

REAL ESTATE BUSINESS

August 2020



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FROM:

Legacy assets with no strategic focus

TO:

A portfolio focused on the development of **sustainable and responsible projects**, towards communities and the environment, providing urban development for the territories.





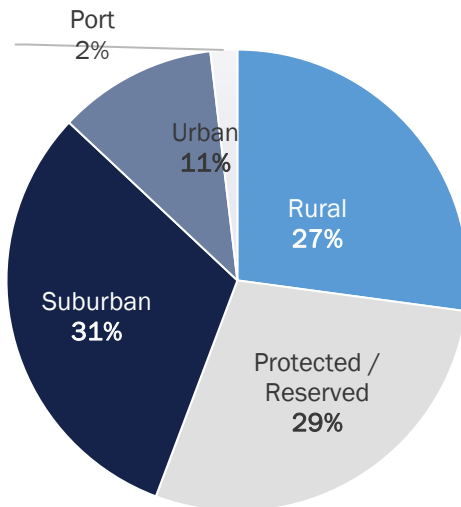
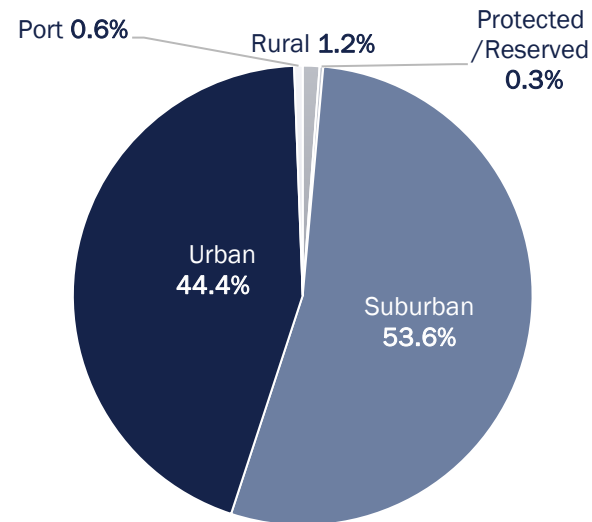
I. Portfolio

- I. National scale land portfolio
- II. Strategic lots for development:
Barranquilla – Cartagena
- III. Portfolio information:
 - Portfolio area by type
 - Gross area per Urban and Suburban use
 - Multi-family housing types on Urban land
 - Number of housing units on urban and suburban land
 - Share of portfolio value according to type and use
 - Development time per type
 - Price per sq. mt. of gross area per type
 - Price per sq. mt. of useful area per type
 - Area description per type
 - Current inventory

PORTFOLIO

Our portfolio is worth COP 2,32 trillion**Portfolio composition**

Our land portfolio includes different types of areas including: Urban, suburban, rural, protected and port. Although less than half of our portfolio is urban and suburban land, these represent 98% of the portfolio's value.

% of area per type**% of value per type**

*Area type is classified based on the most recent product valuation. Area distribution per use does not include the current inventory of partially or fully developed lots. This inventory has a carrying value of ~108 billion that is included in the 2,32 trillion.



* 4,643 Ha correspond to the sum of the gross areas of the lots on the date of the most recent appraisal. This total does not include 45 hectares of partially or fully developed lots in the inventory. This figure may vary due to partitions, sales, modifications of boundaries, among others.

PORTFOLIO

Our developments are focused on Cartagena (Barú) and Barranquilla**Development Strategy**

Our Masterplan: Defines roads and public areas, assigns areas for urban fittings and environmentally relevant areas, defines private lots for real estate developments, plans uses and stages, and establishes design guidelines for buildings.

Cartagena (Barú)

1,180 Ha *
of development

Barranquilla and Metropolitan Area

1,991 Ha
of development

** Includes San Antonio de Cocón, Portonaito and delivered transfers*



PORTFOLIO

Barú Masterplan

Cartagena – 1,180 Ha * Includes San Antonio de Cocon, Portonaito and delivered transfers



Illustrative planning process according to urban development regulations

Planning area	1,180 Ha	100%
Affected areas*	177 Ha	15%
Net area	1,003 Ha	85%
Public transfers	451 Ha	45%**
Useful area	552 Ha	55%**

- Complying with urban development regulations, affected areas and public transfers to the district, including parks and roads, are discounted from the total area.
- The resulting area (useful area) can be developed, occupying 18% of its surface area with 3 floors plus loft.



Location

Competitive Advantages

- Only plot in Barú looking onto the Cartagena bay.
- Diverse topography, sea view and natural attractions including mangroves, forests and beaches.
- The Project has 22 Km of coastline and 3 Km of beaches.



Masterplan

- During the Masterplan design and development we assign project usage and types to each lot, guaranteeing the diversity of uses and typologies and preventing competition between projects.



* Mangroves, beaches, water sources ** Percentages of net area

*The areas in this chart are for illustration only. The actual project and lot areas may vary as a result of the urban development process.

