

QUARTERLY REPORT

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URBI REACHES 72% GROWTH IN HOME SALES REVENUE AND SET FORTH THE GROUND TO REACH ITS FINANCIAL GUIDELINES FOR 2018

Mexicali, B.C., April 26, 2018.- Urbi, Desarrollos Urbanos, S.A.B. de C.V. (BMV: URBI *) ("Urbi" or the "Company") announced today its results for the first quarter of 2018 (1Q18). All figures presented in this report are expressed in nominal Mexican pesos unless another unit of measure or currency is indicated and could present rounding adjustments.

Key information:

- In 1Q18 revenues from the sale of homes (Linea A) were \$131.8 million, a 72% increase over the same period last year or "YoY", which added to the revenues generated by Linea B totaled \$180.1 million (+29% YoY).
- In regards to the income from the sale of homes in Urbi projects, 80% came from the middle-income segment, favoring a temporary increase in the average price to \$615 thousand, which in the near future will be slightly adjusted as the Company serves a relevant segment of low-income housing not being attended in the market.
- Ordinary expenses declined 38% YoY, which together with the significant growth in revenues, allowed Urbi to maintain a neutral EBITDA, in line with the parameters authorized in order to reach positive financial indicators by year end.
- The work done by our Business Development Department has generated significant results, as to date more than 10 highly revolving and profitable housing projects have been identified and are currently under evaluation, which would represent an investment of more than \$280 million for this 2018, in line with the range of \$300 to \$500 million established in our business plan.
- The confidence generated among the credit institutions continued to provide benefits to the Company. Recently it was approved an increase in our Infrastructure line of credit, now set to \$225 million. Also, a few days ago the Company received the first resources of its bridge loan granted by Banco Inmobiliario Mexicano (BIM).



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Notes from the CEO

In 1Q18 our operation reached again significant levels of growth, particularly our sale of homes business line, which exceeded the income generated in 1Q17 by 72%, setting the ground to reach our financial guidelines for 2018. Additionally, our Business Development Department generated great results by identifying a significant number of housing projects with high profitability and turnover rates.

In 1Q18 Urbi generated total revenues of \$180.1 million (+29% YoY), which derive from its two business lines: i) the sale of homes in Urbi and third party projects (Linea A) and ii) the sale of land for urban development and divestments of non-strategic assets (Linea B).

In regards to Linea A, during the quarter the Company generated revenues of \$131.8 million (+72% YoY), maintaining the trend of gradual growth in its operation, particularly in the sale of homes, our main line of business, which in 1Q18 contributed with 73% of total revenue compared to 55% in 1Q17. Notably, despite of two weeks of reduced activity by financial institutions and housing entities because of the Easter holidays, the Company had no significant impact in its operation.

In relation to the line in the 1Q18 the Company generated revenues of \$ 131.8 million (+ 72% YoY), maintaining the trend of gradual growth in its operations, particularly in home sales, our main line of business, which contributed with 73% of total revenues in the 1Q18 compared with 55% in the 1T17. Notably, despite two weeks of reduced activity by financial institutions and housing entities because of the Easter holidays, the Company had no significant impact on its operations.

Also, in 1Q18 the average price of homes sold in our own projects increased to \$615 thousand, compared to \$433 thousand in 1Q17, due to a higher contribution of the middle-income segment in our revenue mix, which accounted for 80% of total sales compared to 51% in 1Q17. However, it is foreseeable that in the near future we will observe slightly lower average prices as we established in our Business Plan, since the Company has identified and will serve a relevant segment of low-income housing sector not being attended in the market.

Meanwhile, Linea B generated recurring and non-recurring revenue of \$48.3 million, 27% of total revenue in 1Q18, including \$28.4 million derived from the sale of the non-strategic subsidiaries of the Company announced in July 2017, which is recognized in the financial statements as Other Income for presentation purposes.

Due to the above and a tight control in our expenses, as can be seen in the decrease of regular expenses coming down from \$128 million in 1Q17 to \$79 million in 1Q18 (-38% YoY), the Company closed the 1Q18 maintaining an almost neutral EBITDA of -\$15.1 million, in line with the parameters authorized by our Board of Directors and consistent with the guidance set to have a positive EBITDA by year end.

