

## **Management's Discussion on the 4<sup>th</sup> Quarter's Results and Financial Position.**

### **EXECUTIVE SUMMARY**

Fourth Quarter 2003:

- Unit volume of 5,048 homes, with revenue of \$ 1,533.6 million, growth of 3.4% in real terms
- Gross profit of \$ 445.2 million with a gross margin of 29.0% resulting in 4.1% growth.
- Operating profit of \$ 328.1 million with a 21.4% margin resulting in 4.6% growth in real terms
- Net profit of \$ 258.8 million with a margin of 16.9%
- EBITDA of \$ 351.5 million with a margin of 22.9% resulting in 6.9% growth in real terms
- ASP of \$ 301.6 thousands of pesos, growth of 11.7%

Financial Structure Highlights (December 31<sup>st</sup> 2003):

- Cash of \$ 899.3 million, 8.8% higher than the previous year
- Cost bearing liabilities represent 1/13<sup>th</sup> of cash
- Without taking into account deferred taxes, leverage at 11.3% total liabilities to total assets
- Land Bank of 116,768 master plan units equivalent to 131,619 affordable entry level units.
- Backlog of 21,560 mortgages enough for more than a year of future sales.



## *Fourth Quarter 2003:*

### ***1) OPERATION RESULTS.***

#### *Sales*

Fourth quarter revenues were 1,533.7 million. Year on year these were 3.4% larger. During the period in question 5,048 units were sold.

The Prosavi-Progresiva segment posted 423 units sold due to the ending of various projects. In the near future new projects will strengthen this product line. Prosavi-Progresiva sales of \$ 120.1 million represented 7.8% of total revenues during the fourth quarter. They were lower than the \$ 129.8 million reported during 2002.

Infonavit sales reached \$ 524.4 million, 9.0% lower than previous year and posted 1,872 units due Infonavit's commitments being fulfilled earlier than anticipated.

SHF volumes posted 1,203 units, reaching \$ 347.3 million, representing a 16.8% increase in revenues. Fovissste volumes posted 798 units, revenues of \$ 224.6 million, increased 55.9% compared with the fourth quarter of 2002 posting \$ 144.1 million due to Fovissste delays.

ASP posted \$ 301.6 thousand pesos. It grew 11.7% compared with 2002. The residential segment was the exception due to the emphasis of the company on offering a lower priced product.

The middle Income segment reached \$ 232.5 million in revenues while posting a volume of 454 units. In the near future new projects will strengthen this product line.

Residential volumes expanded a surprising 83.3% posting 41 units in contrast to the 19 homes registered during the previous 4<sup>th</sup> quarter. It is worth remembering that in this segment ARA has lowered the average selling price of residential housing in order to tap the 1.5 million bracket which has SHF funding and is difficult to produce for low volume inefficient builders.



The breakdown is as follows:

	4°Quarter 2003		4°Quarter 2002		4°Quarter 2001		Var. 03/02		Var. 02/01	
	Units	Mill.\$	Units	Mill.\$	Units	Mill.\$	\$	%	\$	%
<b>Prosavi-Progresiva</b>	<b>680</b>	<b>120.1</b>	<b>783</b>	<b>129.8</b>	<b>980</b>	<b>159.9</b>	<b>-9.7</b>	<b>-7.5</b>	<b>-30.2</b>	<b>-18.9</b>
Infonavit	1,872	524.4	2,281	576.0	1,972	489.8	-51.6	-9.0	86.2	17.6
Fovi	1,203	347.3	1,074	297.4	882	251.2	49.9	16.8	46.2	18.3
Fovissste	798	224.6	597	144.1	1,271	315.6	80.5	55.9	171.5	-54.3
<b>Affordable Entry Level</b>	<b>3,873</b>	<b>1,096.3</b>	<b>3,952</b>	<b>1,017.5</b>	<b>4,125</b>	<b>1,056.6</b>	<b>78.8</b>	<b>7.7</b>	<b>-39.2</b>	<b>-3.7</b>
<b>Middle Income</b>	<b>454</b>	<b>232.5</b>	<b>699</b>	<b>284.3</b>	<b>409</b>	<b>155.0</b>	<b>-51.8</b>	<b>-18.2</b>	<b>129.3</b>	<b>83.4</b>
<b>Residential</b>	<b>41</b>	<b>73.6</b>	<b>19</b>	<b>40.2</b>	<b>41</b>	<b>108.9</b>	<b>33.4</b>	<b>83.3</b>	<b>-68.8</b>	<b>-63.1</b>
Commercial Land	--	3.6	--	6.2	--	-24.7	-2.6	-41.5	30.9	-125.1
Total as Developer	5,048	1,526.0	5,453	1,477.8	5,555	1,455.7	48.2	3.3	22.2	1.5
Contractor	--	--	--	--	--	7.1	--	--	-7.1	-100.0
Commercial Space	--	7.6	--	6.0	--	--	1.6	26.6	6.0	--
Middle Income (JV)	--	--	--	--	2	--	--	--	0.0	--
Joint Venture Total	--	--	--	--	2	--	--	--	0.0	--
<b>TOTAL</b>	<b>5,048</b>	<b>1,533.7</b>	<b>5,453</b>	<b>1,483.9</b>	<b>5,557</b>	<b>1,462.8</b>	<b>49.8</b>	<b>3.4</b>	<b>21.0</b>	<b>1.4</b>

