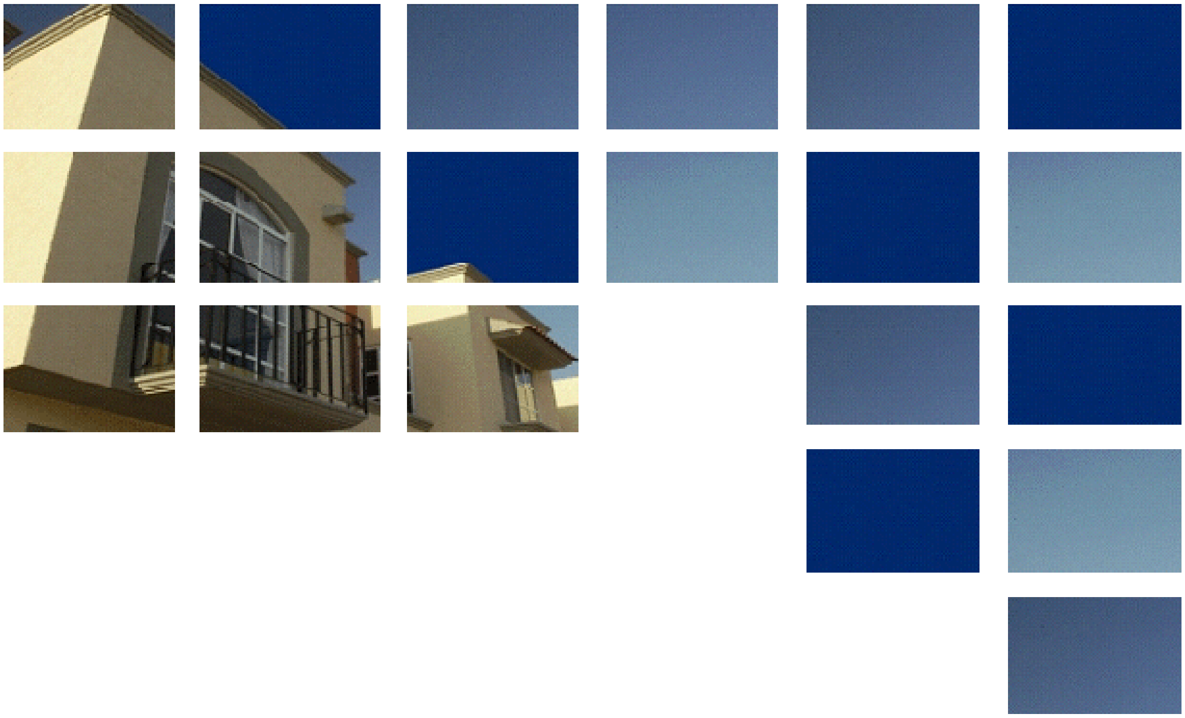


CONSORCIO ARA

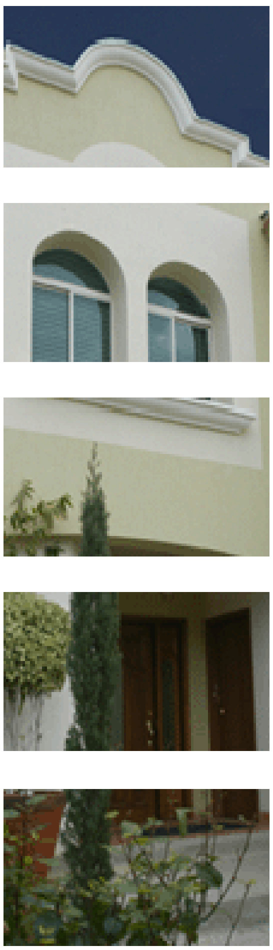
Management's Commentaries and Analysis on the Operation Results and Financial Situation of the Company

FOURTH QUARTER 2006 (4Q06)

Document sent to BMV on February 22nd, 2007

COTIZA EN BOLSA MEXICANA DE VALORES

ARA



Executive Summary

Fourth quarter 2006 (4Q06):