PORTFOLIO

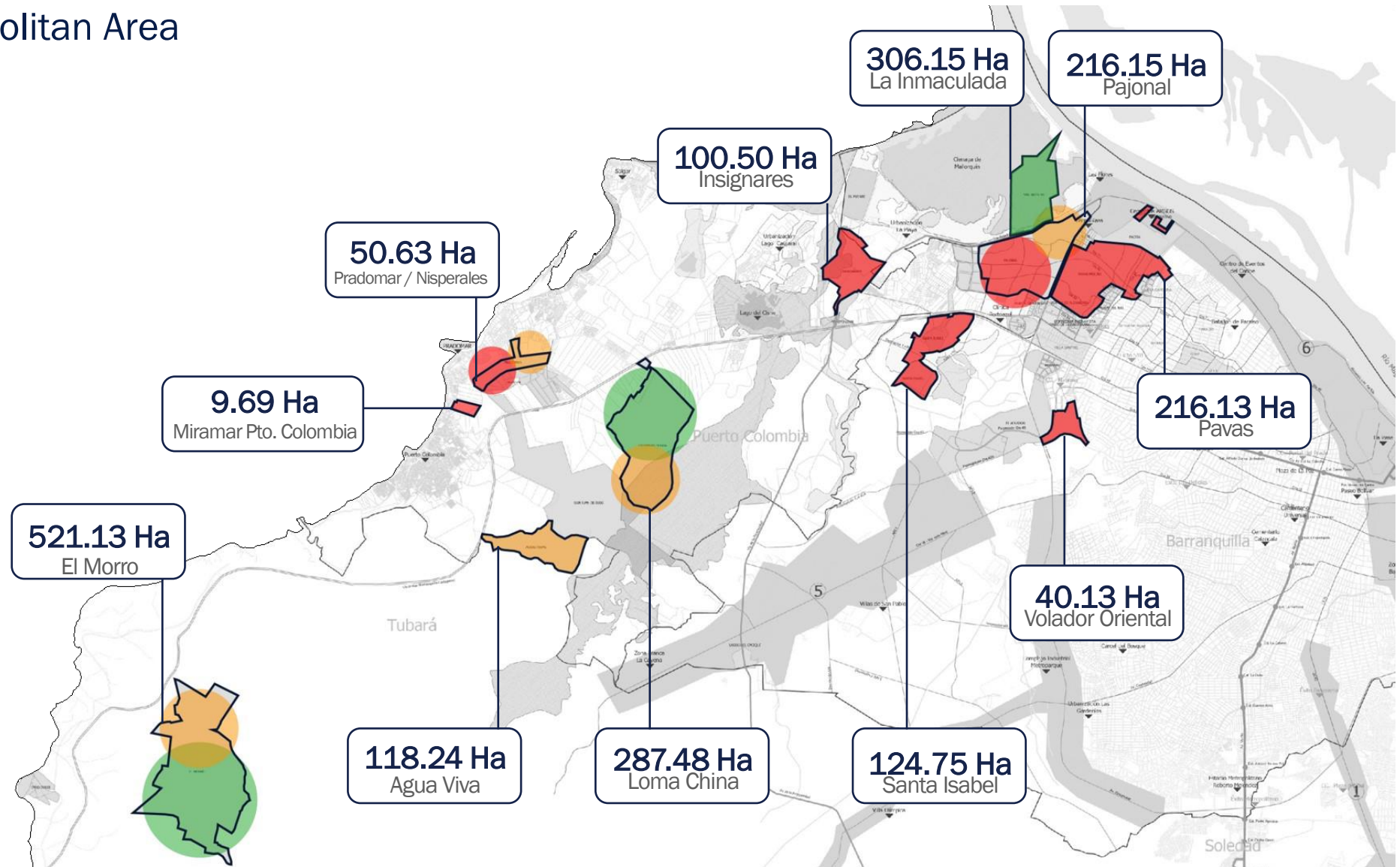
Barranquilla and Metropolitan Area

● Rural, Protected, Reserve

● Suburban

● Urban

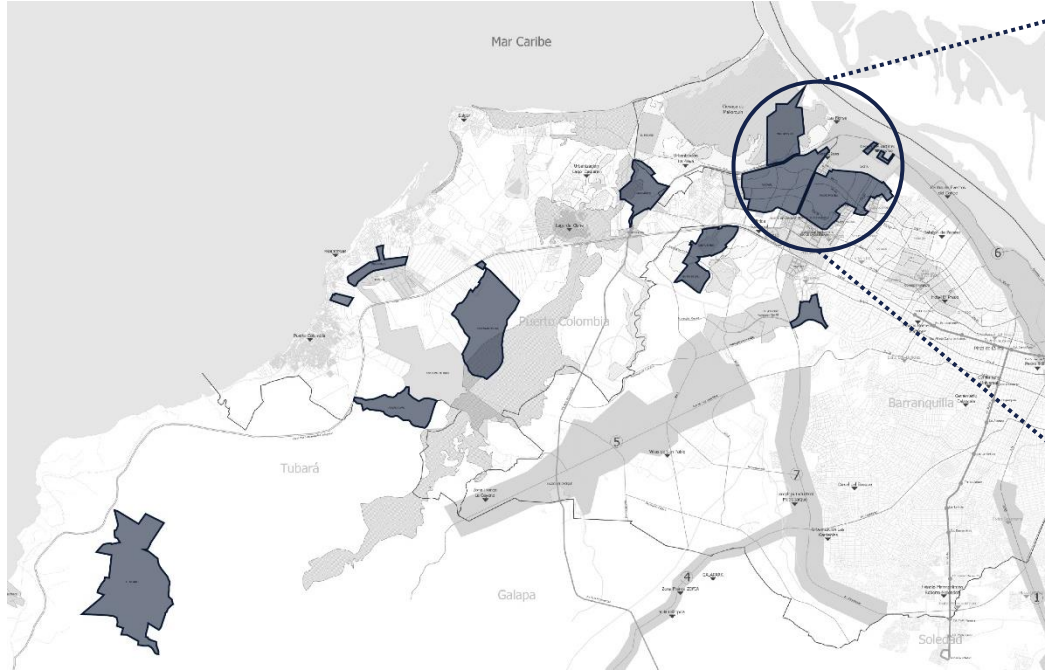
Note: Plots with two different land use type circles refer to different typologies or products for development corresponding to each color used.



- Lot areas correspond to the sum of the lots' gross areas on the date of the most recent appraisal. This figure may vary due to partitions, sales, boundary modifications.

PORTFOLIO

Masterplan development

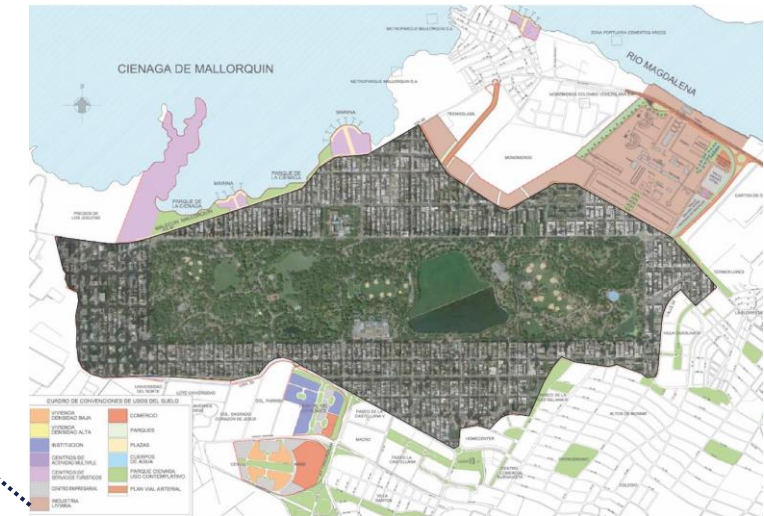
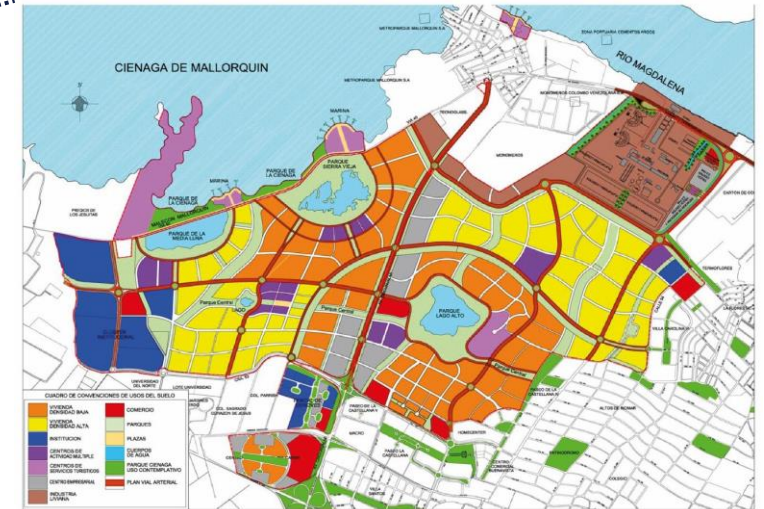
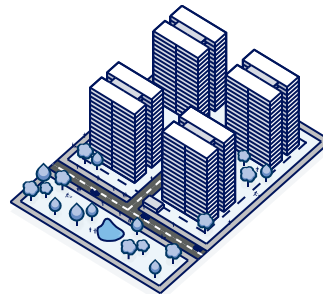
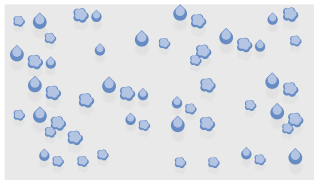


Riomar Masterplan

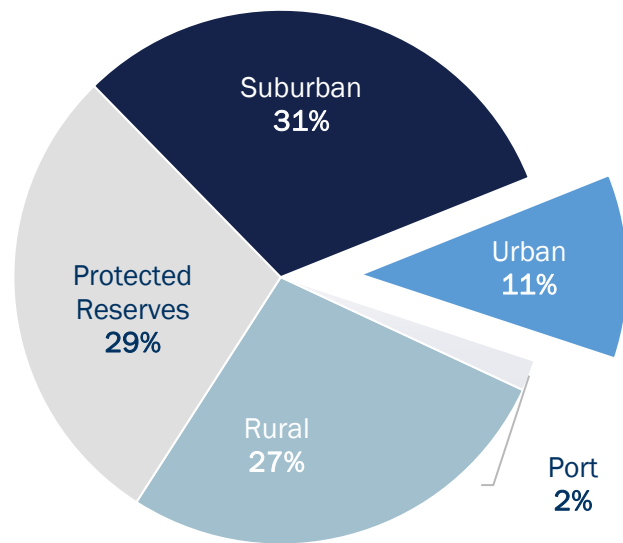


Approximate
size:
**1.3 times
Central Park**

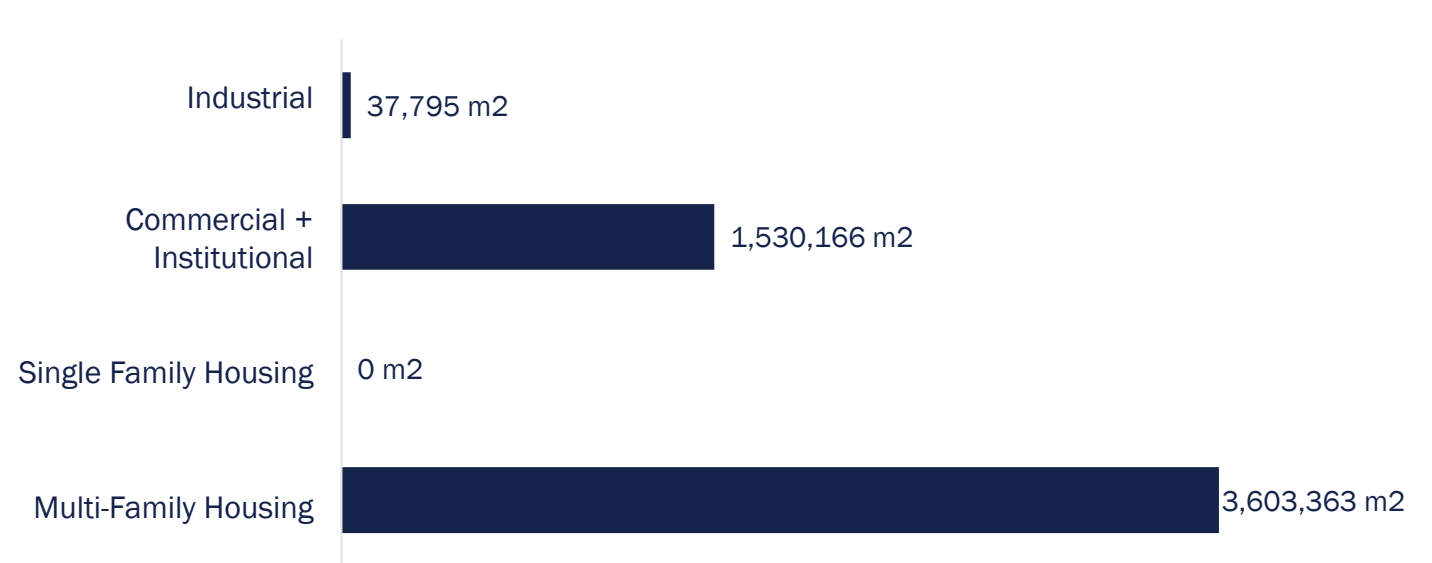
Value creation through the urban development process:



PORTFOLIO

Land Portfolio – UrbanPortfolio area percentage
by type

Gross area per use in urban land

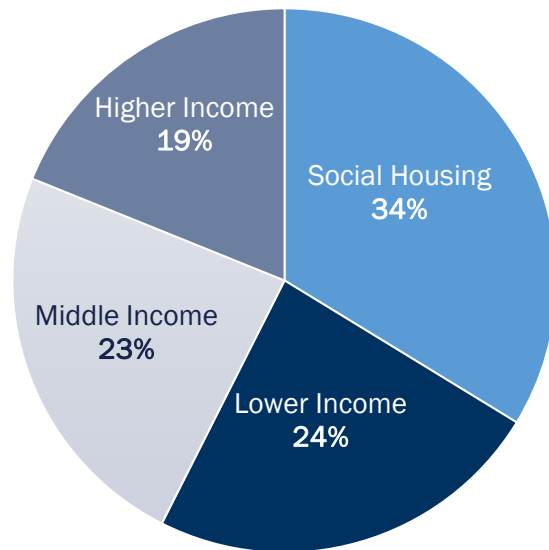


- The use of multi-family housing responds to the dynamics inherent to urban areas, where density and upward growth is preferred for efficient use and maximizing land value.
 - Commercial and institutional uses are highlighted as a fundamental complement to housing, seeking urban developments with a healthy mix of uses.
 - The makeup of gross area and uses may adapt depending on market conditions and the physical conditions of the lots, maintaining a flexible portfolio over time.

