	208,560	3,250,269	241,109
Total stockholders' equity	902,716	66,965	902,716	66,964
Total capitalization	3,185,597	236,313	3,189,985	236,636

(1) As adjusted financial information is unaudited.

SELECTED CONSOLIDATED AND COMBINED FINANCIAL INFORMATION AND OTHER INFORMATION

The following tables present our summary consolidated and combined financial information and other data for the periods indicated. These tables should be read in conjunction with our Financial Statements and notes thereto included elsewhere in this offering circular and are qualified in their entirety by the information contained therein. See "Presentation of Financial and Other Information." Our Financial Statements as of December 31, 2008 and 2007 and for the years ended December 31, 2008, 2007 and 2006 have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., a Member of Deloitte Touche Tohmatsu, our independent auditors. Our Financial Statements have been prepared in accordance with MFRS, which differs in certain respects from U.S. GAAP. See "Differences Between MFRS and U.S. GAAP" for a description of certain principal differences between MFRS and U.S. GAAP as they relate to us.

As disclosed in Note 3(b) of our Audited Financial Statements, beginning January 1, 2008, we adopted the following new MFRS: NIF B-2, *Statement of Cash Flows*; NIF B-10, *Effects of Inflation*; NIF B-15, *Foreign Currency Translation*; NIF D-3, *Employee Benefits* and NIF D-4, *Income Taxes*. Therefore, our consolidated financial statements for the year ending December 31, 2008 are not comparable to prior years.

As disclosed in Notes 3(b) of our Audited Financial Statements, NIF B-10, considers two economic environments: a) an inflationary environment, where cumulative inflation over a three-year period is 26.0% or more, in which case, the effects of inflation need to be recognized, and b) non-inflationary environment, where inflation is less than 26.0% in the same period, in which case, the effects of inflation may not be recognized in the financial statements. Furthermore, NIF B-10 requires that the gain (loss) from monetary position in stockholders' equity and the cumulative gain (loss) from holding non-monetary assets be reclassified to retained earnings, except for the gain (loss) from holding non-monetary assets that is identified with inventories or fixed assets that have not been realized as of the effective date of this standard. Such amounts are required to be maintained in stockholders' equity and realized within current earnings of the period in which such assets are depreciated or sold. NIF B-10 establishes that this accounting change be recognized prospectively.

As a result of having adopted NIF B-10, we discontinued recognition of the effects of inflation in its financial statements beginning January 1, 2008 because the accumulated inflation in the prior three-year period was less than 26.0%. The comparative information for the periods prior to January 1, 2008 is restated and presented in constant Mexican Pesos as of December 31, 2007.

In addition, as disclosed in Note 3(a) to the Audited Financial Statements, in 2009 (subsequent to February 27, 2009, the original issuance date of our Audited Financial Statements) we adopted the provisions established by INIF 14, *Construction Contracts, Sale of Real Estate and Rendering of Related Services, an interpretation of NIF D-7, Construction and Manufacturing Contracts for Certain Capital Assets*. INIF 14 changed the method according to which we recognize our revenues from the "percentage-of-completion" method to recognizing revenues when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer. INIF 14 requires that an entity adopt its provisions retroactively and therefore, the previously issued financial statements have been restated for the purpose of comparability.

INIF 14 requires separating the different components of contractual agreements in order to identify whether such agreements pertain to construction of real estate, sale of real estate or rendering-related services, and establishes the rules for recognizing revenue and related costs and expenses, based on different elements in such agreements. For real estate sales agreements, according to the criterion established by INIF 14, revenues are recognized when the entity has transferred ownership to the buyer.

INIF 14 is effective for all entities that enter into construction and related real estate sale agreements beginning January 1, 2010; however, early adoption is permitted. The accounting changes arising from the initial application of this INIF, if any, are required to be recognized using the retrospective method of accounting stated in NIF B-1 "Accounting Changes and Error Recognition." As we adopted INIF 14 beginning on January 1, 2009, the previously issued Audited Financial Statements have been restated for the purpose of comparability.

The Dollar amounts provided below are conversions from the Peso amounts, solely for the convenience of the reader. The Dollar amounts for the nine-month period ended September 30, 2009 have been converted using the exchange rate of Ps. 13.4805 to US$1.00, which was the Fed Noon Buying Rate on September 30, 2009. The Dollar amounts for the years ended December 31, 2008, 2007 and 2006 have been converted using the exchange rate of Ps. 13.832 to US$1.00, which was the Fed Noon Buying Rate on December 31, 2008. See "Exchange Rates" for information regarding the rates of exchange between the Peso and the U.S. Dollar for the periods specified therein. These conversions should not be construed as representations that the Peso amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated or at any other rate.

	Nine Months Ended September 30,			Year Ended December 31,			
Income Statement Data	**2009**	**2009**	**2008**	**2008**	**2008**	**2007**	**2006**
	(in thousands of US$)	**(in thousands of Mexican Ps.)**		**(in thousands of US$)**	**(in thousands of Mexican Ps.)**		
Revenues	225,256	3,440,975	2,634,695	323,377	4,472,945	3,089,797	1,951,591
Cost of sales	178,501	2,406,289	1,697,108	205,988	2,849,221	2,075,565	1,327,113
Gross profit	76,755	1,034,686	937,587	117,389	1,623,724	1,014,232	624,478
Selling and administrative expenses	28,521	384,473	367,346	40,761	563,809	319,084	332,406
Income from operations	48,234	650,213	570,241	76,628	1,059,915	695,148	292,072
Other expense (income) net	4,024	54,245	(5,276)	2,041	28,238	16,201	(29,906)
Net comprehensive financing result	19,891	268,149	193,383	25,035	346,284	126,161	131,440
Income before income taxes	24,319	327,819	382,134	49,552	685,393	552,786	190,538
Income taxes	9,900	133,459	96,298	12,650	174,968	266,646	41,496
Income from continuing operations	14,419	194,360	285,836	36,902	510,425	286,140	149,042
Loss (income) from discontinued operations	—	—	—	—	—	(16,462)	35,108
Net income	**14,419**	**194,360**	**285,836**	**36,902**	**510,425**	**269,678**	**184,150**

	As of September 30,		As of December 31,		
Balance Sheet Data	**2009**	**2009**	**2008**	**2008**	**2007**
	(in thousands of US$)	**(in thousands of Mexican Ps.)**	**(in thousands of US$)**	**(in thousands of Mexican Ps.)**	
Cash and cash equivalents	39,212	528,598	25,307	350,041	54,567
Trade receivables – net	50,487	680,593	34,146	472,312	548,708
Inventories	162,962	2,196,804	213,749	2,956,577	2,453,394
Total current assets	269,424	3,631,959	287,186	3,972,365	3,965,772
Land held for future development	44,310	597,319	40,508	560,311	311,055
Total assets	365,848	4,931,789	371,497	5,138,574	4,509,953
Notes payable to financial institutions	25,091	338,237	20,442	282,760	1,169,270
Current portion of long-term debt	1,795	24,192	24,665	341,166	309,163
Total current liabilities	65,520	883,230	103,789	1,435,628	2,920,637

Long-term debt	181,674	2,449,050	114,106	1,578,316	32,269
Deferred income taxes	49,602	668,655	57,741	798,679	686,020
Total liabilities	298,883	4,029,073	277,525	3,838,748	3,661,207
Capital stock	54,422	733,641	95,405	1,319,641	1,273,641
Other stockholders' equity accounts	12,543	169,075	(1,433)	(19,815)	(424,895)
Total stockholders' equity	66,965	902,716	93,972	1,299,826	848,746
Total	365,848	4,931,789	371,497	5,138,574	4,509,953

	Nine Months Ended September 30,			Year Ended December 31,			
Other Financial Information	**2009**	**2009**	**2008**	**2008**	**2008**	**2007**	**2006**
	(in thousands of US$)	**(in thousands of Mexican Ps.)**		**(in thousands of US$)**	**(in thousands of Mexican Ps.)**		
Capital expenditures, net	4,663	62,857[9]	108,585[9]	3,893	106,665[9]	85,156[1]	90,426
EBITDA[2]	50,366	678,954	601,488	79,573	1,100,650	749,381	302,020
Depreciation	2,132	28,741	31,247	2,945	40,735	28,415	9,947

	Nine Months Ended September 30,		Year Ended December 31,		
Financial Ratios	**2009**	**2008**	**2008**	**2007**	**2006**
Gross margin[3]	30.1%	35.6%	36.3%	32.8%	32.0%
EBITDA margin[4]	19.7%	22.8%	24.6%	24.3%	15.5%
Operating margin[5]	18.9%	21.6%	23.7%	22.5%	15.0%
Total debt/total capitalization[6]	61.5%	53.5%	52.9%	61.7%	47.6%
Return on equity[7]	23.5%	38.4%	47.5%	21.7%	11.9%
Current ratio[8]	4.1%	2.9%	2.8%	1.4%	1.5%

(1) Includes other assets of US$44,219.

(2) EBITDA is not a financial measure computed under MFRS. EBITDA is net income excluding (i) depreciation and amortization; (ii) net comprehensive financing result, including capitalized comprehensive financing result; (iii) income tax expense; (iv) expenses (income) from discontinued operations; and (v) other expenses (income) (which consist of miscellaneous items that are not part of our operating results). The following reconciles net income to EBITDA:

	Nine Months Ended September 30,			Year Ended December 31,			
	2009	2009	2008	2008	2008	2007	2006
	(in thousands of US$)	(in thousands of Mexican Ps.)		(in thousands of US$)	(in thousands of Mexican Ps.)		
Net income	14,419	194,360	285,836	**36,902**	**510,425**	**269,678**	**184,150**
Depreciation and amortization	2,132	28,741	31,247	**2,945**	**40,735**	**28,415**	**9,947**
Net comprehensive financing result	19,891	268,149	193,383	**25,035**	**346,284**	**126,161**	**131,440**
Capitalized comprehensive financing result	—	—	—	**—**	**—**	**25,818**	**—**
Income tax expense	9,900	133,459	96,298	**12,650**	**174,968**	**266,646**	**41,496**
(Loss) income from discontinued operations	—	—	—	**—**	**—**	**16,462**	**(35,108)**
Other expenses (income) – net	4,024	54,245	(5,276)	**2,041**	**28,238**	**16,201**	**(29,906)**
EBITDA	50,366	678,954	601,488	**79,573**	**1,100,650**	**749,381**	**302,019**

We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies in our industry because it excludes the effect of (i) depreciation and amortization, which represent a non-cash charge to earnings; (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates, and inflation rates, which have little or no bearing on our operating performance; (iii) income tax expense; and (iv) other expenses (income) of miscellaneous items that are not part of our operating results.

EBITDA is also a useful basis for comparing our results with those of other companies because it presents operating results on a basis unaffected by capital structure. You should review EBITDA, along with net income (loss) and cash flow from operating activities, investing activities and financing activities, when trying to understand our operating performance. While EBITDA may provide a useful basis for comparison, our computation of EBITDA is not necessarily comparable to EBITDA as reported by other companies, as each is calculated in its own way and must be read in conjunction with the explanations that accompany it. While EBITDA is a relevant and widely used measure of operating performance, it does not represent cash generated from operating activities in accordance with MFRS and should not be considered as an alternative to net income, determined in accordance with MFRS, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with MFRS, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs.

EBITDA has certain material limitations: (i) it does not include interest expense, which, because we have borrowed money to finance some of our operations, is a necessary and ongoing part of our costs and assisted us in generating revenue; (ii) it does not include taxes, which are a necessary and ongoing part of our operations; and (iii) it does not include depreciation or amortization; which, because we must utilize property and equipment in order to generate revenues in our operations, is a necessary and ongoing part of our costs. Therefore, any measure that excludes any or all of interest expense, taxes and depreciation and amortization has material limitations.

(3) Represents gross profit divided by revenues, expressed as a percentage.

(4) Represents EBITDA divided by revenues, expressed as a percentage.

(5) Represents operating income divided by revenues, expressed as a percentage.

(6) Represents total debt net of cash and cash equivalents divided by the sum of total debt and stockholders' equity. Total debt includes notes payable to financial institutions, current portion of long-term debt and long-term debt.

(7) Annualized net income divided by average stockholders' equity, expressed as a percentage.

(8) Represents current assets divided by current liabilities.

(9) Includes non-cash purchases of fixed assets of Ps. 14,595, Ps.65,619 and Ps. 52,819 for the nine months ended September 30, 2009, September 30, 2008 and for the year ended December 31, 2008, respectively.

Summary Operating Data

Operating Data	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Homes sold (number of units)[1]					
Affordable entry-level	5,440	4,741	**7,416**	**4,801**	**4,691**
Middle-income	5,552	2,811	**5,606**	**3,250**	**1,327**
Residential	463	728	**888**	**1,142**	**399**
Mortgage commitment backlog[2]	**6,327**	**—**	**11,594**	**—**	**—**

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(in thousands of Mexican Ps.)		(in thousands of Mexican Ps.)		
Average home sales price per home					
Affordable entry-level	219.9	213.6	**217.9**	**250.1**	**219.6**
Middle-income	330.3	337.0	**336.3**	**273.0**	**436.8**
Residential	785.4	806.4	**788.4**	**790.9**	**856.7**

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(in thousands of Mexican Ps.)		(in thousands of Mexican Ps.)		
Total revenue from home sales	**3,393,705**	**2,546,599**	**4,200,882**	**2,991,378**	**1,951,591**
Affordable entry-level	1,196,379	1,012,301	**1,615,623**	**1,200,838**	**1,030,077**
Middle-income	1,833,663	947,229	**1,885,189**	**887,377**	**579,699**
Residential	363,663	587,069	**700,070**	**903,163**	**341,815**

(1) Number of equivalent housing units sold is based on the number of homes for which sale contracts were notarized and where actual, legal title passed to the purchasers.

(2) Defined as the number of homes for which mortgage providers have confirmed that mortgage financing will be made available once we locate qualified home buyers. See "Our Business—Our Company."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Financial Statements and notes thereto included elsewhere in this offering circular. See also "—Recent Developments." Our Financial Statements have been prepared in accordance with MFRS, which, as applied to us, differs in certain respects from U.S. GAAP. See "Differences Between MFRS and U.S. GAAP."

Introduction

We are one of the largest privately-owned housing development companies in Mexico, and specialize in the construction of affordable entry-level, middle-income and residential housing in Mexico. In 2008, our affordable entry-level housing represented approximately 53.3% of the number of homes we sold, our middle-income housing represented approximately 40.3%, and our residential housing represented approximately 6.4%. Given the significant demand for affordable entry-level and low middle-income housing in Mexico, which we believe currently exceeds the available supply, and because Mexican federal governmental policy has historically supported and currently supports providing mortgage financing to lower income households, this segment has provided a relatively stable source of revenue for home developers like us.

We have continued to develop our leadership position in affordable entry-level and middle-income housing development, while also selectively growing our business in residential housing development. We believe our national market share in 2008 was approximately 2.9%, and based on the total number of mortgages granted in Mexico during 2008 for the acquisition of new homes, according to CONAVI, and the number of new units we sold in 2008. We believe our market share in Nuevo León for the same period and using similar criteria was approximately 19.6%. We also continue to grow geographically, both increasing our operations in northeastern Mexico where we have traditionally focused our operations, as well as expanding into other metropolitan areas in other regions of Mexico.

Seasonality

There are significant quarter-to-quarter variations in our results of operations, particularly related to our affordable entry-level and middle-income housing development business. As a result of the lending cycles of the programs that finance those categories of housing, construction of these homes generally begins toward the end of the first calendar quarter, and is usually completed in the last quarter of the year. Proceeds from sales of affordable entry-level and middle-income homes are not received until the homes have been completed, delivered and actual, legal title has been transferred to the homebuyer. Since sales of most affordable entry-level and middle-income homes are finalized during the second half of the year, we receive a significant portion of our cash flow during the last quarter of the year. Sales of residential housing units are not subject to the same degree of seasonality. See "Risk Factors—Risks Related to Our Business—Due to the lending cycles of some providers of mortgage financing, we experience significant variations in quarterly results."

Critical Accounting Policies and Practices

We have identified certain key accounting policies and practices which impact our financial condition and results of operations. These key accounting estimates generally involve complex quantitative analyses or are based on subjective judgments or decisions. In the opinion of management, our most critical accounting policies and practices under MFRS are those we discuss immediately below. For a further description of our significant accounting estimates, see "Differences Between MFRS and U.S. GAAP" and Note 3 to our Audited Financial Statements.

Income Taxes

In accordance with Mexican tax law, in 2008 we were subject to income taxes (*impuesto sobre la renta*, "ISR") and business flat taxes ("IETU") and in 2007 and 2006, to ISR and the tax on assets (*impuesto al activo*, "IMPAC").

ISR is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on restated asset values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through the inflationary component, which is similar to the gain or loss from monetary position. See Note 3(d) to our Audited Financial Statements. In addition, we deduct purchases of land for real estate developments in the year of acquisition. In 2008 and 2007, the tax rate was 28.0% and in 2006 it was 29.0%. Due to changes in the tax legislation, effective January 1, 2007, taxpayers who file tax reports and meet certain requirements may obtain a tax credit equivalent to 0.5% or 0.25% of taxable income. For ISR purposes, effective 2005, cost of sales is deductible for tax purposes, eliminating the prior deduction for inventory purchases. In 2005, taxpayers could ratably increase taxable income over a period of 4 to 12 years, by the tax basis of inventories as of December 31, 2004, determined in conformity with the respective tax rules, and taking into account inventory turnover. A portion of such inventory was offset by tax loss carryforwards that were pending to be utilized as of December 31, 2004. The remainder is being recognized as taxable income over a period of 12 years. The balances as of December 31, 2008, 2007 and 2006 were Ps. 359,453, Ps. 408,437 and Ps. 500,140, respectively. Statutory employee profit sharing ("PTU") paid is fully deductible.

IETU applies to the sale of goods, the provision or independent services and the granting of temporary use or enjoyment of goods, according to the terms of the law governing IETU ("IETU Law"), less certain authorized deductions. IETU that is payable is calculated by subtracting certain tax credits from the tax determined pursuant to the IETU Law. Revenues, as well as deductions and certain tax credits, are determined on the basis of cash flows generated beginning on January 1, 2008. The IETU rate was 16.5% in 2008, is 17.0% in 2009, and will be 17.5% in 2010. The law governing IMPAC was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid may be refunded, subject to the provisions of the law.

In 2007, IMPAC was calculated by applying the rate of 1.25% to the value of the assets as of such year, without deducting any liabilities. Through 2006, IMPAC was calculated by applying the rate of 1.8% on the net average of the majority of restated assets less certain liabilities, including liabilities payable to banks and foreign entities. IMPAC is payable only to the extent that it exceeded ISR payable for the same period.

Based on our financial projections and pursuant to INIF 8, *Effects of the Business Flat Tax*, we determined that we expect to pay only ISR in the future. Therefore, the enactment of IETU did not have an impact on our financial position or results of operations, as we continued to only recognize deferred ISR.

Impairment of Long-Lived Assets

We review the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows from the use of such assets, which are based on management's estimates, or the net sales price of such assets upon disposal. The impairment indicators considered for these purposes are, among others, (i) operating losses or negative cash flows in the period, if they are combined with a history or projection of losses, (ii) depreciation and amortization charged to results, when assessed as a percentage of revenues, are substantially higher than in previous years, (iii) obsolescence, (iv) reduction in the demand for the products manufactured, (v) competition and (vi) other legal and economic factors.

Financial Instruments

We apply the provisions of Bulletin C-10, *Derivative Financial Instruments and Hedging Activities,* of MFRS, which require that all derivative instruments be recognized at fair value, set the rules to recognize hedging activities and require separation, if practical, of embedded derivative instruments. With respect to cash flow hedging, Bulletin C-10 establishes that the effective portion be recognized temporarily in other comprehensive income within stockholders' equity, with subsequent reclassification to current earnings at the time it is affected by the hedged item. The ineffective portion is required to be immediately recognized in current earnings.

Fair values of financial instruments are estimated using available market information or other appropriate valuation methodologies that require considerable judgment in interpreting and developing estimates. The use of different market assumptions and/or estimation methodologies may have a material adverse effect on the estimated fair value amounts.

Sales by Category

The following table sets forth for the periods indicated, certain selected data by category of homes sold.

Operating Data	Nine Months Ended September, 2009	Nine Months Ended September, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Homes sold (number of units)[(1)]					
Affordable entry-level	5,440	4,741	7,416	4,801	4,691
Middle-income	5,552	2,811	5,606	3,250	1,327
Residential	463	728	888	1,142	399
Homes sold (% of total homes sold)					
Affordable entry-level	47.5%	57.3%	53.3%	52.2%	73.1%
Middle-income	48.5%	33.9%	40.3%	35.4%	20.7%
Residential	4.0%	8.8%	6.4%	12.4%	6.2%

(1) Number of equivalent housing units sold is calculated based on the number of homes for which sale contracts were notarized and where actual, legal title passed to the purchasers.

Results of Operations

The following tables set forth for the periods indicated, certain selected financial data expressed as a percentage of total revenues:

Consolidated Income Statement Data as Percentage of Revenues	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Gross profit	30.1%	35.6%	36.3%	32.8%	32.0%
Selling and administrative expenses	11.2%	13.9%	12.6%	10.3%	17.0%
Net comprehensive financing result	7.8%	7.3%	7.7%	4.1%	6.7%
Income taxes	3.9%	3.7%	3.9%	8.6%	2.1%
Net income	5.7%	10.9%	11.4%	8.7%	9.4%

Nine Months Ended September 30, 2009 Compared to the Nine Months Ended September 30, 2008

Revenues

Total revenues increased 30.6% to Ps. 3,441.0 million in the first nine months of 2009 from Ps. 2,634.7 million in the first nine months of 2008, primarily due to a 38.3% increase in the total number of homes we sold, but offset by a 46.3% decrease in commercial lot sales. The average sales price per affordable entry-level home increased to Ps. 219.9 thousand in the first nine months of 2009 from Ps. 213.6 thousand in the first nine months of 2008 (a 2.9% increase); the average sales price per middle-income home decreased to Ps. 330.3 thousand in the first nine months of 2009 from Ps. 337.0 thousand in the first nine months of 2008 (a 2.0% decrease); and the average sales price per residential home decreased to Ps. 785.4 thousand in the first nine months of 2009 from Ps. 806.4 thousand in the first nine months of 2008 (a 2.6% decrease). Variations in home prices within our business segments were mostly due to changes in our product mix within each category. The average sales price either increased or decreased for each of the three housing segments during the first nine months of 2009 compared to the first nine months of 2008, depending on the types of homes sold (accounting for size and price) within each segment. Commercial lot sales decreased sharply during the first nine months of 2009 when compared to the first nine months in 2008 as a result of the absence of any significant block sales of commercial lots like the ones experienced in the first nine months of 2008.

Affordable entry-level home revenues represented 35.3% of total revenues from home sales in the first nine months of 2009 compared to 39.8% in the first nine months of 2008, with this decrease resulting mainly from a lower participation of affordable entry-level homes within our overall product mix. Middle-income home revenues represented 54.0% of total revenues from home sales in the first nine months of 2009 compared to 37.2% in the first nine months of 2008, with this increase resulting mainly from a larger participation of middle-income homes within our overall product mix. Residential home revenues represented 10.7% of total revenues in the first nine months of 2009 compared to 23.0% in the first nine months of 2008, with this decrease resulting mainly from a reduction in the absolute volume of residential homes sold and a decrease in the average price.

We sold 5,440 affordable entry-level homes in the first nine months of 2009 compared to 4,741 in the first nine months of 2008, 5,552 middle-income homes in the first nine months of 2009 compared to 2,811 in the first nine months of 2008, and 463 residential homes in the first nine months of 2009 compared to 728 in the first nine months of 2008.

In the first nine months of 2009, other income primarily represents the sale of commercial lots within our housing developments.

Costs and Gross Profit

Costs (associated with housing development activities and commercial lot sales) increased 41.8% in the first nine months of 2009 to Ps. 2,406.3 million from Ps. 1,697.1 million in the first nine months of 2008, primarily due to the 38.3% increase in sales volume described above. Gross profit increased by 10.4% to Ps. 1,034.7 million in the first nine months of 2009 from Ps. 937.6 million in the first nine months of 2008, primarily due to the higher volume of homes sold, which more than offset the reduction in overall gross margin. Our gross profit margin decreased to 30.1% in the first nine months of 2009 from 35.6% in the first nine months of 2008, primarily due to the replacement of higher margin developments that ended during 2008 with lower margin developments in the first nine months of 2009.

Selling and Administrative Expenses

Selling and administrative expenses increased 4.7% to Ps. 384.5 million in the first nine months of 2009 from Ps. 367.3 million in the first nine months of 2008. This increase was primarily due to an overall increase in the volume and scale of our operations. As a percentage of sales, selling and administrative expenses decreased to 11.2% in the first nine months of 2009 from 13.9% for the first nine months of 2008. The decrease in selling and administrative expenses as a percentage of sales is primarily driven by the realization of economies of scale in the fixed part of these expenses.

Net Comprehensive Financing Result

Net comprehensive financing result (comprised of interest income, interest expense, effects of valuation of derivative financial instruments and foreign exchange gains and losses) increased by 38.7% to Ps. 268.1 million in the first nine months of 2009 from Ps. 193.4 million in the first nine months of 2008. Net comprehensive financing result as a percentage of sales increased to 7.8% the first nine months of 2009 from 7.3% in the first nine months of 2008. Net interest expense increased by 11.4% to Ps. 217.9 million in the first nine months of 2009 from Ps. 195.6 million in the first nine months of 2008. This increase was primarily due to a higher level of borrowings in the period. Our borrowings increased to Ps. 2,811.5 million as of September 30, 2009 as compared to Ps. 2,065.8 million as of September 30, 2008. We recognized exchange losses of Ps. 18.7 million in the first nine months of 2009 compared to an exchange gain of Ps. 2.2 million in the first nine months of 2008, primarily due to the higher level of borrowing in this period. Additionally, we recognized a loss of Ps. 31.5 million in the first nine months of 2009 resulting from the effects of valuation changes in the derivatives positions we acquired to hedge against a devaluation in the Peso against the U.S. Dollar.

Income Taxes

Income tax expense increased 38.6% to Ps. 133.5 million in the first nine months of 2009 from Ps. 96.3 million in the first nine months of 2008. The effective income tax rate increased to 40.7% in the first nine months of 2009 from 25.2% in the first nine months of 2008, mainly resulting from a decrease in the proportion of tax deductible expenses associated with land purchases and other items during the first nine months of 2009 as compared to the first nine months of 2008.

Net Income

Net income decreased by 32.0% to Ps. 194.4 million in the first nine months of 2009 from Ps. 285.8 million for the first nine months of 2008 as a result of the factors described above.

Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Revenues

Total revenues increased 44.8% to Ps. 4,472.9 million in 2008 from Ps. 3,089.8 million in 2007, primarily due to a 51.3% increase in the number of homes we sold, but partially offset by a decrease of 7.2% in the average price of homes we sold. This decrease in the average price was mainly due to decreased sales of higher-priced residential homes as a percentage of our total sales in 2008. The average sales price per affordable entry-level home decreased to Ps. 217.9 thousand in 2008 from Ps. 250.1 thousand in 2007 (a 12.9% decrease); the average sales price per middle-income home increased to Ps. 336.3 thousand in 2008 from Ps. 273.0 thousand in 2007 (a 23.2% increase); and the average sales price per residential home decreased to Ps. 788.4 thousand in 2008 from Ps. 790.9 thousand in 2007 (a 0.3% decrease). The average sales price either increased or decreased for each of the three housing segments in 2008 compared to 2007, depending on the types of homes sold (accounting for size and price) within each segment.

Affordable entry-level home revenues represented 38.4% of total revenues in 2008 compared to 40.1% in 2007. Middle-income home revenues represented 44.9% of total revenues in 2008 compared to 29.7% in 2007. Residential home revenues represented 16.7% of total revenues in 2008 compared to 30.2% in 2007.

We sold 7,416 affordable entry-level homes in 2008 compared to 4,801 in 2007, 5,606 middle-income homes in 2008 compared to 3,250 in 2007, and 888 residential homes in 2008 compared to 1,142 in 2007.

In 2008, other income primarily represents the sale of commercial lots within our housing developments.

Costs and Gross Profit

Costs (associated with housing development activities and commercial lot sales) increased 37.3% in 2008 to Ps. 2,849.2 million from Ps. 2,075.6 million in 2007, primarily due to the 51.3% increase in sales volume described above. Gross profit increased by 60.1% to Ps. 1,623.7 million in 2008 from Ps. 1,014.2 million in 2007. Our gross profit margin increased to 36.3% in 2008 from 32.8% in 2007, primarily due to increased participation of higher margin developments in 2008 compared to 2007.

Selling and Administrative Expenses

Selling and administrative expenses increased 76.7% to Ps. 563.8 million in 2008 from Ps. 319.1 million in 2007. This increase was primarily due to the 51.3% increase in sales volume described above. As a percentage of sales, selling and administrative expenses increased to 12.6% in 2008 from 10.3% in 2007. The increase in selling and administrative expenses as a percentage of sales is primarily driven by our increased staffing levels to accommodate expected growth in years to come.

Net Comprehensive Financing Result

Net comprehensive financing result (comprised of interest expense, net, exchange loss (gain), valuation effects of derivative financial instruments and monetary position gain) increased by 174.5% to Ps. 346.3 million in 2008 from Ps. 126.2 million in 2007. Net comprehensive financing result as a percentage of sales increased to 7.7% in 2008 from 4.1% in 2007. Net interest expense increased by 114.8% to Ps. 347.7 million in 2008 from Ps. 161.9 million in 2007. This increase was primarily due to an increase in the overall level of our borrowings. We recognized an exchange loss of Ps. 182.6 million in 2008 compared to a loss of Ps. 2.1 million in 2007, mainly as a result of the depreciation of the Peso against the U.S. Dollar in 2008, which impacted our Dollar-denominated liabilities. We recognized a gain of Ps. 184.1 million in 2008 as a result of derivative instruments to hedge our Dollar denominated liabilities.

Income Taxes

Income tax expense decreased 34.4% to Ps. 175.0 million in 2008 from Ps. 266.6 million in 2007, primarily due to a decrease in the taxable income base for 2008 when compared to 2007. The effective income tax rate decreased to 25.5% in 2008 from 48.2% in 2007, resulting principally from an increase in the proportion of tax deductible expenses associated with land purchases and other items in 2008 as compared to 2007.

Net Income

Net income increased by 89.3% to Ps. 510.4 million in 2008 from Ps. 269.7 million in 2007 as a result of the factors described above and the effect of the discontinued operations described below. Net income of Ps. 269.7 million in 2007 included a Ps. 16.5 million loss from discontinued operations relating to the net effect of the operations of the industrial real estate businesses of Corporativo SMS, S.A. de C.V. that is no longer part of our continuing operations, as they were spun-off during our corporate reorganization. See Note 2(g) to our Audited Financial Statements for further information regarding our discontinued operations.

Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006

Revenues

Total revenues increased 58.3% to Ps. 3,089.8 million in 2007 from Ps. 1,951.6 million in 2006, primarily due to a 43.3% increase in the number of homes we sold, and a 7.0% increase in the average price of homes we sold. This increase in the average price was mainly due to an increase in our sales of higher-priced residential homes as a percentage of our total sales in 2007. The average sales price per affordable entry-level home increased to Ps. 250.1 thousand in 2007 from Ps. 219.6 thousand in 2006 (a 13.9% increase); the average sales price per middle-income home decreased to Ps. 273.0 thousand in 2007 from Ps. 436.8 thousand in 2006 (a 37.5% decrease); and the average sales price per residential home decreased to Ps. 790.9 thousand in 2007 from Ps. 856.7 thousand in 2006 (a 7.7% decrease). The average sales price either increased or decreased for each of the three housing segments in 2007 compared to 2006, depending on the types of homes sold (accounting for size and price) within each segment.

Affordable entry-level home revenues represented 40.1% of total revenues in 2007 compared to 52.8% in 2006. Middle-income home revenues represented 29.7% of total revenues in 2007 compared to 29.7% in 2006. Residential home revenues represented 30.2% of total revenues in 2007 compared to 17.5% in 2006.

We sold 4,801 affordable entry-level homes in 2007 compared to 4,691 in 2006, 3,250 middle-income homes in 2007 compared to 1,327 in 2006, and 1,142 residential homes in 2007 compared to 399 in 2006.

In 2007, other income primarily represents the sale of commercial lots within our housing developments.

Costs and Gross Profit

Costs (associated with housing development activities and commercial lot sales) increased 56.4% in 2007 to Ps. 2,075.6 million from Ps. 1,327.1 million in 2006, primarily due to the 43.3% increase in sales volume described above. Gross profit increased by 62.4% to Ps. 1,014.2 million in 2007 from Ps. 624.5 million in 2006.

Our gross profit margin increased to approximately 32.8% in 2007 from approximately 32.0% in 2006, primarily due to the types of homes sold (accounting for size and price) within each housing segment.

Selling and Administrative Expenses

Selling and administrative expenses decreased 4.0% to Ps. 319.1 million in 2007 from Ps. 332.4 million in 2006. This decrease was primarily due to cost containment programs that we implemented during 2007. As a percentage of sales, selling and administrative expenses decreased to 10.3% in 2007 from 17.0% in 2006. The decrease in selling and administrative expenses as a percentage of sales is primarily driven by the effect of spreading our fixed costs over previously achieved larger revenues.

Net Comprehensive Financing Result

Net comprehensive financing result (comprised of interest expense, net, exchange loss (gain) and monetary position gain) decreased by 4.0% to Ps. 126.2 million in 2007 from Ps. 131.4 million in 2006. Net comprehensive financing result as a percentage of sales decreased to 4.1% in 2007 from 6.7% in 2006. Net interest expense increased by 5.2% to Ps. 161.9 million in 2007 from Ps. 153.9 million in 2006. This increase was primarily due to the increase in the overall level of our borrowings. We recognized an exchange loss of Ps. 2.1 million in 2007 compared to a gain of Ps. 1.7 million in 2006, mainly as a result of the depreciation of the Peso against the U.S. Dollar in 2007, which impacted our Dollar-denominated liabilities. Monetary position gain increased 82.9% to Ps. 37.8 million in 2007 from Ps 20.7 million in 2006 as a result of an increase in our net monetary liability position.

Income Taxes

Income tax expense increased 542.6% to Ps. 266.6 million in 2007 from Ps. 41.5 million in 2006, primarily due to an increase in the operating income of Ps. 403.1 million. The effective income tax rate of 48.2% in 2007 increased significantly from 21.8% in 2006, driven principally by the tax effects resulting from the combination of our financial statements and the resulting netting effects among the combined entities.

Net Income

Net income increased by 46.4% to Ps. 269.7 million in 2007 from Ps. 184.2 million in 2006 as a result of the factors described above and the effect of the discontinued operations described below. The net income of Ps. 269.7 million in 2007 and Ps. 184.2 million in 2006 included Ps. 16.5 million loss and Ps. 35.1 million gain in income, respectively, in each case from discontinued operations relating to the net effect of the operations of the industrial real estate businesses of Corporativo SMS, S.A. de C.V. that is no longer part of our continuing operations, as they were spun-off during our corporate reorganization. See Note 2(g) to our Audited Financial Statements for further information regarding our discontinued operations.

Liquidity and Capital Resources

We have experienced, and expect to continue to experience, substantial liquidity and capital resource requirements, to principally finance development and construction of homes and to purchase land inventory. As of September 30, 2009, we had Ps. 528.6 million of cash and cash equivalents and Ps. 2,811.5 million of outstanding indebtedness for money borrowed, as compared to Ps. 350.0 million of cash and cash equivalents and Ps. 2,202.2 million of outstanding indebtedness for money borrowed as of December 31, 2008. Additionally the asset position of our derivative financial instruments used to hedge our foreign currency and interest rate exposure was 195.8 million and Ps. 208.7 million as of September 30, 2009 and December 31, 2008, respectively. Although we do not commence construction of any development until the availability of mortgage financing for qualified homebuyers is assured, we do acquire land and perform licensing, permitting, and certain infrastructure development activities prior to receiving confirmation of the availability of mortgage financing. Historically, we have financed our development and construction activities through internally generated funds, capital leases, bridge loans, factoring and other short term financings.

Our primary sources of liquidity are:

- cash flow from operations;
- financing from sellers of land and, to a lesser extent, suppliers of materials;
- commercial banks, and other financial institutions; and
- down payments from home buyers.

We believe that our working capital will be sufficient during the next 12 months to meet our liquidity requirements. The table below sets forth information regarding our outstanding long-term debt as of September 30, 2009:

Long-term Debt Outstanding as of September 30, 2009

	Aggregate Principal Amount (in thousands of Ps.)	**Interest Rate**	**Maturity**
Senior notes	2,439,235	11.73% (1)	August 4, 2014
Capital lease agreements to acquire molds	19,737	13.75%	2010(2)
Capital lease agreements to acquire vehicles	3,788	16.50%	2011(3)
Capital lease agreements to acquire trucks	10,482	14.22%	2013(4)
Total long-term debt	2,473,242		

(1) This is an estimated combined average net interest rate for the total principal amount, as 50.0% of the principal amount bears a fixed interest rate of 14.23% and the other 50.0%, which was converted to variable rates through derivative financial instruments, based on the TIIE plus a spread of 4.36%. See Notes 7 and 8 to our Unaudited Financial Statements.

(2) This debt has various maturities through 2010 commencing in August 2008.

(3) This debt has various maturities through 2011 commencing in December 2008.

(4) This debt has various maturities through 2013 commencing in May 2009

Our total indebtedness for money borrowed increased to Ps. 2,202.2 million as of December 31, 2008 from Ps. 1,510.7 million as of December 31, 2007, as we financed working capital increases in connection with the growth in our business.

As of September 30, 2009, our short-term debt was Ps. 338.2 million, made up of Ps. 24.2 million of short term maturities from long term debt, Ps. 249.9 million of a supplier factoring facility (secured by certain parcels of land we are developing), and Ps. 88.3 million in construction and development loans (secured by the parcels of land that are being developed with such loans). See Note 6 to our Unaudited Financial Statements.

In January 2009, the CNBV published amendments to the Mexican Securities Law, including the obligation to prepare and present financial statements using International Financial Reporting Standards ("IFRS") beginning in 2012 (early adoption is permitted). We have not fully assessed the effects of adopting these new standards on our financial information.

On December 31, 2008, the General Extraordinary Stockholders Meeting declared dividends of Ps. 130,000 payable to Proyectos del Noreste, S.A. de C.V. See Note 12(b) to our Audited Financial Statements.

Contractual Obligations and Commercial Commitments

The table below sets forth information regarding our contractual obligations as of September 30, 2009:

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
		(in thousands of Mexican Ps.)			
Long-term debt obligations	2,439,235	—	—	2,439,235	—
Capital leases[1]	34,007	24,143	9,864	—	—
Total debt	2,473,242	24,143	9,864	2,439,235	—
Estimated interest	1,691,253	319,926	1,070,621	300,706	—
Land suppliers	8,776	8,776	—	—	—
Total	4,173,271	352,845	1,080,485	2,739,941	—

(1) Our capital lease obligations represent capital leases to acquire molds, vehicles and computers. See Note 7 to our Unaudited Financial Statements for further information regarding our capital lease obligations.

Market Risk Disclosures

Interest Rate Risk

In connection with our business activities, we have issued and hold financial instruments that currently expose us to market risks related to changes in interest rates. Interest rate risk exists principally with respect to our derivative financial instruments which we entered into in order to convert our fixed interest payments related to the senior notes to market rates, using a fixed exchange rate of 13.23 Mexican Pesos per U.S. Dollar to compute the related interest, divided into various tranches as follows: US$40 million with TIIE plus a spread of 4.05% and US$50 million with TIIE plus a spread of 4.60%. Additionally, the Company entered into currency swaps, which converted the interest payments of 13.0% on the remainder of the outstanding debt as follows: US$40 million with fixed rate of 14.20% and US$50 million with fixed rate of 14.25%. See Note 8 to our Unaudited Financial Statements.

A hypothetical, instantaneous and unfavorable change of 1.5% (150 basis points) in the average interest rate applicable to floating-rate liabilities held at September 30, 2009 would have increased our interest expense in 2009 by approximately Ps. 6.9 million, or 3.1%, over a nine-month period.

We also manage our exposure to changes in interest rates by efficiently timing construction and delivery of our homes and payments to our suppliers, thereby allowing us to reduce our borrowing needs.

Exchange Rate Risk

As of September 30, 2009, we had no foreign currency denominated assets and approximately US$90.0 million in foreign currency denominated liabilities. We have hedged the majority of our foreign currency denominated liabilities by entering into currency swaps and forward contracts. See Note 10 to our Audited Financial Statements and Note 8 to our Unaudited Financial Statements for further information regarding our foreign currency denominated assets and liabilities.

Off-balance Sheet Arrangements

Neither we nor our subsidiaries had any off-balance sheet arrangements at December 31, 2008 or at September 30, 2009.

Recent Developments

On October 26, 2009, we announced the execution of the Stock Purchase Agreement pursuant to which the New Controlling Shareholders acquired a controlling interest in us. See “Our Business–History–Recent Change of Control.” The transaction closed on December 22, 2009, after all relevant pending conditions were met or waived. The transaction does not involve any modification of the cash balance or financial position at the Company level. The New Controlling Shareholders have stated that they do not currently intend to implement any fundamental changes to our overall business or financial strategy, especially as it relates to leverage and dividend policies, and that their current intention is to re-invest free cash flow into growing and de-leveraging us.

THE MEXICAN HOUSING INDUSTRY

We have obtained the following information from public sources, including publications and materials from SEDESOL, CONAPO, INEGI, INFONAVIT, SHF, CANADEVI, CONAVI and SOFTEC. We have not independently verified any of the information provided in this section.

General

The housing market in Mexico is influenced by several social, economic, industrial and political factors, including demographics, housing supply, market segmentation, government policy and available financing.

National demographic trends drive demand for housing in Mexico. These trends include:

- sustained growth of a relatively young population;
- a high rate of new household formation;
- a high urban area growth rate; and
- a decrease in number of occupants per home.

According to INEGI, Mexico had a population of approximately 106.7 million in 2008 and estimates that this will grow to 107.5 million in 2009. CONAPO estimates that there were approximately 24.4 million households in Mexico in 2005 and that there will be approximately 26.7 million households by year-end 2009, approximately 27.3 million by year-end 2010, approximately 31.9 million by year-end 2018 and approximately 33 million by year-end 2020.

Mexico experienced a period of particularly high population growth during the 1970s and 1980s. The children born during this boom are contributing to the current increased demand for housing. The target consumer group for our homes is typically between 25 and 50 years old. In 2007, the 25-50 year-old age group represented approximately 38.2 million people or 36.0% of Mexico's population. CONAPO estimates that by 2020, this age group will represent 44.3 million or 38.0% of Mexico's population. The growth of this group is expected to contribute to increased housing demand in Mexico.

Housing Supply

In 2008, CONAVI's housing statistics indicated there was a shortage of 5.5 million homes in Mexico. This figure included the need for:

- 2.5 million new homes to accommodate multiple households currently living in a single home and households living in homes that must be replaced; and
- 1.8 million substandard homes in need of extensive repair and possible replacement.

