

QUARTERLY REPORT

3Q 2018



QUARTERLY REPORT

3Q 2018

IN 3Q18 URBI CONSOLIDATED THE OPERATION OF ITS HOUSING BUSINESS LINE, WHICH GENERATED 98% OF ITS INCOME

Mexicali, B.C., October 25, 2018.- Urbi, Desarrollos Urbanos, S.A.B. de C.V. (BMV: URBI *) ("Urbi" or the "Company") announced today its results for the third quarter of 2018 (3Q18). 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 3Q18, 98.0% of revenues came from the sale of homes business line (Linea A), which represented 82.6% of total revenues in the nine-month period (9M18).
- We exercised our first non-banking line of credit granted by a private creditor and recently agreed to 3 new lines of funding under the same conditions.
- We demonstrate our execution capacity, fulfilling our financial obligations and honoring the commitments agreed with our clients.
- We have started the process of defining our 2019 business plan, which will focus on projects and cities that place us back on the path of growth and value generation to our shareholders. We anticipate having this plan authorized by our Board of Directors in December.



QUARTERLY REPORT

3Q 2018

Notes from the CEO

During this quarter, our core business line (Linea A) increased in proportion to total revenues; we continued to exercise our authorized lines of credit and used our first non-banking source of funding originated by a private creditor. Additionally, we obtained the court approval for the agreement we entered into with the Consumer Protection Agency (PROFECO), closing with this a very relevant cycle and strengthening the Urbi brand.

In 9M18, Urbi accumulated total revenues of \$399.8 million from its two business lines: i) the sale of homes (Linea A) and ii) the sale of land for urban development and divestments of non-strategic assets (Linea B).

During the year we have been consolidating the operation of our core business. In 3Q18, 98.0% of our revenues came from Linea A and, in 9M18 it generated 82.6% of total revenues, compared to 60.9% in the same period of 2017. At the end of September, the average price of homes in our own projects was \$549 thousand, compared to \$552 thousand in 6M18, in line with the expected normalization in the price due to a higher contribution of the low-income segment in our revenue mix.

In regards to our financing activities, in 3Q18 we continued using our approved lines of credit and alternative sources of funding in the amount of \$27.8 million, while also fully complying with principal amortizations worth \$2.1 million and interest payments on our debt in the amount of \$4.4 million.

In that way, we used \$12.5 million of our line of credit for the conclusion of infrastructure with Banco Interacciones, accumulating \$49.4 million during the year, which have been allocated to the replacement of provisional infrastructure, benefiting 26,440 families and generating savings of \$4.7 million related to development expenses so far this year. It should be noted that the conditions of this line of credit are very flexible, that is, a principal amount of up to \$225 million maturing in December 2021, with quarterly interest payments of TIIE + 6.67% and quarterly principal amortizations of \$1,000 (one thousand pesos), with a last payment of the principal amount owed at the maturity date.

We also used \$4.3 million of our \$83 million bridge loan with Banco Inmobiliario Mexicano (BIM) for our development Villa del Prado II in Culiacan, which we plan to start commercializing in this 4Q.

Moreover, during this 3Q18 we used \$11.0 million of our \$28 million credit line granted by a private creditor for our development Villa del Real in Queretaro, which we believe will spearhead the generation of new sources of funding in market conditions, agile execution, standardized origination and project based risk allocation. As part of this effort, we recently agreed 3 new funding lines for 6 additional projects that we estimate to formalize and start to use in November.



QUARTERLY REPORT

3Q 2018

In addition to the fulfillment of our financial obligations, last August 28 we obtained a court approval for the agreement we entered into with PROFECO, which evidenced the attention we afforded to more than 300 complaining clients and allowed us to favorably resolve litigation, and a relevant pending item of our financial restructure, therefore supporting our company brand.

In spite all of the above, the pace of growth in our operations for this 2018 has been lower than initially estimated, mainly due to extended lead times for loans with financial institutions; longer than expected procedural times of sales permits, construction licenses and development authorizations in some of our projects; and lower collections and divestment of non-strategic assets than originally anticipated.

As a result, the Company has adjusted its guidance for 2018, foreseeing Linea A revenues by year end approximately 10% lower than last year, total revenues lower than 2017 by around 30%, and negative financial indicators of EBITDA, FCF and ROIC.

