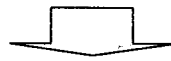


FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

TARGET MARKET RESEARCH CONCLUSIONS AND FEASIBILITY QUALIFICATION OF LUMMA PROJECT



Target Market Conclusions

- The critical variables of LUMMA Residences Community Project were presented and qualified by the Target Market segments considered with the desired buyer profile.
- The evaluations and feasibility qualification included the Texas Valley residents and the city of Monterrey. The results were:
 - 1) The **Location** of the Project achieved the following satisfaction indicators:
 - ▶ 50% of the interviewed in Texas Valley.
 - ▶ 74% of the interviewed in Monterrey, México.
 - 2) The **Comprehensive Concept** of LUMMA Project was qualified as:
 - ▶ Good by 62% of the resident target market in Texas Valley.
 - ▶ Favorable or Good by 73% of the resident target market of Monterrey, México.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

- 3) The target market did not show unsatisfaction indicators on the mix of **Buildings with 2 & 3 Bedrooms** offer; meanwhile the resident target market in the city of Monterrey preferred:

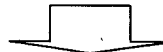
The offer of 1,400 sqft of 3 bedroom and price of \$165 mil USD

- 4) The **Feasibility Qualification** achieved by the LUMMA Project in the target market segments were:
- ▶ 86% conditioned to the target market real offer of Texas Valley.
 - ▶ 72% target market feasibility qualification of Monterrey, México.
- 5) The **Purchase Availability** of the products of LUMMA Project, on the parts of the target market segments, was pronounced as follows:
- ▶ 28% of availability, predominantly conditional, in the target market of Texas Valley.
 - ▶ 53% target market availability, filtered by capacity and availability, resident of Monterrey, México.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT RESIDENCES

FEASIBILITY CONCLUSION OF LUMMA RESIDENCES COMMUNITY PROJECT

- Considering the destiny attributes and place of location of the project.
- Considering the concept acceptance indicators and products offer, amenities and attributes of LUMMA Residences Project, mainly in the target market of Monterrey, México.

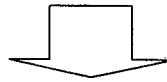
 Its determined

The **Project's Feasibility** in the point of view of the market.

LUMMA project improvement necessities are identified, to increase its potential of acceptance and sales.

