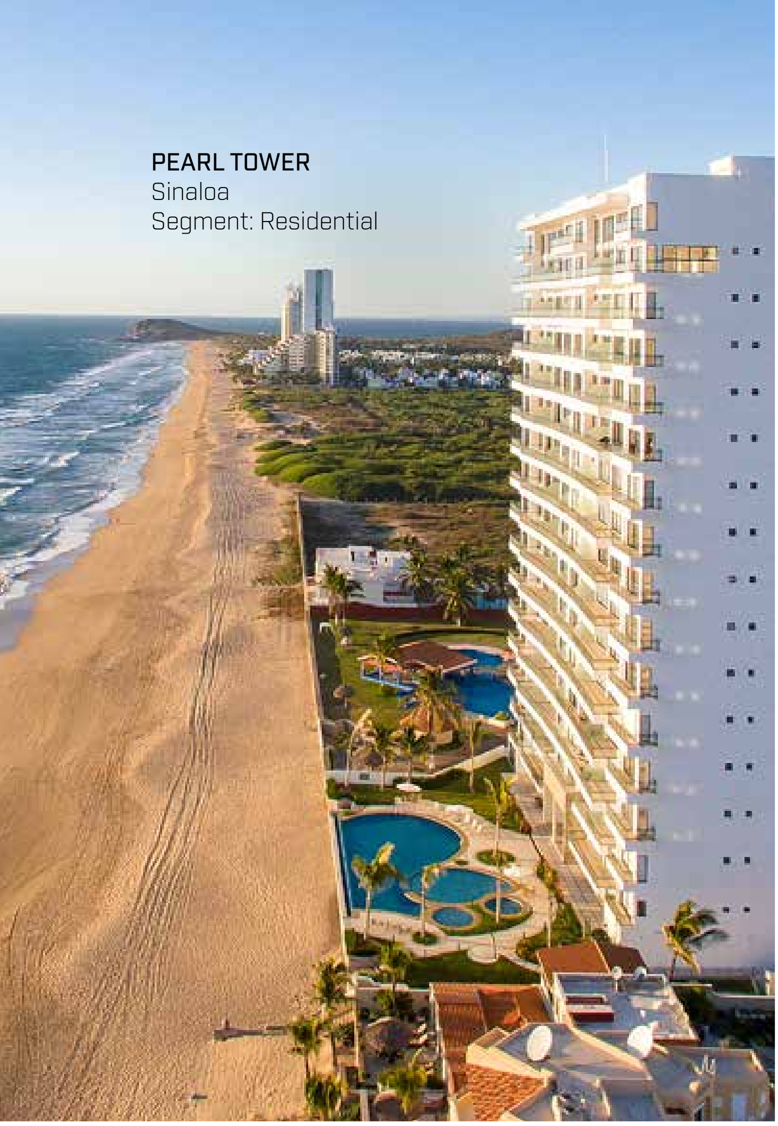
ConsorcioARA®

RESULTS
THAT GIVE
CONFIDENCE

TRACK
RECORD
THAT GIVES
CERTAINTY

A COMMITMENT
TO **QUALITY**

Annual and Sustainability Report **2015**



PEARL TOWER
Sinaloa
Segment: Residential

ARA
STRENGTHS

STRATEGIC
LAND BANK

FINANCIAL
SOLIDITY

GEOGRAPHIC
AND PRODUCT
DIVERSIFICATION

VERTICAL
INTEGRATION

FLEXIBLE
CONSTRUCTION PROCESS

A **HIGHLY EXPERIENCED**
MANAGEMENT TEAM

ROBUST CORPORATE
GOVERNANCE

36.8 million m² of land bank in 19 states

10 consecutive years with the highest credit ratings in the sector; by S&P and Moody's

4 segments: Progresiva, Affordable Entry Level, Middle Income, and Residential

5 shopping malls: More than 129,000 m² of gross leasable area

16 plants to produce our own ready-mixed concrete

40% of the titled houses in 2015 were vertical

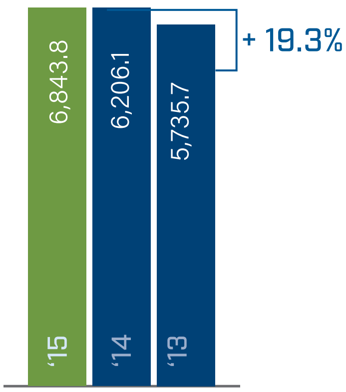
39 years of experience

321 thousand houses sold in our history, inhabited by 1.28 million Mexicans

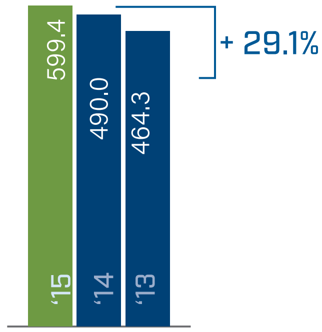
8 of 11 Board members are independent

19 years listed on the Mexican Stock Exchange

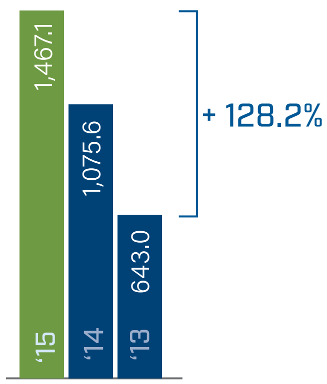
POSITIVE TREND IN **OUR RESULTS**



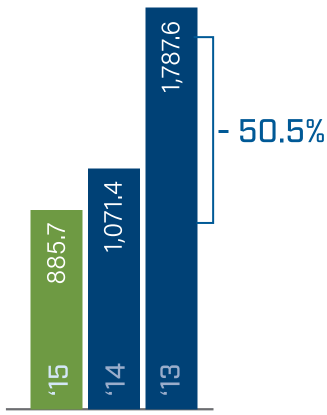
Revenues



Net Income



Cash and Cash Equivalents



Net Debt

CONTENTS

PARAÍSO COUNTRY CLUB ▲
CASA CLUB
Morelos
Segment: Residential

HACIENDAS DEL SUR ▶
Sonora
Segment: Progresiva

CORPORATE PROFILE

Consorcio ARA, S.A.B. de C.V. is a company dedicated to the construction and marketing of Progresiva, Affordable Entry Level, Middle Income and Residential housing. We carry out infrastructure and urbanization projects for our housing units and equip them with areas and facilities that foster community development. Additionally, to round out our offer, we have built and operate five shopping centers that complement and increase the value of our developments.

In our 39 years of existence we have built 321 thousand houses, providing homes for more than 1.28 million Mexicans. Through our broad product portfolio we are able to serve to different market segments, giving us an important competitive advantage and allowing us to diversify our revenue sources.

We are characterized by financial discipline, long-term vision and prudent debt management. This has allowed us to hold the highest credit rating in the Mexican housing sector for the tenth consecutive year: "mxA" from Standard & Poor's and "A2.mx" from Moody's.

Since 1996 we have traded on the Mexican Stock Exchange under ticker ARA*. As of December 31, 2015 our 43 housing developments have a presence in 16 Mexican states.

MISSION:
To develop homes and communities for Mexican lifestyles, where people can be proud to live.

VISION:
To be the most reliable, profitable and innovative real estate developer in Latin America.

VALUES:
- Honesty
- Commitment
- Responsibility
- Quality

PEARL TOWER
Sinaloa
Segment: Residential

G4-9

FINANCIAL HIGHLIGHTS

MILLIONS OF PESOS

	2015	2014	VAR. %
RESULTS			
Revenues	6,843.8	6,206.1	10.3
Units sold	11,904	10,765	10.6
Average price (thousands of pesos)	558.8	563.9	-0.9
Gross profit	1,849.1	1,644.8	12.4
Income from operations	777.7	608.1	27.9
Financial income - net	-12.6	-11.7	7.7
Net income	599.4	490.0	22.3
EBITDA	978.9	903.1	8.4
Free cash flow for the Firm	423.7	862.6	-50.9
Gross margin	27.0%	26.5%	50 pb
Operating margin	11.4%	9.8%	160 pb
Net margin	8.8%	7.9%	90 pb
EBITDA margin	14.3%	14.6%	-30 pb
FINANCIAL POSITION			
Cash and cash equivalents	1,467.1	1,075.6	36.4
Total current assets	14,455.7	14,285.2	1.2
Total assets	16,908.8	16,348.5	3.4
Total current liabilities	1,953.5	1,958.4	-0.2
Total liabilities	5,671.7	5,616.0	1.0
Retained earnings	10,148.2	9,641.6	5.3
Stockholders' equity	11,237.1	10,732.5	4.7
Net working capital	13,385.6	13,078.8	2.3
Capital expenditures	59.6	17.0	250.6
Cost bearing debt	2,352.8	2,147.0	9.6
Net debt	885.7	1,071.4	-17.3
LEVERAGE RATIOS (times)			
/ Stockholders' equity	0.21	0.20	0.01
Cost bearing debt / Total assets	0.14	0.13	0.01
/ EBITDA (12m)	2.40	2.38	0.02
Net debt / EBITDA (12m)	0.90	1.19	-0.29
Net debt / Stockholders' equity	0.08	0.10	-0.02
Interest coverage	6.58	5.91	0.67
Total current assets less inventories / Total current liabilities	1.36	1.36	-
Total liabilities / Stockholders' equity	0.50	0.52	-0.02

Revenues
+10.3%

Net Income
+22.3%

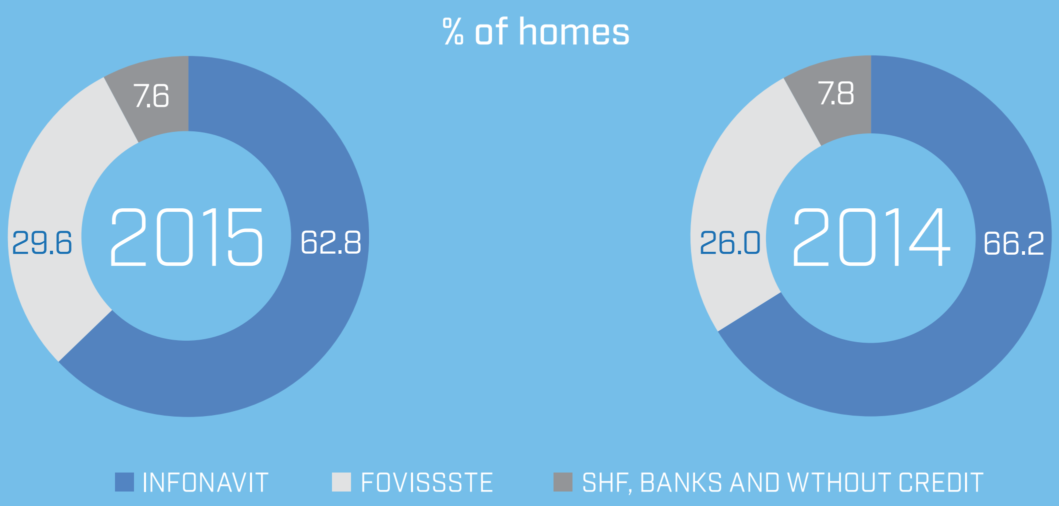
Cash and
Cash Equivalents
+36.4%

Net Debt
- 17.3%

BOSQUES DE ALBATERRA
Jalisco
Segment: Affordable Entry Level

TITLED **HOMES**

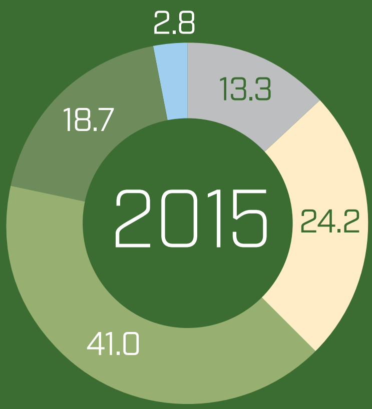
BY TYPE OF FINANCING

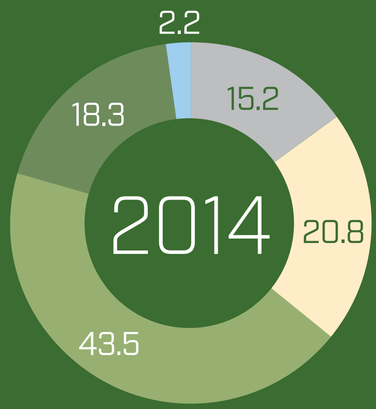


	2015		2014	
INSTITUTION	NUMBER OF TITLED HOMES	%	NUMBER OF TITLED HOMES	%
Infonavit	6,862	57.6	6,158	57.2
Infonavit Total and Cofinavit	611	5.2	967	9.0
Subtotal	7,473	62.8	7,125	66.2
Fovissste	3,526	29.6	2,799	26.0
SHF, banks and without credit	905	7.6	841	7.8
Total titled homes	11,904	100	10,765	100

REVENUE
MIX

% of revenues





PROGRESIVA · AFFORDABLE ENTRY LEVEL · MIDDLE INCOME · RESIDENTIAL · OTHER PROJECTS

	2015				2014			
	UNITS	AVERAGE PRICE [1]	REVENUES [2]	%	UNITS	AVERAGE PRICE [1]	REVENUES [2]	%
Progresiva	2,809	324.2	910.5	13.3	3,138	301.4	945.9	15.2
Affordable Entry Level	4,378	378.2	1,655.7	24.2	3,477	370.1	1,286.9	20.8
Middle Income	4,051	693.1	2,807.8	41.0	3,521	766.9	2,700.3	43.5
Residential	666	1,918.6	1,277.8	18.7	629	1,809.0	1,137.9	18.3
Total housing	**11,904**	**558.8**	**6,651.8**	**97.2**	**10,765**	**563.9**	**6,070.9**	**97.8**
Other real estate projects			191.9	2.8			135.3	2.2
Total	**11,904**		**6,843.8**	**100**	**10,765**		**6,206.1**	**100**

[1] Figures in thousands of pesos
[2] Figures in millions of pesos

VISTA REAL
Quintana Roo
Segment: Affordable Entry Level

G4-5, G4-6, G4-8

LAND BANK

CITARA
State of Mexico
Segment: Progresiva

LOMAS TERRABELLA
Baja California
Segment: Middle Income

PARAÍSO COUNTRY CLUB
Morelos
Segment: Residential

An important key to the success and long-term value of Consorcio ARA is its land bank, which, as of December 31, 2015, was 36.8 million m^2 in 19 Mexican states, enough to build 147,551 master plan homes. Of our total land bank, approximately 2.2 million m^2 are labeled for other real estate projects such as shopping centers, tourist developments and industrial parks.

At the end of 2015 the book value of the land reserve was $4,751.4 million, calculated according to acquisition costs in obedience to the International Financial Reporting Standards (IFRS).

Current housing policy promotes the consolidation of compact, competitive and sustainable cities that facilitate mobility and raise the quality of life for their inhabitants. According to this policy, all of our reserve is suitable for housing construction, providing us with a competitive advantage.

Further proof of the quality of our land bank is that it served as collateral the last two times we rescheduled our debt. It should be mentioned that the more than 13,800 homes sold in 2014 and 2015 in the *Progresiva* and Affordable Entry Level segments were built on land acquired before the current housing policy was issued.

In recent years we have been extremely selective regarding land acquisition, focusing on two main factors: i) land that is required in order to continue our operations, given current demand and potential, and ii) land suitable for Middle Income and Residential development types. Having seen good results, we will maintain this strategy in the medium and long term.

LAND BANK

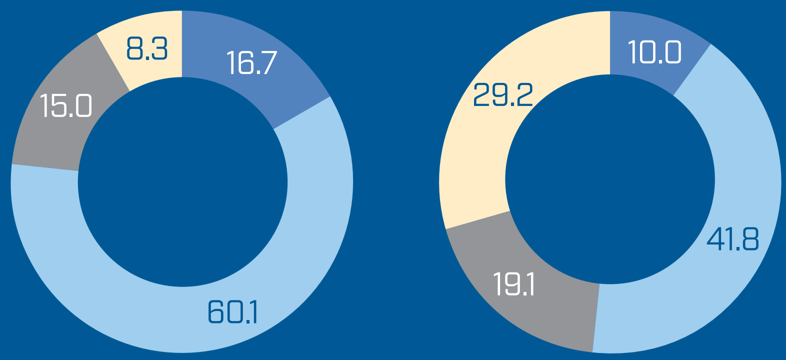
As of December 31, 2015

BY HOUSING TYPE

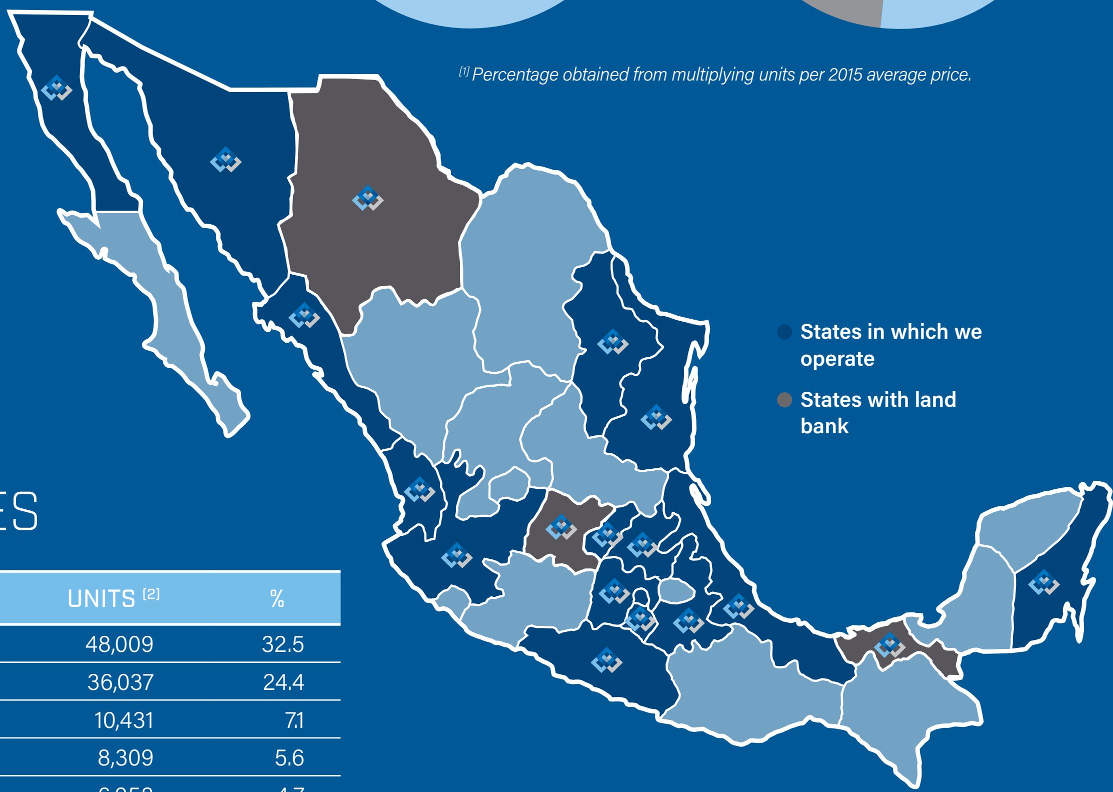
- PROGRESIVA
- AFFORDABLE ENTRY LEVEL
- MIDDLE INCOME
- RESIDENTIAL

% units

% revenues [1]



[1] *Percentage obtained from multiplying units per 2015 average price.*



19 STATES

STATE	UNITS [2]	%
State of Mexico	48,009	32.5
Quintana Roo	36,037	24.4
Baja California	10,431	7.1
Nuevo León	8,309	5.6
Veracruz	6,958	4.7
Puebla	6,357	4.3
Hidalgo	6,349	4.3
Guerrero	5,666	3.8
Tamaulipas	4,408	3.0
Jalisco	4,134	2.8
Querétaro	2,812	1.9
Guanajuato	2,241	1.5
Sonora	2,200	1.5
Nayarit	1,537	1.0
Morelos	1,222	0.8
Mexico City	688	0.5
Chihuahua	115	0.1
Sinaloa	48	0.03
Tabasco	30	0.02
Total	**147,551**	**100%**

[2] *Master plan subject to market modifications and approvals.*

OPERATING IN

16 STATES

18 CITIES

33 MUNICIPALITIES

43 DEVELOPMENTS

G4-1, G4-2

MESSAGE TO OUR INVESTORS

DREAM LAGOONS FORESTA
State of Mexico
Segment: Residential

During 2015, Consorcio ARA posted strong results that confirm its upward trajectory. For the second consecutive year we met growth targets issued at the beginning of the year, this time with a double-digit expansion.