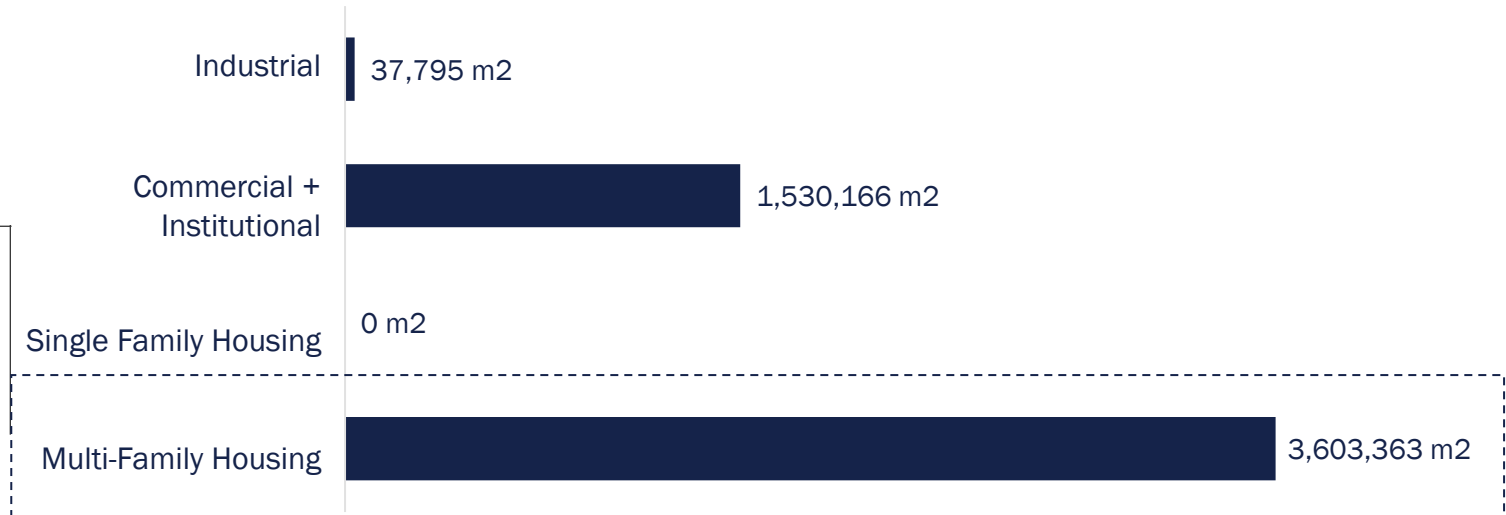
PORTFOLIO

Land Portfolio – Urban area

Multi-family housing types on urban area



Gross area per usage on urban area



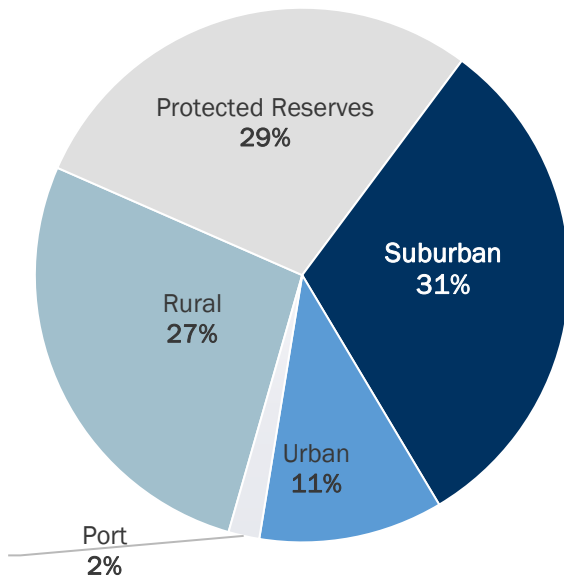
Different types of multi-family housing are proposed for development on urban area. The land portfolio offers possibilities to develop both low income and Social Housing as well as middle and upper income housing projects.

This condition, besides bringing flexibility to the portfolio, allows capturing different types of segments.

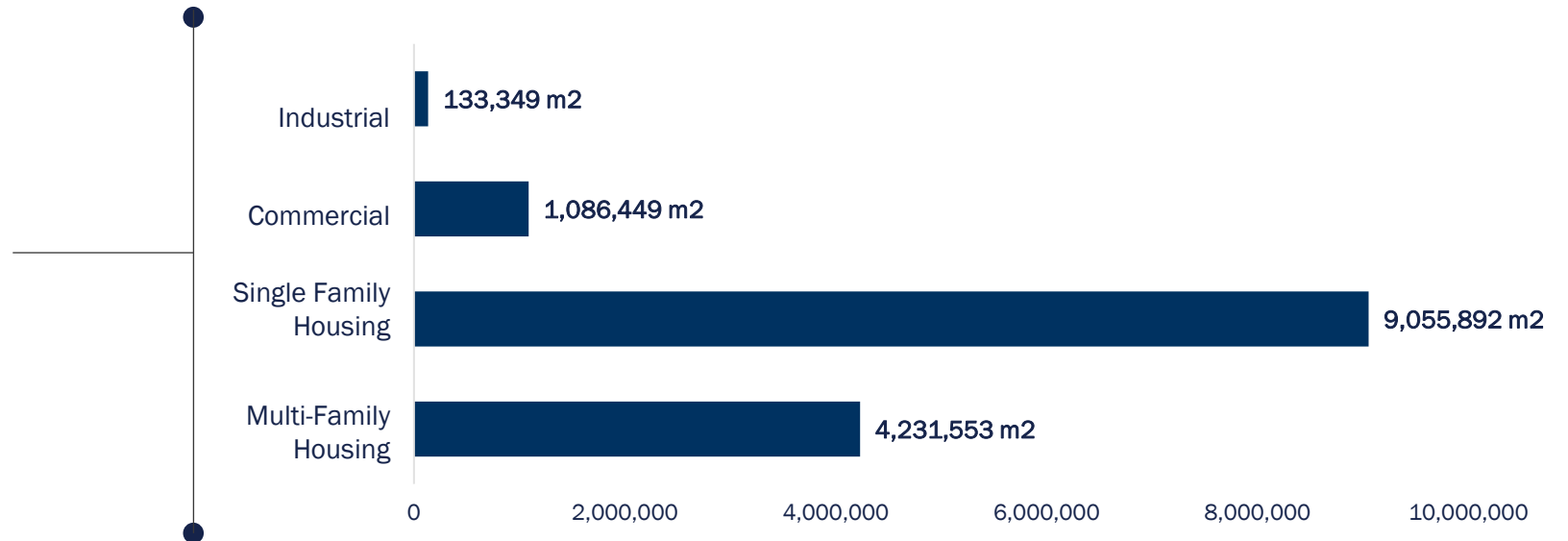
PORTFOLIO

Land Portfolio – Suburban area

Portfolio area percentage by type



Gross area per suburban use

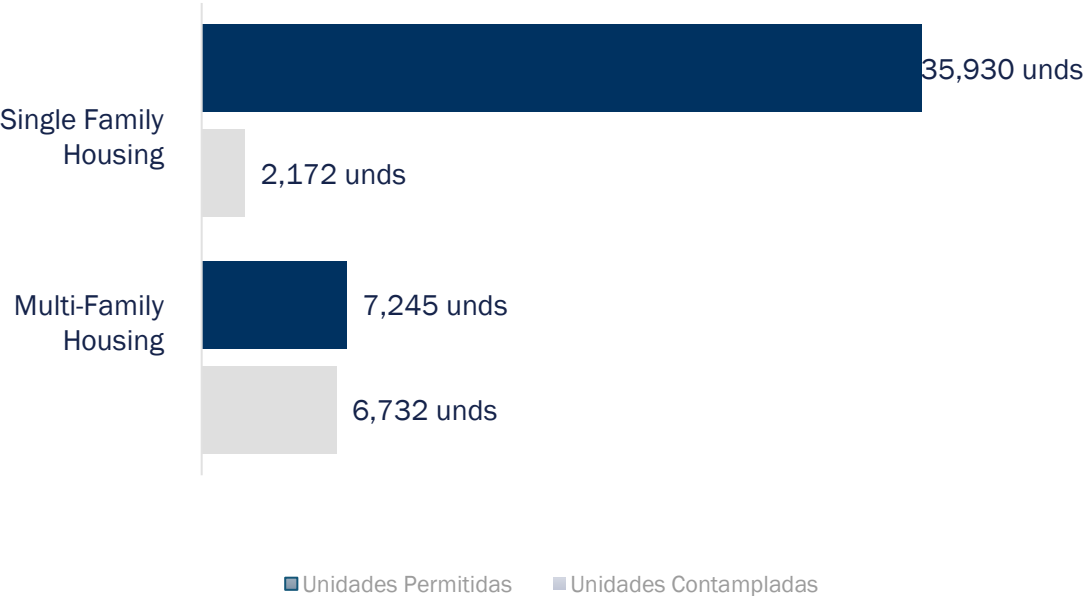


- Suburban land can be found on the periphery of urban land. Within the portfolio, we can highlight lots on suburban area nearby the urban centers of cities like Cartagena, Barranquilla and Santa Marta. 100% of the area on Barú falls under this category.
- Although Pajonal is regulated as urban area, its appraisal contemplates a main product of lots for houses (62% of the area). This 62% is included within the suburban category.
- Due to its location, its urban development regulations and market conditions, suburban area is ideal for developing single family and multi-family housing (low density). Additionally, residential developments are complemented by commercial uses to guarantee the provision of goods and services to the housing units.
- Single family or multi-family housing developments on suburban area will vary depending on market trends, the physical conditions of the terrain and urban development regulations. The land portfolio and development strategy may adapt to all these conditions to optimize usage and execution.