INVESTIGATION TO DETERMINE THE PROJECT'S MARKET FEASIBILITY LUMMA MACRO-PROJECT – RESIDENCES FINANCIAL EVALUATION

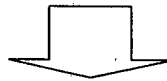
PRIMARY MARKET'S IDENTIFICATION & SALES CONTRIBUTION



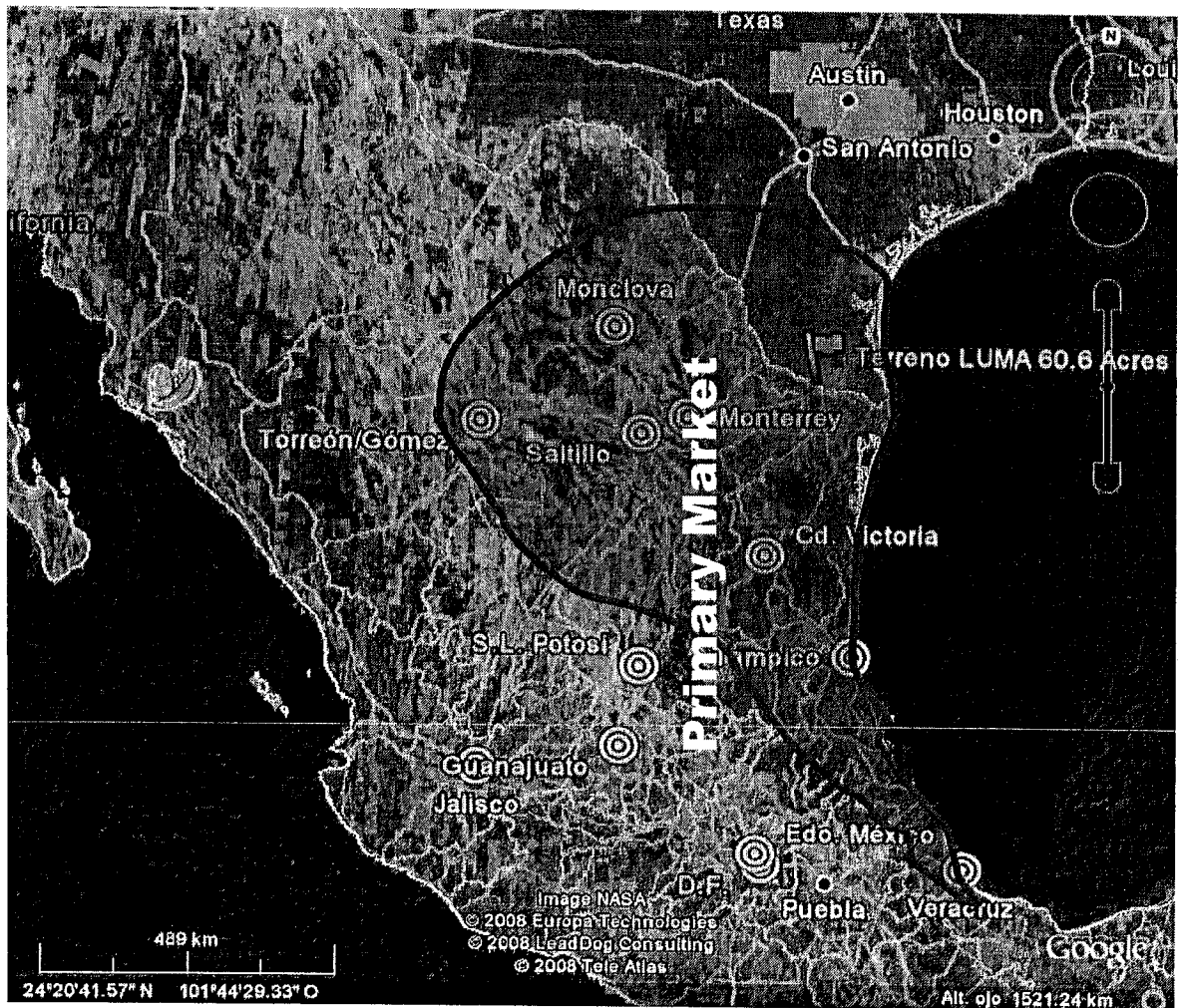
Analysis

The Target or Primary Market of the Project Concept and Products of LUMMA Residences Community its conformed of:

- ▶ Mexico's Northeast Zone inhabitants.
- ▶ Texas Valley inhabitants



Primary Market's Map



SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

PRIMARY MARKET POPULATION AND HOUSES NORTHEAST CITIES OF MEXICO

Quantity of population per city in the primary market of the northeast cities of Mexico is:

City	Population
Matamoros	462,157
Nuevo Laredo	355,827
Reynosa	526,888
Tampico	303,924
Cd. Victoria	293,044
Allende	29,568
Apodaca	418,784
Guadalupe	691,931
Juárez	144,380
Monterrey	1,133,814
García	51,658
San Pedro Garza García	122,009
Linares	71,061
Montemorelos	53,854
San Nicolás de los Garza	476,761
Santa Catarina	259,896
Santiago	37,886
Acuña	126,238
Monclova	200,160
Ramos Arizpe	56,708
Torreón	577,477
Saltillo	648,929
Veracruz	512,310
Population Total	7,555,264



Population Size

NORTHEAST MEXICO CITIES PRIMARY MARKET

Population: 7'555,264*

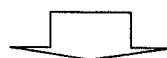
*Censo INEGI 2005

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

QUANTITATIVE INDICATOR OF HOUSES – FAMILY UNITS

The market size of houses or families which compose the primary market in the metropolitan area of Monterrey and cities with inhabitants that visit the city of McAllen are:

City	Homes
Matamoros	116,696
Nuevo Laredo	85,978
Reynosa	125,446
Tampico	82,271
Cd. Victoria	73,882
Allende	8,065
Apodaca	98,740
Guadalupe	159,223
Juárez	33,401
Monterrey	263,556
García	12,256
San Pedro Garza García	28,271
Linares	17,800
Montemorelos	14,327
San Nicolás de los Garza	114,462
Santa Catarina	58,549
Santiago	10,276
Acuña	30,584
Monclova	51,346
Ramos Arizpe	14,072
Torreón	143,712
Saltillo	155,984
Veracruz	140,628
Homes Total	1'839,525