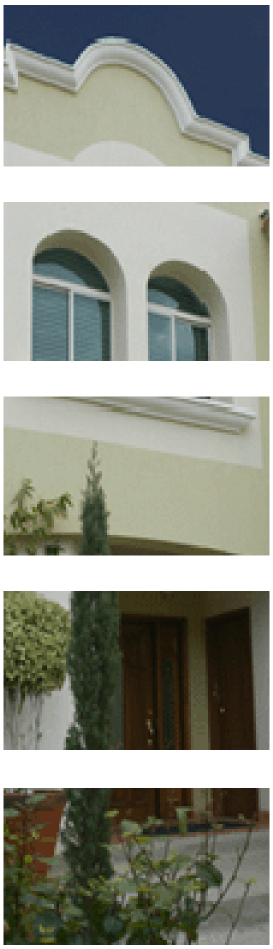
- Sales of $ 2,434.9 million and an increase of 11.5% compared with the fourth quarter 2005 (4Q05). Volume of 6,794 units, -equivalent to 11,068 units using the Average Selling Price (ASP) of the industry-
- Gross Profit of $ 715.1 million, with a gross margin of 29.4% resulting in 13.2% growth compared with 4Q05.
- Income from Operations of $562.5 million, with an operating margin of 23.1%, resulting in 19.7% growth compared with 4Q05
- Net Profit of $ 350.8 million with a net margin of 14.4%, resulting in a decrease of 7.1% compared with 4Q05
- EBITDA of $586.5 million, with a margin of 24.1% resulting in 18.3% growth compared with 4Q05.
- Average Price per house, $354.9 thousand pesos; 4.1% less than 4Q05.

LTM 2006 vs. LTM 2005:

- Sales of $ 8,465.5 million, an increase of 20.1% compared with the same period of the previous year. Volume of 22,668 units, -equivalent to 38,480 units using the ASP of the industry.
- Gross Profit of $ 2,492.2 million, a gross margin of 29.4% resulting in 22.4% growth.
- Income from Operations of $ 1,904.9 million; a margin of 22.5% resulting in 26.8% growth.
- Net Profit of $ 1,340.7 million; a margin of 15.8% resulting in 17.7% growth.
- EBITDA of $ 1,993.9 million; a margin of 23.6% resulting in 25.6% growth.
- Average Price per house, $353.5 thousand pesos, representing 3.1% less.

Liquidity and Capital Resources

- Cash reached a level of $2,047.7 million; accounts receivable of 5.0 months placing us as leaders of the industry-; a land bank of 135,799 master plan units enough for the next four years; debt cost of $1,164.1 million representing 16.3% and a mortgage commitment of 38,244 units. All of these points to the financial strength of Consorcio ARA.



Operation results

Sales

Total Revenues for the 4Q06 were $2,434.9 million. Representing an 11.5% increase from 4Q05. During this period, 6,794 units were sold. These are equivalent of 11,068 units at the ASP of the industry.

The Progresiva segment reported 2,218 units sold; sales reached $ 502.6 million, an increase of 34.9% more than 4Q05. Of these, 1,512 and 706 units were funded by INFONAVIT and SHF respectively. ARA has given emphasis to this business line and is keeping with the financial plans and programmes of the Mexican mortgage institutions.

Affordable Entry Level reached 2,584 units, the revenues were of $ 848.7 million, INFONAVIT posted 819 units with revenues of $ 255.6 million. SHF posted 1,447 units reaching revenues of $ 487.8 million. FOVISSSTE posted 318 units and $105.2 million in revenues

The Middle Income segment posted $1,012.2 million in revenues an increase of 128.4%. The volume was 1,965 units sold.

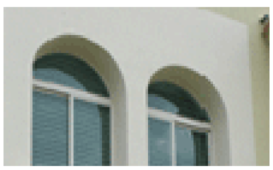
Residential revenues posted $48 million, and the volume reached 27 units. This segment will include a brand new product –unheard of in Mexico until this time- with a fully equipped golf course, developed residences and properties near the *fairway* in the State of Morelos.