ECONOMIC ENVIRONMENT AND HOUSING SECTOR

In 2015, Mexico achieved 2.5% growth, 2.1% higher than last year but lower than original estimates.

Within an economically challenging environment, the construction sector continued its road to recovery that started in the second half of 2014, confirming its position as the driver of economic activity in Mexico. Meanwhile, the Building sub-sector, which includes housing, rose 3.2%, again higher than the increase in GDP.

As regards Consorcio ARA, we again overcame behaviors seen both in the economy and within our industry, achieving 10.3% growth. This was slightly above the target issued at the beginning of 2015 of between 9% and 10%. This double-digit increase clearly confirms the commitment we have to our stakeholders.

Revenues growth of

10.3%

In Mexico there is still a large deficit of approximately 8.9 million homes (including overcrowded homes, homes built with deteriorated materials or those that require some type of improvement). Moreover, estimations indicate that about 500 new families are formed yearly, each one requiring a home.

This, coupled with strong fundamentals in the economy and the sector, the demographic potential in the country and a wide range of available mortgage credit, provides good prospects for the housing industry in the medium and long term.

Current housing policy promotes a model of sustainable and orderly urban development that has contributed to the sector's recovery. An essential part of this strategy is the work being done by government agencies such as the Ministry of Agrarian, Territorial and Urban Development (*Secretaría de Desarrollo Agrario, Territorial y Urbano,* SEDATU), the National Housing Commission (*Comisión Nacional de Vivienda,* CONAVI), as well as the following national housing agencies: INFONAVIT, FOVISSSTE and the Federal Mortgage Society (*Sociedad Hipotecaria Federal,* SHF).

In this regard, during 2015 $10,996 million were allocated by the federal government subsidies program, a figure that includes $2,700 million that were added at midyear. Of the total, $8,532 million (77.6%) corresponded to subsidies for the purchase of new housing.

Subsidies for new housing for

$8,532 MILLION

It should be mentioned that, even when facing an environment of budget cuts mainly due to a drop in oil prices, the government has shown support for the housing sector, recognizing it to be an important driver for the creation of employment and seeing that it provides many economic and social benefits.

LOMAS TERRABELLA
Baja California
Segment: Middle Income

During the year, Consorcio ARA again demonstrated the institutional flexibility and the financial strength needed to continue participating in the subsidy program. Thus a total of 31% of our revenues came from homes sold with federal government subsidies, while in 2014 this figure was 18%.

The subsidy program budget for 2016 is $9,616 million, 10.6% higher than the original budget for 2015 of $8,685 million. INFONAVIT estimates to grant 350 thousand mortgages (with an investment of $124 billion pesos) and FOVISSSTE another 65 thousand (with a budget of some $40 billion pesos). At Consorcio ARA we are certain that we are in a good position to participate in these mortgage loan plans.

2015 STRATEGY AND RESULTS

One thing that distinguishes Consorcio ARA, and certainly an essential part of our success, is the diversity of our housing portfolio. The ability to cater to different market segments through our offer of *Progresiva*, Affordable Entry Level, Middle Income and Residential housing remains a key differentiator. This is not only because it allows us to serve a broader spectrum of the Mexican population, but also because it diversifies our revenue sources.

During 2015, Middle Income and Residential housing sales contributed 60% of our total revenue, which certainly is a sign of our experience in both segments and the attention we pay to quality, location, environment, sustainability and architectural design of our developments.

Shopping centers NOI growth of
6.6%

Additionally, Consorcio ARA has five shopping centers that serve and complement our housing developments. The total gross leasable area (GLA) of these five plazas is 129,350 m^2, and their occupancy rate at the end of 2015 was 95%. Our Shopping Center Division achieved a net operating income of $162 million, an increase of 6.6% compared to 2014.

The success seen in our operational and commercial strategy would not be possible without the discipline and financial strength that characterizes us. In 2015 we again obtained remarkable results in this area.

Net Income growth of
22.3%

Company revenues was $6,843.8 million, 10.3% higher than the previous year and comparing nicely with the 8.2% achieved in 2014. Net income was $599.4 million, an increase of 22.3% over the previous year and a higher increase than the expansion of our revenues. Meanwhile, the generation of free cash flow for the firm was $423.7 million.

In 2015 we were able to reschedule our debt and improve its maturity profile and credit conditions, allowing us to resume our dividend payment policy. Also, our leverage ratios remain at healthy levels, such as our net debt to EBITDA, which stood at 0.9 times.

The prudent management of our debt and the discipline that we have historically shown in managing our finances prompted Standard & Poor's and Moody's to ratify their credit ratings for Consorcio ARA at "mxA" and "A2.mx", respectively.

During 2015, financial markets experienced volatility that ARA shares could not escape, resulting in an annualized yield of -6.9%. It must be said, however, that in the last three years the performance of ARA shares was 46.3%, a number well above the -1.7% obtained by the IPC as a whole.

For some time, we have strived to ensure that our economic performance is consistent with the need to be equally efficient in social and environmental issues. Thus, for the fourth consecutive year, we reported our sustainability results based on *Global Reporting Initiative* (GRI) standards, under the conviction that what is not measured is not improved.

In this regard, during 2015 the ARA Foundation and its strategic partners conducted more than 468 thousand social actions that benefited 1.6 million Mexicans in the most vulnerable sectors of our society. In recognition of this and other initiatives, the Mexican Center for Philanthropy distinguished Consorcio ARA as a Socially Responsible Company for the tenth consecutive time.

Our employees are the real life of this Company and the reason for its success, which is why we make sure to offer a work environment that promotes personal, social and professional growth. They are undoubtedly our most important investment and for this reason we hereby express our gratitude.

We also wish to extend our thanks to our shareholders, customers and suppliers, whose support and trust are essential in achieving our business objectives.

While it is true that in 2015 our results were solid, in 2016 we expect an environment full of challenges to overcome and opportunities to capitalize on. The sector's prospects are encouraging and our competitive position is ideal to take advantage of its recovery. While we will continue to strive to increase revenues, we will focus even more on consolidating our profitability.

With results that inspire confidence and a track record that offers certainty, we reiterate our commitment to quality and promise to continue offering more and more customers a home where they can be proud to live.

Ing. Germán Ahumada Russek
Chief Executive Officer
Housing Division

Ing. Luis Felipe Ahumada Russek
Chief Executive Officer
Shopping Malls Division

ARA share yield during the last three years

46.3%

PARAÍSO COUNTRY CLUB
Morelos
Segment: Residential

HOUSING SECTOR IN MEXICO

REAL DEL PALMAR
Guerrero
Segment: Affordable
Entry Level

TERRARIUM
Quintana Roo
Segment: Middle Income

VILLALTA
Jalisco
Segment:
Progresiva

PARQUE LA GLORIA
Querétaro
Segment:
Residential

During 2015, the housing sector recorded its second consecutive year with good results. This is certainly a cause for optimism and confidence regarding its future prospects. This is good news not only for our industry but for the Mexican economy as a whole, since housing requires products and services from 78 types of economic activity (8 direct and 70 related).

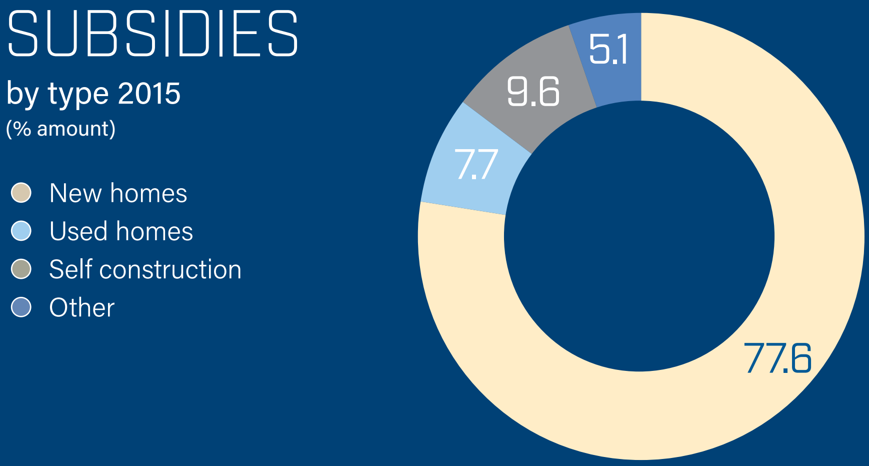
Overall, during 2015 the country achieved 2.5% growth, higher than the 2.1% obtained the previous year but still below what was predicted. Meanwhile, the construction industry expanded by 2.5% (according to data from INEGI), while the building subsector, which includes housing, had an increase of 3.2%.

During 2015, the total investment in housing, which includes funding for construction, mortgages and subsidies, was more than $424 billion, an increase of 7.8% over the figure for the previous year. The budget originally labelled for the subsidy program was $8,685 million, and half way through the year an additional $2,700 million was announced. This increase in resources was especially important in a year during which several budget cuts were recorded, and indicates that the government considers housing to be a strategic sector because of the economic and social development that it promotes and the jobs it generates.

Total investment in housing increased **7.8%** in 2015

SUBSIDIES

by type 2015
(% amount)



Therefore, during 2015 INFONAVIT granted more than 392 thousand loans (66% for the purchase of new housing) with an investment of $119 billion, while FOVISSTE delivered approximately 65 thousand mortgages (62% for new homes) through an investment of $39.6 billion.

In total, at the end of the year the housing subsidy was $10,996 billion, of which 77.6% was for the purchase of new housing. Regarding Consorcio ARA, homes sold during 2015 that received a subsidy resulted in 31% of our total sales, compared to 18% the previous year.

The upturn that our industry has experienced in the last year and a half could not be explained without the coordination and leadership of SEDATU, through CONAVI, and the active participation of the following national housing organizations: INFONAVIT, FOVISSSTE and SHF.

It is estimated that for 2016 the total investment in the housing sector will be $454 billion, a figure that would be 7.1% higher than 2015. Specifically, the government allocated a budget this year of $9,616 million for the subsidy program that, when compared to the original budget for 2015, represents an increase of 10.6%. INFONAVIT is expected to invest $124 billion in the delivery of 350 thousand mortgages, while FOVISSSTE will provide 75,000 mortgages through an investment of more than $40 billion.

While it is true that the economic environment is still not ideal, we believe that there are reasons to be optimistic about the future of our industry in the medium and long term, as the sector's fundamentals are solid, mortgage financing is available and the demographic potential in Mexico remains attractive.

VILLALTA
Jalisco
Segment: Progresiva

SOLID FOUNDATIONS OF OUR SECTOR: MORTGAGE FINANCING AVAILABILITY AND DEMOGRAPHIC POTENTIAL

REAL DEL PALMAR
Guerrero
Segment: Middle Income

G4-4

HOUSING PRODUCTS

PROGRESIVA

Product: CASAS ARA

Price range:
$250,000 to $350,000
Mortgage Financing: INFONAVIT, FOVISSSTE**, SHF
Monthly income: $4,440 to $8,880
TMMS*:** 2 to 4
Socioeconomic level: D

AFFORDABLE ENTRY LEVEL

Product: CASAS ARA

Price range:
$350,0001 to $550,000
Mortgage Financing: INFONAVIT*, FOVISSSTE**, SHF, Banks
Monthly income: $8,880 to $17,760
TMMS*:** 4 to 8
Socioeconomic level: D+ / C-

** Includes every financing scheme: Infonavit Total, Cofinavit, Apoyo Infonavit and Segundo Crédito Infonavit.*
*** Includes every financing scheme: Alia2 Plus, Respalda2, Conyugales, Pensiona2 and Fovissste in Pesos.*
**** Times the Minimum Monthly Salary, equal to $2,220.42 in 2016.*

One of Consorcio ARA's competitive advantages is its wide array of housing products, through which it can serve the various market segments in Mexico.

Our portfolio's wide range enables us to diversify income while offering innovative and high-quality products, and to sell housing through several mortgage financing institutions such as INFONAVIT, FOVISSSTE, SHF and commercial banks.

At the close of 2015 we had 43 *Progresiva,* Affordable Entry Level, Middle Income and Residential developments in 16 states around the country.

Since 2011 we have maintained a higher concentration in the Middle Income and Residential segments, which have attractive margins and growth expectations. In this regard, Middle Income and Residential housing sales accounted for 41% and 18.7% of total income in 2015, respectively, in line with our strategy to have these segments represent between 55 and 60% of Consorcio ARA's total sales.

MIDDLE INCOME

Product: DEPARTAMENTOS INTEGRARA, CASAS ARA, ARA RESIDENCIAL, DREAM LAGOONS ARA

Price range:
$550,001 to $1,200,000
Mortgage Financing: INFONAVIT*, FOVISSSTE**, SHF, Banks
Monthly income: $17,760 to $39,960
TMMS*:** 8 to 18
Socioeconomic level: C- / C

RESIDENTIAL

Product: RIALTA, ARA RESIDENCIAL, DREAM LAGOONS ARA

Price range:
From $1,200,001
Mortgage Financing: INFONAVIT*, FOVISSSTE**, SHF, Banks
Monthly income: More than $39,960
TMMS*:** More than 18
Socioeconomic level: C / C+

PRODUCTS DIVERSIFICATION

CASAS ARA

Progresiva, Affordable Entry Level, and Middle Income Housing

ARA RESIDENCIAL

Middle Income and Residential Housing

RIALTA

Residential areas

DREAM LAGOONS ARA

Projects with lagoon

DEPARTAMENTOS INTEGRARA

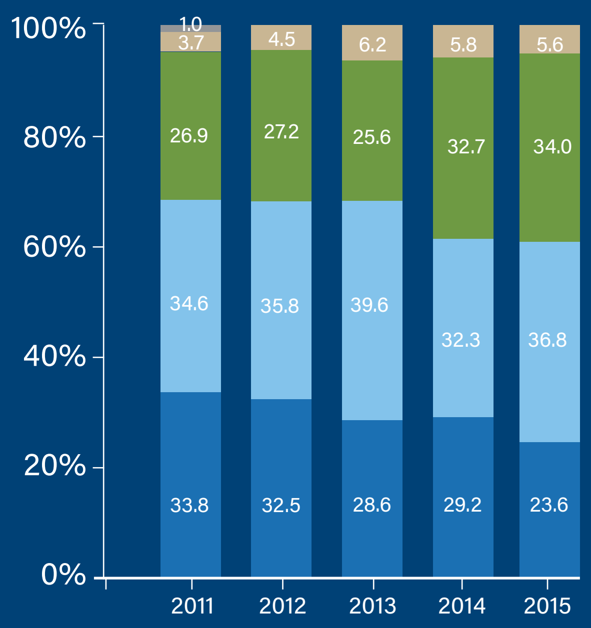
Urban concentration and sustainability projects

CENTROS COMERCIALES

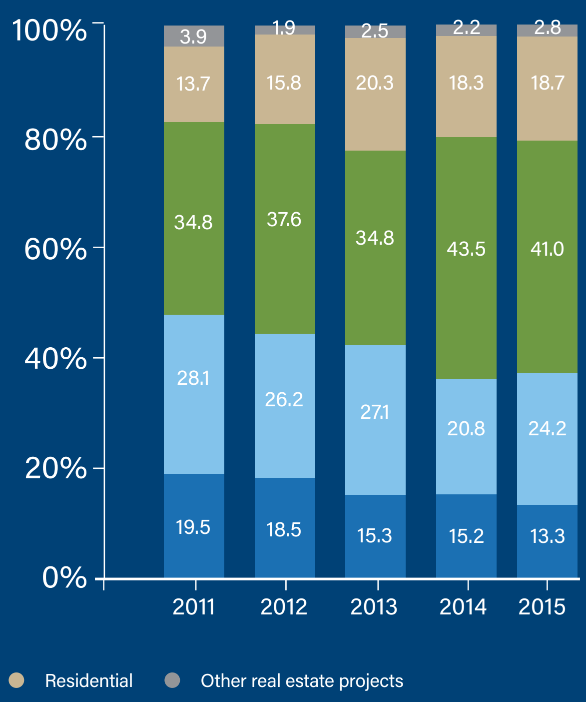
Shopping mall construction and operation

REVENUE MIX

Units



Amount



SHOPPING CENTERS

For fifteen years, shopping centers have been a fundamental part of Consorcio ARA's value offer, being the ideal complement for our housing developments as they increase their value. During 2015, more than twenty million people visited our centers. This is undoubtedly the result of their detailed design, customer comfort and the attractive and diverse mix of shops that they offer.

This segment has five shopping centers located in areas of high demographic potential, a feature that has allowed it to achieve healthy growth even in unfavorable environments.

In 2015 we completed the sale of Plaza Oasis, located in Tijuana, Baja California, where we had a 50% share. Built in 2007, this center has a gross leasable area (GLA) of just over 26,000 m^2. We had the option of investing in its remodel, as it operates near a newer shopping center with an aggressive rent strategy, or to sell it and reinvest our resources in more profitable projects. After a thorough analysis, we chose the second alternative.

Leasable area: **137,628 m^2** with an occupancy rate of **95.5%**

Given that we owned a 50% share of three of the five plazas at the end of 2015, their results are not consolidated in the Company's financial statements. The Shopping Centers Division generated revenue of $221.8 million, 5% higher than the previous year, and net operating income (NOI) was $162.3 million, 6.6% more than 2014. It is worth mentioning that these amounts correspond to Consorcio ARA's share in all centers, both those it consolidates and those it does not.

At the end of 2015 our shopping centers had a gross leasable area of 129,350 m^2, which, together with 8,328 m^2 in unicenters and minicenters, resulted in a total gross leasable area of 137,678 m^2. As of that same date, the occupancy rate was 95.5%, a highly competitive rate.

In the third quarter we began the second construction phase of the Paseo Ventura Shopping Center in the State of Mexico, which will have a gross leasable area of 26,000 m^2. This center will require an investment of nearly $551 million, 50% of which will come from ARA and the remaining 50% from our partner, Artha Capital, with whom we signed an agreement to carry out the planning, design, construction, operation and leasing of the property.

Paseo Ventura, under construction

The focus of the Shopping Centers Division in the short and medium term will be to grow, invest and increase the gross leasable area, always aiming to use resources on the most profitable projects. Examples include the expansion of the Centro Las Américas, located in the area adjacent to the new Mexico City International Airport project, and the Centro San Miguel.