Due to this, we have started a process to outline our 2019 business plan in such a way that it is ambitious but realistic, focused on cities and projects with greater productivity. We expect to have this business plan authorized by our Board of Directors in December. Likewise, the Company plans to continue with its strict policy of control and care of spending, which by the end of the 9M18 has allowed it to reduce its ordinary expenses by 26% compared to the same period of 2017.

In summary, during 3Q18 we continued to fortify the operations of our core business line, launched our first alternative funding source and agreed 3 additional sources of funding in the same conditions, while at the same time, we continued demonstrating our execution capacity through the use and re-payment of our credit lines and the compliance with the commitments agreed upon with our clients. As a result to the lower than expected growth in our operations this year, our 2019 business plan is expected to be focused on projects and cities that put us back on the path of growth and value generation to our shareholders.

We trust that the conditions are given to execute this plan; Urbi has increasingly solid fundamentals, an experienced and motivated human capital, as well as a business model compatible with a socially driven housing policy.

QUARTERLY REPORT

3Q 2018

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 9M18 were \$489.1 million, of which Linea A generated \$419.4 million from the sale of 675 homes at an average sale price of \$621 thousand. In addition, Linea B generated \$30.3 million from the sale of land for urban development and brokerage services, and \$39.3 million from the collection derived from the sale of the non-strategic subsidiaries of the Company.

This meant year-to-date revenues for the Company of \$330.1 million from its Linea A and \$69.7 million from its Linea B, totaling \$399.8 million, 26.6% lower than revenue in the same period of 2017. As mentioned above, the lower pace of growth in our operations was mainly due to the lengthening of the funding process along with longer procedural times of sales permits, construction licenses and development authorizations in some of our projects, as well as to a lower collection and divestment of non-strategic assets than initially planned.

(Amounts in thousands of Mexican pesos)

Business Line	Segment	3Q18		3Q17		Chg.	9M18		9M17		Chg.
		\$	%	\$	%	%	\$	%	\$	%	%
Linea A	Sale of homes in Urbi projects	\$75,255	96.1%	\$131,342	57.3%	(42.7%)	\$321,464	80.4%	\$315,346	57.9%	1.9%
	Construction and marketing services in third-party projects	\$1,504	1.9%	\$2,217	1.0%	(32.2%)	\$8,676	2.2%	\$16,750	3.1%	(48.2%)
Linea B	Sale of land for urban development	\$210	0.3%	\$41,763	18.2%	(99.5%)	\$9,237	2.3%	\$55,132	10.1%	(83.2%)
	Brokerage services	\$1,321	1.7%	\$0	0.0%	100.0%	\$21,096	5.3%	\$103,930	19.1%	(79.7%)
Subtotal¹		\$78,290	100.0%	\$175,322	76.5%	(55.3%)	\$360,473	90.2%	\$491,158	90.1%	(26.6%)
Linea B	Other income from the sale of subsidiaries	\$0	0.0%	\$3,850	23.5%	100.0%	\$39,319	9.8%	\$3,850	9.9%	100.0%
Total		\$78,290	100.0%	\$229,172	100.0%	(65.8%)	\$399,792	100.0%	\$545,008	100.0%	(26.6%)

¹ Recurring revenues shown as Net Sales in Financial Statements.

The Company has continued to strengthen the operation of its core business line with a focus on housing sales in Urbi projects. During 3Q18 the average price of homes in its own projects continued with the expected normalization, due to a greater contribution of low-income housing segment in its revenue 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	3Q18	3Q17	Change	9M18	9M17	Change
	\$	\$	%	\$	\$	%
Own projects	\$75,255	\$131,342	(42.7%)	\$321,464	\$315,346	1.9%
Third-party projects	\$1,504	\$2,217	(32.2%)	\$8,676	\$16,750	(48.2%)
Linea A Revenues	\$76,759	\$133,559	(42.5%)	\$330,140	\$332,096	(0.6%)
Average price - Own projects	\$538	\$481	11.7%	\$549	\$478	14.8%