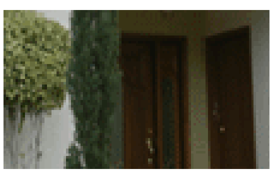
Other real estate projects of land sales with services in their different modalities represent $23.4 million, greater than 4Q05.

	4° Quarter 2006		4° Quarter 2005		Var. 06/05	
	Units.	**Mill. $**	**Units.**	**Mill. $**	**$**	**%**
Progressive	2,218	502.6	1,683	372.6	130.0	34.9
Affordable Entry Level	**2,584**	**848.7**	**3,312**	**1,180.5**	**(331.7)**	**(28.1)**
Middle Income	1,965	1,012.2	622	443.1	569.1	128.4
Residential	**27**	**48.0**	**61**	**105.7**	**(57.7)**	**(54.7)**
Total as developer	6,794	2,411.4	5,678	2,101.9	309.6	14.7
Land, Rent of Commercial Sites, Buildings & others	**-**	**23.5**	**-**	**81.9**	**(58.6)**	**(71.3)**
TOTAL	**6,794**	**2,434.9**	**5,678**	**2,183.8**	**251.1**	**11.5**

Average Selling Prices (thousand pesos)

For 4Q06, the ASP was of $ 354.9 thousand pesos, a real term decrease of 4.1%. The breakdown by home type is as follows: Progressive $ 226.6, Affordable Entry Level $ 328.4, Middle Income $ 515.1, and Residential $1,776.7, representing variations compared to the 4Q05 by 2.3%, -7.8%, -27.7% and 2.5% respectively.





COGS

At 4Q06, the cost of Goods Sold reached $ 1,719.7 million, representing 70.6% of sales, an increase of 10.8% compared with 4Q05.

Gross Profit

At the end of 4Q06, the Gross Profit reached $ 715.2 million with a margin of 29.4%, an increase in real terms of 13.2% compared with 4Q05. The breakdown by home type is as follows: 25.3%, 29.3%, 31.2%, 31.1% y 37.1% corresponding to Progressive, Affordable Entry Level, Middle Income, Residential, and Land Sales respectively.

G&A Expenses

G&A expenses include salaries of the corporative personnel. G&A posted $152.6 million in 4Q06, representing 5.7% decrease compared to 4Q05.

Income from Operations

Income from Operations for 4Q06 grew 19.7% compared to 4Q05, because of the improvement in sales volume and mix of goods.

EBITDA

During the 4Q06 Consorcio ARA generated an EBITDA of $ 586.5 million (24.1% of sales), 18.3% greater than 4Q05. Of these only $ 24.0 million are of depreciation. Current EBITDA could cover interest expenses 18.7 times.

Financing Cost

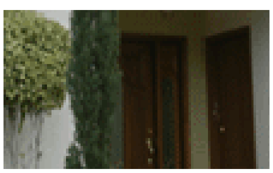
Financing costs increased $ 25.6 million compared to 4Q05, posting a net cost of $22.7 million, as a result of the $1,000 million loan which was granted this year. Breakdown is as follows:

	3° Quarter 2006 Mill. $	3° Quarter 2005 Mill. $	Var. 06/05 %
Interest Paid	31.3	14.7	112.9
Interest Earned	(37.3)	(29.0)	28.5
FX Loss (Profit)	(0.6)	(6.1)	(89.7)
Monetary Position Loss (Profit)	29.3	17.5	66.9
Integral Financing Cost	**22.7**	**(2.9)**	**(888.8)**

Taxes

Total taxes reported $184.5 million, which is 37.8% higher than 4Q05, because of the updated register of the land bank with its corresponding deferred taxes.




Net Profit

Net profit posted $ 350.8 million in the 4Q06 with a margin of 14.4%, representing a decrease of 7.1% compared to 4Q05; mainly due to an increase in paid interests and deferred taxes for the updated in land reserve.