CONAVI estimates that the Mexican housing deficit would increase by approximately 1.1 million units annually during the period 2001-2010. To address the immediate shortage of 5.5 million homes as well as the anticipated new demand, the Mexican government committed to financing and/or building at least 1.3 million units in 2009.

Market Segments

In general, Mexico's developer-built (as opposed to self-built) housing market is divided into three segments according to cost: affordable entry-level, middle-income and residential. The developer-built housing market includes homes built by contractors and developers, which are generally financed by mortgage providers. These homes are built with official permits, have municipal services, and are located on land that is registered and actual, legal titled by the homebuyer. Developers must obtain clear title to the land, proper zoning permits, any necessary financing commitments from lenders, and install infrastructure.

We define the three developer-built housing segments as follows:

"affordable entry-level," consisting of homes with a per unit listed sales price of up to Ps. 260,000 (approximately US$19,287);

"middle-income," consisting of homes with a per unit listed sales price exceeding Ps. 260,000 (approximately US$19,287) but not more than Ps. 560,000 (approximately US$41,541); and

"residential," consisting of homes with a per unit listed sales price of more than Ps. 560,000 (approximately US$41,541).

These definitions may vary by individual housing developer; under the definitions used by certain comparable housing developers in Mexico, a significant portion of our middle-income homes would be categorized as affordable entry-level homes.

Government Policy and Available Financing

The size of the developer-built market depends to a great extent on the availability of mortgage financing. Due to liquidity issues over the last 20 years, Mexico has experienced fluctuations in the availability of mortgage financing, particularly from private segment sources. As a result, the supply of affordable entry-level and middle-income housing has also remained low during this period.

During the 1980s, Mexican government policy focused on encouraging investment by the private sector, reducing development costs, and stimulating construction. Entities established by the Mexican government for the purpose of financing affordable entry-level financing ("Mexican Housing Funds") provided mortgage loan guarantees and direct payment and savings procedures. In 1994, Mexico experienced an economic crisis that led to the devaluation of the Mexican Peso and a steep rise in interest rates. Smaller housing development companies went out of business, and the industry experienced a sharp fall in home sales between 1995 and 1996 due to diminished commercial bank lending.

Following the 1994 economic crisis, government policy sought to counterbalance the shortage of available financing and resulting increases in interest rates by focusing primarily on providing mortgages and construction financing by way of Mexican Housing Funds in the affordable entry-level segment. Government funds no longer provided development or sales activities and functioned instead as savings-and-loan programs. Legislative reforms with regard to community-owned agricultural territories (*ejidos*), which made it possible to sell these formerly restricted properties, also increased the potential supply of land available for development. During this period, the government authorized Sofoles, which are non-bank financial entities that underwrite mortgages with funds and guarantees provided by government agencies, private investment, national, foreign or development bank loans, or through the Mexican capital markets. Furthermore, the government encouraged industry growth and private sector lending by supporting consolidation in the housing development industry.

Between 1997 and 1998, home sales stabilized, growing slightly in 1997 due to improving economic conditions. During 1999 and 2000, mortgage financing increased due to stabilizing economic conditions. The level of available financing grew as a result of Mexican government policies implemented following the crisis. Former President Fox's administration's goal was to provide 750,000 new mortgages per year by 2006. The administration set forth four objectives to achieve this growth:

- make more adequate land available, including infrastructure such as sewage and utilities;
- increase deregulation of the housing industry;
- encourage consolidation within the industry; and
- increase financing opportunities available to qualified homebuyers.

In conjunction with these efforts, the Mexican legislature amended existing tax regulations in order to allow individuals to deduct a portion of their mortgage loan interest payments from their personal income taxes beginning in 2003, which has led to increased mortgage financing activity.

According to CONAVI, for the year ended December 31, 2008, a total of 716,915 mortgages were granted by all public and private entities involved in the Mexican housing market.

The current President, Felipe Calderón, has indicated that he will continue to support and promote the housing industry in three main areas: urban development, affordable housing and home improvement. His administration's goal is for Mexican Housing Funds to provide six million mortgages by 2012.

Sources of Mortgage Financing

Principal sources providing mortgage financing for Mexico's housing market are:

- mortgage providers financed by mandatory employer or member contributions to public funds, including:
    1) INFONAVIT and FOVISSSTE, serving private sector employees; and
    2) SHF, which provides financing to credit-qualified homebuyers through financial intermediaries such as commercial banks, Sofomes or Sofoles through funds from the World Bank, the Mexican government, and its own portfolio;
- commercial banks, Sofomes and Sofoles using their own funds; and
- direct subsidies from public housing agencies and state housing trusts, including the Mexican Fund for Popular Housing, or FONHAPO (*Fideicomiso Fondo Nacional de Habitaciones Populares*).

According to CONAVI, these mortgage providers originated 716,915 home mortgages in 2008.

INFONAVIT

INFONAVIT was established by the Mexican government, labor unions and private sector employees in 1972 as a social service entity to administer the National Housing Fund for the benefit of private sector employees. INFONAVIT provides financing, primarily for affordable entry-level housing, to credit-qualified homebuyers. INFONAVIT makes loans for home construction, acquisition or improvement, to workers whose individual monthly earnings are generally less than five times the minimum monthly wage. It is funded through payroll contributions by private sector employers on behalf of their employees equal to 5.0% of their employees' gross wages.

Homebuyers qualify for INFONAVIT loans according to a point system whereby points are awarded based on income, age, amount of monthly contributions, and number of dependents, among other factors.

INFONAVIT is phasing in a requirement that mortgage loan applicants make a down payment of between 5.0% to 10.0% of a home's total value, depending on price. The total loan amount may equal 100.0% of the cost of a home, up to a maximum of between 300 and 350 times the SMG, depending on geographical region. As of March 31, 2009, the daily minimum wage in the Federal District was Ps. 54.80 (US$3.90). Repayment is calculated based on the borrower's wages, for a term of up to 30 years, and is made by direct wage deductions by employers. INFONAVIT generally grants loans at variable annual interest rates, which are indexed to inflation and based on a borrower's income. INFONAVIT allows for payment deferrals for borrowers who become unemployed, such that loan payments can be suspended for either a maximum of two consecutive 12-month periods or a maximum of one non-consecutive 24-month period, during which the applicable loans continue to accrue interest. INFONAVIT seeks direct repayment from the borrower after the deferral period.

INFONAVIT has a program called Apoyo INFONAVIT that is directed at assisting higher-income borrowers obtain mortgage financing. Apoyo INFONAVIT customers can use the amounts contributed via payroll deductions to their INFONAVIT accounts as collateral for mortgage loans held by private sector lenders. In addition, these customers can apply their monthly INFONAVIT contributions toward the monthly mortgage payments owed to private sector lenders.

INFONAVIT recently inaugurated a new program called Cofinanciamiento, or Cofinavit, which is meant to assist high-income borrowers in a manner similar to the Apoyo INFONAVIT program. This new program enables

Cofinavit customers to obtain a mortgage loan granted by INFONAVIT in conjunction with a commercial bank, a Sofol or a Sofom. In addition, the customers can use their individual contributions in their INFONAVIT accounts as part of the financing or as collateral for the mortgage loan. Apoyo INFONAVIT and Cofinavit do not have a maximum limit on the value of the home to be financed.

INFONAVIT also recently introduced a new program called "INFONAVIT Total" targeted at workers who qualify for the traditional INFONAVIT program. Through INFONAVIT Total, the loan recipient agrees to a partial assignment of the INFONAVIT mortgage loan to a commercial bank. The terms of the INFONAVIT Total mortgage loan are substantially equal to the traditional INFONAVIT loan, and INFONAVIT continues to administer and service the loans under this program, yet INFONAVIT shares the funding burden and the economic risks and benefits of the portfolio with the commercial bank participating in the program.

In addition, during late 2004 and early 2005, INFONAVIT initiated a new mortgage financing system, enabling it to expedite the issuance of mortgages in response to public demand by reducing documentation necessary for initial processing thereby helping it to achieve its year-end goals. In addition, this new system enhances transparency and quality of service in connection with mortgage services.

INFONAVIT provided approximately 35.2% of all mortgage financing in Mexico during the year ended December 31, 2008.

INFONAVIT has made a commitment to provide 450,000 to 500,000 new mortgages in 2009. In addition, this agency has agreed to guarantee mortgage loans granted to employees by commercial banks and Sofoles in the case of job loss. INFONAVIT expects to continue to modernize its operations and increase available financing by focusing on reducing payment defaults, participating more closely with the private segment, and implementing a voluntary savings program. INFONAVIT has also recently begun securitizing its loan portfolio in order to contribute to the growth of the secondary mortgage market in Mexico and expand its available sources of funds.

FOVISSSTE

The Mexican government established FOVISSSTE in 1972 as a pension fund on behalf of public sector employees to provide financing for affordable housing. FOVISSSTE obtains funds from Mexican government contributions equal to 5.0% of public sector employee wages. The Mexican government administers FOVISSSTE similarly to INFONAVIT and permits FOVISSSTE to co-finance mortgage loans with private sector lenders in order to maximize available funds.

FOVISSSTE mortgage financing is typically available for housing ranging from the affordable entry-level segment through the lower end of the middle-income segment. Eligible applicants can obtain FOVISSSTE mortgage loans to purchase new or used homes, remodel or repair existing homes, finance construction of self-built homes, and make down payments on homes not financed through FOVISSSTE. FOVISSSTE loans are granted based on seniority within the public sector and allocated on a first-come first-served basis that also takes into account wages, number of dependents, and geographic location. Once the program establishes a number of approved applicants, it allocates mortgage loans by state based on historical demand.

FOVISSSTE generally grants loans at variable interest rates, indexed to inflation, for a maximum amount of approximately Ps. 706,426 (US$52,403.5). Repayment is calculated based on the borrower's wages, for a term of up to 30 years, and is made by direct wage deductions.

FOVISSSTE has announced that it is seeking to increase the total number of mortgages it grants and expects to grant 100,000 mortgages in 2009.

FOVISSSTE provided approximately 90,140 mortgage loans or 6.4% (in value) of all mortgage financing in Mexico during the year ended December 31, 2008.

SHF

SHF was created in 2002 as a public sector development bank. SHF obtains funds from the World Bank, the Mexican government, and SHF's own portfolio and provides financing through intermediaries such as commercial banks, Sofoles and Sofomes. In turn, financial intermediaries administer SHF-sponsored mortgage loans, including disbursement and servicing.

Traditionally, SHF has been an important source of construction financing for housing developers by providing loans to commercial banks and Sofoles (which in turn make direct bridge loans to developers). As of September 1, 2004, however, SHF provided funding for bridge loans only for homes with a purchase price of up to UDI 166,667 (approximately Ps. 705,003 or US$49,613 as of March 31, 2009). In lieu of funding bridge loans for homes with a higher purchase price of up to UDI 500,000 (approximately Ps. 2,115,005 or US$148,839 as of March 31, 2009), SHF will provide guarantees to support efforts by commercial banks and Sofoles to raise capital for the financing of bridge loans to build such homes.

In addition, SHF makes financing available to commercial banks, Sofoles and Sofomes for the purpose of providing individual home mortgages for affordable entry-level and middle-income homes. Historically, SHF has only financed a total amount of 80.0% to 90.0% of a home's value, generally for a maximum of approximately UDI 500,000 (approximately Ps. 2,115,005 or US$148,839 as of March 31, 2009). Beginning in 2005, however, in order to maximize the availability of affordable entry-level mortgages, SHF has replaced its financing of mortgages for homes with a purchase price greater than UDI 150,000 (approximately Ps. 634,501 or US$44,651 as of March 31, 2009) with credit enhancements and loan guarantees for commercial banks and Sofoles to support their capital-raising efforts for the financing of such individual mortgage loans. In terms of total homes financed, SHF (through commercial banks and Sofoles) provided approximately 9.1% of all mortgage financing in Mexico during the year ended December 31, 2008.

Commercial Banks, Sofomes and Sofoles

Commercial banks generally target the middle-income and residential markets while Sofomes and Sofoles generally target the affordable entry-level housing market and a portion of the middle-income housing market using SHF financing, and the balance of the middle-income housing market as well as the residential housing market using other sources of funding. Sofomes and Sofoles provide mortgage loans to borrowers using funds from securities offerings on the Mexican stock market, loans from Mexican and foreign lenders, their own portfolios, and public agencies such as SHF. Sofomes and Sofoles are not allowed to accept deposits from the public.

Although commercial banks, Sofomes and Sofoles provide mortgage financing directly to homebuyers, the financing is commonly coordinated through the home builder. In order to obtain funding for construction, a home builder must submit proposals, including evidence of title to the land to be developed, architectural plans, necessary licenses and permits and market studies demonstrating demand for the proposed housing. On approval, lenders provide construction financing and disburse funds at each stage of the housing development.

Commercial bank, Sofom and Sofol mortgage loans are typically available for housing ranging from the upper tier of the affordable entry-level segment through the residential segment. Thus, during 2008 homebuyers qualifying for these private segment mortgages were generally assumed to be those purchasing homes with a value in excess of Ps. 250,000 (approximately US$18,074). Private sector lenders generally require down payments of approximately 20.0% to 25.0% of a home's total value and make loans at fixed or variable annual interest rates based on the consumer index and inflation.

Commercial bank, Sofom and Sofol mortgage loans generally mature in 10 to 30 years, and payments are sometimes adjusted for increases in the monthly minimum wage and rates of inflation.

Commercial banks, Sofomes and Sofoles provided approximately 14.7% of all mortgage financing in Mexico during the year ended December 31, 2008.

Other Public Housing Agencies

Other public housing agencies such as FONHAPO and the Mexican Housing and Social and Urban Development Trust Fund (*Fideicomiso para Promover y Realizar Programas de Vivienda y Desarrollo Social y Urbano*, "FIVIDESU"), operate at the federal and local levels and target mainly non-salaried workers earning less than 25 times the minimum annual wage, often through direct subsidies. These agencies lend directly to organizations such as state and municipal housing authorities, housing cooperatives, and credit unions representing low-income beneficiaries, as well as to individual borrowers. Financing is made available to both the self-built and developer built markets. The total amount of available funds depends on the Mexican government budget.

Other public housing agencies provided approximately 34.6% of all mortgage financing in Mexico during the year ended December 31, 2008.

OUR BUSINESS

Our Company

We are one of the largest privately-owned housing development companies in Mexico, and specialize in the construction of affordable entry-level, middle-income and residential housing in Mexico. Headquartered in Monterrey, Mexico, we started operations in 1973 and are currently the leading housing developer in terms of number of units sold in northeastern Mexico, including in the state of Nuevo León, which as of 2008 is the second wealthiest state in Mexico based on per capita income, and where the city of Monterrey is located. In Nuevo León, in the first quarter of 2009, we had approximately a 21.06% market share in the construction of all houses for which INFONAVIT (a social services entity established by the Mexican government to manage the government's national housing fund and offer mortgages to credit-qualified private sector employees) provides loans, while our nearest competitor had approximately a 10.0% market share. During the first quarter of 2009, we were the third largest developer in Mexico under INFONAVIT's lending programs. We also have larger land reserves in Nuevo León than any of our competitors. We believe our success in this area is largely the result of our strong brand name and solid reputation for high quality products. Our growth in the housing business has benefited from the population and economic growth in northeastern Mexico, our principal area of operations. In recent years, we have begun to expand our area of operations by replicating our business model in selected other states with such fast-growing cities as Guadalajara, Aguascalientes and Reynosa.

Our focus is on building affordable entry-level, middle-income and residential housing units. During 2008, we sold 13,910 housing units, compared to 9,193 housing units sold during 2007, representing an increase of 51.3%. In 2008, approximately 53.3% of our unit sales were affordable entry-level housing units, 40.3% were middle-income housing units and 6.4% were residential housing units. During the nine months ended September 30, 2009, we sold 11,455 housing units, compared to 8,280 housing units sold during the same period in 2008. During the nine months ended September 30, 2009, approximately 47.5% of our unit sales were affordable entry-level housing units, 48.5% of our sales were middle-income housing units and 4.0% were residential housing units.

In 2008, our revenues increased to Ps. 4,472.9 million (US$323.4 million) compared to Ps. 3,089.8 million (US$223.4 million) in 2007, with EBITDA (as defined herein) of Ps. 1,100.7 million (US$79.6 million) for 2008 compared to Ps. 749.4 million (US$54.2 million) in 2007. For the nine months ended September 30, 2009, our revenues and EBITDA were Ps. 3,441.0 million (US$255.2 million) and Ps. 678.9 million (US$50.4million), respectively, compared to Ps. 2,634.7 million (US$195.4 million) and Ps. 601.5 million (US$44.6 million) for the same period in 2008.

We believe our strong growth over the last few years can be attributed primarily to (i) our efficient mix of housing products (in terms of size and price), which coupled with the infrastructure, services and amenities of each housing development, maximizes the value of each housing unit sold, (ii) our strict cost and expense control that helps maintain our gross margins above the Mexican housing industry average, which was approximately 30.1% as of September 30, 2009, and (iii) our strategic acquisition of land reserves to optimize our mix of products.

As of September 30, 2009, we had 29 housing developments in progress in 16 cities, including the metropolitan area of Monterrey, and a Mortgage Commitment Backlog (which is the number of homes for which mortgage providers have confirmed that mortgage financing will be available once we locate qualified home buyers) of 6,327 homes. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres), which had an estimated aggregate capacity of approximately 67,223 affordable entry-level homes, 28,065 middle-income homes and 8,501 residential homes. We anticipate that these land reserves will be sufficient for approximately 5.8 years of operations based on the volume of homes where the actual, legal title passed to the purchaser, in our last twelve months of operations ended September 30, 2009. We believe that the size and quality of our land reserves are greater than most of our competitors, which generally have land reserves of 3.5 to 5.5 years, based on production levels for the most recent twelve months ended September 30, 2009.

History

We and our predecessor companies were founded by Mr. Salomón Marcuschamer starting in 1974 to address the need for residential housing in the city of Monterrey. Over time, profits were reinvested in land reserves and as we grew in size and scale, we started to address the middle-income and affordable entry-level segments of the

Monterrey market. In 2002, Javer entered the state of Jalisco, followed by Aguascalientes in 2003 and Tamaulipas in 2004.

Recent Change of Control

We recently experienced a change of control in which Proyectos del Noreste sold the Series "A" and Series "B" shares it held in us in an amount representing 60.0% of our capital stock, which as consequence of the change of control were converted into Series "A", Series "B" and Series "C" shares (see "Principal Shareholders" for further information). We, along with Proyectos del Noreste, which until the change of control owned 99.99% of our capital stock, and Mr. Marcuschamer, who continues to own 99.99% of the capital stock of Proyectos del Noreste, entered into the Stock Purchase Agreement with the Original Purchasers and other parties thereto, to effect the sale of the Shares. Pursuant to the terms of the Stock Purchase Agreement, the Original Purchasers, except for Arzentia, appointed the following entities as designees to carry out the actual purchase of the Shares: (i) Atevco, a special purpose vehicle owned and controlled by SCPEF III, (ii) Metevco, a special purpose vehicle owned and controlled by Gestora, (iii) Degomex, a special purpose vehicle owned and controlled by Degomex Holding, and (iv) the Evercore Designee, a special purpose vehicle owned and controlled by EMCP II. This transaction was consummated and our change of control became effective on December 22, 2009.

As a result of the transaction, (i) Proyectos del Noreste owns 38.0% of our capital stock, (ii) the New Controlling Shareholders own, by means of the Scotiabank Control Trust, 60.0% of our capital stock, and (iii) Promotora Turín, a special purpose vehicle owned and controlled by Roberto Russildi Montellano, our Chief Executive Officer, currently owns 2.0% of our capital stock. Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. Our change of control has not, as of the date of this offering circular, resulted in any significant changes in our management or overall business or financial strategy.

Of the 38.0% of our capital stock owned by Proyectos del Noreste, 3% of our capital stock is currently held by the Security Trustee under the HSBC Proyectos Security Trust. This capital stock will be held in escrow by the Security Trustee until certain conditions specified in the transaction documents related to such senior secured credit facility are satisfied (the "HSBC Held Shares").

The remaining 35.0% of our capital stock owned by Proyectos del Noreste is currently held by the Scotiabank Trustee under the Scotiabank Escrow Trust. Under the Scotiabank Escrow Trust, the shares held by the Scotiabank Trustee will be progressively released either to Proyectos del Noreste or to Atevco, for its own benefit and for the benefit of the rest of the New Controlling Shareholders based on certain release criteria described under the Stock Purchase Agreement which relate to the payment of indemnities and/or price adjustments contained in the Stock Purchase Agreement and the outcome of the legal proceedings related to the tax contingencies described under "—Litigation."

Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. As a result of the change of control, Proyectos del Noreste retained special voting rights with respect to certain matters identified in our by laws as reserved matters and major decisions. See "Principal Shareholders" for further information on these rights.

In connection with the sale of the Shares, we completed a consent solicitation pursuant the Waiver and Amendment. In particular, we requested that holders (i) waive our obligation under the indenture to make a Change of Control Offer (as defined in the indenture governing the notes) in connection with the sale of the Shares and (ii) amend the indenture to provide that the New Controlling Shareholders and/or their respective affiliates, Southern Cross Capital Partners III, L.P. and/or its affiliates, Evercore Mexico Partners II, L.P. and/or its affiliates and Arzentia and/or its affiliates, investment funds or vehicles managed, sponsored or advised, directly or indirectly, by Southern Cross Capital Partners III, L.P., Evercore Mexico Partners II, L.P. or Arzentia, or any of their respective affiliates, and any limited or general partners of, or other investors in, any of the entities referred to in the foregoing and their respective affiliates be "Permitted Holders" under the indenture. After receiving valid consents from holders of a majority in aggregate principal amount of the outstanding notes, the Waiver and Amendment was effected through the execution of a supplemental indenture, dated as of November 9, 2009, to the indenture.

Corporate Reorganization

Prior to April 2007, our subsidiaries were part of a group of companies owned by Corporativo SMS, an entity owned by the controlling shareholder of Proyectos del Noreste, Mr. Marcuschamer, with business activities in both the real estate sector and the industrial sector. In April 2007, these companies underwent a corporate reorganization, which involved (i) the carve-out and transfer of industrial assets and liabilities previously held by certain of the real estate sector subsidiaries and (ii) the separation of the subsidiaries into two groups of companies by sector: the real estate sector (our present business) and the industrial sector. The corporate reorganization was implemented as follows:

Transfer of Accounts Receivable and Accounts Payable. All accounts receivable and accounts payable as of April 1, 2007 of the real estate sector subsidiaries with respect to transactions with the industrial sector subsidiaries were transferred to Casas Javer, S.A. de C.V. (“Casas Javer”). All such accounts receivable and a portion of such accounts payable were then assigned to Promotora Inmobiliaria el Fraile, S.A. de C.V. (“Promotora el Fraile”), a wholly owned subsidiary of Casas Javer. This assignment resulted in a positive balance in the amount of Ps. 228.8 million, which was capitalized by Casas Javer as its interest in Promotora el Fraile. After this assignment, Casas Javer continued to hold accounts payable owed to the industrial sector subsidiaries in the amount of Ps. 296.3 million. The corresponding accounts receivable in the same amount held by the industrial sector subsidiaries were transferred to Desarrollos Industriales Nexxus, S.A. de C.V. (“Desarrollos Industriales Nexxus”).

Spin-off of Industrial Sector Assets by Casas Javer and Viviendas Javer. Following the transfer of the accounts payable and accounts receivable to Casas Javer, Promotora el Fraile and Desarrollos Industriales Nexxus described above, a spin-off of all industrial sector assets held by Casas Javer and Viviendas Javer, S.A. de C.V. was executed in order to transfer all assets related with the industrial sector to a newly-created industrial sector subsidiary under the control of Mr. Marcuschamer, including the shares of Promotora el Fraile and land reserves to be used for industrial developments. As a result of the spin-off, all accounts payable and accounts receivable of Promotora el Fraile were transferred to the industrial sector subsidiaries.

Collection of Accounts Receivable and Payment of Accounts Payable. Once the spin-off described above was completed, all of the remaining accounts receivable and accounts payable between the real estate sector subsidiaries and the industrial sector subsidiaries, including the accounts payable of Casas Javer mentioned above in the amount of Ps. 296.3 million and the accounts payable and accounts receivable that were generated between April 1, 2007 and June 20, 2007, were collected or paid, as applicable. In addition, in January 2008, accounts receivable held by Constructora de Viviendas SMS, S.A. de C.V. (“Constructora SMS”), which remained as a real estate sector subsidiary, due from industrial sector subsidiaries in the amount of Ps. 866.5 million were assigned at a discount to industrial sector subsidiaries in exchange for the cancellation of accounts payable in the amount of Ps. 830.7 million that these subsidiaries owed to Constructora SMS.

Separation of the Real Estate Sector and the Industrial Sector Companies. In March 2008, the corporate reorganization was completed with the transfer by Corporativo SMS of all of its shares of the real estate sector subsidiaries and all the “Javer” trademarks and brand names to us for a total consideration of Ps. 6,240.0 million. The consideration was payable to Corporativo SMS in the form of two promissory notes divided as follows: a promissory note in the amount of Ps. 6,200.0 million for all the shares of the real estate sector subsidiaries and a promissory note in the amount Ps. 40.0 million for all the “Javer” trademarks and brand names. On the same date, the promissory note in the amount of Ps. 6,200.0 million was assumed in full by Proyectos del Noreste in exchange for 99.99% of our share capital, and we were released of any obligation under that promissory note. Mr. Marcuschamer owns 99.99% of Proyectos del Noreste. On July 5, 2008, the promissory note in the amount of Ps. 40.0 million was assumed in full by Proyectos del Noreste and we were released of any obligation under that promissory note.

The Mexican Housing Industry

We believe there are substantial opportunities for us to continue to grow our business within the Mexican housing industry. Political stability, lower interest rates and the recent adoption of laws permitting tax deductibility of real interest on mortgages all contribute to what we believe are further growth opportunities.

We believe the following factors also provide us with substantial opportunities for continued strong growth in the Mexican housing industry:

Continuing Housing Deficit. Existing housing in Mexico totaled 26.3 million homes in 2007 according to CONAPO. In 2000, CONAVI estimated that Mexico had a housing shortage of approximately 5.5 million units, including units in need of upgrading or replacement, and that the Mexican housing deficit would increase by approximately 1.1 million units annually during the period 2001-2010.

Beneficial Demographic Trends. We believe that the current demographic trends of the Mexican population are likely to contribute to increased demand for affordable entry-level and middle-income housing. Mexico's population as of December 31, 2008 was estimated to be approximately 106.7 million, according to INEGI. According to CONAPO and INEGI, between 2000 and 2007, the population growth rate in Nuevo León, Mexico, where most of our current housing developments and land reserves are located, was 21.8%, while Mexico's overall population grew 15.0%. Additionally, according to CONAPO and INEGI, the population in Nuevo León is expected to grow at a 1.2% CAGR over the next five years. Further, according to INEGI and CONAPO, the population in Mexico of persons in the 25-50 years of age bracket is expected to grow from 31 million in 2000 to 45 million in 2030. The growth of this age group is expected to contribute to increased housing demand in Mexico.

Fragmented Industry. The housing industry in Mexico is highly fragmented. Although, according to the consulting firm Softec, approximately 3,000 companies perform construction and development services, we believe that the majority of these companies engage in small projects of between 100 and 200 homes each and that there were no more than eight developers in Mexico that built more than 10,000 homes during 2008. We believe this industry fragmentation will allow us to continue increasing our market share through economies of scale.

Favorable Governmental Policies. To address Mexico's housing deficit, the Mexican federal government has implemented policies that are designed to expand the supply of affordable housing. Mortgage financing in Mexico for affordable entry-level and middle-income housing has been made available primarily through social interest housing programs, by government or government-sponsored institutions including INFONAVIT, SHF and FOVISSSTE, and to a lesser extent by commercial banks and other mortgage loan providers, including Sofoles and Sofomes. According to CONAVI, the housing program goal for 2009 consisted of 1.35 million housing loans. In addition, to increase the liquidity of the mortgage industry through the capital markets, INFONAVIT and other mortgage providers have launched several mortgage securitization programs to provide increased liquidity in the secondary mortgage market.

Many of the factors leading to the destabilization of the residential mortgage market in the U.S. are not present in the Mexican system. As compared to the U.S. subprime market, the Mexican mortgage market is characterized by (i) a stable environment, whereby residential properties instead of speculative investments are purchased; (ii) standard lending products based on payment ability as opposed to complex lending instruments that assumed increasing property values; and (iii) established origination policies.

Our Competitive Strengths

Our primary long-term strategic objective is to further strengthen our position as one of the leading Mexican homebuilders in terms of revenues, profitability and brand recognition. To achieve this goal, we focus on the following competitive strengths:

Leading Position in Key Markets. We are a leading homebuilder in northeastern Mexico and, for the first quarter of 2009, the third largest developer nationwide under INFONAVIT's lending programs. During 2008, we had approximately a 20.0% market share in the construction of all houses for which INFONAVIT provides loans in the state of Nuevo León, where the city of Monterrey is located (based on the number of loans given by INFONAVIT to acquire a home built by us divided by the total number of loans given by INFONAVIT in Nuevo León in 2008). Through a targeted expansion strategy, a disciplined approach to land acquisition (directly as well as through land trusts), a solid management team and strong quality control, we continue to expand our presence in Nuevo León and play an increasingly important role in other states with attractive housing markets such as Aguascalientes, Jalisco and Tamaulipas.

As shown in the table below, the states in which we currently operate and have significant land reserves represent significant growth opportunity due to (i) a high concentration of urban centers; (ii) some of the highest

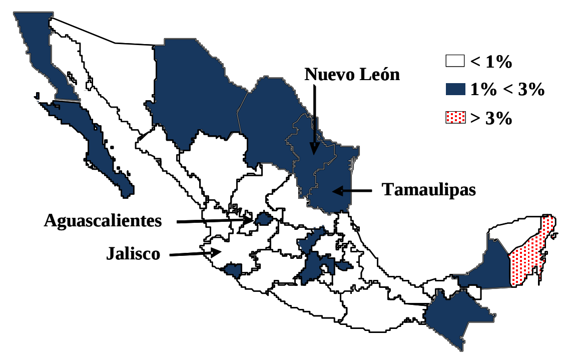
GDP per capita rates in Mexico; and (iii) a large number of INFONAVIT-affiliated workers or employees in Mexico who would qualify for an INFONAVIT mortgage, but who have not yet obtained a housing loan and will be eligible to do so in the coming years. In addition, we are actively seeking to acquire land and expand our operations.

Presence in attractive states[1]

	Population in cities with > 15,000 people	GDP per capita[2]	Potential incremental INFONAVIT demand[3]
Nuevo León	39.2%	$10,851.7	770,973
Aguascalientes	81.8%	$7,223.6	124,883
Tamaulipas	48.8%	$6,398.7	355,293
Jalisco	52.4%	$5,645.2	804,191

(1) Source: http://www.cmic.org/mnsectores/vivienda/2009/INFONAVIT/Demanda%20potencial/Demanda%20potencial.htm; http://cuentame.inegi.gob.mx/monografias/informacion/jal/poblacion/default.aspx?tema=me&e=14
(2) Converted to U.S. Dollars using an exchange rate of 14.21 Pesos per U.S. Dollar, the exchange rate published by Banco de México on March 31, 2009.
(3) Number of INFONAVIT affiliated workers or employees in Mexico who would qualify for an INFONAVIT mortgage.

2009 Projected demographic average growth by state



Balanced Land Reserves in Premium Locations. We believe that one of our key competitive advantages is our skill and experience in acquiring and permitting land (directly as well as through land trusts) in attractive locations that are likely to meet permit, zoning and other federal, state and local regulatory requirements for development. We actively seek to balance our land identification and acquisition strategy with long term growth targets. Strict and efficient land reserve management ensures timely replenishment of inventory and avoids tying up working capital with excess inventory. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres). We anticipate that these land reserves will be sufficient for approximately 5.8 years of operations. We are also in a satisfactory inventory position, as 45.0% of our homes under development are 90.0% completed. As a result of our successful land acquisition and permitting strategy, our developments are generally situated in a premium location, which we believe has allowed us to often maintain higher pricing than that of our peers for units of similar size and characteristics. We believe our large and high quality land reserves provide us with a distinct advantage over many of our competitors. See "Our Business–Description of Our Operations–Land Acquisition Policy."

Industry Leading Financial Performance. Our financial performance has a solid track record and continues to compare favorably to publicly listed peer companies. Between 2006 and 2008, our revenues and EBITDA have grown at a CAGR of 51.4% and 90.9% respectively. Our growth has not been at the expense of reduced profitability; in 2008, we achieved an EBITDA margin of 24.6%. We believe our financial performance is largely the result of a highly efficient operational business model and a deep knowledge of the attractive geographic markets in which we operate.

Efficient Business Model and Strategy with Substantial Growth Potential. Our successful business model and strategy is based on targeting states with large unmet housing demands (measured by qualifying labor force who have not obtained a housing loan from INFONAVIT), and an increased loan availability by INFONAVIT. Our business plan is based on our understanding of the market and matching our product offering with local market necessities, preferences and expected demand. We have little exposure to home sales financed through Sofoles, Sofomes or commercial banks. In 2008, over 87.0% of our revenues were attributable to home purchases financed with an INFONAVIT loan, and in 2009, we estimate this percentage to be over 86.0%. We believe we have a strong technical capability to (i) acquire land (directly as well as through land trusts) on attractive terms; (ii) build or facilitate the development of key infrastructure, significantly increasing the value of the land; (iii) construct attractive housing units maintaining strict cost controls; and (iv) develop the highest quality product and value proposition for our clients appropriate for the development area.

Strong Brand and Product with High Growth Potential. We believe the combination of an aggressive marketing strategy, high quality products and customer service has contributed to our strong brand name. We view client service as a means of adding value, a competitive edge and a differentiating factor from our peers. In 2006, we were recognized as one of the top ten home developers for the development of homes with INFONAVIT financing. We intend to continue to focus on providing our customers with the best value proposition by providing the highest quality product at the most competitive prices. We believe that a strong brand will allow us to grow, on average, at a higher pace than the industry generally and at the expense of smaller, less recognized homebuilders, as end consumers will tend to favor brands that are associated with high quality, proven track record and higher resale values, especially for an investment that typically represents a majority of their net worth.

Experienced Management Team. We believe that we benefit from a management team with significant depth of experience in the Mexican housing industry. We also have considerable experience in the construction of middle-income and residential housing and a proven ability to diversify into other segments of the Mexican housing market. Our management structure is designed to encourage accountability, performance and innovation within our management team and throughout our operations.

Our Strategy

Increase Our Market Share

Our expansion and growth strategy is based on (i) targeting states with the greatest unmet housing demand, as measured by qualifying workers who have not yet exercised their right to a housing loan from INFONAVIT, coupled with (ii) increased loan availability in the states targeted by INFONAVIT as having accelerated growth in housing demand. Consequently, management expects that we will be able to significantly expand our market share in the states where we currently operate and through execution of our existing business plan.

Although originally focused on the Monterrey area, we have evolved from a leading developer of housing units in the state of Nuevo León into a regional developer focused on four states across Mexico. In Nuevo León, we are the leading housing developer in terms of market share, brand recognition and community involvement. The decision to expand into other states stems from management's identification of growing housing demand, increased loan availability and a favorable competitive landscape in those states that have been targeted.

Our strength vis-à-vis our competitors has been our focus on developing higher-margin housing units, which combine superior design and quality with premium locations. At the same time, we have been able to quickly adapt to changes in the environments where our developments compete.

Focus on Large-Scale Projects to Increase Efficiencies

Starting in 2005, our strategic plan also included an increasingly important focus on developing large-scale projects, which extend, in many cases, beyond the reach of the locations of our current projects. These large-scale projects are conceived by our management team and often include investments in basic infrastructure (i.e., water, electricity and sewage), enabling us to exploit this infrastructure on an exclusive basis or, in those situations in which we enter into partnerships with other developers, with a limited number of competing products in the same large-scale project. Management's vision and market knowledge have enabled us to secure land and negotiate access to infrastructure for several large scale affordable entry-level projects to be undertaken in the future, which should further enhance our growth. Large-scale projects also contribute to improved profitability and greater efficiencies for us, as we achieve significant economies of scale in the construction of basic infrastructure, obtaining of permits and marketing of the development.

Maintain Appropriate and Balanced Land Reserves

Our ability to identify, acquire and improve land is critical to our success. Because the success of our operations depends, among other things, on managing our reserves efficiently, we continually review our portfolio and seek new development opportunities. We balance our need for additional land for growth with our desire to minimize leverage and avoid excessive land inventory. Our current goal is to maintain sufficient land reserves for a minimum of three to five years in order to undertake the lengthy processes necessary to prepare land for development, including identifying suitable parcels, locating adequate water supplies, obtaining required governmental permits and authorizations and incorporating parcels into existing urban zones. We generally purchase large parcels of land in order to amortize our acquisition and infrastructure costs over a large number of homes, minimize competition and take advantage of economies of scale. As of September 30, 2009, we had total land reserves of approximately 1,955 hectares (approximately 4,832 acres), which had an estimated aggregate capacity of approximately 67,223 affordable entry-level homes, 28,065 middle-income homes and 8,501 residential homes.

Continue to Strengthen our Capital Structure

The notes offered hereby are part of our current strategy of extending the maturity profile of our debt from approximately two years to an anticipated five years. As part of our strategy we will seek to continue to strengthen our capital structure and our debt profile.

Description of Our Operations

Land Acquisition Policy

We seek to acquire land opportunistically, striving to optimize our working capital and land inventory. We acquire land through two main methods:

1) **Direct Land Acquisition**. Historically, we have purchased most of our land directly. We make direct land acquisitions through purchase agreements with immediate transfer of the property or with transfer upon full payment of the acquisition price. In most cases, a payment schedule over a period of time (usually shorter than one year) is agreed to with the seller. During this period, the owners of the properties maintain a title retention right (*reserva de dominio*) until the property is paid in full.

2) **Land Trusts** (“*Convenios*”). Alternatively, land is held in trusts in which the beneficiaries of the trust are both ourselves and the current land owners. These trusts are either, depending on their purpose, housing development trusts or land urbanization trusts.

- *Housing Development Trusts*. In these trusts, the land owner contributes title to the property to the trustee under such trust and we obtain the right to develop a housing development. In exchange for such contributions, we and the land owner, as beneficiaries of the trust, hold certain collection rights in respect of proceeds from the sale of the housing units to be developed by us. In each trust, we create a development plan for the land and an agreed compensation formula with the land owner based on a percentage of the sale price per housing unit. Once the land has been developed and the units sold, the proceeds from the sale are distributed by the trustee to the beneficiaries according to the agreed compensation formula. Typically, we agree to pay the land owner a nominal advanced payment (which is recorded as an advance to suppliers on our balance sheet), which is discounted from the land owner’s portion of the proceeds from the sale of the housing units. In the event that the housing units are not developed, the owner of the land is obliged to transfer (or instruct the trustee to transfer) a portion of the land to us in exchange for the advance payment and all remaining land returns to the original owner.

In limited circumstances, we have entered into trust agreements that establish minimum payments by us to the land owners per year during the life of the agreement. These payments are expected to be covered through the sales of homes being developed under the agreement at an agreed percentage. In case sales of homes are insufficient to satisfy the minimum payment, we would directly pay the shortfall and would become the sole beneficiary of any collection rights in respect of the portion of the trust agreement covered by such minimum payment. For 2009, these minimum payments amount to Ps. 18,716. In addition, in limited circumstances, once construction and development authorizations are obtained, the land owner contributing title to the property to the trustee may exercise their right of reversion with respect to a certain part of the property that can be separated from that subject to the Land Trust (the "areas out of authorization").

- *Land Urbanization Trusts*. In these trusts, the land owner (which typically are housing governmental entities) contributes the property to the trust and we assume the obligation to urbanize the land. Once the land has been urbanized, the trustee is required to distribute the land between the land owner and us. In some cases, we enter into these trusts together with other developers, in which case the (i) urbanization costs and expenses are assumed by the developers on a pro rata basis and (ii) the urbanized land is distributed on a pro rata basis between the land owner and the developers.

The table below describes the land trusts currently maintained by us, reflecting the type of land trust, the location of the land maintained by such trust, the total surface of the land and the housing units capacity of such land.

Type of Land Trust	**Land Location**	**Land Surface**	**Housing Capacity**(1)
Housing Development Trust	**Cadereyta, Nuevo León** **(Instituto de la Vivienda de Nuevo León)** **Bella Vista 4to Sector**	**193,113**	**1,081**
Housing Development Trust	**Aguascalientes, Aguascalientes** **(Plan de Culebras)** **Ruiseñores**	**167,461.12**	**600**
Housing Development Trust	**Reynosa, Tamaulipas** **Pirámides 2**	**4,045,865**	**20,241**
Housing Development Trust	**Reynosa, Tamaulipas** **Pirámides 1 y 3**	**2,070,092**	**9,601**
Housing Development Trust	**Cadereyta, Nuevo León** **(Fomerrey)** **Bella Vista 2do Sector**	**77,959.73**	**714**
Housing Development Trust	**Juárez, Nuevo León** **(Las Águilas)**	**311,555.51**	**927**
Housing Development Trust	**Garcia, Nuevo León** **(Valle de Lincoln)**	**13,823,013.91**	**4,048**(3)
Housing Development Trust	**Cadereyta, Nuevo León** **Los Álamos**	**2,208,850**	**13,295**(2)
Housing Development Trust	**Ciénega de Flores, Nuevo León** **Real del Sol II**	**296,722**	**988**

Land Urbanization Trust	**Escobedo & Salinas Victoria municipalities** **(<u>La Castilla</u>)**	**1,891,927.55**	**7,350[(2)]**

(1) Reflects the maximum estimated number of housing units that can be constructed on such land in accordance with our internal policies relating to permissible housing density and the sales plans for the related project. The number of units that may be actually built on these land reserves is subject to a variety of uncertainties and we may change such number at any time. Accordingly, no assurance can be given that the total number of units identified as "Capacity" will, in fact, be built.

(2) Plots of land to be authorized and urbanized.

(3) Valle de Lincoln has been developing in stages and this quantity includes the three stages that has already been developed. The fourth stage is in the process of being authorized and will include 3,441 housing units. The total number of housing units for the four stages will be 7,489.

As part of the collateral granted in connection with our senior secured credit facility we transferred to a security trustee under a security trust agreement our undeveloped land and our beneficiary rights (*derechos fideicomisarios*) derived from the land trusts in which we participate.

As part of our ongoing analysis of new land acquisition methods, we have been exploring the possibility of implementing a land bank structure, pursuant to which we would expect to expand our land reserves through land trusts that would allow us to (i) obtain equity financing from a financial institution, (ii) acquire with such funds land previously selected by us in accordance with our acquisition policies and parameters set forth in the land bank facility, (iii) develop a housing development and sell the housing units, (iv) use the proceeds of the sale of the housing units to pay a preferred return to the equity financing provided for the purchase of the land on which the housing units were built, and (v) collect the remaining portion of the proceeds. The successful implementation of the land bank structure described above or similar structures is subject to a variety of uncertainties, including obtaining land acquisition financing under favorable terms. Accordingly, we may change such plans or implement different structures at any time.