By the fourth quarters of 2003 and 2002 average selling prices posted real term increases of 11.7% and 1.3% respectively as show in the following table:

	4°Quarter 2003	4°Quarter 2002	4°Quarter 2001	Var % 03/02	Var % 02/01
Prosavi-Progresiva	176.6	165.7	163.2	6.5	1.5
Infonavit	280.1	252.5	248.4	10.9	1.7
Fovi	288.7	276.9	284.8	4.3	-2.8
Fovissste	281.5	241.4	248.3	16.6	-2.8
Affordable Entry Level	283.1	257.5	256.2	9.9	0.5
Middle Income	512.0	406.7	378.7	25.9	7.4
Residential	1,795.1	2,113.3	2,657.3	-15.1	-20.5
<b>Total</b>	<b>301.6</b>	<b>269.9</b>	<b>266.5</b>	<b>11.6</b>	<b>1.3</b>

#### *Cost of Goods Sold*

Cost of Goods Sold increased by 3.0% posting \$ 1,085.5 million. As a result gross profit was \$ 445.2 million with a margin of 29.0%

#### *Gross Profit*

The posted gross margin of 29.0% represents an improvement of 70 basis points since 2001. This can be explained in part due to the higher control in the expenditures of construction.



A breakdown by home type follows:

	4°Quarter 2003	4°Quarter 2002	4°Quarter 2001	Var. Points 03/02	Var. Points 02/01
Prosavi-Progresiva	24.1%	23.8%	24.1%	0.3	-0.3
Affordable Entry Level	28.9%	28.8%	28.3%	0.1	0.5
Middle Income	30.8%	30.2%	30.5%	0.6	-0.3
Residential	30.6%	30.3%	31.9%	0.3	-1.6
Developer	29.0%	28.8%	28.3%	0.2	0.5
Contractor	0.0%	0.0%	28.8%	0.0	-28.8
Commercial Space	43.6%	46.4%	30.9%	-2.8	15.5
<b>TOTAL</b>	<b>29.0%</b>	<b>28.8%</b>	<b>28.3%</b>	<b>0.2</b>	<b>0.5</b>

#### G&A Expenses

G&A expenses include, salaries of the technical and administrative teams as well as the sales group. G&A posted \$ 117.1 million, which means 2.8% growth in real terms. Nevertheless as a percentage of sales it reached 7.6% vs. the 7.7% of the previous year.

#### Operating Profit

Operating profit grew 4.6% in real terms due to good expenditure controls.

#### EBITDA

During the fourth quarter of 2003 Consorcio ARA generated an EBITDA of \$ 351.5 million (22.9% of sales), 6.9% bigger in real terms than 2002's. Of these only 23.5 million are explained by depreciation. Current EBITDA levels could cover interest expenses 31.1 times.

#### Financing Cost

Financing costs decreased 49.1% posting a net amount of \$ 5.0 million. Said contraction can be explained by the low use of the credit lines.

Breakdown is as follows:

	4°Quarter 2003	4°Quarter 2002	4°Quarter 2001	Var%. 03/02	Var%. 02/01
Interest Paid	11.3	16.4	28.1	-30.9	-41.6
Interest Earned	12.3	13.5	11.8	-8.8	14.4
Exchange Rate (Loss) Profit	0.7	0.4	-1.9	80.8	-120.3
Monetary (Loss) Profit	6.7	7.3	2.3	-9.5	217.4
<b>Financing Cost</b>	<b>5.0</b>	<b>9.8</b>	<b>16.7</b>	<b>-49.1</b>	<b>-41.1</b>

#### Taxes

Total taxes generated posted \$ 82.0 million that is 35.8% larger than the previous fourth quarter. Income Tax and Profit Sharing provisions were maintained within the same ratios.