QUARTERLY REPORT

3Q 2018

Highlights of the Company's financial information by business segment for the nine-month period ended September 30, 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	76,820	231,297	13,347	9,237	21,096	8,676	\$360,473
Cost of sales	(61,334)	(159,519)	(7,878)	(7,911)	(6,084)	(8,654)	(\$251,380)
Gross profit	\$15,486	\$71,778	\$5,469	\$1,326	\$15,012	\$22	\$109,093

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

General and administrative expenses

(Amounts in thousands of Mexican pesos)

Item	3Q18	3Q17	Change	9M18	9M17	Change
			%			%
Salaries, wages and contributions	44,657	50,453	(11.5%)	137,830	163,808	(15.9%)
Fees	4,200	7,751	(45.8%)	17,054	44,414	(61.6%)
Maintenance to housing developments and buildings	3,051	3,327	(8.3%)	10,440	29,449	(64.5%)
Public services	4,930	5,308	(7.1%)	12,965	15,502	(16.4%)
Insurance and sureties	3,096	3,113	(0.5%)	10,152	8,688	16.9%
Travel expenses	1,755	3,895	(54.9%)	7,158	8,550	(16.3%)
Marketing	1,295	2,187	(40.8%)	6,112	7,064	(13.5%)
Other taxes and duties	2,018	-	100.0%	5,116	7,706	(33.6%)
Leases of equipment and offices	875	1,260	(30.6%)	2,746	4,026	(31.8%)
Depreciation and amortization	393	1,186	100.0%	1,286	1,903	(32.4%)
Other	182	-	100.0%	7,969	5,118	55.7%
Ordinary expenses	66,452	78,480	(15.3%)	218,828	296,228	(26.1%)
Provisions and estimates	14,319	104,575	(86.3%)	101,681	135,486	(25.0%)
Other exceptional items	21,251	56,913	(62.7%)	55,229	74,311	(25.7%)
Provisions and exceptional items	35,570	161,488	(78.0%)	156,910	209,797	(25.2%)
Total - General and administrative expenses	102,022	239,968	(57.5%)	375,738	506,025	(25.7%)

In 9M18 the Company incurred in ordinary expenses of \$218.7 million, which represented a decrease of \$77.5 million (-26% YoY), mainly due to the reduction in salaries and wages, fees and costs associated with public services and maintenance to housing developments, in line with the measures aimed at the strict control and care of spending.

QUARTERLY REPORT

3Q 2018

In addition, in 9M18 the Company recognized provisions and exceptional items of \$157.0 million, mainly associated with the provision for unfinished infrastructure, the allowance for uncollectible accounts and the provision of non-recurring fees. For more details, see Note 18 to the Financial Statements.

Other income

(Amounts in thousands of Mexican pesos)

Item	3Q18	3Q17	Change	9M18	9M17	Change
			%			%
Other income, net	\$109,061	\$199,224	(45.3%)	\$298,673	\$406,577	(26.5%)

In 9M18, Urbi recognized non-recurring items related with the collection derived from the sale of non-strategic subsidiaries of the Company for \$39.3 million and the release and cancellation of provisions for \$209.3 million. The 9M18 shows a decrease of \$107.9 million (-26.5%), mainly due to a lower release and cancellation of provisions compared to 9M17. For more details, see Note 19 to the Financial Statements.

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

In 9M18, the EBITDA was negative \$104.5 million, compared to negative \$76.1 million in 9M17.

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 September 30, 2018 and 2017:

QUARTERLY REPORT

3Q 2018

(Amounts in thousands of Mexican pesos)

Item	9M18	9M17
Operating income	\$32,028	\$131,093
(+) Cost of sales associated with exceptional items	\$2,564	\$8,151
(+) Capitalized interest expense transferred to cost	\$1,368	\$3,614
(+) Depreciation and amortization	\$1,284	\$1,903
(+) Provisions	\$101,681	\$178,552
(+) Non-recurring items	\$55,229	\$7,203
(-) Other income	\$298,673	\$406,577
EBITDA	(\$104,519)	(\$76,061)

Net financing income (cost)

(Amounts in thousands of Mexican pesos)

Item	3Q18	3Q17	Change	9M18	9M17	Change
			%			%
Interest expense	(\$4,412)	(\$5,517)	(20.0%)	(\$11,168)	(\$9,438)	18.3%
Interest income	\$594	\$3,007	(80.2%)	\$3,281	\$8,922	(63.2%)
Foreign exchange gain (loss)	(\$1,969)	(\$1,308)	50.5%	(\$3,976)	(\$6,790)	(41.4%)
Net financing income (cost)	(\$5,787)	(\$3,818)	51.6%	(\$11,863)	(\$7,306)	62.4%

In 9M18, the Company generated a net financing cost of \$11.9 million, mainly derived from the effect of accrued interest on outstanding loans during the period.