	Centro San Miguel	Centro las Américas	
City or Municipality	Cuautitlán Izcalli	Ecatepec	
State	State of Mexico	State of Mexico	
Type	Community Center	Regional Center	
		Fashion Mall	Power Mall
Anchors	Mega Comercial Mexicana	Liverpool, Sears	Walmart, SAM´S
Sub-anchors	C&A, Coppel	Sanborn's, Suburbia, C&A	Office Max, Martí, Sport City, FAMSA
Cinema (# of screens)	Cinépolis (10)	Cinepolis (14)	N/A
Gross Leasable Area (GLA) All the complex (m^2)	25,453	75,929	43,765
Gross Leasable Area (GLA) ARA Ownership/Partner (m^2)	25,453	47,524	14,089
Year of construction	2001	2005	
% ARA	50% *	50% **	

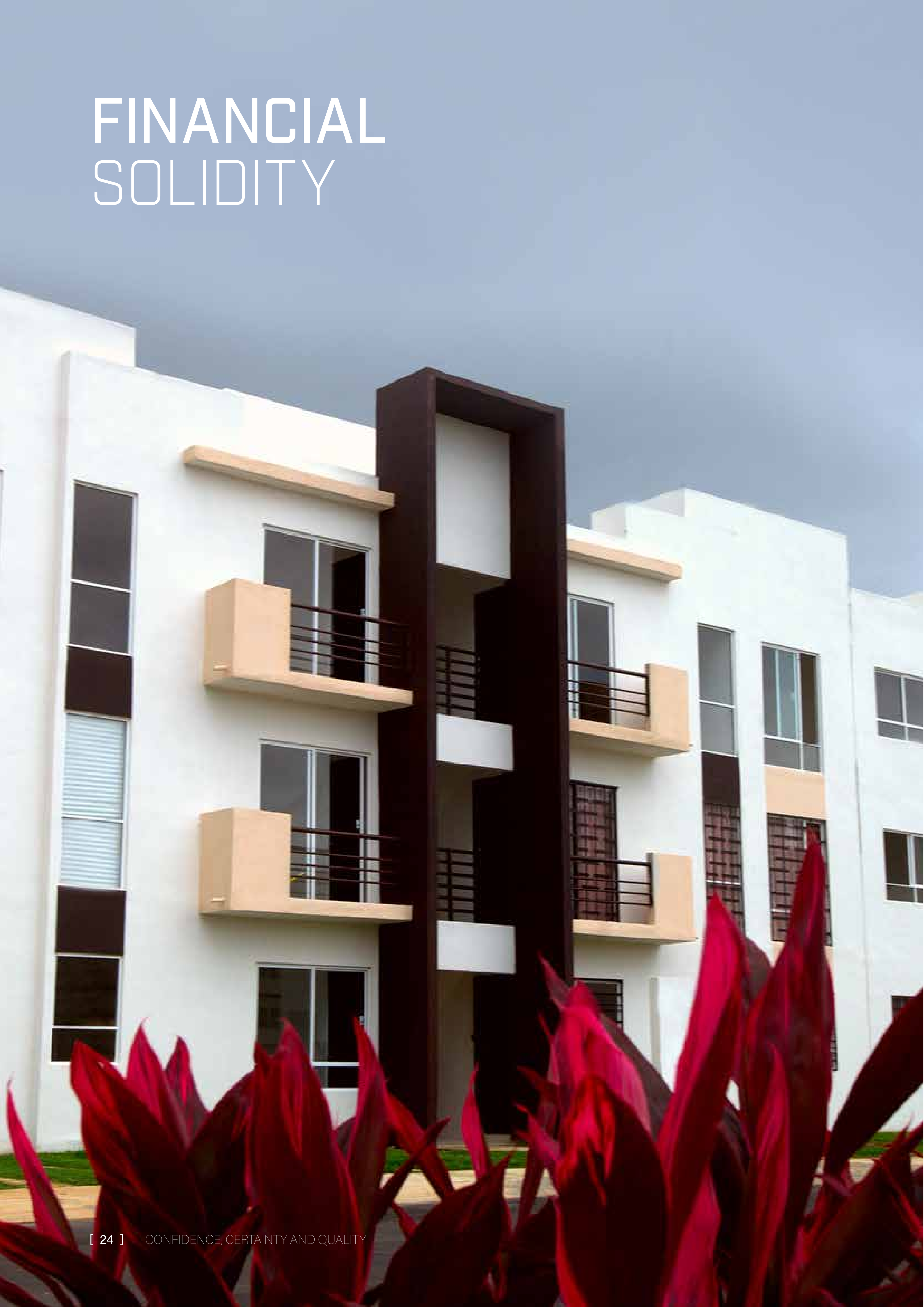
** ONAPP = O'Connor North America Property Patners, owns remaining 50%.*
***ONAP = O'Connor North America Property Partners participated with 50% as of December 31, 2015. Since January 2016, MPO Retail Investments, L.P. is the new partner, with a 50% stake.*

CENTRO LAS AMÉRICAS

Centro San Buenaventura	Plaza Carey	Plaza Centella	Operadora de Unicentros
Ixtapaluca	Veracruz	Cuautitlán	Cuautitlán, Acolman y Coacalco
State of Mexico	Veracruz	State of Mexico	State of Mexico
Community Center	Community Center	Community Center	Strip Center
Bodega Aurrerá	Soriana Hiper	Mega Comercial Mexicana	Coppel, Bodega Aurrera Express
N/A	N/A	Martí, Parisina, McDonald's, D'Europe	N/A
N/A	N/A	Cinépolis (10)	N/A
10,271	17,533	25,996	8,328
10,271	17,533	14,479	8,328
2006	2008	2011	2000-2010
50% *	100%	100%	100%

PASEO VENTURA

FINANCIAL SOLIDITY



FUENTES DE TIZAYUCA II
Hidalgo
Segment: Affordable Entry Level

MISIÓN DE LAS FLORES
Quintana Roo
Segment: Middle Income

BOSQUE SANCTORUM
Puebla
Segment: Middle Income

DREAM LAGOONS CANCÚN CLUB HOUSE
Quintana Roo

In addition to the good end-of-year results, Consorcio ARA has maintained what has historically been the Company's dominant feature: its solid financial health. Its cash and cash equivalents position, for example, was $1,467.1 million at the close of 2015, which represented increases of 36.4% above the 2014 balance and of 128% compared to 2013.

Cash and Cash Equivalents increased 128% compared to 2013

In terms of our liabilities, the cost bearing debt as of December 31, 2015 was $2,352.8 million, an increase of 9.6% in comparison with the previous year. The net debt amounted to $885.7 million, a decrease of 17.3% during the same period, and a decrease of 50.5% in comparison with the close of 2013. The cost bearing debt maturity profile is favorable, since 26% corresponds to short-term debt and 74% to long-term debt held in pesos, which protects us from fluctuations in the exchange rate.

During the third quarter of the fiscal year, we were able to reschedule $1,850 million of our debt through a new credit syndicated with mortgage security, which allowed us to improve the maturity profile and the credit conditions. We also renewed the dividend payment policy, a restriction in place in the previous syndicated credit. Therefore, in November we paid the dividend decreed in 2013 that was pending for $85.1 million.

In 2015 we renewed our dividend payment policy

In terms of the bridge loans, in recent years we have worked efficiently and in coordination with the Federal Mortgage Society (*Sociedad Hipotecaria Federal* or SHF) to apply the line we were given at the end of 2013 for $1 billion. At the close of 2015, we had applied a little more than $800 million of that line and we had a balance of $282 million.

REAL OASIS
Quintana Roo
Segment: Middle Income

Pope Francis celebrated Sunday Mass in **LAS AMÉRICAS**

LAS AMÉRICAS III
State of Mexico
Segment: Residential

Once again, the leverage ratios finished the fiscal year at healthy rates. The cost bearing debt to EBITDA ratio was 2.40, a level that was similar to the previous year, while the net debt to EBITDA was 0.90, a decrease of 0.29 in comparison with 2014 and 1.09 against the ratio reported at the close of 2013, of 1.99.

All of the above contributed to the fact that for the tenth consecutive year, we maintain the highest credit ratings for the housing sector in Mexico: "mxA" by Standard & Poor's and "A2.mx"by Moody's.

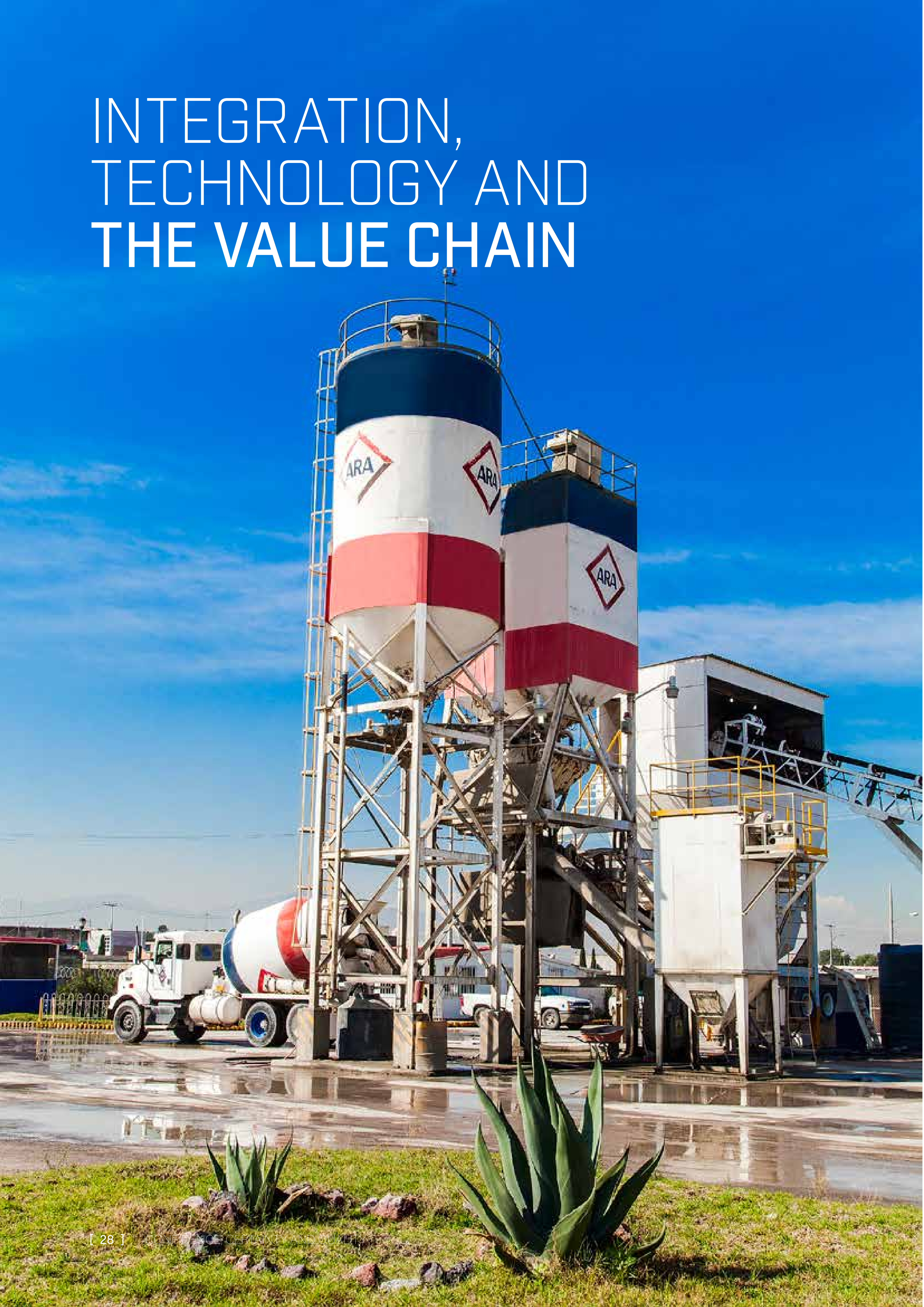
In terms of this year's results, for the second consecutive year we achieved our goal for income growth. The original estimate was between 9% and 10%, and we achieved a double-digit expansion of 10.3%, with a total income of $6,843.8 million. Our profitability also improved in comparison with 2014: gross profit, income from operations and net income all showed growth of 12.4%, 27.9% and 22.3%, respectively, in all cases higher than the income expansion. Consequently, the margins for these categories also reflected increases in relation to the previous year.

Likewise, we were able to generate positive free cash flow for the firm of $423.7 million, which was lower than the previous fiscal year due to a higher investment in works in progress. Hence, we increased the rate of construction in certain projects to take advantage of the federal subsidy program at the beginning of 2016, in addition to intensifying vertical construction in Middle Income and Residential developments, with buildings between six and ten floors.

Market volatility was a constant factor in 2015, and in spite of Consorcio ARA's good financial results, our share price was not exempt from that volatility. ARA shares had a negative yield of 6.9% (including the dividends paid). It is important to mention, however, that during the past three years the ARA share yield has been 46.3%, far above the -1.7% that the IPC registered overall during the same period.

PARAÍSO COUNTRY CLUB
Morelos
Segment: Residential

INTEGRATION, TECHNOLOGY AND **THE VALUE CHAIN**



COMACI DIVISION
Concrete, Machinery, and Formwork

G4-12

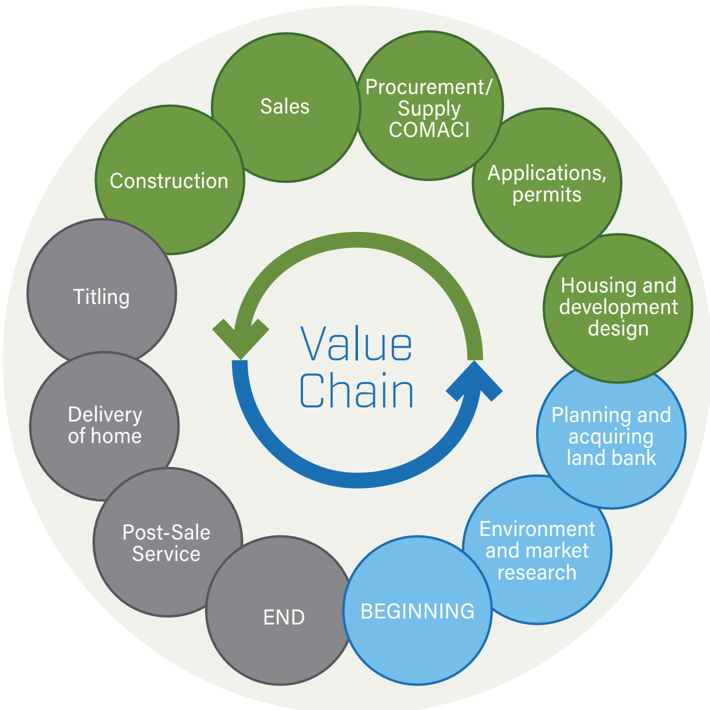
Consorcio ARA features a Concrete, Machinery and Formwork (COMACI, by its Spanish acronym), which operates sixteen ready-mixed concrete plants located near or within the developments under construction in order to supply ready-mixed concrete in a timely manner. COMACI facilitates ARA's vertical integration and provides economies of scale to benefit both the company and its clients.

COMACI optimizes quality and delivery times, and favors sustainability, since the improved transportation efficiency reduces CO_2 emissions.

ARA uses a construction mold system in which the wall and the slab are assembled as a single structural element, permitting the concrete to be cast in a single piece (monolithic cast).

This system, known as the "cast-in-place wall," provides flexibility for horizontal or vertical construction. In 2015, 40% of our production was vertical.

In order to increase our productivity, efficiency and quality, in 2015 we strengthened the implementation of the Building Information Monitoring (BIM) system, which allows us to model the different phases of the construction process in 3D to simulate supply yield. BIM allowed us to comply with international standards and to meet the more specific and innovative needs of the market.



SUSTAINABILITY

DREAM LAGOONS CANCÚN
Sales site

CITARA
Elementary School
State of Mexico

At Consorcio ARA, we are confident that achieving solid performances in the financial, social and environmental spheres is the best way to generate value for our stakeholders. Therefore, for the past several years, sustainability has been an essential element of our way of doing business.

Our relationships with stakeholders are based on respect and mutual value generation

STAKEHOLDERS

G4-24, G4-25

ARA has six stakeholder categories: employees, clients, suppliers, shareholders, and community and government authorities. We have established productive relationships with all of them based on respect and mutual value generation. Consorcio ARA's behavior toward its stakeholders is governed by the Workplace Code of Conduct and Ethics.

G4-26

Our communication with these public groups is effective and transparent. Available mechanisms include the contact phone line (01800 0220581) and the customer service line, LineARA (01800 5463272). Our shareholders also have access to our quarterly teleconference calls, while our employees may access our internal e-mail and other channels. We have established social network profiles, including Facebook (with more than 77,000 followers), Twitter (more than 1,200) and YouTube.

ECONOMIC DIMENSION

G4-EC1

Housing is an important driver of development that requires products and services from 78 classes of economic activity. As one of the sector leaders, Consorcio ARA is an influential employer and its generated and distributed economic value may be reviewed in the Consolidated Financial Statements.

G4-EC4 G4-SO6, G4-SO7, G4-SO8

In 2015, and as in previous years, Consorcio ARA did not make any contributions to political parties, nor did it receive financial aid from the government. We were not accused of monopolistic practices or being a threat to free competition, and we were not penalized for regulatory non-compliance.

G4-EC6, G4-EC7, G4-EC9

We make our purchases at the central level through a supplier's registry comprised mainly of Mexican companies. One hundred percent of our senior executives are Mexican and we ensure that they have experience in the cities where they work.

ENVIRONMENTAL DIMENSION

At Consorcio ARA, we endeavor to reduce our environmental footprint, reduce the negative impacts that are inherent to our operations and to comply fully with current environmental legislation.

ENERGY, EMISSIONS AND SUSTAINABLE HOUSING

G4-EC2, G4-EN6, G4-EN7, G4-EN19, G4-EN27

In 2009, Mexico developed a Special Climate Change Program to reduce greenhouse gas emissions. To support this program, in 2012 the government began a Nationally Appropriate Mitigation Action (NAMA) to support sustainable housing in Mexico.

Consorcio ARA decided to participate in the NAMA 2015 program by evaluating its various housing prototypes in different cities around the country. The aim was to reach standards that allow CO_2 emissions to be significantly reduced by applying bioclimatic strategies, passive and active systems that allow the residential thermal load to be reduced. This produces economic, social and environmental benefits.

To this end, in 2015 the Company built 1,722 NAMA-Ecocasas (eco-homes) with eco-techniques to reduce the demands of air conditioning, heating and gas. As a result, we prevented 1,001.6 tons of CO_2 from being released into the environment. In consideration that the useful life of a dwelling is 40 years, these NAMA-Ecocasas would prevent the emission of nearly 40,000 tons of CO_2 during that period. As an additional benefit, the owners of these homes are eligible to receive a subsidy from the federal government.