#### Net Profit

Net profit grew 1.6% posting \$ 258.8 million with a margin of 16.9%.

The EPS for the last twelve months resulted in 2.13 as calculated in the following table:

	LTM December 2003
Net Profit (pesos)	697,063,628
Shares (Average)	328,024,499
<b>EPS</b>	<b>2.13</b>



### Earnings Statement, Fourth Quarter 2003

	4°Quarter 2003		4°Quarter 2002		4°Quarter 2001		Var.	Var.
	Mill. Pesos	%	Mill. Pesos	%	Mill. Pesos	%	03/02	02/01
<b>Revenues</b>	1,533.7	100.0	1,483.9	100.0	1,462.8	100.0	3.4	1.4
Cost of Goods Sold	1,088.5	71.0	1,056.4	71.2	1,048.9	71.7	3.0	0.7
<b>Gross Profit</b>	<b>445.2</b>	<b>29.0</b>	<b>427.5</b>	<b>28.8</b>	<b>413.9</b>	<b>28.3</b>	<b>4.1</b>	<b>3.3</b>
G&A	117.1	7.6	113.9	7.7	110.5	7.6	2.8	3.1
<b>Operating Profit</b>	<b>328.1</b>	<b>21.4</b>	<b>313.5</b>	<b>21.1</b>	<b>303.4</b>	<b>20.7</b>	<b>4.6</b>	<b>3.3</b>
Financing Cost	5.0	0.3	9.8	0.7	16.7	1.1	-49.1	-41.0
Other Income	17.7	1.2	15.1	1.0	-1.5	-0.1	17.2	-1,109.0
PreTax Profit	340.8	22.2	315.2	21.2	285.2	19.5	8.1	10.5
Deferred Taxes	81.1	5.3	28.5	1.9	29.5	2.0	184.8	-3.4
Taxes	0.9	0.1	32.0	2.2	55.8	3.8	-97.2	-42.7
Total Tax	82.0	5.3	60.4	4.1	85.3	5.8	35.7	-29.1
<b>Net Profit</b>	<b>258.8</b>	<b>16.9</b>	<b>254.8</b>	<b>17.2</b>	<b>199.9</b>	<b>13.7</b>	<b>1.6</b>	<b>27.4</b>
Depreciation	23.5	1.5	15.4	1.0	13.0	0.9	51.9	19.1
<b>EBITDA</b>	<b>351.5</b>	<b>22.9</b>	<b>329.0</b>	<b>22.2</b>	<b>316.4</b>	<b>21.6</b>	<b>6.9</b>	<b>4.0</b>

### January to December 2003

Units and Sales January to December 2003, 2002 and 2001

	Jan-Dec 2003		Jan-Dec 2002		Jan-Dec 2001		Var. 03/02		Var. 03/02		Var. 02/01		Var. 02/01	
	Units	Mill.\$	Units	Mill.\$	Units	Mill.\$	Units	%	Mill.	%	Units	%	Mill.	%
<b>Prosavi-Progresiva</b>	<b>1,628</b>	<b>279.7</b>	<b>2,421</b>	<b>410.7</b>	<b>2,089</b>	<b>318.1</b>	<b>-793</b>	<b>-32.8</b>	<b>-131</b>	<b>-31.9</b>	<b>332</b>	<b>15.9</b>	<b>93</b>	<b>29.1</b>
Infonavit	6,286	1,645.9	6,814	1,708.4	6,400	1,501.9	-528	-7.7	-63	-3.7	414	6.5	206	13.7
Fovi	3,366	986.3	3,633	1,014.0	3,666	1,032.5	-267	-7.3	-28	-2.7	-33	-0.9	-19	-1.8
Fovissste	2,850	761.3	1,090	272.3	2,321	579.2	1,760	161.5	489	179.5	-1,231	-53.0	-307	-53.0
<b>Affordable Entry Level</b>	<b>12,502</b>	<b>3,393.4</b>	<b>11,537</b>	<b>2,994.7</b>	<b>12,387</b>	<b>3,113.6</b>	<b>965</b>	<b>8.4</b>	<b>399</b>	<b>13.3</b>	<b>-850</b>	<b>-6.9</b>	<b>-119</b>	<b>-3.8</b>
<b>Middle Income</b>	<b>1,762</b>	<b>868.9</b>	<b>1,778</b>	<b>746.0</b>	<b>1,079</b>	<b>435.1</b>	<b>-16</b>	<b>-0.9</b>	<b>123</b>	<b>16.5</b>	<b>699</b>	<b>64.8</b>	<b>311</b>	<b>71.5</b>
<b>Residential</b>	<b>128</b>	<b>237.5</b>	<b>79</b>	<b>174.9</b>	<b>131</b>	<b>285.9</b>	<b>49</b>	<b>62.0</b>	<b>63</b>	<b>35.8</b>	<b>-52</b>	<b>-39.7</b>	<b>-111</b>	<b>-38.8</b>
Commercial Land		5.1		6.4		9.9			-1	-19.5			-4	-35.4
Total as Developer	16,020	4,784.7	15,815	4,332.7	15,686	4,162.6	205	1.3	452	10.4	129	0.8	170	4.1
Contractor		10.1		0.6		47.3			10	1,535.4			-47	-98.7
Commercial Space		27.8		19.8					8	40.6			20	
Middle Income						117					-117	-100.0		
Total Joint Ventures						117					-117	-100.0		
<b>TOTAL</b>	<b>16,020</b>	<b>4,822.6</b>	<b>15,815</b>	<b>4,353.1</b>	<b>15,803</b>	<b>4,209.9</b>	<b>205</b>	<b>1.3</b>	<b>470</b>	<b>10.8</b>	<b>12</b>	<b>0.1</b>	<b>143</b>	<b>3.4</b>