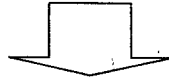
Homes Size

NORTHEAST MEXICO CITIES PRIMARY MARKET

Homes: 1'839,525*

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

PRIMARY MARKET SIZE OF TEXAS VALLEY CITIES
(McALLEN, MISSION, HIDALGO, EDINBURG)



PRIMARY MARKET POPULATION SIZE
TEXAS VALLEY CITIES

- ▶ Potential Market of 715 thousand inhabitants
- ▶ 253,687 Houses or Family Units

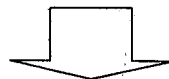


Primary Market Size

TEXAS VALLEY AND MONTERREY METROPOLITAN
AREA PRIMARY MARKET SIZE

- ▶ 4'206,302 inhabitants
- ▶ 1'072,613 Houses or Family Units

THIS IS THE GENERAL PRIMARY MARKET SIZE OF LUMMA
RESIDENCES COMMUNITY PROJECT

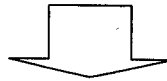


Primary Market Size

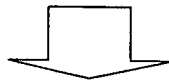
SCREENING AND IDENTIFICATION PROCESS OF
POTENTIAL MARKET SIZE

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

MARKET SIZE POTENTIAL MONTERREY METROPOLITAN AREA



▶ Family Units with profile	143,248
▶ Market size reduction for purchase condition.....	105,717
▶ Market size reduction based on offer approval potential of LUMMA Project	77,353
▶ Market size reduction based on the real estate purchase attitude in Hidalgo, Tx. And LUMMA Residences Community concept	40,668



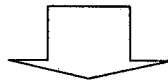
Conclusion

THE POTENTIAL MARKET SIZE OR THE PROFILE TO PURCHASE PRODUCTS
INSIDE THE LUMMA RESIDENCES COMMUNITY PROJECT EXISTING IN
MONTERREY METROPOLITAN AREA, CONSIDERING THE PURCHASE ACTION
OF PERIOD 2008 – 2010 IS OF:

40,668 Family Units

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

POTENTIAL MARKET EVALUATION VS. PURCHASE BEHAVIOR

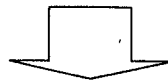


Analysis

- ▶ Potential Market Size 40,668 families
- ▶ Average period of purchase decision3 months
- ▶ Contacts requirements with prospect buyers in quarterly period451 process
- ▶ Monthly average of required prospects for project sales in Monterrey metropolitan area 149 prospect buyers
- ▶ Quantity of salespersons concentrated in project sales 5 salespersons
- ▶ Average quantity of prospects attended by
- ▶ Salesperson.....30 prospects monthly or 1 per day
- ▶ Sales-closing Factor:
 - Favorable Scenario 12 sales (40%)
 - Medium Scenario 10 sales (33%)
 - Minimum Scenario 8 sales (27%)
- ▶ Cancellation effects and non approved creditscritical = 8% sales
- ▶ Absorption Predictions – Monthly Sales:
 - Favorable Scenario 10 net sales
 - Medium Scenario 9 net sales
 - Minimum Scenario 7 net sales

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

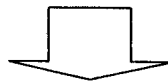
ABSORPTION PREDICTION- SALES LUMMA RESIDENCES PROJECT



Monthly

▶ Texas Valley Buyers	→	2 sales
▶ Monterrey Buyers	→	7 sales

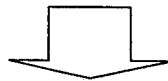
Scenario A: Critical



Wide Coverage in Mexico's Primary Market

▶ Texas Valley Buyers	→	2 sales
▶ Monterrey, Reynosa, Matamoros, Tampico, Saltillo & Torreón Buyers	→	11 sales

Scenario B: Regular



Primary & Secondary Market Total Coverage With events and aggressive sales strategies

▶ Texas Valley Buyers	→	2 sales
▶ Monterrey, Reynosa, Matamoros, Tampico, Saltillo & Torreón Buyers	→	14 sales

Excellence Scenario

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

ABSORPTION PREDICTION IN THE 3 SALES SCENARIOS OF LUMMA PROJECT

For each alternative is as follows:

Absorption A

i. Pre-sales Stage (4 Months):

1. Month 1 : 18 sales
2. Month 2 : 12 sales
3. Month 3 : 9 sales
4. Month 4 : 7 sales

ii. Maturity Stage (6 Months):

1. Month 5 : 8
2. Month 6 : 9
3. Month 7 : 9
4. Month 8 : 9
5. Month 9 : 9
6. Month 10 : 8

iii. Consolidation Stage (2 Months) :

1. Month 11 : 6
2. Month 12 : 4

iv. First Year Annual Total : 108 sales

SIZE AND BUYER MARKET POTENTIAL FOR THE PRODUCTS AND OFFER OF LUMMA MACRO-PROJECT RESIDENCES

ABSORPTION PREDICTION IN THE 3 SALES SCENARIOS OF LUMMA PROJECT

Absorption C

i. Pre-sales Stage (4 Months) :

- 13. Month 1 : 32 sales
- 14. Month 2 : 22 sales
- 15. Month 3 : 16 sales
- 16. Month 4 : 10 sales

ii. Maturity Stage (6 Months) :

- 17. Month 5 : 14
- 18. Month 6 : 16
- 19. Month 7 : 16
- 20. Month 8 : 16
- 21. Month 9 : 16
- 22. Month 10 : 14

iii. Consolidation Stage (2 Months) :

- 23. Month 11 : 12
- 24. Month 12 : 8

iv. First Year Annual Total : 192 sales



SECTION B

FEASIBILITY ANALYSIS OF:

Lumma

MACRO - PROJECT

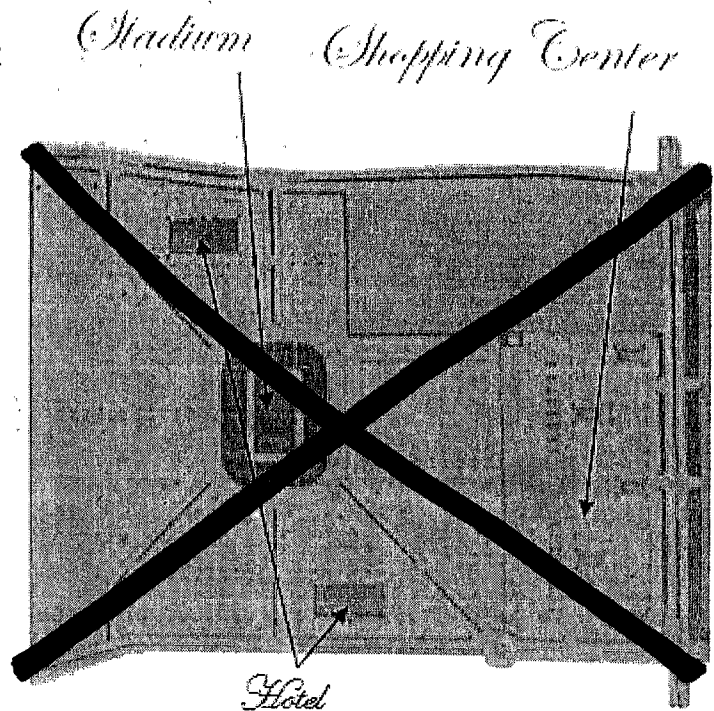
PRODUCT : HOTEL



FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

■ HOTELS

- ▶ Total Area of 471,002 sq ft
- ▶ 2 Hotels



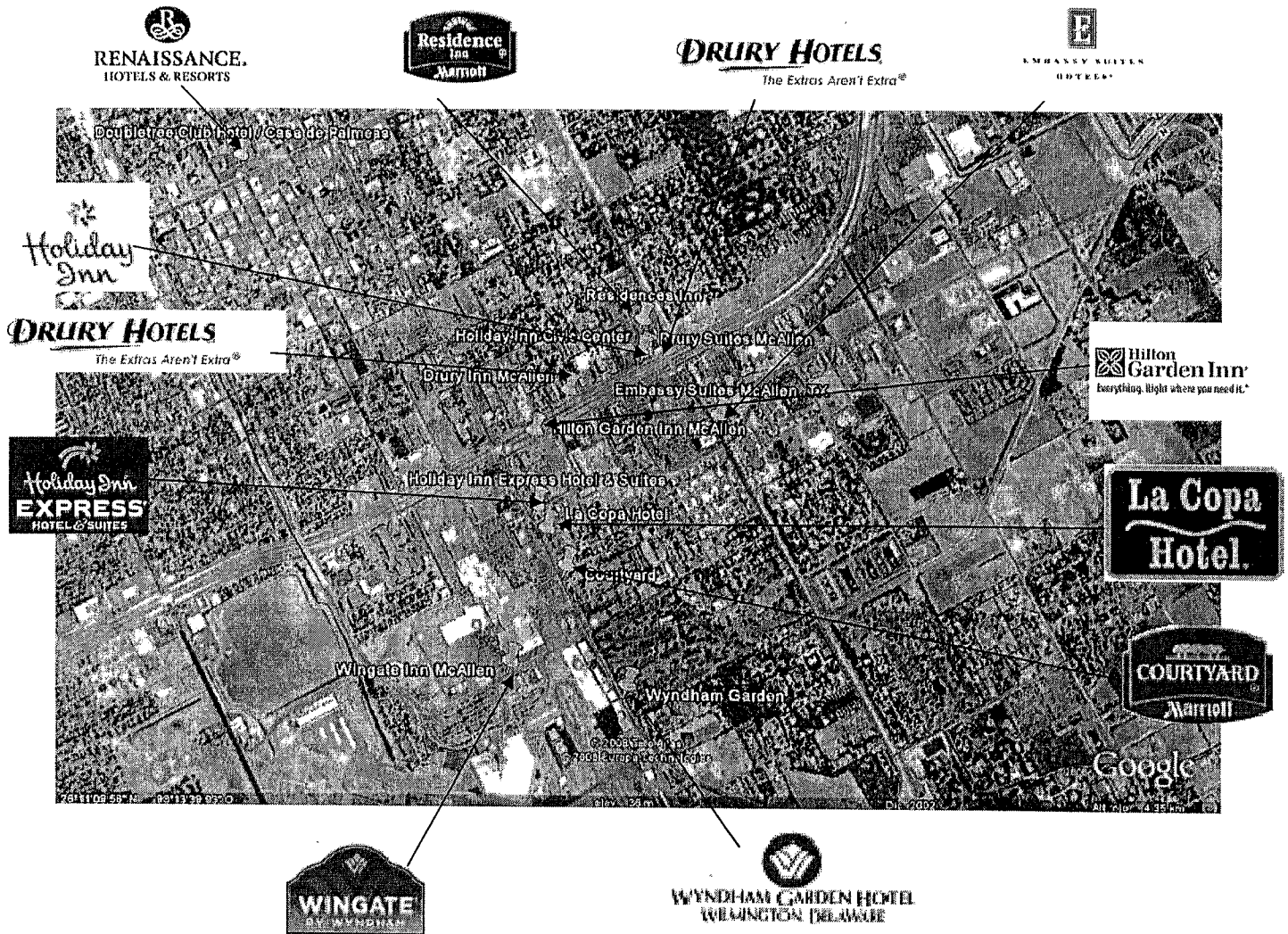
FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTEL MARKET:
12 HOTELS 5 – 4 ☆



FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTEL MARKET 5 – 4 ☆

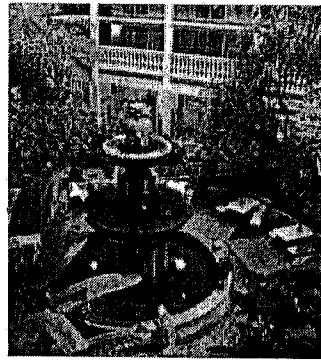
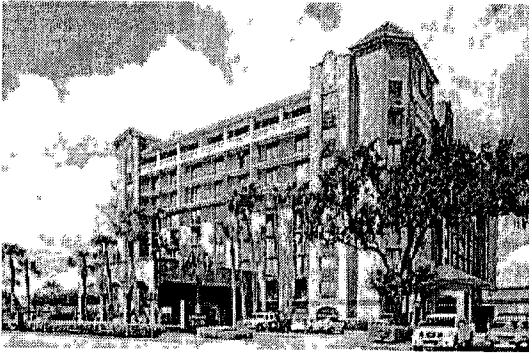