The profit per share of the last twelve months resulted in 4.07, as follows:

		UDM
Net Profit	Majority (pesos)	1,335.4
Shares	(Average)	327,855
EPS		**4.07**

Earnings Statement, 4TQ06

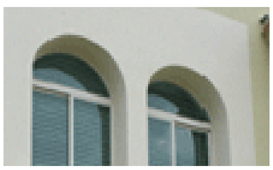
	4° Quarter 2006	%	4° Quarter 2005	%	Var. 06/05 %
Revenues	2,434.9	100.0	2,183.8	100.0	11.5
Cost of Goods Sold	1,719.7	70.6	1552.0	71.1	10.8
Gross Profit	**715.2**	**29.4**	**631.8**	**28.9**	**13.2**
G&A	152.6	6.3	161.7	7.4	(5.7)
Operating Profit	**562.5**	**23.1**	**470.0**	**21.5**	**19.7**
Financing Cost	22.7	0.9	(2.9)	(0.1)	(888.8)
Other Income	**9.7**	0.4	(20.1)	(0.9)	(148.3)
JV Result	(5.1)	(0.2)	(18.6)	(0.9)	(72.3)
Pre Tax Profit	**535.3**	**22.0**	**511.7**	**23.4**	**4.6**
Deferred Tax	60.8	2.5	(26.9)	(1.2)	(325.4)
Tax Paid	**123.7**	5.1	160.8	7.4	(23.1)
Total Tax	184.5	7.6	133.9	6.1	37.8
Net Profit	**350.8**	**14.4**	**377.8**	**17.3**	**(7.1)**
Depreciation	23.9	1.0	25.5	1.2	(6.2)
EBITDA	**586.5**	**24.1**	**495.6**	**22.7**	**18.3**

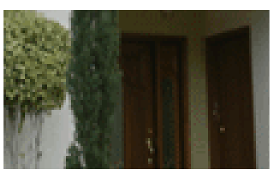
Million pesos

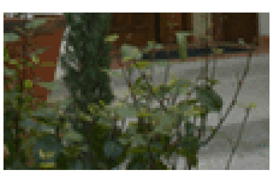
Results Last Twelve Months (LTM) 2006

Units and Sales Comparison Charts

	Jan – Dec 06		Jan – Dec 05		Var. Jan – Dec 06		Var. Jan – Dec 06	
	Unit	Mill. $	Unit	Mill. $	Unit.	%	Mill. $	%
Progressive	7,781	1,763.2	4,504	978.4	3,277	72.8	784.8	80.2
Affordable Entry Level	10,119	3,481.9	11,832	4,025.9	(1,713)	(14.5)	(544)	(13.5)
Middle Income	4,622	2,499.2	2,510	1,628.5	2,112	84.1	870.8	53.5
Residential	146	268.1	169	304.0	(23)	(13.6)	(35.9)	(11.8)
Total as developer	**22,668**	**8,012.4**	**19,015**	**6,936.7**	**3,653**	**19.2**	**1,075.7**	**15.5**
Land, Commercial Buildings & others		453.1		111.2			341.8	307.5
TOTAL	**22,668**	**8,465.5**	**19,015**	**7,047.9**	**3,653**	**19.2**	**1,417.6**	**20.1**







Earnings Statement LTM

	Jan – Dec 06	%	Jan – Dec 06	%	Jan – Dec 06 %
Revenues	**8,465.5**	**100.0**	**7,047.9**	**100.0**	**20.1**
Cost of Goods Sold	5,973.3	70.6	5,011.3	71.1	19.2
Gross Profit	**2,492.2**	**29.4**	**2,036.6**	**28.9**	**22.4**
G&A	587.3	6.9	534.6	7.6	9.9
Operating Profit	**1,904.9**	**22.5**	**1,502.0**	**21.3**	**26.8**
Financial Cost	14.2	0.2	(43.0)	(0.6)	(132.9)
Other Income	17.1	0.2	(21.8)	(0.3)	(179.0)
JV Result	(30.2)	(0.4)	(4.2)	(0.1)	636.9
Pre Tax Profit	1,903.8	22.5	1,571.0	22.3	21.2
Deferred Tax	161.7	1.9	143.5	2.0	12.6
Tax Paid	401.4	4.7	288.6	4.1	39.1
Total Tax	563.1	6.7	432.1	6.1	30.3
Net Profit	**1,340.7**	**15.8**	**1,138.9**	**16.2**	**17.7**
Depreciation	88.9	1.1	85.1	1.2	4.5
EBITDA	**1,993.8**	**23.6**	**1,587.1**	**22.5**	**25.6**

