

Real Estate Watch

Peru

Economic Research Department
August 2008



Contents

Closing date: June 30, 2008

EXECUTIVE SUMMARY

I. Introduction	4
II. Demand for housing	4
III. Housing supply	14
IV. Financing	16
V. Opportunities	18
VI. Risks and setbacks	19
VII. Conclusions	20
Appendixes	21

This publication was coordinated by:

Alicia García-Herrero alicia.garcia-herrero@bbva.com.hk
Sonsoles Castillo s.castillo@grupobbva.com

This publication was prepared by:

Hugo Perea hperera@grupobbva.com.pe
Francisco Grippa fgrippa@grupobbva.com.pe
Javier Dorich jdorich@grupobbva.com.pe

Executive Summary

Real estate sector¹

Since the beginning of this decade, the Peruvian real estate sector has experienced a significant growth, in a context of general expansion in the economic activity.

Demand for housing has been favoured by different factors: (i) increase in family income; (ii) better credit facilities to purchase a housing unit (lower interest rates and longer terms); and (iii) housing deficit existing in Peru.

Regarding supply, the real estate sector appears to be appealing due to: (i) the level of profitability it offers; and (ii) the higher number of housing units sold before completion, which reduces the builder's financial cost.

However, real estate supply has mainly focused on the provision of housing units for middle and high-income families, although the main housing deficit is found in lower-income families.

In order to encourage the private sector to increase construction of housing units for lower-income economic sectors, the State has been promoting the building of housing megaprojects, providing facilities for that purpose. Moreover, purchasers would have access to financing facilities through state programmes. Thus, building companies make sure that there will be demand for the housing units built and that the investment will be profitable, taking into consideration the magnitude of the project.

The office and shopping centre segments are also growing actively. In the first case, increase in demand has generated a reduction in the vacancy rate, pushing an increase in prices. In relation to shopping centre projects, there is a significant boom in the building of this type of facilities in the provinces of the country.

Future prospects for the Peruvian real estate sector are favourable. In this regard, the effective demand for housing is expected to continue growing in the next years, associated with the planned economic development. Furthermore, based on the boost given by the State, an attractive business opportunity is being generated in the lower-income families sector.

As any other economic activity, the real estate activity faces some risks. In this connection, it should be mentioned that the sector is highly procyclical (and even more volatile than the GDP). Besides, political institutions have yet to be consolidated in the country in order to reduce uncertainty both for housing supply and demand, and to consequently favour the development of the sector.

¹ This report has mainly focused on the housing segment. To obtain information on offices and shopping centres, see Appendices 1 and 2.

Introduction

Since 2002, the Peruvian economy has been showing a strong expansion phase which, in the last three years, has been reflected in a significant acceleration in the process of generating formal employment opportunities (urban employment has been growing at a rate of 9%, approximately), an improvement in family income and a 10% reduction in poverty levels.

In this favourable context, the Peruvian real estate sector has been growing steadily. For example, building of housing units in Metropolitan Lima has increased, as a whole, by 67% during the last four years, going from 1.9 million square metres in 2003 to 3.6 million in 2007. This sector expansion has come with a significant increase in mortgages granted by financial entities, which have doubled in the last four years and bordered USD 2.9 billion at the end of 2007.

In this report, we analyse the evolution and the main determining factors of demand, supply and financing of housing units. Besides, the main opportunities and risks of the sector are identified, emphasizing prospects for the upcoming years.

Demand for housing

With the current economic expansion, Peruvian families' income has increased significantly in the last years. Thus, according to figures provided by Ipsos Apoyo, a Peruvian consulting firm, in the last 4 years the average family income has increased by 40% in nominal terms, going from USD 430 in 2003 to USD 600 in 2007. This has contributed to an increase in the effective demand for housing.

To explain in detail this higher effective demand for housing, two factors must be considered. The first one is connected with the housing deficit², which in Peru amounts to 1.2 million housing units. This number increases by 40 thousand housing units each year with the creation of new families looking for a place to live.

Moreover, it should be pointed out that evolution in income and employment levels in the formal sector have increased the number of credit subjects for the financing of housing through the financial system³. In the case of middle-income families, improved access to mortgage was initially promoted by the public sector through MiVivienda programme⁴. At present, though, with the exhaustion of this fund, the private sector has taken the initiative and mortgages have been growing at average rates of 15% per year. Currently, the State is still implementing programmes to facilitate mortgage financing and to encourage timely payment of the loan, but only for low-income families.

Since the future macro-economic prospects are encouraging (with an average growth forecast of 6% for the next years, and employment and family income to continue growing), the housing deficit is expected to imply a higher effective demand for housing. Thus, one of the basic conditions for the real estate sector to continue developing in Peru is fulfilled.

² Quantitative housing deficit, meaning not having the ownership of housing units (mainly families living in a rented housing unit or with a relative).

³ Purchaser's financing facilities are included below, in a separate section.

⁴ Government programme created in 1999. The history and the evolution of this programme are explained in detail in the Financing section.

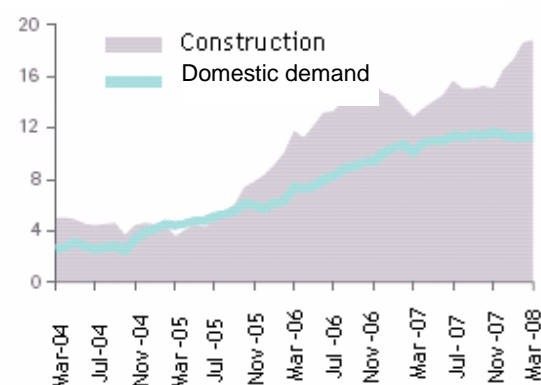
Evolution of Building Activity

	01	02	03	04	05	06	07
Building of housing units: Metropolitan Lima (thousand of m²)	1,431	1,326	1,892	2,490	2,740	2,805	3,160
% change	1.1	-7.3	42.7	31.6	10.0	2.4	12.7
Mortgage Loans for Housing (USD million)	1,050	1,174	1,360	1,621	1,960	2,309	2,857
% change	7.4	11.9	15.8	19.2	20.9	17.8	23.7
% of total loans	9.2	10.0	11.9	13.0	13.4	12.7	11.8
% of non-performing loans	4.8	3.7	2.4	2.4	2.1	1.9	1.8

Source: CAPECO

Preparation: ERD BBVA - Banco Continental

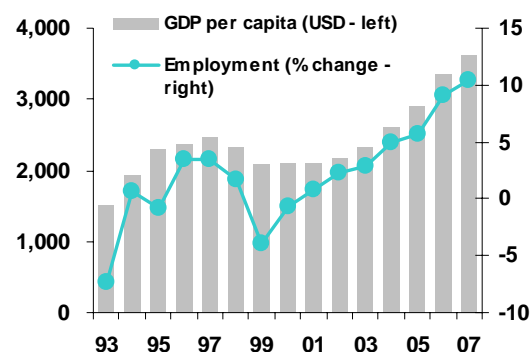
Domestic Demand and Construction (annual % change)



Source: CAPECO - Banking and Insurance Superintendency (SBS, Superintendencia de Banca y Seguros)

Preparation: ERD BBVA - Banco Continental

Peru: GDP and employment indicators



Source: Central Bank - BCRP

Preparation: ERD BBVA - Banco Continental

Effective demand indicators for Metropolitan Lima

According to the last Metropolitan Lima Urban Buildings Census conducted by the Peruvian Building Association (*Cámara Peruana de la Construcción*, CAPECO), there is an effective demand for about 300 thousand housing units just in the capital city (16% of the total number of households in Lima).

In terms of effective demand for housing, and according to their price, there are three major sectors:

i) Up to USD 15 thousand: It represents over 60% of effective demand in terms of number of housing units, and it is mainly composed by low-income families. The main areas where real estate projects for this sector could be developed are Lima northern and southern areas (Comas, Independencia, San Juan de Lurigancho, El Agustino, Los Olivos, Villa El Salvador districts, etc.), where the price per square metre amounts to USD 300, approximately. This market would demand investments of USD 1.8 billion, part of which could be channelled through *Techo Propio* programmes⁵ and housing megaprojects.

ii) Between USD 15 thousand and USD 25 thousand: In this sector, effective demand is focused on middle and low-income families. Price per square metre amounts to USD 400, approximately; in districts like San Luis, La Victoria or Rimac, housing units can be acquired at this price. This segment potential, which could be partially covered by *Mi Hogar* programme⁶, amounts to about USD 1.3 billion.

iii) Over USD 25 thousand: Effective demand in this sector comprises middle and high-income families. This market has been traditionally targeted by building companies and financial entities. Average price per square metre is considerably fluctuating, and ranges from USD 500 to USD 1.5 thousand in the most exclusive areas. This sector, which represents just 10% of families, would require investments of USD 1.2 billion.