Our growing operation and an efficient management of our resources, allowed us to generate excess cash that the Company has been investing to strengthen its business plan.



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During 2017 we strengthen our Business Development Department, which has among its main functions identifying investment opportunities in housing projects with high profitability and turnover rates, located in cities in which we currently operate and have a competitive advantage.

The work done by our Business Development Department has generated great results, identifying investment opportunities with more interesting margins than initially expected. Thus, as of to date we have a pool of more than 10 projects located in cities where we currently operate, such as: San Luis Potosi, Queretaro, Guadalajara, Tijuana, Mexico City, Mexicali and Culiacan, which might represent an investment of more than \$280 million for this 2018. These projects have been submitted to our Planning Department and are currently under evaluation and in some cases, are already in written agreements with the counterparties.

With the work done to date, the opportunities we are seeing in the market and our cash projections, we reaffirm our investment guideline in such housing projects, ranging from \$300 to \$500 million this year. Funding for these will come from the surplus generated by our operation or using capital or credit from third parties, if applicable, as has already been proven in one of our projects located in San Luis Potosi in which we formalized and agreed with a financial institution a new loan for its acquisition and development.

Regarding its credit operation, the Company recently achieved new progress in the management of its lines of credit while at the same time, continued to fulfill its financial obligations. Relating to our Infrastructure line of credit, during 1Q18 we used \$22 million, ending the quarter with a balance of \$96 million. Moreover, during April we received the authorization to increase the amount of this credit line, which we expect to formalize during 2Q18. With this, the total line will go from \$154 million to \$225 million. This was possible thanks to the trust we have been building with this institution and the steady growth the company has been achieving.

It is important to note that this loan benefits more than 30 thousand families in developments in which we have substituted provisional services, reinforcing our commitment and the value of our brand and generating at the same time annual savings for the Company for around \$24 million. In addition, these investments will contribute to serve land on our balance for the development of more than 20 thousand homes projected in our 2018-2022 business plan.

Meanwhile, the bridge loan granted last year by Banco Inmobiliario Mexicano (BIM) for our housing development in Culiacan, Villa del Prado II, transferred the first \$3.5 million of the \$83 million credit line a few days ago.

Finally, during 1Q18 we continued to fulfill our financial obligations, through the amortization of almost \$22 million of bridge loans with Santander and Banorte, as well as the payment of interest of around \$3 million, leaving an end of quarter balance of financial debt to Capital of 10%.

In summary, during 1Q18 we maintained the growth trend in our operations and move steadily to meet our financial guideline for this 2018, to reach by the end of the year, positive financial indicators of EBITDA, FCF and ROIC for the first time after our financial restructuring process. Also,



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we continue to present a very strong balance holding one of the best debt to equity ratios in the industry and we foresee significant investment opportunities in housing developments that can strengthen our portfolio, contributing to the growth goals we have set.

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Sales

Urbi has two business lines: i) the sale of homes in Urbi and third-party projects (Linea A) and ii) the sale of land for urban development and divestments of non-strategic assets (Linea B). Total sales (Urbi system) in 1Q18 were \$234.4 million, of which Linea A generated \$186.2 million from the sale of 261 homes at an average sale price of \$713 thousand. In addition, Linea B generated \$19.9 million from the sale of land for urban development and brokerage services, and \$28.4 million from the collection derived from the sale of the non-strategic subsidiaries of the Company.

This meant revenues for the Company of \$131.8 million from its Linea A and \$48.3 million from its Linea B, totaling \$180.1 million, 29% higher than revenue in 1Q17, which is the result of the gradual and sustained growth in its operations and a greater contribution of income of its Linea A.