Million pesos

Financial Position, Cash Flow and Capital Sources

Cash and Temporary Investments

By December 31st 2006, cash and temporary investments reached $ 2,047.7 million, higher by 22.1% in real terms than 4Q05.

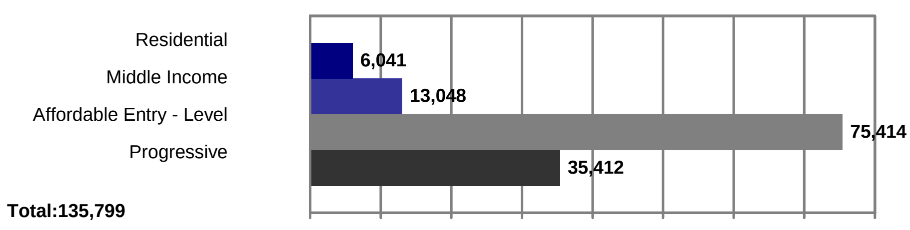
The cash position is enough to satisfy on time our capital working needs.

Accounts Receivable

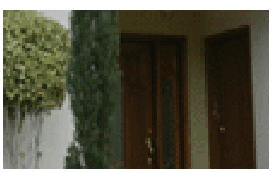
We have sound and efficient collection policies and practices to secure the recovery of the portfolio. The amount to be recovered is of $3,516.8 million; this represents a 5.0 months rotation, which is 1.2 months higher that 4Q05, which is in agreement with our 2007 expectative.

Inventories

Posted $5,097.4 million, of which include land, ARA´s territorial reserve with the amount of $ 3,706.6 million; which is the most important asset of the company; also Included is work in progress and raw material inventories, the amount is $1,390.8 million. It is worth mentioning that Consorcio ARA owns a strategic land bank to build 135,799 master plan units, consisting of 36.4 million square meters distributed in those areas of highest economic and demographic development in the country: Where we are planning to build the following types of housing.






We have a strong presence in the metropolitan area of the Valley of Mexico; in the North with the assembly lines and in the Southeast of the country with tourism, where Affordable Entry Level and Middle income projects of housing will be developed. We will continue our business activities in those regions where the socio-demographic variables show potentially high social and economic development. Land bank is well diversified and distributed geographically as follows:

	Units	%		Units	%
Valle de México	52,971	39.0	Sonora	2,822	2.0
Quintana Roo	32,087	23.6	Guanajuato	2,663	2.0
Nuevo León	8,921	6.6	Nayarit	2,582	1.9
Baja California	8,576	6.3	Michoacán	1,210	0.9
Jalisco	6,775	5.0	Guerrero	1,065	0.8
Morelos	4,068	3.0	Chihuahua	1,005	0.7
Veracruz	3,967	3.0	D.F	313	0.2
Querétaro	3,785	2.8	Sinaloa	72	0.1
Puebla	2,877	2.1	Tabasco	40	0.0
			TOTAL	**135,799**	**100.0**

Today the company has a sale plan of land with services of approximately 4.9 million square meters located mainly in the states of Mexico, Quintana Roo, and Morelos.

Installed Capacity

Our capacity allows us to generate important economies of scale. We should mention that we have the infrastructure to produce all of the concrete (ready mix) that we need. This fact makes us one of the biggest producers in Mexico.

By December 31st 2006 building, machinery and equipment posted $634.8 million, an increase of 25.9% compared to 4Q05. The investment in machinery & equipment during the present year has been of $203.5 millions.

