

Highlighting Competitive Sectors in Latin America and the Caribbean:

## Housing and Financial Services

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## Consumer-related trends underpin many of Darby's investment strategies...

- US Hispanic Radio: Long term expected growth rates of about 10% p.a., are fueled by over 40 million Hispanics with strong ties to Latin America and \$700 million in purchasing power
- Generic drugs in Mexico: Changes in pharmaceutical regulations resulted in 13% market expansion in 2005 and is expected to reach a 39% CAGR through 2009
- Outdoor media in Mexico: Pioneering advertising technology for mass transport services that reaches over 5 million people every day
- Fuel distribution in Brazil: Changes in gasoline distribution regulations resulted in a consolidation process reducing the number of players from 250 in 1997 to 130 in 2005

**...but we expect housing and financial services sectors to lead growth opportunities in Mexico, Brazil and the region in general**



**Mexico's housing sector underpinned by favorable demographics, rate of household formation, a robust mortgage market and solid demand**

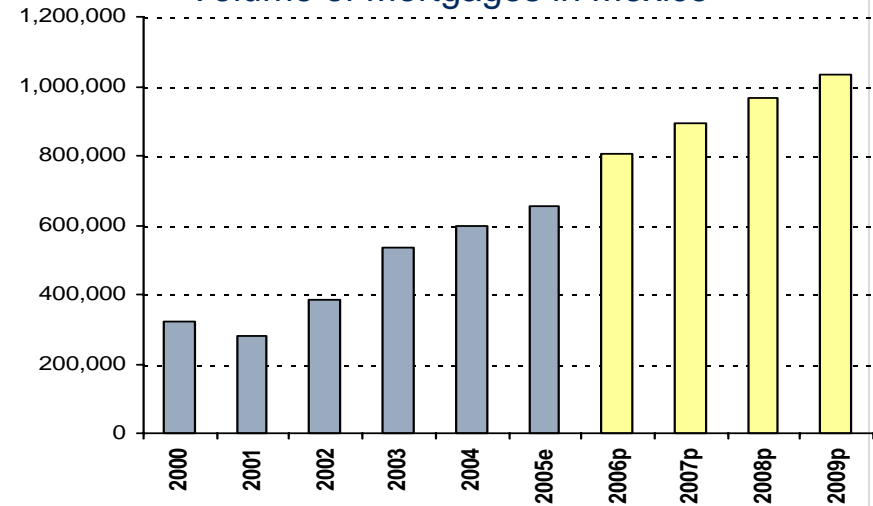
- Housing deficit of 8 million units and over 18m new homes needed in the next 25 years
- Mortgage growth (24% p.a. since 2001)
- Building rate not meeting the 700,000 annual housing demand



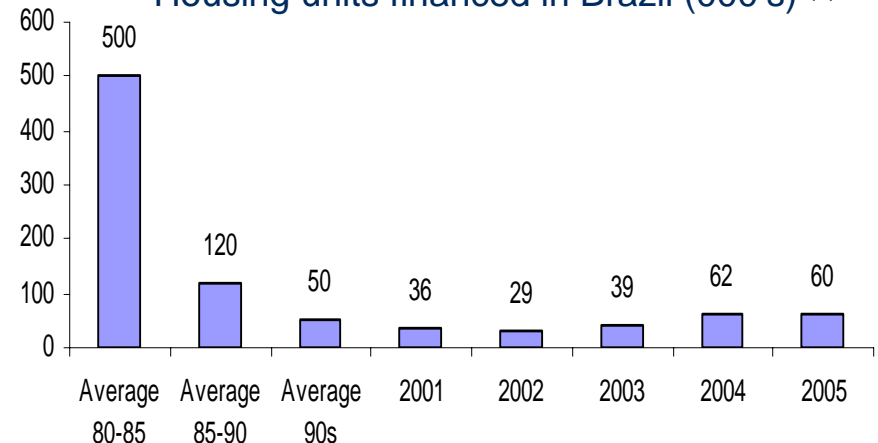
**Brazil's housing market should follow Mexico's trend once interest rates fall and mortgage markets develop further**

- Housing deficit of over 7 million units
- Financing for housing is growing, but still way below levels in early eighties
- Favorable demographics (high % of youth) and fall in number of habitants per domicile expected to foster future demand

Volume of Mortgages in Mexico (1)



Housing units financed in Brazil (000's) (2)



(1) Source: Conafive, Infonavit, Fovissste, SHF, Fonhapo, Bear Sterns \$ Co.