Analysis of effective demand for housing in Metropolitan Lima

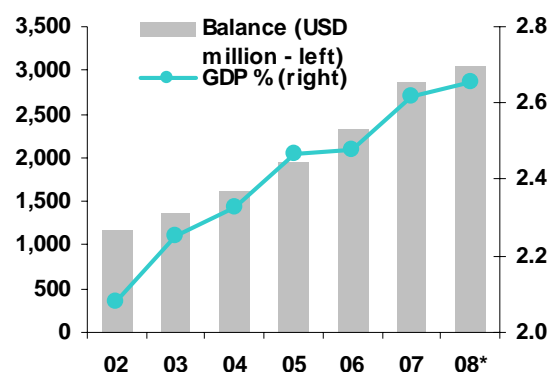
	House Unit Price			Total
	Below USD 15,000	Between USD 15,000 & USD 25,000	Over USD 25,000	
Effective demand (households)	189,357	72,401	35,163	296,921
Average Term (years)	7.4	11.5	11.5	8.9
Payment disposition				
Down payment (USD)	1,225	2,204	3,491	1,732
Monthly instalment (USD)	108	209	312	157
Monthly savings reported (USD)	68	99	216	93
Monthly family income (USD)	533	703	1,384	675
Income * 30% (USD)	160	211	415	203
House Value				
According to monthly instalment	9,031	21,728	32,589	14,424
According to reported savings	6,095	11,492	23,646	9,245
According to income percentage	12,744	21,889	42,256	18,106
Average Value (USD)	9,290	18,370	32,830	13,925

In the rest of the country, and according to surveys carried out by MiVivienda fund, there is an effective demand for about 80 thousand housing units in the main cities of provinces, which means an investment potential of USD 1.2 billion. As in Lima, most of the demand is focused on middle and low-income sectors, which need housing units for a price below USD 20 thousand.

⁵ Programme created in 2002 for low-income families.

⁶ Programme created in 2006 for middle-income families.

Peru: Mortgage Loans



Source: SBS

Preparation: ERD BBVA - Banco Continental

Thus, it would currently exist within the country an effective demand for housing units of about USD 5.4 billion, of which USD 4.2 billion corresponds to Metropolitan Lima.

First and second housing markets

According to Coldwell Banker, 60% of real estate transactions in Peru are conducted in the primary market, also known as first sale market. Most transactions in this group are mainly carried out in residential areas, and it has become one of the sector and global economy engines, due to the strong employment of workforce and the use of building materials mainly supplied by the local industry.

The other 40% of real estate transactions is related to second sale housing, in which just the title to an already built property is transferred. In most cases, this market is related to moving houses (upgrades) among higher-income families.

Housing supply

As regards building activities, 3.2 million square metres were built in Metropolitan Lima in 2007. This implies –given the number of housing units built each year– that the average housing unit built in Lima has 80 square metres. However, these figures do not take into account the informal building activity (specifically, self-building). Although there is very little information on this informal building activity, taking into consideration cement domestic consumption it could represent 70% of the building activity.

At present, average annual increase in housing supply can only cover the average annual increase in demand for housing. Thus, the housing deficit has remained stable. In this context, CAPECO's goal is to build, at least, 100 thousand housing units per year (in 2008, it is estimated that 80 thousand housing units will be built), and therefore, the housing deficit would begin to decrease. At this rate, it would take twenty years to wipe out this deficit, thus giving the building sector wide opportunities to grow.

Not only is the current supply of new housing units insufficient, but also most of these have been targeted at middle and high-income families, which require housing units whose sale prices are over USD 25 thousand. However, the housing deficit is not concentrated in this sector, but in the middle and low-income sectors. In this way, and since families belonging to these segments demand housing units with a sale price ranging between USD 10 thousand and USD 20 thousand, potential demand for housing for the next twenty years would be of about USD 30 billion (about 27% of current GDP in Peru). Thus, it is here where the most important opportunities for the sector are concentrated.

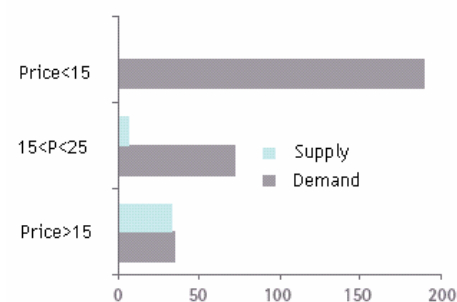
Concentration

There are about 400 major companies in the market devoted to the building of real estate projects. The concentration is low, because none of the companies represent more than 10% of sales. It is estimated that the companies in the market as a whole apply for permits to build about 40 thousand housing units each year (considering that since 2001, nearly 270 thousand housing units have been built), most of them in Metropolitan Lima.

State promotion

In the last years, the State has been promoting the building of housing units for those families that most need them, but that have fewer possibilities of having access to

Housing Supply and Demand in Metropolitan Lima
(according to price ranges, in thousand USD - thousand housing units)



Source: CAPECO
Preparation: ERD BBVA - Banco Continental

mortgage financing and to whom housing supply had not reached yet (less than 1% of the total offer): lowest-income families.

State promotion is implemented by encouraging the private sector to build housing megaprojects, with housing units at affordable prices for lower-income families. These units would have basic utilities (water, drainage and light) and a title deed. Additionally, the purchaser can have access to state programmes to finance the purchase of the housing unit, as described below. For this reason, building companies make sure that there will be demand for the property built and, at the same time, that they will obtain a significant profitability, perhaps not per unit sold, but for the large number of units sold.

The two most important projects are located in the northern area of Lima: Piedras Gordas (20 thousand housing units) and Collique (15.6 thousand housing units). This promotion not only takes place in the capital city of the country, but also in the provinces, where there are already important projects in Trujillo (Nuevo Chao, with 4 thousand housing units) and in Arequipa (Salaverry, 1.2 thousand housing units).

Regulatory issues

According to CAPECO, the process to obtain a permit to build in Peru may take up to 320 days, and stakeholders must go to competent entities at least six times to obtain such authorisation. In this context, housing supply by private building companies is discouraged, specially the one targeting low-income families. Thus, CAPECO points out that about 70% of constructions are built without a building permit, and about 90% of housing units built for low-income families are designed and built without the participation of professionals. In fact, according to estimations provided by the construction union, bureaucratic red tape would be causing a loss of between USD 800 and USD 900 million per year in investments in the sector, in particular, by foreign investors.

In September 2007, the Peruvian Congress ratified a new Urban and Building Permits Act (*Ley de Habilitaciones Urbanas y Edificaciones*, LHUE - Act 29090), in the pursuit of facilitating the development of private investment through the relaxation of building procedures. So far, its regulation is still pending, after which it would come into effect. Main new features of this act are the following: i) criteria and proceedings required in all the municipalities across the country will be standardised; ii) the building of a single-family housing unit of up to 120 square metres will obtain an automatic permit through the sole submittal of a single form signed by the interested party; and iii) constructions of up to 3 thousand square metres (or buildings of up to five floors) will obtain an automatic permit with the sole submittal of the record signed by a building professional.

Thus, and in contrast to the current act, by which any construction is required a prior municipal authorisation, with the implementation of the new act, the authorisation would only be necessary for major works. Subsequently, the new act should, in principle, make the sector even more dynamic. However, building of housing units without an appropriate technical supervision also involves some risks, as professional associations of engineers and architects have pointed out. In order to reduce these risks, the Ministry of Labour is currently carrying out regular inspections on civil building works. The supervision procedure is being carried out in Metropolitan Lima buildings by inspectors from the Ministry of Labour, municipal controlling officers and professionals from associations of engineers and architects.