Suppliers

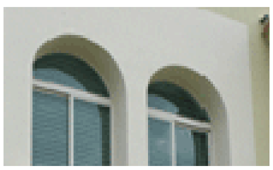
In order to support our suppliers, we now are part of the “Cadenas Productivas” program by NAFINSA. This facility allows our suppliers, many of them small enterprises, to have access to credit, which would otherwise be unavailable. The suppliers’ accounts amount to $380.1 million in 4Q06.

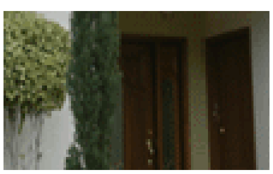
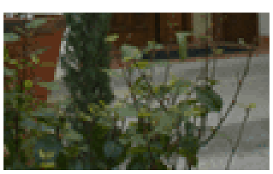
Short and Long Term Liabilities

As part of the reinforcement of our capital structure and to support our new developments, during the last week of May 2006, we acquired a debt of $ 1,000 million pesos; 50% of that debt is on a 10-year contact and the other 50% to 7 years. In both cases, the rate is TIIE + 1 with a limit of the TIIE up to 9%.At the present time, we have paid a total of $16.6 millions of the loan.

Additionally we maintain the leasing strategy for the acquisition of equipment and machinery representing $206.8 million pesos. Of those, $90.4 is short term and $116.4 long term.

Cost bearing liabilities on Shareholder’s Equity is only 16%, cost-bearing liabilities to total assets are 9.8%, and cost-bearing liabilities to cash are 56.8%. We have access to $1,077.00 million in active credit lines. Finally, total liabilities to equity of 0.61 times confirm our strong financial position

Deferred Taxes

Under D-4 principle, deferred taxes up to December 31st 2006 posted $ 1,940.4 million. As such, total liabilities to total assets represent 39.5%.

Shareholders Equity

ARA Shareholder's Equity posted $7,143.8 million by 4Q06. This growth was mainly because of the accumulated net profits

Treasury Policies

Consorcio ARA has implemented policies and procedures for the correct management of subsidiaries' cash flow in a centralised way.

We have a strict control on treasury investment of surpluses investing them in high credit quality instruments.

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Balance Sheet (December 31st, 2006)

	2006	2005	Var. 06/05 %
Total Assets	**11,641.6**	**10,105.7**	**15.2**
Current Assets	**10,786.6**	**9,395.9**	**14.8**
Cash and Temporary Investment	2,047.7	1677.7	22.1
Accounts Receivable	3,516.8	2,236.4	57.3
Inventories	5,097.4	5,393.4	(5.5)
Other Short Term Assets	124.7	88.3	41.2
Fixed Assets	**855.0**	**709.9**	**20.4**
Machinery and Equipment	634.8	504.1	25.9
Due from JV	166.3	166.5	(0.2)
Investment in JV	44.1	28.3	55.5
Intangible Asset Labour Oblig.	9.8	10.9	(10.1)
Total Liabilities	**4,497.8**	**3,079.9**	**46.0**
Short Term Liabilities	**1,521.2**	**1,126.7**	**35.0**
Suppliers	380.1	459.5	(17.3)
Bank Loans	121.4	26.0	366.9
Financial Leasing	90.4	46.1	96.0
Taxes	115.8	51.3	125.8
Other Short Term Liabilities	813.5	543.8	49.6
Long Term Liabilities	**1,024.1**	**93.5**	**995.3**
Bank Loans	813.7	0	100.0
Financial Others	94.0	48.6	93.4
Financial Leasing	116.4	44.9	159.2
Deferred Liabilities	1,952.5	1,859.6	5.0
Shareholder's Equity	**7,143.8**	**7,025.8**	**1.7**

Million pesos

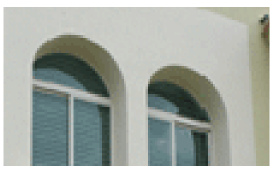
Backlog

As an important part of the running of the business, we maintain a backlog of 38,244 units, which represent an increase of 26.3% in comparison to the previous year principally in the INFONAVIT and SHF segments.