(Amounts in thousands of Mexican pesos)

Business Line	Segment	1Q18		1Q17		Change
		\$	%	\$	%	%
Linea A	Sale of homes in Urbi projects	\$127,253	70.7%	\$69,661	50.0%	82.7%
	Construction and marketing services in third-party projects	\$4,541	2.5%	\$6,774	4.9%	(33.0%)
Linea B	Sale of land for urban development	\$110	0.1%	\$9,401	6.7%	(98.8%)
	Brokerage services	\$19,775	11.0%	\$53,465	38.4%	(63.0%)
Subtotal¹		\$151,679	84.2%	\$139,301	100.0%	8.9%
Linea B	Other income from the sale of subsidiaries	\$28,383	15.8%	-	0.0%	100.0%
Total		\$180,062	100.0%	\$139,301	100.0%	29.3%

¹ Recurring revenues shown as Net Sales in Financial Statements.

The Company also continued its commercial focus in the activities and segments that generate higher margins, such as the sale of homes in Urbi projects and a higher share of the middle-income segment in its product mix that has a higher average price. According to our business plan, a slight decrease in the average price is foreseen in the near future, as the Company increases the share of low-income housing in its product mix. The following table shows the income of Linea A by the type of project's owner:

(Amounts in thousands of Mexican pesos)

Linea A Projects	1Q18		1Q17		Change	
	\$	%	\$	%	\$	%
Own projects	\$127,253	96.6%	\$69,661	91.1%	\$57,592	82.7%
Third-party projects	\$4,541	3.4%	\$6,774	8.9%	(\$2,233)	(33.0%)
Linea A Revenues	\$131,794	100.0%	\$76,435	100.0%	\$55,359	72.4%
Average price - Own projects	\$615		\$433		\$182	42.1%

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Highlights of the Company's financial information by business segment for the three-month period ended March 31, 2018 are provided below:

(Amounts in thousands of Mexican pesos)

Item	LIH ⁽¹⁾	MIH ⁽²⁾	RH ⁽³⁾	Land ⁽⁴⁾	BS ⁽⁵⁾	Services ⁽⁶⁾	Total
Net sales	\$20,648	\$102,279	\$4,326	\$110	\$19,775	\$4,541	\$151,679
Cost of sales	(\$10,016)	(\$69,267)	(\$2,278)	(\$86)	(\$4,911)	(\$2,765)	(\$89,323)
Gross profit	\$10,632	\$33,012	\$2,048	\$24	\$14,864	\$1,776	\$62,356

1. Low-income housing associated with Urbi projects
2. Middle-income housing associated with Urbi projects
3. Residential housing associated with Urbi projects
4. Sales of land for urban development
5. Brokerage services
6. Construction and marketing services in third-party projects

Revenue by segment is based on the sales that each segment represents of total consolidated revenues.

General and administrative expenses

(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17	Change	
			\$	%
Salaries, wages and contributions	49,833	61,370	(11,537)	(18.8%)
Fees	7,265	26,699	(19,434)	(72.8%)
Maintenance to housing developments and buildings	3,595	19,425	(15,830)	(81.5%)
Public services	3,921	4,782	(861)	(18.0%)
Other taxes and duties	6,414	5,362	1,052	19.6%
Insurance and sureties	3,403	1,575	1,828	116.1%
Leases of equipment and offices	1,014	1,543	(529)	(34.3%)
Depreciation and amortization	497	720	(223)	(31.0%)
Other	\$2,617	\$6,087	(3,470)	(57.0%)
Ordinary expenses	\$78,559	\$127,563	(\$49,004)	(38.4%)
Provisions and estimates	52,687	9,451	43,236	457.5%
Other exceptional items	25,959	-	25,959	100.0%
Provisions and exceptional items	\$78,646	\$9,451	\$69,195	732.1%
Total - General and administrative expenses	\$157,205	\$137,014	\$20,191	14.7%

During 1Q18, the Company incurred in ordinary expenses of \$78.6 million, which represented a decrease of \$49 million (-38.4% YoY). The foregoing is the result of measures aimed to the strict control in its expenses.

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Also, in 1Q18 the Company recognized provisions and exceptional items for \$78.6 million, mainly associated with legal contingencies, warranties and unfinished infrastructure. For more details, see Note 18 to the Financial Statements.