PORTFOLIO

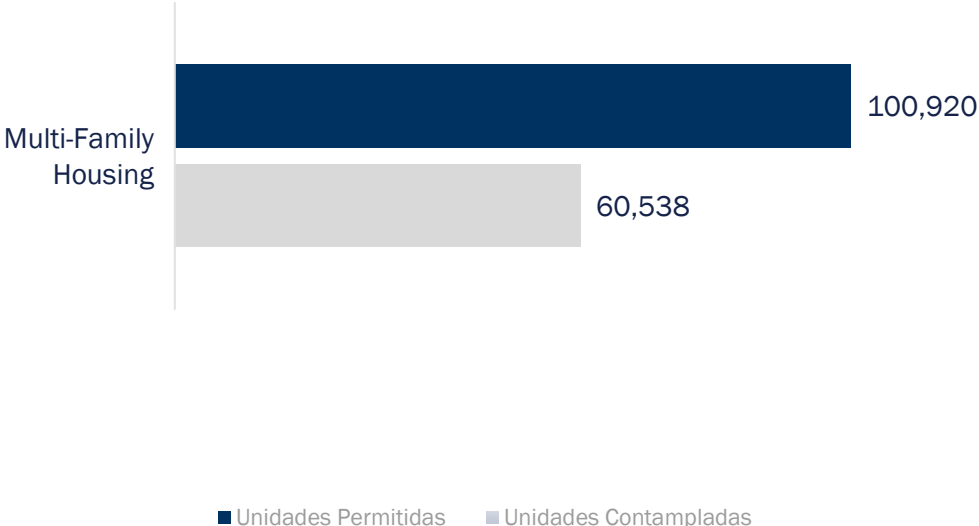
Land portfolio – Number of housing units on urban and suburban area

Number of housing units on suburban land



The difference between the units permitted by regulations and the units contemplated by the appraiser are mainly explained by the appraised product in Pajonal. Although Pajonal has a permitted density of 400 houses/Ha of useful area, or 240 houses/Ha net area, the appraisal continues considering that the greatest and best use of the plot is through a product of lots for houses.

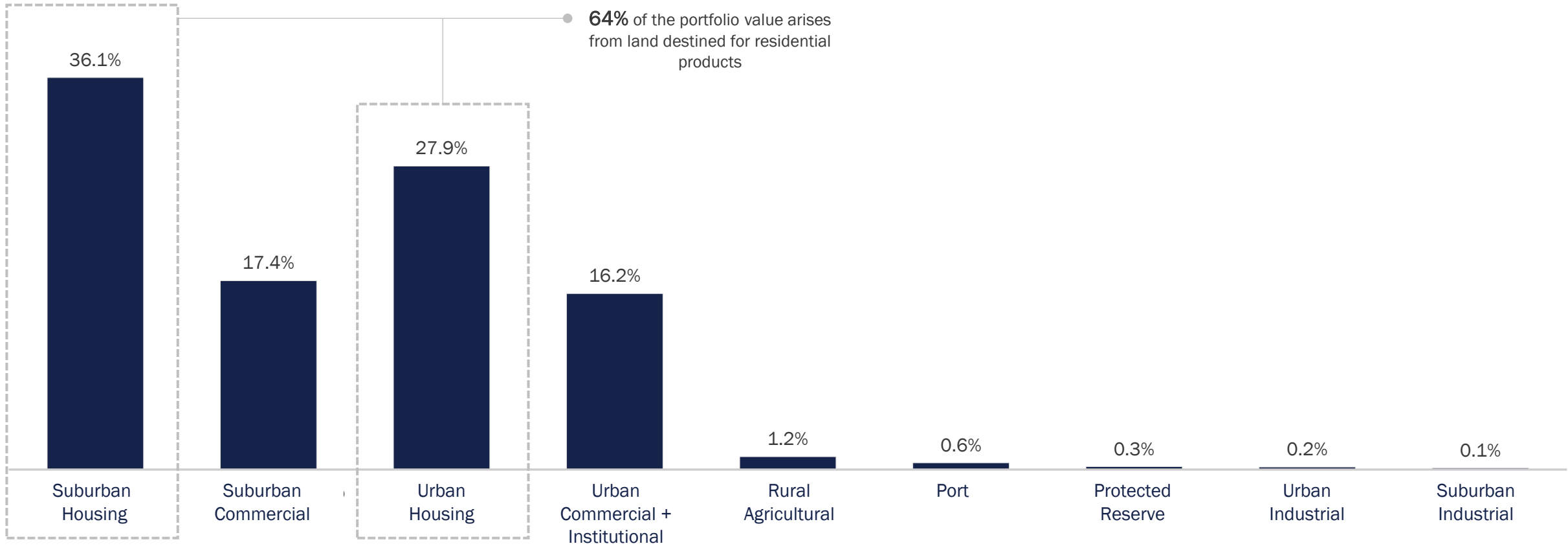
Number of housing units on urban land



The units contemplated on urban area are far below the permitted units. This evinces a conservative approach to the valuation of this use within the portfolio. Permitted units assume a modification of the General Urban Development Plan (PUG, in Spanish) for Santa Isabel, according to the greater usage permitted under the 2008 POT, which was the regulation in force in Barranquilla at the time the PUG was processed.

PORTFOLIO

Land portfolio - Portfolio value share by use and type



Different types and uses can be found within the portfolio. Housing uses on both urban and suburban areas predominate, followed by commercial and institutional uses that complement housing to create a healthy mix of uses in the urban developments.

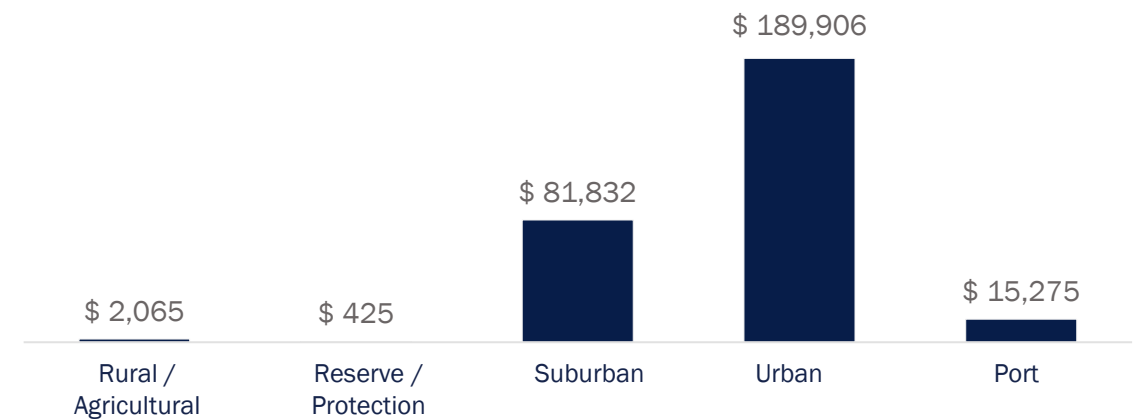
PORTFOLIO

Land portfolio

Development time per type



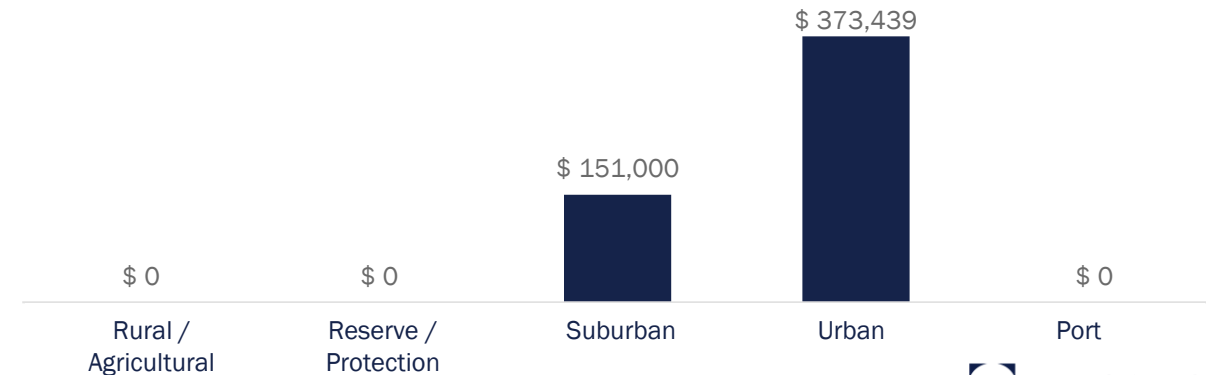
Cost per sq. mt. of gross area per type



Area descriptions per type

Type	Gross Area (sq. mt.)	Net Area (sq. mt.)	Useful Area (sq. mt.)
Rural	12,595,877	0	0
Protected / Reserves	13,283,276	0	0
Suburban	14,507,243	12,328,976	7,861,958
Urban	5,171,324	4,135,985	2,629,795
Port	868,805	0	0
Total	46,426,525	16,464,961	10,491,753