In addition, Consorcio ARA applied 7,473 Green Mortgages from INFONAVIT, which promote the use of eco-techniques, technologies that optimize water and energy consumption, reduce CO_2 emissions and generate family savings of between $100 and $400 each month. FOVISSSTE has a similar program, and within that framework, we sold 3,526 homes with eco-technology. The total number of eco-techniques that were acquired is shown in the following table:

DESCRIPTION	2015	2014
Solar heaters	2,727	805
Tankless gas water heaters	7,797	8,872
Energy saving light bulbs	72,869	77,537
Mixers / Single-handle	30,527	26,143
Water purifiers	7,931	6,557
Electrical voltage optimizer	1,731	610
Water-saving showers	14,768	14,677
Eco-grade bathroom econ. and residential	17,728	16,275

In the same way, with the aim of improving the quality of life for the inhabitants of our developments, we have provided infrastructure and fittings that will increase their added value and foster community integration.

(1) *Based on evaluations that were validated by the NAMA project, GIZ, the German development agency, and CONAVI. .*
(2) *Source: INFONAVIT*

CENTRO REGIONAL DE CULTURA, ARTE Y DEPORTE, LAS AMÉRICAS, (Las Americas Regional Center for Culture, Arts and Sport)
State of Mexico

FACILITIES	2015 units/ extension	2014 units/ extension
Educational classrooms	28	29
Neighborhood garden	53,385	9,026 m^2
Sports area	20,721	16,821 m^2
Urbanization	601,258	610,366 m^2

MATERIALS, WATER, BIODIVERSITY AND WASTE

G4-EN1, G4-EN2

The materials that are most widely used in residential homes are premixed concrete and steel. In 2015, our concrete, steel and electro welded wire mesh consumption totaled 518,000 m^3, 13,400 tons and 3.2 million m^2, respectively, and we did not use recycled materials to build our homes.

G4-EN9 G4-EN10

We seek to protect water resources by providing our residential developments with treatment plants and eco-techniques. For instance, some of them capture rainwater for consumption by the inhabitants. In short, during 2015 we built 49 hydraulic works. It is important to mention that none of our operations affects a primary water source.

G4-EN11

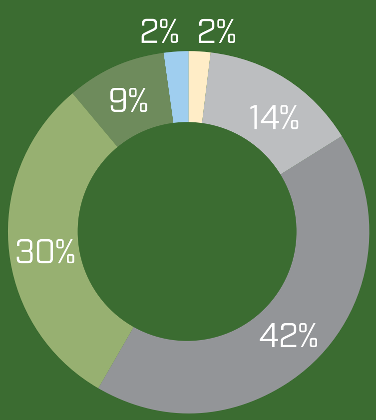
In terms of protecting biodiversity, our developments, shopping centers and territorial reserve are located outside protected areas or areas containing a high level of biodiversity.

G4-EN22, G4-EN23, G4-EN24, G4-EN25, G4-EN26, G4-EN29

In 2015 we did not transport or handle waste, or record waste water spillage. We did not receive any significant fines or environmental penalties.

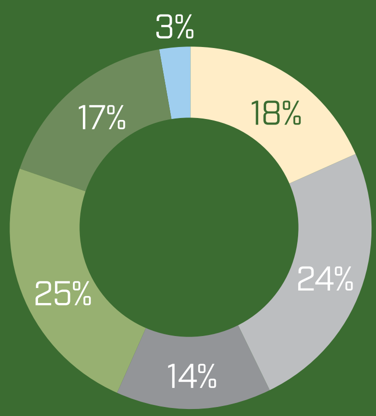
OUR COLLABORATORS

BY AGE



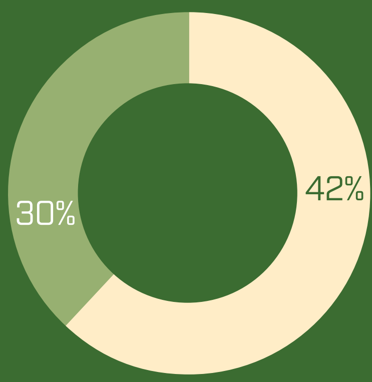
Under 18	0
From 18 to 25 years	20
From 26 to 30 years	117
From 31 to 40 years	342
From 41 to 50 years	241
From 51 to 60 years	74
More than 61 years	13
TOTAL	807

BY SERVICE TIME



Under 1	148
From 1 to 3	199
From 3.1 to 5	112
From 5.1 to 10	191
From 10.1 to 20	136
More than 20.1	21
TOTAL	807

BY GENDER



Female	309
Male	498
TOTAL	807

G4-EN30

In terms of transportation, we have four routes to transport our staff that are used by 164 employees. In 2015, they traveled 50,208 km. We have sixteen ready-mixed concrete plants located near our developments, which minimizes emissions produced during material transportation.

G4-EN31

In 2015, Consorcio ARA made a total investment of $67 million in eco-techniques.

G4-EN32, G4-LA14, G4-HR4, G4-HR10, G4-SO9

Consorcio ARA has not examined the environmental, labor, social or human rights practices of its suppliers; however, we endeavor to ensure that our entire value chain shares our vision and contributes to our sustainability efforts.

SOCIAL DIMENSION

As a housing sector leader, we offer our employees excellent working conditions. Outside the company, we endeavor to help to raise the quality of life and wellbeing of our communities.

HUMAN CAPITAL

Without a doubt, the company's most valuable investment are its employees, and that is the reason why we promote their personal, social and professional growth. We also offer a work environment that makes respect, human rights and occupational health and safety top priority.

EMPLOYMENT

G4-9, G4-10, G4-11, G4-LA1, G4-HR4

None of the members of our workforce are unionized or affiliated with collective agreements; nevertheless, we recognize and respect the right of our employees to belong to unions. At the close of 2015, the Housing Division had 807 employees, comprised as shown in this section charts.

G4-LA2, G4-EC3, G4-EC5

In order to attract and retain the best talent possible, Consorcio ARA pays its lowest-level employees salaries that are more than four times higher than the country's current minimum wage, and offers benefits that exceed those required by Mexican labor law:

- Thirty-day end of year bonus
- Vacation bonus
- Savings fund
- Punctuality bonus
- Corporate dining hall
- Staff transportation
- Partnerships with companies for discounts

G4-LA4

Due to the nature of its operating processes, Consorcio ARA is unable to notify its workers about organizational changes within a minimum period.

G4-LA3

Likewise, 23 employees exercised their right to maternity leave and took 1,422 days altogether, while 4 employees took 20 days of paternity leave. In all cases, the mothers and fathers were reintegrated into their activities at the end of their leave.

G4-LA16

In 2015, we received 11 accusations related to work practices, of which 7 were deemed admissible.

TRAINING

Training our employees is a strategic priority for Consorcio ARA; we know that only by having the best personnel can we achieve our business objectives. Therefore, we promote training and development at all levels of the company.

G4-LA9, G4-LA10

In 2015, nearly 7,888 person hours of training were given on various subjects, such as:

- Induction: new hires and sales consultants
- Banking products
- Technical updates for staff personnel
- Sales strategies
- Self-based leadership

In 2015, 131 of our employees were certified in Standard Eco 552 for housing credit consulting. We also arranged for several of our employees to enter educational institutions to study the following courses:

- Certificate in Management Skills
- Master's degree in Housing and Sustainability
- Master's degree in Construction

G4-52, G4-LA11

Under the premise that "what gets measured gets improved", our personnel received 2,772 quarterly performance evaluations in 2015.

DIVERSITY AND EQUAL OPPORTUNITY

G4-LA12, LA13

Consorcio ARA fosters gender equality as an indispensable condition for having an excellent workplace environment. To this end, salaries, hiring, training, development and promotions are offered based on merit, not on gender. For example, women hold 21% of the management and executive-level positions.

During this period, 29 of our employees were promoted to a higher position, while 513 received pay scale reclassifications. This number is higher than in previous years because we performed a genera salary adjustment.

HEALTH AND SAFETY

Our safety philosophy is based on prevention and co-responsibility between the company and its co-workers.

G4-LA5

The ARA Brigade is designed to disseminate self-protective measures, foster employee participation in accident prevention and labor risk management, and to respond in a timely manner to any event that places our business continuity at risk, minimizing damage. The Brigade organized an evacuation simulation with the participation of 216 employees.

In 2015, a multidisciplinary course was also given with the participation of 25 employees; an information session was held for all personnel, with 243 employees in attendance, and 22 more employees visited the National Disaster Prevention Center *(Centro Nacional de Prevención de Desastres or Cenapred)*.

G4-LA5,

We have programs to prevent illnesses and to attend to our workers' health, and all of our employees are registered in the Mexican Social Security Institute *(Instituto Mexicano del Seguro Social or IMSS)*. A Health Rally was held in 2015, and its results are shown on the following page.

- 53 employees participated in the Weight Challenge program.
- 168 participants in information sessions on major medical expenses and life insurance.
- 31 employees attended the visual health module.
- 12 employees attended the auditory health module.
- 38 participants in physical activity, consisting of yoga, Zumba and CrossFit classes.
- 90 employees participated in a bowling tournament.

G4-LA6

The workplace accidents that occurred during the year are shown in the following table:

	NO. OF CASES	DISABILITY PERIOD
Injuries, trauma caused by accidents on the way to work, workplace accidents.	5	66 days
Mild muscular injury and general illness.	49	818 days
Fatal victim of a workplace accident.	0	-

HUMAN RIGHTS

G4-HR3, G4-HR5, G4-HR6, G4-HR8, G4-HR9, G4-HR12

Consorcio ARA does not employ minors or people against their will. In 2015 there were no incidents or complaints related to discrimination or violation of human rights or indigenous rights.

PRODUCT RESPONSIBILITY

G4-PR2, G4-PR7

All of our developments comply with the applicable legislation on urban development and housing, both in their design and construction. During the year, there were no incidents of non-compliance with advertising or marketing legislation.

G4-PR8, G4-PR9

The Company is bound to protect its clients' personal data pursuant to the Federal Law on the Protection of Personal Data Held by Private Individuals, and therefore we did not receive any relevant complaints.

Our Customer Service department has 58 executives and 30 certified "Neighborhood Promoters", whose mission is to inform the neighbors of their rights and obligations and to foster neighborhood organization and integration.

FUNDACIÓN ARA

G4-SO1

In 2015, the ARA Foundation (the Foundation) completed ten years of committed work on behalf of the most vulnerable sectors in the country. During the year it undertook more than 468 thousand actions regarding social responsibility and sustainability issues and benefited about 1.6 million people.

G4-15

It is worth mentioning that for the tenth consecutive year Consorcio ARA received the distinction of Socially Responsible Company from the Mexican Center for Philanthropy (CEMEFI). Additionally, for the third consecutive year, Pronatura México, A.C. recognized Consorcio ARA for its support and commitment to environmental conservation in Mexico.

G4-16

One of the Foundation's strengths is to establish strategic alliances with companies, associations, governments, society and other foundations, through committed participation in construction projects, urban improvement, education, health, environment and volunteering.

Day after day, the Foundation brings to life its Mission of "providing development opportunities to raise the quality of life of Mexicans", to achieve its Vision "that Consorcio ARA, through its Foundation, be recognized as the construction company doing the most social work." This is achieved by fulfilling its objectives and constantly monitoring values such as Respect, Service, Transparency, Integrity and Loyalty.

MISSION:

To provide development opportunities to raise the quality of Mexicans life.

VISION:

For Consorcio ARA, through its Foundation, to be recognized as the construction company that does the most social work.

VALUES:

- Respect
- Service
- Transparency
- Integrity
- Loyalty

1. HabitARA For dignified housing

Decent housing is essential for families and a fundamental element in society. This is because it is closely related to quality of life and the personal and social development of its inhabitants. Thus, the HabitARA program seeks to give families a decent and lasting heritage that allows them to function and live as a community.

A. Alliances that Build

The Foundation's alliance with the PROVIVAH Trust is aimed at supporting the most vulnerable sectors, families that have no assets and live in overcrowded or unsafe locations.

During 2015, 2,351 homes were built, benefiting 11,750 people, by investing more than $531 million. It is worth mentioning that over the ten-year life of the Foundation, 25,828 homes have already been built within as part of this alliance, contributing to improving the quality of life of more than 129 thousand people.

It is noteworthy that the houses built include ecological technology such as energy-saving light bulbs, ecological toilets, waterproofed roofs, BioBlock walls and showers and toilets with built-in water saving devices, all allowing us to contribute to environmental protection.

B. Urban Heart

Through our partnership with Urban Heart we develop actions to improve housing and strengthening the social fabric. We do this through training, local organization and teamwork in an effort to transform the environment and rescue public areas.

In 2015 we conducted 34,044 housing improvements, benefiting more than 170 thousand people. Furthermore, in order to improve the urban image and promote community integration, 854 people were trained as painters, requiring a total investment of over $170 million.

Similarly, a team with PEMEX refurbished ten indigenous school shelters, four dining rooms and two cattle barns. Through the "PEMEX in your Community" program, 3,350 homes were improved in areas influenced by the oil industry, benefiting 14,500 people.

2. EducARA For a better future

This program seeks to inhibit school dropouts and improve the quality of education in Mexico. This is done by transforming educational communities and creating conditions that allow for inclusive and quality education for all children, particularly those in the most vulnerable sectors.

A. Just Raise your Hand

In the past five years, this program has transformed the lives of 9,250 children by improving the quality of teaching, strengthening the sense of values and dignifying school spaces. Thus, we have built 35 schools in 29 Mexican states, requiring investments of more than $74 million. This program has included 11,906 volunteer hours and has indirectly benefited 16,744 parents.

For the first time the "Building Together for Quality Education" congress was held, representing a turning point in the teaching methodology used by teachers and school directors within the "Just Raise your Hand" alliance.

B. See Well to Learn Better

With this program we work to address the visual impairment problem that affects student learning and dropout rates. This is done together with the Interior Ministry's Social Prevention of Violence and Crime program.

In 2015 more than 1.25 million children were evaluated and over 420 thousand glasses were delivered, helping to create equal opportunities and reduce underachievement and school dropout.

C. MAYATLON

During the year the third edition of the "Mayatlon" triathlon was supported, aimed at building a classroom for the Mayan community in Pac Chen.

Previously, children in this community from preschool through sixth grade went to one multi-grade classroom. The new classroom has environmentally friendly features such as a rainwater collection system and skylights made of glass bottles, reducing energy consumption by making better use of natural light.

3. ARA Community We want a great future for all

ARA Community promotes participation in the activities of institutions and civil associations that support different causes among Consorcio ARA's employees.

Under this program, more than 7,500 actions were performed to the benefit of more than 15 thousand people, including children, single mothers, the sick and people with disabilities.

A. I Volunteer

The fourth toy drive among Consorcio ARA staff was held on Children's Day, during which more than a thousand toys were collected and delivered in twelve pediatric hospitals in Mexico City.

B. Health Rally

Company staff participated in the tenth Family Day Race organized by the Council of Communication and in the fourth Run for You and Walk with Me Race by CONFE, which promotes participation of people with any type of disability. Additionally, the MVS Radio Foundation conducted hearing tests to detect ear problems in Consorcio ARA staff and their families.

C. Summer and Annual Telethon Campaign

Fifteen of our volunteers participated in the Summer Telethon. Two days of activities were held in which four hundred CRIT "Neza" children were present. For the fourth consecutive year the annual Telethon collection was held and Consorcio ARA staff participated nationwide with their donations.

D. Sale of Products with a Cause

In 2015, employees, suppliers and visitors acquired more than 2,100 products with a Cause in the ARA Boutique. This was done through agreements with institutions such as Memory and Tolerance, Building a Better Future Together, Pro-Help Women's Aid, MVS Radio Foundation, John Langdon Down Foundation, With Diabetes its Possible and APAC, to name just a few. Using the resources obtained in this program, our allies employ young people with disabilities, provide treatment to children with cancer and diabetes, and provide counselling and treatment for women with degenerative diseases.

4. SustentARA For our world

Through SustentARA, the Foundation carries out environmental awareness actions among Consorcio ARA employees and establishes partnerships to prevent, control, compensate and mitigate the company's environmental footprint, thus contributing to environmental conservation.

A. Reforestation of the Izta-Popo Park

Together with PRONATURA, the "Conservation of Natural Resources in the Izta Popo National Park" project was undertaken, involving the reforestation of ten hectares on the slopes of these volcanoes.

B. Rehabilitation of the Nichupte Mangrove

G4-EN13

The restoration of the Nichupte mangroves in Cancun was supported in partnership with Mexico's Flora, Fauna and Culture civil association and the National Commission of Protected Natural Areas. One hectare was reforested with native plants, the site was rehabilitated, invasive species were removed and the community was educated on environmental issues.

C. Recycling Campaign

G4-EN6

In 2015, the recycling and waste management program was strengthened at Consorcio ARA headquarters, acting together with Recycling Centers Recovered, in order to reduce the use of natural resources and generate alternative energy. We were able to collect:

- 2,616 kilograms of various types of paper (paper, newspaper and magazines)
- 135 kilograms of PET
- 19 kilograms of aluminum cans
- 365 kilograms of cardboard

WE THANK OUR PARTNERS:

BUSINESSES

3e Mexico, Alltournative, ANTAD, CANADEVI, Cementos Moctezuma, CEMEX, Cinépolis, COMEX, Costco Mexico, FTP, Galia Moss, HSBC Mexico, Office Depot, Universidad Anahuac, Vitromex de Norte América Construcción, Volaris, Walmart Mexico, Kenworth Metropolitanos, Grupo Industrial de Poliestireno, Proteccion Anticorrosiva de Cuautitlán, Shunko Technology, Cocinas Ferreti, Industrias Ridolfi, Grupo Importador Lomas

NGOs

Bécalos, Casa de la Amistad para niños con Cáncer, Centro Mexicano para la Filantropía, CENACED, Chunches, Comité de Ayuda en casos de Emergencias Nacionales, Consejo de la Comunicación, Corazón Urbano, Cruz Roja de México, Fideicomiso PROVIVAH, Fideicomiso Ver Bien para Aprender Mejor, Flora, Fauna y Cultura de México, Fundación Audios, Fundación Chedraui, Fundación Chrysler, Fundación COMEX, Fundación Gonzalo Río Arronte, Fundacion Karla Wheelock, Lazos, Fundación Telefónica, Fundación TELETÓN, Fundación Televisa, Fundación Vizcarra, Inclúyeme, KADIMA, Nacional Monte de Piedad, PRONATURA, Recupera Centros de Reciclaje, UNICEF, UNIRED, CONFE, Instituto José David, Asociación Nuestro Hogar ANAR, Fundación Checo Pérez, Fundación MVS Radio, Memoria y Tolerancia, Juntos Forjando un Mundo Mejor, Pro Ayuda a la Mujer Origen, ProEmpleo Productivo, Fundación Homeless México, Fundación John Langdon Down, Con Diabetes Si Se Puede, APAC.

GOVERNMENT

CONAVI, Delegación Iztacalco, DIF del Estado de México, FONHAPO, Gobiernos de los Estados de Baja California Norte, Baja California Sur, Chiapas, Chihuahua, Coahuila, Colima, Distrito Federal, Estado de México, Guanajuato, Guerrero, Hidalgo, Jalisco, Michoacán, Morelos, Puebla, Quintana Roo, Sonora, Tabasco, Tamaulipas, Yucatán, Municipios de Acapulco, Cozumel, Ecatepec, El Marqués, Guadalajara, Huehuetoca, Naucalpan, Pachuca, Tlajomulco de Zúñiga, Zapopan, Oficina de la Esposa del C. Presidente de la República, Secretaría de Educación Pública y sus Delegaciones Estatales, Secretaría de Salud del Gobierno Federal, Secretaría de Salud del Gobierno del Distrito Federal, Sistema Nacional para el Desarrollo Integral de la Familia (DIF Nacional), Secretaría de Gobernación, Subsecretaría de Prevención y Participación Ciudadana de SEGOB, PEMEX.