### AVERAGE SELLING PRICES JANUARY TO DECEMBER 2003

	Jan-Dec 2003	Jan-Dec 2002	Jan-Dec 2001	Var%. 03/02	Var%. 02/01
Prosavi-Progresiva	171.8	169.7	152.2	1.3	11.4
Infonavit	261.8	250.7	234.6	4.4	6.8
Fovi	293.0	279.1	281.6	5.0	-0.9
Fovissste	267.1	249.9	249.5	6.9	0.2
Affordable Entry Level	271.4	259.6	251.4	4.6	3.3
Middle Income	493.2	419.6	403.2	17.5	4.1
Residential	1,855.5	2,213.9	2,181.9	-16.2	1.5
<b>Total</b>	<b>298.3</b>	<b>273.6</b>	<b>266.4</b>	<b>9.1</b>	<b>2.7</b>

### ACCUMULATED EARNINGS STATEMENT, JANUARY TO DECEMBER 2003

	Jan-Dec 2003		Jan-Dec 2002		Jan-Dec 2001		Var. 03/02	Var. 02/01
	Mill. Pesos	%	Mill. Pesos	%	Mill. Pesos	%		
Revenues	4,822.6	100.0	4,353.1	100.0	4,209.7	100.0	10.8	3.4
Cost of Goods Sold	3,431.5	71.2	3,111.5	71.5	3,022.3	71.8	10.3	3.0
<b>Gross Profit</b>	<b>1,391.1</b>	<b>28.8</b>	<b>1,241.6</b>	<b>28.5</b>	<b>1,187.4</b>	<b>28.2</b>	<b>12.0</b>	<b>4.6</b>
G&A	370.4	7.7	336.8	7.7	318.6	7.6	10.0	5.7
<b>Operating Profit</b>	<b>1,020.7</b>	<b>21.2</b>	<b>904.8</b>	<b>20.8</b>	<b>868.7</b>	<b>20.6</b>	<b>12.8</b>	<b>4.2</b>
Financial Cost	15.8	0.3	38.8	0.9	38.2	0.9	-59.2	1.3
Other Income	49.6	1.0	23.2	0.5	12.4	0.3	114.1	86.5
Join Venture	0.0	0.0	-4.0	-0.1	-4.5	-0.1	-100.0	-11.1
PreTax Profit	1,054.5	21.9	885.2	20.3	838.4	19.9	19.1	5.6
Deferred Taxes	247.4	5.1	220.6	5.1	80.9	1.9	12.1	172.7
Taxes	107.1	2.2	92.1	2.1	225.5	5.4	16.3	-59.2
Total Tax	354.5	7.4	312.7	7.2	306.4	7.3	13.4	2.0
<b>Net Profit</b>	<b>700.0</b>	<b>14.5</b>	<b>572.6</b>	<b>13.2</b>	<b>531.9</b>	<b>12.6</b>	<b>22.3</b>	<b>7.7</b>
Depreciation	68.0	1.4	53.9	1.2	52.4	1.2	26.2	2.8
<b>EBITDA</b>	<b>1,088.7</b>	<b>22.6</b>	<b>958.7</b>	<b>22.0</b>	<b>921.1</b>	<b>21.9</b>	<b>13.6</b>	<b>4.1</b>

## II) Financial Position, Cash and Capital Sources.

### Cash

By December 31<sup>st</sup> cash reached \$ 899.3 million, bigger by 8.8% in real terms to 2002.