Cost per sq. mt. of useful area per type

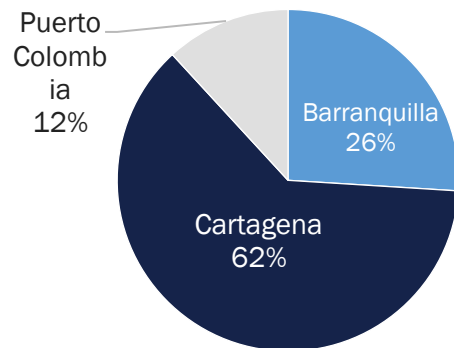


PORTAFOLIO

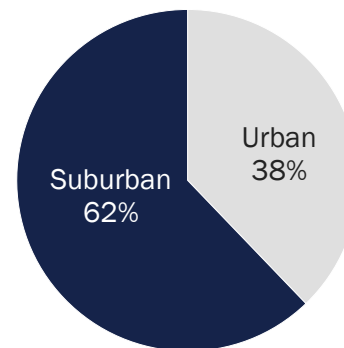
Land portfolio – Inventoried lots

Inventoried Lots	Location	Useful Area	Type	Use
PEN	Barranquilla	41,620 m2	Urban	Industrial
CIC / Genoves	Barranquilla	29,876 m2	Urban	Commercial
Villa Carolina 8, Alejandría M25, M26	Barranquilla	27,833 m2	Urban	Non-VIP Housing (Middle Income)
Lago Alto, Palmas del Rio	Barranquilla	17,893 m2	Urban	Non-VIP Housing (Upper Income)
Barú - Calablanca Vivienda	Cartagena	203,547 m2	Suburban	Non-VIP Houses / Housing (Upper Income)
Barú - Calablanca Hotel	Cartagena	76,889 m2	Suburban	Commercial
Cluster A2	Puerto Colombia	51,277 m2	Suburban	Non-VIP Housing (Lower Income)
Manzana 1B Pajonal (EDS)	Puerto Colombia	2,100 m2	Suburban	Commercial

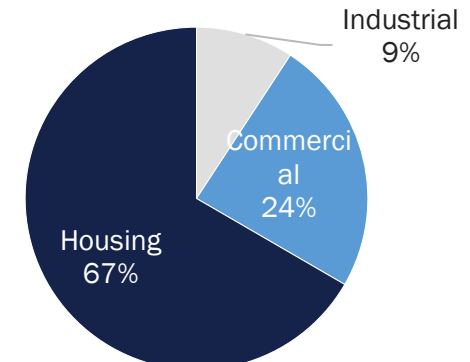
Useful area by location



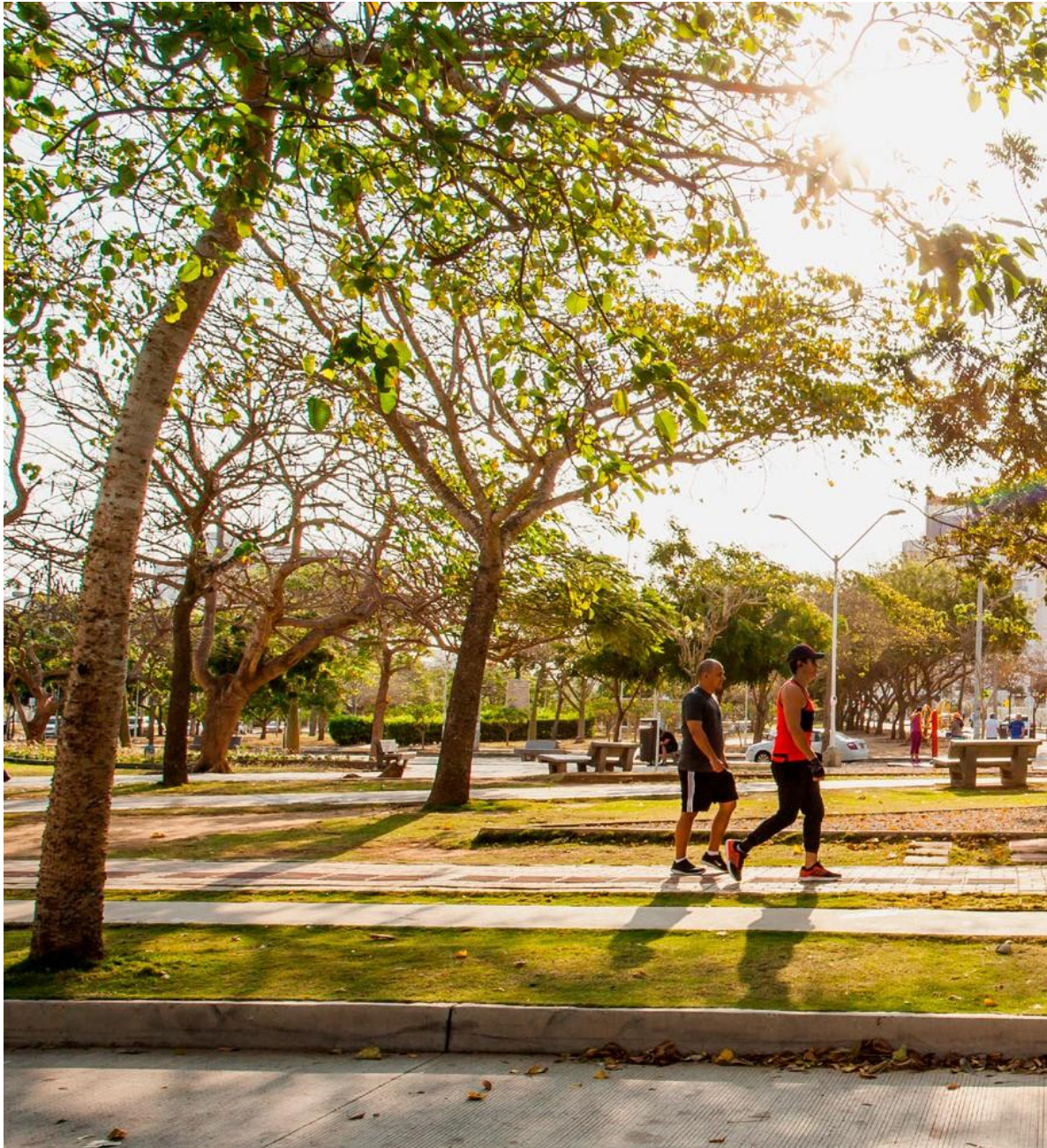
Useful area by type



Useful area by use



*The current inventory of partially or fully developed lots has a carrying value of ~108 billion.
This value is part of the 2.32 trillion in Grupo Argos' total portfolio.



II. Representative business by use

- Residential E5: Londoño Gómez
- Residential Low Income Housing: Pajonal
- Mixed use – large extension: Miramar V
- Other uses: Concesion Costera Barranquilla Cartagena

REPRESENTATIVE BUSINESS BY USE

Londoño Gómez - Lago Alto

Project type:

Residential

Location:

Barranquilla

Value:

14.28 billion

\$/sq. mt. saleable :

690,000/sq. mt.

Lot useful area:

10,985 sq. mt.

Type:

**Urban, useful
and developed**

Year:

2017

Income Level:

5

Density:

**209 res/useful
hectare****Manual Reference / Example**

1.2. LAND PRICE

1.3. DEVELOPED LOT PRICE

3.5. EBITDA VS VALUE CREATION



REPRESENTATIVE BUSINESS BY USE

Social and Low Income Housing– Pajonal

Location:

Puerto Colombia

Value:

126.50 billion

\$/unit:

17,187,475/unit

Lot useful area:

146,926 sq. mt.

Type:

**Suburban*,
useful and
developed**

Year:

2020

Density:

**480 units/useful
ha**

*Suburban due to its product
contemplated by the appraisal

Manual Reference / Example



1.7. MIXED USE AND LAND VALUE

The plot's initial valuation did not include Social or Low Income Housing.

As a new, not initially contemplated, a new business line is created and overall portfolio value is maximized.



REPRESENTATIVE BUSINESS BY USE

Miramar V

Project type:

Residential and commercial

Location:

Barranquilla

Value:

40 billion

% uses per sq. mt. :

**Residential 99%
Commercial 1%**

Type:

Urban, gross, undeveloped

Year:

2018

Income level:

3 / 4

Gross lot area:

140,674 m2

Manual Reference / Example



1.1. GROSS AREA, NET DEVELOPABLE AREA AND USEFUL AREA

1.4 UNDEVELOPED LOT PRICING

1.5. THE VALUE OF LARGE LAND EXTENSIONS

1.6. PER SQ. MT. PRICING DIFFERENCES BETWEEN LARGE LAND EXTENSIONS AND SMALLER LAND EXTENSIONS

The longer the development period, the lower the price per sq. mt.:
discount rate and price growth rate ratio

1.7. MIXED USE AND LAND VALUE

Having different simultaneous uses allows decreasing development times and achieve a higher NPV for the entire plot.



REPRESENTATIVE BUSINESS BY USE

Concesión Costera Pajonal

Project type:

Highway concession

Location:

Puerto Colombia

Year:

2018

Value:

8.24 billion

Type:

Protected / Suburban

\$/sq.mt. gross :

94,000 / 370,712

Lot gross area:

19,537 / 17,572 m2

Manual Reference / Example



1.1. GROSS AREA, NET DEVELOPABLE AREA & USEFUL AREA

The areas requested by the concessions are affected to highways, and cannot be intervened.