We have an internal land acquisition committee that analyzes all land purchases to ensure that they are within the parameters decided upon by general management. Generally, potential land tracts should be capable of supporting a development of at least 500 units and have topographical characteristics suitable for this purpose.

We conduct a thorough land analysis that consists of an assessment of the market, location, legal issues, technical issues, upfront costs and financing possibilities. We also conduct a market study analyzing an area's potential for growth in accordance with the layout of the city and its housing needs. This study seeks to identify the behavior of our competitors, the profile of our homebuyers and their preferences. This aids our ability to make an accurate projection of the individual characteristics that a new development will need to meet the particular demand characteristics of each area.

The land we generally develop must either have or allow on a cost-effective basis the development of basic services such as potable water, drainage and electricity. Another criteria that we use in the land selection process includes the feasibility of obtaining all required governmental licenses, permits and authorizations for the development at the desired level of density and in adequate time. In addition, we carefully consider the availability and/or proximity to basic infrastructure such as roads, schools, hospitals, shopping areas and centers of employment. In many cases, we may be involved in developing some of this infrastructure, which in many cases ends up enhancing the attractiveness of our housing developments.

The land being developed is subject to title review. Geotechnical, ground mechanics, hydrological and environmental studies must also be conducted. The prior use of the property is also generally assessed to ensure that there is no risk of ground contamination or any other potential future liability. The key acquisition terms are then negotiated and defined, such as price, terms, method of payment, and conditions of contracts and closings.

Finally, we create an investment/development plan. We use all of the foregoing in seeking to accurately forecast and assess the type of product, source of financing, margins, the obtainment of all required permits, licenses and authorizations and the schedule of operations.

Project Planning and Management

Our project analysis begins with the preliminary stages of project planning for the urbanization, sales area, roads and entryways of each project presentation to the general management for review and authorization for execution. The next step in the process is managed by our product design team, which designs and seeks to optimize the location and the type of housing units for a project depending upon market conditions. We exercise significant care to use the land space optimally, in seeking to maximize functionality and permit future growth without disrupting the architectural harmony of the development. We also strive to keep the landscaping for each community consistent with the local environment. We are now also working to create in our developments individual “sub-communities” (*privadas*) that share a plaza, playground and recreational facilities such as a soccer field and basketball court.

Once the preliminary product design and plan has been approved, the materials to be used in the construction of the house are carefully chosen based on the type of unit being built and the local climate conditions seeking to guarantee not only that all materials meet our quality standards, but also that they are the best suited for that location and product. These specifications are presented to the sales operations team for approval and adoption, sales forecasts and preparation of the budgets.

The final step in the planning process involves the creation of detailed investment projections. This document includes information regarding investment projections and provides a financial report of the estimated margins of the general operation of the business, based on a buildup of each development. This report is updated monthly and provides an overall picture of each project, and aids our analysis in recognizing where modifications must be made in executing the project plans.

Urbanization

Upon project planning completion, the specifications for the urbanization and infrastructure plans are obtained from the authorities responsible for potable water and drainage and from the Federal Commission of Electricity for electricity requirements.

Once the specifications have been developed, signed and authorized by the authorities, the budget for each component (e.g., urbanization, infrastructure, special works and unit construction) is laid out. In accordance with the target market, a work plan is further developed to determine the time of entry into the market and the pricing of each unit. In parallel to the general work plan, a work flow plan is developed.

The work of urbanization and construction begins once a detailed budget has been created and the appropriate permits have been obtained.

Construction and Development

As part of our strategy to construct our developments in a cost-efficient manner and in accordance with strict construction standards, our construction subsidiaries administer and coordinate the execution of the urbanization and construction of our developments with local subcontractors. Each subcontractor is specialized in a particular phase of the construction process. We have developed a form of subcontract agreement for all of our subcontractors. Our subcontract agreements provide significant protections in seeking to ensure the compliance of the subcontractor’s obligations, including (i) the liability of the subcontractor for any damages or loss that could result during the execution of the work, (ii) the ability to withhold an amount equal to 3.0% of the subcontractor’s compensation as a security deposit, (iii) provisions by which the subcontractor guarantees (a) the quality of the materials used in the performance of the work, (b) any labor contingencies with the subcontractor’s employees, (c) the proper execution and efficiency of the construction in accordance with our construction standards, and (d) any hidden defects of the work, and (iv) the obligation of the subcontractor to deliver a performance bond (*fianza de cumplimiento*) and a bond to indemnify us for any labor contingencies and/or any hidden effects related to the work. In 2008, we worked with approximately 300 subcontractors, of which some of the largest are Constructora

Sepulveda del Norte, S.A. de C.V. and Desarrollos Urano, S.A. de C.V. In some cases, general contractors are hired for a specific development.

Over the last few years we have occasionally required work under warranty. We currently have no claims against any subcontractor as a result of a breach of its obligations under this type of agreement. By means of subcontracting, we can focus on the design, development, materials specifications and marketing of our properties.

Our construction processes are designed in accordance with the recommendations made by ground mechanics. Currently, we construct traditional style homes with cement slabs and concrete reinforced with steel, with a system of piles, walls of prefabricated block and systems of joists and compound slabs.

We are also promoting the construction of concrete housing structures using steel and aluminum molds, which reduces construction time by 65 days on average and by 35 days for houses with truss girders, resulting in cost reductions of approximately 3.0% compared to other methods of construction used.

Materials and Suppliers

We negotiate supply contracts for each development and have arrangements with key suppliers that are intended to provide us with access to low prices for cement, steel, concrete blocks, concrete molds and other basic construction materials. Our cost control policies focus on volume purchases, vendor selection and negotiations at the corporate level. We believe that our knowledge of the industry and the lower per-unit price available in large volume purchases allow us to negotiate favorable prices.

We generally contract with suppliers and subcontractors who specialize in construction materials or services in order to benefit from their cost structure and expertise. We contract each development on a case-by-case basis and generally structure the contract with the subcontractor with fixed costs and on a per-home basis.

Our Products

We have three categories of housing units, organized by cost: (i) affordable entry-level, (ii) middle-income and (iii) residential. All of our housing units are built in single-home developments. Each one of these business lines is further subdivided by product type, as categorized by the average sale price, housing unit area, and financing sources. We have six different product lines and 13 prototype housing units under the Javer brand.

Strategically, we have aligned our different product lines along the types of credit financing that our customers have access to, based on the price of the unit. Each product is targeted for a specific consumer group, and all marketing and promotional efforts are designed and targeted accordingly. One of our strengths vis-à-vis our competitors has been our focus on developing higher-margin housing units which combine superior design and quality with premium locations.

For lower priced housing units, most of our customers have access to government-sponsored loans issued through INFONAVIT or other agencies. Clients with higher purchasing power are able to access diverse financing sources, both in the public sector as well as the private sector (i.e., commercial banks, Sofomes and Sofoles). In addition, we provide value-added services to our customers such as processing each customer’s housing credit application for free and negotiating home insurance with third parties at competitive rates for the benefit of new home owners. We focus on providing the highest quality product that is strongly aligned with the customer’s needs.

Our strong growth over the last few years can be primarily attributed to a combination of several factors that we strive to maintain for the development of new housing projects. These factors include:

- Determining the adequate housing product mix (i.e., size and price) which,coupled with the infrastructure, services and amenities of each housing development, maximize the profitability of each housing unit sold;

- Maintaining a strict cost and expense control – significantly below those of the Mexican housing industry average and

- Acquiring land reserves (directly or through land trusts) while constantly targeting the optimal cost and product mix.

The table below illustrates our main product categories and sub-categories, as well as the main characteristics of each:

Product	2008 Housing Units Sold	Average Price Range (in thousands of Mexican Ps.)	Average Area (m^2)	Financing Sources	INFONAVIT Credits Estimated for 2009
1. Affordable entry-level	**7,416**	**$217.9**	**33-57**	**I**	**270,000**
2. Middle-income	**5,606**	**$336.3**	**57-112**	**I, F**	**130,000**
3. Residential	**888**	**$788.4**	**138**	**AI, S, CB**	**50,000**

Note:
I=INFONAVIT
F=FOVISSSTE
S=SOFOLES
CB=Commercial Banks
AI=Apoyo INFONAVIT

Geographic Presence and Development Plan

Although originally focused on the state of Nuevo León, we now operate in a broader geographic scope, focusing on four states across Mexico. During 2008, the state of Nuevo León accounted for 75.4% of sales, followed by Jalisco with 16.0%, Tamaulipas with 5.3%, and Aguascalientes with 3.3%. In Nuevo León, our leadership is clear in terms of market share, brand recognition and community involvement. Nuevo León, a highly industrialized state located in northern Mexico, is considered one of the two most attractive states in Mexico for homebuilders as a result of: (i) its large number of households; (ii) a high population density because it is the state with the highest proportion (90.6%) of people living in municipalities with populations greater than 15,000; (iii) a relatively affluent population, being the state with the second highest average salary per worker in Mexico; and (iv) a potentially large untapped market, being the state with the largest number of INFONAVIT affiliated workers who have not obtained their housing loans and who will be able to do so in the coming years.

As shown in the table below, the states in which we currently operate and have significant land reserves represent some of the most attractive states in Mexico based on total population, economic perspectives and new mortgages.

State	Population	New Mortgages(1)	New Mortgages / Total Population
Nuevo León	**4,448,068**	**91,380**	**2.1%**
Aguascalientes	**1,141,946**	**21,926**	**1.9%**
Tamaulipas	**3,193,017**	**48,831**	**1.5%**
Jalisco	**7,016,595**	**87,875**	**1.3%**

(1) Includes INFONAVIT, SHF, FOVISSSTE, Sofoles, Sofomes and Banks; Source: CONAFOVI, December 2008.

Accordingly, our 2008 Development Plan emphasized these four states. In respect of our 2009 Development Plan ("2009 Development Plan"), for each undeveloped parcel in our land reserves and each development in process, we estimate the number of housing units that could be built with respect to such development. Such estimates are based upon a variety of assumptions, including permissible housing density, the feasibility of obtaining required building and other permits, licenses and authorizations, and anticipated demand and mortgage financing availability. Based on our 2009 Development Plan, as indicated in the "Remaining Capacity" column in the table below, we estimate that approximately 85,350 units (not including units that have been sold) could be built on all land owned by us (directly or through land trusts), including land presently held in reserve and upon which no development is taking place. The successful implementation of our 2009 Development Plan is subject to a variety of uncertainties, including those assumptions described above, and we may change such plans at any time. No assurance can be given, therefore, that the number of units identified as "2009 Development Plan" and "Remaining Capacity" will, in fact, be built.

The table below presents an overview of our 2009 Development Plan, reflecting the number of housing units estimated to be built in 2009. The second column shows the number of housing units estimated to be sold in 2009 ("2009 Units Sold") and the third column reflects the implied remaining capacity ("Remaining Capacity") starting in 2009.

Location and Type of Development	**2009 Development Plan(1)**	**Units Sold as of September 31, 2009**	**Remaining Capacity(2)**
Affordable Entry-Level			
Nuevo León	**18,457**	**5,276**	**33,181**
Jalisco	**0**	**0**	**0**
Aguascalientes	**6,788**	**146**	**6,642**
Tamaulipas	**28,554**	**15**	**25,100**
Subtotal	**53,799**	**5,437**	**64,923**
Middle-Income			
Nuevo León	**20,579**	**3,290**	**22,147**
Jalisco	**3,442**	**1777**	**1,713**
Aguascalientes	**1,105**	**385**	**720**
Tamaulipas	**1,067**	**174**	**1,185**
Subtotal	**26,193**	**5,626**	**25,765**
Residential			
Nuevo León	**1,827**	**232**	**1,460**
Jalisco	**6,743**	**57**	**6,686**
Aguascalientes	**288**	**51**	**237**
Tamaulipas	**170**	**52**	**118**
Subtotal	**9,028**	**392**	**8,501**
Total	**89,020**	**11,455**	**99,189**

(1) Reflects, as of January 1, 2009, developments in process, parcels of land held in reserve and the maximum estimated number of units that can be constructed on such land in accordance with our internal policies relating to permissible housing density.

(2) Reflects the estimated maximum number of units that can be built on the land reserves that we will make available, including developments currently in process less units already sold or expected to be sold through December 31, 2009 as well as developments where no construction is currently taking place. As discussed below, no assurance can be given that any estimate of the number of units that may be built will prove to be correct.

Marketing and Sales

The "Javer" Brand—Marketing and Advertising

We believe that our brand name is well-recognized. We develop customer awareness through our marketing and promotion efforts and referrals from satisfied customers. Through surveys we conduct through our marketing department and with sales agents, we gather demographic and market information to help us gauge the feasibility of new developments. We use these surveys to target groups of customers who share common characteristics or have common needs and offer packages of services, including housing models and financing sources, tailored to these groups.

We conduct advertising and promotional campaigns principally through print media, including billboards, fliers and brochures designed specifically for the target market, as well as local radio and television. Moreover, we complement these campaigns with additional advertising efforts, including booths at shopping centers and other high traffic areas, to promote open houses and other events. In some locations, we work with local employers and other groups to offer our homes to their employees or members and rely on positive word-of-mouth from satisfied customers for a large percentage of our sales. We also employ specially trained salespeople to market our middle-income housing developments. In addition, we sponsor professional sports teams in cities where we operate and whose fans we believe match the target demographics of our customers.

Sales

In general, we make sales either at sales offices or model homes. Using data we gather through our marketing efforts, we open sales offices in areas where we identify demand. As of September 30, 2009, we operated six sales offices. Similarly, once we have purchased land and planned a development in regions we have identified as underserved, we build and furnish model homes to display to prospective customers. We have sales offices in each of our branches where trained corporate sales representatives are available to provide customers with relevant information about our products, including financing, technical development characteristics and information about our competitors and their products. We provide the same information through trained corporate sales representatives at model homes.

We provide our customers with assistance through our sales departments from the moment they contact us, during the process of obtaining financing, and through the steps of establishing actual, legal title on their new home. We have specialized sales areas in each of our offices that advise customers on financing options, collecting necessary documentation, and applying for a loan. We also help to design down payment plans tailored to each customer's economic situation. Once houses are sold and delivered, our specialized teams are available to respond to technical questions or problems during the twelve-month warranty period following the delivery.

We have developed a transaction and credit approval process that is intended to enhance the efficiency of the sales process. In the case of the middle-income segment, we believe these processes have permitted us to increase sales volumes even in periods of downturn in the general housing market. In the residential segment, we believe the relationships that we have developed with lenders have reduced the overall transaction time for those buyers who choose to partially finance their purchases.

We have recently started a new program to grant direct financing to our clients through Impulsora de Viviendas Javer, S.A. de C.V., SOFOM, E.N.R., with respect to a development in Reynosa, Tamaulipas.

Customer Service

We maintain ongoing contact with our clientele through our post sales client services department. Our efforts in this area augment the perceived prestige of our product as well as client satisfaction. By strengthening client services, we not only close the cycle of contact with our clientele but also initiate new relationships through word of mouth recommendations.

We view client services as a means of adding incremental value to our product. Our comprehensive services foster security and quality of life for the residents of our developments. In this way, we believe we contribute to the creation of sustainable, high-quality communities of satisfied clients.

Competition

The housing industry in Mexico is highly fragmented. Although, according to the consulting firm Softec, approximately 3,000 companies perform construction and development services, we believe that the majority of these companies engage in small projects of between 100 and 200 homes each and that there were no more than eight developers in Mexico that built more than 10,000 homes during 2008. We believe this industry fragmentation will allow us to continue increasing our market share through economies of scale.

We have operations in four states and land reserves in five states. In the affordable entry-level market of the housing industry, we believe that our primary competitors are: Desarrolladora Homex, S.A.B. de C.V. ("Homex"), Consorcio ARA, S.A. de C.V., Urbi Desarrollados Urbanos, S.A.B. de C.V. ("Urbi"), Corporación GEO, S.A.B. de C.V. ("GEO"), Inmobiliaria Ruba, S.A. de C.V. ("Ruba") and Dinámica Operativa S.A. de C.V. ("Dinámica").

We believe that our primary competitors in the middle-income housing market are Homex, Urbi and Dinámica. In the residential housing market, we face competition primarily from smaller developers. Smaller competitors may be able to better adapt to specific demands and offer more customized housing.

We have no international development operations. There are very few foreign developers or construction companies operating in Mexico, and no foreign developer or construction company has any significant participation in the Mexican housing market. However, since January 1999, when foreign majority ownership restrictions on construction companies were abolished, international construction companies were free to establish wholly owned subsidiaries in Mexico, and no assurance can be given that foreign construction companies, which may have greater financial resources than us, will not enter the housing market in Mexico in the future.

Some of our competitors may have greater financial, technological and personnel resources than we do and may take advantage of greater economies of scale. Further, some competitors with a significant presence in various parts of Mexico, such as Urbi, GEO and Homex, have been expanding into our principal markets, and additional companies with greater financial resources may begin operations in Mexico in the future. See "Risk Factors—Risks Related to Our Business—Significant competition from other housing development companies may adversely affect our position in the Mexican housing industry." We believe that our access to and experience with the various sources of mortgage financing for low income workers and our procedures for assisting homebuyers in securing this financing have strengthened our market presence. We also believe that our comprehensive design and planning systems, direct marketing procedures, ability to deliver high-quality homes at competitive prices (in the case of affordable entry-level housing), comparatively lower prices (in the case of middle-income and residential housing) and reputation for service and quality have provided us with certain advantages over our competitors.

Warranties

As required by Mexican law, we provide a one-year warranty to our customers, for claims arising either from our actions, defects in materials supplied by third parties or other circumstances outside our control. We have not historically incurred significant expenses under the statutory warranty, although no assurance can be given that substantial claims might not be made in future periods. We do not currently have any material litigation or claims pending regarding such warranty with respect to home construction. We do not make provisions for the warranty but we obtain a security bond from our contractors to cover the claims from our customers and we withhold a security deposit, which is reimbursed to our contractors once the warranty periods expire. In addition, we also obtain insurance from third-party insurance companies for any defects, hidden or visible, that the construction may have, which also covers the warranty period.

Employees and Labor Relations

As of March 31, 2009, we employed approximately 1,225 individuals, all of whom are employed by three of our subsidiaries, Servicios Administrativos Javer, S.A. de C.V., Construcción de Viviendas Javer, S.A de C.V. or Impulsora de Viviendas Javer, S.A. de C.V. SOFOM, E.N.R. As of March 31, 2009, approximately 739 individuals were employed by Construcción de Viviendas Javer, S.A. de C.V., which provides construction supervisory services; approximately 461 individuals were employed by Servicios Administrativos Javer, S.A. de C.V., which provides administrative services; and approximately 25 individuals were employed by Impulsora de Viviendas Javer, S.A. de C.V., SOFOM, E.N.R., which provides related financial services. We do not employ construction workers or salespeople. As of March 31, 2009, approximately 3,095 construction workers engaged in our developments were employed by subcontractors that perform construction services for our subsidiaries. Our salespeople work independently on a commission basis. See "—Description of Our Operations—Materials and Suppliers" and "—Marketing and Sales—Sales" above.

We consider our relations with our employees to be good. None of our employees belong to labor unions. In the history of our operations, we have not experienced any strikes.

We provide the standard employee benefits required under Mexican law for full-time workers, including social security, employee statutory profit sharing, paid vacation time and pension plan contribution. Additionally, we offer our employees life insurance and healthcare coverage, as well as a retirement plan and seniority premiums. See Notes 3(g) and 9 to our Audited Financial Statements.

All new personnel are required to take part in an orientation program during which our strategic objectives and operations are explained in detail. In addition, we have a training center offering educational and training services to our employees and salespeople on a regular basis, which we believe improves the overall quality of our services.

Government Regulation

General

Our developments are subject to extensive Mexican federal, state and local governmental regulation and approvals. Some of the most relevant statutes that govern our operations include the following: (i) the *Ley General de Asentamientos Humanos* (the General Community Law), a public policy and social welfare law that regulates urban development, planning and zoning and delegates to state governments the responsibility for the promulgation of urban development laws and regulations within their jurisdictions, including the *Ley de Desarrollo Urbano* (Urban Development Law) of each state where we operate; (ii) the *Ley Federal de Vivienda* (the Federal Housing Law), that regulates the coordination between states and municipalities, on the one hand, and the private sector, on the other, in order to operate the Mexican national housing system with the objective of establishing and regulating affordable entry-level housing; (iii) the *Reglamentos de Construcción* (the Local Building Regulations) of the various states that regulate building construction, including the permits and licenses required therefor; (iv) the *Ley del Instituto del Fondo Nacional de la Vivienda para los Trabajadores* that requires that INFONAVIT construction financing be given only to developers registered with INFONAVIT that participate in a public bidding process; (v) the *Ley Orgánica de Sociedad Hipotecaria Federal* (SHF Organizational Law), which encourages the development of the primary and secondary home mortgage markets by authorizing SHF to grant home mortgage loans pursuant to the *Condiciones Generales de Financiamiento de Sociedad Hipotecaria Federal* (SHF General Financing Conditions) and (vi) the *Ley Federal de Protección al Consumidor* (Federal Consumer Protection Law), which promotes and protects consumer rights and seeks to establish equality and legal certainty in relationships between consumers and commercial suppliers.

On September 9, 2009, a new Urban Development Law (*Ley de Desarrollo Urbano*) in the State of Nuevo Leon was enacted. This law came into effect on November 9, 2009 and introduced additional procedures that we will have to follow to obtain development authorization from state and municipal authorities. Also, the new law increases the mandatory minimum surface of the plots of land for each housing unit from 90 to 98 square meters (m^2). This will affect the number of housing units that may be constructed in each housing development. As of the date of this offering circular, all of our land reserves either comply with the new law or complied with the old law and were grandfathered in since pertinent permits were obtained before the new law came into effect. Therefore, we do not expect this change to adversely affect our results of operation.

We are also subject to *Planes de Desarrollo Urbano* (Urban Development Plans) that determine local zoning and land use requirements.

State and municipal government approvals are required at almost every step of our developments. In general, a development requires (i) approval of the preliminary development, which includes authorization of the development's layout, use of land and a preliminary commitment by the *Comisión Federal de Electricidad* (the Mexican federal government owned energy company), the *Comisión Nacional del Agua* (the National Water Commission) and the municipal water and disposal agencies to provide the development with energy, water and drainage, respectively; (ii) approval of the infrastructure; (iii) approval of the land subdivision; and (iv) a construction license. Additional approvals or licenses may be required in certain states or municipalities.

Environmental Regulation

Our operations are subject, among other environmental regulations, to the *Ley General del Equilibrio Ecológico y Protección del Ambiente* (General Environmental Protection Law), the *Ley General para la Prevención y Gestión Integral de los Resíduos* (General Waste Prevention and Management Law) and numerous federal, state and municipal environmental laws and regulations (collectively, the "Environmental Laws"). Among the main governing entities responsible for administering and enforcing the Environmental Laws are two federal authorities: SEMARNAT and the *Procuraduría Federal de Protección al Ambiente* (Federal Environmental Protection Agency, "PROFEPA"). SEMARNAT is authorized to issue among other land use permits and licenses applicable to our operations, authorizations for the change of forestry land use, as well as the environmental impact authorizations required to obtain such license of forestry land use permits.

SEMARNAT is also authorized to issue regulations and provide guidelines and procedures regarding the generation, handling, disposal and treatment of hazardous and non-hazardous waste. Particularly relevant to the real estate sector and housing industry are hazardous waste laws and regulations providing that owners and/or possessors of real property affected with soil contamination, are jointly and severally liable for the remediation of such sites, irrespective of any recourse or other actions such owners and/or possessors may have against the contaminating party, and aside of any liability such contaminating party may be subject to. Further, the direct transfer of such contaminated sites is subject to the approval of SEMARNAT.

PROFEPA is SEMARNAT's enforcement agency, and is authorized to conduct investigations and audits to oversee compliance with the Environmental Laws, including compliance with change of forestry land use legislation, which has been recently enhanced. In addition, certain state and municipal authorities (as well as other federal agencies) also have enforcement authority in respect of the Environmental Laws. Non-compliance with Environmental Laws may entail a series of sanctions ranging, depending on the severity of the violation, from monetary fines to revocation of authorizations, concessions, licenses, permits or registries; administrative arrests; seizure of contaminating equipment; in certain cases, temporary or permanent closure of facilities; and even incarceration, when environmental violations are classified as criminal offenses. We believe that our operations comply in all material respects with all applicable Environmental Laws. During 2008, the cost of complying and monitoring compliance with Environmental Laws applicable to us in connection with the construction of housing developments averaged 2.3% of the value of each housing unit constructed, including costs associated with environmental studies, licenses and the installation of waste water treatment plants (the latter of which must comply with water regulations, standards, and Environmental Laws).

Insurance and Performance Bonds

We maintain all usual and customary insurance policies for companies engaged in similar types of operations, which include protection against natural disasters and third-party injury. We require our subcontractors to insure our housing developments, including land, buildings and equipment, but do not insure our housing developments prior to the commencement of construction. We believe that the insurance policies provided by our subcontractors are adequate to meet our needs.

In addition, as part of the requirements to obtain permits and authorizations from our housing developments, we periodically post performance bonds to guarantee our construction obligations with state and municipal entities. Historically, the aggregate amounts of these bonds have been significant. However, we have never been subject to any calls under these bonds.

In addition, our subcontractors provide performance bonds and bonds with respect to labor contingencies and hidden defects of the work. See "—Description of Our Operations—Construction and Development."

Properties

Our principal corporate offices are located at buildings and properties that are both leased and owned by us in Monterrey, Mexico. In addition, we own machinery and equipment that we use in our operations, and lease other machinery and equipment owned by our subcontractors. As of September 30, 2009, the net book value of improvements, machinery and equipment owned by us was approximately Ps. 171.8 million (US$12.7 million).

Land used for construction, land in process of development except for committed units, houses for sale, construction materials and buildings in process constitute our inventories and are not considered fixed assets. As of September 30, 2009, the net book value of all our inventories (including land held for future development) was approximately Ps. 2,794.1 million. See Note 5 to our Unaudited Financial Statements for further information regarding how we classify our inventories.

Intellectual Property

Currently we have 67 commercial names and trademarks and 28 slogans, including "JAVER," "CONSTRUIMOS PARA TI," "PARA VIVIR CONSENTIDO" and "CASA REGIA," registered or in the process of being registered with the Instituto Mexicano de Propiedad Industrial, as well as 11 copyrights registered or in the process of being registered with the Instituto Nacional del Derecho de Autor. Given their strong association with our corporate image, we believe our commercial names and trademarks are important to the development of our business.

Litigation

On May 22, 2009 and June 2, 2009, Viviendas Javer, S.A. de C.V. submitted two *amparo* (injunction) claims against the Local Tax Administration Office of Monterrey, Nuevo León *(Administración Local de Auditoría Fiscal de Monterrey*, the "Monterrey Local Tax Office"), requesting the annulment of assessments stemming from two inspections performed by such tax authority in respect of the fiscal year 2005. The basis for these claims was that the tax authority's inspections were extemporaneous and therefore any and all assessments resulting from such inspections should be declared null and void. We obtained favorable resolutions from the Administrative Federal District Courts (*Juzgados de Distrito en Materia Administrativa*) in Nuevo León granting the *amparo*. The tax authority appealed both resolutions (*recurso de revisión*). The appeals are being reviewed by the Administrative Federal Circuit Courts (*Tribunales Colegiados en Materia Administrativa*).

Notwithstanding the above, the Monterrey Local Tax Office concluded the inspections and on August 31, 2009 and September 29, 2009 assessed additional income taxes related to fiscal year 2005 payable by Viviendas Javer, S.A. de C.V. We have also brought two revocation proceedings (*recurso de revocación*) against these assessments. The proceedings are being heard by the Tax Administration Office (*Servicio de Administración Tributaria*).

If the *amparo* resolutions granted in favor of Viviendas Javer, S.A. de C.V. are confirmed by the Administrative Federal Circuit Courts, any assessments derived from the inspections, including the assessments made by the Monterrey Local Tax Office, should also be declared null and void. Our management and legal counsel believe that we can sufficiently demonstrate that these tax authorities' claims are unsubstantiated and that we can ultimately obtain confirmation of the *amparo* resolutions.

Additionally, we are, from time to time, involved in other legal proceedings not described herein that are incidental to the normal conduct of our business. We do not believe that the outcome of any of these proceedings, if decided adversely to our interests, will have a material effect on our financial condition, cash flows or results of operations.

OUR MANAGEMENT

Pursuant to the Mexican Securities Market Law, *sociedades anónimas promotoras de inversión* (investment promotion corporations) may elect to adopt the corporate governance requirements applicable to *sociedades anónimas bursátiles* (publicly-traded corporations) under the Mexican Securities Market Law. After the change of control, our shareholders decided not to adopt such corporate governance requirements at this time and instead decided to modify our corporate governance regime in accordance with the *Ley General de Sociedades Mercantiles* (Mexican Companies Law), as described below. Our shareholders are in the process of deciding the manner and the timing in which the corporate governance requirements applicable to *sociedades anónimas bursátiles* will ultimately be adopted.

Board of Directors

The following table sets forth the names of our current directors and their alternates, their dates of birth, their principal occupation, their business experience, including other directorships, and their years of service as directors or alternate directors. Their address is that of our registered office. Each of the following directors and alternate directors was elected by our stockholders at our December 22, 2009 extraordinary stockholders' meeting.

Name	Age	Principal Occupation	Business Experience
Salomón Marcuschamer	65	Chairman and Member of the Board of Directors	He founded the Company 35 years ago. Mr. Marcuschamer has been involved in the housing development business since 1973. He is an active member of CANADEVI and the Cámara Mexicana de la Industria de la Construcción.
Joe Ackerman Braun	37	Member of the Board of Directors	He is the President of Tradex International Finance, S.C.
Ricardo Rodriguez	57	Chairman and Member of the Board of Directors	He has more than 25 years of experience in corporations in Latin America as an international financier, also served as head of Latin American Investment Banking and was a founding partner of The Lodestar Group, a leverage buyout firm.
Sebastián Agustín Villa	35	Member of the Board of Directors	He has over 10 years of corporate, entrepreneurial and private equity experience and led Southern Cross Group's 2007 investment in MMCinemas, where he was a board member.
César Pérez Barnés	41	Member of the Board of Directors	He has over 14 years of senior management, consulting, and private equity experience.

Fernando Álvarez Neila	66	Member of the Board of Directors	He is the former Vice-President of the real estate and infrastructure committee of the Company.
Alfredo Castellanos Heuer	39	Member of the Board of Directors	He is Managing Director of EMCP II and has extensive business experience with companies in Latin America, specifically in Mexico.
Sebastián Odriozola Canales	36	Member of the Board of Directors	He has over 13 years of management and investing experience. Founder and Director of Arzentia. Prior to founding Arzentia, he held different positions within Groupo IMSA, including Industrial Sales Manager at IMSA Acero, Strategic Planning Director at Stabilit and General Manager at United Panel. Before joining IMSA, he was a Business Development Director at Seminis Inc. He's also a board member of Verzatec and Energreen.
Pedro Carlos Aspe Armella	59	Member of the Board of Directors	He is Co-Chairman of EMCP II and CEO and founder of Protego. He most recently served as Mexico's Secretary of Finance and Secretary of Programming and Budget. He is a member of the board of directors of the McGraw-Hill Companies, the Carnegie Corporation and Televisa, among others. He is also a member of the Advisory Board of ITUA, the largest financial institution in Latin America.

General. The management of our business is vested in our Board of Directors. Our by-laws currently provide for a Board of Directors of 11 principal members, each of which may have an alternate director, which are appointed as follows:

(i) the New Controlling Shareholders are entitled to appoint seven principal members and their respective alternates to the Board of Directors, of which one principal member and their alternate must qualify as an "independent director" under the requirements of the Mexican Securities Market Law; and

(ii) Proyectos del Noreste is entitled to appoint four principal members and their respective alternates to the Board of Directors, of which one principal member and his/her respective alternate must qualify as an "independent director" under the requirements of the Mexican Securities Market Law.

None of our current directors qualify as independent under the requirements of the Mexican Securities Market Law. We are in the process of nominating directors for shareholder approval that would qualify as independent under the requirements of the Mexican Securities Market Law.

Election of Directors. According to the applicable law, shareholders will be entitled to nominate the directors and corresponding alternates. Each alternate director may vote in the absence of a corresponding director. Directors and alternate directors are elected by shareholders for a one-year term or until new directors are elected to take office. All of the current and alternate members of the Board of Directors were elected at our extraordinary change of control stockholders' meeting, which was held on December 22, 2009.

Quorum; Voting. In order to have a quorum for a meeting of the Board of Directors, the majority of the directors or their corresponding alternates must be present, including the majority of the members appointed by the New Controlling Shareholders that do not qualify as independent directors. In the event of a deadlock of our Board of Directors, the Chairman of the Board of Directors will have the deciding vote.

Meetings; Actions Requiring Board Approval. Our by-laws provide that our Board of Directors must meet at least once every calendar quarter, and that the Chairman of the Board of Directors, any two members of the Board of Directors, the Secretary of the Board of Directors or our statutory examiner may call for a Board meeting.

Pursuant to our by-laws, our Board of Directors must approve, among other matters:

- our general business strategy;
- creation of special committees and granting such committees certain power and authority, provided that the committees will not have the authority, which by law or under our by-laws is expressly reserved for the stockholders or the Board; and
- the exercise of our general powers in order to comply with our corporate purpose.

Statutory Examiner. As a result of our recent change of control and in accordance with the Mexican Companies Law, our current shareholders decided to replace our previous Audit and Corporate Practices Committees with a statutory examiner (*comisario*). The statutory examiner is primarily responsible for reviewing the Company's affairs and reporting to the shareholders regarding the adequacy and accuracy of the financial information presented to shareholders by the Company's Board of Directors. The statutory examiner may, among other things:

- request monthly reports from the Board of Directors, including a statement of financial condition and income;
- audit our operations, documents and records;
- call ordinary or extraordinary shareholders' meetings and place items on the agenda and attend these meetings (although a statutory examiner does not have the right to vote); and
- attend meetings of the Company's Board of Directors (although a statutory examiner does not have the right to vote).

Pablo Ramón Leal Ramírez was appointed by our stockholders at our December 22, 2009 extraordinary stockholders' meeting to serve as statutory examiner of the Company.

Executive Officers

The following table sets forth the names of our executive officers, their dates of birth, their current position, their prior business experience and the year in which they were appointed to their current positions. Their address is that of our registered office.

Name	Age	Principal Position	Business Experience	First Appointed
Roberto Russildi Montellano	51	Chief Executive Officer	Mr. Russildi was previously Director of a division of IMSALUM, S.A. de C.V.	2002

Name	Age	Principal Position	Business Experience	First Appointed
Eugenio Garza y Garza	38	Chief Financial Officer	Mr. Garza has 11 years of investment banking experience with Goldman Sachs and Merrill Lynch, both in Mexico and New York.	2008
Jesús Avelino González Villalón	44	Director of Operations	Mr. González was previously the General Controller of Earth Tech México, S.A. de C.V.	2004
Rene Martínez Martínez	52	Chief Operating Officer	Mr. Martinez joined Javer as COO in 2009 after serving as CEO of MMC for over 15 years, where he led MMC to become the second largest movie theatre company in Mexico, prior to its eventual sale to the Larrea Family. Mr. Martinez holds an Industrial Engineering degree from ITESM.	2009
Jesús Mario González de la Fuente	46	Chief Administrative Officer	Mr. González was previously the Director of Financial Planning, Director of Procurement Planning and Chief Procurement Officer for Cemex, S.A.B. de C.V. ("Cemex").	2007
Carlos Sáinez Sáenz	39	Commercial Director	Mr. Sáinez was previously the Commercial Director for Sare Holding, S.A.B. de C.V.	2008
Fernando Lozano Benavides	46	Human Resources Director	Mr. Lozano previously served as manager of the human resources department at Cemex.	2006
Hector Armando Garza Espronceda	47	Legal Director	Mr. Garza previously acted as Fiduciary Division Director for Grupo Financiero BBVA Bancomer.	2000
Guillermo Zambrano Romero	52	Technical Director	Mr. Zambrano previously held project management positions at Corporativo GUTSA, S.A. de C.V. and Empresas ICA, S.A.B. de C.V.	2006

Executive Compensation and Bonuses

The aggregate amount of compensation paid by us to our executive officers and directors (not including our senior managers listed above) as a group, for the year ended December 31, 2008 was Ps. 23.5 million. We continuously review our salary, bonus and other compensation plans to offer competitive compensation arrangements for our management. No changes were made to the employment agreements or the compensation arrangements with our executive officers as a result of our recent change of control.

External Auditors

Our independent public accountants are Galaz, Yamazaki, Ruiz Urquiza, S.C., a Member of Deloitte Touche Tohmatsu, with offices in Monterrey, Mexico. Except for certain services related with our corporate restructuring, Galaz, Yamazaki, Ruiz Urquiza, S.C. has rendered and advised us only on matters relating to audit services for all fiscal years and interim periods presented in this offering circular.

PRINCIPAL SHAREHOLDERS

Share Capital Distribution

The following table sets forth certain information concerning beneficial ownership of our share capital as of December 31, 2009.

Name of Shareholder	Series "A" Shares	Series "B" Shares	Series "C" Shares
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Escrow Trust on behalf of Proyectos del Noreste[(1)]	0	2,039,152,057	0
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Control Trust on behalf of Atevco, a Southern Cross Designee[(2) (5)]	1,099,339,750	0	0
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Control Trust on behalf of Metevco, a Southern Cross Designee [(3) (5)]	779,039,041	0	0
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Control Trust on behalf of Degomex, a Southern Cross Designee [(4) (5)]	493,872,303	0	0
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Control Trust on behalf of the Evercore Designee[(6)]	624,276,603	0	0
Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Sctotiabank (División Fiduciaria) in its capacity as trustee of the Scotiabank Control Trust on behalf of Arzentia	499,421,283	0	0
HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero	0	174,948,962	0

HSBC (Fiduciaria) in its capacity as trustee under the HSBC Proyectos Security Trust[(7)]			
Grupo Inmobiliario SMS, S.A. de C.V.	0	1	0
Promotora de Proyectos Inmobiliarios Turín, S.A. de C.V. [(8)]	0	0	116,531,633

____

(1) Salomón Marcuschamer owns 99.99% of the share capital of Proyectos del Noreste.

(2) This entity is owned and controlled by SCLAPEF II.

(3) This entity is owned and controlled by Gestora.

(4) This entity is owned and controlled by Degomex Holding.

(5) The Southern Cross Designees own a total of 2,372,251,094 Series "A" Shares.

(6) This entity is owned and controlled by EMCP II.

(7) These shares are held under the HSBC Proyectos Security Trust to secure certain outstanding obligations under the US$100 million senior secured credit facility of Proyectos del Noreste.

(8) This entity is owned and controlled by Roberto Russildi Montellano, our Chief Executive Officer.

Voting Rights

According to our by-laws our Series "A", Series "B" and Series "C" shares provide the same voting rights, except for the following matters:

(a) ***Reserved Matters***: as long as the Series "B" shareholders hold at least a 20.0% (twenty percent) of the outstanding voting shares of the Company, the following matters (each, a "Reserved Matter") may only be carried out by the Company or any subsidiary if previously approved by an extraordinary shareholders' meeting of the Company with the affirmative vote of the majority in interest of the Series "A" shareholders and all of the Series "B" shareholders:

- the appointment of the Chief Executive Officer and Chief Financial Officer of the Company and the approval of the compensation of such Chief Executive Officer and Chief Financial Officer;

- any material change to the compensation of the independent directors of the Board of Directors of the Company and Company's subsidiaries;

- the appointment and removal of the secretary of the Board of Directors of the Company and Company's subsidiaries and the statutory auditors of the Company and Company's subsidiaries;

- the execution or amendments of any contract, agreement or instrument outside the ordinary course of business of the Company or the Company's subsidiaries that individually or collectively involve commitments or payments to or from the Company or the Company's subsidiaries of more than US$5 million during any calendar year;

- the sale or other disposition (including as a result of a spin-off) by the Company or any subsidiary, during any single calendar year, of assets representing more than 5.0% of the Company's Consolidated Tangible Assets (as such term is defined in our by-laws) or the purchase of assets by the Company or any Company subsidiary, during any single calendar year, with a value of more than 5.0% of the Company's Consolidated Tangible Assets;

- the execution or material amendment of any single contract, agreement or instrument or series of related contracts, agreements or instruments and the making of any investment in any Person or business (excluding portfolio investments together representing less than 1.0% of the Company's Consolidated Tangible Assets) involving an aggregate commitment or payment to or from the Company or any subsidiary of more than, the higher of 5.0% of the Company's Consolidated Tangible Assets or US$25 million;

- the incurrence of any Indebtedness (as such term is defined in our by-laws) by the Company or any subsidiary, that would, immediately after incurring such Indebtedness result in the ratio of the Company's consolidated Indebtedness to EBITDA (as such term is defined in our by-laws) during the 12 (twelve) month period immediately preceding the last day of the most recent completed calendar month, to exceed 3:1;

- the investment by the Company or any subsidiary or the conducting of business (including, without limitation participating in or facilitating any business dealing or transaction) in countries other than Mexico (excluding portfolio investments together representing less than 1.0% of the Company's Consolidated Tangible Assets); and

- the appointment of attorneys-in-fact for purposes of voting the shares or other equity participations held by the Company in any subsidiary or in any other Person, and the granting of instructions by the Company to such attorneys-in-fact in respect of the manner in which such vote must be issued in respect of any Reserved Matter.

(b) ***Major Decisions***: as long as the Series "B" shareholders hold at least a 10.0% of the outstanding voting shares of the Company, the following matters (each, a "Major Decision") may only be carried out by the Company or any subsidiary if previously approved by an extraordinary shareholders' meeting of the Company with the affirmative vote of the majority in interest of the Series "A" shareholders and all of the Series "B" shareholders:

- the appointment and removal of the Company's external auditors;

- any amendment to the by-laws of the Company or any subsidiary that (i) would result in conflict with the terms of the shareholders agreement dated as of December 22, 2009 by and among the Company and certain shareholders of the Company, Proyectos del Noreste, Mr. Marcusschamer, Mr. Russildi, Promotora Turín, and Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria in its capacity as trustee of the Scotiabank Control Trust, or (ii) would adversely affect the rights of the Series "B" shareholders as shareholders of the Company including the rights set forth under the shareholders agreement and the Company's by-laws;

- the merger of the Company or any subsidiary with any other Person, with some specific exceptions;

- the transformation of the Company or any subsidiary into non-limited liability entities or into any other corporate form that would materially adversely affect the rights of the Series "B" shareholders, including the rights set forth under the shareholders agreement and the Company's by-laws;

- the increase or reduction (including, as a result of the amortization, cancellation or reimbursement of Shares) in the capital stock of the Company or the subsidiaries, except for (i) increases for purposes of any employee stock option or phantom stock plan of the Company, (ii) increases in connection with a Company offering, (iii) increases in amounts that, when added to the amount of any increases approved and paid within the immediately preceding 60 (sixty) month period (starting on December 22, 2009) would not require (if the Series "B" shareholders were to exercise their rights to subscribe all such capital increases proportionally to its interest in the Company) the Series "B" shareholders to disburse more than US$35 million, and (iv) reductions that result in the Series "A" shareholders and the Series "B" shareholders each receiving the same reimbursement consideration in proportion to their respective percentage interests in the Company at such time;

- the approval and amendment of any transaction with related parties;

- the approval of any voluntary petition for the declaration of the insolvency, *concurso mercantil*, liquidation or dissolution of the Company or any significant subsidiary; and

- the appointment of attorneys-in-fact for purposes of voting the shares or other equity participations held by the Company in any subsidiary or in any other Person, and the granting of instructions by the Company to such attorneys-in-fact in respect of the manner in which such vote must be issued in respect of Major Decisions.