REFORESTATION
Izta - Popo
National Park

SEE WELL TO
LEARN BETTER

URBAN HEART

CORPORATE GOVERNANCE

LAS AMÉRICAS
State of Mexico
Segment: Residential

PUERTA PLATA
Baja California
Segment: Progresiva

PASEOS DEL BOSQUE
Puebla
Segment: Residential

COLINAS DE LA PIEDAD
Querétaro
Segment: Affordable Entry Level

Having sound corporate governance, committed to sustainability and a responsible, transparent administration is a key pillar in Consorcio ARA's strategy.

A sound Corporate Governance is a fundamental element in our business strategy

G4-34

According to the Securities Market Act (Ley del Mercado de Valores, LMV) and Consorcio ARA's statutes, the Board of Directors meets four times a year. Attendance at these sessions during 2015 was 89%.

G4-39

The Chairman of the Board of Directors holds an executive position in the company, as he serves as CEO of the Housing Division.

G4-38

The Board has eleven members, all men (two women are substitutes). Eight of the members are independent in accord with the classification of the Best Corporate Practices Code, a number that is 73% higher than LMV requirements. The seniority of the members is shown in the following page.

SENIORITY IN YEARS As of Dec. 31, 2015		
Germán Ahumada Russek	27	Chairman
Luis Felipe Ahumada Russek	27	Vice Chairman
Germán Ahumada Alduncin	12	Vice Chairman
Pedro Alonso Angulo	12	Board Member
Luis Ramón Carazo Preciado	12	Board Member
Roberto Danel Díaz	12	Board Member
Félix Gavito Marco	20	Board Member
Francisco Javier Lomelín Anaya	8	Board Member
Andrés Massieu Berlanga	17	Board Member
Ricardo Paullada Nevárez	2	Board Member
Raúl Robledo Tovi	2	Board Member

G4-40, G4-41, G4-51

The Board of Directors considers experience, ability, professional prestige and absence of conflict of interest for the performance of their functions when selecting its independent members. Both the appointment and ratification of board members is subject to the approval of the Shareholders assembly. Their compensation is described in the Company's Financial Statements, and they are experts in strategic issues for Consorcio ARA, such as housing, finance and corporate governance.

G4-34, G4-42

The Board of Directors has an Audit Committee and a Corporate Practices Committee, chaired respectively by Félix Gavito Marco and Roberto Danel Díaz, both independent members of the Board.

The **Audit Committee** examines the Company's financial statements; monitors the internal control system; evaluates the performance of external auditors; reports on internal audit functions; discusses financial statements with the individuals responsible for their preparation and, based on this discussion, decides whether or not to recommend its approval to the Board of Directors; informs the Board about any irregularities of which it becomes aware; receives and analyzes the comments and observations of shareholders, directors and executive officers; and carries out other functions as directed by the LMV.

G4-51, G4-46, G4-52

Meanwhile, the Corporate Practices Committee is responsible for issuing its opinion on the policies and guidelines related to operations, as well as for evaluating and proposing compensation for the CEO and other senior officials. It is worth mentioning that since 2014, the activities of the Planning and Finance Committee, such as the review of financial policies and practices, the strategic vision to ensure the stability of the Company, and risk management were absorbed by the Corporate Practices Committee.

G4-45

The Board of Directors analyzes risks, manages their impact and evaluates economic opportunities for Consorcio ARA. It communicates the results in the Annual Report that is presented in accordance with the General Provisions applicable to Securities Issuers and other Participants in the Securities Market.

G4-35, G4-36, G4-47

At least once every three months, Consorcio ARA's management team examines relevant issues with the committees. The Audit and Corporate Practices Committees are composed of independent members.

G4-15

Since 2003, Consorcio ARA has adhered to the Best Corporate Practices Code of the Business Coordinating Council, and annually reports its compliance to the Mexican Stock Exchange using the Best Corporate Practices Questionnaire.

G4-SO8

In 2015, Consorcio ARA received no penalties or significant fines for non-compliance with laws and regulations.

CONDUCT AND ETHICS CODE

G4-56, G4-SO4

Consorcio ARA's Conduct and Ethics Code reflects our values of Honesty, Commitment, Responsibility and Quality, and defines the ethical, upright and transparent conduct that our partners must carry out in their daily performance. In 2015 we continued with our campaign to publicize the Code, which is available for consultation at: www.consorcioara.com.mx.

G4-34, G4-37, G4-57, G4-58, G4-LA16

Through the ARA Advisory and Reporting System, our interest groups can access the ARA Confidential Hotline, through which they can report any violation of the Conduct and Ethics Code:

- Metropolitan area: 5251 7489
- Interior of the Republic: 01800 823 07 22
- Email lineaconfidencial@ara.com.mx

In the last three years, the total complaints received and addressed were as follows:

YEAR	NO. OF COMPLAINTS
2015	30
2014	25
2013	37

G4-49, G4-50,

The most recurrent types of complaints were made known to the Board of Directors. Of the 30 complaints received during the year, 23 required follow through. The resolution of complaints can range from reprimands to dismissal of personnel (in cases of corruption).

G4-EN34, G4-LA16, G4-HR3, G4-HR12, G4-SO5, G4-SO11

In 2015 no complaints regarding environmental issues, discrimination, violations of human rights or social impacts were received.

BOARD OF DIRECTORS

The members of the Board of Directors and the presidents of the auxiliary committees for 2016, will be appointed or ratified at the Ordinary Shareholders' Meeting on April 26, 2016.

COMMITTEE	NAME		POSITION	ALTERNATE	
	Germán Ahumada Russek	▲■	CHAIRMAN	Miguel Lozano Pardinas	▲
	Luis Felipe Ahumada Russek	▲■	VICE CHAIRMAN	Guillermo Alberto Riveroll López	▲
	Germán Ahumada Alduncin	▲■	VICE CHAIRMAN	J. Sacramento Soto Solís	▲
P	Pedro Alonso Angulo	▪	BOARD MEMBER	María Cristina Hernández Trejo	▪
P	Luis Ramón Carazo Preciado	▪	BOARD MEMBER	Eugenio Riveroll Picazo	▪
A and P	Roberto Danel Díaz	▪	BOARD MEMBER	Sylvia Meljem Enríquez de Rivera	▪
A and P	Ricardo Paullada Nevárez	▪	BOARD MEMBER	Alfredo Sánchez Torrado	▪
A	Félix Gavito Marco	▪	BOARD MEMBER	Lorenzo Lucas Sánchez	▪
	Francisco Javier Lomelín Anaya	▪	BOARD MEMBER	Carlos Hernández Magallanes	▪
A and P	Andrés Massieu Berlanga	▪	BOARD MEMBER	Alejandro C. Álvarez Certucha	▪
P	Raúl Robledo Tovi	▪	BOARD MEMBER	José Alberto Flores Athié	▪
	Ricardo Maldonado Yáñez		SECRETARY		
	Lorenza K. Langarica O'hea		PRO-SECRETARY		

A: Audit
P: Corporate Practices

▪ Independent Board member
▲ Related Board member
■ Owner Board member

MANAGEMENT **TEAM**

Germán Ahumada Russek | CHIEF EXECUTIVE OFFICER | HOUSING DIVISION
Luis Felipe Ahumada Russek | CHIEF EXECUTIVE OFFICER | SHOPPING MALLS DIVISION

Miguel Lozano Pardinas | CO-CHIEF EXECUTIVE OFFICER

Housing Division Corporate Directors

Gabriel Altamirano Hernández | GOVERNMENT RELATIONS DIRECTOR AND ARA FOUNDATION
Alicia Enriquez Pimentel | INVESTOR RELATIONS DIRECTOR
Martín Guevara Hernández | BUSINESS DEVELOPMENT DIRECTOR
Carlos López Pérez | INTERNAL AUDIT AND HUMAN RESOURCES DIRECTOR
Edgar Martínez Chavolla | PROJECT DIRECTOR
J. Sacramento Soto Solís | FINANCIAL DIRECTOR
Rodolfo Trujillo Mondragón | LEGAL DIRECTOR

Regional Commercial Directors

Carlos Ávila Viveros | STATE OF MEXICO
State of Mexico, Hidalgo

Fernando Calderón Nava | MEXICO CITY

Carlos Falcón Pimienta | EAST | BAJÍO
Puebla, Veracruz, Querétaro, Guanajuato

Ricardo Martínez Hernández | CENTER | SOUTH
Guerrero, Morelos, Quintana Roo

Eduardo Ordáz de la Fuente | RIALTA | NORTH | WEST
Baja California, Chihuahua, State of Mexico, Jalisco, Morelos, Nayarit, Nuevo León, Sinaloa, Sonora, Tamaulipas

Construction Directors

Ernesto Flores Taboada
State of Mexico, Hidalgo, Querétaro

Antonio Cruz Alcántara
Mexico City

José A. Domínguez Barrón
Puebla, Veracruz

Francisco Mario Franco Martínez
Guerrero, Morelos, Quintana Roo, Baja California, Nuevo León, Sonora, Sinaloa, Tamaulipas

Javier Garduño Santacruz
State of Mexico, Morelos -Residential-, Jalisco, Nayarit

ABOUT THIS
REPORT

G4-28, G4-29, G4-30, G4-32

This document presents our fourth annual sustainability report. For the second consecutive time this has been prepared under the G4 guidelines of the Global Reporting Initiative (GRI), essential elements, and includes activity from 2015. To learn more about our Company's operating and financial performance, and to see electronic versions of previous annual reports, visit our website at: www.consorcioara.com.mx.

G4-17, G4-20

This report covers all of Consorcio ARA's operations, including the subsidiaries that we control or over which we exercise significant influence. In it we communicate key developments, challenges and areas of opportunity regarding the sustainability issues that we consider to be most important, in an open, objective and transparent format.

G4-18, G4-19

The definition of material issues for Consorcio ARA was performed using an analysis of the most important sustainability issues that our sector faces.

G4-48

The Investor Relations Department is the area responsible for reviewing and approving this financial and sustainability report.

G4-22, G4-23

Information related to sustainability has not been reformulated and its coverage and scope in relation to previous reports has not changed.

G4-31, G4-33

The sustainability report has not been audited by an independent third party. Please direct any comments regarding these issues to aenriquez@ara.com.mx.

Consorcio ARA has no available information regarding indicators that are not reported in this document.

G4-32

GRI INDEX

GENERAL BASIC CONTENTS	
Indicator	Page
Strategy and Analysis	
G4-1	10
G4-2	10
Organizational Profile	
G4-3	55
G4-4	18
G4-5	8
G4-6	8
G4-7	55
G4-8	8
G4-9	5, 34
G4-10	34
G4-11	34
G4-12	29
G4-15	37, 45
G4-16	37
Material Aspects and Boundaries	
G4-17	48
G4-18	48
G4-19	48
G4-20	48
G4-22	48
G4-23	48
Stakeholder Engagement	
G4-24	31
G4-25	31
G4-26	31
Report Profile	
G4-28	48
G4-29	48
G4-30	48
G4-31	48
G4-32	48, 49
G4-33	48

Indicator	Page
Governance	
G4-34	43, 44, 45
G4-35	44
G4-36	48
G4-37	45
G4-38	43
G4-39	43
G4-40	44
G4-41	44
G4-42	44
G4-45	44
G4-46	44
G4-47	44
G4-49	45
G4-50	45
G4-51	44
G4-52	44
Ethics and Integrity	
G4-56	45
G4-57	45
G4-58	45
Economic Performance	
G4-EC1	32
G4-EC2	32
G4-EC3	34
G4-EC4	32
G4-EC5	34
G4-EC6	32
G4-EC7	32
G4-EC9	32
Environment	
G4-EN1	33
G4-EN2	33

G4-32

Indicator	Page
G4-EN6	32
G4-EN7	32
G4-EN9	33
G4-EN10	33
G4-EN11	32
G4-EN13	40
G4-EN19	32
G4-EN22	33
G4-EN23	33
G4-EN24	33
G4-EN25	33
G4-EN26	33
G4-EN27	31
G4-EN29	33
G4-EN30	34
G4-EN31	34
G4-EN32	45
G4-EN34	49
Labor Practices and Decent Work	
G4-LA1	34
G4-LA2	34
G4-LA3	35
G4-LA4	34
G4-LA5	35
G4-LA6	36
G4-LA9	35
G4-LA10	35
G4-LA11	35

Indicator	Page
G4-LA12	35
G4-LA13	35
G4-LA14	32
G4-LA16	35, 45
Human Rights	
G4-HR3	36, 45
G4-HR4	34
G4-HR5	36
G4-HR6	36
G4-HR8	36
G4-HR9	36
G4-HR10	34
G4-HR12	45
Social	
G4-SO1	37
G4-SO4	45
G4-SO5	45
G4-SO6	32
G4-SO7	32
G4-SO8	32
G4-SO9	34
G4-SO11	45
Product Responsibility	
G4-PR2	36
G4-PR7	36
G4-PR8	36
G4-PR9	36

CONSORCIO ARA, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

for the Years Ended December 31, 2015 and 2014,
and Independent Auditors' Report Dated March 28, 2016

CONTENTS

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF CONSORCIO ARA, S. A. B. DE C. V.

We have audited the accompanying consolidated financial statements of Consorcio ARA, S. A. B. de C. V. and subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Consorcio ARA, S. A. B. de C. V. and subsidiaries as of December 31, 2015 and 2014 and their financial performance and their cash flows for the years then ended, in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Other matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Rafael García Gómez
Mexico City, Mexico
March 28, 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2015 and 2014
(In thousands of Mexican pesos)

	Notes	2015	2014
Assets			
Current assets:			
Cash and cash equivalents	6	$ 1,403,689	$ 1,032,228
Trade accounts receivable - Net	7	463,770	843,741
Due from joint ventures		18,593	10,561
Real estate inventories and land for development	8	11,865,635	11,664,675
Golf club memberships available for sale		188,331	203,480
Other current assets	10	515,635	530,483
Total current assets		14,455,653	14,285,168
Investment properties	9	377,082	452,092
Restricted cash	6	63,369	43,369
Long-term land held for development	8	1,571,023	1,247,305
Investments in joint ventures	11	152,838	27,992
Employee benefits	18	-	1,554
Property, machinery and equipment - Net	12	229,836	242,158
Deferred tax asset	16	58,659	47,907
Commissions for leasing contracts		339	966
Total non-current assets		2,453,146	2,063,343
Total assets		$ 16,908,799	$ 16,348,511
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Current portion of long-term debt	14	$ 599,534	$ 409,568
Current portion of finance lease obligations	17	14,438	3,676
Trade accounts payable		514,872	676,906
Other liabilities and taxes payable, other than income taxes	15	636,424	748,476
Advances from customers		188,239	119,767
Total current liabilities		1,953,507	1,958,393
Long-term debt	14	1,715,621	1,728,808
Finance lease obligations	17	23,184	4,935
Employee benefits	18	7,201	-
Other non-current liabilities		75,682	52,377
Deferred income tax	16	1,896,553	1,871,448
Total non-current liabilities		3,718,241	3,657,568
Total liabilities		5,671,748	5,615,961
Stockholders' equity			
Common stock	20	646,339	646,580
Additional paid-in capital		349,214	348,856
Reserve for acquisition of own stock		52,951	57,111
Retained earnings	20	10,148,221	9,641,576
Controlling interest		11,196,725	10,694,123
Non-controlling interest		40,326	38,427
Total stockholders' equity		11,237,051	10,732,550
Total stockholders' equity and liabilities		$ 16,908,799	$ 16,348,511

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos, except common share and earnings per share amounts)

	Notes	2015	2014
Revenue	22	$ 6,843,782	$ 6,206,146
Costs	22	4,994,725	4,561,329
Gross profit		1,849,057	1,644,817
General expenses:	23		
Selling expenses		670,767	643,178
Administrative expenses		379,601	366,988
Operating expenses		26,933	30,070
Other income– Net		(5,948)	(3,542)
Income from operations		777,704	608,123
Financial Income:			
Interest expense		21,976	28,259
Interest income		(29,897)	(32,787)
Exchange gain – Net		(4,649)	(7,165)
		(12,570)	(11,693)
Equity method in joint ventures	11	49,602	76,012
Income before income taxes		839,876	695,828
Income taxes	16	240,504	205,783
Consolidated income for the year		$ 599,372	$ 490,045
Other comprehensive income			
Items that are reclassified to income in the future			
Recognition of employee benefits obligations – Net of deferred tax effect		(5,382)	-
Consolidaded comprehensive income for the year		$ 593,990	$ 490,045
Total consolidated income for the year attributable to:			
Controlling interest		$ 597,083	$ 488,346
Non-controlling interest		2,289	1,699
		$ 599,372	$ 490,045
Consolidaded comprehensive income for the year attributable to:			
Controlling interest		$ 591,701	$ 488,346
Non-controlling interest		2,289	1,699
		$ 593,990	$ 490,045
Basic earnings per common share		$ 0.46	$ 0.37
Weighted average number of shares outstanding		1,312,513,128	1,312,185,111

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos)

	Common stock	Additional paid-in capital	Reserve for acquisition of own stock	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of January 1, 2014	$ 645,746	$ 347,146	$ 44,822	$ 9,153,230	$ 10,190,944	$ 36,196	$ 10,227,140
Repurchase of own stock	834	1,710	12,289	-	14,833	-	14,833
Increase in non-controlling interest	-	-	-	-	-	532	532
Comprehensive income for the year	-	-	-	488,346	488,346	1,699	490,045
Balances as of December 31, 2014	646,580	348,856	57,111	9,641,576	10,694,123	38,427	10,732,550
Dividends paid (Note 20b)	-	-	-	(85,056)	(85,056)	-	(85,056)
Repurchase of own stock (Note 20c)	(241)	358	(4,160)	-	(4,043)	-	(4,043)
Decrease in non-controlling interest	-	-	-	-	-	(390)	(390)
Comprehensive income for the year	-	-	-	591,701	591,701	2,289	593,990
Balances as of December 31, 2015	$ 646,339	$ 349,214	$ 52,951	$ 10,148,221	$ 11,196,725	$ 40,326	$ 11,237,051

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014
(In thousands of Mexican pesos)

	2015	2014
Operating activities:		
Income before income taxes	$ 839,876	$ 695,828
Adjustments for:		
Depreciation and amortization	76,155	85,437
Interest income	(29,897)	(32,787)
Equity method in joint ventures	(49,602)	(76,012)
Interest expense	152,990	163,717
	989,522	836,183
Movements in working capital:		
(Increase) decrease in:		
Trade accounts receivable – Net	379,971	(103,458)
Due from joint ventures	(8,032)	(1,953)
Investment property	(9,435)	(8,248)
Inventories and long-term land held for development	(524,678)	(170,426)
Other current assets	15,083	24,787
Golf club memberships available for sale	15,149	1,584
Increase (decrease) in:		
Trade accounts payable	(162,034)	318,125
Other liabilities and taxes payable, other than income taxes	(182,079)	(5,673)
Advances from customers	68,472	(3,681)
Income taxes paid	(160,143)	(141,419)
Employee benefits	3,373	588
Other long-term liabilities	19,934	(11)
Net cash flows from operating activities	445,103	746,398
Investing activities:		
Purchase of machinery and equipment	(59,562)	(16,972)
Interest received	29,897	32,787
Investments in joint ventures	(49,827)	-
Dividends received and capital reimbursement from joint ventures	58,130	100,430
Net cash flows from investing activities	(21,362)	116,245
Financing activities:		
Proceeds from debt and lines of credit	2,310,338	804,078
Payment for debt and lines of credit	(2,133,559)	(1,088,925)
Interest paid	(148,971)	(169,203)
Dividends paid	(85,056)	-
Repurchase of own stock – Net	(4,043)	14,833
Amortization of others finance	29,011	9,204
Net cash used in financing activities	(32,280)	(430,013)
Net increase in cash and cash equivalents	391,461	432,630
Cash and cash equivalents at beginning of year	1,075,597	642,967
Cash and cash equivalents at end of year (including restricted cash of $63,369 and $43,369, respectively. See Note 6)	$ 1,467,058	$ 1,075,597

See accompanying notes to consolidated financial statements.