- ▶ The hotel supply in McAllen, is mainly located on the Express Way or the 83 Highway, as well as near the Plaza Mall.
- ▶ The location variable is important in the market's preferences since its associated with benefits for the clients.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

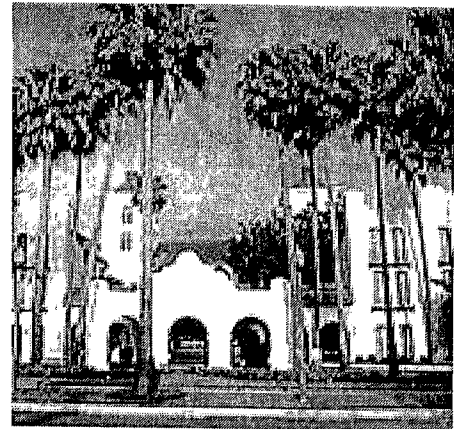
MCALLEN HOTEL MARKET 5 – 4 ☆

■ EMBASSY SUITES



1800 S. Second St. McAllen 78503

■ CASA DE PALMAS



101 North Main Street, McAllen 78501

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

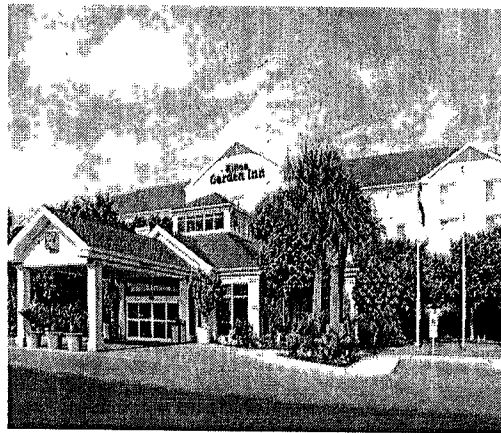
MCALLEN HOTEL MARKET 5 – 4 ☆

- HOLIDAY INN CIVIC CENTER



200 W Expressway 83, McAllen 78501

- HILTON GARDEN INN MCALLEN

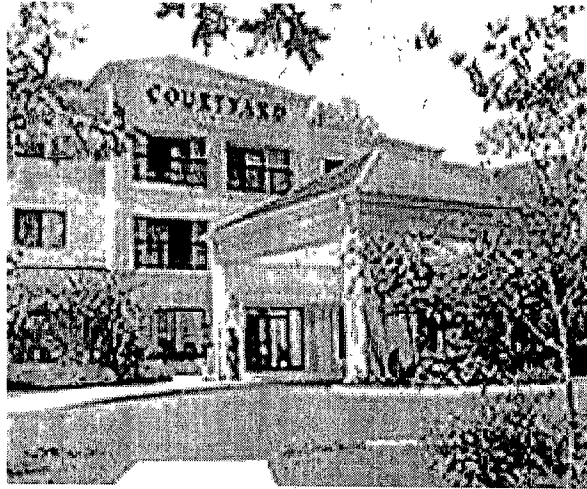


617 Expressway 83, McAllen 78501

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTEL MARKET 5 – 4 ☆

- COURTYARD BY MARRIOTT



2131 S 10th St McAllen 78503

- WINGATE INN

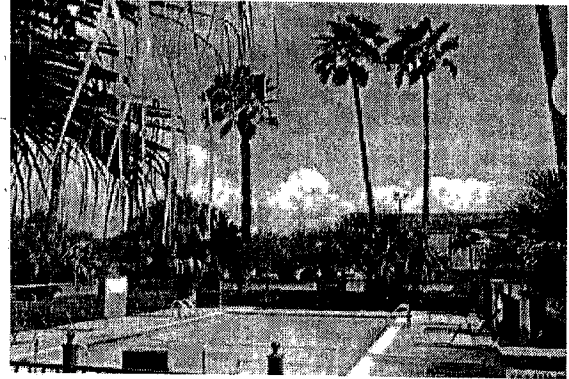


1500 Wichita Ave, MCALLEN -- TX US

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

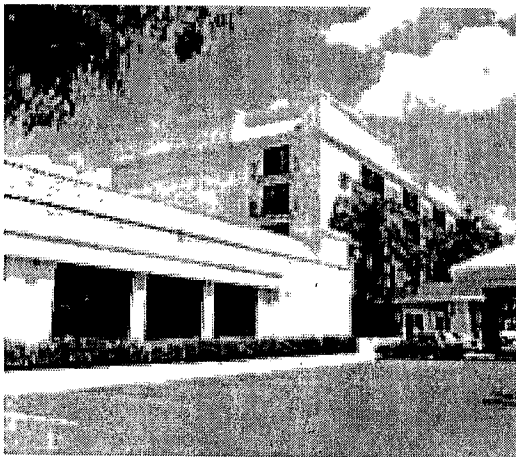
MCALLEN HOTEL MARKET 5 – 4 ☆

■ DRURY INN



612 W. Express way 83 McAllen, Texas, 78501

■ WYNDHAM GARDEN



2721 S 10th Street Hidalgo