RELATED PARTY TRANSACTIONS

From time to time, we engage in transactions with our controlling shareholder and affiliates of our controlling shareholder. We believe that any transactions with related parties have been made on terms no less favorable to us than could be obtained from unrelated third parties.

The following is a description of certain material transactions between us and related parties in 2009, 2008, 2007 and 2006. See Note 14 to our Audited Financial Statements. Certain of these transactions occurred prior to or in connection with our corporate reorganization commencing in April 2007 (see "Our Business—History—Corporate Reorganization" for a discussion of our corporate reorganization).

Services and Transactions with Industrial Sector Companies

For the years ended December 31, 2007 and 2006, we paid approximately Ps. 83.4 million and Ps. 226.1 million, respectively, to Inmobiliaria Plaza San Miguel, S.A. de C.V., an industrial sector company owned by Corporativo SMS, as fees for administrative services provided to our real estate and sales subsidiaries.

For the year ended December 31, 2006, we, through our subsidiaries, paid Ps. 15.5 million to the industrial sector subsidiary, Desarrollos Industriales Nexxus, as fees for brokerage services with respect to land acquisitions for housing projects for our real estate sector subsidiaries.

From time to time, our real estate and sales subsidiaries provide and receive loans to and from the industrial sector subsidiaries. For the years ended December 31, 2007 and 2006, we made interest payments in the amounts of Ps. 31.3 million and Ps. 49.7 million, respectively, under loans received from the industrial sector subsidiaries. For the years ended December 31, 2008, 2007 and 2006, we received interest payments in the amounts of Ps. 3.7 million, Ps. 45.3 million and Ps. 133.9 million, respectively, under loans granted to the industrial sector subsidiaries.

For each of the years ended December 31, 2007 and 2006, we received Ps. 30.8 million from the industrial sector subsidiary Desarrollos Industriales Nexxus under a lease agreement for a real estate property located in Guadalupe, Nuevo León.

In August 2007, as part of our corporate reorganization, our wholly owned subsidiary, Servicios Administrativos Javer, S.A. de C.V. ("Servicios Administrativos Javer"), acquired from the industrial sector subsidiaries operative technological equipment and software, transportation equipment and office equipment for a total of Ps. 86.2 million. In addition, Servicios Administrativos Javer assumed the rights and obligations under certain leasing agreements of Corporativo SMS with respect to operative technological equipment and software, including total payment obligations in the amount of Ps. 19.8 million.

During 2007, we received Ps. 19.9 million from Corporativo SMS's industrial sector subsidiaries as fees for administrative services provided by our subsidiary Servicios Administrativos Javer.

In March 2008, we sold to the industrial sector subsidiary, Desarrollos Industriales Nexxus, for Ps. 66.1 million, a real estate property located in Apodaca, Nuevo León, to be used for an industrial development.

In December 2008, we sold to the industrial sector subsidiaries, Desarrollos Industriales Nexxus and Corporación Industrial Nexxus, S.A. de C.V., for Ps. 29.7 million and Ps. 65.1 million, respectively, a real estate property located in Escobedo, Nuevo León, to be used as an industrial development.

In December 2008, we acquired from the industrial sector subsidiary, Corporación Industrial Nexxus S.A. de C.V., for Ps. 62.9 million, a real estate property located in Cienega de Flores, Nuevo León to be used for housing developments. Also in December 2008, we acquired from the industrial sector subsidiary, Desarrollos Industriales Apodaca Uno S.A. de C.V., for Ps. 68.7 million, a real estate property located in Monterrey, Nuevo León, to be used for housing developments.

On March 25, 2009, our wholly owned subsidiary, Casas Javer, acquired from the industrial sector subsidiary, Corporación Industrial Nexxus, S.A. de C.V., its beneficiary rights in the land urbanization trust La Castilla for Ps. 55 million. These beneficiary rights represent 9.0% of the total beneficiary rights of the trust.

In October 2009, we paid Ps. 41.561 million to the industrial sector subsidiary, Desarrollos Industriales Nexxus, S.A de C.V. for construction equipment.

In December 2009, we paid Ps. 29.7 million and Ps. 65.1 million, respectively (the same amount of the original transaction) to reacquire from Desarrollos Industriales Nexxus and Corporación Industrial Nexxus, S.A. de C.V. the real estate property located in Escobedo, Nuevo León that we previously sold to them in December 2008.

Urbanization and Construction Services

For the years ended December 31, 2008, 2007 and 2006, we paid, Ps. 40.2 million, Ps. 172.2 million and Ps. 335.3 million, respectively, to Inmobiliaria Torre M, S.A. de C.V., a company owned by the controlling shareholder of Proyectos del Noreste, as fees for urbanization services. These services were provided under urbanization services agreements in relation to specific housing projects.

During 2008, we received Ps. 15.1 million from Inmobiliaria Torre M S.A. de C.V., for urbanization services provided by our subsidiary.

In September 2009, Casas Javer, S.A de C.V paid Ps. 5.4 million to Grupo Pikud, S.A. de C.V., an entity in which a family member of Mr. Marcuschamer is a shareholder, as fees for construction services.

Housing Development Management Agreements

In April 2006, Desarrolladora Las Láminas, S.A. de C.V. ("Las Laminas"), a company owned by the controlling shareholder of Proyectos del Noreste, entered into a land trust agreement pursuant to which certain landowners contributed in trust, a real estate property located in Villa de García, Nuevo León, to be developed into a housing project and sold by Las Laminas. Under the terms of the trust agreement, the landowners have the right to receive a percentage of the proceeds from the sales of the housing units and urbanized plots of land developed by Las Laminas on the contributed real estate property. In connection with this land trust, Las Laminas and Casas Javer entered into a development management agreement pursuant to which Casas Javer assumed the obligation to develop the housing project and sell the housing units and urbanized plots of land. In exchange for these services, Casas Javer is entitled to receive all amounts payable to Las Laminas under the land trust agreement.

DESCRIPTION OF NOTES

The 13.0% Senior Notes due 2014 offered hereby, which we refer to as the new notes, are an additional issuance of our 13.0% Senior Notes due 2014 and will be treated as a single series with the US$180,000,000 aggregate principal amount of such notes, which we refer to as the outstanding notes, originally issued on August 4, 2009. The new notes will be issued under the same indenture, dated as of August 4, 2009, between us, the Subsidiary Guarantors and The Bank of New York Mellon, as Trustee (the "Trustee"), as supplemented and amended on November 9, 2009 and February 4, 2010 (the "Indenture"). The new notes will be issued pursuant to a second supplemental indenture to the Indenture by and between us, the Subsidiary Guarantors and the Trustee and will constitute "Additional Notes" as such term is defined in the Indenture. The new notes and the outstanding notes are collectively referred to as the notes.

The terms of the notes include those stated in the Indenture and those made a part of the Indenture by reference to the Trust Indenture Act of 1939 (the "TIA"). The Indenture is not, however, required to be nor will it be qualified under the TIA and will not incorporate by reference all provisions of the TIA. Although the information contained herein defines the rights of the note holders, we urge you to read the Indenture because it is more comprehensive. You can obtain a copy of the Indenture in the manner described under "Available Information," and, for so long as the notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange, at the office of the paying agent in Luxembourg.

You can find the definition of capitalized terms used in this section under "Certain Definitions." When we refer to:

- the Company in this section, we mean Servicios Corporativos Javer, S.A.P.I. de C.V., and not any of its subsidiaries; and
- notes in this section, we mean the notes originally issued on the Issue Date and Additional Notes (as defined herein).

General

The notes will:

- be general unsecured obligations of the Company and the Subsidiary Guarantors;
- rank equal in right of payment with all other existing and future Senior Indebtedness of the Company (except for certain obligations, such as certain tax and labor claims, that are given preference under applicable law);
- rank senior in right of payment to all existing and future Subordinated Indebtedness of the Company, if any;
- be effectively subordinated to all existing and future secured Indebtedness of the Company and the Subsidiary Guarantors;
- be unconditionally guaranteed on a general unsecured senior basis by all of the Company's existing Restricted Subsidiaries and any future Restricted Subsidiaries that are Significant Subsidiaries; and
- be structurally subordinate to all existing and future Indebtedness and trade payables of the Company's subsidiaries that do not guarantee the notes.

As of September 30, 2009, on a pro forma basis after giving effect to this offering as described under "Use of Proceeds," the Company and the Subsidiary Guarantors would have had consolidated total indebtedness of US$241.1 million, of which US$27.6 million would have been secured.

Additional Notes

Subject to the limitations set forth under "Certain Covenants—Limitation on Incurrence of Additional Indebtedness," the Company and its subsidiaries may incur additional Indebtedness. At the Company's option, this additional Indebtedness may consist of additional notes ("Additional Notes") issued by the Company in one or more transactions, which have identical terms (other than issue date and issue price) as notes issued on the Issue Date. Holders of Additional Notes would have the right to vote together with holders of notes issued on the Issue Date as one class.

Principal, Maturity and Interest

The Company initially issued the outstanding notes in an aggregate principal amount of US$180,000,000. The Company will issue the new notes in an aggregate principal amount of US$30,000,000. The denominations of the notes are US$2,000 and integral multiples of US$1,000 in excess thereof. The notes will mature on August 4, 2014, at which time the principal amount of the notes outstanding on such date will become due and payable. The notes will not be entitled to the benefit of any mandatory sinking fund.

Interest on the new notes will accrue at the same rate as the outstanding notes of 13.0% per annum and will be payable semi-annually in arrears on each February 4 and August 4. Payments on the notes are payable to the persons who are registered holders at the close of business on January 20 and July 20, respectively, immediately preceding the applicable interest payment date until the date of maturity or earlier redemption, whether or not a business day. The first interest payment date for the new notes will be August 4, 2010.

Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The redemption of notes with unpaid and accrued interest to the date of redemption will not affect the right of holders of record on a record date to receive interest due on an interest payment date. If any interest payment or redemption date falls on a day which is not a business day, payment of interest, principal and premium, if any, with respect to the notes will be made on the next succeeding business day with the same force and effect as if made on the due date, and no interest on such payment will accrue from and after such due date.

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at the Company's written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

Initially, the Trustee will act as paying agent ("Paying Agent") and registrar ("Registrar") for the notes. The Company may change the Paying Agent and Registrar without notice to holders. If a holder of US$10.0 million or more in aggregate principal amount of notes has given wire transfer instructions to the Company and the Trustee at least 10 business days prior to the applicable payment date, the Company will make all principal, premium and interest payments on those notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the Paying Agent and Registrar in New York City unless the Company elects to make interest payments by check mailed to the registered holders at their registered addresses. Application has been made to admit the notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. As long as the notes are listed on this market, the Company will also maintain a Paying Agent and a transfer agent in Luxembourg.

Additional Amounts

We are required by Mexican law to deduct Mexican withholding taxes, and pay such taxes to the Mexican tax authorities, from payments of interest on the notes made to investors who are not residents of Mexico for tax purposes, and will pay additional amounts on those payments to the extent described in this subsection ("Additional Amounts").

The Company and the Subsidiary Guarantors will pay to holders of the notes all additional amounts that may be necessary so that every net payment of interest or principal (including any premium paid upon redemption of the notes) to the holder will not be less than the amount provided for in the notes. By net payment, we mean the amount we or our Paying Agent pays the holder after we deduct or withhold an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a Mexican taxing authority.

Our obligation to pay additional amounts is subject to several important exceptions. The Company and the Subsidiary Guarantors will not pay additional amounts to any holder for or solely on account of any of the following:

- any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder or beneficial owner of the note and Mexico (or any political subdivision or territory or possession thereof), including such holder or beneficial owner (i) being or having been a citizen or resident thereof for tax purposes, (ii) maintaining or having maintained an office, permanent establishment, or branch subject to taxation therein, or (iii) being or having been present or engaged in a trade or business therein (other than the mere receipt of a payment or the ownership or holding of a note);

- any estate, inheritance, gift, transfer or similar tax, assessment or other governmental charge imposed with respect to the notes;

- any taxes, duties, assessments or other governmental charges imposed solely because the holder or any other person having an interest in the notes fails to comply with any certification, identification, information, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Mexico (or any political subdivision or territory or possession thereof) of the holder or any beneficial owner of the note, if compliance is required by statute, regulation, officially published administrative practice of the taxing jurisdiction or by an applicable income tax treaty, which is in effect to which Mexico is a party, as a precondition to exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and we have given the holders and beneficial owners at least 30 days' notice that holders will be required to provide such certification, identification, information, documentation or other reporting requirement;

- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the notes;

- any taxes, duties, assessments or other governmental charges with respect to such note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 30 day period; and

- any payment on the note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note.

The limitations on our obligations to pay additional amounts stated in the third bullet point above will not apply if the provision of information, documentation or other evidence described in the applicable bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, taking into account any relevant differences between U.S. and Mexican law, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States-Mexico income tax treaty), regulation (including proposed regulations) and administrative practice.

Applicable Mexican regulations currently allow us to withhold at a reduced rate, provided we comply with certain information reporting requirements. Accordingly, the limitations on our obligations to pay additional amounts stated in the third bullet point above also will not apply and will not entitle us to require the information therein specified unless (a) the provision of the information, documentation or other evidence described in the applicable bullet point becomes expressly required by the applicable Mexican statutes, regulations and administrative practices, and (b) we otherwise would not meet the requirements for application of the reduced Mexican tax rate.

In addition, such third bullet point does not require, and should not be construed as requiring, that any person, including any non-Mexican pension fund, retirement fund or financial institution, register with the Ministry of Finance and Public Credit to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

Upon request, the Company and the Subsidiary Guarantors will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Mexican taxes in respect of which we have paid any additional amount. We will make copies of such documentation available to the holders of the notes or the relevant Paying Agent upon request.

Any reference in this offering circular, the Indenture, or the notes to principal, premium, interest or any other amount payable in respect of the notes by us will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event of any merger or other transaction described and permitted under "—Limitation on Merger, Consolidation and Sale of Assets," then all references to Mexico, Mexican law or regulations, and Mexican taxing authorities under this section "Additional Amounts" (other than the fourth, fifth and sixth paragraphs above) and under "Optional Redemption—Optional Redemption for Changes in Withholding Taxes" shall be deemed to also include the United States and the European Union and any political subdivision therein or thereof, United States and European Union laws or regulations, and any taxing authority of the United States or the European Union or any political subdivision therein or thereof, respectively.

Note Guarantees

Each Subsidiary Guarantor will unconditionally guarantee the performance of all obligations of the Company under the Indenture and the notes. The Obligations of each Subsidiary Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will result in the Obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law. See "Risk Factors—Risks Related to the Notes—The Guarantees May Not be Enforceable."

Each Subsidiary Guarantor will be released and relieved of its obligations under its Note Guarantee in the event:

(1) there is a Legal Defeasance or a Covenant Defeasance of the notes as described under "Legal Defeasance and Covenant Defeasance";

(2) there is a sale or other disposition of Capital Stock of such Subsidiary Guarantor following which such Subsidiary Guarantor is no longer a direct or indirect Restricted Subsidiary of the Company; or

(3) such Subsidiary Guarantor is designated as an Unrestricted Subsidiary in accordance with "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries";

provided that the transaction is carried out pursuant to and in accordance with all other applicable provisions of the Indenture.

If any Person that is a Restricted Subsidiary becomes a Significant Subsidiary (including upon a Revocation of the Designation of a Subsidiary as an Unrestricted Subsidiary), the Company will cause that Restricted Subsidiary (promptly following the determination in accordance with the terms of the Indenture that such Restricted Subsidiary is a Significant Subsidiary) concurrently to become a Subsidiary Guarantor on a senior basis by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel.

As of the Issue Date, Construcción de Viviendas Javer, S.A. de C.V., Urbanizaciónes Javer, S.A. de C.V., Servicios Administrativos Javer, S.A. de C.V., Impulsora de Viviendas Javer, S.A. de C.V., S.O.F.O.M. E.N.R., Impulsora de Viviendas del Noreste, S.A. de C.V., Casas Javer, S.A. de C.V., Hogares Javer, S.A. de C.V., Desarrollos Integrales Javer, S.A. de C.V. and Viviendas Javer, S.A. de C.V. have been the Subsidiary Guarantors. Casas Consentidas Javer, S.A. de C.V., SOFOM, E.N.R. is in the process of being designated a Subsidiary Guarantor. Our only other subsidiary, Apoyo Empresarial en Construcción, S.A. de C.V., has not been designated a Subsidiary Guarantor as it is currently not a Significant Subsidiary. As of December 31, 2009, as a percentage of the consolidated accounts, the subsidiary guarantors represent 100% of EBITDA and 93% of net assets.

As of the Issue Date, there are no Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not Guarantee the notes. In the event of a *concurso mercantil*, bankruptcy, liquidation or reorganization of these non-Guarantor Subsidiaries, these non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. In addition, holders of minority equity interests in Subsidiaries may receive distributions prior to or pro rata with the Company depending on the terms of the equity interests. See "Risk Factors—Risks Related to the Notes—To the Extent that Certain of Our Subsidiaries are Not Guarantors, Our Obligations with Respect to the Notes Will Be Effectively Subordinated to All Liabilities of These Non-Guarantor Subsidiaries."

Optional Redemption

Optional Redemption. Except as stated below, the Company may not redeem the notes prior to August 4, 2014. The Company will have the right, at its option, to redeem any of the notes, in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days' but not more than 60 days' notice, at a redemption price equal to the greater of (1) 100.0% of the principal amount of such notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the "Make-Whole Amount"), plus in each case accrued interest on the principal amount of the notes to the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Company obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated or their respective affiliates which are primary United States government securities dealers and not less than two other leading primary United States government securities dealers in New York City reasonably designated by the Company; *provided, however*, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company of the bid and asked price for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 pm New York time on the third business day preceding such redemption date.

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to August 4, 2012 the Company may, at its option, use the net cash proceeds of one or more Equity Offerings to redeem in the aggregate up to 35.0% of the aggregate principal amount of the notes issued under the Indenture at a redemption price equal to 113.0% of the principal amount thereof; *provided* that:

(1) after giving effect to any such redemption at least 65.0% of the aggregate principal amount of the notes issued under the Indenture remains outstanding; and

(2) the Company shall make such redemption not more than 90 days after the consummation of such Equity Offering.

"Equity Offering" means (i) an underwritten public offering of Qualified Capital Stock of the Company pursuant to a registration statement (other than a registration statement filed on Form F-4) filed with the U.S. Securities and Exchange Commission in accordance with the Securities Act or in accordance with applicable Mexican laws, rules and regulations, (ii) a rights offering of Qualified Capital Stock of the Company made generally to the holders of such Qualified Capital Stock or (iii) any private placement of Qualified Capital Stock of the Company to any Person, in each case other than issuances upon exercise of options by employees of the Company or any of its Subsidiaries.

Optional Redemption for Changes in Withholding Taxes. If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of Mexico or any political subdivision or taxing authority or other instrumentality thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations becomes effective on or after the date on which the notes we are offering are issued (which, in the case of a merger, consolidation or other transaction permitted and described under "—Limitation on Merger, Consolidation and Sale of Assets," shall be treated for this purpose as the date of such transaction), we have become obligated, or will become obligated, in each case after taking all reasonable measures to avoid this requirement, to pay additional amounts in excess of those attributable to a Mexican withholding tax rate of 10.0% with respect to the notes (see " —Additional Amounts" and "Taxation—Mexican Taxation"), then, at our option, all, but not less than all, of the notes may be redeemed at any time on giving not less than 30 nor more than 60 days' notice, at a redemption price equal to 100.0% of the outstanding principal amount, plus accrued and unpaid interest and any additional amounts due thereon up to but not including the date of redemption; *provided*, *however*, that (1) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we would be obligated to pay these additional amounts if a payment on the notes were then due and (2) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect.

Prior to the publication or delivery to holders of any notice of redemption pursuant to this provision, we will deliver to the Trustee:

- a certificate signed by one of our duly authorized representatives stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right to redeem have occurred; and

- an opinion of Mexican legal counsel (which may be our counsel) of recognized standing to the effect that we have or will become obligated to pay such additional amounts as a result of such change or amendment.

This notice, once delivered by us to the Trustee, will be irrevocable.

We will give notice to DTC pursuant to the provisions described under "—Notices" of any redemption we propose to make at least 30 days (but not more than 60 days) before the redemption date.

Optional Redemption Procedures. In the event that less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which notes are listed or, if the notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by any other method as the Trustee shall deem fair and appropriate (subject to the procedures of DTC). If a partial redemption is made with the proceeds of an Equity Offering, selection of the notes or portions thereof for redemption will, subject to the preceding sentence, be made by the Trustee only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to the procedures of DTC), unless the method is otherwise prohibited. No notes of a principal amount of US$2,000 may be redeemed in part and notes of a principal amount in excess of US$2,000 may be redeemed in part in multiples of US$1,000 only.

Notice of any redemption will be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. If notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount thereof to be redeemed. For so long as the notes are admitted to trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange, the Company will cause notices of redemption also to be published as provided under "Certain Covenants—Notices." A new note in a principal amount equal to the unredeemed portion thereof (if any) will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate).

The Company will pay the redemption price for any note together with accrued and unpaid interest thereon up to but not including the date of redemption. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as the Company has deposited with the Paying Agent funds in satisfaction of the applicable redemption price pursuant to the Indenture. Upon redemption of any notes by the Company, such redeemed notes will be cancelled.

Change of Control

Upon the occurrence of a Change of Control, each holder will have the right to require that the Company purchase all or a portion (in integral multiples of US$1,000) of the holder's notes at a purchase price equal to 101.0% of the principal amount thereof, plus accrued and unpaid interest thereon through the date of purchase (the "Change of Control Payment").

Within 30 days following the date upon which the Change of Control occurred, the Company must send, by first-class mail, a notice to each holder, with a copy to the Trustee, offering to purchase the notes as described above (a "Change of Control Offer") and publish the Change of Control Offer in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, except as may be required by law (the "Change of Control Payment Date").

On the business day prior to the Change of Control Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof, properly tendered and not withdrawn pursuant to the Change of Control Offer; and

(2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

If only a portion of a note is purchased pursuant to a Change of Control Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate).

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the Indenture as described above under the caption " —Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

In the event that holders of not less than 95.0% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Company or a third party purchases all of the notes held by such holders, the Company will have the right, on not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a purchase price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Other existing and future Indebtedness of the Company may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the notes upon a Change of Control could cause a default under such Indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, there can be no assurance that the Company will have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event the Company is required to purchase outstanding notes pursuant to a Change of Control Offer, the Company expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of Senior Indebtedness. However, there can be no assurance that the Company would be able to obtain necessary financing.

Holders will not be entitled to require the Company to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which does not result in a Change of Control.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by doing so.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder to require the Company to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

In connection with the Company's recent change of control described in this offering circular, the Company completed a consent solicitation pursuant to a consent solicitation statement dated October 28, 2009, requesting that holders of the outstanding notes as of a record date waive the change of control provisions of and consent to an amendment to the indenture governing the outstanding notes (together, the "Waiver and Amendment"). After receiving valid consents from holders of a majority in aggregate principal amount of the outstanding notes, the Waiver and Amendment was effected through the execution of a supplemental indenture, dated as of November 9, 2009, to the indenture. See "Our Business–History–Recent Change of Control" for further information in this respect.

Certain Covenants

Suspension of Covenants

During any period of time that (i) the notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "Covenant Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture described under:

- "—Limitation on Incurrence of Additional Indebtedness";
- "—Limitation on Guarantees";
- "—Limitation on Restricted Payments";
- "—Limitation on Asset Sales and Sales of Subsidiary Stock";
- "—Limitation on Designation of Unrestricted Subsidiaries";
- "—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";
- "—Limitation on Layered Indebtedness";
- clause (b) of "—Limitation on Merger, Consolidation or Sale of Assets";
- "—Limitation on Transactions with Affiliates"; and
- "—Conduct of Business"

(collectively, the "Suspended Covenants").

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the "Reversion Date") one of the Rating Agencies withdraws its Investment Grade Rating or downgrades its rating assigned to the notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants. The period of time between the Suspension Date and the Reversion Date is referred to as the "Suspension Period." Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period (or upon termination of the Suspension Period or after that time based solely on events that occurred during the Suspension Period).

On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified as having been incurred pursuant to the first paragraph of "—Limitation on Incurrence of Additional Indebtedness" below or one of the clauses set forth in the second paragraph of "—Limitation on Incurrence of Additional Indebtedness" below (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to the first or second paragraph of "—Limitation on Incurrence of Additional Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (d) of the second paragraph of "—Limitation on Incurrence of Additional Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenant described under "—Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period.

Limitation on Incurrence of Additional Indebtedness

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness, including Acquired Indebtedness, except that:

(a) the Company and any Subsidiary Guarantor may Incur Indebtedness, including Acquired Indebtedness; and

(b) any Restricted Subsidiary may Incur Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation;

if, at the time of and immediately after giving pro forma effect to the Incurrence thereof and the application of the proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio of the Company is greater than the ratio set forth below in the row opposite the time period (in each case after the Issue Date):

Time Period (in each case after the Issue Date)	Ratio
Until 1 year	2.0 to 1.0
From 1 year until 2 years	2.25 to 1.0
From 2 years until 3 years	2.5 to 1.0
From 3 years and thereafter	2.75 to 1.0

(2) Notwithstanding clause (1) above, the Company and its Restricted Subsidiaries, as applicable, may Incur the following Indebtedness ("Permitted Indebtedness"):

(a) Indebtedness in respect of the notes excluding Additional Notes or Guarantees thereof;

(b) Guarantees by any Subsidiary Guarantor of Indebtedness of the Company or any other Subsidiary Guarantor permitted under the Indenture *provided* that if any such Guarantee is of Subordinated Indebtedness, then the Note Guarantee of such Subsidiary Guarantor shall be senior to such Subsidiary Guarantor's Guarantee of such Subordinated Indebtedness;

(c) Indebtedness Incurred by the Company or any Subsidiary Guarantor under Credit Facilities (including construction bridge loans and other seller financing) in an aggregate principal amount at any time outstanding not to exceed the greater of (x) US$50.0 million or (y) 6.0% of Consolidated Tangible Assets;

(d) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date, other than Indebtedness otherwise described under any of the other clauses of this definition of "Permitted Indebtedness";

(e) Hedging Obligations entered into by the Company and its Restricted Subsidiaries in the ordinary course of business and not for speculative purposes, including, without limitation, Hedging Obligations in respect of the notes;

(f) intercompany Indebtedness between the Company and any Restricted Subsidiary or between any Restricted Subsidiaries; *provided* that:

(1) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or any Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full of all obligations under the notes and the Indenture, in the case of the Company, or such Subsidiary Guarantor's Note Guarantee, in the case of any such Subsidiary Guarantor; and

(2) in the event that at any time any such Indebtedness ceases to be held by the Company or a Restricted Subsidiary, such Indebtedness shall be deemed to be Incurred and not permitted by this clause (f) at the time such event occurs;

(g) Indebtedness of the Company or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (including daylight overdrafts paid in full by the close of business on the day such overdraft was Incurred) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five business days of Incurrence;

(h) Indebtedness of the Company or any of its Restricted Subsidiaries represented by letters of credit for the account of the Company or any Restricted Subsidiary, as the case may be, in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business;

(i) Indebtedness of the Company or any Restricted Subsidiary represented by Capitalized Lease Obligations or Purchase Money Indebtedness, in each case Incurred for the purpose of acquiring or financing all or any part of the purchase price or cost of construction or improvement of property or equipment used in the business of the Company or such Restricted Subsidiary in an aggregate amount at any time not to exceed US$20.0 million;

(j) Indebtedness in respect of bid, performance or surety bonds in the ordinary course of business for the account of the Company or any of its Restricted Subsidiaries, including Guarantees or obligations of the Company or any Restricted Subsidiary with respect to letters of credit supporting such bid, performance or surety obligations (in each case other than for the payment of borrowed money);

(k) Refinancing Indebtedness in respect of:

(1) Indebtedness (other than Indebtedness owed to the Company or any Subsidiary of the Company) Incurred pursuant to clause (1) above (it being understood that no Indebtedness outstanding on the Issue Date is Incurred pursuant to such clause (1) above), or

(2) Indebtedness Incurred pursuant to clause (a), (d) (excluding Indebtedness outstanding on the Issue Date deemed to be incurred under clause (c) above or Indebtedness owed to the Company or a Subsidiary of the Company) or (l) of this covenant;

(l) Permitted Acquisition Indebtedness; and

(m) Additional Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount not to exceed US$10.0 million at any one time outstanding (which amount may, but need not, be Incurred, in whole or in part, under Credit Facilities).

(3) For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness Incurred pursuant to and in compliance with this covenant, the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP. Accrual of interest, the accretion or amortization of original issue discount, the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Disqualified Capital Stock in the form of additional Disqualified Capital Stock with the same terms will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant; *provided* that any such outstanding additional Indebtedness or Disqualified Capital Stock paid in respect of Indebtedness Incurred pursuant to any provision of clause (2) of this covenant will be counted as Indebtedness outstanding thereunder for purposes of any future Incurrence under such provision. For purposes of determining compliance with this "Limitation on Incurrence of Additional Indebtedness" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (a) through (m) above, or is entitled to be incurred pursuant to paragraph (1) of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses, although the Company may divide and classify an item of Indebtedness in one or more of the types of Indebtedness and may later re-divide or reclassify all or a portion of such item of Indebtedness in any manner that complies with this covenant. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded as a result solely of fluctuations in exchange rates or currency values.

Limitation on Guarantees

The Company will not permit any Restricted Subsidiary of the Company that is not a Subsidiary Guarantor to Guarantee any Indebtedness of the Company or to secure any Indebtedness of the Company with a Lien on the assets of such Restricted Subsidiary, unless contemporaneously therewith (or prior thereto) effective provision is made to Guarantee or secure the notes on an equal and ratable basis with such Guarantee or Lien for so long as such Guarantee or Lien remains effective, and in an amount equal to the amount of Indebtedness so Guaranteed or secured. Any Guarantee by any such Restricted Subsidiary of Subordinated Indebtedness of the Company will be subordinated and junior in right of payment to the contemporaneous Guarantee of the notes by such Restricted Subsidiary.

Limitation on Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, take any of the following actions (each, a "Restricted Payment"):

(a) declare or pay any dividend or return of capital or make any distribution on or in respect of shares of Capital Stock of the Company or any Restricted Subsidiary to holders of such Capital Stock, other than:

- dividends or distributions payable in Qualified Capital Stock of the Company;
- dividends or distributions payable to the Company and/or a Restricted Subsidiary; or
- dividends, distributions or returns of capital made on a pro rata basis to the Company and its Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand (or on a less than pro rata basis to any minority holder);

(b) purchase, redeem or otherwise acquire or retire for value:

- any Capital Stock of the Company; or

- any Capital Stock of any Restricted Subsidiary held by an Affiliate of the Company (other than a Restricted Subsidiary), or any Preferred Stock of a Restricted Subsidiary, except for Capital Stock held by the Company or a Restricted Subsidiary or purchases, redemptions, acquisitions or retirements for value of Capital Stock on a pro rata basis from the Company and/or any Restricted Subsidiaries, on the one hand, and minority holders of Capital Stock of a Restricted Subsidiary, on the other hand, according to their respective percentage ownership of the Capital Stock of such Restricted Subsidiary;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, as the case may be, any Subordinated Indebtedness (excluding (x) any intercompany Indebtedness between or among the Company and/or any Restricted Subsidiaries or (y) the purchase, repurchase or other acquisition of Indebtedness that is contractually subordinate to the notes or any Note Guarantee, as the case may be, purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case within one year of such date of purchase, repurchase or acquisition); or

(d) make any Investment (other than Permitted Investments);

if at the time of the Restricted Payment and immediately after giving effect thereto:

(1) a Default or an Event of Default shall have occurred and be continuing;

(2) the Company is not able to Incur at least US$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness"; or

(3) the aggregate amount (the amount expended for these purposes, if other than in cash, being the Fair Market Value of the relevant property) of the proposed Restricted Payment and all other Restricted Payments made subsequent to the Issue Date up to the date thereof, shall exceed the sum of:

(A) 50.0% of cumulative Consolidated Net Income of the Company or, if such cumulative Consolidated Net Income of the Company is a loss, minus 100.0% of the loss, accrued during the period, treated as one accounting period, beginning in the fiscal quarter immediately preceding the fiscal quarter in which the Issue Date occurs, to the end of the most recent fiscal quarter for which consolidated financial information of the Company is available; plus

(B) 100.0% of the aggregate net cash proceeds received by the Company from any Person from any:

- contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock or issuance and sale of Qualified Capital Stock of the Company, in each case, subsequent to the Issue Date; or

- issuance and sale subsequent to the Issue Date (and, in the case of Indebtedness of a Restricted Subsidiary, at such time as it was a Restricted Subsidiary) of any Indebtedness of the Company or any Restricted Subsidiary that has been converted into or exchanged for Qualified Capital Stock of the Company;

excluding, in each case, any net cash proceeds:

(x) received from a Subsidiary of the Company;

(y) used to redeem notes under "—Redemption –Optional Redemption Upon Equity Offerings"; or

(z) applied in accordance with clause (2) or (3) of the second paragraph of this covenant below; plus

(C) any Investment Return; plus

(D) US$10.0 million.

Notwithstanding the preceding paragraph, this covenant does not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption of Subordinated Indebtedness within 60 days after the date of declaration of such dividend or distribution or giving of the redemption notice, as the case may be, if the dividend, distribution or redemption would have been permitted on the date of declaration or notice pursuant to the preceding paragraph; *provided* that such redemption shall be included (without duplication for the declaration) in the calculation of the amount of Restricted Payments;

(2) the acquisition of any shares of Capital Stock of the Company:

(x) in exchange for Qualified Capital Stock of the Company; or

(y) through the application of the net proceeds received by the Company from a substantially concurrent sale of Qualified Capital Stock of the Company or a contribution to the equity capital of the Company not representing an interest in Disqualified Capital Stock, in each case not received from a Subsidiary of the Company;

provided that the value of any such Qualified Capital Stock issued in exchange for such acquired Capital Stock and any such net proceeds shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(3) the voluntary prepayment, purchase, defeasance, redemption or other acquisition or retirement for value of any Subordinated Indebtedness solely in exchange for, or through the application of net proceeds of a substantially concurrent sale, other than to a Subsidiary of the Company, of:

(x) Qualified Capital Stock of the Company; or

(y) Refinancing Indebtedness for such Subordinated Indebtedness;

provided that the value of any Qualified Capital Stock issued in exchange for Subordinated Indebtedness and any net proceeds referred to above shall be excluded from clause (3)(B) of the first paragraph of this covenant (and were not included therein at any time);

(4) if no Default or Event of Default shall have occurred and be continuing, repurchases by the Company of Common Stock of the Company or options, warrants or other securities exercisable or convertible into Common Stock of the Company from any current or former employees, officers, directors or consultants of the Company or any of its Subsidiaries or their authorized representatives, estates, heirs, family members, spouse or former spouse upon the death, disability or termination of employment or directorship of such employees, officers or directors, or the termination of retention

of any such consultants, in an amount not to exceed US$5.0 million in any calendar year (with unused amounts in any calendar year being permitted to be carried over into succeeding calendar years) plus the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries;

(5) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represents a portion of the exercise price of those stock options or warrants;

(6) the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Capital Stock of the Company or any Restricted Subsidiary issued on or after the Issue Date in accordance with the test described pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness";

(7) upon the occurrence of a Change of Control and within 60 days after the completion of the offer to repurchase the notes pursuant to the covenant described under "Change of Control" above, any repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor required pursuant to the terms thereof as a result of such Change of Control; *provided* that (A) the terms of such purchase or redemption are substantially similar in all material respects to the comparable provision included in the Indenture, and (B) at the time of such purchase or redemption no Default or Event of Default shall have occurred and be continuing (or would result therefrom);

(8) if no Default or Event of Default shall have occurred and be continuing, the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations;

(9) if no Default or Event of Default shall have occurred and be continuing or would exist after giving effect thereto, other Restricted Payments in an amount not to exceed US$5.0 million since the Issue Date; and

(10) the distribution, on the Issue Date, to Proyectos del Noreste, S.A. de C.V. contemplated under "Use of Proceeds."

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date, amounts expended pursuant to clauses (1) (without duplication for the declaration of the relevant dividend), (4), (7), and (9) above shall be included in such calculation and amounts expended pursuant to clauses (2), (3), (5), (6), and (8) above shall not be included in such calculation.

Limitation on Asset Sales and Sales of Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock sold or otherwise disposed of, and

(b) at least 75.0% of the consideration received for the assets or Capital Stock sold by the Company or the Restricted Subsidiary, as the case may be, in the Asset Sale shall be in the form of cash or Cash Equivalents received at the time of such Asset Sale.

For purposes of the immediately preceding clause (b), each of the following will be deemed to be cash:

(1) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 120 days (180 days in the case of land sales) of the receipt thereof (subject to ordinary settlement periods), to the extent of the cash or Cash Equivalents received in that conversion; and

(2) the Fair Market Value of any Capital Stock of a Person engaged in a Permitted Business that will become, upon purchase, a Restricted Subsidiary or assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business;

provided that amounts received pursuant to clauses (1) and (2) shall not be deemed to constitute Net Cash Proceeds for purposes of making an Asset Sale Offer.

The Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds of any such Asset Sale within 365 days thereof to:

(a) repay any Senior Indebtedness of the Company or a Subsidiary Guarantor or Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor (including, in each case without limitation, Capitalized Lease Obligations); or

(b) make capital expenditures in a Permitted Business; or

(c) purchase

(1) assets (other than current assets as determined in accordance with GAAP or Capital Stock) to be used by the Company or any Restricted Subsidiary in a Permitted Business; or

(2) all or substantially all of the assets of, or any Capital Stock of, a Person engaged in a Permitted Business if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

from a Person other than the Company and its Restricted Subsidiaries.

In the case of clauses (1) and (2), the Company will have complied with its obligations if it enters into a binding commitment to acquire such assets or such Capital Stock within 365 days after receipt of such Net Cash Proceeds; provided that such binding commitment shall be subject only to customary conditions and that such acquisition is consummated within six months from the date of signing such binding commitment.

To the extent all or a portion of the Net Cash Proceeds of any Asset Sale are not applied within the 365 days of the Asset Sale as described in clause (a), (b),or (c) of the immediately preceding paragraph, the Company will make an offer to purchase notes (the “Asset Sale Offer”), at a purchase price equal to 100.0% of the principal amount of the notes to be purchased, plus accrued and unpaid interest thereon, to the date of purchase (the “Asset Sale Offer Amount”). The Company will purchase pursuant to an Asset Sale Offer from all tendering holders on a pro rata basis (subject to any necessary rounding), and, at the Company’s option, on a pro rata basis with the holders of any other Senior Indebtedness with similar provisions requiring the Company to offer to purchase the other Senior Indebtedness with the proceeds of Asset Sales, that principal amount (or accreted value in the case of Indebtedness issued with original issue discount) of notes and the other Senior Indebtedness to be purchased equal to such unapplied Net Cash Proceeds. The Company may satisfy its obligations under this covenant with respect to the Net Cash Proceeds of an Asset Sale by making an Asset Sale Offer prior to the expiration of the relevant 365-day period.

The purchase of notes pursuant to an Asset Sale Offer will occur not less than 20 business days following the date thereof, or any longer period as may be required by law, nor more than 45 days following the 365th day following the Asset Sale. The Company may, however, defer an Asset Sale Offer until there is an aggregate amount of unapplied Net Cash Proceeds from one or more Asset Sales equal to or in excess of US$15.0 million. At that time, the entire amount of unapplied Net Cash Proceeds, and not just the amount in excess of US$15.0 million, will be applied as required pursuant to this covenant. Pending application in accordance with this covenant, Net Cash Proceeds will be applied to temporarily reduce revolving credit borrowings that can be reborrowed or Invested in Cash Equivalents.

Each notice of an Asset Sale Offer will be mailed first class, postage prepaid, to the record holders as shown on the register of holders within 20 days following such 365th day, with a copy to the Trustee offering to purchase the notes as described above. Each notice of an Asset Sale Offer will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, other than as may be required by law (the "Asset Sale Offer Payment Date"). Upon receiving notice of an Asset Sale Offer, holders may elect to tender their notes in whole or in part in authorized denominations in exchange for cash.

On the business day prior to the Asset Sale Offer Payment Date, the Company will, to the extent lawful, deposit with the Paying Agent funds in an amount equal to the Asset Sale Offer Amount in respect of all notes or portions thereof so tendered.

On the Asset Sale Offer Payment Date, the Company will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Asset Sale Offer; and

(2) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

To the extent holders of notes and holders of other Senior Indebtedness, if any, which are the subject of an Asset Sale Offer properly tender and do not withdraw notes or the other Senior Indebtedness in an aggregate amount exceeding the amount of unapplied Net Cash Proceeds, the Company will purchase the notes and the other Senior Indebtedness on a pro rata basis (subject to any necessary rounding) based on amounts tendered. If only a portion of a note is purchased pursuant to an Asset Sale Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a Global Note will be made, as appropriate). Notes (or portions thereof) purchased pursuant to an Asset Sale Offer will be cancelled and cannot be reissued.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws in connection with the purchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with the "Asset Sale" provisions of the Indenture, the Company will comply with these laws and regulations and will not be deemed to have breached its obligations under the "Asset Sale" provisions of the Indenture by doing so.

Upon completion of an Asset Sale Offer, the amount of Net Cash Proceeds will be reset at zero. Accordingly, to the extent that the aggregate amount of notes and other Indebtedness tendered pursuant to an Asset Sale Offer is less than the aggregate amount of unapplied Net Cash Proceeds, the Company and its Restricted Subsidiaries may use any remaining Net Cash Proceeds for any purpose not otherwise prohibited by the Indenture.

In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under "—Limitation on Merger, Consolidation and Sale of Assets," the Surviving Entity will be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this covenant, and will comply with the provisions of this covenant with respect to the deemed sale as if it were an Asset Sale. In addition, the Fair Market

Value of properties and assets of the Company or its Restricted Subsidiaries so deemed to be sold will be deemed to be Net Cash Proceeds for purposes of this covenant.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any non-cash consideration), the conversion or disposition will be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof will be applied in accordance with this covenant within 365 days of conversion or disposition.