2.1. DETERMINANTS OF LAND DEMAND

Does not depend on the demand of land for other real estate uses.

2.4. OTHER SOURCES OF SUPPLY AND COMPETITION

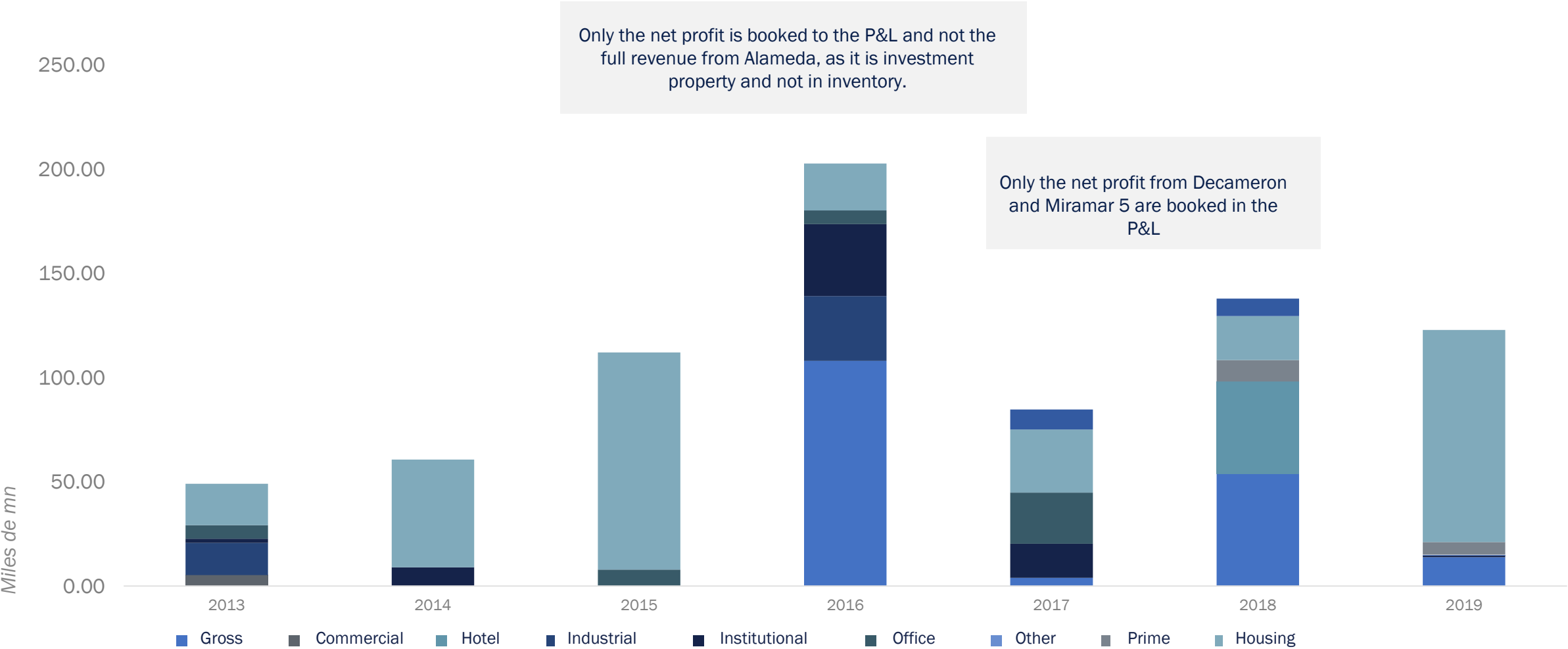
These sales are performed at market value and contemplate the greatest and best use. As this use is not actually built, they will not have developments that will compete with remaining areas.

- The infrastructure built benefits the remaining areas.



REPRESENTATIVE BUSINESS BY USE

Historical (invoiced) sales for the Urban Development Business



REPRESENTATIVE BUSINESS BY USE

Accounting Considerations

Inventory vs. Investment Property

- When an asset is held as investment property, it must be appraised annually (reasonable value policy), and, therefore, the value of the plot changes year by year. The value of a plot in inventory only increases with improvements (urban development investments) made to it.
- The most relevant differences appear when a plot is sold out of each of these accounts. If sold from inventory, the total sale price would be booked as operating revenue and the urban development and lot costs would be booked under sales costs. When an investment property is sold, only the net value is booked (revenue – costs) under the other revenue account.

MANUAL REFERENCE



3.1. INVENTORY VS. INVESTMENT PROPERTIES

P&L revenue vs. cash revenue

- Revenue under the P&L arises upon signing of the write or transfer of fiduciary rights that certifies that ownership of the property is assigned to the buyer. The total value of the business is booked at this time.
- Revenue is booked as Cash Flow as payments for the lot come in.
- When a lot is paid for up front, the revenue is booked as Cash Flow and on the P&L at the same time, but our experience has shown that very few deals are paid for up front and, in general forms of payment vary. Most commonly, clients pay over 12 or 24 months. When a lot is not paid for up front, revenue on the P&L and Cash Flow revenue will be booked at different times.

MANUAL REFERENCE



3.2. P&L REVENUE VS. CASHFLOW REVENUE

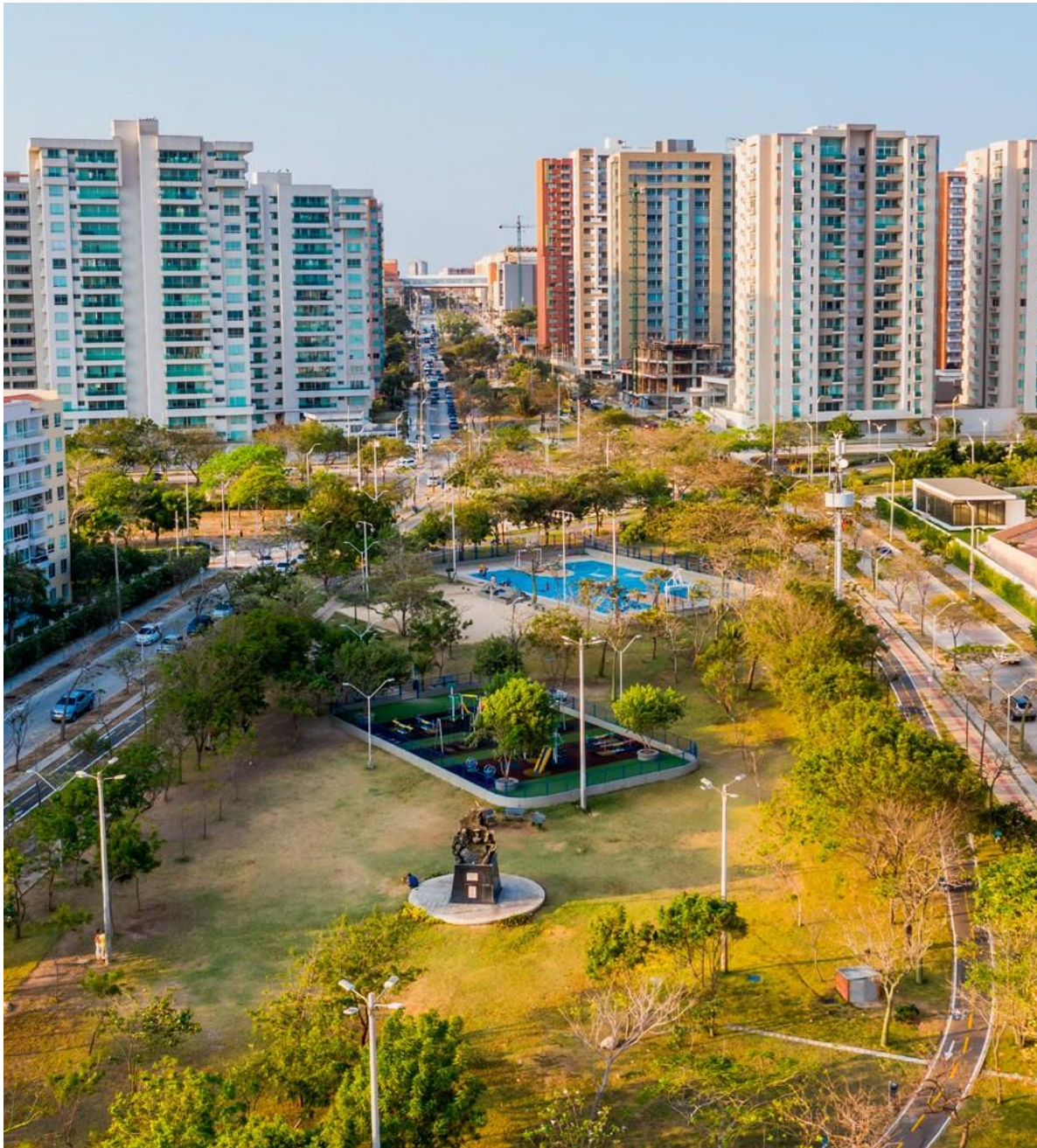
EBITDA vs Value creation

- Due to revenue recognition principles, sales that generate a high EBITDA can destroy value, whereas sales that generate value can result in a low or even negative EBITDA.
- Revenue is the total sale price, no matter the form of payment. The total value may be high and generate high EBITDA, but if the form of payment is extended, when all flows are brought to present value, this may result in a destruction of value for Grupo Argos.
- For mixed use lots, the carrying value per sq. mt. is an average weighted by development time and the value uses of the subdivided plots. If I decide to sell a plot today with a long-term development horizon, for a new but lesser value use, I am generating value by considering the entire lot, but I may give rise to losses in this specific case.