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

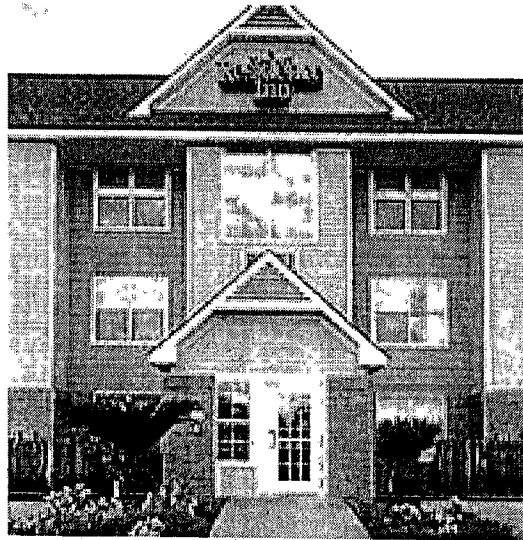
MCALLEN HOTEL MARKET 5 – 4 ☆

- LA COPA HOTEL



2000 S 10th St - Mcallen, TX, United States 78503

- RESIDENCES INN

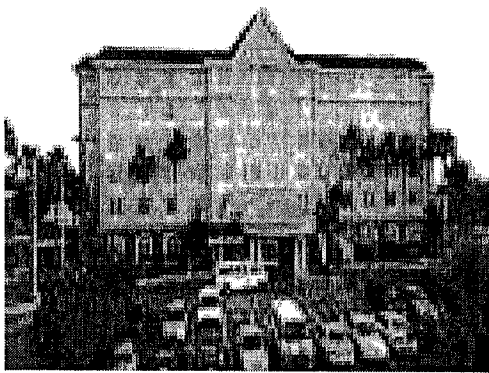


220 W. ExpressWay 83 McAllen, Texas 78501

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTEL MARKET 5 – 4 ☆

- HOLIDAY INN EXPRESS HOTEL & SUITES



1921 South Tenth St. – McAllen

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTELS MARKET ANALYSIS

Rank	Hotel Name	Capacity	Receipts	Taxable Receipts	Taxable Receipts/Room	Room Nights	Rev PAR
33	LA COPA INN	32	\$63,461	\$59,753	\$1,983	2,880	\$20.75
34	ALOHA MOTEL	30	\$58,392	\$51,132	\$1,946	2,700	\$18.94
35	LA CASITA MOTEL	25	\$54,288	\$48,110	\$2,172	2,250	\$21.38
36	GARDEN INN-EAST	28	\$53,385	\$40,601	\$1,907	2,520	\$16.11
37	FRIENDLY INN	15	\$40,721	\$34,241	\$2,715	1,350	\$25.36
38	AIRPORT INN	32	\$12,399	\$12,399	\$387	2,880	\$4.31
39	TEXAN MOBILE HOME PARK	16	\$12,365	-	\$773	1,440	-
40	PARADIS MOTEL	25	\$12,220	\$12,220	\$489	2,250	\$5.43
41	HOTEL EL VALLE	14	\$6,130	\$1,270	\$438	1,260	\$1.01
42	DEL INN SELECT	57	-	-	-	5,130	-
43	MICROTEL	102	-	-	-	9,180	-
		3272				294,480	\$1,504.85