Limitation on Designation of Unrestricted Subsidiaries

The Company may designate after the Issue Date any Subsidiary of the Company as an "Unrestricted Subsidiary" under the Indenture (a "Designation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation and any transactions between the Company or any of its Restricted Subsidiaries and such Unrestricted Subsidiary are in compliance with "—Limitation on Transactions with Affiliates";

(2) at the time of and after giving effect to such Designation, the Company could Incur $1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness";

(3) the Company would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation and treating such Designation as an Investment at the time of Designation) as a Restricted Payment pursuant to the first paragraph of "—Limitation on Restricted Payments" or as a Permitted Investment in an amount (the "Designation Amount") equal to the amount of the Company's Investment in such Subsidiary on such date; and

(4) at the time of such Designation, neither the Company nor any Restricted Subsidiary will:

    (a) provide credit support for, subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, or Guarantee, any Indebtedness of such Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness);

    (b) be directly or indirectly liable for any Indebtedness of such Subsidiary; or

    (c) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of such Subsidiary, except for any non-recourse Guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of such Subsidiary.

The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") only if:

(1) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation; and

(2) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if Incurred at such time, have been permitted to be Incurred for all purposes of the Indenture.

The Designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be deemed to include the Designation of all of the Subsidiaries of such Subsidiary. All Designations and Revocations must be evidenced by resolutions of the Board of Directors of the Company, delivered to the Trustee certifying compliance with the preceding provisions.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided in paragraph (b) below, the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock to the Company or any other Restricted Subsidiary or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(2) make loans or advances to, or Guarantee any Indebtedness or other obligations of, or make any Investment in, the Company or any other Restricted Subsidiary; or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) Paragraph (a) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable law rule, regulation or order;

(2) the Indenture, the notes and the Note Guarantees;

(3) the terms of any Indebtedness outstanding on the Issue Date, and any amendment, modification, restatement, renewal, restructuring, replacement or refinancing thereof; *provided* that any amendment, modification, restatement, renewal, restructuring, replacement or refinancing is not materially more restrictive, taken as a whole, with respect to such encumbrances or restrictions than those in existence on the Issue Date;

(4) customary non-assignment provisions of any contract and customary provisions restricting assignment or subletting in any lease governing a leasehold interest of any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien, in each case permitted to be Incurred under the Indenture;

(5) any instrument governing Acquired Indebtedness not Incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(6) restrictions with respect to a Restricted Subsidiary of the Company imposed pursuant to a binding agreement which has been entered into for the sale or disposition of Capital Stock or assets of such Restricted Subsidiary; *provided* that such restrictions apply solely to the Capital Stock or assets of such Restricted Subsidiary being sold;

(7) customary restrictions imposed on the transfer of copyrighted or patented materials;

(8) an agreement governing Indebtedness of the Company or any Restricted Subsidiaries, including construction bridge loans, permitted to be Incurred subsequent to the date of the Indenture in accordance with the covenant described above under the caption "—Limitation

on Incurrence of Additional Indebtedness" *provided* that the provisions relating to such encumbrance or restriction contained in such agreement are not materially more restrictive than those contained in the agreement referred to in clause (3) of this paragraph;

(9) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in paragraph (a)(3) of this covenant;

(10) Liens permitted to be incurred under the provisions of the covenant described below under the caption "—Limitation on Liens" that limits the right of the debtor to dispose of the assets securing such Indebtedness;

(11) provisions limiting the payment of dividends in the organizational documents, shareholders' agreements, joint venture agreements or similar documents of, or related to, Restricted Subsidiaries that are not Wholly-Owned Subsidiaries and which have been entered into with the approval of the Company's Board of Directors;

(12) restrictions on cash deposited with banks in the ordinary course of business consistent with past practice to secure trade payable obligations and guarantees of such trade payable obligations of the Company and its Restricted Subsidiaries under Supplier Factoring Facilities; or

(13) restrictions customarily granted in connection with securitization, factoring or discounting involving receivables that are imposed in connection with a Receivables Transaction.

Limitation on Layered Indebtedness

The Company will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, Incur any Indebtedness that is subordinate in right of payment to any other Senior Indebtedness, unless such Indebtedness is expressly subordinate in right of payment to the notes or, in the case of a Subsidiary Guarantor, its Note Guarantee, to the same extent and on the same terms as such Indebtedness is subordinate to such other Indebtedness.

Limitation on Liens

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Liens of any kind (except for Permitted Liens) against or upon any of their respective properties or assets (including without limitation capital stock of any Restricted Subsidiaries), whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, to secure any Indebtedness or trade payables unless contemporaneously therewith effective provision is made:

(1) in the case of the Company or any Restricted Subsidiary other than a Subsidiary Guarantor, to secure the notes and all other amounts due under the Indenture; and

(2) in the case of a Subsidiary Guarantor, to secure such Subsidiary Guarantor's Note Guarantee and all other amounts due under the Indenture;

in each case, equally and ratably with such Indebtedness or other obligation (or, in the event that such Indebtedness is subordinated in right of payment to the notes or such Note Guarantee, as the case may be, prior to such Indebtedness or other obligation) with a Lien on the same properties and assets securing such Indebtedness or other obligation for so long as such Indebtedness or other obligation is secured by such Lien.

Limitation on Merger, Consolidation and Sale of Assets

The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person (whether or not the Company is the surviving or continuing Person), or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's properties and assets (determined on a consolidated basis for the Company and its Restricted Subsidiaries), to any Person unless:

(a) either:

(1) the Company shall be the surviving or continuing corporation; or

(2) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a Person, organized and validly existing under the laws of Mexico, the United States of America, any State thereof or the District of Columbia; and

(B) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the notes and the performance and observance of every covenant of the notes and the Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be:

(1) will be able to Incur at least US$1.00 of additional Indebtedness pursuant to clause (1) of "—Limitation on Incurrence of Additional Indebtedness;" or

(2) will have a Consolidated Fixed Charge Coverage Ratio of not less than the Consolidated Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries immediately prior to such transaction;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by clause (a)(2)(B) above (including, without limitation, giving effect on a pro forma basis to any Indebtedness, including any Acquired Indebtedness, Incurred or anticipated to be Incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing;

(d) each Subsidiary Guarantor (including Persons that become Subsidiary Guarantors as a result of the transaction) has confirmed by supplemental indenture that its Note Guarantee will apply for the Obligations of the Surviving Entity in respect of the Indenture and the notes;

(e) if the Company is organized under Mexican law and merges with a corporation, or the Surviving Entity is organized under the laws of the United States, any State thereof or the District of Columbia or the Company is organized under the laws of the United States, any State thereof or the District of Columbia and merges with a corporation, or the Surviving Entity is organized under the laws of Mexico, the Company or the Surviving Entity will have delivered to the Trustee an Opinion of Counsel from each of Mexico and the United States to the effect that, as applicable:

(1) each holder of the notes will not recognize income, gain or loss for U.S. or Mexican income tax purposes as a result of the transaction and will be taxed in the holder's home jurisdiction in the same manner and on the same amounts (assuming solely for this purpose that no Additional Amounts are required to be paid on the notes) and at the same times as would have been the case if the transaction had not occurred;

(2) any payment of interest or principal under or relating to the notes or any Note Guarantees will be paid in compliance with any requirements under the section "—Additional Amounts;" and

(3) no other taxes on income, including capital gains, will be payable by holders of the notes under the laws of Mexico or the United States relating to the acquisition, ownership or disposition of the notes, including the receipt of interest or principal thereon; *provided* that the holder does not use or hold, and is not deemed to use or hold the notes in carrying on a business in Mexico or the United States; and

(f) the Company or the Surviving Entity has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if required in connection with such transaction, the supplemental indenture, comply with the applicable provisions of the Indenture and that all conditions precedent in the Indenture relating to the transaction have been satisfied.

For purposes of this covenant, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company (determined on a consolidated basis for the Company and its Restricted Subsidiaries), will be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The provisions of clause (b) above will not apply to:

(1) any transfer of the properties or assets of a Restricted Subsidiary to the Company or to a Subsidiary Guarantor;

(2) any merger of a Restricted Subsidiary into the Company or a Subsidiary Guarantor; or

(3) any merger of the Company into a Wholly-Owned Subsidiary of the Company created for the purpose of holding the Capital Stock of the Company;

so long as, in each case the Indebtedness of the Company and its Restricted Subsidiaries taken as a whole is not increased thereby.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries in accordance with this covenant, in which the Company is not the continuing corporation, the Surviving Entity formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the notes with the same effect as if such Surviving Entity had been named as such. For the avoidance of doubt, compliance with this covenant will not affect the obligations of the Company (including a Surviving Entity, if applicable) under "—Change of Control," if applicable.

Each Subsidiary Guarantor will not, and the Company will not cause or permit any Subsidiary Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Subsidiary Guarantor unless:

(1) such Person (if such Person is the surviving entity) assumes all of the obligations of such Subsidiary Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officers' Certificate and Opinion of Counsel to the effect that such transaction is in compliance with the Indenture;

(2) such Note Guarantee is to be released as provided under "Note Guarantees"; or

(3) such sale or other disposition of substantially all of such Subsidiary Guarantor's assets is made in accordance with "—Limitation on Asset Sales and Sales of Subsidiary Stock."

Limitation on Transactions with Affiliates

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), unless:

   (a) the terms of such Affiliate Transaction are no less favorable than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company;

   (b) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$5.0 million, the terms of such Affiliate Transaction will be approved by a majority of the members of the Board of Directors of the Company (including a majority of the disinterested members thereof), the approval to be evidenced by a Board Resolution stating that the Board of Directors has determined that such transaction complies with the preceding provisions; and

   (c) in the event that such Affiliate Transaction involves aggregate payments, or transfers of property or services with a Fair Market Value, in excess of US$15.0 million, the Company will, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such Affiliate Transaction to the Company and the relevant Restricted Subsidiary (if any) from a financial point of view from an Independent Financial Advisor and file the same with the Trustee.

(2) Paragraph (1) above will not apply to:

   (a) Affiliate Transactions with or among the Company and any Restricted Subsidiary or between or among Restricted Subsidiaries;

   (b) reasonable fees and compensation paid to, and any indemnity provided on behalf of, officers, directors, employees, consultants or agents of the Company or any Restricted Subsidiary as determined in good faith by the Company's Board of Directors;

   (c) Affiliate Transactions undertaken pursuant to any contractual obligations or rights in existence on the Issue Date and any amendment, modification or replacement of such agreement (so long as such amendment, modification or replacement is not materially more disadvantageous to the holders of the notes, taken as a whole, than the original agreement as in effect on the Issue Date);

   (d) any Restricted Payments made in compliance with "Limitation on Restricted Payments" or any Permitted Investments;

(e) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business and not exceeding US$2.0 million outstanding at any one time; and

(f) any issuance of Capital Stock (other than Disqualified Stock) of the Company to Affiliates of the Company or to any director, officer, employee or consultant of the Company, and the granting and performance of registration rights.

Conduct of Business

The Company and its Restricted Subsidiaries will not engage in any business other than a Permitted Business.

Reports to Holders

The Indenture provides that so long as any notes are outstanding, the Company shall provide to the Trustee and to the holders of the notes:

1. annual financial statements audited by an internationally recognized firm of independent public accountants within 120 days after the end of the Company's fiscal year, and unaudited quarterly financial statements (including a balance sheet, income statement and cash flow statement for the fiscal quarter or quarters then ended and the corresponding fiscal quarter or quarters from the prior year) within 60 days of the end of each of the first three fiscal quarters of each fiscal year. These annual and quarterly financial statements will be prepared in accordance with GAAP and be accompanied by a "management discussion and analysis" or other report of management providing an overview in reasonable detail of the results of operations and financial condition of the Company and its Subsidiaries for the periods presented. English translations will be provided of any of the foregoing documents prepared in another language; and

2. if applicable, copies (including English translations of documents prepared in another language) of public filings which reasonably would be material to the holders of notes made with any securities exchange or securities regulatory agency or authority within ten (10) days of such filing; *provided, however*, that the Company will not be required to so provide copies of (a) public filings which may be obtained from the U.S. Securities and Exchange Commission (the "SEC") via the EDGAR System or its successor or (b) annual reports filed (in Spanish) with the CNBV.

None of the information provided pursuant to the preceding numbered paragraphs shall be required to comply with Regulation S-K as promulgated by the SEC. In addition, so long as the notes are not freely tradable by Persons who are not "affiliates" under Rule 144 of the Securities Act, the Company will make available, upon request, to any holder and any prospective purchaser of notes any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

So long as the notes are admitted to trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange, the Company will make available the information specified in the preceding numbered paragraphs at the specified office of the Luxembourg paying agent for the notes.

Listing

In the event that the new notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange, the Company will use its reasonable best efforts to maintain such listing; *provided* that if, as a result of the European Union regulated market amended Directive 2001/34/EC (the "Transparency Directive") or any legislation implementing the Transparency

Directive the Company could be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which the Company would otherwise use to prepare its published financial information, the Company may delist the notes from the Euro MTF Market in accordance with the rules of the Luxembourg Stock Exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as the Company may reasonably decide.

Notices

From and after the date the new notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market, a market of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to holders of notes will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*); or

(2) if such Luxembourg publication is not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Luxembourg Stock Exchange, at www.bourse.lu.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of notes at their registered addresses.

Events of Default

The following are "Events of Default":

(1) default in the payment when due of the principal of or premium, if any, on any notes, including the failure to make a required payment to purchase notes tendered or to redeem notes pursuant to an optional redemption, Change of Control Offer or an Asset Sale Offer;

(2) default for 30 days or more in the payment when due of interest, Additional Amounts or liquidated damages, if any, on any notes;

(3) the failure to perform or comply with any of the provisions described under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets" for 20 days or more after written notice to the Company from the Trustee or the holders of at least 25.0% in aggregate principal amount of the outstanding notes;

(4) the failure by the Company or any Restricted Subsidiary to comply with any other covenant or agreement contained in the Indenture or in the notes for 45 days or more after written notice to the Company from the Trustee or the holders of at least 25.0% in aggregate principal amount of the outstanding notes;

(5) default by the Company or any Restricted Subsidiary under any Indebtedness which:

    (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of any applicable grace period provided in the instrument governing such Indebtedness on the date of such default; or

(b) results in the acceleration of such Indebtedness prior to its stated maturity;

and, in either case, the principal or accreted amount of Indebtedness covered by (a) or (b) at the relevant time, aggregates US$15.0 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay one or more final judgments against any of them, aggregating US$15.0 million or more, which judgment(s) are not paid, discharged or stayed for a period of 60 days or more;

(7) certain events under bankruptcy, *concurso mercantil*, insolvency or other similar laws now or hereafter in effect affecting the Company or any of its Restricted Subsidiaries; or

(8) except as permitted by the Indenture, any Note Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, denies or disaffirms such Subsidiary Guarantor's obligations under its Note Guarantee.

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) shall occur and be continuing, the Trustee or the holders of at least 25.0% in principal amount of outstanding notes may declare the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes to be immediately due and payable by notice in writing to the Company and the Trustee specifying the Event of Default and that it is a "notice of acceleration." If an Event of Default specified in clause (7) above occurs with respect to the Company, then the unpaid principal of (and premium, if any) and accrued and unpaid interest on all the notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

At any time after a declaration of acceleration with respect to the notes as described in the preceding paragraph, the holders of a majority in principal amount of the notes may rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived, except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid; and

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its reasonable expenses (including the fees and expenses of its counsel), disbursements and advances.

No rescission will affect any subsequent Default or impair any rights relating thereto.

The holders of a majority in principal amount of the notes may waive any existing Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any notes.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the holders, unless such holders have offered to the Trustee indemnity satisfactory to it. Subject to all provisions of the Indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee.

No holder of any notes will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless:

(1) such holder gives to the Trustee written notice of a continuing Event of Default;

(2) holders of at least 25.0% in principal amount of the then outstanding notes make a written request to pursue the remedy;

(3) such holders of the notes provide to the Trustee indemnity satisfactory to it;

(4) the Trustee does not comply within 60 days of receipt of such request and offer of indemnity; and

(5) during such 60 day period the holders of a majority in principal amount of the outstanding notes do not give the Trustee a written direction which, in the opinion of the Trustee, is inconsistent with the request;

provided that a holder of a note may institute suit for enforcement of payment of the principal of and premium, if any, or interest on such note on or after the respective due dates expressed in such note.

Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee written notice of events which constitute such Default or Event of Default, their status and what action the Company is taking or proposes to take in respect thereof. In addition, the Company is required to deliver to the Trustee, within 105 days after the end of each fiscal year, an Officers' Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous fiscal year. The Indenture provides that if a Default or Event of Default occurs, is continuing and is actually known to the Trustee, the Trustee must mail to each holder notice of the Default or Event of Default within 90 days after the occurrence thereof. Except in the case of a Default or Event of Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold notice if and so long as a committee of its trust officers in good faith determines that withholding notice is in the interests of the holders.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations with respect to outstanding notes and all obligations of the Subsidiary Guarantors under the Note Guarantees discharged ("Legal Defeasance"). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the Indenture, the outstanding notes and Note Guarantees after the deposit specified in clause (1) of the second following paragraph, except for:

(1) the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on the notes when such payments are due;

(2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties, indemnities and immunities of the Trustee and the Company's and the Subsidiary Guarantor's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have its obligations and the obligations of the Subsidiary Guarantors released with respect to certain covenants (including, without limitation, obligations to make Change of Control Offers, Asset Sale Offers, the obligations described under "—Certain Covenants" and the cross-acceleration provisions and judgment default provisions described under "Events of Default") that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes or the Note Guarantees. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, reorganization and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the holders cash in U.S. Dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium, if any, and interest (including Additional Amounts) on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel from counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that:

(a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) in the case of Legal Defeasance or Covenant Defeasance, the Company has delivered to the Trustee:

(a) an Opinion of Counsel from counsel in Mexico reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company to the effect that, based upon Mexican law then in effect, holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Mexican taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred; or

(b) a ruling directed to the Trustee received from the tax authorities of Mexico to the same effect as the Opinion of Counsel described in clause (a) above;

(5) no Default or Event of Default shall have occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (except any Default or Event of Default resulting from the failure to comply with "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness" as a result of the borrowing of the funds required to effect such deposit);

(6) the Trustee has received an Officers' Certificate stating that such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(7) the Company has delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the holders over any other creditors of the Company or any Subsidiary of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(8) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel from counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) and independent of the Company, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(9) the Company has delivered to the Trustee an Opinion of Counsel from counsel reasonably acceptable to the Trustee and independent of the Company to the effect that the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the Indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofor authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all notes not theretofor delivered to the Trustee for cancellation have become due and payable, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofor delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit, together with irrevocable written instructions from the Company directing the Trustee to apply such funds to the payment;

(2) the Company has paid all other sums payable under the Indenture and the notes by it; and

(3) the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Modification of the Indenture, the notes and/or the Note Guarantees

From time to time, the Company, the Subsidiary Guarantors and the Trustee, without the consent of the holders, may amend the Indenture, the notes or the Note Guarantees for certain specified purposes, including curing ambiguities, defects or inconsistencies, to provide for uncertificated notes in addition to or in place of certificated notes;

to provide for the assumption of the Company's or a Subsidiary Guarantor's obligations to holders of notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable, to the extent permitted under the Indenture; to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder; to comply with the applicable requirements of the SEC; to conform the text of the Indenture, the Note Guarantees or the notes to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees or the notes; to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the notes and to release Subsidiary Guarantors from the Note Guarantee in accordance with the terms of the Indenture; to comply with the requirements of any applicable securities depositary; to provide for a successor Trustee in accordance with the terms of the Indenture; to otherwise comply with any requirement of the Indenture; to issue Additional Notes; and make any other changes which do not adversely affect the rights of any of the holders in any material respect. The Trustee will be entitled to rely on an Opinion of Counsel and an Officers' Certificate opining or certifying, as the case may be, to the effect that such amendment is permitted or authorized by the terms and conditions of the Indenture, and the Trustee shall have no liability whatsoever in proceeding in reliance upon such Opinion of Counsel and Officers' Certificate.

Other modifications and amendments of the Indenture or the notes or a Note Guarantee may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the Indenture, except that, without the consent of each holder affected thereby, no amendment may (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of, or change or have the effect of changing the time for payment of interest, including defaulted interest, on any notes;

(3) reduce the principal of, or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption, or reduce the redemption price therefor;

(4) make any notes payable in money other than that stated in the notes;

(5) make any change in provisions of the Indenture entitling each holder to receive payment of principal of, premium, if any, and interest on such note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of notes to waive Defaults or Events of Default;

(6) amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in respect of a Change of Control that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated;

(7) eliminate or modify in any manner a Subsidiary Guarantor's obligations with respect to its Note Guarantee which adversely affects holders in any material respect, except as contemplated in the Indenture;

(8) make any change in the provisions of the Indenture described under "—Additional Amounts" that adversely affects the rights of any holder or amends the terms of the notes in a way that would result in a loss of exemption from Taxes; and

(9) make any change to the provisions of the Indenture or the notes that adversely affect the ranking of the notes.

Governing Law; Jurisdiction

The Indenture and the notes will be governed by, and construed in accordance with, the law of the State of New York. Each of the parties to the Indenture will expressly and irrevocably (i) submit to the jurisdiction of the Federal and State courts located in the City of New York, Borough of Manhattan and (ii) waive its right to bring an action in any other jurisdiction that may apply by virtue of its present or future domicile or for any other reason. The Company and the Subsidiary Guarantors have appointed an agent for service of process with respect to any actions brought in the courts described in clause (i) arising out of or based on the Indenture or the notes or the Note Guarantees and have granted a power of attorney for lawsuits and collections (*pleitos y cobranzas*) to such agent for service of process in the presence of a Mexican notary public.

The Trustee

Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it by the Indenture, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; provided that if the Trustee acquires any conflicting interest, it must eliminate such conflict or resign.

No Personal Liability

An incorporator, director, officer, employee, stockholder or controlling person, as such, of the Company or of any Subsidiary Guarantor shall not have any liability for any obligations of the Company or such Subsidiary Guarantor under the notes (including the Note Guarantees) or the Indenture, or for any claims based on, in respect of, or by reason of, such obligations or their creation. By accepting a note, each holder waives and releases all such parties from such liability.

Currency Indemnity

The Company and each Subsidiary Guarantor will pay all sums payable under the Indenture or the notes or the Note Guarantees solely in U.S. Dollars. Any amount that a holder receives or recovers in a currency other than U.S. Dollars in respect of any sum expressed to be due to such holder from the Company or any Subsidiary Guarantor will only constitute a discharge to such holder to the extent of the U.S. Dollar amount which such holder is able to purchase with the amount received or recovered in that other currency on the date of the receipt or recovery, or, if it is not practicable to make the purchase on that date, on the first date on which such holder is able to do so. If the U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due such holder under any note, the Company and the Subsidiary Guarantors will jointly and severally indemnify such holder against any loss such holder sustains as a result. In any event, the Company and the Subsidiary Guarantors will jointly and severally indemnify each holder against the cost of making any purchase of U.S. Dollars. For the purposes of this paragraph, it will be sufficient for a holder to certify that such holder would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount received in that other currency on the date of receipt or recovery, or, if it was not practicable to make the purchase on that date, on the first date on which such holder were able to do so. In addition, each holder will also be required to certify the need for a change of the purchase date.

The indemnities described above:

- constitute a separate and independent obligation from the other obligations of the Company and the Subsidiary Guarantors;
- will give rise to a separate and independent cause of action;

- will apply irrespective of any indulgence granted by any holder; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for a full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or any of its Restricted Subsidiaries or is assumed in connection with the acquisition of assets from such Person. Such Indebtedness will be deemed to have been Incurred at the time such Person becomes a Restricted Subsidiary or at the time it merges or consolidates with the Company or a Restricted Subsidiary or at the time such Indebtedness is assumed in connection with the acquisition of assets from such Person.

"*Additional Amounts*" has the meaning set forth under "—Additional Amounts" above.

"*Additional Notes*" has the meaning set forth under " —Additional Notes" above.

"*Affiliate*" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Asset Acquisition*" means:

(1) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary, or will be merged with or into the Company or any Restricted Subsidiary;

(2) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person (other than a Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprises any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business; or

(3) any Revocation with respect to an Unrestricted Subsidiary.

"*Asset Sale*" means any direct or indirect sale, disposition, issuance, conveyance, transfer, lease, assignment or other transfer, including a Sale and Leaseback Transaction (each, a "disposition") by the Company or any Restricted Subsidiary of:

(a) any Capital Stock of any Restricted Subsidiary (but not Capital Stock of the Company); or

(b) any property or assets (other than cash or Cash Equivalents or Capital Stock of the Company) of the Company or any Restricted Subsidiary;

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) the disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries as permitted under "Certain Covenants—Merger, Consolidation and Sale of Assets;"

(2) sales of homes and land in the ordinary course of business;

(3) land, infrastructure and other properties donated to municipalities, governmental entities or nonprofit religious and educational organizations in connection with construction and development of housing complexes by the Company or its Restricted Subsidiaries in the ordinary course of business consistent with past practice;

(4) sales, leases, conveyances or other dispositions of real or personal property, including, without limitation, exchanges or swaps of real estate, for the development of the Company's or any of its Restricted Subsidiaries' projects in the ordinary course of business;

(5) sales, leases, sale-leasebacks or other dispositions of amenities, model homes and other improvements at the Company's or its Restricted Subsidiaries' projects in the ordinary course of business;

(6) for purposes of "Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock" only, the making of a Restricted Payment permitted under "Certain Covenants—Limitation on Restricted Payments" or any Permitted Investment;

(7) a disposition to the Company or a Restricted Subsidiary, including a Person that is or will become a Restricted Subsidiary immediately after the disposition;

(8) any single transaction or series of related transactions that involves assets or Capital Stock of a Restricted Subsidiary having a Fair Market Value of less than US$5.0 million;

(9) a transfer of assets between or among the Company and any of its Restricted Subsidiaries;

(10) an issuance or sale of Capital Stock by a Restricted Subsidiary of the Company to the Company or any of its Restricted Subsidiaries;

(11) a disposition of accounts receivable in connection with a Receivables Transaction;

(12) any sale or other disposition of damaged, worn-out, obsolete or no longer useful assets or properties in the ordinary course of business;

(13) any sale of assets received by the Company or any of its Restricted Subsidiaries upon the foreclosure on a Lien in the ordinary course of business; and

(14) the good faith surrender or waiver of contract rights, tort claims or statutory rights in connection with a settlement.

"*Asset Sale Offer*" has the meaning set forth under "Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock."

"*Asset Sale Transaction*" means any Asset Sale and, whether or not constituting an Asset Sale, (1) any sale or other disposition of Capital Stock, (2) any Designation with respect to an Unrestricted Subsidiary and (3) any sale or other disposition of property or assets excluded from the definition of "Asset Sale" by clause (2) of that definition.

"*Board of Directors*" means, as to any Person, the board of directors, management committee or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"*Capitalized Lease Obligations*" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP. For purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Capital Stock*" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"*Cash Equivalents*" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof;

(2) *Certificados de la Tesorería de la Federación* (Cetes) or *Bonos de Desarrollo del Gobierno Federal* (Bondes), in each case, issued by the government of Mexico and maturing not later than one year after the acquisition thereof;

(3) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Fitch Ratings ("Fitch") or Moody's Investors Service, Inc. ("Moody's") or any successor thereto;

(4) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least F-1 from Fitch or at least P-1 from Moody's;

(5) demand deposits, certificates of deposit, time deposits or bankers' acceptances maturing within one year from the date of acquisition thereof issued by (a) any bank organized under the laws of the United States of America or any state thereof or the District of Columbia, (b) any U.S. branch of a non-U.S. bank having at the date of acquisition thereof combined capital and surplus of not less than US$500.0 million, (c) Nacional Financiera S.N.C., Banco Nacional de Comercio Exterior, S.N.C., or Banco Nacional de Obras y Servicios Públicos, S.N.C., or (d) in the case of Mexican Peso deposits, any of the five top-rated banks (as evaluated by an internationally recognized rating agency) organized under the laws of Mexico;

(6) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (5) above; and

(7) investments in money market funds which invest substantially all of their assets in securities of the types described in clauses (1) through (6) above.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) any Person or Group other than the Permitted Holders is or becomes the beneficial owner (as defined below), directly or indirectly, in the aggregate of more than 50.0% of the total voting power of the Voting Stock of the Company (including a Surviving Entity, if applicable);

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company, together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board of Directors of the Company then in office;

(3) the Company consolidates with, or merges with or into, another Person, or the Company sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Company, determined on a consolidated basis, to any Person, other than a transaction where the Person or Persons that, immediately prior to such transaction "beneficially owned" the outstanding Voting Stock of the Company are, by virtue of such prior ownership, or Permitted Holders are, the "beneficial owners" in the aggregate of a majority of the total voting power of the then outstanding Voting Stock of the surviving or transferee person (or if such surviving or transferee Person is a direct or indirect wholly-owned subsidiary of another Person, such Person who is the ultimate parent entity), in each case whether or not such transaction is otherwise in compliance with the Indenture; or

(4) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company, whether or not otherwise in compliance with the provisions of the Indenture.

For purposes of this definition:

(a) "beneficial owner" will have the meaning specified in Rules 13d-3 and 13d-5 under the Exchange Act, except that any Person or Group will be deemed to have "beneficial ownership" of all securities that such Person or Group has the right to acquire, whether such right is exercisable immediately, only after the passage of time or, except in the case of the Permitted Holders, upon the occurrence of a subsequent condition.

(b) "Person" and "Group" will have the meanings for "person" and "group" as used in Sections 13(d) and 14(d) of the Exchange Act; and

(c) the Permitted Holders or any other Person or Group will be deemed to beneficially own any Voting Stock of a corporation held by any other corporation (the "parent corporation") so long as the Permitted Holders or such other Person or Group, as the case may be, beneficially own, directly or indirectly, in the aggregate at least 50.0% of the voting power of the Voting Stock of the parent corporation and no other Person or Group beneficially owns an equal or greater amount of the Voting Stock of the parent corporation.

"*Change of Control Payment*" has the meaning set forth under "Change of Control."

"*Change of Control Payment Date*" has the meaning set forth under "Change of Control."

"*CNBV*" means the *Comisión Nacional Bancaria y de Valores*, the Mexican National Banking and Securities Commission.

"*Commodity Agreement*" means any commodity or raw material futures contract, commodity or raw materials option, or any other agreement designed to protect against or manage exposure to fluctuations in commodity or raw materials prices.

"*Common Stock*" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common equity interests, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common equity interests.

"*Consolidated EBITDA*" means, for any Person for any period, Consolidated Net Income for such Person for such period, plus the following, without duplication, to the extent deducted or added in calculating such Consolidated Net Income:

(1) Consolidated Income Tax Expense for such Person for such period;

(2) Consolidated Interest Expense for such Person for such period;

(3) Consolidated Non-cash Charges for such Person for such period;

(4) net after-tax losses from Asset Sale Transactions or abandonments or reserves relating thereto for such period; and

(5) any income or loss from discontinued operations;

less (x) all non-cash credits and gains increasing Consolidated Net Income for such Person for such period, other than (i) any items which represent the reversal in such period of any accrual of, or cash reserve for, anticipated charges in any prior period where such accrual or reserve is no longer required under GAAP and (ii) any items which represent the initial establishment of reserves during such period for changes or expenses relating to periods prior to December 31, 2008, and (y) all cash payments made by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period relating to non-cash charges that were added back in determining Consolidated EBITDA in any prior period.

Notwithstanding the foregoing, the items specified in clauses (1) and (3) above for any Subsidiary (Restricted Subsidiary in the case of the Company) will be added to Consolidated Net Income in calculating Consolidated EBITDA for any period:

(a) in proportion to the percentage of the total Capital Stock of such Subsidiary (Restricted Subsidiary in the case of the Company) held directly or indirectly by such Person at the date of determination, and

(b) to the extent that a corresponding amount would be permitted at the date of determination to be distributed to such Person by such Subsidiary (Restricted Subsidiary in the case of the Company) pursuant to its charter and by-laws and each law, regulation, agreement or judgment applicable to such distribution.

"*Consolidated Fixed Charge Coverage Ratio*" means, for any Person as of any date of determination, the ratio of the aggregate amount of Consolidated EBITDA of such Person for the four most recent full fiscal quarters for which financial statements are available ending prior to the date of such determination (the "Four Quarter Period") to Consolidated Fixed Charges for such Person for such Four Quarter Period. For purposes of this definition, “Consolidated EBITDA” and “Consolidated Fixed Charges” will be calculated after giving effect on a pro forma basis in accordance with Regulation S-X of the Securities and Exchange Commission for the period of such calculation to:

(1) the Incurrence or repayment or redemption of any Indebtedness (including Acquired Indebtedness) of such Person or any of its Subsidiaries (Restricted Subsidiaries in the case of the Company), and the application of the proceeds thereof, including the Incurrence of any Indebtedness (including Acquired Indebtedness), and the application of the proceeds thereof, giving rise to the need to make such determination, occurring during such Four Quarter Period or at any time subsequent to the last day of such Four Quarter Period and on or prior to such date of determination, to the extent, in the case of an Incurrence, such Indebtedness is outstanding on the date of determination, as if such Incurrence and the application of the proceeds thereof, repayment or redemption occurred on the first day of such Four Quarter Period; and

(2) any Asset Sale Transaction or Asset Acquisition by such Person or any of its Subsidiaries (Restricted Subsidiaries, in the case of the Company), including any Asset Sale Transaction or Asset Acquisition giving rise to the need to make such determination occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to such date of determination, as if such Asset Sale Transaction or Asset Acquisition occurred on the first day of the Four Quarter Period.

Furthermore, in calculating “Consolidated Fixed Charges” for purposes of determining the denominator (but not the numerator) of this “Consolidated Fixed Charge Coverage Ratio,”

(a) interest on outstanding Indebtedness determined on a fluctuating basis as of the date of determination and which will continue to be so determined thereafter will be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such date of determination;

(b) if interest on any Indebtedness actually Incurred on such date of determination may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on such date of determination will be deemed to have been in effect during the Four Quarter Period;

(c) notwithstanding clause (a) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by Hedging Obligations, will be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements;

(d) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP; and

(e) for purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

“*Consolidated Fixed Charges*” means, for any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense for such Person for such period, plus

(2) the amount of all cash and non-cash dividend payments on any series of Preferred Stock or Disqualified Capital Stock of such Person (other than dividends paid in Qualified Capital Stock) or any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) paid, accrued or scheduled to be paid or accrued during such period, excluding dividend payments on Preferred Stock or Disqualified Capital Stock paid, accrued or scheduled to be paid to such Person or another Subsidiary (Restricted Subsidiary in the case of the Company).

"*Consolidated Income Tax Expense*" means, with respect to any Person for any period, the provision for U.S. federal, state, local and non-U.S. income taxes payable by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period as determined on a consolidated basis in accordance with GAAP.

"*Consolidated Interest Expense*" means, for any Person for any period, the sum of, without duplication determined on a consolidated basis in accordance with GAAP:

(1) the aggregate of cash and non-cash interest expense of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period determined on a consolidated basis in accordance with GAAP, including, without limitation (whether or not interest expense in accordance with GAAP):

(a) any amortization or accretion of debt discount or any interest paid on Indebtedness of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) in the form of additional Indebtedness,

(b) any amortization of deferred financing costs,

(c) the net costs under Hedging Obligations (but excluding amortization of fees),

(d) all capitalized interest,

(e) the interest portion of any deferred payment obligation,

(f) commissions, discounts and other fees and charges Incurred in respect of letters of credit or bankers' acceptances, and

(g) any interest expense paid in respect of Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company) or secured by a Lien on the assets of such Person or one of its Subsidiaries (Restricted Subsidiaries in the case of the Company); and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) during such period.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate net income (or loss) of such Person and its Subsidiaries (after deducting (or adding) the portion of such net income (or loss) attributable to minority interests in Subsidiaries of such Person) for such period on a consolidated basis, determined in accordance with GAAP; *provided* that there shall be excluded therefrom to the extent reflected in such aggregate net income (loss):

(1) net after-tax gains or losses from Asset Sale Transactions or abandonments or reserves relating thereto;

(2) net after-tax items classified as extraordinary gains or losses;

(3) the net income (but not loss) of any other Person, other than such Person and any Subsidiary of such Person (Restricted Subsidiary in the case of the Company); except that, solely for purposes of calculating Consolidated Net Income pursuant to clause (3) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," Consolidated Net Income of the Company will include the Company's proportionate share of the net income of: (a) any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary or is

merged or consolidated with the Company or any Restricted Subsidiary; or (b) a Surviving Entity prior to assuming the Company's obligations under the Indenture and the notes pursuant to "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets";

(4) the net income (but not loss) of any Subsidiary of such Person (Restricted Subsidiary in the case of the Company) to the extent that (and only so long as) a corresponding amount could not be distributed or otherwise transferred to such Person at the date of determination as a result of any restriction pursuant to the constituent documents of such Subsidiary (Restricted Subsidiary in the case of the Company) or any law, regulation, agreement or judgment applicable to any such distribution;

(5) any gain (or loss) from foreign exchange translation or change in net monetary position;

(6) any gains or losses (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of Indebtedness and Hedging Obligations; and

(7) the cumulative effect of changes in accounting principles.

"*Consolidated Non-cash Charges*" means, for any Person for any period the aggregate depreciation, amortization and other non-cash expenses or losses, of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charge which constitutes an accrual of or a reserve for cash charges for any future period or the amortization of a prepaid cash expense paid in a prior period).

"*Consolidated Tangible Assets*" means, for any Person at any time, the total consolidated assets of such Person and its Subsidiaries (Restricted Subsidiaries in the case of the Company) as set forth on the balance sheet as of the most recent fiscal quarter of such Person, prepared in accordance with GAAP, less (i) Intangible Assets and (ii) any assets securing Non-Recourse Indebtedness.

"*Covenant Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"*Credit Facilities*" means one or more debt facilities, commercial paper facilities or Debt Issuances, in each case with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders or institutional investors providing for revolving credit loans, term loans, letters of credit or Debt Issuances, in each case, as amended, extended, renewed, restated, Refinanced (including, Refinancing with Debt Issuances), supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

"*Currency Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such Person is a party designed to hedge foreign currency risk of such Person.

"*Debt Issuances*" means, with respect to the Company or any Restricted Subsidiary, one or more issuances after the Issue Date of Indebtedness evidenced by notes, debentures, bonds or other similar securities or instruments.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Designation*" and "*Designation Amount*" have the meanings set forth under "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries" above.

"*Disqualified Capital Stock*" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in any case, on or prior to the final maturity date of the notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the final maturity of the notes shall not constitute Disqualified Stock if:

(1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not materially more favorable to the holders of such Capital Stock than the terms applicable to the notes and described under " —Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock" and "—Change of Control"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the notes, including the purchase of any notes tendered pursuant thereto.

The amount of any Disqualified Capital Stock shall be equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to the Indenture; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"*Equity Offering*" has the meaning set forth under "—Optional Redemption."

"*Event of Default*" has the meaning set forth under "Events of Default."

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset, the price (after deducting any liabilities relating to such assets) which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction; *provided* that the Fair Market Value of any such asset or assets will be determined conclusively by the Board of Directors of the Company acting in good faith, and will be evidenced by a Board Resolution.

"*Fitch*" means Fitch Ratings and its successors and assigns.

"*Four Quarter Period*" has the meaning set forth in the definition of "Consolidated Fixed Charge Coverage Ratio" above.

"*GAAP*" means Mexican Financial Reporting Standards as in effect as of the Issue Date.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person:

(1) to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other Person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise, or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part,

provided that "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" means the obligations of any Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"*Incur*" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Indebtedness or other obligation on the balance sheet of such Person (and "Incurrence," "Incurred" and "Incurring" will have meanings correlative to the preceding).

"*Indebtedness*" means with respect to any Person, without duplication:

(1) the principal amount (or, if less, the accreted value) of all obligations of such Person for borrowed money;

(2) the principal amount (or, if less, the accreted value) of all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted); *provided* that any payments under any Qualified Land Trust shall not constitute Indebtedness;

(5) all letters of credit, banker's acceptances or similar credit transactions, including reimbursement obligations in respect thereof;

(6) Guarantees and other contingent obligations of such Person in respect of Indebtedness referred to in clauses (1) through (5) above and clauses (8) through (10) below;

(7) all Indebtedness of any other Person of the type referred to in clauses (1) through (6) which is secured by any Lien on any property or asset of such Person, the amount of such Indebtedness being deemed to be the lesser of the Fair Market Value of such property or asset or the amount of the Indebtedness so secured;

(8) all obligations under Hedging Obligations of such Person;

(9) to the extent not otherwise included in this definition, the Receivables Transaction Amount outstanding relating to any Receivables Transaction; and

(10) all Disqualified Capital Stock issued by such Person.

For the avoidance of doubt, the recognition and acknowledgement by the Company or any Restricted Subsidiary of its obligation to make payment of a trade payable arising in the ordinary course of business to a bank following the sale and assignment thereof pursuant to the terms of Supplier Factoring Facilities shall not be Indebtedness.

"*Independent Financial Advisor*" means an accounting firm, appraisal firm, investment banking firm or consultant of internationally recognized standing that is, in the judgment of the Company's Board of Directors, qualified to perform the task for which it has been engaged and which is independent in connection with the relevant transaction.

"*Intangible Assets*" means with respect to any Person all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights and all other items which would be treated as intangibles on the consolidated balance sheet of such Person prepared in accordance with GAAP.

"*Interest Rate Agreement*" of any Person means any interest rate protection agreement (including, without limitation, interest rate swaps, caps, floors, collars, derivative instruments and similar agreements) and/or other types of hedging agreements designed to hedge interest rate risk of such Person.

"*Investment*" means, with respect to any Person, any:

(1) direct or indirect loan, advance or other extension of credit (including, without limitation, a Guarantee) to any other Person;

(2) capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others) any other Person; or

(3) any purchase or acquisition by such Person of any Capital Stock (but not including interests in a Land Trust, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Investment" will exclude purchases and acquisitions of inventory, supplies, materials or equipment, accounts receivable or deposits in each case arising in the ordinary course of business. "Invest," "Investing" and "Invested" will have corresponding meanings.

For purposes of the "Limitation on Restricted Payments" covenant, the Company will be deemed to have made an "Investment" in an Unrestricted Subsidiary at the time of its Designation, which will be valued at the Fair Market Value of the sum of the net assets of such Unrestricted Subsidiary at the time of its Designation and the amount of any Indebtedness of such Unrestricted Subsidiary or owed to the Company or any Restricted Subsidiary immediately following such Designation. Any property transferred to or from an Unrestricted Subsidiary will be valued at its Fair Market Value at the time of the transfer. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary (including any issuance and sale of Capital Stock by a Restricted Subsidiary) such that, after giving effect to any such sale or disposition, such Restricted Subsidiary would cease to be a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to sum of the Fair Market Value of the Capital Stock of such former Restricted Subsidiary held by the Company or any Restricted Subsidiary immediately following such sale or other disposition and the amount of any Indebtedness of such former Restricted Subsidiary Guaranteed by the Company or any Restricted Subsidiary or owed to the Company or any other Restricted Subsidiary immediately following such sale or other disposition.

"*Investment Grade Rating*" means a rating equal to or higher than (i) Baa3 (or the equivalent) by Moody's or (ii) BBB- (or the equivalent) by Fitch, or, if either such entity ceases to rate the notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other Rating Agency.