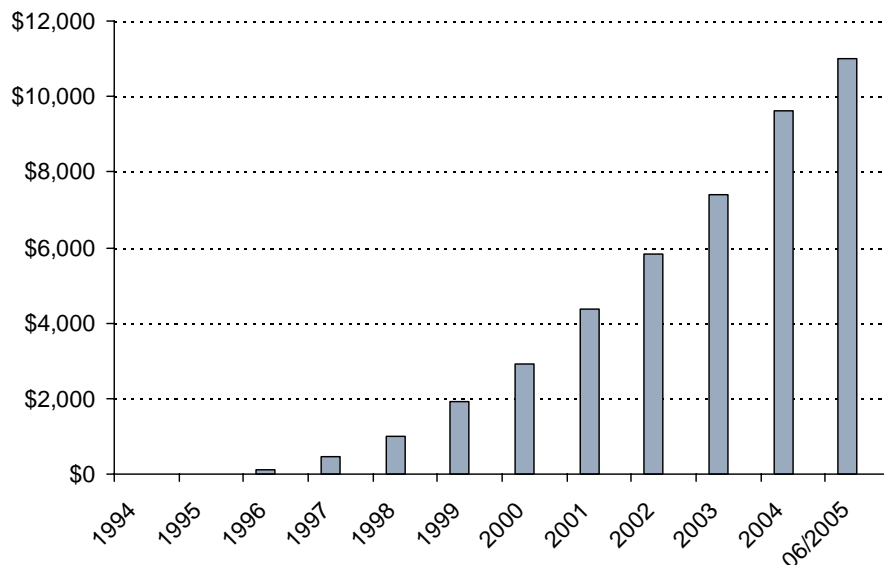
(2) Source: SFH (Sistema Financeira de Habitacao) and BACEN

## Increased access to residential mortgages has helped fuel housing growth in Mexico

### Increasing Sources of Financing

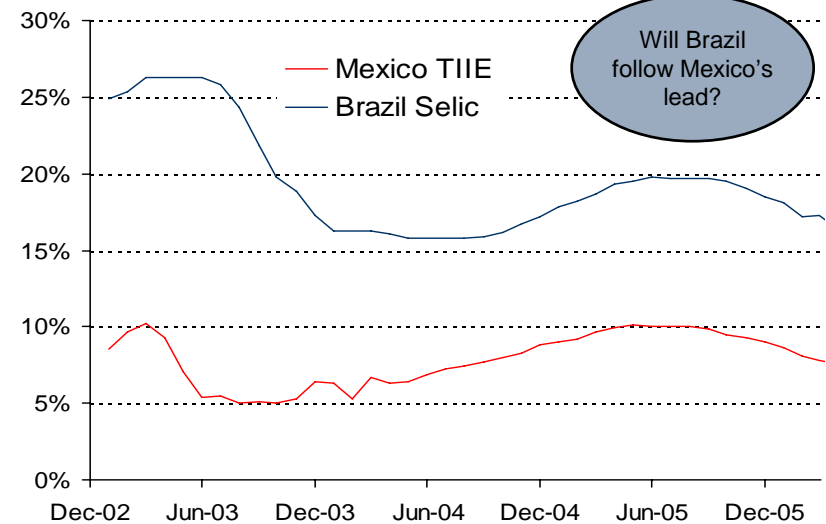
- Sofoles (non-bank banks) are offering attractive mortgage-loan products to new homeowners
- INFONAVIT new regulation has prompted record loan origination
- Traditional banks are also jumping on the housing wagon, offering record number of loans at historically low interest rates, recording a 89% p.a. growth in number of mortgages since 2001
- 20 year peso denominated mortgage nominal rates have dropped to about 12% from 16% in 2004
- Inflation rate in Mexico has dropped to low levels, in line with the US, reaching 3.3% in 2005 and projected at 3.6% in 2006

Sofoles Mortgage Portfolio in Mexico (US\$m)