This is equivalent to a little more than the future sales of the forth coming year and we consider this to be an eminently good level, as this is a backlog of mortgage commitments and not work in progress.

Details as follows:

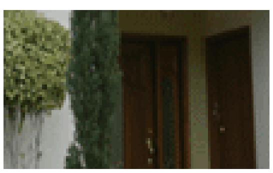
	Units as of 4Q06	Mix %	Units as of 4Q05	Mix %	Growth %
Progressive	2,449	6.4	2,826	9.3	(13.3)
Affordable E-Level	27,838	72.8	20,554	67.9	35.4
Middle Income	7,500	19.6	6,791	22.4	10.4
Residential	457	1.2	116	0.4	294.0
TOTAL	**38,244**	**100.0**	**30,287**	**100.0**	**26.3**



Change of Denomination to Consorcio Ara, S.A.B. de C.V.

Complying to the new Law of the Stock Market and in agreement with Article 22 of the above mentioned Law, the company should add to its social denomination the term “Bursátil” or the abbreviation “B” so that it remains in the following way Consorcio Ara S.A.B. de C.V. in other words a variable capital Stock-market public limited company.

The Special Meeting Act, approving the above-mentioned changes, was held on October 19, 2006 and registered on November 23, 2006.



Continuation of the Regionalization process and announcement of the 2007commercial area changes.

Consorcio ARA continues with the regionalization process, decentralizing the operation to give a more rapid and efficient response to its clients.

From the nine Regional Directors, seven have been designated and are assuming the business leadership in their regions: Northwest Region (Baja California Sur, Baja California Norte, Sonora, Chihuahua and Durango); North-east Region (Coahuila, New León, Tamaulipas, Zacatecas and San Luis Potosí); Bajio Region (Aguascalientes, Guanajuato, Querétaro and Hidalgo); West Region (Sinaloa, Nayarit, Jalisco, Colima and Michoacán); and three Metropolitan regions (Mexico City and adjoining areas)

The two pending Regional Offices, Central (Morelos and Guerrero), and South (Oaxaca, Chiapas, Tabasco, Campeche, Yucatan and Quintana Roo), will be defined during the first semester of 2007, thus consolidating this new business model.

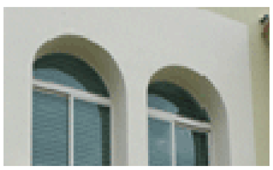
Under this concept each Regional Direction is responsible for coordinating, carrying out and following up the sales and construction cycles to increase margins.

Within the proclaimed changes in the commercial area, Jose Antonio Aguilar Obregón, current Director, announced his wish to leave the company to follow his new personal projects.

Jose Antonio Aguilar Obregón will assume other strategic responsibilities in the company from January 1st, 2007 until the end of the first quarter of the same year.

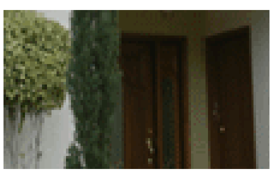
Oscar González Montiel was appointed responsible for the Corporative Commercial Office, starting January 1st, 2007.

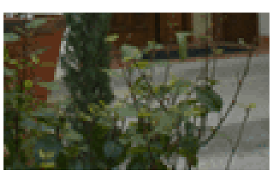
Oscar González Montiel, who has been part of Consorcio ARA's team for 9 years, was the Assistant Director of Customer Service and Owners and Special Projects area. He has participated in different areas of the business, including the strategic projects of the commercial area, contributing to the growth and consolidation of the organization.