"*Investment Return*" means, in respect of any Investment (other than a Permitted Investment) made after the Issue Date by the Company or any Restricted Subsidiary:

(1) the proceeds in cash and the Fair Market Value of property other than cash received by the Company or any Restricted Subsidiary upon the sale, liquidation or repayment of such Investment or, in the case of a Guarantee, the amount of the Guarantee upon the unconditional release of the Company and its Restricted Subsidiaries in full, less any payments previously made by the Company or any Restricted Subsidiary in respect of such Guarantee;

(2) in the case of the Revocation of the Designation of an Unrestricted Subsidiary, an amount equal to the lesser of:

(a) the Company's Investment in such Unrestricted Subsidiary at the time of such Revocation;

(b) that portion of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of Revocation that is proportionate to the Company's equity interest in such Unrestricted Subsidiary at the time of Revocation; and

(c) the Designation Amount with respect to such Unrestricted Subsidiary upon its Designation which was treated as a Restricted Payment; and

(3) in the event the Company or any Restricted Subsidiary makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary, the Fair Market Value of the Investment of the Company and its Restricted Subsidiaries in such Person,

in the case of each of (1), (2) and (3), up to the amount of such Investment that was treated as a Restricted Payment under "Certain Covenants—Limitation on Restricted Payments" less the amount of any previous Investment Return in respect of such Investment.

"*Issue Date*" means August 4, 2009, the first date of issuance of notes under the Indenture.

"*Land Trust*" means a trust (*fideicomiso*), the trustee of which holds title to real property for the construction and development of housing units that is beneficially owned in whole or in part by a third party but that will be developed by the Company or any of its Subsidiaries.

"*Legal Defeasance*" has the meaning set forth under "Legal Defeasance and Covenant Defeasance."

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided* that the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have Incurred a Lien on the property leased thereunder.

"*Mexican Financial Reporting Standards*" means Mexican financial reporting standards (*Normas de Información Financiera Aplicables en Mexico*) as issued by the Mexican Board for Research and Development of Financial Reporting Standards (*Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera*).

"*Moody's*" means Moody's Investors Service, Inc. and its successors and assigns.

"*Net Cash Proceeds*" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries from such Asset Sale, net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable in respect of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness secured by a Lien permitted under the Indenture that is required to be repaid in connection with such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, but excluding any reserves with respect to Indebtedness.

"*Non-Recourse Indebtedness*" with respect to any Person means Indebtedness of such Person for which (1) the sole legal recourse for collection of principal and interest on such Indebtedness is against the specific property identified in the instruments evidencing or securing such Indebtedness and such property was acquired with the proceeds of such Indebtedness or such Indebtedness was incurred within 365 days after the acquisition or construction of such property and (2) no other assets of such Person may be realized upon in collection of principal or interest on such Indebtedness.

"*Note Guarantee*" means any guarantee of the Company's Obligations under the notes and the Indenture provided by a Restricted Subsidiary pursuant to the Indenture.

"*Obligations*" means, with respect to any Indebtedness, any principal, interest (including, without limitation, Post-Petition Interest), penalties, fees, indemnifications, reimbursements, damages, and other liabilities payable under the documentation governing such Indebtedness, including in the case of the notes and the Note Guarantees, the Indenture.

"*Officer*" means, when used in connection with any action to be taken by the Company or a Subsidiary Guarantor, as the case may be, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, the Controller or the Secretary of the Company or such Subsidiary Guarantor, as the case may be.

"*Officers' Certificate*" means, when used in connection with any action to be taken by the Company or a Subsidiary Guarantor, as the case may be, a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company or a Subsidiary Guarantor, as the case may be, and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel for the Company (except as otherwise provided in the Indenture) and which opinion shall be reasonably acceptable to the Trustee.

"*Permitted Acquisition Indebtedness*" means Indebtedness, in an aggregate principal amount not to exceed US$20.0 million at any one time outstanding, of the Company or any of its Restricted Subsidiaries to the extent such Indebtedness was Indebtedness of (i) a Subsidiary prior to the date on which such Subsidiary became a Restricted Subsidiary or (ii) a Person that was merged or amalgamated into the Company or a Restricted Subsidiary, *provided* that on the date such Subsidiary became a Restricted Subsidiary or the date such Person was merged and amalgamated into the Company or a Restricted Subsidiary, as applicable, after giving *pro forma* effect thereto, (a) the Company, would be permitted to incur at least US$1.00 of additional Indebtedness pursuant to paragraph (1) under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," or (b) the Consolidated Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would be greater than the Consolidated Fixed Charge Coverage Ratio immediately prior to such transaction

"*Permitted Business*" means the business or businesses conducted by the Company and its Restricted Subsidiaries as of the Issue Date and any business ancillary or complementary thereto.

"Permitted Holders" means (i) any member of the Board of Directors of the Company on the Issue Date and on the Closing Date (as defined in the Stock Purchase Agreement) of the transactions contemplated by the Stock Purchase Agreement, (ii) a parent, brother or sister of any of the individuals named in clause (i), (iii) the spouse or a former spouse of any individual named in clause (i) or (ii), (iv) the lineal descendants of any person named in clauses

(i) through (iii) and the spouse or a former spouse of any such lineal descendant, (v) the estate or any guardian, custodian or other legal representative of any individual named in clauses (i) through (iv), (vi) any trust established principally for the benefit of any one or more of the individuals named in clauses (i) through (v), (vii) any Person in respect of which a majority of the equity interests are owned, directly or indirectly, by any one or more of the Persons named in clauses (i) through (vi), (viii) Southern Cross Latin America Private Equity Fund III, L.P. and/or its Affiliates, (ix) Gestora Metevco Holding Limitada y Compañía en Comandita por Acciones and/or its Affiliates, (x) Degomex Holding, L.P. and/or its Affiliates, (xi) Southern Cross Capital Partners III, L.P. and/or its Affiliates, (xii) Evercore Mexico Partners II, L.P. and/or its Affiliates, (xiii) Evercore Mexico Capital Partners II, L.P. and/or its Affiliates, (xiv) ARVX Capital, S.A. de C.V. and/or its Affiliates, (xv) any investment fund or vehicle managed, sponsored or advised, directly or indirectly, by Southern Cross Capital Partners III, L.P., Evercore Mexico Partners II, L.P. or ARVX Capital, S.A. de C.V., or any of their respective Affiliates, and (xvi) any limited or general partners of, or other investors in, any of the entities referred to in the foregoing clauses (viii) through (xv) and their respective Affiliates.

"*Permitted Indebtedness*" has the meaning set forth under clause (2) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness."

"*Permitted Investments*" means:

(1) Investments by the Company or any Restricted Subsidiary in any Person that is, or that result in any Person becoming, immediately after such Investment, a Restricted Subsidiary or constituting a merger or consolidation of such Person into the Company or with or into a Restricted Subsidiary, except for a Guarantee of Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor;

(2) Investments by any Restricted Subsidiary in the Company;

(3) Investments in cash and Cash Equivalents;

(4) any extension, modification or renewal of any Investments existing as of the Issue Date (but not Investments involving additional advances, contributions or other investments of cash or property or other increases thereof, other than as a result of the accrual or accretion of interest or original issue discount or payment-in-kind pursuant to the terms of such Investment as of the Issue Date);

(5) Investments permitted pursuant to clause (2)(b) or (e) of "Certain Covenants—Limitation on Transactions with Affiliates";

(6) Investments received as a result of the bankruptcy or reorganization of any Person or taken in settlement of or other resolution of claims or disputes, and, in each case, extensions, modifications and renewals thereof;

(7) Investments made by the Company or its Restricted Subsidiaries as a result of non-cash consideration permitted to be received in connection with an Asset Sale made in compliance with the covenant described under "Certain Covenants—Limitation on Asset Sales and Sales of Subsidiary Stock";

(8) Investments in the form of Hedging Obligations permitted under clause 2(e) of "Certain Covenants—Limitation on Incurrence of Additional Indebtedness";

(9) Investments in a Person engaged in a Permitted Business not to exceed 10.0% of Consolidated Tangible Assets of the Company and its Restricted Subsidiaries at any one time outstanding;

(10) receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(11) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(12) loans or advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(13) cash deposits with banks made in the ordinary course of business of the Company and its Restricted Subsidiaries, consistent with past practice, to secure payment of trade payables including under Supplier Factoring Facilities;

(14) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(15) Investments in a Receivables Entity in connection with a Receivables Transaction; *provided* that such Investment in any such Person is in the form of any equity interest or interests in receivables and related assets generated by the Company or any Restricted Subsidiary and transferred to such Person in connection with a Receivables Transaction; and

(16) any receivables or loans taken by the Company or its Restricted Subsidiaries in connection with the sale of homes, land, amenities and other improvements in the ordinary course of business consistent with past practice;

provided, *however*, that with respect to any Investment, the Company may, in its sole discretion, allocate all or any portion of any Investment and later re-allocate all or any portion of any Investment to, one or more of the above clauses (1) through (16) so that the entire Investment would be a Permitted Investment.

"*Permitted Liens*" means any of the following:

(1) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith;

(2) Liens Incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, contracts, leases, government performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(3) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(4) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(5) Liens encumbering deposits (including in favor of financial institutions or governmental authorities) made to secure obligations arising from statutory, regulatory, contractual, insurance or warranty requirements of the Company or a Restricted Subsidiary, including rights of offset and set-off;

(6) Liens securing Hedging Obligations that relate to Indebtedness that is Incurred in accordance with “Certain Covenants—Limitation on Incurrence of Additional Indebtedness” and that are secured by the same assets as secure such Hedging Obligations;

(7) Liens existing on the Issue Date (including certain Liens securing the credit agreement dated as of May 15, 2008 entered into among Servicios Corporativos Javer S.A.P.I. de C.V., the Subsidiary Guarantors, the Lenders, HSBC Bank U.S.A., N.A. and Credit Suisse, Cayman Islands Branch, as the Administrative Agent) and Liens to secure any Refinancing Indebtedness which is Incurred to Refinance any Indebtedness below which has been secured by a Lien permitted under the covenant described under “Certain Covenants—Limitation on Liens” not incurred pursuant to clauses (9) or (10) of the definition of “Permitted Liens” and which Indebtedness has been Incurred in accordance with “Certain Covenants—Limitation on Incurrence of Additional Indebtedness”; *provided* that such new Liens:

  (a) are no less favorable to the holders of notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced and

  (b) do not extend to any property or assets other than the property or assets securing the Indebtedness Refinanced by such Refinancing Indebtedness;

(8) Liens securing Acquired Indebtedness Incurred in accordance with “Certain Covenants—Limitation on Incurrence of Additional Indebtedness” not incurred in connection with, or in anticipation or contemplation of, the relevant acquisition, merger or consolidation; *provided* that

  (a) such Liens secured such Acquired Indebtedness at the time of and prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary and were not granted in connection with, or in anticipation of the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary; and

  (b) such Liens do not extend to or cover any property of the Company or any Restricted Subsidiary other than the property that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary and are no more favorable to the lienholders than the Liens securing the Acquired Indebtedness prior to the Incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary;

(9) purchase money Liens securing Purchase Money Indebtedness, Non-Recourse Indebtedness or Capitalized Lease Obligations Incurred to finance the acquisition or leasing of property of the Company or a Restricted Subsidiary used in a Permitted Business; *provided* that:

  (a) the related Purchase Money Indebtedness or Non-Recourse Indebtedness does not exceed the cost of such property and shall not be secured by any property of the Company or any Restricted Subsidiary other than the property so acquired or financed and the proceeds thereof; and

  (b) the Lien securing such Indebtedness will be created within 365 days of such acquisition or financing;

(10) Liens securing an amount of Indebtedness under Credit Facilities (including construction bridge loans and other seller financing) outstanding at any one time not to exceed the greater of (x) US$50.0 million or (y) 6.0% of the Consolidated Tangible Assets of the Company at such time;

(11) any pledge or deposit of cash or property in conjunction with obtaining surety and performance bonds and letters of credit required to engage in constructing on-site and off-site improvements required by municipalities or other governmental authorities in the ordinary course of business;

(12) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(13) Liens encumbering customary initial deposits and margin deposits, and other Liens that are customary in the industry and incurred in the ordinary course of business securing Indebtedness under Hedging Obligation and forward contracts, options, futures contracts, futures options or similar agreements or arrangement designed to protect the Company and its Restricted Subsidiaries from fluctuations in the price of commodities;

(14) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(15) licenses and sub-licenses of intellectual property in the ordinary course of business;

(16) Liens to secure a defeasance trust;

(17) easements, rights of way zoning and similar restrictions, reservations, restrictions or encumbrances in respect of real property or title defects that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties (as such properties are used by the Company or its Restricted Subsidiaries) or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(18) Liens arising from precautionary Uniform Commercial Code financing statement filings regarding operating leases entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(19) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings that may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such legal proceedings may be initiated shall not have expired;

(20) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(21) Liens on accounts receivable or related assets incurred in connection with a Receivables Transaction;

(22) Liens securing the notes and the related Guarantees; and

(23) Liens in favor of the Company or any Subsidiary Guarantor.

"*Person*" means an individual, partnership, limited partnership, corporation, company, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"*Post-Petition Interest*" means all interest accrued or accruing after the commencement of any insolvency or liquidation proceeding (and interest that would accrue but for the commencement of any insolvency or liquidation proceeding) in accordance with and at the contract rate (including, without limitation, any rate applicable upon default) specified in the agreement or instrument creating, evidencing or governing any Indebtedness, whether or not pursuant to applicable law or otherwise, the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Preferred Stock*" of any Person means any Capital Stock of such Person that has preferential rights over any other Capital Stock of such Person with respect to dividends, distributions or redemptions or upon liquidation.

"*Purchase Money Indebtedness*" means Indebtedness Incurred for the purpose of financing all or any part of the purchase price, or other cost of construction or improvement of any property; *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such property or such purchase price or cost, including any Refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of Refinancing.

"*Qualified Capital Stock*" means any Capital Stock that is not Disqualified Capital Stock and any warrants, rights or options to purchase or acquire Capital Stock that is not Disqualified Capital Stock that are not convertible into or exchangeable into Disqualified Capital Stock.

"*Qualified Land Trusts*" means (a) the *fideicomiso* dated June 8, 2007, among Everardo García Zavala and Alejandra García Zavala as Fideicomitente A, Casas Javer, S.A. de C.V. as Fideicomitente B, and Banca Afirme, S.A., Institución de Banca Múltiple, as Trustee and (b) the *fideicomiso* dated June 8, 2007 among Grupo Inmobiliario Santa Teresa de Avilá as Fideicomitente A, Casas Javer, S.A. de C.V. as Fideicomitente B and Banca Afirme, S.A., Institución de Banca Múltiple, as Trustee.

"*Rating Agencies*" means (i) Fitch and (ii) Moody's or (iii) if Fitch or Moody's or both shall not make a rating of the notes publicly available, a nationally recognized United States securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Fitch or Moody's or both, as the case may be.

"*Receivables Entity*" means a Person in which the Company or any Restricted Subsidiary makes an Investment and:

(1) to which the Company or any Restricted Subsidiary transfers receivables and related assets in connection with a Receivables Transaction;

(2) which engages in no activities other than in connection with the Receivables Transaction;

(3) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

  (a) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

  (b) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings; or

  (c) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(4) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Receivables Transaction) other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing receivables; and

(5) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Receivables Transaction*" means any securitization, factoring, discounting or similar financing transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any Person (including a Receivables Entity), or may grant a security interest in, any receivables (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto, including all collateral securing such receivables, all contracts and all guarantees or other obligations in respect of such receivables, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted, in connection with securitization, factoring or discounting involving receivables.

"*Receivables Transaction Amount*" means the amount of obligations outstanding under the legal documents entered into as part of a Receivables Transaction on any date of determination that would be characterized as principal if such Receivables Transaction were structured as a secured lending transaction rather than a purchase.

"*Refinance*" means, in respect of any Indebtedness, to issue any Indebtedness in exchange for or to refinance, replace, defease or refund such Indebtedness in whole or in part. "Refinanced" and "Refinancing" will have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness of the Company or any Restricted Subsidiary issued to Refinance any other Indebtedness of the Company or a Restricted Subsidiary so long as:

(1) the aggregate principal amount (or initial accreted value, if applicable) of such new Indebtedness as of the date of such proposed Refinancing does not exceed the aggregate principal amount (or initial accreted value, if applicable) of the Indebtedness being Refinanced (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Company in connection with such Refinancing);

(2) such new Indebtedness has:

 (a) a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced, and

 (b) a final maturity that is equal to or later than the final maturity of the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is: Indebtedness of the Company, then such Refinancing Indebtedness will be Indebtedness of the Company and/or a Subsidiary Guarantor, Indebtedness of a Subsidiary Guarantor, then such Refinancing Indebtedness will be Indebtedness of the Company and/or such Subsidiary Guarantor, and Subordinated Indebtedness, then such Refinancing Indebtedness shall be subordinate to the notes or the relevant Note Guarantee, if applicable, at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"*Restricted Payment*" has the meaning set forth under "Certain Covenants—Limitation on Restricted Payments."

"*Restricted Subsidiary*" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"*Revocation*" has the meaning set forth under "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries."

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party providing for the leasing to the Company or a Restricted Subsidiary of any property, whether owned by the Company or any Restricted Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such Person or to any other Person by whom funds have been or are to be advanced on the security of such Property.

"*Senior Indebtedness*" means the notes and the Note Guarantees and any other Indebtedness of the Company or any Subsidiary Guarantor that ranks equal in right of payment with the notes or the relevant Note Guarantee, as the case may be.

"*Significant Subsidiary*" means a Subsidiary of the Company constituting a "Significant Subsidiary" of the Company in accordance with Rule 1-02(w) of Regulation S-X of the Securities and Exchange Commission in effect on the date hereof.

"*Standard Securitization Undertakings*" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are reasonably customary in securitization of receivables transactions.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Indebtedness*" means, with respect to the Company or any Subsidiary Guarantor, any Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, which is expressly subordinated in right of payment to the notes or the relevant Note Guarantee, as the case may be.

"*Subsidiary*" means, with respect to any Person, any other Person of which such Person owns, directly or indirectly, more than 50.0% of the voting power of the other Person's outstanding Voting Stock.

"*Subsidiary Guarantor*" means any Restricted Subsidiary which provides a Note Guarantee pursuant to the Indenture until such time as its Note Guarantee is released in accordance with the Indenture.

"*Supplier Factoring Facilities*" means the supplier factoring facility established by GE Capital Factoring, S.A. de C.V., as in effect on the Issue Date and as amended from time to time, which provide for the sale and assignment from time to time by suppliers of then existing trade payables of the Company and its Restricted Subsidiaries upon the payment of a factoring commission or on a discounted basis, and any similar supplier factoring facilities supplementing or replacing such existing facility; *provided* that any funds disbursed under such facilities shall be solely in consideration for the sale and assignment of then existing trade payables of the Company and its Restricted Subsidiaries generated in the ordinary course of business.

"*Surviving Entity*" has the meaning set forth under "Certain Covenants—Limitation on Merger, Consolidation and Sale of Assets."

"*Unrestricted Subsidiary*" means any Subsidiary of the Company Designated as such pursuant to "Certain Covenants—Limitation on Designation of Unrestricted Subsidiaries." Any such Designation may be revoked by a Board Resolution of the Company, subject to the provisions of such covenant.

"*U.S. Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"*Voting Stock*" with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of any contingency) to vote in the election of members of the Board of Directors (or equivalent governing body) of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years (calculated to the nearest one-twelfth) obtained by dividing:

(1) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness into

(2) the sum of the products obtained by multiplying:

(a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

(b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means, for any Person, any Subsidiary (Restricted Subsidiary in the case of the Company) of which all the outstanding Capital Stock (other than, in the case of a Subsidiary not organized in the United States, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) is owned by such Person or any other Person that satisfies this definition in respect of such Person.

TAXATION

General

The following summary contains a description of the material U.S. and Mexican federal tax consequences of the purchase, ownership and disposition of the notes by certain non-Mexican resident holders.

This summary is based upon federal tax laws of the United States and Mexico as in effect on the date of this offering circular, including the provisions of the income tax treaty between the United States and Mexico, which we refer to in this offering circular as the Tax Treaty, all of which are subject to change. This summary does not purport to be a comprehensive description of all the U.S. or Mexican federal income tax considerations that may be relevant to a decision to purchase, hold or dispose of the notes. The summary does not address any tax consequences under the laws of any state, municipality or locality of Mexico or the United States or the laws of any taxing jurisdiction other than the federal laws of Mexico and the United States.

Prospective investors should consult their own tax advisors as to the Mexican and United States tax consequences of the purchase, ownership and disposition of notes, including, in particular, the effect of any foreign (non-Mexican and non-U.S.), state or local tax laws.

Mexico has also entered into or is negotiating several other double taxation treaties with various countries that may have an impact on the tax treatment of the purchase, ownership or disposition of notes. Prospective purchasers of notes should consult their own tax advisors as to the tax consequences, if any, of the application of any such treaties.

Mexican Federal Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the acquisition, ownership and disposition of the notes by holders that are not residents of Mexico, for Mexican federal tax purposes, and that do not hold such notes through a permanent establishment in Mexico, for tax purposes, to which income under the notes is attributable; for purposes of this summary, each such holder is referred to as a foreign holder.

This summary is based on the Mexican federal income tax law (*Ley del Impuesto sobre la Renta*) and regulations in effect on the date of this offering circular, all of which are subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

This summary does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. In particular, this summary does not describe any tax consequences arising under the laws of any state, locality, municipality or taxing jurisdiction other than certain federal laws of Mexico.

Potential investors should consult with their own tax advisors regarding the particular consequences of the purchase, ownership or disposition of the notes under the federal laws of Mexico or any other jurisdiction or under any applicable double taxation treaty.

For purposes of Mexican taxation, an individual or corporation that does not satisfy the requirements to be considered a resident of Mexico for tax purposes, as specified below, is deemed a non-resident of Mexico for tax purposes and a foreign holder for purposes of this summary.

An individual is a resident of Mexico for tax purposes, if he/she established his/her home in Mexico. When the individual in question has a home in another country, the individual will be deemed a resident in Mexico if his/her center of vital interests is located in Mexican territory. This will be deemed to occur if (i) more than 50.0% of the aggregate income realized by such individual in the calendar year is from a Mexican source or (ii) the principal center of his/her professional activities is located in Mexico. Mexican nationals who filed a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with

Mexico and where his/her income is subject to a preferred tax regime as defined by Mexican law, will be considered Mexican residents for tax purposes during the year of the filing of notice of such residence change and during the following three years. Unless otherwise proven, a Mexican national is deemed a resident of Mexico for tax purposes.

A legal entity is a resident of Mexico if it maintains the principal administration of its business or the effective location of its management in Mexico.

If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, all income attributable to that permanent establishment will be subject to Mexican income taxes, in accordance with applicable tax laws.

The governments of the United States and Mexico entered into an income tax treaty (and protocols thereto) to avoid double taxation, which came into effect on January 1, 1994 (the "Tax Treaty"). The United States and Mexico have also entered into an agreement that covers the exchange of information with respect to tax matters.

Mexico has also entered into and is negotiating tax treaties for the avoidance of double taxation with several other countries.

Payments of Interest

Pursuant to the Mexican Income Tax Law, payments of interest on the notes (including original issue discount, which is deemed to be interest) made by us or by any of the Subsidiary Guarantors to foreign holders will be subject to Mexican withholding tax at a rate of 4.9%, if, as expected, the following requirements are met:

- issuance of the notes (including the principal characteristics of the notes) is notified to the CNBV pursuant to Article 7 of the Mexican Securities Market Law and the information requirements related to such notification established in the general rules issued by the Tax Administrative Service (*Servicio de Administración Tributaria*, or "SAT") are duly complied with;

- the notes, as expected, are placed outside of Mexico through banks or brokerage houses, in a country with which Mexico has in force a treaty for the avoidance of double taxation (which currently includes the United States of America); and

- we timely file with the SAT, fifteen days after the placement of the notes, information regarding such placement, and on a quarterly basis, information, among other things, setting forth that no party related to us, jointly or individually, directly or indirectly, is the effective beneficiary of more than 5.0% of the aggregate amount of each interest payment, and we maintain records that evidence compliance with this requirement.

If any of the above mentioned requirements is not met, the Mexican withholding tax will be 10.0% or higher.

As of the date of this offering circular, the Tax Treaty is not expected to have any effect on the Mexican tax consequences described in this summary, because, as described above, under Mexico's Income Tax Law, we expect to be entitled to withhold taxes in connection with interest payments under the notes at a 4.9% rate.

Payments of interest on the notes made by us to non-Mexican pension and retirement funds will be exempt from Mexican withholding tax *provided* that:

- such fund is duly incorporated pursuant to the laws of its country of residence and is the effective beneficiary of the interest payment;

- such income is exempt from taxes in its country of residence; and

- such fund is registered with the SAT in accordance with certain rules issued for these purposes.

Holders or beneficial owners of the notes may be requested to, subject to specified exceptions and limitations, provide certain information or documentation necessary to enable us and the Subsidiary Guarantors to apply the appropriate Mexican withholding tax rate on interest payments under the notes made by us or the Subsidiary Guarantors to such holders or beneficial owners. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely provided, we or the Subsidiary Guarantors may withhold Mexican tax from interest payments on the notes to that holder or beneficial owner at the maximum applicable rate, but our obligation to pay Additional Amounts relating to those withholding taxes will be limited as described under "Description of Notes—Additional Amounts."

Payments of Principal

Under Mexican Income Tax Law, payments of principal on the notes made by us or by the Subsidiary Guarantors to a foreign holder will not be subject to Mexican withholding tax.

Taxation of Capital Gains

Under the Mexican Income Tax Law and regulations thereunder, capital gains resulting from the sale or other disposition of the notes by a foreign holder to another foreign holder are not taxable in Mexico. Gains resulting from the sale of the notes by a foreign holder to a Mexican resident for tax purposes or to a foreign holder deemed to have a permanent establishment in Mexico for tax purposes will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Taxation of Make-Whole Amount

Under the Mexican Income Tax Law and regulations thereunder, the payment of the Make-Whole Amount as a result of the optional redemption of the notes, as provided in Section "Description of Notes—Optional Redemption," will have the same tax treatment as for interest payments as described in "Payments of Interest" above.

Other Mexican Taxes

Under current Mexican tax laws, generally there are no estate, inheritance, succession or gift taxes applicable to the acquisition, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of a Mexican federal tax upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders of the notes with respect to the notes.

U.S. Federal Income Tax Considerations

To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering circular or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code as amended (the "*Code*"*); (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.*

U.S. Holders

The following discussion is a summary of certain U.S. federal income tax consequences that may be relevant to a holder or a beneficial owner of notes that is an individual citizen or resident of the United States, a domestic corporation or otherwise is subject to United States federal income tax on a net income basis with respect to the notes (a "U.S. Holder"). This summary is based upon provisions of the Code and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes or all tax considerations that may be relevant to U.S. holders in light of their personal circumstances.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that acquires or holds the notes should consult its own tax advisers.

This summary is only applicable to U.S. Holders who purchase the notes at original issuance, at their initial offering price and who will hold the notes as capital assets.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder or to certain types of holders subject to special treatment, such as persons subject to certain U.S. federal income tax laws regarding expatriates, dealers in securities or foreign currency, financial institutions, insurance companies, tax-exempt organizations and taxpayers whose functional currency is not the U.S. Dollar, or who hold the notes as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you regarding ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Characterization of the Issuance as a "Qualified Reopening"

Although we will take the position that the current issuance should be treated as a "qualified reopening" for U.S. federal income tax purposes and as such the new notes should be fungible with the outstanding notes, we can give no assurance that the IRS will not challenge this position. Whether the new notes are being issued in a "qualified reopening" depends on a number of factual requirements, including whether the original notes are considered to be "publicly traded" within the meaning of the relevant Treasury Regulations, and the applicable rules are not entirely clear. If the IRS were successful in challenging this position, the new notes would not be treated as part of the same issuance as the outstanding notes and therefore would not be fungible with the outstanding notes.

Payments of Interest

Interest on a note will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes. In addition to interest on the notes, you will be required to include in income any additional amounts and any tax withheld from the interest payments you receive, even if you do not in fact receive this withheld tax. You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Interest income (including Mexican taxes withheld from the interest payments and any additional amounts) on a note generally will be considered foreign source income and generally should constitute "passive category income." You may be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange and Retirement of Notes

Your tax basis in a note will, in general, be your cost for that note. Upon the sale, exchange, retirement or other disposition of a note, you will recognize gain or loss equal to the difference between the amount you realize upon the sale, exchange, retirement or other disposition (including any Make-Whole Amount, but less an amount equal to any accrued interest that you did not previously include in income, which will be taxable as interest income) and the adjusted tax basis of the note. Such gain or loss will be capital gain or loss and will generally be treated as United States source gain or loss. Consequently, you may not be able to claim a credit for any Mexican tax imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitation) against tax due on other income treated as derived from foreign sources. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments we make to you and the proceeds from a sale of a note paid to you, unless you are an exempt recipient such as a corporation. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability, *provided* the required information is furnished to the Internal Revenue Service.

Non-U.S. Holders

The following summary applies to you if you are a holder of notes other than a U.S. Holder (a Non-U.S. Holder), as defined above.

The interest income that you derive with respect to the notes generally will be exempt from United States federal income taxes, including United States withholding tax on payments of interest, unless such income is effectively connected with the conduct of a trade or business in the United States.

If you are a Non-U.S. Holder, any gain you realize on a sale of the notes generally will be exempt from United States federal income tax, including United States withholding tax, unless:

- your gain is effectively connected with your conduct of a trade or business in the United States; or
- you are an individual holder and are present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

Although Non-U.S. Holders generally are exempt from backup withholding and information reporting, a Non-U.S. Holder may, in certain circumstances, be required to comply with certification procedures to prove entitlement to this exemption.

NOTICE TO INVESTORS

The new notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the new notes are being offered hereby only (a) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), or QIBs, in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with us and the initial purchaser as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any of such notes prior to (a) the date which is one year (or such other period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of original issuance of the notes and (b) such later date, if any, as may be required by applicable laws except:

- to the Company or any of its subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;

(5) It understands that the certificates evidencing the notes (other than the Regulation S global notes) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO

SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN PRIOR TO THE RESALE RESTRICTION TERMINATION DATE (AS DEFINED IN THE NEXT PARAGRAPH), EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

THE RESALE RESTRICTION TERMINATION DATE WILL BE THE DATE:

(1) THAT IS AT LEAST ONE YEAR AFTER THE LAST ORIGINAL ISSUE DATE HEREOF; AND (2) ON WHICH THE COMPANY INSTRUCTS THE TRUSTEE THAT THIS LEGEND (OTHER THAN THE FIRST PARAGRAPH HEREOF) SHALL BE DEEMED REMOVED FROM THIS SECURITY, IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN THE INDENTURE RELATING TO THIS SECURITY.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.*

---

* This legend (other than the first paragraph hereof) shall be deemed removed from the face of this Security without further action of the Company, the Trustee, or the holders of this Security at such time as the Company instructs the Trustee to remove such legend pursuant to the Indenture.

(6) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering circular, it acknowledges and agrees that, until the expiration of the 40 day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note, and that each Regulation S global note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

(7) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

(8) It acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to Javer and the trustee that the restrictions set forth herein have been complied with; and

(9) It acknowledges that the Company, the trustee, the initial purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify Javer, the trustee and the initial purchaser. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated January 19, 2010 we have agreed to sell to Credit Suisse, as initial purchaser, the principal amount of the new notes.

The purchase agreement provides that the initial purchaser is obligated to purchase all of the new notes if any are purchased.

The initial purchaser proposes to offer the new notes initially at the offering price on the cover page of this offering circular and may also offer the new notes to selling group members at the offering price less a concession. After the initial offering, the offering price may be changed.

The new notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The initial purchaser has agreed that, except as permitted by the purchase agreement, they will not offer, sell or deliver the new notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of this offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each broker/dealer to which it sells the new notes in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of the new notes within the United States, or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Resales of the new notes are restricted as described under “Notice to Investors.”

In addition, until 40 days after the commencement of this offering, an offer or sale of the new notes within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

European Economic Area

The initial purchaser represents and agrees that, in relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”), the initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The EEA selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

The initial purchaser represents and agrees that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, or FSMA), received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

General

The initial purchaser has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any notes directly or indirectly, or distribute this offering circular or any other offering material relating to the notes in or from any jurisdiction, except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

Purchasers of notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the price to investors on the cover page of this offering circular.

The initial purchaser or its affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking, financial advisory and investment banking services, for us and our affiliates in the ordinary course of business. Affiliates of the initial purchaser are lenders under certain of our and Proyectos del Noreste's term credit facilities and derivatives counterparties in connection therewith. We expect to use a portion of the net proceeds from this offering to repay indebtedness owed to affiliates of the initial purchaser.

We have agreed to indemnify the initial purchaser against certain liabilities or to contribute to payments which it may be required to make in that respect.

The new notes are a new issue of securities for which there currently is no market. The initial purchaser has advised us that they intend to make a market in the new notes as permitted by applicable law. They are not obligated, however, to make a market in the new notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the new notes.

We expect that delivery of the new notes will be made against payment therefor on or about the closing date specified on the cover page of this offering circular, which will be on or about the twelfth business day following the date of the pricing of the new notes (this settlement cycle being referred to as "T+12"). Under Rule 15c6-1 of the SEC under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the new notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the new notes initially will settle in T+12, to specify alternative settlement cycle at the time of any such trade to prevent a failed settlement.

The initial purchaser may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchaser.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions.

- Penalty bids permit the initial purchaser to reclaim a selling concession from a broker/dealer when the notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

NOTICE TO CANADIAN INVESTORS

Resale Restrictions

The distribution of the notes in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of the notes are made. Any resales of the notes in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the notes.

Representations of Purchasers

By purchasing the notes in Canada and accepting a purchase confirmation a purchaser is representing to us, the purchasers and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the notes without the benefit of a prospectus qualified under those securities laws,

- where required by law, that the purchaser is purchasing as principal and not as agent, and

- the purchaser has reviewed the text above under "Resale Restrictions."

Rights of Action—Ontario Purchasers Only

Under Ontario securities legislation, a purchaser who purchases a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the notes, for rescission against us in the event that this offering circular contains a misrepresentation. A purchaser will be deemed to have relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the notes. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the notes. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the notes were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the notes as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of the notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the notes in their particular circumstances and about the eligibility of the notes for investment by the purchaser under relevant Canadian legislation.

GENERAL INFORMATION

Clearing Systems

The new notes have been accepted for clearance through Euroclear and Clearstream. In addition, the new notes have been accepted for trading in book-entry form by DTC. For the Rule 144A new notes, the ISIN number is US81763TAA16, the CUSIP number is 81763TAA1 and the common code is 044430860, which are the same ISIN and CUSIP numbers and is the same common code as the Rule 144A outstanding notes. For the Regulation S new notes, the temporary ISIN number is USP8585LAB82, the temporary CUSIP number is P8585LAB8 and the temporary common code is 048287808. On March 16, 2010, upon completion of the fourty day distribution compliance period, for the Regulation S new notes, the ISIN number will be USP8585LAA00, the CUSIP number will be P8585LAA0 and the common code will be 044430932, which are the same CUSIP and ISIN numbers and is the same common code as the Regulation S outstanding notes.

Listing

Application has been made to admit the new notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. Copies of our by-laws, the indenture (including information on the note guarantee), as may be amended or supplemented from time to time, our published annual audited consolidated financial statements and any published quarterly unaudited consolidated financial statements will be available at our principal executive offices, as well as at the offices of the trustee, registrar, paying agent and transfer agent, and at the offices of the Luxembourg listing agent, paying agent and transfer agent, as such addresses are set forth in this offering circular. We do not publish unconsolidated financial statements. We believe the auditor's reports included herein have been accurately reproduced. We will maintain a paying and transfer agent in Luxembourg for so long as any of the notes are listed on the Luxembourg Stock Exchange.

The new notes have not been and will not be listed in the BMV or registered with the Mexican National Securities Registry and therefore the new notes may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the new notes. The offering and the sale of the outstanding notes was authorized by unanimous resolutions of the Board of Directors and confirmed in writing on September 5, 2008. The amended by-laws do not require the same Board of Directors' authorization for the offering and sale of the new notes.

No Material Adverse Change

Except as disclosed in this offering circular, there has been no material adverse change in the financial position or prospects of us and our subsidiaries taken as a whole since December 31, 2008.

Litigation

Except as disclosed in this offering circular, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration pending or threatened.

LEGAL MATTERS

Certain matters relating to the validity of the new notes will be passed upon for us by Mijares, Angoitia, Cortés y Fuentes, S.C., Mexico City, Mexico, our special Mexican counsel, and for the initial purchaser by Creel, García-Cuéllar, Aiza y Enríquez, S.C., Mexico City, Mexico. Certain legal matters in connection with this offering of the new notes are being passed upon for us by Milbank, Tweed, Hadley & McCloy LLP, New York, New York, and for the initial purchaser by Cleary Gottlieb Steen & Hamilton LLP.

INDEPENDENT AUDITORS

The Audited Financial Statements of Servicios Corporativos Javer, S.A.P.I. de C.V. as of December 31, 2007 and 2008 and for each of the three years in the period ended December 31, 2008 included in this offering circular have been audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., a Member of Deloitte Touche Tohmatsu, independent auditors, as stated in their report appearing herein.

DIFFERENCES BETWEEN MFRS AND U.S. GAAP

Our consolidated Financial Statements are prepared in accordance with Mexican Financial Reporting Standards ("MFRS"), which differ in certain respects from U.S. GAAP. The matters described below summarize certain significant differences between MFRS and U.S. GAAP that may be material. We have not prepared a reconciliation of our Financial Statements or any related footnote disclosure appearing in this offering circular from MFRS to U.S. GAAP and we have not quantified those differences. Accordingly, no assurance can be given that the following summary of certain significant differences between MFRS and U.S. GAAP is complete. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information included in this offering circular. Potential investors should consult their professional advisors for an understanding of the differences between MFRS and U.S. GAAP, and how those differences might affect the financial information included in this offering circular.

Recognition of Effects of Inflation

As disclosed in Note 3(b) of our Audited Financial Statements, NIF B-10 considers two economic environments: a) an inflationary environment, where cumulative inflation over a three-year period is 26.0% or more, in which case, the effects of inflation need to be recognized, and b) a non-inflationary environment, where inflation is less than 26.0% in the same period, in which case, the effects of inflation may not be recognized in the financial statements. Furthermore, NIF B-10 requires that the gain (loss) from monetary position in equity and the cumulative gain (loss) from holding non-monetary assets be reclassified to retained earnings, except for the gain (loss) from holding non-monetary assets that is identified with inventories or fixed assets that have not been realized as of the effective date of this standard. Such amounts are required to be maintained in stockholders' equity and realized within current earnings of the period in which such assets are depreciated or sold. NIF B-10 establishes that this accounting change be recognized prospectively.

As a result of having adopted NIF B-10, we discontinued recognition of the effects of inflation in its financial statements beginning January 1, 2008 because the accumulated inflation in the prior three-year period was less than 26.0%. The comparative information for the periods prior to January 1, 2008 is restated and presented in constant Mexican Pesos of December 31, 2007.

Under U.S. GAAP, financial statements are required to be stated at historical cost. However, in annual reports on Form 20-F issued by foreign private issuers whose securities trade on the U.S. stock exchanges, the Securities and Exchange Commission permits filers to continue to include the effects of inflation in their financial statements if included for local statutory purposes as it represents a comprehensive measure of the effects of price level changes in their economy and, as such, is considered a more meaningful presentation than historical cost-based financial information for both Mexican and U.S. financial reporting.

Consolidation Criteria

MFRS requires consolidation of all subsidiaries over which a company exercises control, despite not holding a majority of the voting common stock of the subsidiary. Control over another company is considered to exist when more than 50.0% of a company's outstanding shares, with voting rights, are held directly or indirectly through a subsidiary, unless the holder can demonstrate that control to govern the company has been yielded, whereby it would then account for it under the equity method. Additionally, MFRS allows for the accounting of joint ventures using the proportionate consolidation method.

NIF B-8, *Consolidated or Combined Financial Statements*, became effective January 1, 2009. NIF B-8 includes a change in terminology, from minority interest to non-controlling interest, and from majority interest to controlling interest. NIF B-8 establishes that special purpose entities, over which control is exercised, are required to be consolidated. Provided certain requirements are met, it allows the option of presenting stand-alone financial statements of intermediate controlling companies and requires that potential voting rights be considered to analyze whether control exists.

U.S. GAAP generally only requires consolidation when a company has a controlling financial interest, either through a majority voting interest or through the existence of other control factors. Additionally, it requires consolidation of variable interest entities for which a company is the primary beneficiary and will absorb a majority of the investee's expected losses and is entitled to receive a majority of the entity's expected residual returns. U.S. GAAP accounts for joint venture investments using the equity method.

Classification of Minority Interest

Under MFRS, minority interest in combined subsidiaries is presented as a separate component of stockholders' equity in the balance sheet; in the statement of income it is included in consolidated net income, and the distribution between majority and minority interests is presented below consolidated net income.

Prior to December 31, 2008, under U.S. GAAP, minority interest is excluded from stockholders' equity and is presented between liabilities and equity in the balance sheet. In the statement of income, it is presented as a reduction of consolidated net income.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin ("ARB") No. 51*. SFAS No. 160 (a) amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as "minority interest") and the deconsolidation of a subsidiary; (b) changes the way the consolidated income statement is presented as the noncontrolling interest will be presented within stockholders' equity; (c) establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation; (d) requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated; and (e) requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008.

Statement of Cash Flows

Under MFRS, through December 31, 2007 a basic set of financial statements includes a statement of changes in financial position which identifies the resources provided and used based on the difference between the beginning and ending balances, in constant Pesos of purchasing power as of the latest balance sheet presented. In addition, the inflation-adjusted statement of changes in the financial position includes certain non-cash items such as monetary gain or loss, unrealized foreign currency translation gain or loss and the statement is presented in constant Pesos of purchasing power as of the latest balance sheet date.

Beginning on January 1, 2008, we began to apply *NIF B-2, Statement of Cash Flows*, which supersedes and replaces Bulletin B-12, *Statement of Changes in Financial Position*. NIF B-2 permits the presentation of a company's cash flow activities using either the direct or the indirect method: we elected the indirect method. The statement of cash flows is presented in nominal Pesos. According to NIF B-2, this accounting change is required to be recognized prospectively; consequently, we present a consolidated statement of cash flows as of December 31, 2008 and a combined statement of changes in financial position for the years ended December 31, 2007 and 2006.

U.S. GAAP requires a statement of cash flows as part of the basic set of financial statements that presents only cash movements and excludes non-cash items. Items reported in the statement of cash flows represent cash receipts and payments sourced from operating, investing or financing activities. Information for investing and financing activities not resulting in cash receipts or payments is provided separately.

Deferred Income Tax and Employee Profit Sharing

MFRS requires an asset and liability approach for recognizing existing temporary differences for ISR and PTU that are expected to reverse over a definite period of time. Deferred PTU balances are not required to be recorded if their reversal is within the control of the reporting entity. Current and deferred employee PTU expenses or benefits are presented within other expense, net in the statements of operations. Under MFRS, a net presentation of deferred tax assets and liabilities is required either as a non-current asset or long-term liability. Both current and deferred PTU are presented within other expenses below operating income for purposes of MFRS.