Peru: Main housing megaprojects

Project	Location	Beginning of building work	No. of housing units
Piedras Gordas	Lima	2008	20,000
Collique	Lima	2008	15,600
Parques del Agustino	Lima	2007	3,200
Matellini	Lima	2008	1,400
Cuartel Salaverry	Arequipa	2008	1,200
Nuevo Chao II	Lima	2008	4,092

* Does not consider Pampahuasi auctions in Cusco (200 housing units) and Superintendency of National Assets (360 housing units).

Source: Ministry of Housing
Preparation: ERD BBVA - Banco Continental

Profitability of real estate business

In spite of the bureaucratic red tape, promoting and building companies show high profitability ratios, according to information provided by seventy-five real estate companies operating in the country. Thus, in 2005, the return on equity (ROE) ratio reached 11%, while the return on income ratio reached 6%. In the last two years, and consistent with the better performance in other economic activities, such figures might have increased, reaching return on equity ratios over 20%.

Consequently, the real estate business is still attractive and has even improved, in spite of a situation in which prices of building materials have increased significantly. On the one hand, the percentage of housing units sold before construction completion (or even commencement) is increasingly higher; on the other hand, since the same dynamism in the economy and in the demand for housing has promoted a higher demand for building materials, there is enough room to roll over higher costs to the sale price of the property.

Incorporation of new private stakeholders

High levels of profitability in the Peruvian real estate sector and existing expansion opportunities have generated interest and participation of foreign real estate companies, which might take part both in housing megaprojects and in traditional projects.

Among the main companies that have incorporated into the Peruvian market, we could mention:

- Besalco (Chile). Real estate company that has consolidated its operations in Peru through its affiliate Besco, having invested to date in over fifty real estate projects and more than one thousand flats.
- Inmobiliaria Paz (Chile). It executed a teaming agreement with the Peruvian company Inversiones Centenario belonging to the Romero Group. It plans to invest USD 35 million in real estate projects for middle-income families in Lima; subsequently, it will invest in the provinces.
- Salfa-Corp (Chile). It started operations in Peru in April, 2007. It merged with the also Chilean company Aconcagua, which made it the Chilean real estate company with the highest turnover. It is evaluating several housing projects.
- Translei (Portugal). It is controlled by the Mota-Engil SGPS Group. It will start constructing luxury buildings in Lima, with investments above USD 3 million.

In addition, other companies interested in running real estate projects in Peru are: Barcelona Investments and San José (Spain); China State Construction (China); NR Investments (United States), and the Chilean companies Belfi, Icafal, Tecsa and Geosal.

Financing

The main source of funding used to buy a housing unit is the mortgage, offered by several institutions belonging to the financial system. Actually, 80% of the housing units purchased are funded through these entities, while the rest are purchased in cash by people who have sufficient saving capacity and who prefer not to borrow money. Alternatively, the public sector is currently offering different housing funding programmes, especially for the lower-income economic sectors.

Mortgages granted by the financial system

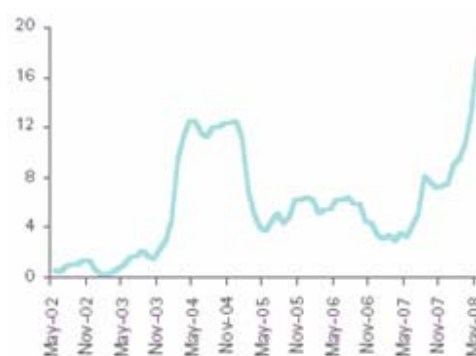
As of March 2008, the balance of mortgages granted by the financial system amounted to USD 3.1 billion, 11% of total loans of the financial system. However, even though

Peru: Building Firms Profitability Indicators



Source: Peru Top 10,000 Companies
Preparation: ERD BBVA - Banco Continental

Peru: Building Materials Price Index Evolution (YoY % change)



Source: CAPECO
Preparation: ERD BBVA - Banco Continental

this balance has been growing at an annual average rate of 21% over the last five years, Peru is one of the countries of the region with the lowest mortgage penetration (2.8% of GDP), even controlling for per income level. In contrast, according to figures provided by the International Monetary Fund, mortgage loans average share in the GDP of developed countries amounts to 57%, while in countries of the region -like Mexico and Chile- it reaches 15% and 11%, respectively.

It should be noted that the reason for the low proportion of mortgages as GDP percentage is that this indicator does not take into consideration the 70% of housing units generated through self-building, which is funded with savings and consumer credits. This phenomenon is associated with the high degree of informality, as well as with the unavailability of title deeds that hinder the structuring of mortgages.

There are more than thirty entities from the financial system offering mortgages. However, in spite of this relatively high number of lending entities, only four of them concentrate about 88% of the total value of mortgage loans granted. For example, Banco de Crédito BCP is the leading entity with 39% of the total amount of credits, while BBVA Banco Continental is in the second position with 27%; the two next entities are Scotiabank Peru and Interbank, which represent 12% and 10% of mortgage loans, respectively.

Most mortgage loans offered enable funding up to 90% of the housing unit value (that means that a down payment of at least 10% of the property value is required), although in the case of country houses or beach houses only 60% of the property value is funded. The minimum amount granted for a mortgage by most entities of the financial system is USD 10 thousand or its equivalent in soles (in the case of some banks, the minimum amount differs between Lima and the provinces, being loans granted in the provinces lower). This shows that the financial system is focused on the middle and high socioeconomic sectors.

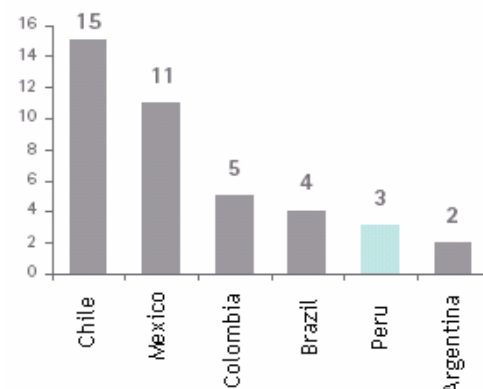
Companies of the financial system offer mortgage loans both in soles and in dollars, with fixed or floating interest rates. Besides, there exists a scheme of combined interest rate, through which the borrower initially pays a fixed interest rate for a period of 5 or 10 years, and then a floating interest rate according to the Limabor⁷ plus some percentage points (between 4 and 6).

In general, the currency denomination does not significantly affect interest rates. Thus, in April 2008, interest rates for loans both in soles and in dollars fluctuated around 9% and 10%, higher than those of sovereign and global bonds by around 400 basis points, respectively. However, this level depends on the amount of the loan and on its term.

Currently, funding companies offer mortgage funding for a maximum term of twenty-five years. In practice, though, credits are taken for significantly shorter terms: most credits are granted for a fifteen-year term or less. In this sense, we believe that at present credits are taken for an average term of 13 years (information shared by CAPECO survey, which establishes that the average term expected by middle and high-income customers is of about 12 years). To some extent, this is due to the fact that in Peru a borrowing culture has not been developed yet (that is to say, customers prefer to borrow money for the shortest possible term).

To have access to a mortgage loan, the prospect borrower must comply with a set of requirements. The main condition is connected with the household gross income,

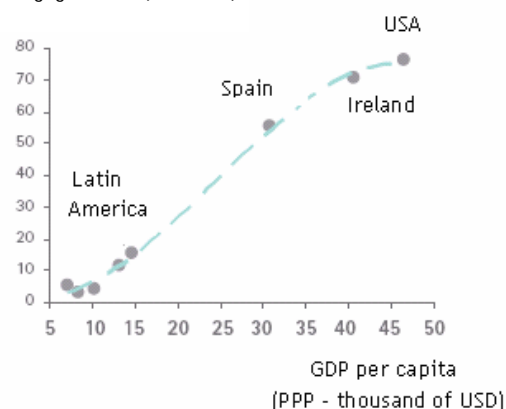
Latin America: Mortgage Credits over GDP (%)



Source: Peru Top 10,000 Companies
Preparation: ERD BBVA - Banco Continental

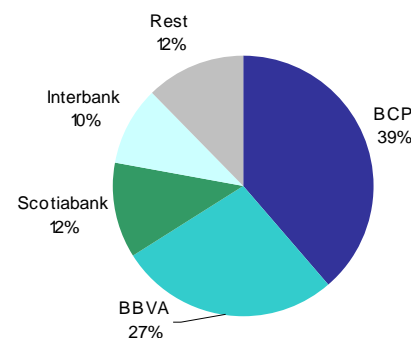
Mortgage Loans / GDP (%)

Mortgage Loans (% of GDP)



Source: International Monetary Fund
Preparation: ERD BBVA - Banco Continental

Peru: Banks Share in Mortgage Loans (%)



Source: SBS
Preparation: ERD BBVA - Banco Continental

⁷ The Limabor interest rate is the average interest rate granted by the main banks to their best customers. It is calculated by ASBANC: www.asbanc.com.pe

which must amount, at least, to USD 400 per month (some entities apply stricter conditions). Furthermore, the maximum monthly instalment allowed by banks amounts to 30% of a household's income, but this also depends on the applicant's financial position (assets and liabilities). An additional requirement is related to the age of the borrower, who must be under 70 or 75 years old (depending on the financial entity) before the termination of the credit.