We maintain a "no dividend" policy. This has allowed us to allocate that cash to the building of homes, acquisition of land and payments to suppliers without the need to use outside financing.

### Accounts Receivable

Sound and efficient collection policies and practices have resulted in 3.2 months of sales and continue to be the best in the industry.

### Inventories

These include land, ARA's most important physical asset, as well as work in progress and raw material inventories. This line grew 20.8% due to the infrastructure works in some developments.

It is worth mentioning that we own the largest Land Bank in the industry: 131,619 affordable entry level units strong consisting of 24.7 million square meters distributed in the highest growth areas in the country.

These facts position us as the healthiest home developer in the country with a liquidity index of 9.2 to 1.



It's breakdown is as follows:

	December 2003 Units	Affordable Entry Level Equivalent Units	Equivalent Sales Million \$
Prosavi-Progresiva	24,664	15,609	4,236.8
Affordable Entry Level	80,061	80,061	21,731.1
Middle Income	9,240	16,728	4,556.8
Residential	2,803	19,161	5,201.0
<b>TOTAL</b>	<b>116,768</b>	<b>131,619</b>	<b>35,725.7</b>

...and is geographically distributed like this:

	Units	%
Metropolitan Area of Mexico City	57,500	49.2
Quintana Roo	22,209	19.0
Baja California	7,165	6.1
Toluca, State of Mexico	6,397	5.5
Morelos	4,430	3.8
Sonora	2,822	2.4
Guanajuato	2,800	2.4
Veracruz	2,755	2.4
Puebla	2,738	2.3
Michoacán	2,304	2.0
Nuevo León	1,803	1.5
Jalisco	1,605	1.4
Querétaro	934	0.8
Chihuahua	663	0.6
Mexico City	411	0.4
Guerrero	144	0.1
Sinaloa	48	0.0
Tabasco	40	0.0
<b>TOTAL</b>	<b>116,768</b>	<b>100.0</b>

#### *Installed Capacity*

Our installed capacity allows us to generate important economies of scale. It is worth mentioning that we have the infrastructure to produce all of the concrete (ready mix) that we need. This fact makes us the fourth largest producer in Mexico.

Machinery and equipment posted \$ 471.5 million, decrease of 8.1%. The investment in machinery & equipment was \$ 122.2 million and it represents 25.9% of total assets. This line also includes commercial space developed for the convenience of our customers. These buildings are developed by Promotora y Desarrolladora de Centros Comerciales S.A. de C.V. (PDCC), subsidiary of Consorcio ARA. On December 23<sup>rd</sup> it signed a 50% - 50% agreement with O'Connor Capital Partners to develop and operate commercial malls. The agreement includes investments for 100 million U.S. Dollars over the next four years.

#### *Suppliers*

We are one of the founding members of the "Cadenas Productivas" program by NAFINSA. This facility allows our suppliers, many small size enterprises, to have access to credit which would otherwise be unavailable.



The suppliers' accounts amount up to \$ 180.0 million, with a turnover of 21 days. This figure has been increased 10.0% due to purchases of material used in the infrastructure implemented in different developments.

#### *Short and Long Term Liabilities*

Liabilities posted \$ 117.6 million and were configured by leasing arrangements for the acquisition of machinery and equipment of which \$ 29.5 million are short term.

Cost bearing liabilities to ShareHolder's Equity is only 2.6%. Cost bearing liabilities to total assets are 1.7%. Cost bearing liabilities to cash are 13.0%.

We have access to \$ 1,667.0 million in active lines of credit which are practically unused. Finally, a total liability to equity of 0.52 times confirms our unsurpassed financial position.

#### *Deferred Taxes*

Deferred taxes posted \$ 1,579.5 million. As such total liabilities to total assets represent 34.1%. Without taking into account their effect leverage would be only 11.2%.

#### *Shareholders Equity*

ARA's Shareholder's Equity grew 14.7% posting \$ 4,542.2 million by December 31<sup>st</sup> 2003. This growth was due in part to accumulated net profits.