Source: AMSFOL

Inter-bank Interest Rates

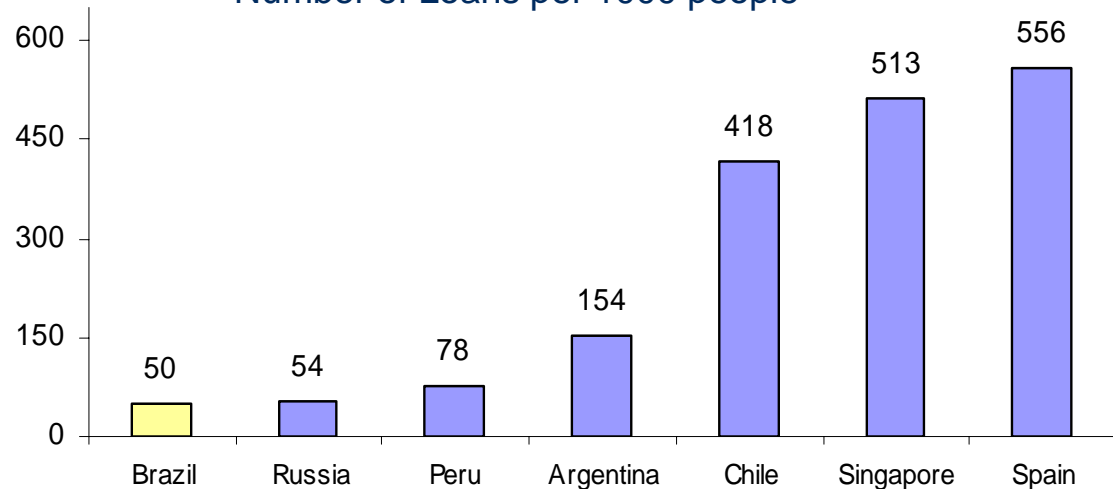


Attractive opportunities exist in the financial services sector in the rest of the region, especially Brazil, which continues to be underserved

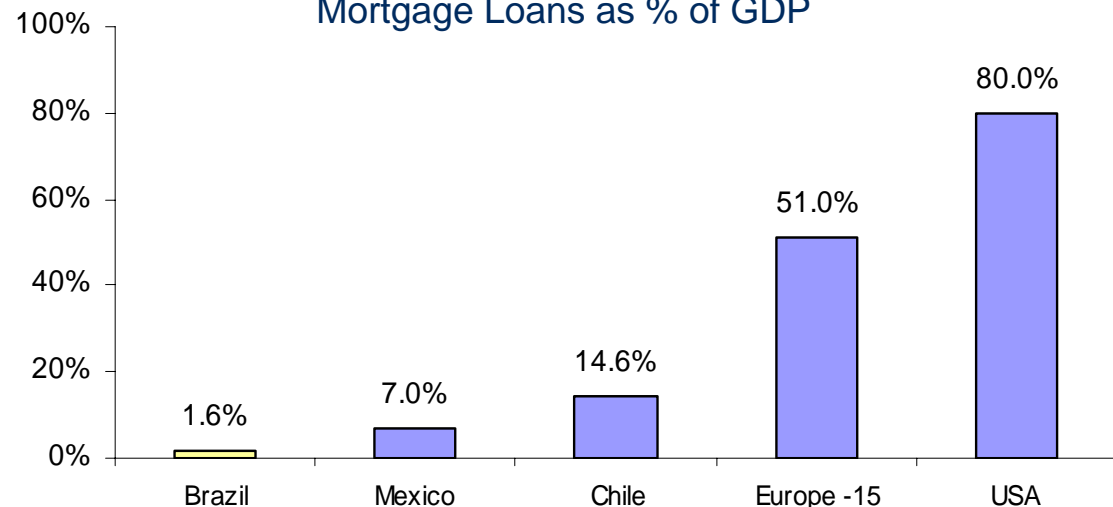
**Brazil's lending market has substantial room for growth...**

**...especially in mortgage loans, which represent a disproportionately low percentage of GDP**

Number of Loans per 1000 people



Mortgage Loans as % of GDP



- GEMet is an integrated developer of affordable housing and a market leader in the Greater Mexico City Metropolitan Area
- GEMet's market is Mexico's wealthiest and largest market worth about \$8 billion accounting for 15% of all mortgages issued
- GEMet's platform allows fast cash-on-cash conversion
  - Proprietary database for ideal project sites
  - Efficient construction capabilities
  - High quality brand name
  - Strong project pipeline
- Exit strategy – sale to international or Mexican homebuilding group or listing in the stock exchange