As regards the average amount disbursed per mortgage, we estimate that it is about USD 45 thousand. This figure has been increasing steadily in the last years, consistent with the higher purchasing power of the population (which enables them to have access to more expensive housing units) and with the increase of prices per square metre.

As to monthly instalments, these might have also risen in the last years, although individuals are taking loans for increasingly longer terms. Thus, in 2004, the average instalment for a mortgage amounted to USD 350, while in May 2008, such average instalment approaches USD 600 (35% more, considering the equivalent amount in soles to eliminate the effect of the sol appreciation). The increase in the average monthly instalment would also respond to the increase in the population income; therefore, the instalment represents a percentage similar to or even lower than that of average income.

Delinquency in payment of mortgages granted by the financial system has remained below 2% in the last years. This result is associated with an improvement in the purchasing and saving power of families, which enables them to pay monthly instalments more easily. Additionally, risk management by financial system companies has been effective. However, it is also important to mention that the economic expansion is a factor which supports the low level of delinquency; the appropriate management of risks will be tested when eventually macroeconomic conditions are less successful, as in the 1998-2001 crisis, when the delinquency rate of this type of credits reached around 10% (between 1998 and 1999 increased from 4% to 9%).

One of the main causes for the increase in the delinquency rate between 1998 and 2001 was the dollarisation of mortgages, which generated a mismatch between family incomes and expenditures. In that respect, in March 2008, dollarisation of these credits amounts to 77%. However, this dollarisation has been reduced in the last two years, period in which loans in soles have been promoted, and they reach about 95% of the total flow of mortgages (although part of this could be due to the depreciation of the dollar with respect to the sol). If this goes on, dollarisation of mortgage loans could be reduced to around 60% in the following two years.

It should be noted that, at present, demand for mortgages in dollars has begun to increase, especially because borrowers expect the dollar to continue its depreciation with respect to the sol in the following years.

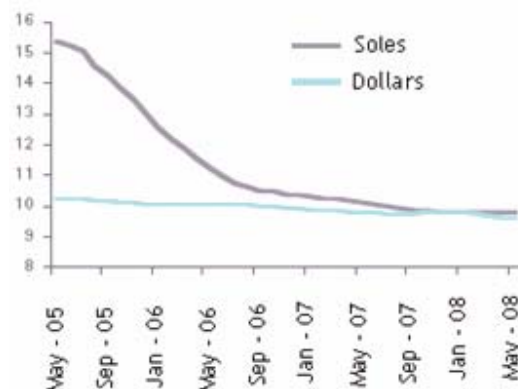
Mortgage financing promoted by the State

Alternatively to traditional mortgages, several mortgage-financing programmes have been promoted by the public sector. The most important ones are described below.

MiVivienda Programme

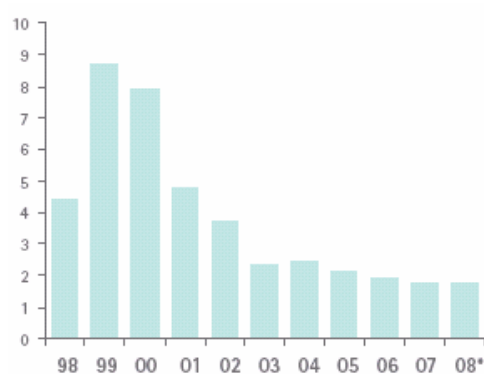
This type of mortgage has been promoted by MiVivienda Fund, a government entity that belongs to the Ministry of Housing, Building and Sanitation. MiVivienda Fund was created in 1998, with USD 500 million supplied by the National Housing Fund (*Fondo Nacional de Vivienda, FONAVI*). Through the financial system, these funds were used for the granting of mortgages (mainly in foreign currency), which had an exponential

Peru: Mortgage Interest Rates (%)



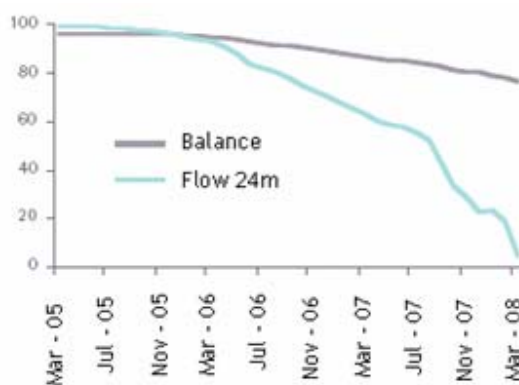
Source: Peru Top 10,000 Companies
Preparation: ERD BBVA - Banco Continental

Peru: Non-performing Mortgage Loans (% of total)



* As of March 2008
Source: Banking and Insurance Superintendency
Preparation: ERD BBVA - Banco Continental

Peru: Dollarisation of Mortgage Loans (% of total)



* As of March 2008
Source: Banking and Insurance Superintendency
Preparation: ERD BBVA - Banco Continental

growth in the first years of the Fund, reaching 35 thousand placements in 2006. In that year, credits granted by MiVivienda represented 25% of the total number of mortgages.

The programme was a success in that it represented the first boost in the real estate sector and enabled financial companies to realize that there was a growth potential in the middle-income families segment, considering the low rate of delinquency. Part of the success of the programme was because the credit structure generated the appropriate incentive for repayment, in particular the “good payer bond” (*bono del buen pagador*), equivalent to 20% of the housing unit value. Because of this, the product was very attractive for borrowers, although not very profitable and sustainable for the public sector.

Thus, in 2006, the Fund ran out of resources because the speed of placements was much higher than that of partial amortisations. This forced authorities to redefine the programme. In this sense, MiVivienda credit was redesigned under three main pillars: i) loans should be granted in soles; ii) the “good payer bond” was reduced to 15% of the housing unit value; and iii) loans would be funded directly with resources from the financial system, while MiVivienda would act as guarantor.

The main features of this credit are the following:

- i) Loans in soles up to 90% of the property value, with a minimum financing of S/. 24 thousand and an estimated maximum of S/. 120 thousand (35 taxable units [*unidades impositivas tributarias*, UIT], each of which at present represents S/. 3.5 thousand).
- ii) Maximum term to pay: up to 20 years.
- iii) The housing unit to be funded must be a first time sale, and its value must not be above 50 UIT (since the maximum financing is 35 UIT, a 70% loan-to-value ratio is suggested).
- iv) It includes a “good payer bond”, through which the borrower does not pay 15% of the loan (up to a maximum amount of S/. 15 thousand).
- v) Interest rates amount to about 13%, and as in the traditional mortgage, combined interest rates are offered, based on the Limabor plus a spread of 800 basis points approximately (8 percentage points).

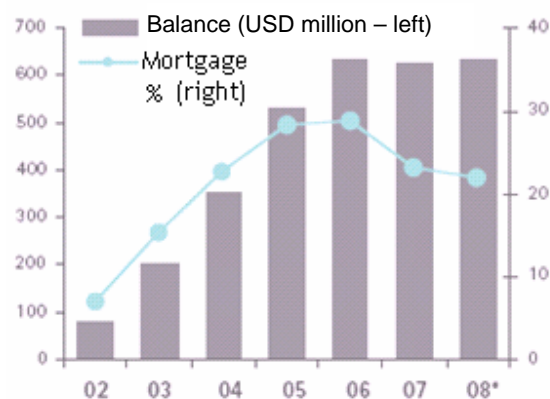
At present, the importance of MiVivienda programme has reduced with respect to other state programmes. This is because it has lost part of its public goal: high-income sectors take traditional credits, while middle-income sectors take traditional credits or credits from the new MiHogar programme. In fact, in 2008 only 150 MiVivienda credits have been granted (in its peak, in 2005, 880 credits per month were granted).