Beginning on January 1, 2008, we began applying the requirements of NIF D-4, *Income Taxes*. NIF D-4 (i) transfers accounting for current and deferred PTU to NIF D-3; *Employee Benefits*, (ii) eliminates the permanent difference concept; (iii) redefines and incorporates various definitions; and (iv) requires that the cumulative ISR effect be reclassified to retained earnings, unless it is identified with some of the other comprehensive income items that have not been applied against current earnings.

Under U.S. GAAP, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Under U.S. GAAP, a separate presentation of current and non-current deferred income tax and PTU assets or liabilities is required.

Under U.S. GAAP, both current and deferred PTU is included in the determination of operating income. Additionally, although not an income tax, deferred PTU is calculated under the asset and liability method.

As a result of the new business flat tax ("IETU"), which was enacted in 2007, we are required to determine what deferred tax effects if any the IETU has on our financial statements. We must therefore perform financial projections for purposes of MFRS, and according to INIF 8, *Effects of the Business Flat Tax*, determine if we will pay IETU or ISR in the future. If we determine that we will pay IETU or ISR, we will record our deferred taxes accordingly. If we cannot determine which tax regime we will be subject to in the future based on our projections, we must record the highest deferred tax liability or smallest deferred tax asset calculated under each regime.

For U.S. GAAP purposes, under SFAS No. 109, *Income Taxes*, we are required to address the tax consequences of both the ISR and the IETU regimes by scheduling the reversal of our temporary differences and to use the tax rates that are expected to apply each year, whether that be IETU or ISR (a hybrid approach).

Capitalized Financing Cost

Under MFRS, up until December 31, 2006, an entity was allowed, but not required, to capitalize certain comprehensive financing costs on assets under construction. Effective January 1, 2007, NIF D-6, *Capitalization of Comprehensive Financing Result*, requires certain comprehensive financing costs to be capitalized on qualifying assets (assets that require a substantial period of time to be ready to use). Comprehensive financial results to be capitalized include interest expense, foreign currency exchange gains and losses, and inflationary monetary gain or loss related to financial liabilities.

Under U.S. GAAP, interest expense incurred during the construction (development) period on qualifying assets must be considered as an additional cost to be capitalized. Under U.S. GAAP, when financing is in Pesos, the monetary gain related to the financing is included in this computation; when financing is denominated in U.S. Dollars, only the interest is capitalized. In all instances, foreign exchange and inflationary monetary gains and losses are excluded.

Inventories

MFRS does not address the presentation of inventories of a home-building company.

Under U.S. GAAP, a company may present an unclassified balance sheet. If a classified balance sheet were presented, land held for construction that would not be used within a one-year operating cycle would be classified as a non-current asset.

Capitalization of Pre-operating Expenses

MFRS allows qualifying development costs to be capitalized as intangible assets if the criteria for intangible asset recognition are met. Among other things, there should be reasonable certainty that costs identified as intangible assets will generate sufficient future income to allow for their eventual absorption through amortization.

Under U.S. GAAP, all pre-operating costs are expensed as incurred.

Lease Accounting

Under MFRS, lease accounting is described using broad terms compared to the rule-based approach of U.S. GAAP. MFRS sets forth four criteria similar to that of U.S. GAAP but described in more general terms as follows: (i) the lease transfers ownership of the property to the lessee by the end of the lease term; (ii) the lease contains a bargain purchase option; (iii) the lease term is substantially equal to the estimated economic life of the leased property; or (iv) the present value of the minimum lease payments is substantially equal to the leased property market price. If none of the lease criteria are met, then the lease is required to be classified as an operating lease. Additionally, if there is reasonable certainty about the transfer of the ownership at the end of the lease contract, the registered asset will be depreciated over the lease term. Otherwise, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy for owned assets.

U.S. GAAP lease accounting is a complex area given that it is a rule-based approach applied to specific facts and circumstances of each transaction. In addition to the basic standard, there exists numerous other authoritative guidance on practical application issues. In general terms, U.S. GAAP sets forth four criteria, any of which identifies a lease as a capital lease to the lessee. The four criteria are: (i) automatic transfer of title; (ii) bargain purchase option; (iii) lease term equals or exceeds 75.0% of the remaining economic useful life; or (iv) the present value of minimum lease payments equals or exceeds 90.0% of the fair value of leased property over any related investment tax credit. If none of the lease criteria are met, then the lease is required to be classified as an operating lease. Additionally, under U.S. GAAP, if the lease meets the criterion of either (i) or (ii) noted above, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy for owned assets. If the lease does not meet either criterion (i) or (ii) noted above, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy, except that the period of amortization shall be the lease term.

Labor Obligations

Liabilities and costs related to pension plans, seniority premiums and severance payments are accounted in a very similar manner under both MFRS and U.S. GAAP. The primary difference is the implementation dates. The last amendments to MFRS were effective on January 1, 2004. In addition, U.S. GAAP requires more extensive disclosure, mainly in relation to the components of net cost for the year, assumptions involved in the calculations of the cost of the period and projected liability.

Beginning on January 1, 2008, we began applying the requirements of NIF D-3. NIF D-3 includes current and deferred PTU. Deferred PTU is required to be calculated using the same methodology established in NIF D-4. It also includes the career salary concept and the amortization period of most items is reduced to five years, as explained below.

Unamortized items will be recognized over a five-year period, or less, if an employee's remaining labor life is less than the:

- beginning balance of the transition liability for severance and retirement benefits;
- beginning balance of past service costs and changes to the plan;
- beginning balance of gains and losses from severance benefits, according to actuarial calculations, which is required to be amortized against the results of 2008; or
- beginning balance of gains and losses from retirement benefits, according to actuarial calculations, which is required to be amortized over a five-year period (net of the transition liability), with the option to fully amortize such item against the results of 2008.

Under U.S. GAAP, an employer is required to accrue a liability and recognize an expense during the period in which the employee earns paid absences. In addition, under U.S. GAAP entities must apply the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R).* This statement requires companies to (i) fully recognize, as an asset or liability, the overfunded or underfunded status of defined pension and other postretirement benefit plans; (ii) recognize changes in the funded status through other comprehensive income in the year in which the changes occur; (iii) measure the funded status of defined pension and other postretirement benefit plans as of the date of a company's fiscal year-end; and (iv) provide enhanced disclosures. In addition, a company must now measure the fair value of its plan assets and benefit obligations as of the date of its year-end balance sheet.

Operating Income

Under MFRS, certain non-recurring charges such as asset write-offs and PTU are classified below operating income, if presented.

Under U.S. GAAP, non-recurring charges, in addition to PTU are considered part of operating income.

Impairment of Long-Lived Assets

Under MFRS, long-lived assets with definite lives, such as property, plant and equipment, are evaluated periodically in order to determine whether there is an indication of potential impairment. The calculation of impairment losses requires the determination of the recoverable value of such assets, which is defined as the greater of the net selling price of a cash-generating unit and its value in use, which is the present value of discounted future net cash flows. In addition, under certain limited circumstances, the reversal of previously recognized impairment losses is permitted. Any recorded impairment losses are presented as non-ordinary expenses.

U.S. GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are considered impaired when the fair value is less than the carrying value of the asset. An impairment loss is to be recorded only when the recoverable amount of the asset, defined as the estimated future undiscounted cash flows expected to result from the use of the asset, is less than the carrying value of the asset, and is measured by the difference between the carrying value of the asset and its fair value. Any impairment loss recorded for an asset to be held and used establishes a new cost basis and, therefore, cannot be reversed in the future. Any recorded impairment losses are presented in operating expenses.

Fair Value of Financial Instruments

MFRS defines fair value as the amount an interested and informed market participant would be willing to exchange for the purchase or sale of an asset or to assume or settle a liability in a free market. This definition can consider either an entry or an exit price.

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition only considers an exit price, and requires the consideration of the principal and most advantageous market and the highest and best use of the asset. Additionally, U.S. GAAP prioritizes the inputs to valuation techniques used to measure fair value into three different levels, depending on whether or not the input is observable in an active market.

INDEX TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Independent Auditors' Report and Consolidated and Combined Financial Statements for 2008, 2007 and 2006

Table of contents

	Page
Independent Auditors' Report	F-2
Consolidated Balance Sheet as of December 31, 2008 and Combined Balance Sheet as of December 31, 2007	F-4
Consolidated Statement of Income for the year ended December 31, 2008 and Combined Statements of Income for the Years Ended December 31, 2007 and 2006	F-5
Consolidated Statement of Changes in Stockholders' Equity for the Year Ended December 31, 2008 and Combined Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2007 and 2006	F-6
Consolidated Statement of Cash Flows for the Year Ended December 31, 2008	F-7
Consolidated Statements of Changes in Financial Position for the Years Ended December 31, 2007 and 2006	F-8
Notes to Consolidated and Combined Financial Statements	F-9

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Independent Accountants' Review Report and Condensed Consolidated Financial Statements for the Nine-Month Periods Ended September 30, 2009 and 2008 (Unaudited)

Table of contents

	Page
Independent Accountants' Review Report	F-27
Condensed Consolidated Balance Sheets	F-28
Condensed Consolidated Statements of Income	F-29
Condensed Consolidated Statements of Changes in Stockholders' Equity	F-30
Condensed Consolidated Statements of Cash Flows	F-31
Notes to Condensed Consolidated Financial Statements	F-32

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF SERVICIOS CORPORATIVOS JAVER, S.A.P.I. DE C.V.

We have audited the accompanying consolidated balance sheet of Servicios Corporativos Javer, S.A.P.I. de C.V. (Subsidiary of Proyectos del Noreste, S.A. de C.V.) and subsidiaries (the Company) as of December 31, 2008 and the related consolidated statements of income, changes in stockholders' equity and of cash flows for the year then ended, as well as the combined balance sheet as of December 31, 2007, and the related combined statements of income, changes in stockholders' equity and changes in financial position for each of the two years ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As disclosed in Note 3a to the accompanying financial statements, in 2009 (subsequent to February 27, 2009, the original issuance date of the accompanying financial statements) the Company adopted the provisions established by INIF 14, *Construction Contracts, Sale of Real Estate and Rendering of Related Services, an interpretation of NIF D-7, Construction and Manufacturing Contracts for Certain Capital Assets*. INIF 14 changed the method in which the Company previously recognized its revenues from the "percentage-of-completion" method to when the contract for the sale of a housing unit is notarized and actual, legal title passes to the buyer. INIF 14 requires that an entity adopt its provisions retroactively and therefore the previously issued financial statements have been restated for purposes of comparability.

Additionally, as disclosed in Note 3b. to the accompanying financial statements, beginning on January 1, 2008, the Company adopted the following new financial reporting standards: NIF B-2, *Statement of Cash Flows*; NIF B-10, *Effects of Inflation*; NIF D-3, *Employee Benefits* and NIF D-4, *Income Taxes*. Consequently, the 2008 financial statements are not comparable with those of 2007 and 2006.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of Servicios Corporativos Javer, S.A.P.I. de C.V. and subsidiaries as of December 31, 2008 and 2007, the results of their operations and changes in their stockholders' equity for each of the three years ended December 31, 2008, their cash flows for the year ended December 31, 2008 and changes in their financial position for each of the two years ended December 31, 2007, in conformity with Mexican Financial Reporting Standards.

On December 11, 2007, as disclosed in Note 2 to the accompanying consolidated and combined financial statements, Servicios Corporativos Javer, S.A.P.I. de C.V. (SC Javer) was incorporated as a legal entity. Effective March 31, 2008, the principal shareholder of SC Javer completed a corporate reorganization by transferring to SC Javer certain subsidiaries dedicated to the development of residential real estate that were previously held within Corporativo SMS, S.A. de C.V. (formerly Corporativo Javer, S.A. de C.V.). As SC Javer and the real estate subsidiaries are under common control, the Company's consolidated and combined financial statements have been prepared as if the entities had been combined, since January 1, 2006 and consolidated, since January 1, 2008.

Our audits also included the conversion of the Mexican peso amounts into U.S. dollar amounts as of December 31, 2008, and, in our opinion, such conversion has been made in conformity with the basis stated in Note 2c. The conversion of the financial statement amounts into U.S. dollars has been made solely for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu

C.P.C. Sergio Jaramillo G.
/s/ Sergio Jaramillo G.

February 27, 2009

June 1, 2009 with respect to the change in accounting principle disclosed in Note 3a.

Servicios Corporativos Javer, S.A.P.I de C.V. and Subsidiaries

Consolidated Balance Sheet as of December 31, 2008 and Combined Balance Sheet as of December 31, 2007

(In thousands of Mexican pesos (Ps.))

	Thousands of U.S. dollars (Conversion) 2008	2008	2007
Assets			
Current assets:			
Cash and cash equivalents	US$ 25,307	Ps. 350,041	Ps. 54,567
Trade receivables—net (Note 4)	34,146	472,312	548,708
Due from related parties (Note 14)	7,360	101,801	876,034
Other accounts receivable—net	3,502	48,445	20,874
Inventories (Note 5)	213,749	2,956,577	2,453,394
Prepaid expenses	3,122	43,189	12,195
Total current assets	287,186	3,972,365	3,965,772
Land held for future development	40,508	560,311	311,055
Improvements, machinery and equipment—Net (Note 6)	12,620	174,566	102,168
Other assets—net (Note 7)	16,093	222,602	130,958
Derivative financial instruments (Note 10)	15,090	208,730	
Total	US$371,497	Ps. 5,138,574	Ps. 4,509,953
Liabilities and stockholders' equity			
Current liabilities:			
Notes payable to financial institutions (Note 8)	US$ 20,442	Ps. 282,760	Ps. 1,169,270
Current portion of long-term debt (Note 9)	24,665	341,166	309,163
Trade accounts payable	21,819	301,803	224,218
Due to related parties (Note 14)	16,020	221,586	852,253
Advances from customers	6,155	85,139	127,166
Income tax payable	1,489	20,590	106,182
Other liabilities	13,199	182,584	132,385
Total current liabilities	103,789	1,435,628	2,920,637
Long-term debt (Note 9)	114,106	1,578,316	32,269
Employee retirement obligations (Note 11)	1,889	26,125	22,281
Deferred income taxes (Note 15)	57,741	798,679	686,020
Total liabilities	277,525	3,838,748	3,661,207
Commitments and contingencies (Notes 16 and 17)			
Stockholders' equity (Note 12):			
Capital stock	95,405	1,319,641	1,273,641
Accumulated deficit	(3,215)	(44,470)	(806,907)
Excess in restated stockholders' equity			313,383
Initial cumulative effect of deferred income taxes			68,629
Valuation of derivative financial instruments (Note 10)	1,782	24,655	
Total stockholders' equity	93,972	1,299,826	848,746
Total	US$371,497	Ps. 5,138,574	Ps. 4,509,953

The accompanying notes are part of the consolidated and combined financial statements.

Ing. Roberto Russildi Montellano
Chief Executive Officer

Ing. Eugenio Garza y Garza
Chief Financial Officer

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statement of Income for the Year Ended December 31, 2008 and Combined Statements of Income for the Years Ended December 31, 2007 and 2006

(In thousands of Mexican pesos (Ps.))

	Thousands of U.S. dollars (Conversion) 2008	2008	2007	2006
Revenues	US$323,377	Ps. 4,472,945	Ps. 3,089,797	Ps. 1,951,591
Costs	205,988	2,849,221	2,075,565	1,327,113
Gross profit	117,389	1,623,724	1,014,232	624,478
Selling and administrative expenses	40,761	563,809	319,084	332,406
Operating income	76,628	1,059,915	695,148	292,072
Other expenses (income)—net	2,041	28,238	16,201	(29,906)
Net comprehensive financing result:				
Interest expense—net	25,139	347,724	161,854	153,872
Exchange loss (gain)—net	13,204	182,634	2,149	(1,745)
Effects of valuation of derivative financial instruments	(13,308)	(184,074)		
Monetary position gain			(37,842)	(20,687)
	25,035	346,284	126,161	131,440
Income before income taxes	49,552	685,393	552,786	190,538
Income taxes (Note 15)	12,650	174,968	266,646	41,496
Income from continuing operations	36,902	510,425	286,140	149,042
(Loss) income from discontinued operations			(16,462)	35,108
Net income	US$ 36,902	Ps. 510,425	Ps. 269,678	Ps. 184,150

The accompanying notes are part of the consolidated and combined financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statement of Changes in Stockholders' Equity for the Year Ended December 31, 2008 and Combined Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2007 and 2006

(In thousands of Mexican pesos (Ps.))

	Capital Stock	Retained Earnings (Accumulated Deficit)	Excess in Restated Stockholders' Equity	Initial Cumulative Effect of Deferred Income Taxes	Valuation of Derivative Financial Instruments	Total Stockholders' Equity
Combined balances as of January 1, 2006	Ps. 476,606	Ps. 436,223	Ps.397,129	Ps. 146,277		Ps. 1,456,235
Net income		184,150				184,150
Combined balances as of December 31, 2006	476,606	620,373	397,129	146,277		1,640,385
Issuance of common stock	1,263,906					1,263,906
Effects of spin-off of discontinued operations	(466,871)	(1,696,958)	(83,746)	(77,648)		(2,325,223)
Net income		269,678				269,678
Combined balances as of December 31, 2007	1,273,641	(806,907)	313,383	68,629		848,746
Reclassification of excess in restated stockholders' equity and initial cumulative effect of deferred income taxes		382,012	(313,383)	(68,629)		
Issuance of common stock	46,000					46,000
Dividends declared		(130,000)				(130,000)
Comprehensive income		510,425			Ps. 24,655	535,080
Consolidated balances as of December 31, 2008	Ps. 1,319,641	Ps. (44,470)			Ps. 24,655	Ps. 1,299,826

The accompanying notes are part of the consolidated and combined financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Consolidated Statement of Cash Flows

For the Year ended December 31, 2008

(In thousands of Mexican pesos (Ps.))

Operating activities:	
Income before income taxes	Ps. 685,393
Items related to investing activities:	
Depreciation and amortization	40,735
Gain on sale of land	(128,355)
Items related to financing activities—Interest expense	354,019
	951,792
(Increase) decrease in:	
Accounts receivable	76,075
Trade accounts receivable—net	(51,264)
Inventories	(485,195)
Prepaid expenses	(32,111)
Other assets	(20,886)
Increase (decrease) in:	
Trade accounts payable	(79,740)
Due to related parties	(9,600)
Other liabilities	46,953
Advances from customers	(42,027)
Income taxes	(147,901)
Net cash provided by operating activities	206,096
Investing activities:	
Purchase of machinery and equipment	(53,846)
Other assets	(173)
Net cash used in investing activities	(54,019)
Excess cash before cash generated by financing activities	152,077
Financing activities:	
Proceeds on notes payable from financial institutions	621,381
Repayment of notes payable to financial institutions	(1,507,891)
Proceeds from long-term debt	1,638,988
Repayment of long-term debt	(330,107)
Interest paid	(269,532)
Commissions paid	(9,442)
Net cash provided by financing activities	143,397
Cash and cash equivalents:	
Net increase in cash and cash equivalents	295,474
Cash and cash equivalents at beginning of year	54,567
Cash and cash equivalents at end of year	Ps. 350,041

The accompanying notes are part of the consolidated and combined financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Combined Statements of Changes in Financial Position

For the Years ended December 31, 2007 and 2006

(In thousands of Mexican pesos (Ps.))

	2007	2006
Operating activities:		
Income from continuing operations	Ps. 286,140	Ps. 149,042
Add items that did not require resources:		
Depreciation and amortization	28,415	9,947
Employee retirement obligations	4,265	2,122
Deferred income taxes	101,825	16,488
	420,645	177,599
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Trade receivables—net	(223,995)	371,628
Due from related parties	(203,748)	(314,026)
Other accounts receivable—net	(11,673)	104,533
Inventories	(416,168)	(1,295,796)
Prepaid expenses	5,263	(14,573)
Land held for future development	90,390	(27,095)
Increase (decrease) in:		
Trade accounts payable	76,495	47,594
Due to related parties	470,784	295,053
Other liabilities	89,081	31,861
Advances from customers	7,768	46,630
Income tax payable	71,038	4,029
Net resources generated by (used in) operating activities from continuing operations	375,880	(572,563)
(Loss) income from discontinued operations	(16,462)	35,108
Net resources generated by (used in) operating activities	359,418	(537,455)
Financing activities:		
Borrowings from financial institutions	42,641	239,718
Long-term debt	(83,235)	351,329
Increase in common stock of combined subsidiaries	1,263,906	
Effect of spin-off of discontinued operations	(2,338,241)	
Net resources (used in) generated by financing activities	(1,114,929)	591,047
Investing activities:		
Acquisition of improvements, machinery and equipment—net	(40,937)	(90,426)
Acquisition of other assets—net	(44,219)	11,080
Proceeds from spin-off of assets from discontinued operations	862,884	
Net resources generated by (used in) investing activities	777,728	(79,346)
Cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	22,217	(25,754)
Balance at beginning of year	32,350	58,104
Balance at end of year	Ps. 54,567	Ps. 32,350

The accompanying notes are part of the consolidated and combined financial statements.

1. Nature of business

Servicios Corporativos Javer, S.A.P.I. de C.V. (SC Javer) (Subsidiary of Proyectos del Noreste, S.A. de C.V.) is a holding company that, together with its subsidiaries (the Company), specializes in the construction and sale of affordable entry-level, middle-income and residential housing developments in Mexico.

2. Basis of presentation

The consolidated and combined financial statements are presented on the basis of Mexican Financial Reporting Standards (MFRS, individually referred to as *Normas de Información Financiera* or NIFs). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

Corporate reorganization

On December 11, 2007, SC Javer was incorporated as a legal entity. Effective on March 31, 2008, the principal shareholder of SC Javer completed a corporate reorganization by transferring to SC Javer certain subsidiaries dedicated to the development of residential real estate that were previously held within Corporativo SMS, S.A. de C.V. (Corporativo SMS, formerly Corporativo Javer, S.A. de C.V.). As SC Javer and the residential real estate companies are under common control, the Company's consolidated and combined financial statements have been prepared as if the entities had been combined since January 1, 2006.

As a result of the corporate reorganization discussed above, certain operations of the industrial real estate sector of Corporativo SMS that were integrated within the residential real estate subsidiaries' operations until 2007 have been spun-off and presented as discontinued operations in the combined financial statements.

a. ***Monetary unit of the financial statements***—The consolidated financial statements and notes as of December 31, 2008 and for the year then ended include balances and transactions in Mexican pesos of different purchasing power. The combined financial statements and notes as of December 31, 2007 and 2006 and for the years then ended are stated in Mexican pesos of purchasing power of December 31, 2007; consequently, they are not comparable.

b. ***Consolidated and combined financial statements***—The Company's consolidated and combined financial statements include the financial statements of SC Javer and the companies that were transferred to it on March 31, 2008. For purposes of the consolidated and combined financial statements, significant intercompany consolidated and combined balances and transactions have been eliminated.

The following companies are wholly-owned by SC Javer as of December 31, 2008:

Casas Javer, S.A. de C.V. and its 100% owned subsidiary Impulsora de Viviendas del Noreste, S.A. de C.V.
Hogares Javer, S.A. de C.V.
Viviendas Javer, S.A. de C.V.
Urbanizaciones Javer, S.A. de C.V.
Construcción de Viviendas Javer, S.A. de C.V.

Constructora de Viviendas SMS, S.A. de C.V.
Servicios Administrativos Javer, S.A. de C.V. (a service provider to the Company's other consolidated and combined companies)
Desarrollos Integrales Javer, S.A. de C.V.
Impulsora de Viviendas Javer, S.A. de C.V. S.O.F.O.M. E.N.R.

c. ***Conversion into U.S. dollars***—The consolidated and combined financial statements are stated in thousands of Mexican pesos. However, solely for the convenience of certain users, the consolidated balance sheet and consolidated statement of income as of and for the year ended December 31, 2008 were converted into U.S. dollars (US$) at the exchange rate of Ps. 13.832 per U.S. dollar as established by the Federal Reserve Bank of New York. This arithmetic conversion should not be considered as a statement that the amounts expressed in Mexican pesos may be translated into U.S. dollars at that or any other exchange rate.

d. ***Comprehensive income***—Represents changes in stockholders' equity during the year, for concepts other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income (loss) items during the same period, which are presented directly in stockholders' equity without affecting the statement of income. In 2008, other comprehensive income is represented by the valuation effect of derivative financial instruments classified as cash flow hedges. Items included within accumulated other comprehensive income are recognized in current earnings in the period the assets and liabilities are realized.

e. ***Classification of costs and expenses***—Costs and expenses presented in the consolidated and combined statements of income were classified according to their function; accordingly, cost of sales was separated from other costs and expenses.

f. ***Operating income***—Operating income is the result of subtracting costs and selling and administrative expenses from revenues. While NIF B-3, *Statements of Income*, does not require inclusion of this line item in the consolidated and combined statements of income, it has been included to provide a better understanding of the Company's economic and financial performance.

g. ***Discontinued operations***—Discontinued operations represent the net effect of the operations related to the industrial real estate sector of Corporativo SMS, which no longer form part of the Company's continuing operations as they were spun-off as part of the corporate reorganization disclosed in Note 2.

3. Summary of significant accounting policies

The accompanying consolidated and combined financial statements have been prepared in conformity with MFRS, which requires that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

a. Change in accounting principal and retrospective application in the financial statements

In 2009 (subsequent to February 27, 2009, the original issuance date of the accompanying financial statements) the Company adopted the provisions established by Interpretation of Financial Reporting

Standards 14 (INIF 14), *Construction Contracts, Sale of Real Estate and Rendering of Related Services,* an interpretation of NIF D-7, *Construction and Manufacturing Contracts for Certain Capital Assets*. INIF 14 changed the method in which the Company previously recognized its revenues from the "percentage-of-completion" method to when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer.

INIF 14 requires separating the different components of contracts in connection with real estate activities, in order to identify whether the contract pertains to construction of real estate, sale of real estate or rendering related services, and establishes the rules for recognizing revenue and related costs and expenses, based on different elements in the contract. For real estate sales agreements, according to the criterion established by INIF 14, revenues are recognized when the entity has transferred the rights of ownership to the buyer.

INIF 14 is effective for all entities that enter into construction and related real estate sale agreements beginning January 1, 2010; however, early adoption is permitted. The accounting changes arising from the initial application of this INIF, if any, should be recognized using the retrospective method of accounting stated in NIF B-1 "Accounting Changes and Error Recognition." As the Company has adopted INIF 14 in 2009, the previously issued financial statements have been restated for purposes of comparability.

The Company's previous accounting policy for recognizing revenues was the percentage-of-completion method, which considered the percentage of costs incurred compared to the total costs estimated to be incurred in each project or real estate development. Under this method, the amount of revenues to be recognized was determined by multiplying the percentage-of-completion of the development by the total estimated operating profits and adding the result to the absolute value of the amount of current costs incurred at a given date. The percentage-of-completion method required management to periodically reevaluate the percentage of budgeted expenses incurred at a given date for each real estate development. The Company was applying the percentage-of-completion method to costs and revenues using equivalent units (costs incurred from the total estimated cost for housing) when the following conditions were met:

- A financial institution had committed to grant mortgages to the clients who met certain enforceability requirements for a mortgage, there was a commitment to buy a house, and (i) the buyer was approved as a qualified mortgage receiver, if applicable, (ii) the buyer was approved by the Company and met the credit requirements foreseen by the financial institution granting the loan, or (iii) the buyer was qualified according to the financial institution's requirements and the latter was committed to granting the loan.

In accordance with the requirements of INIF 14, the Company currently recognizes revenues from real estate development sales when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer (see Note 3p). As a result, the previously issued financial statements dated February 27, 2009 were restated to retroactively recognize the effects of this change in accounting principle.

(In thousands of Mexican pesos (Ps.))

The effects of the foregoing change in this accounting principle are as follows:

	Amounts Reported Previously	Effect of Change in Accounting Policy	Amounts as per Financial Statements
2008			
Trade receivables	Ps. 3,679,181	Ps. (3,206,869)	Ps. 472,312
Inventories	1,198,664	1,757,913	2,956,577
Deferred income taxes	1,087,601	(288,922)	798,679
Stockholders' equity	2,459,862	(1,160,036)	1,299,826
Revenues	4,934,990	(462,045)	4,472,945
Costs	3,312,133	(462,912)	2,849,221
Income taxes	157,030	17,938	174,968
Net income	527,496	(17,071)	510,425
2007			
Trade receivables	Ps. 3,299,695	Ps. (2,750,987)	Ps. 548,708
Inventories	1,152,232	1,301,162	2,453,394
Deferred income taxes	992,880	(306,860)	686,020
Stockholders' equity	1,991,711	(1,142,965)	848,746
Revenues	3,812,088	(722,291)	3,089,797
Costs	2,480,920	(405,355)	2,075,565
Monetary position (gain) loss	(48,658)	86,500	37,842
Income taxes	333,690	(67,044)	266,646
Net income	433,070	(163,392)	269,678
2006			
Stockholders' equity	Ps. 2,632,976	Ps. (992,591)	Ps. 1,640,385
Revenues	3,437,584	(1,485,993)	1,951,591
Costs	2,160,632	(833,519)	1,327,113
Monetary position (gain) loss	(12,334)	33,021	20,687
Income taxes	255,934	(214,438)	41,496
Net income	589,164	(405,014)	184,150

b. New Mexican Financial Reporting Standards:

Beginning January 1, 2008, the Company adopted the following new NIFs, consequently, the 2008 financial statements are not comparable with those of 2007 and 2006, as explained below:

- ***NIF B-2, Statement of cash flows (NIF B-2)***—Supersedes Bulletin B-12, *Statement of Changes in Financial Position*, and replaces the statement of changes in financial position. NIF B-2 permits the presentation of the company's cash flow activities using either the direct or the indirect method; the Company elected the indirect method. The statement of cash flows is presented in nominal pesos. According to NIF B-2, this accounting change should be recognized prospectively; consequently, the Company presents a consolidated statement of cash flows as of December 31, 2008 and a combined statement of changes in financial position for the years ended December 31, 2007 and 2006.

- ***NIF B-10, Effects of inflation (NIF B-10)—***Considers two economic environments: a) an inflationary environment, where cumulative inflation over a three-year period is 26% or more, in which case, the effects of inflation need to be recognized, and b) non-inflationary environment, where inflation is less than 26% in the same period, in which case, the effects of inflation may not be recognized in the financial statements. Furthermore, NIF B-10 requires that the gain (loss) from monetary position in equity and the cumulative gain (loss) from holding non-monetary assets be reclassified to retained earnings, except for the gain (loss) from holding non-monetary assets that is identified with inventories or fixed assets that have not been realized as of the effective date of this standard. Such amounts should be maintained in stockholders' equity and realized within current earnings of the period in which such assets are depreciated or sold. NIF B-10 establishes that this accounting change be recognized prospectively.

  As a result of having adopted NIF B-10, the Company discontinued recognition of the effects of inflation in its financial statements beginning January 1, 2008 because the accumulated inflation in the prior three-year period was less than 26%. The comparative information for the periods prior to January 1, 2008 is restated and presented in constant Mexican pesos of December 31, 2007.

- ***NIF D-4, Income taxes (NIF D-4)—***Eliminates the permanent difference concept; clarifies and incorporates certain definitions, and requires that the balance of the initial cumulative effect of deferred income taxes be reclassified to retained earnings unless it is identified with any of the other comprehensive income (loss) items pending to be applied against current earnings.

c. ***Reclassification—***Certain amounts in the combined financial statements as of and for the year ended December 31, 2007 have been reclassified to conform to the presentation of the 2008 consolidated financial statements. The primary reclassification is the transfer of certain land held for future development to inventory, as the Company changed its classification criteria in 2008 since its plans to urbanize such land were to begin in the following year. The effect of this change is represented by an increase in current assets of $379,875 and a decrease in the land held for future development in the same amount.

d. ***Recognition of the effects of inflation—***As mentioned above, the Company stopped recognizing the effects of inflation beginning on January 1, 2008. Until December 31, 2007, such recognition resulted primarily in gains from stockholders' equity restatement and losses from monetary position that are presented in the financial statements under the following two line items:

Excess in restated stockholders' equity—Represents the accumulated monetary position resulting from the initial restatement less the effect of the related deferred income taxes.

Monetary position result—Represents the erosion of purchasing power of monetary items caused by inflation, calculated by applying National Consumer Price Index (NCPI) factors to monthly net monetary positions. Gains resulted from maintaining a net monetary liability position.

The rates of inflation for the years ended December 31, 2008 and 2007 were 6.53% and 3.76%, respectively.

e. ***Cash and cash equivalents—***Cash and cash equivalents consist mainly of bank deposits in checking accounts and temporary investments. Cash and cash equivalents are stated at nominal value plus accrued yields, which are recognized in earnings as they accrue.

(In thousands of Mexican pesos (Ps.))

f. ***Inventories***—Inventories are recorded at the acquisition cost of land, licenses, materials, labor, and direct and indirect expenses incurred in the building process of the real estate developments. Prior to January 1, 2008, inventory was restated using factors derived from the NCPI.

g. ***Improvements, machinery and equipment***—Improvements, machinery and equipment are recorded at acquisition cost. Balances arising from acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the NCPI through that date. Depreciation and amortization is calculated using the straight-line method based on the useful lives of the related assets, as follows:

	Years
Leasehold improvements	20
Machinery and equipment	10
Office furniture and equipment	10
Vehicles	4
Computers	3

Depreciation of molds for constructing houses (units) is calculated based on units produced during the period in relation to the total estimated production of the assets over their service lives. Depreciation in 2008, 2007 and 2006 represented a depreciation rate of 15%, 45% and 23%, respectively, of the total value of the related assets.

h. ***Impairment of long-lived assets in use***—The Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which as a percentage of revenues are substantially higher than that of previous years, obsolescence, reduction in the demand for the products manufactured, competition and other legal and economic factors.

i. ***Derivative financial instruments***—The Company obtains financing under different conditions. If the borrowing's rate is variable, interest rate swaps are entered into to reduce exposure to the risk of rate volatility, thus converting the interest payment profile from variable to fixed. With respect to the risk of foreign exchange rates, the Company enters into foreign exchange swaps that convert their payment profile to a fixed exchange rate. These instruments are negotiated only with institutions of recognized financial strength and trading limits have been established for each institution. The Company's policy is not to carry out transactions with derivative financial instruments for the purpose of speculation.

The Company recognizes all assets or liabilities that arise from transactions with derivative financial instruments at fair value in the balance sheet, regardless of its intent for holding them. Fair value is determined using prices quoted on recognized markets. If such instruments are not traded, fair value is determined by applying recognized valuation techniques.

When derivatives are entered into to hedge risks, and such derivatives meet all hedging requirements, their designation is documented at the beginning of the hedging transaction, describing the transaction's objective, characteristics, accounting treatment and how the effectiveness of the instrument will be measured.

j. ***Employee retirement obligations***—Liabilities from seniority premiums and severance payments are recognized as they accrue and are calculated by independent actuaries using the projected unit credit method using nominal interest rates in 2008 and real (inflation-adjusted) interest rates in 2007 and 2006. Accordingly, the liability is being accrued which, at present value, will cover the obligation from benefits projected to the estimated retirement date of the Company's employees.

k. ***Other assets***—Costs incurred in the development phase that meet certain requirements and that the Company has determined will have future economic benefits were capitalized and restated as of December 31, 2007, applying factors derived from the NCPI and amortized based on the straight-line method over 4 years. Disbursements that do not meet such requirements, as well as research costs, are recorded in results of the period in which they are incurred. Intangible assets with indefinite lives, such as trademarks, are not amortized; however, their value is subject to impairment tests. Preoperating costs incurred are recorded directly in the results of the period in which they are incurred.

l. ***Provisions***—Provisions are recognized for current obligations that result from a past event, that are probable to result in the future use of economic resources, and that can be reasonably estimated.

m. ***Statutory employee profit sharing (PTU)***—PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying statements of income. Deferred PTU is derived from temporary differences that in 2008 resulted from comparing the accounting and tax basis of assets and liabilities and, in 2007, resulted from comparing the accounting result and income for PTU purposes. Deferred PTU is recognized only when it can be reasonably assumed that such difference will generate a liability or benefit, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

n. ***Income taxes***—Income taxes, calculated as the higher of regular income tax (ISR) or the Business Flat Tax (IETU) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and accordingly recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to the applicable temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery.

o. ***Foreign currency balances and transactions***—Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are converted into Mexican pesos at the applicable exchange rate in effect at the consolidated and combined balance sheet date. Exchange fluctuations are recorded as a component of comprehensive financing income in the statements of income.

(In thousands of Mexican pesos (Ps.))

p. ***Revenue recognition***—Revenues from real estate development sales are recognized when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer.

4. Trade receivables—net

	As of December 31, 2008	As of December 31, 2007
INFONAVIT	Ps. 228,971	Ps. 311,610
Fovi credit	84,185	214,926
Other	167,479	30,495
Total	480,635	557,031
Allowance for doubtful accounts	(8,323)	(8,323)
	Ps. 472,312	Ps. 548,708

5. Inventories

	As of December 31, 2008	As of December 31, 2007
Land under development	Ps. 742,020	Ps. 943,890
Housing units under construction	1,266,891	953,174
Urbanization and related equipment	843,553	437,881
Advances to suppliers	104,113	118,449
	Ps. 2,956,577	Ps. 2,453,394

6. Improvements, machinery and equipment—net

	As of December 31, 2008	As of December 31, 2007
Leasehold improvements	Ps. 23,672	Ps. 19,992
Machinery and equipment	7,843	7,150
Molds	143,131	57,342
Office furniture and equipment	19,574	13,400
Vehicles	10,272	8,857
Computers	43,322	36,498
	247,814	143,239
Accumulated depreciation and amortization	(75,418)	(41,152)
	172,396	102,087
Construction-in-progress	2,170	81
Total	Ps. 174,566	Ps. 102,168

(In thousands of Mexican pesos (Ps.))

7. Other assets

	As of December 31, 2008	As of December 31, 2007
Advances to suppliers long term	Ps. 132,207	Ps. 111,322
Debt issuance costs	41,719	
Trademark rights	40,000	
Oracle project expenses	21,550	21,377
	235,476	132,699
Accumulated amortization	(12,874)	(1,741)
	Ps. 222,602	Ps. 130,958

8. Notes payable to financial institutions

	As of December 31, 2008	As of December 31, 2007
Unsecured loans for real estate developments collateralized by land held for future development recognized in inventories, bearing a variable interest rate based on the Mexican interbank equilibrium interest rate (TIIE) plus an average spread of 2.5% and 1.9% in 2008 and 2007, respectively.	Ps. 48,453	Ps. 265,800
Mortgage bridge loans collateralized by inventories (at a rate of 2 to 1 with respect to outstanding balances), bearing a variable interest rate based on the TIIE plus an average spread of 3.75% and 3.23% in 2008 and 2007, respectively.	83,316	674,773
Loans to pay suppliers bearing variable interest rates based on the TIIE plus an average spread of 2.75% and 3.5% in 2008 and 2007, respectively.	150,991	228,697
	Ps. 282,760	Ps. 1,169,270

The TIIE rate is established by the Bank of Mexico. On December 31, 2008 and 2007, it was 8.69% and 7.93%, respectively.

(In thousands of Mexican pesos (Ps.))

9. Long-term debt

	As of December 31, 2008	As of December 31, 2007
Senior secured syndicated loan payable in U.S. dollars and Mexican pesos collateralized by the shares of SC Javer and its subsidiaries, as well as on land held for future development under a trust agreement; 41% of the principal amount bearing interest at 11.86%; 8% with a fixed interest rate of 12.77%, and the remaining 51% bearing a variable interest rate based on the TIIE plus a spread of 4%, with various maturities through 2013	Ps. 1,855,339	
Unsecured loans for real estate developments collateralized by land held for future development, bearing a variable interest rate based on the TIIE, plus an average spread of 2.75%, with various maturities, primarily due in 2008		Ps. 313,455
Capital lease agreements to acquire computers payable in U.S. dollars bearing an annual fixed interest rate of 6.6%, with various maturities through 2009	6,254	16,657
Capital lease agreements to acquire vehicles, bearing annual fixed interest rate of 16.5%, with various maturities through 2011	5,070	8,079
Capital lease agreements to acquire molds, bearing annual fixed interest rates of 13.75%, with various maturities through 2010	52,819	
Land purchase-sale agreement denominated in Investment Units (UDIs), maturing in January 2008		3,241
Long-term debt	1,919,482	341,432
Less—Current portion	(341,166)	(309,163)
	Ps. 1,578,316	Ps. 32,269

As of December 31, 2008, long-term debt maturities were as follows:

2010	Ps. 410,131
2011	394,199
2012	393,294
2013	380,692
	Ps. 1,578,316

As of December 31, 2008, the total amount of collateralized inventories and land held for future development disclosed in Note 8 and in this Note was Ps. 953,842.

Syndicated loan

As disclosed in the table above, in May 2008, SC Javer entered into a US$160 million senior secured syndicated facility. Under the facility, the loans were made in U.S. dollars and in Mexican pesos.

In connection with the facility's Mexican peso loans, SC Javer obtained Ps. 942,921 (equivalent to US$90 million) in cash and has the obligation to repay both principal and interest in Mexican pesos based on the original amount, bearing interest at TIIE plus a spread of 4%.

In connection with the facility's U.S. dollar loans, SC Javer obtained US$70 million, of which SC Javer renegotiated US$15 million, converting the latter into pesos on June 25, 2008 at an exchange rate of Ps. 10.324 per U.S. dollar, for a total of Ps. 154,860, at a fixed interest rate of 12.77%.

The remaining US$55 million remained in such currency, for which it contracted cross currency swaps (Note 10) at an exchange rate of 10.427 Mexican pesos per U.S. dollar and an interest rate swap at a fixed rate of 11.86%.

As part of the terms of the senior secured syndicated loan agreement, the Company is required to maintain certain financial ratios at a consolidated level, as shown below:

- Debt with cost/EBITDA less than 2.25 times
- Debt with cost less than US$225 million
- Capital lease lower than US$15 million

EBITDA is defined as operating income plus charges to earnings that do not affect cash flows, primarily depreciation and amortization.

As of December 31, 2008, the Company was in compliance with such ratios.

The Company used the funds received from this secured facility primarily to pay short-term loans.

10. Derivative financial instruments

The Company faces currency exchange rate and interest rate fluctuation risks and therefore it entered into derivative contracts to hedge such risks.

The Company entered into a cross currency swap to hedge the foreign currency and interest rate risk associated with its US$55 million debt (Note 9) fixing its exchange rate at 10.427 Mexican pesos per U.S. dollar and its interest rate at 11.86%. The Company designated this transaction as a cash flow hedge, and recorded it at its fair value of Ps. 208,730 as of December 31, 2008. As the derivative financial instrument has the same terms as those of the outstanding debt (notional amount, reference rate, beginning date and maturity, among others), the changes in its cash flows are expected to match those of the hedged item. As such, according to the provisions in NIF C-10, *Derivative Financial Instruments and Hedging Operations,* the Company can assume zero ineffectiveness of the cash flow hedge.

The fair value of the derivative instrument of Ps. 208,730 net of the interest component and exchange loss of the hedged position of Ps. 184,075, respectively, have been recognized in stockholders' equity as valuation of derivative financial instruments.

(In thousands of Mexican pesos (Ps.))