- A full service financial group that is now the largest remaining Mexican-owned financial group in the country
- Darby made a series of PIPE investments in Banorte, commencing in 1996, following the 1995 banking crisis
- Our investment benefited from the transformation of Banorte's traditional regional banking platform into a fully diversified and national financial services franchise – now Mexico's 4th largest
- Full exit accomplished through the Mexican Stock Exchange during 2004



- Provider of electronic payment processing services for prepaid transactions in Brazil
- Provides real-time delivery of prepaid services – including prepaid wireless, long distance, fixed telephony, mobile content and stored value cards – through retailer's electronic cash register systems or credit card terminals
- Revenue has increased five-fold since Darby invested in July 2005 and for 2006 revenue is expected to be up 200% versus 2005
- Exit strategy – sale to international or local buyer looking to enter the Brazilian prepaid processing market



Electronic Payment Processing Services  
for Prepaid Transactions



- A start-up operation dating back to 1997, AHI currently operates 55 hotels and about 10,000 rooms located in 30 Brazilian cities and 11 states
- Focuses on the domestic traveler and offers accommodations in following categories: resort, luxury, superior and economic – mainly 3-4 star levels
- Brands include Choice Hotels International, Inc., Carlson, and Starwood
- Exit strategy – sale to international strategic buyer looking to enter the Brazilian hotel management market and/or IPO

ATLANTICA HOTELS  
INTERNATIONAL

**Darby has developed specific strategies to take advantage of growth expected in the financial services and housing sectors**

### **Probanco Financial Services Strategy**

- Specialized investment vehicle targeting the financial sector in Central America and Panama now expanded to the DR, Colombia and Mexico
- Investments in bank and non-bank financial institutions representing an attractive growth platform through internal expansion, acquisitions, overall sector and regional consolidation
- Central American fundamentals are improving (GDP growth 3.5% in 2005 vs. 1.9% in 2001) coupled with US free trade agreement and increasing capital requirements as private sector credit increased 19% in 2005 and is expected to grow 12% in 2006
- Financial sector in Mexico and Colombia has matured to the degree that specialized intermediaries are being created presenting compelling investment opportunities

### **Additional Opportunities related to the Housing Market**

- Apply expertise gained in Mexican housing market to take advantage of investment opportunities in Brazil and other Latin American countries where favorable demographics and increased availability of financing should fuel growth
- Diversify portfolio to include areas such as mortgage banking and real estate development
- Analyze investment opportunities in other sectors expected to benefit from housing boom, such as home furnishings, building materials, etc.

In addition, both industries, housing and financial services, provide attractive exits through strategic sales or IPO

In Mexico, 6 housing companies already trade on the Bolsa with attractive multiples and returns

### Publicly Traded Mexican Housing Companies

Company	Market Cap	EV/EBITDA	P/E	52 week
	US Dollars			Return
Consortio ARA	1,392	9.8	15.9	13%
Corporacion GEO	2,075	8.9	18.8	49%
Urbi	2,373	11.1	18.6	50%
Sare	462	6.6	13.0	46%
Homex	2,038	11.2	17.4	NA
Consortio Hogar	35	8.9	NM	-14%
<b>Average</b>		<b>9.5</b>	<b>16.7</b>	<b>40%</b>

The region's financial services sector has experienced a wave of consolidation and acquisitions by internationals seeking to capitalize on growth in the sector

### Selected Latin America Banking Transactions

Date	Target	Target Country	Acquiror	% acquired	Value of Trans. (\$mil)	P/E	P/BV
Oct-05	Banco Granahorrar	Colombia	BBVA	99%	424	10.04	2.28
May-05	BAC International Bank of Panama	Panama	General Electric	50%	500	11.39	3.37
2004	BBVA Bancomer SA de CV	Mexico	BBVA	38%	3,860	NA	2.14
May-02	Banco Sudameris	Brazil	Banco Itau	95%	1,429	20.4	2.80
Sep-01	Grupo Financiero BBVA Bancomer	Mexico	BBVA	16%	1,094	13.41	1.75
May-01	G.F. Banamex	Mexico	Citigroup	100%	12,500	12.85	2.74