1. Nature of business

Consorcio ARA, S. A. B. de C. V. and subsidiaries (collectively, the "Entity") buy and sell land; design, develop, construct and market affordable entry-level and middle-income residential housing developments; and markets commercial and industrial developments. In addition, the Entity rents mini-supermarkets under the scheme of operating lease in México.

The Entity hires the services of subcontractors in order to construct its housing developments. The terms of such arrangements include the subcontractors' obligations to fulfill, using their own resources or with the assistance of third parties, the construction commitments are performed in accordance with technical requirements that the Entity sets.

The Entity was incorporated for 99 years since 1977 and the principal place of business is Arcos Bosques Marco II, Paseo de Tamarindos No. 90, Tower I, 25th Floor, Bosques de las Lomas, CP 05120, Mexico City.

2. Basis of presentation

Explanations for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico.

a. ***Application of new and revised International Financing Reporting Standards ("IFRSs" or "IAS") and interpretations that are mandatorily effective for the current year***

In the current year, the Entity has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments require the Entity to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.
- Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Entity recognizes the reduction in the service cost in the period in which the related services are rendered.

The application of these amendments has had no material impact on the disclosures or the amounts recognized in the Entity's consolidated financial statements.

Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle

The Entity has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010-2012 Cycle and 2011 – 2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The Entity has aggregated several operating segments into a single operating segment and made the required disclosures in Note 22 in accordance with the amendments. The application of the other amendments has had no impact on the disclosures or amounts recognized in the Entity's consolidated financial statements.

b. *New and revised IFRSs in issue but not yet effective*

The Entity has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IAS 1	Disclosure Initiative1
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

IFRS 9, *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

The Entity's management has not concluded its analysis of the impact in the Group´s consolidated financial and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Entity undertakes a detailed review.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The Entity's management anticipates that the application of IFRS 15 in the future has had not a material impact on the amounts reported and disclosures made in the Entity's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Entity performs a detailed review.

IFRS 16, *Leases*

IFRS 16 "Leases" was issued in January 2016 and supersedes IAS 17 "Leases" and related interpretations. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The Entity is in the process of determining the potential impacts that will derive from the adoption of this standard in its consolidated financial statements, although by the nature of its operations it would expect significant impacts.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.
The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Entity do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Entity's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Entity uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively. The Entity's management believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Entity's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Entity anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The Entity does not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Entity's consolidated financial statements as the Entity is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa).

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The Entity does not anticipate that the application of these amendments will have a material effect on the Entity's consolidated financial statements.

3. Significant accounting polices

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

b. *Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is defined 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 valuation date regardless of whether that price is observable or estimated using another technique directly valuation. In estimating the fair value of an asset or liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics when pricing the asset or liability at the measurement date. The fair value for purposes of measurement and / or disclosure of these consolidated financial statements are determined such, except for leases that are within the scope of IAS 17, and valuations that have some similarities to fair value, but it is not reasonable, such as net realizable value in IAS 2 or value in use of the IAS 36 value.

In addition, for financial reporting purposes, the fair value measurements are classified as Level 1, 2 or 3 based on the degree to which are observable input data measurements and their importance in determining the fair value in full, which are described as follows:

- Level 1 are considered quoted prices in an active market for identical assets or liabilities that the entity can obtain the date of valuation;
- Level 2 Data input different observable quoted prices Level 1, either directly or indirectly,
- Level 3 consider unobservable input.

c. *Presentation of the income statement and other comprehensive income*

The Entity presents its costs and expenses according to their function, allowing know its gross profit. Additionally, in order to provide a better understanting of the Entity's economic and financial performance, the Entity presents income from operations which is the result of subtracting cost and general and administrative expenses from revenues.

d. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Entity and its subsidiaries controlled by it. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity´s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and other comprehensive income from the date of acquisition or until the date of disposal, as appropriate.

Net income and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity´s accounting policies.

All balances and transactions between entities of the entity have been eliminated in consolidation.

<u>Changes in the Entity's ownership interests in existing subsidiaries</u>

Changes in investments in subsidiaries of the Entity that do not result in a loss of control are recorded as equity transactions. The carrying value of investments and non-controlling interest in the entity is adjusted to reflect changes in the investments in subsidiaries. Any difference between the amount by which the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and the owners of the Entity attributes are set.

When the Entity loses control of a subsidiary, gain or loss on disposal is calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest and (ii) the value previous carrying amounts of assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognized in other items of comprehensive income related to the subsidiary are recorded in the same manner intended for the case that the availability of the relevant assets or liabilities (ie reclassified to profit or transferred directly to other games stockholders' equity as specified / allowed by applicable IFRS). The fair value of any investment retained in the subsidiary at the date when control is lost is regarded as the fair value for initial recognition under IAS 39 or, where appropriate, the cost on initial recognition of an investment in an associate or joint venture.

e. *Financial instruments*

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

f. *Financial assets*

Financial assets are initially recognizad at fair value, plus their transaction costs; except for those finantial assets clasified as financial assets' at fair value through profit or loss, which are recognized at fair value. After initial recognition the valuation depends on the category where those are classified.

1. <u>Financial assets at FVTPL</u>

   Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2. <u>Held-to-maturity investments</u>

   Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to maturity investments are measured at amortized cost using the effective interest method less any impairment.

3. <u>Loans and receivables</u>

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, bank balances and cash, and others are measured at amortized cost using the effective interest method, less any impairment.

4. <u>Effective interest method</u>

   The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (or, where appropriate, a shorter period), to the net carrying amount on initial recognition.

5. <u>Offsetting of financial assets and liabilities</u>

   A financial asset is only presented based on its net amount in the statement of changes in financial position when the Entity has: i) a legal right to offset the recognized amounts, and ii) the intention to settle these amounts on a net basis or simultaneously realize the asset and cancel the liability.

g. *Real estate inventories and long-term land held for development*

Inventories are maintained at the lower of cost or net realizable value for which the Entity reviews the carry amount of inventories and land held for long-term development in order to verify that the value of such inventories, the cost does not exceed or market value.

i. The construction materials are valued at acquisition cost, which includes all costs inherent to real estate inventories. Work in process is valued to acquisition cost plus borrowing cost. The balances of work in process and land in process of development, represent the real cost incurred, and represent the cost incurred on housing projects for which the Entity has not transferred ownership to customers.

ii. Land held for future development and real estate developments in process are valued at acquisition cost plus borrowing cost.

h. *Golf club memberships available for sale*

Are initially recorded at the lower of acquisition cost or net realizable value.

i. *Property, machinery and equipment*

Property, machinery and equipment held for use in the operation of the Entity or for administrative purposes, are presented in the statement of financial position at acquisition cost. Balances arising from acquisitions made through December 31, 2007 were restated using National Consumer Price Index (NCPI) factors to date, in accordance with deemed cost exemptions allowed in the transition to IFRS. Depreciation is calculated under the straight-line method based on the remaining useful life of the asset components as follows:

	Average years
Buildings	34
Leasehold improvements	1
Machinery and equipment	3
Vehicles	2
Office furniture and fixtures	2

The estimated useful lives, the possible residual value and depreciation method of assets in this category are reviewed at the end of each year, and the effect of any changes in the estimate recorded is recognized on a prospective basis.

An item of property, machinery and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. *Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Entity of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. During 2014 and prior periods the Entity had no made reversals.

k. *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost model. After recognition as an asset an item of investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight–line method based on the useful lives of their components are allocated in ranging from 55 to 45 years of the investment properties.

Land is not depreciated.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

l. *Investments in joint ventures*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the joint venture. When the Entity's share of losses of a joint venture exceeds the Entity's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate or joint venture), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

m. *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

— <u>The Entity as lessor</u>
  Revenues and costs for leasing and the bussines unit for mini shopping Unicentros are recognized as earned.

— <u>The Entity as lessee</u>
  The assets held under finance leases are initially recognized as assets of the Entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

  Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Entity's general policy on borrowing costs (see Note 3n). Contingent rentals are recognized as expenses in the periods in which they are incurred.

  Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

n. *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. *Employee benefits*

Retienement benefits cost from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Entity presents the first two components of defined benefit costs in consolidated statement of profit or loss in the line item administrative expenses. Gains and losses for reduction of service are accounted for as past service costs

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdr w the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Statutory employee profit sharing ("PTU")

As result of the PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses and cost of sales line item in the consolidated statement of profit or loss and other comprehensive income/consolidated statement of income.

As result of the 2014 Income Tax Law, as of December 31, 2015 and 2014, PTU is determined based on taxable income, according to Section I of Article 10 of the that Law.

p. *Income taxes*

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

   Current income tax ("ISR") is recognized in the results of the year in which is incurred.

2. Current tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

   The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Tax on assets

The tax on assets ("IMPAC" for its acronym in Spanish) expected to be recoverable is recorded as a tax credit and is presented in the balance sheet in the deferred taxes line item.

q. *Provisions*

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

r. *Financial liabilities*

1. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

2. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the. Fair value is determined in the manner described in Note 19 (g).

3. Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4. Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

s. *Revenue recognition*

— Revenues as promoter

Revenues are recognized when the Entity transfers to its customers the significant risks and benefits inherent to the ownership of the real state and other conditions are fulfilled, which normally takes place when the transaction is legalized. Furthermore, current liabilities show the balance of customer advances represented by the resources received in cash from customers, before the legalization of the real properties, for the downpayment, expenses and payments received during the pre-sale stage.

— Other revenues include:

Leasing revenues

Revenues from leasing are classified as operating when they do not transfer risks and benefits inherent to the ownership. The rental income under scheme of operating lease is recognized by the straight-line method during the lease term. The initial direct costs incurred when negotiating and agreeing an operating lease are added to the carryng amount of the asset leased, and are recognized by the straight-line method over the lease term.

Services revenues

Lease agreements include maintenance, advertising services which the Entity must provide to the lessees, for which reason the revenue is recognized as it is accrued and the costs as they are incurred, respectively.

Project revenues

The revenues from the sale of projects are recognized when the customer takes ownership and assumes the risk, which takes place when they are delivered.

t. *Earnings per share*

Basic earnings per common share are calculated by dividing majority net income by the weighted average number of shares outstanding during the year.

u. *Foreign currency transactions*

The individual financial statements of each of the Entity's subsidiaries are prepared by using the currency of the primary economic environment in which the Entity operates (its functional currency). For the purposes of these consolidated financial statements, the results and financial position of each entity are expressed in Mexican pesos, which is the Entity's functional currency, as well as the presentation currency of the consolidated financial statements.

Transactions performed in foreign currency are recorded at the exchange rate in effect at the date on which each transaction is performed. Monetary assets and liabilities denominated in foreign currency are valued in Mexican pesos based on the exchange rate in effect at the date of the financial statements. Exchange rate fluctuations that are unrelated to the financing obtained to acquire land are recorded in results.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities from consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of uncertainty considered when applying the estimates prepared at the date of the consolidated financial statements, and which imply a significant risk involving the adjustment of the book values of assets and liabilities during the following financial period, are as follows:

a. *Valuation of inventories and land* – The Entity keeps its inventories and land at cost in accordance with the acquisition value, less any impairment loss. However, the Entity determines the fairness of the value by ascertaining that it does not exceed cost or market value, through a comparison of the estimate of the realizable revenues from housing, land and commercial premises against the carrying amount of the inventories.

b. *Accounts receivable estimates* – The Entity determines its accounts receivable reserve according to the established policy. For this estimate the Entity primarily considers the risk derived from the customer's financial position, unsecured accounts and significant collection delays as regards established credit conditions (see Note 7 further details).

c. *Investment properties* - The Entity has opted to utilize the cost model, which requires measuring the investment property after the initial measurement at its depreciated cost (less any accumulated impairment loss); however, the Entity values its investment properties with the assistance of independent appraisers. The valuation technique is based on observable data obtained by performing a market study to determine the fair value of investment properties.

d. *Asset usefull lives* - Management reviews the estimated useful lives of property, machinery and equipment at the end of each annual period.

e. *Fair value measurements and valuation methodology* - In estimating the fair value of an asset or a liability, the Company uses observable market data to the extent that they are available. When the input data of level 1are not avalible, the Entity carries out the valuation with the assistance of independent apparisers.

f. *Costs* - Management determines an estimate of the costs incurred for each housing development plan. A portion of the total estimated costs to be incurred is then allocated to each unit to determine the cost of sales. The estimate is based on a technical analysis.

g. *Employee Benefits* - The valuation of other postretirement benefits to employees is based on actuarial calculations using assumptions for discount rates, salary increases, among others. The assumptions are updated annually. Changes in these assumptions could have a significant effect on the amount of the liabilities and results of the Entity.

h. *Contingencies* - As the Entity is involved in certain legal proceedings, it evaluates the probability of receiving a payment obligation, for which purpose, it analyzes its legal situation at the estimate date and requests the opinion of its financial advisors. These evaluations are periodically reconsidered.

5. Non-cash transactions

During the current year, the Entity entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

Acquisition of machinery, furniture and equipment under capital leases for $35,660 in 2015 and $7,971 in 2014.

6. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows may be reconciled to the related items in the consolidated statement of financial position as follows:

		2015		2014
Cash and cash equivalents	$	67,724	$	83,186
Readily available investments		1,335,965		949,042
Total current	$	1,403,689	$	1,032,228
Restricted cash (1)	$	63,369	$	43,369
Total cash and cash equivalents	$	1,467,058	$	1,075,597

(1) The Entity, through some subsidiaries; signed a trust contract with Nacional Financiera, S. N. C., for the purpose of promoting the development of micro, small and medium-size companies through a system that grants financial support to the Entity's suppliers. For these purposes, a reserve for payment was created, which may only be used to fund obligations payable by the fund.

7. Trade accounts receivable

	2015	2014
As developer:		
Billed revenues	$ 480,830	$ 861,218
Other project	16,465	10,751
Receivables from lessees	4,805	7,215
	502,100	879,184
Allowance for doubtful accounts	(38,330)	(35,443)
	$ 463,770	$ 843,741

Customers by deed according to intitution granting mortage credit are as follow:

	2015	2014
INFONAVIT (Including cofinancing)	$ 68,839	$ 224,358
SHF, FOVISSSTE and commercial banks	221,455	391,985
ARA	190,536	244,875
	$ 480,830	$ 861,218

a. *Accounts receivable*

Accounts receivable are stated at amortized cost. The average credit period on sales of goods is 24 days. There is no interest charge on the receivables from institutions (customers).

The Entity uses rigorous processes to integrate the information to be sent to institutions. Additionally, is complemented with the acceptance process of customers of the entities to grant mortgage loans. Strict adherence to the processes of each institution is the only medium existing that permit to the Entity to sell, notarize and collect products through them.

The Entity determines an allowance for doubtful accounts on deposits balances and expenses (the difference between the value of the housing and the credit granted by the financial institutions granted) and ARA financing which is overdue. The Entity handles several payment negotiation and/or restructuring schemes, and allows the recovery of this portfolio through internal and external procedures using an out-of-court collection agency. The accounting policy is Entity reserves 75% of the overdue balances per customer.

For the ARA financing operations in residential developments, there is a conditional sale of such properties due to there is a physical guarantee, the percentages are reduced to 50% of the overdue balances per customer; the amount to be reserved is calculated by multiplying the overdue amount per customer (linked to conditional sale) by 50%.

Change in allowance for doubtful accounts

	2015		2014	
Balance at beginning of year	$	35,443	$	21,502
Increase		8,592		24,625
Cancelation and applicationns		(5,705)		(10,684)
Balance at end of year	$	38,330	$	35,443

8. Real estate inventories and land for development

	2015		2014	
Work in process (1)	$	8,322,414	$	7,821,144
Land in process of development		1,698,743		1,987,996
Land held for development short-term		1,481,663		1,512,448
Construction materials		362,815		343,086
Borrowing cost		-		1
		11,865,635		11,664,675
Land for long-term development		1,571,023		1,247,305
	$	13,436,658	$	12,911,980

(1) As of December 31, 2015 and 2014, the balance of work in process inventory includes 1,186 and 975 completed housing units, respectively.

a. The Entity's policy is to locate and acquire land each year for new developments, classifying land currently being developed or land planned to be developed within the Entity's operational cycle as current assets, and as long-term all remaining land for which the Entity has no current plans to develop.

b. The Entity to September 30, 2013 obtained a syndicated loan with a mortgage guarantee over long term land reserve with a carrying amount of $1,809,400, such credit was paid on September, 30, 2015, and another one was hired by $1,850,000. The Entity is not authorized to grant these inventories in guarantee of other loans or sell them to another entity (See Note 14 further details).

c. Borrowing cost is based on the average annual balance of work in process and land in process that are qualifying assets pending completion. In 2015 and 2014, the annualized average base was $1,952,871 and $2,315,184, respectively.

Also, at December 31, 2015 and 2014, capitalising borrowing cost included in inventories was $131,014 and $135,459, respectively, and borrowing cost of $131,014 and $213,093, respectively, was transferred to cost in connection whit the sale of such inventory. The annualized average capitalization rate in 2015 and 2014 was 5.57% y 5.85% respectively.

At the close of the year 2016, the inventory which is expected to be realized within the next 12 months, is $5,400,000.

9. Investment properties

	2015	2014
Buildings held for lease	$ 287,219	$ 300,713
Accumulated depreciation	(50,250)	(43,863)
	236,969	256,850
Land	139,904	186,102
Construction in progress	209	9,140
	$ 377,082	$ 452,092

All of the Group´s investment properties is held under freehold interests.

	2015	2014
Fair value of investment properties	$ 653,027	$ 749,636

The fair value of the Group's investment property as of December 31, 2015 and 2014 has been achieved on the basis of a valuation carried out on the respective dates by independent appraisers not related to the Group, which are members of the Institute of Appraisers of Mexico, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties, which corresponds to fair value Level 2. There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

In July 2015, Paseo Ventura, an investment property of Operadora de Unicentros y Locales Comerciales (OULC), an indirect subsidiary of the Entity, was contributed as part of the joint business between OULC and Artha Controladora III, S. A. P. I. de C. V. (see Note 11), with a fair value of $90,431.