#### *Treasury Policies*

Consortio ARA has in place a series of policies and procedures which have as an objective the proper management of cash flow. This effort is centralized at our corporate headquarters. We have a strict control of our cash and only invest it in AAA securities. We have strict and efficient collection procedures and controls that contribute to outstanding receivable figures. Disbursements to suppliers are done with high attention to their required timing as well as strict care to the safe keeping of our resources.

### **BALANCE SHEET, December 31<sup>st</sup> 2003.**

	Jan-Dec 2003	Jan-Dec 2002	Jan-Dec 2001	Var. 03/02	Var. 02/01
	Mill. Pesos	Mill. Pesos	Mill. Pesos	%	%
<b>Total Assets</b>	<b>6,911.5</b>	<b>5,994.5</b>	<b>5,323.6</b>	<b>15.3</b>	<b>12.6</b>
Short Term Assets	6,431.4	5,479.5	4,880.3	17.4	12.3
Cash	899.3	826.9	770.7	8.8	7.7
Accounts Receivable	1,270.2	1,139.7	1,180.7	11.4	-3.5
Inventories	4,083.9	3,381.4	2,829.0	20.8	19.5
Other Accounts Receivables	178.0	131.5	99.9	35.4	31.7
Fixed Assets	471.5	513.1	443.3	-8.1	15.7
Building and Equipment	471.5	513.1	429.3	-8.1	19.5
Joint Ventures	8.6	1.8	14.0	377.0	-87.1
<b>Total Liabilities</b>	<b>2,369.3</b>	<b>2,032.7</b>	<b>1,923.7</b>	<b>16.6</b>	<b>5.7</b>
Short Term Liabilities	701.7	639.8	762.0	9.7	-16.0
Accounts Payable	180.0	163.7	295.2	9.9	-44.5
Bank Loans	0.0	0.7	1.0	-100.0	-27.5
Financial Leasing	29.5	17.6	0.0	67.9	-100.0
Taxes	29.6	37.9	31.3	-21.9	21.1
Other Short Term Liabilities	462.6	419.9	434.5	10.2	-3.4
Long Term Liabilities	88.1	37.6	0.0	134.3	--
Other Liabilities	13.4	0.0	0.0	100.0	0.0
Financial Leasing	79.5	37.6	0.0	111.2	-100.0
Deferred Taxes	1,579.5	1,355.3	1,161.7	16.5	16.7
Deferred Taxes	1,579.5	1,355.3	1,161.7	16.5	16.7
<b>Shareholder's Equity</b>	<b>4,542.2</b>	<b>3,961.8</b>	<b>3,399.9</b>	<b>14.7</b>	<b>16.5</b>



### Prospects and Trends

Starting in 2000 the current presidential administration launched an important effort to increase the housing industry's yearly output to 750,000 units by the year 2006. This program will depend for the most part in Infonavit, SHF - Sociedad Hipotecaria Federal (previously Fovi) and Fovissste's efforts. The growing influences of the Sociedades Financieras de Objeto Limitado (Sofoles) as well as the resurgence of commercial bank mortgages will also contribute to volume increases especially in the affordable entry level and middle income segments.

Falling interest rates have contributed greatly to the industry's explosive growth. These new interest rate levels have generated mortgage supplies to individuals who would have otherwise been constrained by the existing financing alternatives.

We have a strong presence in the Metropolitan Area of Mexico City, the maquiladora area to the northwestern part of the country as well as the Caribbean tourist areas. These regions will continue to see important housing developments being built. Thus, we will continue to develop our product in areas that have promising macroeconomic trends.

### Backlog

As part of the operational requirements of the business we have a mortgage commitment backlog. This stands currently at 21,560 mortgages that is more than a year of sales. The source of these is mainly the Infonavit and the Sociedad Hipotecaria Federal.

The breakdown is as follows:

	4° Quarter 2003	Mix %	4° Quarter 2002	Mix %	Variation %
Prosavi-Progresiva	566	2.6	573	3.2	-1.2
Affordable Entry Level	14,881	69.0	12,875	72.8	15.6
Infonavit	4,702	21.8	4,789	27.1	-1.8
Fovi-Fovissste	10,179	47.2	8,086	45.7	25.9
Middle Income	5,766	26.7	3,828	21.6	50.6
Residential	347	1.6	412	2.3	-15.8
<b>TOTAL</b>	<b>21,560</b>	<b>100.0</b>	<b>17,688</b>	<b>100.0</b>	<b>21.9</b>

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