Mi Hogar Credit

It is a national-wide programme created by the State in 2007. Its aim is to allow thousands of Peruvian families access to owning a house. It has similar characteristics to MiVivienda:

- i) Loans are in soles, between S/. 31 thousand and S/. 78 thousand, and up to 90% of the property value.
- ii) Payment term of between 10 and 20 years.
- iii) The housing unit to be financed shall be from the first sale market and its value shall be between 10 and 25 UIT (S/. 35 thousand and S/. 86 thousand, respectively).
- iv) It includes a fixed “good payer bond” of S/. 10 thousand. In case the borrower makes a prepayment or an early repayment before the credit maturity term, they lose this bond.
- v) Interest rates are approximately at 12%.

MiVivienda: Balance and Proportion of Total Loans (%)



* As of March 2008

Source: Peruvian Superintendency of Insurance and Banks (Superintendencia de Banca y Seguros)

Preparation: ERD BBVA - Banco Continental

Peru: Number of loans granted under State programmes



* As of March 2008

Source: Ministry of Housing

Preparation: ERD BBVA - Banco Continental

Moreover, the borrower should not have been benefited by the MiVivienda programme or by the Peruvian National Housing Fund (FONAVI).

Although the Government intends to support financing of 5 thousand housing units within the next twelve months, which implies a USD 100 million investment, the programme is still not as dynamic as expected. In fact, as of March 2008, only 900 credits have been granted with a monthly average of 150.

Techo Propio Programme

Created in 2002, this state programme aims at financing the acquisition of housing units for low-income families. It facilitates the purchase of a housing unit by means of a Housing Family Bond, (*Bono Familiar Habitacional*, BFH) granted by the State. Its main features are as follows:

i) First, the borrower must be declared eligible by MiVivienda Fund. It is therefore required that the monthly household gross income be higher than S/. 350 but lower than S/. 1.45 thousand, and that the borrower not be the owner of a house or plot of land.

ii) The value of the housing unit shall be between USD 5 thousand and USD 10 thousand, or its equivalent in soles.

iii) The borrower shall pay an initial instalment covering 10% of the value of the property, while the State will contribute USD 3.6 thousand through the BFH.

For example, if the value of the housing unit is USD 5 thousand and the borrower pays an initial instalment of USD 500, the value of the loan would be USD 900, the difference being covered by the BFH.

iv) The borrower has up to 20 years to pay the loan. The average interest rate is 15%.

It is worth mentioning that until 2006 around 10 thousand BFH had been granted; however, only 3.5 thousand housing units had been delivered due to administrative constraints and the low pace of building work progress.

By the end of 2007 the programme was relaunched in order to offer 20 thousand housing units per year, with an estimated investment of USD 160 million.

Besides, the Techo Propio Cuota Única programme was created, which has a subsidy of USD 5 thousands and the initial instalment is just of 5%.

Recent developments in the capital market

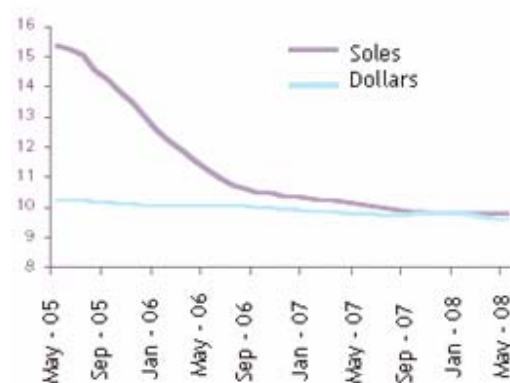
A growth in mortgage loans should come along with the development and negotiation of debt instruments, such as mortgage bonds and mortgage-backed securities. In this regard, some developments have recently taken place in the capital market, which are related to the dynamism of mortgage loans. A description of these developments follows.

Mortgage Managers

In January 2007, Mortgage Management Businesses (*Empresas Administradoras Hipotecarias*, EAH) were created by Law N° 28971. Their purpose is to grant and acquire property loans on their own account and based on them, to issue securities, mortgage bills, mortgage debentures, mortgage instruments, and negotiable mortgage securities, both in domestic as well as foreign currency.

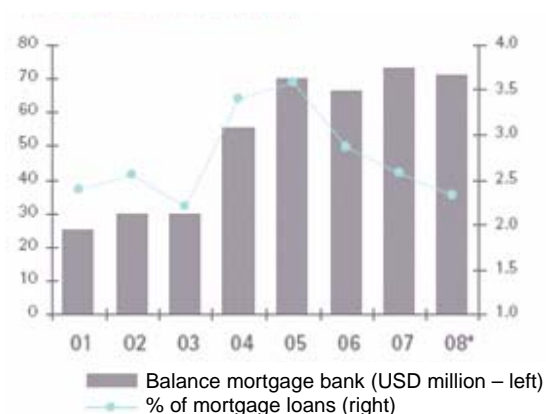
Up to now, only one EAH has been set up, formed by the insurance company InVita, which belongs to the Wiese Group and ING from The Netherlands. This new entity expects to grant 30-year loans for a total sum of USD 500 million.

Peru: Mortgage Interest Rates (%)



Source: Peru Top 10,000 Companies
Preparation: ERD BBVA - Banco Continental.

Non-performing mortgage loans (%)



* As at March 2008
Source: Peruvian Superintendency of Insurance and Banks (Superintendencia de Banca y Seguros)
Preparation: ERD BBVA - Banco Continental

Moreover, some insurance companies such as La Positiva and Interseguro have shown interest in creating Mortgage Management Businesses, driven by their intention to find assets that match the terms of their reserves.

Mortgage bonds

These instruments are issued to get the financing to cover mortgage transactions exclusively. Each issue is backed by the issuer's equity, apart from an identified portfolio exclusively destined to payment of these bonds.

Although they seem attractive, the mortgage bond balance as of April 2008 was just USD 70 million (2.3% of mortgages loans). This mechanism has not been fully successful due to the following reasons: i) compared to retail deposits, it is a relatively expensive source of funds; ii) among the bonds issues, banks would be favouring subordinated ones, as they reduce leverage since they are considered as part of equity; and iii) the market does not show much interest for these instruments.

Securitisation of mortgages

An additional opportunity for the development of the mortgage loan market is the securitisation of the mortgage portfolio. In this regard, BBVA Banco Continental has been a pioneer in the market with its First Programme of Mortgage Securitisation Instruments by USD 100 million. In the first auction of December 2007, USD 25 million were placed at an 18-year and 2 months term, with a demand that almost doubled the supply. We should note that this instrument had a partial guarantee from the Inter-American Development Bank (IDB).

It is worth mentioning that although mortgage securitisation has a slightly higher cost than a mortgage bond issuance, it has a crucial advantage for banks: by taking the securitised portfolio out of the balance sheet, leverage ratios are improved and the level of risk-weighted assets is lowered.

Opportunities for the development of real estate activity in Peru

The Peruvian real estate market is still in a developing phase. Therefore, there are opportunities to benefit from.

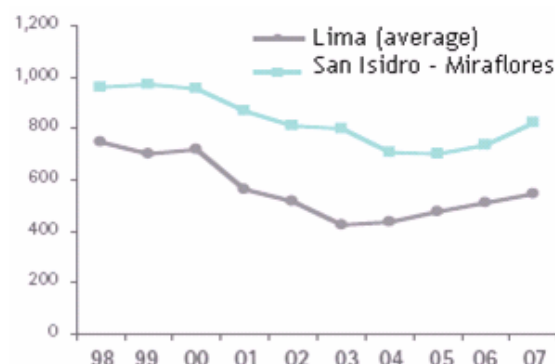
The price of the square metre is still relatively low

It is interesting to note that in comparison with other major cities in Latin America and the world, the price of the square metre in Lima is still relatively low. The average price of the square metre in Lima is USD 550, although price differences are high: there are prices above USD 1,500⁸, in highly exclusive areas such as San Isidro, whereas in Lima Norte prices are around USD 300. This result remains even when considering the difference in the level of income per person in the sample of analysed countries.

