

TALKING POINTS / SCRIPT

ANALYSTS AND INVESTORS CALL

DECEMBER 16TH, 2015 - 9:45 AM (MEXICO CITY TIME)

I. Carlos Peyrelongue (Bank of America Merrill Lynch):

[Introduction]

II. Juan Carlos Braniff (Chairman and Chief Executive Officer GEO):

[Introduction]

In the last months, GEO, historically one of the largest homebuilders in Mexico, has undergone a major financial and operational restructuring. These changes have significantly strengthened the company's balance sheet and will allow GEO to grow significantly in the next years to retake its leading market position.

a) Financial Restructuring

The key elements of the financial restructuring are:

1. Capitalization of MX\$29.1 billion pesos of financial and operating liabilities.
2. Bank debt cancelation/payments-in-kind on certain unprofitable projects.
3. Preliminary agreements with banks to resume disbursements of certain construction loans. In addition to the construction loans, Geo has negotiated term sheets to obtain new financing from Banorte and Infonavit to finance working capital and infrastructure respectively.
4. Significant tax cancelation of MX\$3.1 billion pesos in pre-Concurso federal taxes, which shows the very strong support from the federal government to permit Geo to emerge from bankruptcy.
5. Liquidity injection of \$3.5 billion pesos in the form of new equity, of which \$25.8 million were subscribed by existing shareholders, \$3.0 billion pesos were funded by Sólida and \$474.2 million pesos by the group of investors led by Capital Inmobiliario. As you all know, in May of this year, Sólida and Capital Inmobiliario granted a back stop commitment to capitalize the Company and are the sponsors of the Concurso plan.
6. In the following days, we will utilize approximately MX\$1.7 billion pesos of the new equity investment to pay certain operating, tax and labor liabilities as well as

transaction costs. As a result, cash on the balance sheet by the end of December is expected to be approximately MX\$1.8 billion pesos.

7. After these changes, total financial debt will be less than MX\$4.0 billion pesos and total liabilities to Pro-forma equity book value will be approximately 0.96 times.

b) New Equity Injection and New shareholder Structure

After the new money injection completed yesterday, the total number of shares outstanding is 429,103,761. The shareholder structure is as follows:

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|--|---------------|
| Fideicomiso 2757 (Capital Inmobiliario and other) | 11.4% |
| Sólida | 71.9% |
| Other (previous shareholders, mngmt & unsecured creditors) | <u>16.8%</u> |
| Total | 100.0% |

**Note – unsecured creditors 14.2%, previous shareholders 1.3% and management 0.7%*

It is important to keep in mind that, as it was approved in Geo's shareholder meeting held on November 19, future dilution may occur as a result of the possible exercise of the different warrant tranches:

- Sólida and Capital Inmobiliario will each receive two tranches of warrants for up to 17.46% of the company on a fully diluted basis. These warrants are a backstop fee to compensate them for the commitment to backstop the new money injection.
- Unsecured creditors who approved the Concurso plan and the new management are also entitled to warrants for 9.70% and 1.75% respectively of the company on a fully diluted basis.
- Each warrant tranche has different vesting conditions. They will only vest if certain stock price targets are achieved within the first five years, at which point they can be exercised at a price of \$9.75 pesos per share during the next seven years.
- There is an additional warrant for the previous management which has an exercise price of MX\$38.33 pesos per share; the exercise period is 12 years; this warrant is not subject to a vesting stock price target. This warrant is for 3.0% of the shares on a fully diluted basis.

You will find additional details of these warrants including the vesting stock price targets for each tranche in the public presentation on Geo's website.

c) Business Restructuring

With respect to the business restructuring, the Company took the following actions:

1. Geo will focus only on the most profitable projects and regions

2. We have performed a thorough review of each project in the Company's portfolio to determine its alignment (or not) with the new strategy. This "cherry-picking" process was based on location and profitability considerations. As a result, 77 projects are considered strategic and are part of Geo's new business plan and 37 projects were deemed non-strategic.
3. Non-strategic projects will be:
 - a. Utilized to reduce debt through payments-in-kind to banks
 - b. Returned to land bank partners, or
 - c. Sold

*Important to note that due to the Concurso agreement Geo will not be liable for these projects