Other income

(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17	Change	
			\$	%
Other income, net	\$105,974	\$94,955	\$11,019	11.6%

As of March 31, 2018, Urbi recognized \$28.4 million of non-recurring items related with the collection derived from the sale of the non-strategic subsidiaries of the Company announced in July 2017. Also, the Company released provisions and cancelled liabilities for \$68.6 million. Other income, net, increased by \$11.0 million (+11.6% YoY). For further details see Note 19 to the Financial Statements.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

In 1Q18, the EBITDA was practically neutral of -\$15.1 million, in line with Company's guidance of positive EBITDA by the end of 2018.

Although IFRS does not require companies to report their EBITDA, the Company has elected to provide information on its EBITDA in this report because some investors believe that comparing an entity's operating performance at different dates and against other companies of its industry is a useful analytical indicator, since it provides data on the entity's results of operations independently from its capital structure.

The Company recommends that its EBITDA should be analyzed considering its net income or loss for the year and its cash flows generated or used during the period, as reported in the Company's financial statements. It should be noted that Urbi's calculation of EBITDA may differ from how other companies calculate their EBITDA, since the items included in these calculations may differ from one entity to another.

The following table provides the calculation of the EBITDA as of March 31, 2018 and 2017:

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(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17
Operating income	\$11,125	\$25,222
(+) Cost of sales associated with exceptional items	-	-
(+) Capitalized interest expense transferred to cost	\$604	\$1,238
(+) Depreciation and amortization	\$497	\$720
(+) Provisions	\$56,066	\$9,093
(+) Non-recurring items	\$22,579	\$7,203
(-) Other income	\$105,974	\$94,955
EBITDA	(\$15,103)	(\$51,479)

Net financing income (cost)

(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17	Change	
			\$	%
Interest expense	(\$3,023)	(\$3,519)	(\$496)	(14.1%)
Interest income	1,421	3,002	(1,581)	(52.7%)
Foreign exchange gain (loss)	(\$2,077)	(\$6,893)	4,816	(69.9%)
Net financing income (cost)	(\$3,679)	(\$7,410)	(\$3,731)	(50.4%)

In 1Q18, the Company generated a net financing cost of \$3.7 million, derived from the effect of interest paid for bridge loans and the net exchange loss, which was partially offset by interest earned on investments made during the period.

Net income

The three-month period ended March 31, 2018 shows a net profit of \$7.4 million resulting mainly from the positive effects associated with the increase in revenues and the release of provisions that complemented the gross profit obtained during the period.

Financial position as of March 31, 2018

Total assets

As of March 31, 2018, Urbi's total assets amounted \$5,970.7 million, which represents a decrease of \$66.1 million (-1.1%) compared to December 31, 2017. The variation from one period to another is explained by changes in the following items:

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Cash and cash equivalents

At March 31, 2018 cash and cash equivalents amounted \$34.1 million (including restricted cash of \$3.0 million), representing a decrease of \$60.0 million (-63.7%), mainly due to: (i) investments in work in progress, ii) the acquisition of housing projects with higher turnover rates and profitability for its development and sale in the future and iii) the repayment of bridge loans.

Inventories

At the end of 1Q18 the inventories balance of the Company was \$5,186.4 million, which represented an increase of \$15.9 million (+0.3%), mainly due to the recognition of investments in work in progress (costs incurred during the period) and the acquisition of housing projects aforementioned of \$101.6, which were partially offset by the recognition of cost of sales during the period of \$85.7 million.

Land reserves

As of March 31, 2018, the Company had land reserves of 3,138 hectares of which a portion of this land will be used in operations related to its business plan.

These land reserves have been fully processed and have all required feasibility studies. In some cases, Urbi has all required permits for the land and the investments in infrastructure and other engineering works related to the land. These land reserves also include housing inventories to be sold as part of its business plan. Some of the Company's land reserves will be used to execute part of its business plan related to housing sales in its own developments, to sell land for urban development, to make payments in kind, and to pledge as collateral for new lines of credit.