10. Other current assets

	2015	2014
Advances to suppliers	$ 185,541	$ 186,847
Security deposits	140,481	128,425
Recoverable taxes, mainly ISR income tax	150,360	164,400
Other accounts receivable	24,471	38,800
Advance payments	14,782	12,011
	515,635	530,483

11. Investments in joint ventures

a. The Entity's investments accounted for by the equity method are summarized as follows:

Name of joint ventures	% ownership	Equity method in net assets				Equity method			
		2015		2014		2015		2014	
Centro San Miguel, S. de R. L. (i) (ii) (CSM)	50.00	$	20,800	$	8,320	$	10,833	$	10,493
Centro Regional las Américas, S. de R. L. (i) (ii) (CRAS)	50.00		-		-		13,304		39,835
Centro San Francisco, S. de R. L. (CSF) (i) (ii)	50.00		-		13,144		-		15,292
Centro Cuautitlán, S. de R.L. (CCU) (i)	50.00		-		6,528		-		520
Servicios Inmobiliarios Administrativo Américas, S. de R. L. (vii) (SIA)	50.00		6		-		1,466		-
Irrevocable management trust contract No. CIB/2224 Ventura (vi)	50.00		132,032		-		229		-
Investments in joint ventures-Asset			152,838		27,992		25,832		66,140
Centro Regional las Américas, S. de R. L. (i) (ii) (CRAS)	50.00		(39,446)		(33,764)		-		-
Centro San Francisco, S. de R. L. (i) (ii) (v) (CSF)	50.00		(374)		-		23,829		-
Exhibidora Cinematográfica San Francisco, S. de R. L. (iii) (ECSF)	50.00		-		(2,744)		-		10,085
Fideicomiso – 738 (iv)	50.00		(4,006)		(3,947)		(59)		(213)
Investments in joint ventures-Liabilities			(43,826)		(40,455)		23,770		9,872
Investments in joint ventures		$	109,012	$	(12,463)	$	49,602	$	76,012

The Entity has contractual agreements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(i) The main purpose of this investment is the construction, rental, and administration of all projects including shopping malls.

(ii) As of December 31, 2015 and 2014, land sales, capitalized interest and administrative services of $68,375 and $67,028 respectively, were eliminated.

(iii) The main object this investment is the purchase, sale, and operation of movie theatres.

(iv) On January 29, 2010, Plaza Cañada Huehuetoca, S. de R. L., a subsidiary of PDCC, executed an irrevocable management trust contract with MRP Huehuetoca, S. de R. L., with a participation of 50% equity. The purpose of trust is to plan, design, build, and operate a mall, which was inaugurated in December, 2010. In December 2013, Cañada Huehuetoca Plaza mall was sold, in which we had 50% stake.

(v) On July 3, 2015 it was agreed to merge Centro Cuautitlán, S. de R. L. and Exhibidora Cinematográfica San Francisco S. de R L., as absorbed companies, into Centro San Francisco S. de R. L., as original Entity, in order to obtain better administrative and operational advantages which would simplify the corporate structure of the group to which they belong. When the merger went into effect, the original Entity acquired all the responsibilities, rights and obligations contracted by each of the absorbed Entities.

On December 14, 2015, the sale of the shopping mall which it owned was completed. Actually, management is determining the future plans such joint venture.

(vi) In July 2015 OULC, a subsidiary of Promotora y Desarrolladora de Centros Comerciales, S.A. de C.V. (PDCC), entered into a trust contract with Artha Controladora III, S. A. P. I. de C. V. through CI Banco, S. A., with an initial participation of 99.99% from OULC by contributing the real property known as "Las Américas". The purpose of trust is to construct a mall in such property (see Note 24 g). As of December 31, 2015, the participation of OULC and Artha Controladora is 50% each, given the contribution of Artha Controladora, equivalent to the value of the real property.

(vii) On August 20, 2015 the Entity Servicios Inmobiliarios Administrativos Américas, S. de R. L. de C. V. (SIAA) was established, with a 50% participation from PDCC and the other 50% from ONAPP México Retail LLC. The corporate purpose of SIAA is to provide administrative services to its related party Centro Regional las Américas, S. de R. L.

b. The most significant financial information relating to joint venture (CRAS) of the Entity is summarized below:

	2015	2014
Cash and cash equivalents	$ 136,894	$ 41,636
Current assets (includes Cash and cash equivalents)	$ 168,801	$ 83,958
Non-current assets	$ 650,132	$ 654,008
Current liabilities (excludes trade account payable and other provisions)	$ 57,407	$ 737,561
Current liabilities	$ 71,030	$ 753,338
Non-current liabilities	$ 734,190	$ 37,577
Revenue	$ 274,551	$ 272,065
Income (loss) before income taxes	$ 163,132	$ (29,797)
Net income (loss) for the year	$ 112,662	$ (51,259)
Equity method in the most significant joint venture	$ 13,304	$ 39,835

12. Property, machinery and equipment

Reconciliation of beginning and ending carrying amount in 2015 and 2014 is as follows:

	Balance as of January 1, 2014	Additions	Disposals	Balance as of December 31, 2014	Additions	Disposals	Balance as of December 31, 2015
Investment:							
Buildings	$ 36,524	$ -	$ -	$ 36,524	$ -	$ -	$ 36,524
Leasehold improvements	63,362	-	-	63,362	657	-	64,019
Commercial facilities and mini-supermarkets for rent	2,686	-	-	2,686	-	-	2,686
Machinery and equipment	997,351	5,868	34,256	968,963	44,118	1,392	1,011,689
Vehicles	114,919	4,361	6,052	113,228	10,395	8,277	115,346
Office furniture and fixtures Investment:	84,396	2,524	92	86,828	5,205	71	91,962
Land	23,256	-	-	23,256	-	-	23,256
Improvements and adaptations in progress	9,944	189	2,178	7,955	770	862	7,863
Total investments	1,332,438	12,942	42,578	1,302,802	61,145	10,602	1,353,345
Depreciation:							
Buildings	(7,361)	(970)	-	(8,331)	(944)	-	(9,275)
Leasehold improvements	(43,530)	(8,946)	-	(52,476)	(8,960)	-	(61,436)
Commercial facilities and mini-supermarkets for rent	-	-	-	-	-	-	-
Machinery and equipment	(855,936)	(53,664)	(33,694)	(875,906)	(47,649)	(1,234)	(922,321)
Vehicles	(65,672)	(9,299)	(6,176)	(68,795)	(7,927)	(7,558)	(69,164)
Office furniture and fixtures	(48,670)	(6,538)	(72)	(55,136)	(6,230)	(53)	(61,313)
Total accumulated depreciation	(1,021,169)	(79,417)	(39,942)	(1,060,644)	(71,710)	(8,845)	(1,123,509)
Net investment	$ 311,269	$ (66,475)	$ 2,636	$ 242,158	$ (10,565)	$ 1,757	$ 229,836

	2015	2014
Machinery and equipment acquired under finance lease-net of accumulated depreciation of $631,395 and $604,809 at December 31, 2015 and 2014, respectively.	$ 38,034	$ 20,521

13. Investments in subsidiaries

The consolidated financial statements include the financial statements of Consorcio ARA, S. A. B. de C. V. (ARA) and all its subsidiaries over which it maintains control. ARA's ownership interest in its subsidiaries at December 31, 2015 and 2014, is shown below:

Subsidiary or Subsidiary Group	Percentage of equity stake and Voting Power	Principal activity
Consorcio de Ingeniería Integral, S.A. de C.V. (CIISA)	99.6%	Home construction
Proyectos Urbanos Ecológicos, S.A. de C.V. (PUESA)	99.9%	Purchase and sale of land
Constructora y Urbanizadora ARA, S.A. de C.V. (CUARA)	99.9%	Home construction
Inmobiliaria ACRE, S.A. de C.V. (ACRE)	99.1%	Currently without operations
Asesoría Técnica y Administrativa GAVI, S.A. de C.V. (GAVI)	99.9%	Services supplier
Comercialización y Ventas, S.A. (COVENSA)	98.0%	Services supplier
Promotora y Desarrolladora de Centros Comerciales, S.A. de C.V. (PDCC) (i)	99.9%	Development and leasing of shopping malls and commercial premises
Desarrollos Inmobiliarios Turísticos ARA, S.A. de C.V. (DITA)	100.0%	Currently without operations
Consorcio ARA, LLC (ii)	100.0%	Currently without operations
Inmobiliaria el Globo, S.A. de C.V.	99.4%	Home construction

(i) As part of the Entity's overall development plan, the Entity created PDCC, which holds five 99.9% owned subsidiaries, Operadora de Unicentros y Locales Comerciales, S. A. de C. V., Servicios Administrativos ARADCD, S. A. de C. V., Operadora de Espacios Las Américas, S. de R. L., Plaza Cañada Huehuetoca, S. de R. L. and Centro Veracruzano Río Medio, S. de R. L. These entities rent commercial facilities and mini-supermarkets.

(ii) The Entity established Consorcio ARA, LLC in the United States, with representative offices in New York and Chicago. The main objective is the marketing of its housing in Mexico to Mexican citizens residing in the United States. During 2010, the Entity decided to close such representative offices.

Intercompany balances and transactions have been eliminated in these consolidated financial statements.

Investments in joint venture are valued as described in note 3(1).

14. Long-term debt

	2015	2014
(1) Syndicated loan with mortgage security, contracted on September 30, 2015, with BBVA Bancomer, S. A. acting as administrative and collateral agent and Banco Santander, .S. A., Banco Ve Por Más, S. A. and Scotiabank Inverlat, S. A. as lenders for the amount of $1,850,000, which is based on the leverage ratio of debt to EBITDA; if such ratio is equal to or greater than three times the rate it will be the 28 day Interbank Interest Rate (TIIE) +20 basis points, and if it is lower than three times it will be the TIIE rate +190 basis points; also, if it is less than two times, it will be the TIIE rate +140 basis points, maturing September 30, 2020 (effective interest rate of 5.22% as of December 31, 2015).	$ 1,776,000	$ -

	2015	2014
Bridge loan with Sociedad Hipotecaria Federal (SHF), contracted July 2, 2015 through CIBanco for the amount of $136,294, earning monthly interest at the 28 days TIIE rate +2.85 base percentage points; principal will be payable at maturity and monthly interest on unpaid balances with maturity on July 2, 2018 (effective interest rate of 6.17% as of' December 31, 2015)	92,579	-
Money loan with mortgage security of joint ownership and collection rights with BBVA Bancomer, contracted November 26, 2015 up to the amount of $80,560, earning monthly interest at the 28 days TIIE rate +2.75 percentage points; principal and interest will be payable monthly with maturity on May 23, 2017 (effective interest rate of 6.05% as of December 31, 2015).	80,560	-
Bridge loan with Sociedad Hipotecaria Federal (SHF) through CIBanco contracted June 24, 2014, in the amount of $198,329 which accrues monthly interest at the 28 days TIIE plus 2.85 percentage points base; the principal will be repaid at maturity and monthly interest on outstanding balances due on June 24, 2017 (effective interest rate of 6.17 % at December 31, 2015 and 2014, respectively).	75,450	135,554
Unsecured money loan with Actinver, S. A. de C. V., contracted June 30, 2015, for $100,000, earning monthly interest at the 28 days TIIE rate +3 percentage points; principal will be payable at maturity and interest each month on unpaid balances, with maturity June 30, 2017 (effective interest rate of 6.33% as of December 31, 2015).	75,000	-
Simple loan guarantee rights of ownership and payment with Scotiabank Inverlat , S. A., contracted March 16, 2012 , for $80.750, which accrues monthly interest at the 28 days TIIE plus 3.25 percentage points, the principal and interest will be payable monthly , maturing on December 16, 2016 (effective interest rate of 6.80% , and 6.57 % at December 31, 2015 and 2014 , respectively).	62,966	68,734
SHF bridge loan through CIBanco, contracted December 24, 2014, for $ 81.472 which accrues monthly interest at the TIIE 28 days plus 2.85 percentage points base; the principal will be repaid at maturity and monthly interest on outstanding balances due on December 24, 2017 (effective interest rate of 6.17 % at December 31, 2015 and 2014, respectively).	47,010	24,442
Bridge loan with SHF through CIBanco, contracted December 17, 2015, for $93,949, earning monthly interest at the 28 days TIIE rate +2.85 base percentage points; principal will be payable at maturity, which is December 17, 2017 (effective interest rate of 6.17% as of December 31, 2015 and 2014, respectively).	45,121	-
Money loan with mortgage security of joint ownership and collection rights with BBVA Bancomer, contracted July 24, 2015, up to the amount of $38,669, earning monthly interest at the 28 days TIIE rate +2.75 percentage points; principal and interest will be payable monthly, with maturity on July 23, 2017 (effective interest rate of 6.05% as of December 31, 2015).	38,669	-
SHF bridge loan through CIBanco, contracted June 23, 2014, for $82,926, which accrues monthly interest at the 28 days TIIE plus 2.85 percentage points base; the principal will be repaid at maturity and monthly interest on outstanding balances due on June 24, 2017 (effective interest rate of 6.17 % at December 31, 2015 and 2014, respectively).	12,246	58,394

	2015	2014
SHF bridge loan through CIBanco, contracted September 29, 2014, for $140,936 which accrues monthly interest at the 28 days TIIE plus 2.85 percentage points base; the principal will be repaid at maturity and monthly interest on outstanding balances due on September 29, 2017 (effective interest rate of 6.17 % at December 31, 2015 and 2014, respectively).	9,554	88,878
(1) Syndicated Loan mortgage-backed securities , acting as administrative agent and collateral BBVA Bancomer , SA for $2,328 million , which is a function of the ratio of debt to EBITDA leverage ; if the ratio is less than 2.75 times the rate will be, the interbank interest rate 28 days TIIE base plus 250 points , and if it is greater than 2.75 times , will be TIIE plus 300 basis points, the Tranche A Notes due in September 2018 and Tranche B maturing in September 2016 , prepay on September 30, 2015 (effective interest rate 5.82% to 6.53% as of December 31, 2014).	-	1,720,400
Fixed single unsecured loan with Banco Regional de Monterrey, SA for $200,000, which will accrue monthly interest at a rate of 7.26 % which was fixed by the swap agreement, the principal and interest were payable monthly, maturing on September 28, paid to date (effective interest rate of 5.57 % at December 31, 2014).	-	37,500
Simple home equity loan with BBVA Bancomer, S.A. by $10,920, which accrues monthly interest at the 28 days TIIE plus 3 percentage points base; the principal will be repaid at maturity and monthly interest on outstanding balances due on December 4, 2015. Prepay on September 30, 2015 (effective interest rate of 6.32 % at December 31, 2014).	-	4,474
	2,315,155	2,138,376
Less – Current Portion	(599,534)	(409,568)
Long – Term debt	$ 1,715,621	$ 1,728,808

As of December 31, 2015, long-term debt matures as follows:

2017	$ 587,121
2018	374,625
2019	407,000
2020	346,875
	$ 1,715,621

(i) On September 30, 2015 the Entity entered into a syndicated loan with BBVA Bancomer, S. A. acting as administrative agent and collateralized by a mortgage guaranteein the amount of $1,850 million which is based on the leverage ratio of debt to EBITDA. If such ratio is between two or three times, the interest rate is 28 days TIIE plus 242 basis points. At September 30, 2015, debt ratio plus cost to EBITDA is 2.41. The proceeds of the loan were used to prepay debt on September. The term of this loan resulted in extends over longer a period than the debt it replaces.

The loan agreements contain restrictive covenants, which require that the Entity maintain certain minimum financial ratios and fulfill the contractual obligations during the period of the agreement. The Entity is in compliance with such covenants as of December 31, 2015 and 2014.

During 2015 and 2014, the Entity drew $2,485,620 and $804,078, from available lines of credit and repaid $2,412,037 and $1,088,925 of these credits, respectively.

Additionally, as of December 31, 2105 the Entity maintains available credit lines with financial institutions of $1,004,500.

The Entity recognized the long term debt at its amortized cost which consists in debt with interest at fixed or variable rates that are related to market indicators, the fair value is similar to its amortized cost due to the market value are similar to those recorded.

15. Other liabilities and taxes payable, other than income taxes

	2015	2014
Taxes, other than ISR	$ 186,610	$ 175,732
Accrued expenses	178,958	186,937
Accrued interest	408	4,427
Deposits from suppliers	263,399	370,973
Direct employee benefits	7,049	10,407
	$ 636,424	$ 748,476

16. Income taxes

The Entity is subject to ISR. The rate was 30% in 2015 and 2014, and ithe ratet will continue at 30% in 2016 and thereafter.

As of 2008, the Asset Tax Law (LIMPAC) was eliminated, but under certain the amount of this tax paid in the 10 years immediately prior to that in which ISR is first paid may be recovered in accordance with applicable tax provisions.

For ISR purposes, effective in 2005, cost of sales is deducted instead of inventory purchases. Taxpayers had the option, in 2005, to ratably increase taxable income over a period from 11 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. The net balance of this deferred income for tax purposes as of December 31, 2015 and 2014 was $324,443 and $624,126, respectively. PTU paid is fully deductible.

a. ISR is as following:

	2015	2014
ISR:		
Current	$ 226,151	$ 202,424
Deferred	14,353	3,359
	$ 240,504	$ 205,783

b. The effective ISR rate for fiscal 2015 and 2014 differs from the statutory rate, mainly due to permanent differences, such as nondeductible expenses and the effects of inflation as follows:

	2015	2014
Statutory rate	30.0%	30.0%
Effect of permanent differences:		
Effect of inflation	1.2%	2.6%
Non-deductible expenses	1.2%	1.9%
Land 3% accumulation	4.6%	5.6%
Others	(8.4)%	(10.5)%
Effective tax rate	28.6 %	29.6%

c. The main items comprising the balance of deferred income tax are as follows:

	2015	2014
Temporary differences:		
Inventories and long-term land for development	$ (1,880,265)	$ (1,858,350)
Property, machinery and equipment	(36,403)	(26,835)
Others – Net	(183)	(543)
Gross deferred income tax liabilities	(1,916,851)	(1,885,728)
Temporary differences:		
Effect of tax loss carryforwards (1)	29,809	27,124
Investment properties	28,414	17,419
Advances from customers	5,754	8,725
Allowance for doubtful accounts	9,252	8,919
Others – Net	5,728	-
Gross deferred income tax assets	78,957	62,187
Deferred tax assets	$ 58,659	$ 47,907
Deferred tax liabilities	$ (1,896,553)	$ (1,871,448)

(1) Tax loss carryforwards are presented as deducted from the respective estimate for valuation, whose benefit was not recorded due to the uncertainty of recovery.

d. Tax loss carryforwards and recoverable IMPAC for which the deferred ISR asset and prepayments of ISR, respectively, have been partially recognized, due to it is probable their recuperation subject to certain conditions. Restated amounts as of December 31, 2015 and expiration dates are:

Year of Expiration	Tax loss carryforwards	Recoverable IMPAC
2016	$ 34,490	$ 4,550
2017	15,162	3,192
2018	18,476	-
2019	47,389	-
2020	24,504	-
2021	34,253	-
2022	48,683	-
2023	59,042	-
2024	27,355	-
2025	28,475	-
	$ 337,829	$ 7,742

17. Finance lease obligations

a. Obligations for finance leases are contracted at the 28 day TIIE rate plus 250 and plus 215 percentage points for leases through BBVA Bancomer and Santander, respectively. As of December 31, 2015 the weighted average interest rate was 5.81%.

At December 31, 2015, fair values do not differ from carrying amounts, because of observed market values are very similar to those recorded by the Entity.

b. At December 31, 2015 and 2014, minimum rental commitments under finance leases are comprised as following:

	2015	2014
Total minimum lease obligations (1)	$ 37,622	$ 8,611
Current portion of obligations	(14,438)	(3,676)
Long-term portion of capital lease obligations	$ 23,184	$ 4,935

(1) The finance lease is used for the acquisition of machinery and equipment; as of December 31, 2015 and 2014, the lease agreements net of depreciation come to $631,395 and $604,809 (see Note 12).