4. The Company re-negotiated land bank agreements and obtained more favorable terms including lower land share payments and the exclusive right to develop the land subject to certain conditions. The restructured Geo will have land reserves of strategic projects to develop 153 thousand units in 16 states. 50% of this land is in land banks, 22% is optioned and 28% is owned by Geo.
5. All projects developed by Geo will need to meet the following criteria: (i) available financing source in place, (ii) positive cash flow generation, (iii) compliance with government policy and (iv) commercial capabilities in place.
6. Geo has made efforts to standardize products (fewer unit types with reduction from 140 to 12 prototypes) and construction processes. This will have a positive impact on production cost
7. Additionally, the Company has conducted a detailed review of its inventory accounts by project and incurred in write-downs to correct misalignments.

In order to execute the business plan, Geo today has:

1. More than 250 units of operating equipment available for construction and 54 points of sales and 15 regional administrative offices in operation.
 - a. The Company has agreed in principal to issue a new note to the GeoMaq holders in order to continue using the machinery owned in the GeoMaq trust
2. 1,591 active employees and more than 745 construction workers in active projects.
3. Geo is also improving operating processes and taking advantage of its best in class ERP platform: Oracle.

d) New Management & Organizational Structure

The organizational structure and the new management are now adapted to the new business plan and financial objectives of the company. Geo is implementing significant

changes to remove unnecessary reporting layers (up to 5 layers in certain cases), reduce expenses and improve efficiency. The new Geo must be a smaller and highly efficient company.

- Since 2012 and until 3Q15, the company has reduced headcount by 8,422 individuals. Further optimizations will take place.
- Another key aspect is the centralization of relevant functions such as finance, purchasing, accounting, design, IT and marketing.

GEO's operating team is one of the most qualified in the market. The Company has retained key talent necessary to execute the Business Plan and has added highly qualified and seasoned executives from other industries. The top-line of management includes five corporate directors who will report to me.

These individuals are:

1. Iñigo Orvañanos is responsible for Commercial Services.

- Since October 2014 Iñigo has been Co-CEO of GEO and has more than 16 years of experience at the Company
- Previously Iñigo held various key positions in GEO, such as Commercial Director, Commercial Director of Central Division, Finance and Planning Director, and Mortgage Loans Director
- He holds a bachelor in Economics from ITAM and an International MBA from the Instituto de Empresa de Madrid in Spain

2. Leonardo Arana will be our Chief Financial Officer.

- Since July 2013 Leonardo has been Co-Director of Corporate Banking in Bancomext S.N.C.
- He worked in HSBC Mexico as Co-Director of Corporate Banking, Director of Distribution and Corporate Banking Director
- In addition, he held several top management positions in Grupo Financiero Interacciones, Bank of America, Citibank and Bancomer
- Leonardo is an industrial engineer from Universidad Iberoamericana and holds an MBA from Loviana University in Belgium

3. Hernán Mora will be in charge of Administration, Systems and HR.

- Hernán held various top management positions in Laureate Universities, such as Regional Finance Director for Mexico, Central America and Brazil; Chief of the Centralized Services Division, Universidad del Valle de México CFO and Chief of the Productivity Projects Division
- Between 2000 and 2002 Hernán was CFO of Afore Bancomer and Seguros Bancomer

- Hernán has a broad experience in the financial, administrative, system and process areas, as well as in the evaluation and development of several types of projects
- He is a civil engineer from Universidad de Chile and has post-graduate studies in business from Universidad Católica de Chile

4. Rodrigo Moíño will manage Non-Strategic Assets

- Since April 2013 Rodrigo has been Vice-President of Human Resources and Technologies at GEO, where he has been responsible of coordinating the organizational and operational restructuring of GEO in the Human Resources and Technologies Division
- He has more than 13 years of experience in GEO
- Previously Rodrigo held various top management positions in GEO, such as Corporate Director of Information Technologies and Processes, Corporate Director of New Businesses and Corporate Manager of PMO Projects (Project Management Office)
- Rodrigo holds a bachelor in Economics and International Relations from Universidad Anáhuac and has an International MBA from Instituto de Empresa de Madrid, Spain