Classification of own land reserves:

Hectares				
Class	ST	LT	Total	%
Linea A Business plan	115	268	383	12.2%
Linea B Business plan	-	764	764	24.4%
Prospective payments in kind ¹	-	520	520	16.6%
Collateral to credit for infrastructure	-	234	234	7.5%
Reserve	-	1,237	1,237	39.4%
Total	115	3,023	3,138	100.0%

¹ Land reserves which the Company may use to paid to creditors through payment in kind or sale.

The following table shows the Company's land reserves by location and size at March 31, 2018:

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Land reserves		
City	Area (Hectares)	%
Aguascalientes	1.2	0.04%
Chihuahua	8.7	0.28%
Ciudad Juárez	182.8	5.83%
Ciudad Obregón	19.0	0.61%
Cuautitlán	1.2	0.04%
Culiacán	6.9	0.22%
Ensenada	1.9	0.06%
Guadalajara	628.6	20.03%
Hermosillo	65.9	2.10%
Huehuetoca	13.8	0.44%
Los Cabos	60.6	1.93%
Los Mochis	0.0	0.00%
Mexicali	507.2	16.17%
Monterrey	55.3	1.76%
Puerto Peñasco	171.3	5.46%
Querétaro	1.3	0.04%
Tecámac	15.5	0.49%
Tijuana	1,396.3	44.50%
Total	3,137.5	100.00%

Out of the total number of hectares shown in the table above, and in addition to the land reserve pledged as collateral to the credit for infrastructure, the Company has pledged 138 hectares as collateral of bridge loans and other debt.

Total liabilities

Total liabilities of the Company amounted to \$2,631.9 million at March 31, 2018, a decrease of \$73.4 million (-2.7%) compared to December 31, 2017, as explained below:

Debt and financial liabilities

The Company closed the 1Q18 with \$344.2 million of financial debt, mostly comprised of bridge loans. During the quarter, Urbi repaid bridge and other loans for a total amount of \$21.9 million; it made additional drawdowns of its Infrastructure line of credit for a total of \$22.2 million, and paid interests for a total amount of \$2.9 million.

Non-financial liabilities

At the end of 1Q18, the Company's non-financial liabilities totaled \$2,287.6 million which represents a decrease of \$74.0 million (-3.1%). This was mainly due to payments made to creditors; tax, financial and legal advisors; and taxes, net of increases in provisions for \$52.6 million.



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An analysis of Urbi's non-financial liabilities at the end of 1Q18 is shown below:

(Amounts in thousands of Mexican pesos)

Item	At March 31, 2018	At December 31, 2017
Construction suppliers	\$53,423	\$33,045
Accounts payable	350,867	411,850
Provisions	1,777,707	1,804,869
Taxes payable	102,644	108,551
Labor obligations	2,971	3,283
Total	\$2,287,612	\$2,361,598

Equity

At March 31, 2018, shareholders' equity was \$3,338.8 million, an increase of \$7.4 million (+0.2 %) due to the profit generated during the period and the recognition of the incentive plan consisting of stock options in Urbi that were granted to its management and to the creditors whom supported its restructuring agreement.

Sources of capital and liquidity

The Company has traditionally funded its operations through the cash flows that it generates from its business, and it has also secured mortgage (bridge) loans and unsecured loans and it has issued debt to finance its business. Going forward, the Company expects its current cash reserves, its strong borrowing capacity, and its currently low debt will provide the operating flexibility that it needs to effectively respond to the changes in its industry, while also giving the company an enhanced capacity to invest in houses and land for future housing projects (see the Total assets and liabilities section above for more information).

An analysis of the changes in Urbi's cash and cash equivalents at March 31, 2018 and 2017 is shown below:

(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17
Net cash flow used in operating activities	(\$93,007)	(\$29,397)
Net cash flow from investing activities	\$28,319	(\$46)
Net cash flow (used in) from financing activities	\$4,717	(\$9,264)
Net (decrease) increase in cash and cash equivalents	(\$59,971)	(\$38,707)



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Free cash flow

This quarterly report includes disclosures regarding its free cash flow, which is defined as the net cash used in or generated by its operating activities and investing activities, both of which are cash flows associated with Urbi's continuing operations. Urbi's free cash flow as calculated above is available to the Company to pay dividends, to invest, or to pay down debt. Free cash flow should not be viewed as an alternate indicator or a better indicator than any other, but instead should be seen as providing additional information that complements an entity's statement of cash flows and the other equity and performance indicators set out in International Financial Reporting Standards (IFRS).