Therefore, the existence of an asset bubble is unlikely in the real estate market of Lima. On the contrary, indicators show that there would still be room for an increase in housing prices in the coming years. Thus a crisis such like the one in the United States is unlikely to happen. Moreover, this entails a development opportunity for the real estate activity since the context would be favourable for a

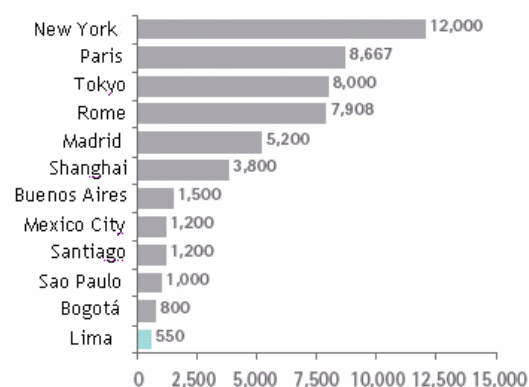
⁸ The maximum price per square metre was registered in a building work in San Isidro (USD 2.5 thousand). In the highly exclusive areas of San Isidro, prices are around USD 1.5 and USD 1.8 thousand per square metre. A similar situation is noted in urban developments of Miraflores and Barranco (facing the sea), Surco (Casuarinas), and La Molina (La Planicie).

Prices per square metre in Metropolitan Lima (USD)



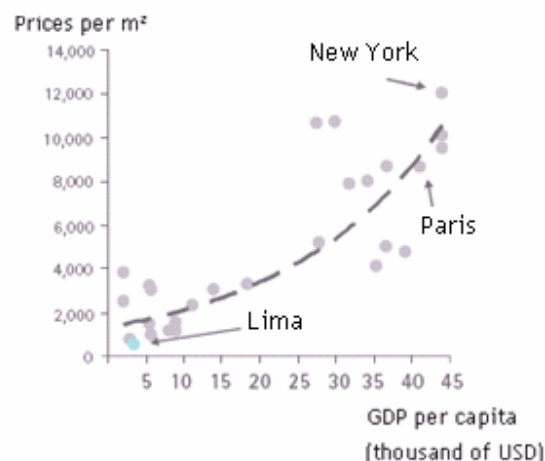
Source: CAPECO
Preparation: ERD BBVA - Banco Continental

Prices per square metre at an international level (USD)



Source: The World Report 2006
Preparation: ERD BBVA - Banco Continental

Square Metre Price/Income Ratio (USD)



Source: Global Report 2006, FMI

continuous growth in the real estate business and in the negotiated amounts, both because of quantity increases and price increases.

However, the higher effective demand for housing has already started to have an increasing effect on square metre prices, particularly in the last months.

Average prices in the provinces are lower than in Lima, around USD 300 per square metre. But as in the capital, prices have tended to increase in the last years. This is related to more access to public utilities, closeness to business and entertainment centres, and the increase in the purchasing power of the provinces population. Hence, in some Cusco areas, for example, the square metre can be above USD 1 thousand.

Economic growth will increase the spending power of households

Opportunities in the Peruvian real estate activity are not limited to the available space that square metre prices have to increase, given the current purchasing power of households. In this sense, it is reasonable to think that expected economic growth in the coming years will enhance the purchasing power of households and, consequently, the effective demand for housing, improving the development of the sector. The higher effective demand for housing would reflect on an upwards trend in square metre prices, which should not entail a constraint for the real estate activity: data show that the relation between a country's economic growth and the size of its real estate market is direct and growing, for when the economy expands, the real estate sector grows at an even faster pace than other sectors.

The population tendency is favourable for the real estate sector

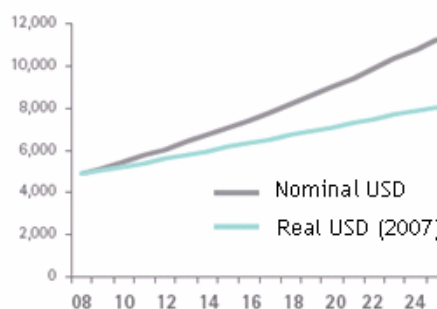
We should also consider that according to the age pyramid, Peru has a relatively young population. This young population represents future housing demand. In an environment where the population income would also increase, the effective demand for housing would rise in the next years as well.

Moreover, it is important to note that a reduction in the average number of people that live in a household is currently evidenced, from 5.0 in 1993 to 4.5 in 2005, which is consistent with the boost in the number of individual households and families with few children. Consequently, for the same population, the effective demand for housing should be higher. This information is particularly interesting if we consider the decrease in the Peruvian population growth rate shown in the last years (1.4%). In this sense, despite the lower population growth rate, the housing construction growth potential would be above 2% just for this factor.

The ratio of houses built outside the market (self-building) would tend to decline in the next years

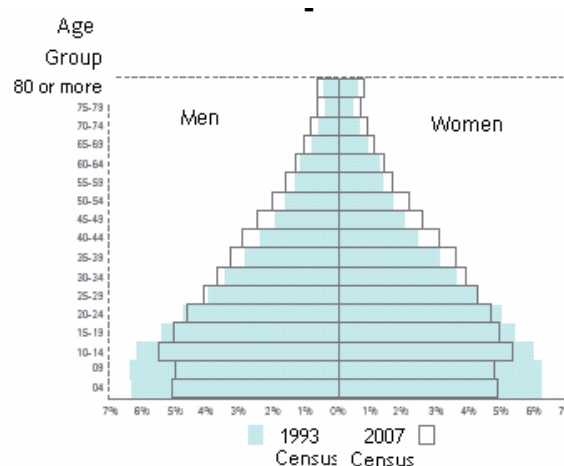
Finally, in relation to the mortgage financing demand, the future increase in the income of the population should facilitate access of families who currently self-build their housing units (it is estimated that around 70% of the total housing constructions are built in this way), which are largely financed by the families' own resources. This entails an interesting business opportunity for financial entities and building firms since in the coming years a larger number of households should acquire their housing through real estate agencies and property developers, raising finance from mortgages. Hence, if 40 thousand housing units are currently built and financed annually through real estate agencies and the financial system, that number could reach 80 thousand for the year 2025.

Peru: GDP per capita (forecast for 2025)



Preparation and Forecast: ERD BBVA Banco Continental.

Peru: Population Structure (%)



Source: INEI
Preparation: ERD BBVA - Banco Continental

Peru: Population, Households and Housing Units

	Population (million)	N° Households (million)	N° Housing Units (Million)	Persons per housing unit
1993 Census	22.0	4.8	4.4	5.0
2005 Census	26.2	6.1	5.9	4.5
% change	18.6%	27.0%	32.3%	-10.4%
Average annual % change	1.4%	2.0%	2.4%	-0.9%
Average annual increase (thousand)	342	107	119	

Source: INEI
Preparation: ERD BBVA - Banco Continental

Risks and setbacks

Real estate activity in Peru faces risks that should also be taken into account:

- *High sensitivity of the sector towards economic fluctuations.* Real estate activity is highly sensitive to the evolution of the rest of the economy and has a higher volatility than GDP (both upwards and downwards). Therefore, a less favourable international environment with a negative impact on the domestic economy would cause a deeper impairment to the real estate activity.
- *Absence of specific measures to consolidate the political institutions of the country.* It is important to continue making progress in this area so that uncertainty for housing supply and demand is reduced, thus improving the development of the sector, associated to long term decisions.