Finance lease obligations, which have a purchase option at the end of the lease term matures as follows:

Year ending December 31	
2017	$ 17,294
2018	5,890
	$ 23,184

18. Employee benefits

The Entity operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Entity in funds under the control of trustees.

The Entity manages a plan that also covers seniority premium, which consists of a one-time payment of 12 days for each year work based on the last wage, no exceeding twice the minimum wage established by law. The related liability and the annual cost of benefits are calculated by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

The Entity manages defined benefits plans for eligible employees. Under these plans, the employees are entitled to retirement benefits of the average net wage of the last 12 months, after completing the retirement age of 65 years, with at least 10 years of service in the company. No other postretirement benefits are granted.

Net period cost (income) for obligations resulting from the pension plan and seniority premiums was $4,895 and $1,286 in 2015 and 2014, respectively. The balances are $7,201 and ($1,554) in 2015 and 2014, respectively. Other disclosures required under accounting provisions are not considered material.

19. Risk management

a. *Significant accounting policies*

Details of the significant accounting policies and methods adopted (including the criteria for recognition, valuation basis and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

b. *Categories of financial instruments and risk management policies*

The main categories of financial instruments are:

		2015	2014
Cash and cash equivalents	(i)	$ 1,403,689	$ 1,032,228
Restricted cash	(i)	63,369	43,369
Accounts Receivable			
Customer – Net	(i)	463,770	843,741
Due from joint ventures	(i)	18,593	10,561
Others financial liabilities			
Trade accounts payable	(ii)	514,872	676,906
Long-term debt	(iii)	2,315,155	2,138,376
Finance lease obligations	(iii)	37,622	8,611

The assets and liabilities of the Entity are exposed to various financial risks including:

i. Credit risk
ii. Liquidity risk, and
iii. Financial market risks (interest rate)

The Entity seeks to minimize potential adverse effects of the above risks on its financial performance through different strategies, which are described below:

c. *Management of industry risk*

In the real estate business, the plans of government regulators may influence sector performance by directly affecting home construction. To deal with this situation, a core element of our long-term vision is selectivity in the purchase of the land, where we seek more compact projects with more efficient densification. Our strategy is to purchase in places where our operations require continuity, given the current and potential demand observed, as well as locations where the housing policy is favorable.

d. *Credit risk management*

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in a loss for the Entity. In the case of the Entity, the principal credit risk arises from cash and cash equivalents and accounts receivable. With respect to cash and cash equivalents, the Entity's policy to conduct transactions only with reputable institutions and high credit. With respect to accounts receivable, the Entity has credit policies that allow you to adequately manage credit risk. They are described in Note 7.

e. *Liquidity risk management*

Liquidity risk refers to the risk that an entity will encounter difficulty filling its obligations associated with financial liabilities that are covered by delivering cash or another financial asset. The Entity manages liquidity risk through the establishment of appropriate policies for monitoring the working capital, which allows management to manage the financing requirements. The excess cash is invested primarily in government paper. 100% of such excess is invested regularly within less than 30 days. The Entity's policy allows the excess may also be invested in bank paper as long as they meet certain requirements of risk and return on investment.

The Entity has continued monitoring of projected cash flows and real and has financial factoring options and lines of credit for working capital.

Additionally, the Entity control the cash flow allocated to the business lines in order to optimize the return on investment, maintaining a balance between the sale and construction program.

The maturities of long-term debt are presented in Note 14.

The following table shows the contractual maturities of financial liabilities of the entity based on pay periods are:

At December, 31 2015	Less than 1 year	More than 1 year and less than 3	More than 3 years	Total
Trade accounts payable	$ 514,872	$ -	$ -	$ 514,872
Long-term debt	738,674	681,035	1,237,790	2,657,499
Finance lease obligations	16,491	24,539	-	41,030
	$ 1,270,037	$ 705,574	$ 1,237,790	$ 3,213,401

At December, 31 2014	Less than 1 year	More than 1 year and less than 3	More than 3 years	Total
Trade accounts payable	$ 676,906	$ -	$ -	$ 676,906
Long-term debt	528,525	876,602	1,001,309	2,406,436
Finance lease obligations	4,064	2,941	2,263	9,268
	$ 1,209,495	$ 879,543	$ 1,003,572	$ 3,092,610

f. *Capital risk management*

The Entity manages its capital to ensure that entities in the entity will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The overall strategy of the entity not been changed compared to 2014.

The capital structure of the Entity consists of net debt (borrowings as detailed in Note 14 offset by cash and balances and banks) and equity of the Entity (comprising issued capital, reserves and retained earnings as detailed in Note 20).

The entity is not subject to any externally capital requirement cash equivalents.

The Board of Directors of the Entity reviews the capital structure of the Entity on a quarterly basis. As part of this review, the Board considers the cost of capital and risks associated with each class of capital. The Entity has was gearing ratio of net debt and equity.

— Gearing ratio

The gearing ratio at the reporting period is was follows:

		2015		2014
Debt (i)	$	2,352,777	$	2,146,987
Cash and cash equivalents		1,467,058		1,075,597
Net debt	$	885,719	$	1,071,390
Equity (ii)	$	11,237,051	$	10,732,550
Net debt to equity ratio		8%		10%

(i) The Net debt to equity ratio is defined as long and short term (excluding financial guarantee contracts), as described in Note 14.

(ii) Equity includes all capital and reserves of the Entity that are managed as capital.

g. *Financial market risk*

Entity activities expose it primarily to financial risks from changes in interest rates and exchange rate.

Management the risk of interest rate - The entity is exposed to risks in the interest rate, because it has contracted variable rate debt (TIIE). To mitigate this risk likely the Entity has a policy of hiring Swap which protect the movement of the reference rate TIIE. In 2015, the Entity did not hire interest rate swaps.

Sensitivity analysis determines the Entity is prepared based on the exposure to interest rates do not cover the debt, held at variable rates. For this purpose, an analysis is prepared assuming the amount of liability outstanding at the end of the reporting has been the outstanding liability for the year.

If the interest rate TIIE have had an increase / decrease of 197 basis points at each reporting period and all other variables had remained constant, the interest charge at December 31, 2015 and 2014 would have increased by $41,075 and $37,495, respectively, which have been capitalized in work in progress.

Management foreign exchange risk - The Entity holds investments in foreign currencies mainly short term as part of the diversification strategy, as well as supporting the needs of the operation. Although the Entity is exposed to fluctuations in the exchange rate, these are marginal because the proportion who keep the assets and liabilities in foreign currency.

At December 31, 2015 and 2014, the foreign currency monetary position is as follows:

	2015	2014
Thousands of U.S. dollars:		
Monetary assets	4,080	4,609
Monetary liabilities	(1,413)	(359)
Net monetary asset position	2,667	4,250
Equivalent in Mexican pesos	$ 46,006	$ 62,645

Transactions denominated in U.S. dollars were as follows:

	2015	2014
	(Thousands of U.S. dollars)	
Equipment acquisitions	-	299
Offices leases	1,292	1,469

The exchange rates in effect at the dates of the balance sheets and of issuance of the consolidated financial statements were as follows:

	28 de marzo de 2016	31 de diciembre de 2015	31 de diciembre de 2014
U. S. dollar	$ 17.52	$ 17.25	$ 14.74

h. *Fair value of financial instruments*

The fair value of financial instruments presented below has been determined by the Entity using available market information or other valuation techniques that require judgment in developing and interpreting the estimates of fair values, also uses assumptions that are based on market conditions existing at each of the dates of the consolidated statements of financial position.

Consequently, the estimated amounts presented are not necessarily indicative of the amounts the Entity could realize in a current market exchange. The use of different assumptions and / or estimation methods may have a material effect on the estimated fair value amounts.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped at the levels below, covering the extent to which the fair value is observed.

Level 1, the fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2, the fair value measurements are those derived from indicators other than quoted prices included within Level 1, but including indicators that are observable for the asset or liability, either directly or indirectly quoted prices, ie derivatives of these prices, and

Level 3, the fair value measurements are those derived from valuation techniques that include indicators for the asset or liability that are not based on observable market data (unobservable indicators).

The amounts of cash and cash equivalents of the Entity, as well as accounts receivable and payable of third parties and related parties approximate their fair value because they have short-term maturities. The long-term debt of the Entity is recorded at amortized cost, which is debt bears interest at fixed and variable rates that are related to market indicators. To obtain and disclose the fair value of long-term debt, the Entity uses the quoted market prices or quotations for similar instruments.

20. Stockholders' equity

a. Capital stock as of December 31, 2015 and 2014 consist of 1,312,847,496 ordinary shares, with no par value, no subscription limitations, fully subscribed and paid.

b. On September 11, 2015, based on the minutes of the Board of Directors' meeting, the declaration and payment of dividends was formalized from the Net Tax Income Account (CUFIN) for $85,111, of which $85,056 was paid in cash.

c. In 2015 and 2014, the Entity purchased and sold its own stock resulting in an increase in subscription premium of $358 y $1,710, respectively.

   At December 31, 2015, the Entity repurchased 1,443,802 shares. The market value of the Entity's shares, as reported on the Mexican Stock Exchange, was Ps. $5.98 per share.

d. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. At December 31, 2015 and 2014, the legal reserve was $212,937.

e. Stockholders' equity, except restated paid-in capital and tax retained earnings will be subject to income tax payable by the Entity 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. The contributed capital account and consolidated net tax income account as of December are:

	2015	2014
Contributed capital account	$ 4,713,625	$ 1,894,091
Net tax income account	6,890,998	6,450,261
Total	$ 11,604,623	$ 8,344,352

21. Related party transactions

a. Transactions with investments in equity method investees and other related parties, carried out in the ordinary course of business, were as follows:

	2015	2014
Revenue		
Mall management fees	$ 5,960	$ 5,960
Income from administrative services	$ 7,568	$ 7,584
Commissions	$ 3,452	$ 1,863

b. The Entity carried out transactions with other related parties as follows:

	2015	2014
Revenue		
Management and directors:		
Housing sale to employees	$ -	$ 1,203
Costs:		
Management and directors:		
Direct benefits	$ 101,653	$ 91,601
Members of the board of directors:		
Fees	$ 2,564	$ 2,689
Emoluments	$ 2,154	$ 1,957
Offices leasing	$ 1,886	$ 497
Publicity	$ -	$ 626

22. Information by business activity

The information for business activities are presented based on the managerial approach and additional provides information by business line and geographic area:

a. ***Information by business activities***

The Entity operates as a developer and a lessor solely in Mexico, as mentioned in Note 1. Certain information on revenues and costs relative to these activities is as follows:

	2015	2014
Revenue:		
As promoter	$ 6,651,846	$ 6,070,893
Others	191,936	135,253
	$ 6,843,782	$ 6,206,146
Costs:		
As promoter	$ 4,856,017	$ 4,465,916
Others	138,708	95,413
	$ 4,994,725	$ 4,561,329
Gross profit:		
As promoter	$ 1,795,829	$ 1,604,977
Others	53,228	39,840
	$ 1,849,057	$ 1,644,817

(1) The rental revenue is derived from operating leases of commercial facilities and mini-supermarkets, which have one-year terms, and are increased in line with inflation year, renewable annually.

Revenues and costs by mortgage lender are as follows:

	2015	2014
Revenue:		
INFONAVIT (Including cofinancing)	$ 2,538,959	$ 2,754,472
FOVISSSTE, SHF and commercial banks	4,112,887	3,316,421
	$ 6,651,846	$ 6,070,893
Costs:		
INFONAVIT (Including cofinancing)	$ 1,926,934	$ 2,058,634
FOVISSSTE, SHF and commercial banks	2,929,083	2,407,282
	$ 4,856,017	$ 4,465,916

No significant transactions were performed between the business segments.

b. *General information for business line*

		2015		2014
Revenue:				
Progressive	$	910,546	$	945,853
Social interest		1,655,693		1,286,888
Middle		2,807,805		2,700,272
Residential		1,277,802		1,137,880
Other real-estate projects		191,936		135,253
	$	6,843,782	$	6,206,146

c. *General information for geographic area*

Revenue as developer, service provider and lessor, are obtained solely within Mexico.

Incomes in the normal course operation of the Entity for geographic area are as follows:

		2015		2014
Revenue:				
Oriente	$	1,213,629	$	930,008
Metropolitana		956,340		987,570
Residencial RIALTA		808,805		691,679
Centro		749,715		537,888
Bajío		478,782		332,412
Sur		466,524		374,389
Valle de Toluca		448,332		622,108
Mexico City		444,522		658,028
Occidente		429,684		413,729
Noreste		346,300		271,768
Noroeste		309,213		251,314
		6,651,846		6,070,893
Other real-estate projects		191,936		135,253
Total	$	6,843,782	$	6,206,146

23. General expenses

The main items comprising general expenses (selling, administrative and operating expenses) as of December 31, 2015 and 2014 are as follows:

		2015		2014
Salaries, wages and benefits	$	463,051	$	414,993
Commissions		191,878		182,360
Advertising		87,809		80,826
Depreciation and amortization		76,155		85,347
Consulting		65,971		74,973
Employee benefits		4,895		1,286
Others expenses		187,542		200,451
	$	1,077,301	$	1,040,236

24. Commitments

a. The Entity leases offices under an operating lease that is renewable annually. The rental expense was $23,623 and $26,704 for the years ended December 31, 2015 and 2014, respectively. On May 2015, the Entity signed an amending agreement to decrease leasable area and established a maturity date August 14, 2018.

b. On August 18, 2004, Consorcio de Ingenirería Intengral, S. A. de C. V. (CIISA) executed a trust administration contract with a mall and Banco J.P. Morgan, S. A. Institución de Banca Múltiple, J.P. Morgan Grupo Financiero, Trust Division, transferring part of the plot of land known as “las Américas” on which the “las Américas shopping mall” was developed.

   CIISA obligations or the Americas Regional Center, S. de R. L. its affiliate, are among others, a) the obligation to carry and charge your account out the construction and improvement of the mall (except department store) , including parking lot of the department store, according to the executive project; b) and operate the mall (except for warehouse department store).

c. PDCC enter into a “Framework Agreement” with a third party, which establishes processes and procedures related to the investment in future construction projects and operation of malls.

d. Guarantee and management trust - In July 2006, the Entity celebrated an agreement with Fomento Metropolitano of Monterrey ("Fomerrey”). Fomerrey maintains documentation of consents evidencing its rights for the substantiation and settle for the expropriation of the land with members of “Comisariado Ejidal del Núcleo Agrario San Miguel de los Garza”, in Escobedo, Nuevo Leon.

The Entity gave to Fomerrey $5,000 at the signing of this agreement. Fomerrey will receive $25,749 if the following conditions occur:

a) Fomerrey becomes the legitimate owner of the land located in Nuevo León.
b) The Entity develops social interest housing with a minimal density of 50 housings by hectare on the land.
c) Water feasibility, sanitary drainage and electrical energy are obtained.
d) Fomerrey Committee authorizes this agreement.

The Entity will pay to Fomerrey 2% of the total value for the sale of houses that are built on the land.

During 2009, the conditions established in the agreement were fulfilled and the Entity was obligated to liquidate the amount in accordance with the agreement. However Fomerrey did not honor the agreement. As of the date of issuance of these financial statements the Entity initiated a lawsuit in order to force Fomerrey to comply with their commitment under the agreement.

e. The Entity is party to various legal actions in the normal course of its business. According to the Entity's legal advisors, it is not involved in or threatened by proceedings for which the Entity believes it is not adequately insured or indemnified or which, if determined adversely, would have a material adverse effect on its financial position and results of operations, therefore the Entity have not yet created a provision to cover such contingencies.

f. CIISA executed a master agreement on August 10, 2010 with Crystal Lagoons Corporation, LLC, a corporation legally established in the State of Delaware, United States, for the licensing and use of technology for the development and construction of lagoons. Consequently, CIISA has an urgent need for the technological support of a Entity highly specialized in this field.

Participants – Crystal Lagoons Corporation, LLC. (CL) and CIISA.

Commitment – CL grants CIISA an exclusive right to sign technology license agreements for use in projects within certain geographical areas determined by CIISA. The objective of this agreement is to determine the terms, conditions, and requirements that CIISA must fulfill to maintain the exclusive rights in those geographical areas, for purposes of executing license agreements with CL in the future for the use of technology.

Similarly, CL will not be able to license the technology to any third party for the duration of the exclusivity in the geographical areas, without prior authorization by CIISA.

A license agreement for the use of technology will be executed for each additional project.

Effective duration of contract – The agreement will be in effect for 24 months from its execution date. The termination of the agreement will not affect the duration of the license agreements executed thereunder or the exclusivity granted for the period stated in the exclusivity term for each particular geographical area. Once the exclusivity term concludes, and having executed the respective technology license agreement for the development of a project in accordance with the "Business Plan", CIISA will maintain exclusive rights only in the exclusion area of the project for a four-year period as of the end of the exclusivity term.

On September 26, 2012, Crystal Lagoons Corporation LLC transfered the rights of master agreement, in addion the license contracts to Crystal Lagoons B.V.

CIISA executed an explanation and amendment agreement on March 4, 2015 with Crystal Lagoons, B. V. a corporation legally established in Netherlands, for explanations and amendment to the benefits of both sides on the maintenance terms, decrease of royalties ratio and publicity of CL brand.

g. A trust contract was executed in order to construct a commercial mall in the real estate property named "Las Américas", belonging to OULC (trustor "B"), which undertakes to transfer such real property to CI Banco, S. A. (trustee) with all the rights and obligations established by law. Furthermore, Artha Controladora III S. A. P. I. (trustor "A") undertakes to additionally contribute to the trust assets an amount equivalent to the value of the real property with any capital calls required for the project.

   The participation percentages at the beginning are 0.0001% for trustor "a" and 99.999999% for trustor "b". As trustor "A" made contributions, the percentage increased until reaching 50% for each one. The trust will remain in effect until all its purposes are completed and will have a maximum duration of 50 years, which may be renewed. As of December 31 the participation of OULC and Artha Controladora is 50% each.

25. Authorization to issue the consolidated financial statements

On March 28, 2016, the issuance of the consolidated financial statements was authorized by C. P. J. Sacramento Soto Solís Director of Administration and Finance of the Entity. These consolidated financial statements are subject to the approval of the Entity's general ordinary stockholders' meeting, who may modify the financial statements, based on provisions set forth by the General Corporate Law.

* * * *

DESIGN AND PHOTOGRAPHY: 33VISUAL | PRINTING: EARTHCOLOR, HOUSTON

Investor Relations

Alicia Enriquez Pimentel
aenriquez@ara.com.mx
(52.55) 5596 8803
(52.55) 5246 3100 x. 4096

Independent Auditor

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Deloitte Touche Tohmatsu Limited Member

cotiza en Bolsa Mexicana
ARA

EMPRESA SOCIALMENTE RESPONSABLE

FOUNDING MEMBER OF
VIVIENDA Y ENTORNO
SUSTENTABLE, A.C.

RAINFOREST ALLIANCE CERTIFIED

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C018101

ConsorcioARA®

Arcos Bosques Marco II
Paseo de Tamarindos 90, Tower 1
25th, Bosques de las Lomas
C.P. 05120, Mexico City, Mexico

www.consorcioara.com.mx
www.ara.com.mx