It should be noted that free cash flow is not addressed under IFRS, but it is nevertheless included in this report because it is an indicator that many investors rely on to measure a company's historical capacity to service its debt and to meet certain capital investment requirements. Considering all the above, readers should be aware that Urbi's free cash flow as reported in this release is not comparable to the free cash flow of other entities.

The table below shows the free cash flow of the Company as of March 31, 2018 and 2017:

(Amounts in thousands of Mexican pesos)

Item	1Q18	1Q17
Net cash flow used in operating activities	(\$93,007)	(\$29,397)
Net cash flow from investing activities	28,319	(\$46)
Free cash flow	(\$64,688)	(\$29,443)

Safe Harbor Statement

This release contains forward-looking statements, including statements regarding: the Company's future financial and business performance; the business strategy, plans and objectives of the Company; and any other statements of non-historical information. Such forward-looking statements, based upon the current beliefs, expectations, and plans of Urbi's management, are subject to known and unknown risks and uncertainties that are beyond the Company's control. The forward-looking statements should not be interpreted considering past trends and business activities as if such trends and business activities were to persist into the future. The forward-looking statements are considered reasonable by management at the date of this release.

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Contact information:

Adalberto Ramirez Hernandez

Investor Relations Officer

Phone: + (52 686) 523-8660 ext. 10304

adalberto.ramirez@urbi.com

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URBI, DESARROLLOS URBANOS, S.A.B. DE C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Financial Position
(Amounts in thousands of Mexican pesos)

	Notes	March 31, 2018	December 31, 2017
Assets			
Current assets:			
Cash and cash equivalents	6	\$ 31,112	\$ 91,083
Accounts receivable, net	7	40,216	56,582
Inventories	8	848,562	897,049
Other accounts receivable, net	9	361,183	381,998
Prepaid expenses	10	90,602	74,716
Total current assets		1,371,675	1,501,428
Non-current assets:			
Restricted cash	6	3,032	3,032
Long-term accounts receivable	7	161,653	161,653
Inventories for future long-term development	8	4,337,928	4,273,550
Property, plant and equipment, net	11	32,942	33,332
Other investments and interest in joint ventures		53,305	53,305
Other assets		10,168	10,453
Total non-current assets		4,599,028	4,535,325
Total assets		\$ 5,970,703	\$ 6,036,753
Liabilities and equity			
Current liabilities:			
Debt and bank loans	12	\$ 180,189	\$ 183,647
Suppliers, accounts payable and provisions	13	2,181,997	2,249,764
Taxes payable	14	102,644	108,551
Total current liabilities		2,464,830	2,541,962
Long-term liabilities:			
Long-term debt	12	164,101	160,127
Labor obligations		2,971	3,283
Total long-term liabilities		167,072	163,410
Total liabilities		2,631,902	2,705,372
Shareholders' equity	16		
Capital stock		38,636,652	38,636,652
Share Premium		4,903,722	4,903,722
Shares reserved under stock option plan		34,466	34,466
Retained income (loss):			
From prior years		(40,240,603)	(40,420,875)
Of the year		7,446	180,298
Other comprehensive income items		(2,882)	(2,882)
Total shareholders' equity		3,338,801	3,331,381
Total liabilities and shareholders' equity		\$ 5,970,703	\$ 6,036,753

The 23 notes are an integral part of these condensed consolidated financial statements, which can be consulted in the quarterly report sent to the Mexican Stock Exchange.