MANUAL REFERENCE



3.5. EBITDA VS VALUE CREATION



III. Valuation

I. Valuation model (Pajonal, Pavas, Santa Isabel, Insignares)

II. Assumptions:

1. Housing demand
2. Discount rate
3. Price and cost growth
4. Assumptions for social housing units
5. Assumptions for E4, E5, E6 housing units
6. Commercial assumptions
7. Opex per unit and Optimization

VALUATION

Land valuation methodology

- Land has no intrinsic value, it's value depends on what can be built on it.
- The value of the land is the price a developer is willing to pay to obtain an adequate profit upon project completion.

$$\text{Value of Land} = \sum_{i=1}^{\infty} \frac{\text{Revenue}_i - \text{Costs}_i}{(1 + \text{Discount Rate})^i}$$

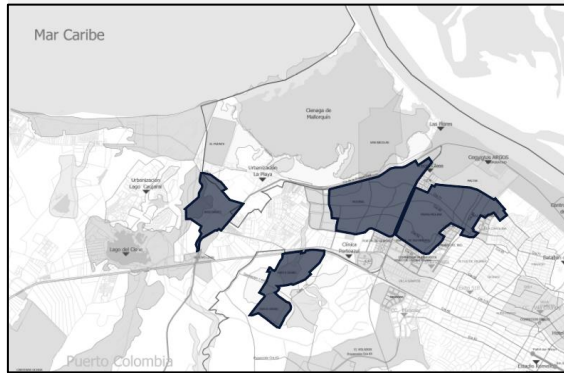
**Manual Reference / Example**

To calculate the value of a lot, the revenue of the real estate project, construction costs (direct and indirect), urban development costs (as applicable), time for development and associated risks must be estimated. All of this is summarized by the formula above. According to this formula, if time and the value of money over time are considered and construction costs (direct and indirect) and urban development costs are subtracted from revenue, this will return the value of the lot.

VALUATION

Valuation model / Representative lots - Pajonal, Pavas, Santa Isabel, Insignares

Lots: Pajonal, Pavas, Santa Isabel, Insignares



General information

Lots: Pajonal, Pavas, Santa Isabel, Insignares
Uses: Social housing, income levels 4, 5, 6 and commercial

Location: Barranquilla - Pto. Colombia

Lot value

NPV Social + Commercial	\$	393.6 bn
NPV E4, E5, E6 + Commercial	\$	751.9 bn
NPV Opex	\$	79.8 bn
NPV Social + Commercial	\$	1,065.7 bn
Current Carrying Value	\$	~1,046.0 bn

Available units	100,000	92,646	92,646	92,646	90,900	88,325	85,749	83,173
	COP bn							
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Units sold VIS (Social Housing)	7,354	0	0	1,746	1,746	1,746	1,746	1,746
Sales Developed Lots VIS	110.6	0	0	31.9	33.4	34.9	36.6	38.3
Sales Developed Lots Commercial	0	0	0	43.2	10.9	11.7	12.6	13.5
Urban Development	32.2	0	0	16.1	10.5	10.8	11.1	11.5
Cash Flow	78.5	0	0	59.2	33.9	35.9	38.0	40.3

NPV VIS + Commercial COP **393.6 bn**

	COP bn							
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Units Sold Income Levels 4-6	0	0	0	0	830	830	830	830
Developed Lot Sales Inc. Levels 4-6	0	0	0	0	65.3	69.8	74.8	79.9
Developed Lot Sales Commercials	0	0	0	0	0	5.6	5.9	6.4
Urban Development	0	0	0	0	7.0	8.1	8.4	8.6
Cash Flow	0	0	0	0	58.3	67.3	72.3	77.7

NPV E4, E5, E6 + Commercial COP **752 bn**

	COP bn							
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Unsold Units		100,000	92,646	92,646	92,646	90,900	88,325	85,749
Opex per Unit (Thousands of COP)	101.6	104.6	107.8	111.0	114.3	117.8	121.3	124.9
Opex		10.5	9.9	10.3	10.6	10.7	10.7	10.7

NPV Opex COP **794.9 bn**

Continues

VALUATION

Valuation model / Representative lots – Assumptions for valuation

Assumptions		
Discount rate		12.76%
Total housing		100,000 units
Price and cost growth		
NHPI VIS (Increase in LMMW)		4.60%
NHPI Non VIS		7.00%
Urban development CPI		3.0%
Assumptions social housing units (VIS)		
NPV Lot / VIS Unit	Market share:	\$ 16,000,000
VIS Units sold per year	30%	1,746 units
Urban development / VIS units		\$ 4,375,000
Assumptions housing units – income levels 4, 5, 6		
NPV Lot / Unit 4,5,6	Market share:	\$ 60,000,000
E4, E5, E6 units sold per year	30%	830 units
Urban development / units levels 4,5,6		\$ 7,500,000
Commercial Assumptions		
Saleable sq. mt. commerce / housing unit	total saleable sq. mt.	3.20
NPV Lot / saleable sq. mt. commerce	320,000 m2	\$ 1,500,000
Urban development / saleable sq. mt. commerce		\$ 300,000
Opex		
Opex per unit		\$ 101,586
Optimization		
Final year VIS (mixed use optimization)		28.78

Fundamental / Sustainable Annual Demand (Baranquilla, Puerto Colombia, Soledad)			
	Annual Market E4, E5, E6	Annual Market VIP, VIS, E3	Total Market
Units	2,767	5,819	8,586
GA Market Share	30%	30%	30%
GA Units	830	1,746	2,576

Assumptions for modelling Year 1, 2 and 3 scenarios

VIS Housing: Sales and urban development costs year 0 (2020)	
VIS Units sold	7,354 units
Sales of VIS Developed Lots	\$ 110.6 bn
Sales of Commercial Developed Lots	\$ 0
Urban development costs	\$ 32.2 bn

* Corresponding to the Ribera de Mallorca project

VALUATION

Assumptions for valuation

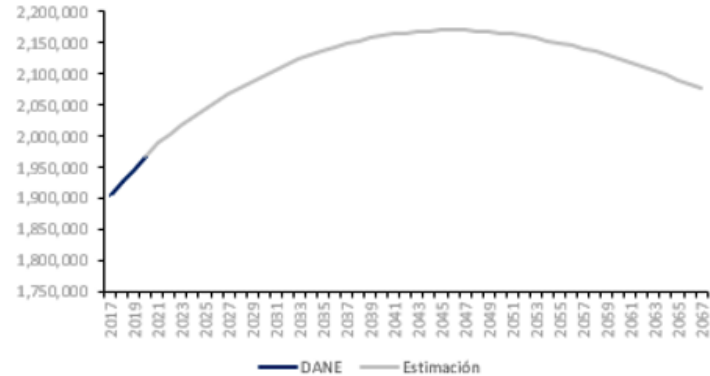
Housing demand:

Fundamental / Sustainable Annual Demand (Barranquilla, Puerto Colombia, Soledad)

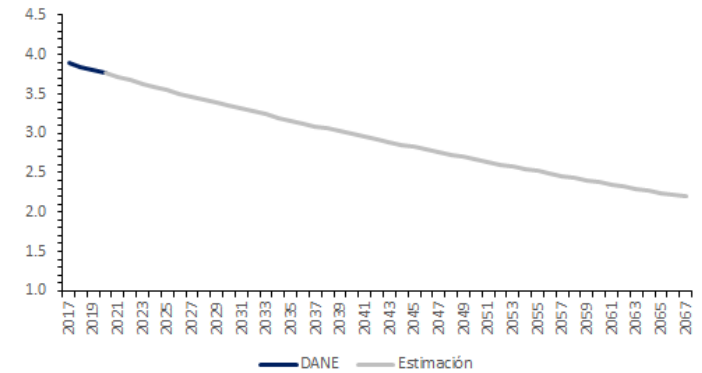
	Annual Market E4, E5, E6	Annual Market VIP, VIS, E3	Total Market
Units	2,767	5,819	8,586
GA Market Share	30%	30%	30%
GA Units	830	1,746	2,576

- Fundamental and sustainable annual demand is based on the methodology in the paper “*Projecting the Underlying Demand for New Housing Units: Inferences from the Past, Assumptions about the Future*” from the Joint Center for Housing Studies Harvard University .
- Annual demand assumes a market in equilibrium and that there is no current housing deficit.
- Annual demand is calculated based on population growth projects, persons per household and households per housing unit.
- Market Share GA* is based on in-house research carried out in 2017 corresponding to the period between 2010 and 2016.