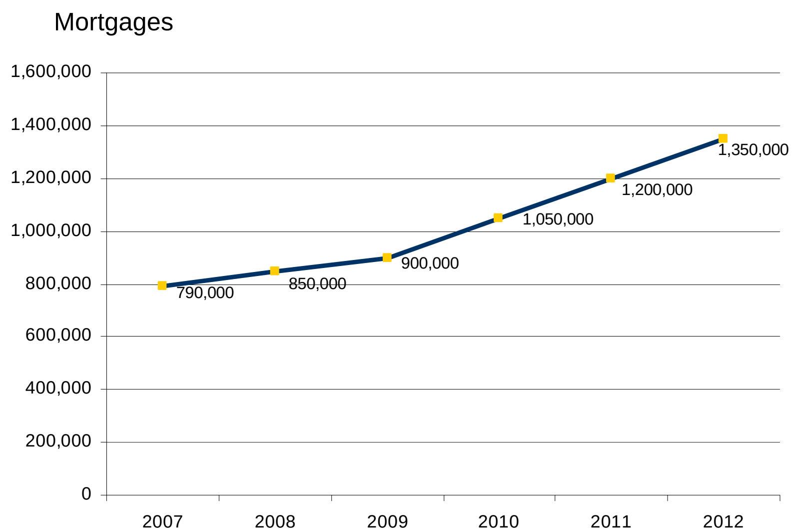


Expectations of the granting of mortgages in Mexico

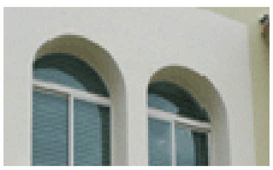
During the 4th Annual Mexican Housing Day, held in New York on February 9 and in London on February 12, the director of the National Commission of Housing (CONAVI) Carlos Gutiérrez Ruiz, announced the 2007-2012 program regarding the number of mortgages to be granted in Mexico

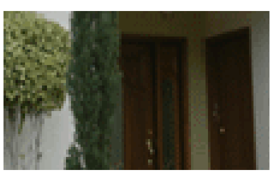


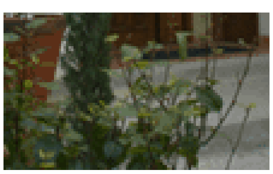


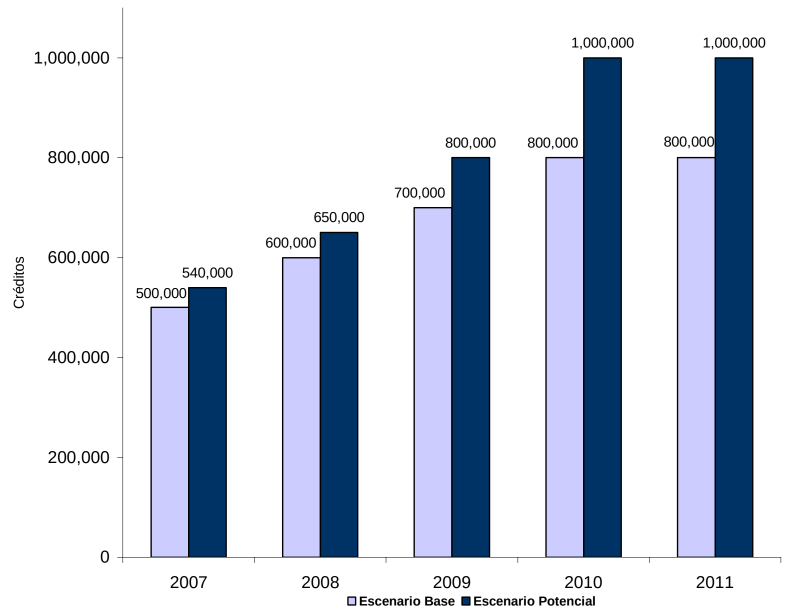


For 2007, 790,000 mortgages are estimated to be granted at a national level. On the other hand, the general manager of INFONAVIT, Víctor Borrás, presented the five-year plan 2007-2012 of credit grants both at a base scenario and at a potential one.









There is also a proposal from the Federal Government budget for 2007 granting $7,063.4 million pesos allocated in 347,790 subsidies for housing; from this, $3,892.0 million pesos will be handled by CONAVI (165,806 subsidies) and $3,171.4 million pesos by SEDESOL (181,984 subsidies).

All of these previous points urge, with a strategic vision and of long term, the financing of home building which will help that the development of the housing industry continues with a sustained growth over the next 5 years.

For any further information or other comments, please do not hesitate to contact

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