Net income

As a result of the above, the Company's net income for the 9M18 was \$20.2 million.

Financial position as of September 30, 2018

Total assets

As of September 30, 2018, Urbi's total assets amounted \$5,674.2 million, which represents a decrease of \$362.5 million (-6.0%) compared to December 31, 2017. The variation from one period to another is explained by changes in the following items:



QUARTERLY REPORT

3Q 2018

Cash and cash equivalents

At September 30, 2018 cash and cash equivalents amounted \$10.0 million (including restricted cash of \$2.7 million), representing a decrease of \$84.2 million (-89.4%), mainly due to lower revenues than initially expected and to the investment for the acquisition and development of housing projects with high turnover rates and profitability.

Accounts receivable

At the end of 3Q18, the accounts receivable balance decreased \$205.0 million, mainly due to the recognition of allowances for uncollectible accounts according to the IFRS 9 *Financial Instruments*, effective as of this fiscal year. This IFRS requires the application of a model called "Expected credit loss" for the assessment of the impairment in accounts receivable.

Inventories

At the end of 3Q18 the inventories balance of the Company was \$5,132.4 million, which represented a decrease of \$38.2 million (-0.7%), mainly due to the recognition of cost of sales during the period of \$236.6 million which were almost fully offset by the costs incurred and the acquisition of housing projects throughout the period.

The Company has granted certain of its inventories as collateral for certain liabilities and bank loans, whose book value as of September 30, 2018 amounted to \$868.8 million.

Land reserves

As of September 30, 2018, the Company had land reserves of 3,062 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.

QUARTERLY REPORT

3Q 2018

Classification of own land reserves:

Hectares					
Class	ST	LT	Total	%	
Linea A Business plan	32	266	297	9.7%	
Linea B Business plan	-	761	761	24.9%	
Prospective payments in kind ¹	-	456	456	14.9%	
Collateral to credit for infrastructure	-	234	234	7.6%	
Reserve	-	1,313	1,313	42.9%	
Total	32	3,030	3,062	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 September 30, 2018:

Land reserves		
City	Area (Hectares)	%
Aguascalientes	1.2	0.04%
Chihuahua	8.3	0.27%
Ciudad Juárez	107.9	3.52%
Ciudad Obregón	19.0	0.62%
Cuautitlán	1.2	0.04%
Culiacán	6.9	0.22%
Ensenada	1.9	0.06%
Guadalajara	628.6	20.53%
Hermosillo	65.1	2.13%
Huehuetoca	13.8	0.45%
Los Cabos	60.6	1.98%
Los Mochis	0.0	0.00%
Mexicali	508.1	16.59%
Monterrey	54.5	1.78%
Puerto Peñasco	171.3	5.60%
Querétaro	2.7	0.09%
Tecámac	15.2	0.50%
Tijuana	1,395.8	45.59%
Total	3,061.9	100.00%

QUARTERLY REPORT

3Q 2018

Total liabilities

Total liabilities of the Company amounted to \$2,542.3 million at September 30, 2018, a decrease of \$163.1 million (-6.0%) compared to December 31, 2017, as explained below:

Bank loans

The Company ended the 3Q18 with \$376.8 million of bank loans, comprised of bridge loans and credits for the conclusion of pending infrastructure. During the nine-month period, Urbi used \$64.5 million, repaid bridge loans and credits for infrastructure by \$32.4 million and paid interests for a total amount of \$10.7 million.

Notes payable

During the nine-month period ended September 30, 2018, the Company entered into a simple revolving loan agreement of \$28.0 million for the construction of homes in the city of Querétaro. The drawdowns made during the period were \$11.0 million. Additionally, it generated interest pending of payment by \$151 thousand.

Non-financial liabilities

At the end of 3Q18, the Company's non-financial liabilities totaled \$2,154.3 million which represents a decrease of \$207.3 million (-8.8%). This was mainly due to the reduction in provisions and the payment of social security obligations for a total of \$219.6 million partially offset by increases in construction suppliers of \$16.1 million.