5. Technical Services director will be appointed shortly

On the operation side, there will be five divisions which will be headed by battle-hardened veterans with significant experience and proven capacity in senior operating positions in Geo. All five divisions will be reporting to me. The names are the following:

1. Hector Caballero – Central

- He has more than 22 years of experience in GEO where he has worked in the development of more than 42,000 homes in the low and middle income segments
- He is a public accountant from the Escuela Superior de Comercio y Administración of the Instituto Politécnico and holds a DUIS federal certificate (Desarrollo Urbano Integral Sustentable)

2. Guillermo Urbina – West

- He has more than 18 years of experience in GEO where he was Commercial Director for 5 years and responsible of post-sale services for an additional 5 years
- Guillermo holds a bachelor in economics from ITAM

3. Roberto Anda – Northeast

- He has more than 21 years of experience in GEO where he has been project and regional manager for more than 14 years
- Roberto holds a bachelor in architecture from Universidad Iberoamericana Noroeste. He also pursued graduate studies in international real estate business from Unctad-Gatt, as well as some leadership courses from TEC and IPADE

4. Jorge Gomez Tagle – South

- He has more than 26 years of experience in the housing industry and more than 18 in GEO where he has worked in important positions, such as National Commercial Director in the Executive Committee and Regional Director in various locations (Puebla, Baja California Norte and Sur, Sonora and Sinaloa)
- He holds a bachelor in Architecture from UNAM and has pursued various courses in IPADE

5. Gabriel Ramirez – Zumpango

- He has 11 years of experience in GEO where he has been Project Director for 3 years
- Gabriel studied civil engineering in the Universidad Autónoma de Zacatecas and has a masters in construction management from Universidad Iberoamericana Campus Santa Fe

e) New Board of Directors

The Board of Directors is new and corporate governance is enhanced in order to have a truly institutional Company. There are ten board members of which seven are independent. I will act as president of the board.

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| 1. | Juan Carlos Braniff | President |
| 2. | Andrés Antonius | Independent |
| 3. | Ramon Renato Carrillo Rosales | Independent |
| 4. | Ricardo Guajardo Touché | Independent |
| 5. | Gabriela Hernandez Cardoso | Independent |
| 6. | Arturo Monroy Ballesteros | |
| 7. | Alberto Mulas Alonso | Independent |
| 8. | Iñigo Orvañanos | |
| 9. | Guillermo Quiroz Abed | Independent |
| 10. | Jose Marcos Ramirez Miguel | |

f) Industry Outlook and New Strategy

The New strategy was devised based on today's circumstances of the housing sector and our view of the medium and long-term outlook. In general, we believe that Industry volumes going forward will show flat to moderate growth.

Demand is supported by favorable demographics, growing purchasing power and middle class growth; demand may be further strengthened as individuals in the informal economy transit to the formal economy.

In addition, there are positive Mexican macroeconomic fundamentals and strong government support to the housing industry evidenced by the availability of subsidies and the strength and industry involvement of Infonavit and Fovissste.

We believe Geo will also be able to regain market share given its strong presence in key markets such as Zumpango, Guadalajara, Puerto Vallarta, Acapulco, Cuernavaca, Tijuana and Querétaro, which offer opportunities due to the fragmented nature of those markets.

As a result of our industry view and considering Geo's capabilities, we have designed the following strategy:

1. Long-term targeted volume of 25,000 units per year
2. Focus on profitability metrics at project, regional and consolidated levels
3. Strong capitalization with majority of debt at project level
4. Flat structure with strict control and centralized services
5. New land acquisitions funded with resources generated by operations. During the first two to three years of operation Geo will not need to buy land in any of the markets it plans to target.
6. We don't expect to engage in "Mega" projects and we will seek diversification by focusing on higher income segments of the market.
7. Highest corporate governance standards

Next year, Geo will focus on achieving the production and sales target established in our conservative ramp-up plan with a strong emphasis on preserving liquidity. We must also achieve the targeted operating efficiencies and ensure financing for projects.

For 2017, the company must further increase output, continue to restart projects as scheduled and consolidate operating processes.

g) Closing Remarks

This new GEO is a combination a strong balance sheet, new management leadership, GEO veterans, highest standards of corporate governance and high quality assets, along with the support of our banking relationships gives us a very good chance to succeed in this new era of the company, thank you.