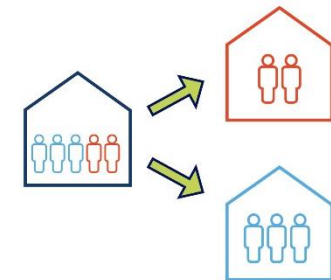
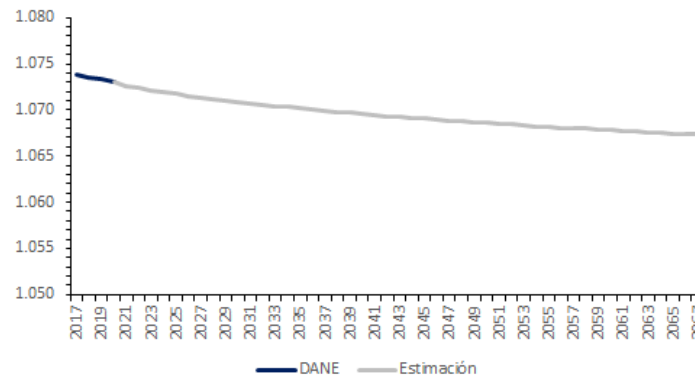
Population of Barranquilla, Puerto Colombia and Soledad



Persons per Houshold - Atlántico



Households per Residence - Atlántico



Población	=	Hogares	Hogares	=	Viviendas
Personas x hogar			Hogares x Vivienda		

Fuente: DANE, UN, Galería Inmobiliaria

VALUATION

Assumptions for valuation

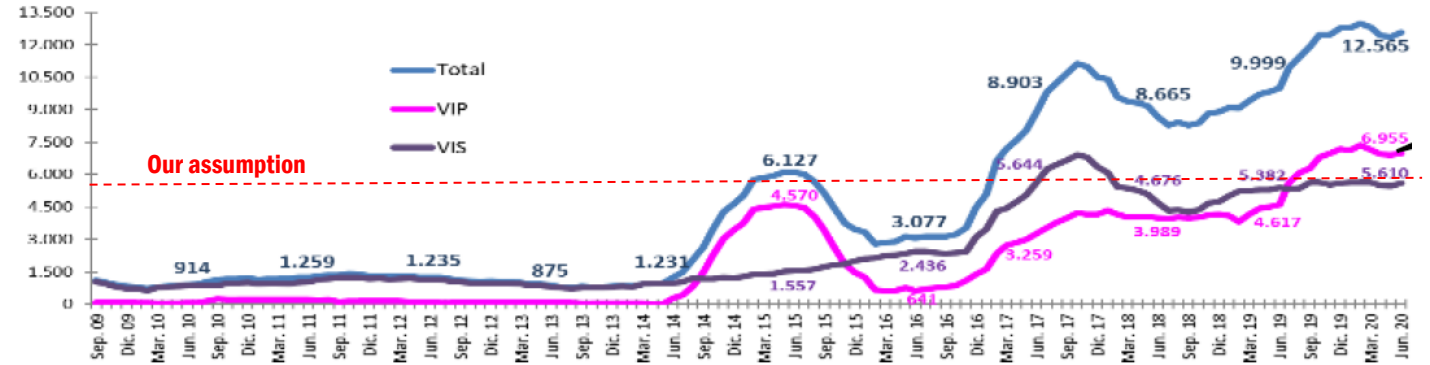
Housing Demand:

Fundamental / Sustainable Annual Demand (Baranquilla, Puerto Colombia, Soledad)

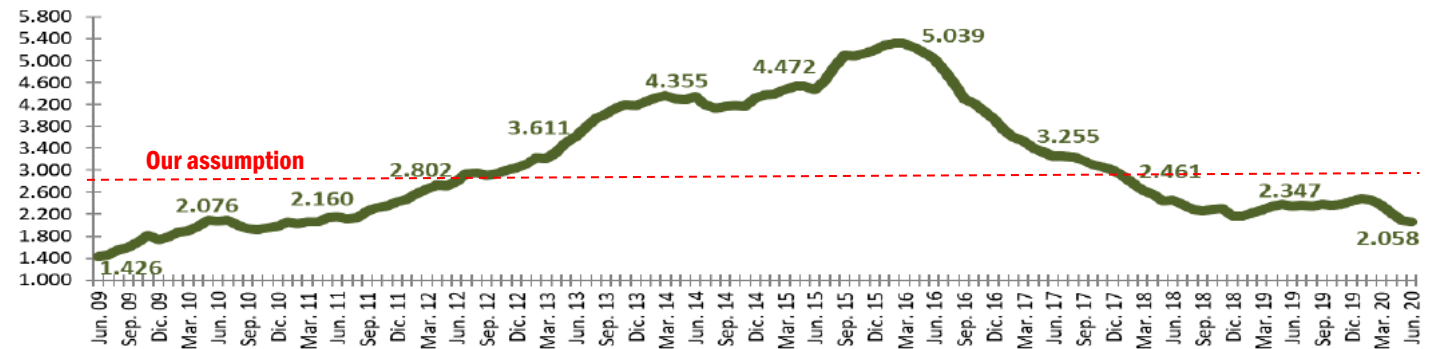
	Annual Market E4, E5, E6	Annual Market VIP, VIS, E3	Total Market
Units	2,767	5,819	8,586
GA Market Share	30%	30%	30%
GA Units	830	1,746	2,576

- Over the last 12 months, 14,623 units were sold (12,565 VIS/VIP and 2,058 Non VIS).
- Covid Effect: Sales of Social Housing (VIS) remain at high levels, with greater participation from Priority Housing (VIP). Non-VIS has fallen to 2010 levels.
- In our illustrative model, we are assuming that there are no sales of Non-VIS plots during the first 36 months.

Units Sold Over the Last 12 Months (VIS and VIP)



Units Sold Over the Last 12 Months (Non VIS)



Source: DANE, UN, Galería Inmobiliaria,

VALUATION

Assumptions for valuation

Discount rate

Discount Rate	12.76%
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- For this illustrative rate, we use an *unleveraged* 12.76% discount rate that appears in the appraisals performed by Colliers International.
- In our internal valuation exercises, we adjust the discount rate based on the risks and conditions underlying each lot or potential project. We perform additional adjustments to the discount rate according to the reliability and quality of the underlying assumptions.

Price and cost growth

Price and cost growth	
NHPI VIS (LMMW increase)	4.60%
NHPI Non-VIS	7.00%
Urban Development CPI	3.00%

- According to historic increases in the Colombian Monthly Minimum Wage (LMMW), variations in the New Housing Price Index (NHPI) for Social Housing of the CPI +1.6% is assumed. This corresponds to the historical real annual increase of 1.6% between 1993 and 2019. VIS unit prices are based on the LMMW.
- According to the historic variation of the DANE's New Housing Price Index (NHPI) for non-VIS housing, an NPHI Non-VIS variation of CPI + 4% is assumed, corresponding to a real histórica increase of 4% between 2003 and Q1'2020.
- A 3% increase is assumed for urban development costs related to the CPI.

Social housing (VIS) unit assumptions

Social housing units		
NPV Lot / VIS Unit	Market share:	\$ 16,000,000
VIS Units sold per year	30%	1,746 units
Urban development / VIS units		\$ 4,375,000

- 16 million correspond to the NPV contribution of a VIS at land value. Based on an NPV per unit of 15.1 million (slide 18) plus an adjustment for VIS cap of 150 LMMW in Barranquilla versus the cap of 135 LMMW in Puerto Colombia (Pajonal).
- It is assumed that 50% of the VIS units will be developed in Puerto Colombia.
- Per unit urban development is equivalent to the urban development budget for Ribera de Mallorquín of 175,000/useful sq. mt. and 400 res/useful Ha.

VALUATION

Assumptions for valuation

Assumptions for E4, E5, E6 housing units

Housing units – income levels 4, 5, 6		
NPV Lot / Unit 4,5,6	Market share:	\$ 60,000,000
E4, E5, E6 units sold per year	30%	830 units
Urban dev / unit levels 4,5,6		\$ 7,500,000

- 60 million corresponds to the NPV contribution of the land value of a housing unit for income levels 4, 5 or 6. This assumption derives from our business performed in income level 5 as an "average" (slide 17). The lot costs 600,000 per saleable sq. mt. of apartment x 100 sq. mt. Per apartment.
- Lot value of 600,000/sq. mt. is equal to 12.5% of sales based on a current average of 4,800,000 / sq. mt. of income level 5 apartments on our land.
- Urban development per unit is equivalent to an urban development budget of 300,000/useful sq. mt. in POZ Riomar (Pavas) and 400 res/useful Ha.

Commercial assumptions

Commercial assumptions		
Sale sq.mt. commercial / hous unit	total sale. sq. mt.	3.20
NPV Lot / sale sq. mt. commercial	320,000 m2	\$ 1,500,000
Urban dev / sq. mt. sale comm.		\$ 300,000

- The model assumes that the 66 Ha of useful area for commercial (mixed) use, 36.8 Ha will be available for this exclusive use, if the overall housing density is limited to ~400 res/useful Ha.
- We use a minimum plus variable pricing scheme for commercial lots. The minimum price assumes a lot utilization resulting in a price per useful square meter of between 1.3 and 1.8 million depending on the income level.
- The annual demand for commercial lots depends on the sale and delivery rhythm of housing units in the zone.

Opex per unit and Optimization

Opex	
Opex per unit	\$ 101,586
Optimization	
Year end VIS (mixed use optimization)	28.78

- Opex corresponds to the maintenance, security and property expenses that Grupo Argos currently pays for these 4 land extensions.
- The model assumes 100,000 housing units in total, although this could increase to 120,000 if we were to modify the Santa Isabel PUG.
- Opex per unit increases annually according to the CPI while total annual Opex goes down according to year-on-year disinvestments in lots.
- The optimum development plan is dynamic. Year end VIS comes from the Solver tool and results in an optimum plan (in NPV).

VALUATION

Demand for land

Depends on the demand for different real estate products

Use	Main determinants of demand
Residential	<ul style="list-style-type: none"> • Total population and population growth. • Population structure (for example: home size, working age population, among others). • Population purchasing capacity (related to access to credit by the population, for example). • Employment and growth. • Consumer confidence. • Mortgage interest rates.
Offices	<ul style="list-style-type: none"> • Employment and growth. • Employment structure (number of workers in different industries). • Consumer and producer confidence.
Commercial	<ul style="list-style-type: none"> • Total population and population growth. • Available household income. • Household wealth. • Traffic in the area.
Industrial	<ul style="list-style-type: none"> • Manufacturing jobs and growth. • Transportation sector jobs. • Air freight volume. • Rail and land freight volume.
Hotel	<ul style="list-style-type: none"> • Air passenger volume. • Number of visitors.