An analysis of Urbi's non-financial liabilities at the end of 3Q18 is shown below:

(Amounts in thousands of Mexican pesos)

Item	At September 30, 2018	At December 31, 2017
Construction suppliers	\$49,119	\$33,045
Accounts payable	396,257	399,032
Provisions	1,674,338	1,817,687
Taxes payable	32,255	108,551
Labor obligations	2,295	3,283
Total	\$2,154,264	\$2,361,598

Equity

At September 30, 2018, shareholders' equity was \$3,132.0 million, a decrease of \$199.4 million (-6.0%) due to the profit generated during the period as well as the adoption of IFRS 9 in the book

QUARTERLY REPORT

3Q 2018

value of financial assets, specifically in accounts receivable and interest in joint ventures, which had a direct impact in retained income for a total amount of \$219.4 million.

Sources of capital and liquidity

The Company has traditionally financed its operations by combining resources from its shareholders, bank loans, debt issuance and commercial loans. In recent years, the Company has managed its liquidity through a series of initiatives that have allowed it to reduce its operating costs and expenses, as well as financing transactions and the sale of non-strategic assets.

An analysis of the changes in Urbi's cash and cash equivalents at September 30, 2018 and 2017 is shown below:

(Amounts in thousands of Mexican pesos)

Item	9M18	9M17
Net cash flow used in operating activities	(\$155,713)	(\$185,279)
Net cash flow from (used in) investing activities	\$39,186	\$53,977
Net cash flow from (used in) financing activities	\$32,363	(\$15,872)
Net decrease in cash and cash equivalents	(\$84,164)	(\$147,174)

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 September 30, 2018 and 2017:



QUARTERLY REPORT

3Q 2018

(Amounts in thousands of Mexican pesos)

Item	9M18	9M17
Net cash flow used in operating activities	(\$155,713)	(\$185,279)
Net cash flow from (used in) investing activities	39,186	\$53,977
Free cash flow	(\$116,527)	(\$131,302)

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.

The use of registered trademarks, brand names, logos, and photographs within this release is for illustrative purposes only and is not intended to violate any applicable copyrights or intellectual property laws.

Contact information:

Adalberto Ramirez Hernandez

Investor Relations Officer

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

adalberto.ramirez@urbi.com

QUARTERLY REPORT

3Q 2018

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

	Notes	Al 30 de septiembre de 2018	Al 31 de diciembre de 2017
Assets			
Current assets:			
Cash and cash equivalents	5	\$ 7,271	\$ 91,083
Accounts receivable, net	6	13,240	56,582
Inventories	7	464,026	897,049
Other accounts receivable, net	8	396,419	381,998
Prepaid expenses	9	80,189	74,716
Total current assets		961,145	1,501,428
Non-current assets:			
Restricted cash	5	2,680	3,032
Long-term accounts receivable	6	-	161,653
Inventories	7	4,668,409	4,273,550
Property, plant and equipment, net	10	32,112	33,332
Other investments and interest in joint ventures		-	53,305
Other assets		9,903	10,453
Total non-current assets		4,713,104	4,535,325
Total assets		\$ 5,674,249	\$ 6,036,753
Liabilities and equity			
Current liabilities:			
Bank loans and current portion of long-term debt	11	\$ 237,723	\$ 183,647
Notes payable	12	11,198	-
Suppliers, accounts payable and provisions	13	2,119,714	2,249,764
Taxes payable	14	32,255	108,551
Total current liabilities		2,400,890	2,541,962
Long-term liabilities:			
Long-term bank loans	11	139,065	160,127
Labor obligations		2,295	3,283
Total long-term liabilities		141,360	163,410
Total liabilities		2,542,250	2,705,372
Shareholders' equity			
Capital stock	16	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		(40,460,124)	(40,420,875)
Of the year		20,165	180,298
Other comprehensive income items		(2,882)	(2,882)
Total shareholders' equity		3,131,999	3,331,381
Total liabilities and shareholders' equity		\$ 5,674,249	\$ 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.