Besides, growth and development of the real estate activity has to tackle several setbacks. Some of the main ones are the following:

- *High concentration of housing supply in the highest income segments.* During the last years, the target for housing supply has been the socioeconomic sectors with the highest income, while supply for the poorest sectors (60% of effective demand for housing) is virtually nonexistent. However, this situation is expected to change with the public sector's boost to the building of megaprojects.
- *Lack of a borrowing culture.* In Peru there is no long-term borrowing culture; on the contrary, people prefer borrowing for the shortest possible term. This implies that i) potential customers cannot access housing since monthly instalments of short-term borrowing are very high for their income level; ii) customers require many months to gather the amount of money needed for the down payment to be substantial enough to reduce monthly instalments. These represent setbacks for mortgage loans growth, since there would be a delay between the beginning of an economic boom and the expansion of this type of loans.
- *Absence of title deeds.* The problem is particularly serious for housing construction in areas where the population has a lower purchasing power.
- *Incipient development of the capital market.* The balance of mortgage bonds and mortgage-backed securities does not exceed USD 100 million, partly because institutional investors prefer less intricate instruments. Moreover, the sub-prime market crisis in the United States has reduced even more the interest in these securities, increasing the risk-premiums charged to buy them.

Conclusions

Since the beginning of the decade, the Peruvian real estate sector has been growing steadily. This has taken place in a context of continuous expansion of the economic activity in general, which boosted employment and increased households' income. Taking into consideration the important housing deficit, both the increase in households' purchasing power and the presence of better financing possibilities have brought about a surge in the effective demand for housing.

Housing supply has also increased. This is primarily related to the profitability recorded by the real estate sector. Besides, the growing demand has made possible an increasing percentage of sales before construction is finished, thus reducing the building firm's financial cost.

Housing supply has reached high and middle-income families. In the case of middle-income families, it is worth mentioning that the launching of the state programme *Mi Vivienda* was an activating factor at the end of the previous decade. This programme provided financing facilities to middle-income families allowing them to acquire a new housing unit. The programme requirements were accessible and it provided incentives to keep a punctual payment record, so the delinquency rate was very low. In this scenario, banks started to become interested in the development of

mortgage products aimed at the acquisition of housing for middle-income families, thus taking the place left by *MiVivienda* once the fund was exhausted.

However, housing supply has not been reaching lower-income families. This is related to the fact that areas where housing units for this sector are built must have a low price per square metre, so that the housing end price could be affordable for low-income families. These potential building areas usually do not have basic utilities or title deeds. Besides, the high costs related to the bureaucratic process for obtaining the planning permits should also be added.

Therefore, the Government has been promoting housing megaprojects, consisting of low price housing units, which would have the basic utilities (water, sewerage, and light) and title deeds. Moreover, the buyer has access to state programmes to finance the housing acquisition, for example, *Techo Propio*. In this way, the seller is ensured that there would be demand for the houses built, and, at the same time, that profits are attractive, not so much for the unit sold but due to the great volume of units sold. This would start to lead the private sector to also address housing supply to the low-income family sector.

Hence, the overall prospects of the Peruvian real estate market are very favourable. On the demand side, the housing deficit and the surge in effective demand for housing are still significant, mainly because family income is expected to continue growing in the next years and mortgage financing access is expected to become even larger. Taking into account that the Peruvian population is relatively young and that the average number of people who live in a household is gradually reducing, a higher effective demand for housing should be seen in the near future, which will favour the development of the real estate sector.

A factor that would also contribute to foster real estate activity and its financing is the inclusion into the market of families who self-build their housing units, financing with their own resources. Given that around 70% of the total housing units are constructed through self-building, the expected growth in family income could facilitate access to the real estate market and increase effective demand for real estate agencies and financial entities that participate in mortgage financing.

On the supply side, real estate activity operates in profitable segments. The incentives the State has started to grant to firms that build housing units for low-income families, as well as to those demanding low-income housing, are expected to turn profitable this market segment and to boost the dynamism of the sector. Besides, it is important to bear in mind that although the price of the square metre in Lima is lower than in other cities of the region with a similar average income level, it has already started to show an upward trend, which entails an opportunity to enter the market. The appeal of the Peruvian real estate sector is confirmed by the entry to the market of new building firms.

An additional factor that could act as a thrust for the sector is the increasing number of mortgage-backed securities. Given the exhaustion of the *MiVivienda* programme fund, banks have been left as the main source of funding for middle-income families; mortgage-backed securities would allow the recycling of lent funds, broadening them and favouring the reduction of interest rates.

However, as any economic activity, the real estate sector faces risks. In particular, this sector is highly sensitive to the evolution of the economy. Therefore, a less favourable international environment with a negative impact on the domestic economy would cause a deeper impairment to the real estate activity.

In addition, it is worth mentioning that the country still needs to consolidate its political institutions, so that uncertainty for housing supply and demand is reduced, thus improving the development of the sector, associated to long term decisions.

Appendix 1:

Evolution and prospects for office buildings in Peru

The current expansion of the economic activity is boosting business activity and the entry of new corporations to the market. In this scenario, the real estate market for office buildings in Lima has shown an important activity during the last years.

Higher demand for this kind of property has been reflected on a fast reduction in the vacancy rate of prime offices (classes "A+" and "A"). It should be noted that this indicator was around 20% in the 2002-2004 period against the current 2%.

In parallel, office rent prices have recovered and are currently at the highest levels recorded since 2000 (around USD 16 per square metre).

With respect to future supply, according to Colliers International information, between 2008 and 2010 approximately 444,500 square metres will enter the market, represented by 35 buildings. Fifty nine per cent of these office buildings are expected to be finished in 2009 and the area with the highest supply will be San Isidro-Saga with 197,733 square metres (44%).

On the other hand, the forecast demand (net absorption) for the year 2008 is of approximately 50,000 square metres, 178% higher than the historical level of 18,000 square metres (average of the last 7 years). In this way, future supply -at that level- could cover the next 9 years. The demand forecast should not only consider the spaces that could be placed, but also those that will be emptied, since a considerable percentage of new projects occupants will leave their current buildings.

Prices

Currently, the prime market for office buildings in Lima has very significant price differences since they reflect differing phases in each building. In the case of buildings that are about to be delivered, renting transactions have reached USD 17.5 per m², basically because they were the last available spaces and therefore, speculative. Companies that need space within the next three months are willing to pay such prices, generally for small areas (less than 500 m²).

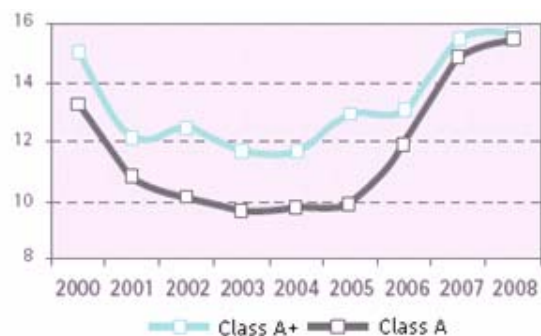
However, projects that will be finished within the next twelve months are undergoing a different situation. In average, rent prices have gone up to USD 15 per m². As the occupancy level of these buildings increases, rent prices will rise until spaces compete with the massive supply of the second halves of 2009 and 2010.

Investments

There are more than 35 office projects in the country for the next 3 years. The most important are: (i) Caral building (San Isidro), and (ii) Cronos business centre (Surco).

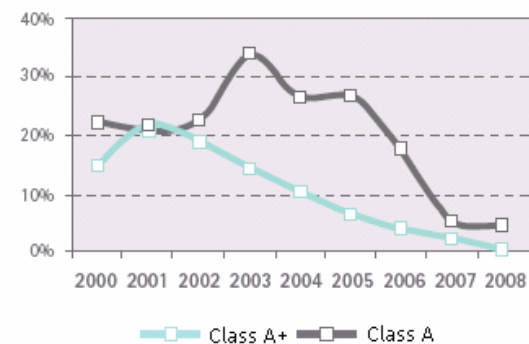
The main market investors are Inversiones Centenario (associated with Grupo Romero), Grupo Brescia and Grupo Graña y Montero. Other investors who have become more prominent in the last few years are Grupo Imagina, Inmobiliari and NR Investments.

Office Rent Price (USD per square metre)



Source: Colliers International.
Preparation: ERD BBVA Banco Continental

Vacancy Rate in Office Buildings (% - of supply)



Source: Colliers International.
Preparation: ERD BBVA Banco Continental

Appendix 2:

Evolution and prospects for shopping centres in Peru

During the last years there has been a remarkable growth in shopping centre activity in Peru. Hence, in 2007, sales of the main shopping centres reached USD 1.6 billion (1.5% of the GDP), 33% more than the previous year. Prospects are also positive for 2008, foreseeing sales will reach USD 2.2 billion.