- The room total size offer in McAllen, Tx., is of:

3,272 Rooms

- Of the total, the specialized or best category offer size, is of:

1,665 Rooms → 51% of the offer

- The best category hotels in McAllen, are required by:

Tourists and Business Executives

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MCALLEN HOTELS MARKET ANALYSIS BY ROOMS CAPACITY

HOTEL	ROOMS
Embassy Suites	168
Renaissance Casa Palmas	165
Holiday Inn Civic Center	173
Hilton Garden Inn	104
Courtyard By Marriott	110
Wingate Inn	106
Drudy Inn	90
Drudy Suites	90
Wyndham	148
La Copa Hotel	108
Residences Inn	78
Hampton Inn	91
Fairfield Inn	104
Holiday Inn Express Hotel & Suites	150
Total	1,685

- The room offer size in the hotels with the classification of most competitive is of:

1,685 Rooms in 14 hotels

- Of this total, the 6 most competitive hotels have a offer capacity of:

908 Rooms → 55% of the specialized offer

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

MORE STABLISHED UPSCALE MARKET SECTOR IN MCALLEN

Hotel	Rooms	% of total	2007	% of total	Per Room
The Holiday Inn Express Hotel & Suites	150	16.41%	\$ 5,790,510	22.9%	\$ 38,603
Embassy Suites	168	18.38%	\$ 7,570,606	29.53%	\$ 45,063
Wyndham Garden Hotel - McAllen	148	16.19%	\$ 1,963,611	7.66%	\$ 13,268
Holiday Inn Civic Center	173	18.93%	\$ 2,713,874	10.59%	\$ 15,687
Renaissance Casa de Palmas	165	18.05%	\$ 4,817,571	18.79%	\$ 29,197
Courtyard by Marriott	110	12.04%	\$ 2,777,102	10.83%	\$ 25,246
Total Competitive UPSCALE hotels	914	100%	\$ 25,633,274	100%	\$167,065
Average	131	0	\$ 3,661,896	14.3%	\$23,866

Full year projected

- More moderately priced hotels with fewer amenities and services do not effectively compete for the business of wealthy Mexican Nationals or that of senior management of the growing "Maquiladora" business sector.

Averagew Mid Priced

Hilton Garden Inn – McAllen	104	\$ 699,731
Courtyard by Marriott	110	\$ 686,787
Wingate Inn – McAllen	106	\$ 632,037
Holiday Inn Civic Center	173	\$ 598,544
Drury Suites - McAllen	90	\$ 592,846
Residence Inn	78	\$ 545,439
Hampton Inn McAllen	91	\$ 529,715
La Copa Hotel	108	\$ 521,986
La Quinta McAllen	120	\$ 519,982
Average		\$ 591,896

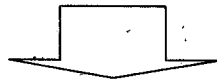
Mid priced hotels deliver middling results in the trendy McAllen market. 2001 to 2007 average receipts are one seventh the average annual revenue of full service upscale properties.

FEASIBILITY ANALYSIS OF LUMMA MACRO-PROJECT HOTELS

HOTEL MARKET EVALUATION

The market feasibility of building a new hotel, next to the Dodge Arena, in Hidalgo Texas, is determined by the integration of the results of all evaluated variables. The general qualification is:

Variable	Points	100 Base
Socio-demographic	14.1	94
Competitiveness, Businesses Structure and Dominant Sectors	12.3	82
Communication and Generate Visitants Flow	12.9	86
Hotel Offer, Competitiveness, Occupation and Prices	34.5	86
Destines Investment and Growth Indicators	12.6	84
QUALIFICATION	86.4	86



RESULTS & CONCLUTIONS

IT IS FEASIBLE THE CONSTRUCTION OF LUXURY 5★ – 4★ HOTEL

NEXT TO THE DODGE ARENA IN HIDALGO, TX.

AND IN THE METROPOLITAN AREA OF MCALLEN, TX.

Qualifying the target market preferences and the competitiveness conditions of each location, is determined that:



THE HOTEL MUST OBTAIN INFRASTRUCTURE DIFFERENTIATORS ATTRIBUTES, OPERATIVE AND SERVICE QUALITY, TO BE ABLE TO SATISFY THE TARGET MARKET'S NEEDS.