QUARTERLY REPORT

3Q 2018



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 September 30,		For the nine-month period ended September 30,	
		2018	2017	2018	2017
Net sales	20	\$ 78,290	\$ 175,322	\$ 360,473	\$ 491,158
Cost of sales	20	(67,849)	(102,559)	(251,380)	(260,617)
Gross profit		10,441	72,763	109,093	230,541
General and administrative expenses	18	(102,022)	(250,819)	(375,738)	(506,025)
Other income, net	19	109,061	210,075	298,673	406,577
Operating income		17,480	32,019	32,028	131,093
Interest expense		(4,412)	(5,517)	(11,168)	(9,438)
Interest income		594	3,007	3,281	8,922
Foreign exchange gain (loss), net		(1,969)	(1,308)	(3,976)	(6,790)
		(5,787)	(3,818)	(11,863)	(7,306)
Income before income tax		11,693	28,201	20,165	123,787
Income tax	17	-	226	-	7,391
Net income		\$ 11,693	\$ 28,427	\$ 20,165	\$ 131,178
Comprehensive income for the period		\$ 11,693	\$ 28,427	\$ 20,165	\$ 131,178
Weighted average number of outstanding shares		155,003,381	155,003,381	155,003,381	155,003,381
Earnings per share		\$ 0.08	\$ 0.18	\$ 0.13	\$ 0.85

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

3Q 2018



URBI, DESARROLLOS URBANOS, S.A.B. de C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Changes in Equity
For the nine-month periods ended September 30, 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' equity
Balance at January 1, 2017	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ -	\$ (40,421,194)	\$ (2,319)	\$ 3,116,861
Increase due to shares reserved under stock option plan	-	-	-	28,147	-	-	28,147
Effect of disposal of spun-off entities	-	-	-	-	1,333	-	1,333
Net income	-	-	-	-	131,178	-	131,178
Balance at September 30, 2017	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ 28,147	\$ (40,288,683)	\$ (2,319)	\$ 3,277,519
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	-	-	-	-	(114)	-	(114)
Retrospective recognition of the accumulated effects of IFRS 9	-	-	-	-	(219,433)	-	(219,433)
Net income	-	-	-	-	20,165	-	20,165
Balance at September 30, 2018	155,003,381	\$ 38,636,652	\$ 4,903,722	\$ 34,466	\$ (40,439,959)	\$ (2,882)	\$ 3,131,999

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

3Q 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 nine-month period ended September 30,	
	Notes	2018	2017
Operating activities			
Income before income tax		\$ 20,165	\$ 123,787
Items not affecting cash flow:			
Allowance for doubtful accounts	6 & 8	12,394	7,237
Depreciation	10	1,284	1,903
Impairment and inventory valuation reserve		-	8,151
Liability Provisions	13	74,582	230,637
Release and cancellation of provisions	19	(209,357)	(367,639)
Foreign exchange loss (gain), net		3,976	6,790
Accrued interest income		(3,281)	(8,922)
Gain on sale and disposals of furniture and equipment	19	(319)	(3,012)
Accrued interest expense		11,168	6,665
Gain on sale of spun-off subsidiaries	19	(39,319)	(53,850)
Gain on payments in kind	19	(44,662)	-
Changes in operating assets and liabilities			
Accounts receivable		23,860	(21,439)
Other accounts receivable and other assets		(19,344)	31,019
Inventories		(14,197)	(153,417)
Other investments and interest in joint ventures		-	(1,838)
Accounts payable		37,480	(17,679)
Taxes payable		(12,061)	23,704
Interest income		1,918	2,624
Net cash flow used in operating activities		(155,713)	(185,279)
Investing activities			
Acquisitions of furniture and equipment, net		(129)	127
Cash flow from the sale of spun-off subsidiaries		39,315	53,850
Net cash flows from investing activities		39,186	53,977
Financing activities			
Bridge and other loans obtained		64,459	54,836
Bridge and other loans repaid		(32,433)	(62,917)
Revolving loan obtained		11,047	-
Interest paid		(10,710)	(7,791)
Net cash flows from (used in) financing activities		32,363	(15,872)
Net decrease in cash and cash equivalents		(84,164)	(147,174)
Cash and cash equivalents at beginning of year		94,115	257,222
Restricted cash	5	(2,680)	(11,772)
Cash and cash equivalents at end of year	5	\$ 7,271	\$ 98,276

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.