The proliferation of shopping centres can be explained by two tendencies that complement each other: (i) private consumption dynamics, and (ii) a wide penetration space in comparison to other Latin American countries.

Investments for the next years

In terms of investment, the shopping centre sector is one of the most dynamic. Large national and international business groups will invest more than USD 800 million during the next 2 years (0.7% of the GDP) in 26 projects that include the opening of new shopping emporiums or the extension of the existing ones. Average investment for each project is around USD 30 million. Among the most important projects for the upcoming years, we could highlight the following:

a) In *Lima Tradicional* [the traditional areas of Lima] (USD 210 million): There are three important projects in Surco, San Isidro, and La Molina. The main one involves the extension of the Jockey Plaza and it entails an investment of USD 100 million destined to double the leasable area up to 143 thousand square metres. In this way, the country's main shopping centre will have a Sodimac store, a Tottus hypermarket, new children entertainment areas, and a convention centre by the end of 2008. In 2009, two department stores would join the shopping centre (the Chilean stores Almacenes París and La Polar were mentioned), apart from a financial centre and new parking levels.

The third large project in Lima Tradicional is Monterrico Plaza from Grupo Brescia, which will be located in La Molina and entails an investment of USD 30 million. This project, which would be ready by mid-year, is located at the junction of Javier Prado and La Molina avenues.

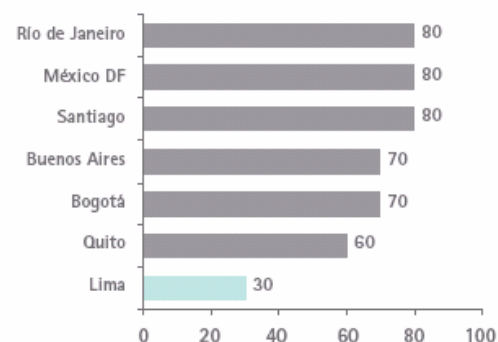
a) In *Lima Emergente* [the emerging areas of Lima] (USD 270 million): After the huge successes of Mega Plaza Norte and Plaza Lima Sur shopping centres, emerging areas in Lima have gained momentum. In fact, Parque Arauco is planning to build a Mega Plaza Sur (in Villa María del Triunfo) and a Mega Plaza Este (Santa Anita), with an investment that amounts to USD 80 million.

Another group that would make important investments is Mall Aventura Plaza, which has recently started operations in the city of Trujillo. The holding, which is planning to operate shopping centres in Callao and Santa Anita, would invest around USD 65 million in the construction of both centres.

Finally, following Mega Plaza's success, Grupo Wong would be looking for opportunities in the north of the capital through the construction of a Plaza Lima Norte shopping centre in the Independencia district, which would require an investment of USD 35 million.

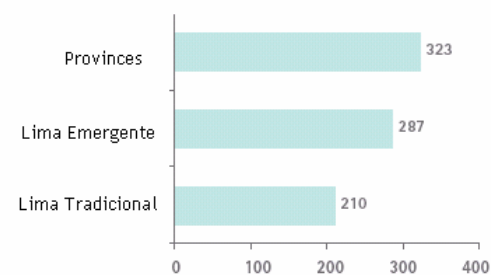
c) In the provinces (USD 350 million): Following recent trends, strong building dynamism and opening of new shopping centres would be seen in the provinces. There are at least 12 projects in 7 cities both from the coast and mountains.

Peru: Supermarket Penetration (%)



Source: AAI, Apoyo & Asociados Internacionales S.A.C.
Preparation: ERD BBVA Banco Continental

Investments in Shopping Centres (million of USD - 2008 - 2010)



Source: Peruvian Association of Entertainment and Shopping Centres (Asociación de Centros Comerciales y de Entretenimiento del Perú, ACCEO.)
Preparation: ERD BBVA Banco Continental

The most important investments would be made in Arequipa, which although is the second most important city in Peru and the southern most significant one, it has been relatively left aside in shopping centre investments up to now. In the next two years there will be investments of around USD 140 million focused mainly on two projects: Mega Plaza Arequipa and Aventura Plaza Arequipa.

Other important projects would be carried out in cities that have not yet seen the shopping centre boom, such as Cusco, Huancayo, Tacna, or Chimbote. This segment would be mainly covered by Malls Peru, which could invest USD 90 million to build an Open Plaza in each of these cities. Besides, Urbi Propiedades (from the Grupo Interbank) would make inroads into Cusco and Huancayo by investing USD 75 million in three business premises, one of them located at the railway main station of Cusco.

Appendix 3:

Housing real estate market growth potential simulation

With a view to assessing the growth potential of the real estate sector in the next years, a simulation was carried out in this appendix. The simulation horizon covers the 2008-2025 period and in order to perform it, some assumptions have been made on the population growth rate, on the economy growth rate (family income), and on the evolution of the number of people per housing unit, the ratio of self-building to the total number of units built, and the square metre price. The result indicates that in 2007 dollars and considering an annual inflation rate of 2%, the market has a growth potential of about USD 87 billion until 2025, which represents around 75% of the 2007 GDP.

Working assumptions

The following assumptions were used to carry out the simulation:

- The **population growth rate** gradually reduces every five years, going from 1.4% in the 2006-2010 five-year period to 1.1% in the 2021-2025 five-year period. It is estimated that by the year 2025 the Peruvian population will be slightly above 36 million inhabitants.
- The number of **persons per housing unit** decreases at a constant rate of 0.9% (similar to the 1993-2005 intercensal annual average), which is consistent with the observed trend of an increase in the number of individual households. This means that in 2025 the number of persons per housing unit would be reduced to 3.8 (ratio currently observed in Chile).
- The **housing units growth rate** (2.4% per year) is calculated based on the previous two assumptions. Thus in 2025 there would be 9.6 million housing units, around 50% more than at present.
- The number of units built through real estate agencies and financed by mortgages (currently about 30% of the annually built housing units) increases every year, in line with the growth in economy activity and family income. We estimate that this proportion will reach 42% by 2025.
- **GDP per capita** expands at a decreasing rate of 5% in average. Hence, in 2025 it would amount to **USD 11.3 thousand** in nominal terms (**USD 8.1 thousand** in 2007 dollars, similar to Chile's GDP per capita in 2006).
- There is a positive and non-linear (concave) relationship between GDP per capita and square metre price.

Main results

The main results from the real estate market growth potential simulation are as follows:

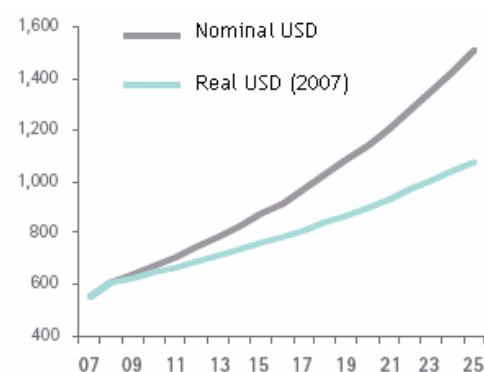
- In the next 20 years 1.1 million housing units are expected to be built, which would be financed through the financial system (mortgages). The housing flow would increase until reaching 80 thousand a year in 2025, doubling the current construction flow.
- According to the current square metre price and GDP per capita relationship, the former would go up from its current level of USD 550 to USD 1.5 thousand in 2025 in nominal terms (USD 1.1 thousand in 2007 dollars, similar to the current levels in Mexico City or Santiago).
- In 2007 dollar terms, and assuming an annual inflation rate of 2%, the housing market would show a growth potential of around USD 87 billion in the next 20 years.

Flow of Housing Units Built (forecast for 2025)



Preparation and Forecast: ERD BBVA Banco Continental

Prices per square metre in Lima (forecast for 2025)



Preparation and Forecast: ERD BBVA Banco Continental

For more information please contact:

Servicios Generales Difusión BBVA Gran Vía 1 planta 2 48001 Bilbao P 34 944 876 231 F 34 944 876 417 www.bbva.es

Register in Madrid: M-31252-2000

other publications



This document was prepared by Banco Bilbao Vizcaya Argentaria's (BBVA) Research Department on behalf of itself and its affiliated companies (each a BBVA Group Company) and is provided for information purposes only. The information, opinions, estimates and forecasts contained herein refer to that specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.