11. Employee retirement obligations

Net period cost for obligations resulting from the Company's severance payments and seniority premiums was Ps. 13,467, Ps. 4,919 and Ps. 2,639 in 2008, 2007, and 2006, respectively. Other disclosures required by MFRS are not considered to be material.

12. Stockholders' equity

a. On December 11, 2007, SC Javer's fixed capital stock was funded with a cash contribution of Ps. 50. Similarly, on March 31, 2008, the General Extraordinary Stockholders' Meeting approved the issuance of the variable capital stock by Ps. 6,200,000. On December 22, 2008, the General Extraordinary Stockholders' Meeting approved the increase of the variable capital stock by Ps. 46,000 through the capitalization of liabilities. As of December 31, 2008, SC Javer's capital stock consisted of 6,246,050,000 nominative, non-par value common shares. Series A stock consisted of 50,000 shares of fixed capital stock, and Series B stock consisted of 6,246,000,000 shares of variable capital stock. Variable capital may be increased without limitation.

b. On December 31, 2008, the General Extraordinary Stockholders Meeting declared dividends of Ps. 130,000 payable to Proyectos del Noreste, S.A. de C.V.

c. During 2007, certain of the SC Javer subsidiaries spun off in order to separate the different assets and activities related to the industrial real estate sector that such subsidiaries were developing, as part of the operations of Corporativo SMS. The primary effect of such spin off was related to the separation of land held for future development, previously reflected in continuing operations of the real estate housing companies.

d. Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to income taxes payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

13. Foreign currency balances and transactions

a. The U.S. dollar monetary position was as follows:

	As of December 31, 2008	As of December 31, 2007
U.S. dollars:		
Monetary assets	229	3,897
Monetary liabilities	(55,454)	(5,373)
Net monetary liability position	(55,225)	(1,476)
Equivalent in Mexican pesos	Ps. (760,658)	Ps. (16,039)

(In thousands of Mexican pesos (Ps.))

b. Transactions in U.S. dollars were as follows:

	Thousands of U.S. Dollars	
	2008	**2007**
Purchase of molds	$3,443	$3,020

c. Mexican peso exchange rates in effect at the dates of the consolidated and combined balance sheets and at the date of the related independent auditors' report were as follows:

	December 31,		February 27,
	2008	**2007**	**2009**
U.S. dollar	Ps. 13.7738	Ps. 10.8662	Ps. 14.9322

14. Transactions and balances with related parties

a. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2008	**2007**	**2006**
Administrative services expense		Ps. 83,440	Ps. 226,165
Interest expense	Ps. 40	31,317	49,652
Interest income	3,683	45,279	133,949
Proceeds from sale of commercial lots	160,876		
Urbanization services income	15,106		
Urbanization services expense	40,165	172,171	335,269
Administrative services income		19,930	
Purchase of improvements, machinery and equipment		86,172	
Commissions expense			15,501
Purchase of land	131,592		

b. Balances due from and to related parties are as follows:

	As of December 31, 2008	**As of December 31, 2007**
Due from related parties—		
Desarrollos Industriales Nexxus, S.A. de C.V.	Ps. 94,889	Ps. 687,899
Corporativo SMS, S.A. de C.V.		77,726
Promotora Inmobiliaria El Fraile, S.A. de C.V.		110,409
Other	6,912	
	Ps. 101,801	Ps. 876,034

(In thousands of Mexican pesos (Ps.))

	As of December 31, 2008	As of December 31, 2007
Due to related parties—		
Inmobiliaria Plaza San Miguel, S.A. de C.V.		Ps. 790,619
Inmobiliaria Torre M, S.A. de C.V.		59,872
Desarrollos Industriales Apodaca Uno, S.A. de C.V.	Ps. 61,974	
Corporativo SMS, S.A. de C.V.	12,000	
Desarrollo Las Laminas, S.A. de C.V.	17,612	
Proyectos del Noreste S.A. de C.V.	130,000	
Other		1,762
	Ps. 221,586	Ps. 852,253

The account payable to Proyectos del Noreste, S.A. de C.V. relates to the dividends declared mentioned in Note 12b.

15. Income taxes

In accordance with the Mexican tax law, in 2008, the Company was subject to ISR and IETU, and in 2007 and 2006, to ISR and the tax on assets (IMPAC).

ISR is computed taking into consideration the taxable and deductible effects of inflation, such as depreciation calculated on restated asset values. Taxable income is increased or reduced by the effects of inflation on certain monetary assets and liabilities through the inflationary component, which is similar to the gain or loss from monetary position (See Note 3(d)). In addition, the Company deducts purchases of land for real estate developments in the year of acquisition. In 2008 and 2007, the tax rate was 28% and in 2006 it was 29%. Due to changes in the tax legislation, effective January 1, 2007, taxpayers who file tax reports and meet certain requirements may obtain a tax credit equivalent to 0.5% or 0.25% of taxable income. For ISR purposes, effective in 2005, cost of sales is deductible for tax purposes eliminating the prior deduction for inventory purchases. Taxpayers had the option, in 2005, to ratably increase taxable income over a period from 4 to 12 years, by the tax basis of inventories as of December 31, 2004, determined in conformity with the respective tax rules, and taking into account inventory turnover. Such inventory was decreased by tax loss carryforwards whose net balance as of December 31, 2008, 2007 and 2006 is Ps. 359,453, Ps. 408,437 and Ps. 500,140, respectively. PTU paid is fully deductible.

IETU applies to the sale of goods, the provision of independent services and the granting of temporary use or enjoyment of goods, according to the terms of the Business Flat Tax Law (IETU Law), less certain authorized deductions. IETU payable is calculated by subtracting certain tax credits from the tax determined. Revenues, as well as deductions and certain tax credits, are determined based on cash flows generated beginning January 1, 2008. The IETU rate was 16.5% in 2008, 17% for 2009, and 17.5% as of 2010. The Asset Tax Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be refunded, according to the terms of the law.

In 2007, IMPAC was calculated by applying the rate of 1.25% to the value of the assets of the year, without deducting any debt amounts. Through 2006, IMPAC was calculated by applying the rate of 1.8% on the net average of the majority of restated assets less certain liabilities, including liabilities payable to banks and foreign entities. IMPAC is payable only to the extent that it exceeded ISR payable for the same period.

(In thousands of Mexican pesos (Ps.))

Based on its financial projections and, pursuant to INIF 8, *Effects of the Business Flat Tax*, the Company expects to only pay ISR in the future. Therefore, the enactment of IETU did not have an impact on the Company's financial information, as it continued to only recognize deferred ISR.

a. Income taxes for the years ended December 31, 2008, 2007 and 2006, were as follows:

	2008	2007	2006
ISR:			
Current	Ps. 68,535	Ps. 146,680	Ps. 9,007
Deferred	112,660	119,966	59,062
IMPAC (recovered) payable	(6,227)		27
Effect on deferred ISR for tax rate changes			(26,600)
	Ps. 174,968	Ps. 266,646	Ps. 41,496

To calculate deferred ISR, the Company applied the applicable tax rates, according to their estimated reversal date, to temporary differences. The result of the application of different tax rates is shown in the table above under the item Effect on deferred ISR for tax rate changes.

b. The reconciliation of the statutory and effective ISR rates expressed as a percentage of income before income taxes for the years ended December 31, 2008, 2007 and 2006 was:

	2008	2007	2006
Statutory rate	28.0%	28.0%	29.0%
Effect of nondeductible expenses	(5.7)	13.9	9.8
Effects of inflation	5.2	5.2	1.3
Effect on deferred ISR for tax rate changes			(14.9)
Tax effects resulting from the consolidation and combination of the Company's financial statements	(1.1)	1.7	(13.6)
Effect of tax loss carryforwards			11.1
Effect of expired IMPAC	(0.9)	(0.6)	(0.9)
Effective rate	25.5%	48.2%	21.8%

(In thousands of Mexican pesos (Ps.))

c. The main items originating a deferred ISR liability were:

	As of December 31, 2008	As of December 31, 2007
Deferred ISR asset:		
Provisions	Ps. 35,661	Ps. 15,098
Advances from customers	64,400	48,160
Tax loss carryforwards	4,999	94
	105,060	63,352
Deferred ISR liability:		
Advances to suppliers	(75,557)	(67,965)
Inventories	(779,956)	(607,524)
Other	(48,226)	(73,883)
	(903,739)	(749,372)
Deferred ISR liability, net	Ps. 798,679	Ps. 686,020

16. Commitments

As part of the development and growth strategy for the Company's operations in Reynosa, Mexico, in 2007, several construction agreements were entered into to build 25,000 housing units during the following 10 years. Due to its loan repayment commitments, the Company must pay to third parties a minimum of 8% of the sales price of each unit. The minimum payments established for each year is as follows:

Year	Amount
2009	Ps. 18,716
2010	58,431
2011	61,983
2012	65,180
2013	63,031
2014	37,119
2015	37,119
2016	37,119
2017 and thereafter	100,344
	Ps. 479,042

The Company's equity shares are granted as collateral as established by the debt agreement mentioned in Note 9. Additionally, they are also held as collateral for a U.S. dollar and Mexican peso loan obtained by Proyectos del Noreste, S.A. de C.V. As of December 31, 2008, the balance of such loan is US$33.70 million and Ps. 353,100.

(In thousands of Mexican pesos (Ps.))

The Company leases its administrative offices. Rent expenses were Ps. 6,684, Ps. 2,994 and Ps. 3,052 in 2008, 2007 and 2006, respectively. Future minimum lease commitments are for different fixed terms and establish the following minimum payments, which will increase based on the NCPI:

Year	
2009	Ps. 4,837
2010	3,637
2011 and thereafter	10,867
	Ps. 19,341

17. Contingencies

Neither the Company nor its assets are subject to any legal action other than those that arise in the normal course of business.

18. New accounting principles

In 2008, the Mexican Board for Research and Development of Financial Information Standards (CINIF) issued the following NIFs, which become effective in 2009, as follows:

NIF B-7, Business Acquisitions
NIF B-8, Consolidated or Combined Financial Statements
NIF C-7, Investments in Associated Companies and other Permanent Investments
NIF C-8, Intangible Assets
NIF D-8, Share-based Payments

Some of the most important changes established by these standards are:

NIF B-7, Business Acquisitions, which includes a change in terminology, from minority interest to non-controlling interest and requires fair value measurement of the non-controlling interest as of the acquisition date. Consequently, the overall goodwill is recognized based on fair value. NIF B-7 establishes that acquisition costs should not be part of the consideration paid and restructuring costs should not be recognized as an assumed liability from the acquisition.

NIF B-8, Consolidated or Combined Financial Statements, which includes a change in terminology, from minority interest to non-controlling interest, and from majority interest to controlling interest. NIF B-8 establishes that special purpose entities, over which control is exercised, should be consolidated. Provided certain requirements are met, it allows the option of presenting stand-alone financial statements of intermediate controlling companies and requires that potential voting rights be considered to analyze whether control exists.

NIF C-7, Investments in Associated Companies and other Permanent Investments, which requires that investments in special purpose entities, where significant influence is exercised, be valued using the equity method. It also requires that potential voting rights be considered to analyze whether significant influence exists. In addition, NIF C-7 establishes a specific procedure and sets caps to the recognition of losses in associated companies, and requires that investments in associated companies be presented including the related goodwill.

NIF C-8, Intangible Assets, which establishes that separating an intangible asset is not the only condition necessary for its identification; an intangible asset must derive from contractual or legal rights. NIF C-8 eliminates the assumption that intangible assets are amortized over a period not to exceed 20 years. It also requires that any pre-operating expenses that were incurred through December 31, 2002 and are still being amortized be canceled against retained earnings. NIF C-8 requires disclosures specific for public entities.

NIF D-8, Share-based Payments, which sets the rules for recognition of share-based payments, including the granting of stock options to employees. Therefore, the use of IFRS 2, *Share-Based Payments*, that was applied as supplemental guidance is discontinued upon adoption of this standard.

At the date of issuance of these consolidated and combined financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information, however it is expected that the adoption of these new rules, will not have a material impact in their financial position nor their results of operations.

19. Consolidated and combined financial statement issuance authorization

On February 27, 2009, and on June 1, 2009, for the change in accounting principle disclosed in Note 3a., the issuance of the consolidated and combined financial statements was authorized by Ingeniero Roberto Russildi Montellano, Chief Executive Officer, and Ingeniero Eugenio Garza y Garza, Chief Financial Officer. These consolidated and combined financial statements are subject to the approval of the Board of Directors at the ordinary stockholders' meeting, where they may modify the consolidated and combined financial statements, based on the provisions set forth by the Mexican General Corporate Law.

* * * * *

Independent Accountants' Review Report to the Board of Directors and Stockholders of Servicios Corporativos Javer, S.A.P.I. de C.V.

We have performed a limited review of the accompanying condensed consolidated balance sheet of Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries (the Company) as of September 30, 2009, and the related condensed consolidated statements of income, changes in stockholders' equity and cash flows for the nine-month periods ended September 30, 2009 and 2008. These interim condensed financial statements are the responsibility of the Company's management.

We have previously audited the consolidated financial statements as of December 31, 2008 and for the year then ended, on which we issued our unqualified report dated February 27, 2009, and June 1, 2009, with respect to the change in accounting principle disclosed in Note 3a in such financial statements.

We conducted our review in accordance with the standard for a limited review of interim financial statements established by the Mexican Institute of Public Accountants. A review of interim financial statements consists principally of applying analytical review procedures to different elements of the financial statements, making inquiries of officers of the Company responsible for financial and accounting matters, reading the minutes of shareholders and board of directors meetings, and obtaining an understanding of the system established for the preparation of interim financial statements. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Mexico, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an opinion on the interim condensed consolidated financial statements.

As disclosed in Note 3a to the accompanying financial statements, in 2009 the Company adopted the provisions established by INIF 14, *Construction Contracts, Sale of Real Estate and Rendering of Related Services, an interpretation of NIF D-7, Construction and Manufacturing Contracts for Certain Capital Assets*. INIF 14 changed the method in which the Company previously recognized its revenues from the "percentage-of-completion" method to when a contract for the sale of a housing unit is notarized and actual, legal title passes to the buyer. INIF 14 requires that an entity adopt its provisions retroactively and therefore the previously issued financial statements have been restated for purposes of comparability.

Based on our review, we did not become aware of any material modifications that should be made to such interim condensed consolidated financial statements in order for them to be in conformity with Mexican Financial Reporting Standards.

Our review also included the conversion of the Mexican peso amounts into U.S. dollar amounts as of September 30, 2009, and, based on our review, such conversion has been made in conformity with the basis stated in Note 2b. The conversion of the financial statement amounts into U.S. dollars has been made solely for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu

C.P.C. Sergio Jaramillo G.
January 15, 2010

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Condensed Consolidated Balance Sheets

As of September 30, 2009 (Unaudited) and December 31, 2008

(In thousands of Mexican pesos (Ps.))

	Thousands of U.S. dollars (Conversion) 2009	September 30, 2009	December 31, 2008
Assets			
Current assets:			
Cash and cash equivalents	US$ 39,212	Ps. 528,598	Ps. 350,041
Trade receivables—net (Note 4)	50,487	680,593	472,312
Due from related parties	9,459	127,514	101,801
Other accounts receivable—net	4,033	54,361	48,445
Inventories (Note 5)	162,962	2,196,804	2,956,577
Prepaid expenses	3,271	44,089	43,189
Total current assets	269,424	3,631,959	3,972,365
Land held for future development	44,310	597,319	560,311
Improvements, machinery and equipment—net	12,744	171,795	174,566
Other assets—net	24,841	334,864	222,602
Derivative financial instruments (Note 8)	14,529	195,852	208,730
Total	US$365,848	Ps. 4,931,789	Ps. 5,138,574
Liabilities and stockholders' equity			
Current liabilities:			
Notes payable to financial institutions (Note 6)	US$ 25,091	Ps. 338,237	Ps. 282,760
Current portion of long-term debt (Note 7)	1,795	24,192	341,166
Trade accounts payable	15,221	205,190	301,803
Due to related parties	1,338	18,042	221,586
Advances from customers	3,258	43,920	85,139
Income tax payable	6,598	88,942	20,590
Other liabilities	12,219	164,707	182,584
Total current liabilities	65,520	883,230	1,435,628
Long-term debt (Note 7)	181,674	2,449,050	1,578,316
Employee benefits	2,087	28,138	26,125
Deferred income taxes	49,602	668,655	798,679
Total liabilities	298,883	4,029,073	3,838,748
Contingencies (Note 10)			
Stockholders' equity (Note 9):			
Capital stock	54,422	733,641	1,319,641
Retained earnings (accumulated deficit)	11,120	149,890	(44,470)
Valuation of derivative financial instruments (Note 8)	1,423	19,185	24,655
Total stockholders' equity	66,965	902,716	1,299,826
Total	US$365,848	Ps. 4,931,789	Ps. 5,138,574

The accompanying notes are part of the condensed consolidated financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Condensed Consolidated Statements of Income

For the nine-month periods ended September 30, 2009 and 2008 (Unaudited)

(In thousands of Mexican pesos (Ps.))

	Thousands of U.S. dollars (Conversion) 2009	September 30, 2009	September 30, 2008
Revenues	US$255,256	Ps. 3,440,975	Ps. 2,634,695
Costs	178,501	2,406,289	1,697,108
Gross profit	76,755	1,034,686	937,587
Selling and administrative expenses	28,521	384,473	367,346
Operating income	48,234	650,213	570,241
Other expenses (income)—net	4,024	54,245	(5,276)
Net comprehensive financing result:			
Interest expense—net	16,164	217,904	195,555
Exchange loss (gain)—net	1,391	18,749	(2,172)
Effects of valuation of derivative financial instruments	2,336	31,496	
	19,891	268,149	193,383
Income before income taxes	24,319	327,819	382,134
Income taxes	9,900	133,459	96,298
Net income	US$ 14,419	Ps. 194,360	Ps. 285,836

The accompanying notes are part of the condensed consolidated financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Condensed Consolidated Statements of Changes in Stockholders' Equity

For the nine-month periods ended September 30, 2009 and 2008 (Unaudited)

(In thousands of Mexican pesos (Ps.))

	Capital stock	(Accumulated deficit) retained earnings	Excess in restated stockholders' equity	Initial cumulative effect of deferred income taxes	Valuation of derivative financial instruments	Total stockholders' equity
Consolidated balances as of January 1, 2008	Ps. 1,273,641	Ps. (806,907)	Ps. 313,383	Ps. 68,629		Ps. 848,746
Reclassification of excess in restated stockholders' equity and initial cumulative effect of deferred income taxes		382,012	(313,383)	(68,629)		
Net income		285,836				285,836
Consolidated balances as of September 30, 2008	Ps. 1,273,641	Ps. (139,059)				Ps 1,134,582
Consolidated balances as of January 1, 2009	Ps. 1,319,641	Ps. (44,470)			Ps. 24,655	Ps. 1,299,826
Reimbursement of capital stock	(586,000)					(586,000)
Comprehensive income		194,360			(5,470)	188,890
Consolidated balances as of September 30, 2009	Ps. 733,641	Ps. 149,890			Ps. 19,185	Ps. 902,716

The accompanying notes are part of the condensed consolidated financial statements.

Servicios Corporativos Javer, S.A.P.I. de C.V. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2009 and 2008 (Unaudited)

(In thousands of Mexican pesos (Ps.))

	September 30, 2009	September 30, 2008
Operating activities:		
Income before income taxes	Ps. 327,819	Ps. 382,134
Items related to investing activities:		
Depreciation and amortization	28,741	31,247
Unrealized exchange loss	29,161	
Items related to financing activities:		
Effects of valuation of derivative financial instruments	31,496	
Interest expense	217,904	195,555
	635,121	608,936
(Increase) decrease in:		
Trade receivables—net	(208,281)	322,243
Due from related parties	(25,713)	(77,800)
Other accounts receivable—net	(5,916)	(50,361)
Inventories	637,539	(937,772)
Prepaid expenses	(900)	(43,442)
Increase (decrease) in:		
Trade accounts payable	(96,613)	136,749
Due to related parties	(73,544)	4,785
Advances from customers	(41,219)	2,057
Income tax payable	(195,131)	(49,773)
Other liabilities	(67,789)	(130,176)
Net cash provided by (used in) operating activities	557,554	(214,554)
Investing activities:		
Purchase of machinery and equipment	(44,193)	(42,965)
Other assets	(3,433)	(33)
Net cash used in investing activities	(47,626)	(42,998)
Excess of cash to be applied to (to be provided by) financing activities	509,928	(257,552)
Financing activities:		
Debt issuance costs	(26,973)	
Payments of notes payable to financial institutions	(343,609)	(1,445,086)
Proceeds from notes payable to financial institutions	399,086	587,584
Payments of long-term debt	(1,817,571)	(322,615)
Proceeds from long-term debt	2,327,825	1,638,988
Reimbursement of capital stock	(586,000)	
Interest paid	(154,129)	(154,479)
Dividends paid	(130,000)	
Net cash (used in) generated by financing activities	(331,371)	304,392
Cash and cash equivalents:		
Net increase in cash and cash equivalents	178,557	46,840
Cash and cash equivalents at beginning of the period	350,041	54,567
Cash and cash equivalents at end of the period	Ps. 528,598	Ps. 101,407

The accompanying notes are part of the condensed consolidated financial statements.

1. Nature of business

Servicios Corporativos Javer, S.A.P.I. de C.V. (SC Javer) is a holding company that, together with its subsidiaries (the "Company "), specializes in the construction and sale of affordable entry—level, middle-income and residential housing developments in Mexico.

2. Basis of presentation

The condensed consolidated financial statements are presented on the basis of Mexican Financial Reporting Standards (MFRS, individually referred to as *Normas de Información Financiera* or NIFs). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008. The Company's operations can be cyclical in nature. Therefore, results of operations for the interim periods presented are not necessarily indicative of the annual results of operations.

a. ***Condensed consolidated financial statements*** **–** The Company's condensed consolidated financial statements include the financial statements of SC Javer and those of its subsidiaries. For purposes of the consolidated financial statements, significant intercompany consolidated balances and transactions have been eliminated.

The following companies are wholly-owned by SC Javer as of September 30, 2009:

Casas Javer, S.A. de C.V. and its 100% owned subsidiary Impulsora de Viviendas del Noreste, S.A. de C.V.
Hogares Javer, S.A. de C.V.
Viviendas Javer, S.A. de C.V.
Urbanizaciones Javer, S.A. de C.V.
Construcción de Viviendas Javer, S.A. de C.V.
Servicios Administrativos Javer, S.A. de C.V.
Desarrollos Integrales Javer, S.A. de C.V.
Impulsora de Viviendas Javer, S.A. de C.V. S.O.F.O.M. E.N.R.
Casas Consentidas Javer, S.A. de C.V. S.O.F.O.M. E.N.R.

b. ***Conversion into U.S. dollars*** **–** The condensed consolidated financial statements are stated in thousands of Mexican pesos. However, solely for the convenience of certain users, the condensed consolidated balance sheet and condensed consolidated statement of income as of and for the nine-month period ended September 30, 2009 were converted into U.S. dollars (US$) at the exchange rate of Ps.13.4805 per U.S. dollar as established by the Federal Reserve Bank of New York. This arithmetic conversion should not be considered as a statement that the amounts expressed in Mexican pesos may be translated into U.S. dollars at that or any other exchange rate.

c. ***Classification of costs and expenses*** **–** Costs and expenses presented in the condensed consolidated statements of income were classified according to their function; accordingly cost of sales was separated from other costs and expenses.

d. ***Operating income***—Operating income is the result of subtracting costs and selling and administrative expenses from revenues. While NIF B-3, *Statements of Income*, does not require inclusion of this line item in the condensed consolidated statements of income, it has been included to provide a better understanding of the Company's economic and financial performance.

3. Summary of significant accounting policies

The accompanying condensed consolidated financial statements have been prepared in conformity with MFRS, which requires that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances.

The significant accounting policies of the Company have been applied on a consistent basis with those in effect as of December 31, 2008, except for the following new MFRS adopted on January 1, 2009:

a. ***Change in accounting principal and retrospective application in previously issued financial statements***

In 2009 the Company adopted the provisions established by Interpretation of Financial Reporting Standards 14 (INIF 14), *Construction Contracts, Sale of Real Estate and Rendering of Related Services,* an interpretation of NIF D-7, *Construction and Manufacturing Contracts for Certain Capital Assets*. INIF 14 changed the method in which the Company previously recognized its revenues from the "percentage-of-completion" method to when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer.

INIF 14 requires separating the different components of contracts in connection with real estate activities, in order to identify whether the contract pertains to construction of real estate, sale of real estate or rendering related services, and establishes the rules for recognizing revenue and related costs and expenses, based on different elements in the contract. For real estate sales agreements, according to the criterion established by INIF 14, revenues are recognized when the entity has transferred the rights of ownership to the buyer.

INIF 14 is effective for all entities that enter into construction and related real estate sale agreements beginning January 1, 2010; however, early adoption is permitted. The accounting changes arising from the initial application of this INIF, if any, should be recognized using the retrospective method of accounting stated in NIF B-1 *"Accounting Changes and Error Recognition."* As the Company early adopted INIF 14 in 2009, the previously issued financial statements have been restated for purposes of comparability.

The Company's previous accounting policy for recognizing revenues was the percentage-of-completion method, which considered the percentage of costs incurred compared to the total costs estimated to be incurred in each project or real estate development. Under this method, the amount of revenues to be recognized was determined by multiplying the percentage-of-completion of the development by the total estimated operating profits and adding the result to the absolute value of the amount of current costs incurred at a given date. The percentage-of-completion method required management to periodically reevaluate the percentage of budgeted expenses incurred at a given date for each real estate development. The Company was applying the percentage-of-completion method to costs and revenues using equivalent units (costs incurred from the total estimated cost for housing) when the following conditions were met:

- A financial institution had committed to grant mortgages to the clients who met certain enforceability requirements for a mortgage, there was a commitment to buy a house, and (i) the buyer was approved as a qualified mortgage receiver, if applicable, (ii) the buyer was approved by the Company and met the credit requirements foreseen by the financial institution granting the loan, or (iii) the buyer was qualified according to the financial institution's requirements and the latter was committed to granting the loan.

In accordance with the requirements of INIF 14, the Company currently recognizes revenues from real estate development sales when the contract for sale of a housing unit is notarized and actual, legal title passes to the buyer.

b. Accounting changes:

Beginning January 1, 2009, the Company adopted the following new NIFs:

- ***NIF B-7, Business Acquisitions***, includes a change of terminology, from minority interest to non-controlling interest and requires fair value measurement of the non-controlling interest as of the acquisition date. Consequently, the overall goodwill is recognized based on fair value. NIF B-7 establishes that acquisition costs should not be part of the consideration paid and restructuring costs should not be recognized as an assumed liability from the acquisition.

- ***NIF B-8, Consolidated or Combined Financial Statements,*** includes a change of terminology, from minority interest to non-controlling interest, and from majority interest to controlling interest. NIF B-8 establishes that special purpose entities, over which control is exercised, should be consolidated. Provided certain requirements are met, it allows the option to present stand-alone financial statements of intermediate controlling companies and requires that potential voting rights be considered to analyze whether control exists.

- ***NIF C-7, Investments in Associated Companies and other Permanent Investments,*** requires that investments in special purpose entities where significant influence is exercised be valued using the equity method. It also requires that potential voting rights be considered to analyze whether significant influence exists. In addition, NIF C-7 establishes a specific procedure and sets caps to the recognition of losses in associated companies, and requires that investments in associated companies be presented including the related goodwill.

- ***NIF C-8, Intangible Assets,*** establishes that separating an intangible asset is not the only condition necessary for its identification; an intangible asset must derive from contractual or legal rights. NIF C-8 eliminates the assumption that intangible assets are amortized over a period not to exceed 20 years. It also requires that any pre-operating expenses incurred through December 31, 2002 and still being amortized be canceled against retained earnings. NIF C-8 requires disclosures specific for public entities.

- ***NIF D-8, Share-based Payments,*** sets the rules for recognition of share-based payments, including the granting of stock options to employees. Therefore, the use of IFRS 2, *Share-*

Based Payments, that was applied as supplemental guidance is discontinued upon adoption of this standard.

The adoption of these standards did not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

4. Trade receivables—net

	As of September 30, 2009	As of December 31, 2008
INFONAVIT	Ps. 434,519	Ps. 228,971
Fovi credit	58,631	84,185
Other	205,672	167,479
Total	698,822	480,635
Allowance for doubtful accounts	(18,229)	(8,323)
	Ps. 680,593	Ps. 472,312

5. Inventories

	As of September 30, 2009	As of December 31, 2008
Land under development	Ps. 653,497	Ps. 742,020
Housing units under construction	609,237	1,266,891
Urbanization and related equipment	788,768	843,553
Advances to suppliers	145,302	104,113
	Ps. 2,196,804	Ps. 2,956,577

6. Notes payable to financial institutions

	As of September 30, 2009	As of December 31, 2008
Unsecured loans for real estate developments collateralized by land held for future development recognized in inventories, bearing a variable interest rate based on the Mexican interbank equilibrium interest rate (TIIE) plus an average spread of 2.5%.		Ps. 48,453
Mortgage bridge loans collateralized by inventories (at a rate of 2 to 1 with respect to outstanding balances), bearing a variable interest rate based principally on the TIIE plus an average spread of 3.75%.	Ps. 88,370	83,316
Loans to pay suppliers bearing variable interest rates based on the TIIE plus an average spread of 4.25% and 2.75% in 2009 and 2008, respectively.	249,867	150,991
	Ps. 338,237	Ps. 282,760

The TIIE rate is established by the Bank of Mexico. On September 30, 2009 and December 31, 2008 it was 4.93% and 8.69%, respectively.

As of September 30, 2009, the total amount of inventories and land held for future development held as collateral against the Company's notes payable to financial institutions was Ps. 274,960.

7. Long-term debt

	As of September 30, 2009	As of December 31, 2008
Senior Notes (proceeds utilized to prepay existing indebtedness), 50% of the principal amount bearing a fixed interest rate of 14.23% and the remaining 50% bearing a variable interest rate based on the TIIE plus a spread of 4.36%, maturities through 2014.	Ps. 2,439,235	
Senior secured syndicated loan payable in U.S. dollars and Mexican pesos collateralized by the shares of SC Javer and its subsidiaries, as well as on land held for future development under a trust agreement; 41% of the principal amount bearing interest at 11.86%; 8% with a fixed interest rate of 12.77%, and the remaining 51% bearing a variable interest rate based on the TIIE plus a spread of 4%. This loan was prepaid in July 2009.		Ps. 1,855,339
Capital lease agreements to acquire molds, bearing annual fixed interest rates of 13.75%, with various maturities through 2010.	19,737	52,819
Capital lease agreements to acquire trucks bearing annual fixed interest rate of 14.22%, with various maturities through 2013.	10,482	
Capital lease agreements to acquire vehicles, bearing annual fixed interest rate of 16.5%, with various maturities through 2011.	3,788	5,070
Capital lease agreements to acquire computers payable in U.S. dollars bearing annual fixed interest rate of 6.6%, with various maturities through 2009.		6,254
Long-term debt	2,473,242	1,919,482
Less—Current portion	(24,192)	(341,166)
	Ps. 2,449,050	Ps. 1,578,316

As of September 30, 2009, long-term debt maturities were as follows:

October 1, 2010 to September 30, 2011	Ps. 4,028
October 1, 2011 to September 30, 2012	3,340
October 1, 2012 to June 30, 2013	2,447
On August 4, 2014	2,439,235
	Ps. 2,449,050

2009—Senior Notes

As disclosed in the table above, in July 2009 SC Javer issued US$180 million in Senior Notes. The Company used the funds received from the debt issuance primarily to prepay the secured facility mentioned above (2008 syndicated loan), to distribute approximately US$40 million to Proyectos del Noreste, S.A. de C.V. ("Proyectos del Noreste"), and the remainder for repayment of other indebtedness. The Senior Notes pay interest annually at a fixed rate of 13%. The Senior Notes are guaranteed by the subsidiaries of SC Javer. The Senior Notes require the Company to maintain financial ratios in order to obtain additional indebtedness. As of September 30, 2009, the Company was in compliance with such ratios.

8. Derivative financial instruments

The Company's debt instruments are subject to foreign currency exchange rate and interest rate risks and therefore it has entered into derivative instrument contracts to hedge its exposure to such risks.

In order to hedge its exposure to foreign currency exchange rate risks in conjunction with its issuance Senior Notes, the Company entered into cross currency swaps, which converted its fixed interest payments to market rates, using a fixed exchange rate of Ps. 13.23 per U.S. dollar to compute the related interest, split into various tranches as follows: US$40 million with TIIE plus a spread of 4.05% and US$50 million with TIIE plus a spread of 4.60%. Additionally, the Company entered into currency swaps, which converted the interest payments of 13% on the remainder of the outstanding debt as follows: US$40 million with a fixed rate of 14.20% and US$50 million with a fixed rate of 14.25%.

Additionally, the Company entered into forward contracts to hedge its exposure to foreign exchange fluctuations on its principal payments, which are in U.S. dollars, as follows:

Maturity date	Exchange rate	Amount in Million
August 6, 2010	Ps. 13.8800	US$30
August 6, 2010	Ps. 13.8700	US$20
August 13, 2010	Ps. 13.5600	US$15
August 10, 2010	Ps. 13.6950	US$10
August 10, 2010	Ps. 13.7105	US$ 5
August 10, 2010	Ps. 13.7450	US$ 5
August 10, 2010	Ps. 13.6675	US$ 5
Total		US$90

The Company designated the forwards and the cross currency swaps with fixed interest rates as cash flow hedges, and the cross currency swaps with variable interest rates as fair value hedges. The fair value of the Company's derivative financial instruments as of the date of inception (contract date) and as of September 30, 2009 was Ps. 97,697 and Ps. 195,852, respectively, as further detailed below:

Description	Type of Instrument	Notional Amount	Fair Value at Inception	Fair Value at September 30, 2009
Cross currency swaps	Cash flow hedge	US$ 90 million	Ps. (9,342)	Ps 30,037
Cross currency swaps	Fair value hedge	US$ 90 million	Ps. 119,133	Ps. 137,115
Forwards	Cash flow hedge	US$ 90 million	Ps. (12,094)	Ps. 28,700
Total—Net asset			Ps. 97,697	Ps. 195,852

In connection with the secured syndicated facility's U.S. dollar loans, SC Javer obtained US$70 million, of which SC Javer renegotiated US$15 million, converting the latter into pesos on June 25, 2008 at an exchange rate of Ps. 10.324 per U.S. dollar for a total of Ps. 154,860, at a fixed interest rate of 12.77%. The remaining US$55 million remained in such currency, for which it contracted cross currency swaps, which were designated as cash flow hedges, at an exchange rate of Ps. 10.427 per U.S. dollar and an interest rate swap at a fixed rate of 11.86%.

The cross currency swaps were cancelled in conjunction with the prepayment of the syndicated loan. The result of unwinding the derivative financial instruments was recorded in effects of valuation of derivative financial instruments and amounted to Ps. 137,949.

9. Stockholders' equity

a. Pursuant to a resolution of the general extraordinary stockholders' meeting on August 4, 2009, variable common stock was reimbursed to Proyectos del Noreste for Ps. 586,000, amounting to 536,000,000 Series B shares.

b. On December 31, 2008, the General Extraordinary Stockholders Meeting declared dividends of Ps. 130,000 payable to Proyectos del Noreste, S.A. de C.V.

10. Contingencies

a. In November 2009, the tax authorities assessed additional income tax related to fiscal year 2005 on the Company's subsidiary Viviendas Javer, S.A. de C.V. The Company's management and legal counsel believe that there are sufficient elements to demonstrate that the tax authorities' calculations are unsubstantiated.

b. Except for the aforementioned point, neither the Company nor its assets are subject to any legal action other than those that arise in the normal course of business.

11. Condensed consolidated financial statement issuance authorization

On January 15, 2010, the issuance of the condensed consolidated financial statements was authorized by Ingeniero Roberto Russildi Montellano, Chief Executive Officer, and Ingeniero Eugenio Garza y Garza, Chief Financial Officer. These condensed consolidated financial statements are subject to the approval of the Board of Directors at the ordinary stockholders' meeting, where they may modify the condensed consolidated financial statements, based on the provisions set forth by the Mexican General Corporate Law.

12. Subsequent events

a. The Mexican Congress passed a Federal Revenue Law introducing a number of changes to the tax law that go into effect on January 1, 2010. The new measures, approved on October 31, 2009, were published in the Official Gazette on December 7, 2009, and are therefore considered enacted.

The most significant changes that will impact the Company's financial position, results of operations and cash flows as a result of the changes in the tax law is a temporary increase to the corporate income tax rate from 28% to 30% for 2010-2012. The rate will decrease to 29% in 2013 and revert back to the current rate of 28% in 2014. The Company's deferred income taxes will be affected by the changes in tax rates beginning in the fourth quarter of 2009 when the tax changes were enacted. The Company does not believe there are any other impacts to their financial position, results of operations or cash flows as a result of the 2010 Tax Law Changes.

b. The Company experienced a change of control in which Proyectos del Noreste sold the Company's Series "A" and Series "B" shares (collectively, the "Shares") in an amount representing 60.0% of its capital stock, which as consequence of the change of control were converted into Series "A", Series "B" and Series "C" shares. The Company, along with Proyectos del Noreste, which until the change of control owned 99.99% of its capital stock, and Salomón Marcuschamer Stavchansky, who continues to own 99.99% of the capital stock of Proyectos del Noreste, entered into a Stock Purchase Agreement dated as of October 24, 2009 (the "Stock Purchase Agreement") with (a) Southern Cross Latin America Private Equity Fund III, L.P., ("SCLAPEF III"), (b) Gestora Metevco Holding Limitada y Compañía en Comandita por Acciones ("Gestora"), (c) Degomex Holding, L.P. ("Degomex Holding), (d) Evercore Mexico Capital Partners II, L.P. ("EMCP II"), (e) ARVX Capital, S.A. de C.V. ("Arzentia" and, together with SCLAPEF III, Gestora, Degomex Holding and EMCP II, the "Original Purchasers"), and (f) other parties thereto, to effect the sale of the Shares. Pursuant to the terms of the Stock Purchase Agreement, the Original Purchasers, except for Arzentia, appointed the following entities as designees to carry out the actual purchase of the Shares: (i) Atevco Investors BVBA ("Atevco"), a special purpose vehicle owned and controlled by SCPEF III, (ii) Metevco Investors BVBA ("Metevco"), a special purpose vehicle owned and controlled by Gestora, (iii) Degomex Investors BVBA ("Degomex", and together with Atevco and Metevco, the "Southern Cross Designees"), a special purpose vehicle owned and controlled by Degomex Holding, and (iv) Proja Investors BVBA (the "Evercore Designee", and together with the Southern Cross Designees and Arzentia, the "New Controlling Shareholders"), a special purpose vehicle owned and controlled by EMCP II. This transaction was consummated and the Company's change of control became effective on December 22, 2009.

As a result of the transaction, (i) Proyectos del Noreste owns 38.0% of the Company's capital stock, (ii) the New Controlling Shareholders own, by means of an irrevocable management and transfer of title trust agreement entered into by and among the New Controlling

Shareholders, as trustors-beneficiaries, and Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria, as trustee (the "Scotiabank Control Trust"), 60.0% of the Company's capital stock, and (iii) Promotora de Proyectos Inmobiliarios Turín, S.A. de C.V. ("Promotora Turín"), a special purpose vehicle owned and controlled by Roberto Russildi Montellano, the Company's Chief Executive Officer, currently owns 2.0% of the Company's capital stock. Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. The Company's change of control has not, as of the date of this offering circular, resulted in any significant changes in the Company's management or overall business or financial strategy.

Of the 38.0% of the Company's capital stock owned by Proyectos del Noreste, 3% of the Company's capital stock is currently held by HSBC Mexico, S. A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, as trustee (the "Security Trustee") under the security trust agreement securing the compliance of certain obligations under the US$100 million senior secured credit facility, entered into among Proyectos del Noreste and Mr. Marcuschamer Stavchansky, as trustors, HSBC Bank USA National Association, as collateral agent for the benefit of the secured parties and beneficiary, and the Security Trustee, in such capacity (the "HSBC Proyectos Security Trust"). This capital stock will be held in escrow by the Security Trustee until certain conditions specified in the transaction documents related to such senior secured credit facility are satisfied (the "HSBC Held Shares").

The remaining 35.0% of the Company's capital stock owned by Proyectos del Noreste is currently held by Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank, División Fiduciaria, as trustee (the "Scotiabank Trustee") under an irrevocable management trust agreement entered into by and among Proyectos del Noreste, as trustor, Atevco, on its own behalf and for the benefit of the rest of the New Controlling Shareholders, as beneficiaries, and the Scotiabank Trustee, in such capacity (the "Scotiabank Escrow Trust"). Under the Scotiabank Escrow Trust, the shares held by the Scotiabank Trustee will be progressively released either to Proyectos del Noreste or to Atevco for its own benefit and for the benefit of the rest of the New Controlling Shareholders based on certain release criteria described under the Stock Purchase Agreement which relate to the payment of indemnities and/or price adjustments contained in the Stock Purchase Agreement and the outcome of legal proceedings related to the tax contingencies disclosed in Note 10.

Mr. Marcuschamer continues to hold 99.99% of Proyectos del Noreste. As a result of the change of control, Proyectos del Noreste retained special voting rights with respect to certain matters identified in the Company's by-laws as reserved matters and major decisions. See "Principal Shareholders" for further information on these rights.

c. On Decemeber 14, 2009, SC Javer acquired 100% of the shares of Apoyo Empresarial en Construcción, S.A. de C.V. for Ps. 57,125 in cash.

* * * * *

ISSUER

Servicios Corporativos Javer, S.A.P.I. de C.V.
Boulevard Antonio L. Rodriguez 2850
Colonia Santa María
Monterrey, N.L. 64650
México

LEGAL ADVISORS

To the Issuer

As to U.S. Federal and New York law:
Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
U.S.A.

As to Mexican law:
Mijares, Angoitia, Cortés y Fuentes, S.C.
Montes Urales 505 Tercer Piso
Lomas de Chapultepec
México, D.F. 11000

To the Initial Purchaser

As to U.S. Federal and New York law:
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
U.S.A.

As to Mexican law:
Creel, García-Cuéllar, Aiza y Enriquez, S.C.
Paseo de los Tamarindos 60 Piso 3
Colonia Bosques de las Lomas
México, D.F. 05120

INDEPENDENT AUDITORS OF THE ISSUER

Galaz, Yamazaki, Ruiz Urquiza, S.C.
A Member of Deloitte Touche Tohmatsu
Lázaro Cárdenas 2321 Pte., PB
Residencial San Agustín
Garza Garcia, N.L. 66260
México

INITIAL PURCHASER

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, N.Y. 10010-3629

TRUSTEE, REGISTRAR, PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon
Global Finance – Corporate Trust
101 Barclay Street, 4th Floor East
New York, N.Y. 10286

LUXEMBOURG PAYING AGENT, TRANSFER AGENT AND LISTING AGENT

The Bank of New York Mellon (Luxembourg) S.A.
Corporate Trust Services
Aerogolf Center – 1A, Hoehenhof •L-1736 Senningerberg

JAVER
CONSTRUIMOS PARA TI