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URBI, DESARROLLOS URBANOS, S.A.B. de C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Amounts in thousands of Mexican pesos, except earnings per share)

	Notes	For the three-month period ended March 31,	
		2018	2017
Net sales	20	\$ 151,679	\$ 139,301
Cost of sales	20	(89,323)	(72,020)
Gross profit		62,356	67,281
General and administrative expenses	18	(157,205)	(137,014)
Other income, net	19	105,974	94,955
Operating income		11,125	25,222
Interest expense		(3,023)	(3,519)
Interest income		1,421	3,002
Foreign exchange gain (loss), net		(2,077)	(6,893)
		(3,679)	(7,410)
Income before income tax		7,446	17,812
Income tax	17	-	(1,214)
Net income		\$ 7,446	\$ 16,598
Comprehensive income for the period		\$ 7,446	\$ 16,598
Weighted average number of outstanding shares		155,003,381	155,003,381
Earnings per share		\$ 0.05	\$ 0.11

The 23 notes are an integral part of these condensed consolidated financial statements, which can be consulted in the quarterly report sent to the Mexican Stock Exchange.



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URBI, DESARROLLOS URBANOS, S.A.B. de C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2018 and 2017
(Amounts in thousands of Mexican pesos)

	No. of shares	Capital stock	Share Premium	Shares reserved under stock option plan	Retained income (loss)	Other comprehensive income items	Total shareholders' (deficit) equity
Balance at January 1, 2017	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ -	\$ (40,421,194)	\$ (2,319)	\$ 3,116,861
Net income	-	-	-	-	16,598	-	16,598
Balance at March 31, 2017	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ -	\$ (40,404,596)	\$ (2,319)	\$ 3,133,459
Balance at January 1, 2018	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ 34,466	\$ (40,240,577)	\$ (2,882)	\$ 3,331,381
Effect of disposal of spun-off entities	-	-	-	-	(26)	-	(26)
Net income	-	-	-	-	7,446	-	7,446
Balance at March 31, 2018	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ 34,466	\$ (40,233,157)	\$ (2,882)	\$ 3,338,801

The 23 notes are an integral part of these condensed consolidated financial statements, which can be consulted in the quarterly report sent to the Mexican Stock Exchange.

QUARTERLY REPORT

1Q 2018

URBI, DESARROLLOS URBANOS, S.A.B. de C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Amounts in thousands of Mexican pesos)

		For the three-month period ended March 31,	
	Notes	2018	2017
Operating activities			
Income before income tax		\$ 7,446	\$ 17,812
Items not affecting cash flow:			
Allowance for doubtful accounts	7 y 9	309	5,818
Depreciation	11	497	720
Liability Provisions	13	43,907	3,275
Release and cancellation of provisions	19	(68,589)	(80,189)
Labor obligations		(312)	-
Foreign exchange loss (gain), net		2,077	6,893
Accrued interest income		(1,421)	(3,002)
Gain on sale and disposals of furniture and equipment	19	(835)	26
Accrued interest expense		3,023	3,519
Gain on sale of spun-off subsidiaries	19	(28,383)	-
Changes in operating assets and liabilities			
Accounts receivable		16,366	(1,734)
Other accounts receivable and other assets		4,906	6,414
Inventories		(15,891)	30,575
Other investments and interest in joint ventures		-	1,838
Accounts payable		(50,598)	(13,314)
Taxes payable		(5,907)	(10,776)
Interest income		398	2,728
Net cash flow used in operating activities		(93,007)	(29,397)
Investing activities			
Acquisitions of furniture and equipment, net		(51)	(46)
Cash flow from the sale of spun-off subsidiaries		28,370	-
Net cash flows from investing activities		28,319	(46)
Financing activities			
Bridge and other loans obtained		22,243	-
Bridge and other loans repaid		(21,869)	(9,264)
Interest paid		(2,851)	-
Retrieval of advance payment for land purchase		7,194	-
Net cash flows (used in) from financing activities		4,717	(9,264)
Net (decrease) increase in cash and cash equivalents		(59,971)	(38,707)
Cash and cash equivalents at beginning of year		94,115	257,222
Restricted cash	6	(3,032)	(3,019)
Cash and cash equivalents at end of year	6	\$ 31,112	\$ 215,496

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