3Q16
Earnings
Results

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3Q16 Earning Results

(All figures in this report are expressed in Mexican pesos, except that another unit of measure or currency is indicated)

NOTES FROM THE CEO.
From July 1 to September 30, 2016.

It is a pleasure to be back after three years of suspension of the stock in the Mexican Stock Exchange ("BMV"). Since October 19th, the shares of the Company are available for trading in the BMV, after concluding with the delivery of pending financial information as well as the necessary representations to the authorities of the stock market in Mexico.

Urbi continues to build homes at accessible prices for Mexican middle-income families, it has a very strong balance sheet and the experienced human capital needed to execute its business plan for the 2017-2021 period.

Urbi begins this new stage being a more compact, solid and flexible company better prepared to work in new market conditions of the Mexican housing industry. It is important to remind that, at the end of the second quarter of this year, Urbi concluded the capitalization by the new investors for a total amount of $1,266.8 million, resulting in a strengthened capital structure that gives viability to its 5-year business plan, with particular focus on cash flow generation.

Last June 21st, as a part of the agreements taken in Urbi's Ordinary Shareholders Meeting, the Company ratified Cuauhtémoc Pérez Román as Executive Chairman of the Board and established a new Board of Directors integrated by 9 members, 5 of which are independent, whom bring to the Company their vast experience in several business areas such as: corporate governance, auditing, finance, risk management, financial restructuring processes and investment banking, among others.

Likewise, at its meeting on June 28th, the new Board of Directors agreed to appoint Roman Alvarez Varea as Urbi's new CEO of Urbi, separating the positions of Executive Chairman and the CEO with the aim to strengthen Urbi's corporate governance.

During this quarter, the Company strengthened its balance by reducing its financial debt by $1,086.3 million hence the debt by the closing of the third

quarter was of $460.6 million. Urbi expects to have a proforma financial debt of around $363.7 million after having complied with the restructuring agreements. Also, Urbi has adequate levels of accounts receivable of around $257.9 million.

Prudential Real Estate Investors (PREI) concluded the turning over of the committed land, based on the transaction agreements entered upon in October 2014. The fiduciary rights (land), now within Urbi's properties are located in the following cities: Ciudad Juárez, Mexico City, Guadalajara, Hermosillo, Los Cabos, Monterrey and Tijuana.

With Banco Santander we were able to achieve the reactivation of bridge loans for projects located in Ciudad Juárez, Ensenada, Huehuetoca and Tecámac. In September we were able to reconcile pending accounts with the bank and in the four aforementioned plazas we are now in the position to individualize housing (749 units) without the need of new loan disbursements.

Finally, Urbi has around $444 million in cash that will be invested in the housing developments according with the goals outlined in its business plan.

Urbi has begun to gradually increase its operations. As part of this process, as of September 30th, the Company has normalized its operations with Infonavit, with no pending items related with worker-employer contributions, titling of homes, payment of appraisals or any other account payable to the Institute.

In the third quarter Urbi sold 290 units, totalizing 565 units in the nine-month period from January to September, generating $300 million in sales (Urbi System) and $83 million in revenue for the Company (Urbi); which combined with the sale of land for urban development adds up to $222 million total income for these 9 months.

Income by business line
(Amounts in thousands of Mexican pesos)

Urbi System	Housing Sales	Land	Total
URBI & LP	$56,207 (165)	$40,709	$96,916
Third parties Services	$243,384 (400)	$257,170	$500,554
Total	$299,591 (565)	$297,879	$597,470

Urbi	Housing Revenue	Land	Total
URBI & LP	$56,207 (165)	$40,709	$96,916
Third parties Services	$26,758 (400)	$98,133	$124,891
Total	$82,965 (565)	$138,842	$221,807

The company has construction and sales activities in 13 of the 19 cities that the business plan considers: Cancún, Ciudad Juárez, Ciudad Obregón, Cuautitlán, Culiacán, Guadalajara, Hermosillo, Huehuetoca, Los Mochis, Mexicali, Monterrey, Tecámac and Tijuana.

During the fourth quarter, Urbi will continue its strategy to accelerate its operations in a prudent and orderly way, selling around 460 homes generating sales of over $237 million.

For 2017, the Company plans to develop and sale approximately 3,200 homes, which added to the sale of land for urban development of around $220 million, will give a total estimated revenue of $1,300 million, once covered the participation of its allies and landowner partners. For the 2017-2021 period, Urbi plans to sell around 57,100 homes, with an estimated revenue of $29,300 million, plus $2,100 million in land sale for urban development. In addition, in the aforementioned period, Urbi expects that its EBITDA margin will pass from neutral to 16% and expects to generate a Free Cash Flow surplus, after bridge loan service, of over a billion by 2021.

In October, Urbi celebrated 35 years of being founded, period in which has built and sold more than 431,000 homes. Today has a new Board of Directors, a renewed human capital in its senior management, new capital resources and a strengthened financial position that will allow to prudently accelerate its operations in an industry that provides opportunities for growth.

Sales

Urbi has two recurring business lines that sustain its business plan; on one hand the sale of homes (Line A) and on the other the sale of land for urban development (Line B). Total sales (Urbi System) for the first nine months of the year were $597.5 million, of which, the sale of 565 homes, with an average price of $534,984, generated sales of $299.6 million. Additionally, the Company sold land for urban development for $297.9 million.

This meant revenues for the Company in the nine-month period of $221.8 million, which are as follows:

(Amounts in thousands of Mexican pesos)

Segment	For the nine-month period ended September 30, 2016	Relaltive Percentage	For the three-month period ended September 30, 2016	Relaltive Percentage
1. Home sales related to own projects	$ 56,207	25.3%	$ 47,367	45.9%
2. Sales of land for real estate projects	40,709	18.4	30,943	30.0
3. Brokerage services	98,133	44.2	15,455	15.0
4. Construction and marketing services to third parties	26,758	12.1	9,332	9.1
Total	**$ 221,807**	**100.0%**	**$ 103,097**	**100.0%**

During the third quarter of 2016 the company sold 138 homes related to own projects and 152 homes through the housing management, construction, and sales services to third parties, so that at the end of the quarter the company sold 290 units of which 48% were own units. Out of the 290 homes that the Company sold during the quarter, 55.5% were in the low-income segment, 31% were in the middle-income segment, and 13.5% were in the upper-income and residential housing segment.

An analysis of the homes sold by the Company during the quarter is as follows:

Project	For the nine-month period ended September 30, 2016	Relaltive Percentage	For the three-month period ended September 30, 2016	Relaltive Percentage
Own Projects	165	29.2%	138	47.6%
Third-party projects	400	70.8	152	52.4
Total Units	**565**	**100.0%**	**290**	**100.0%**

An analysis of the number of units sold by segment is as follows:

Housing Segment	For the nine-month period ended September 30, 2016	Relaltive Percentage	For the three-month period ended September 30, 2016	Relaltive Percentage
Low-income housing	274	48.5%	161	55.5%
Lower middle-income housing	204	36.1	90	31.0
Upper-income and residential housing	87	15.4	39	13.5
Total units sold	**565**	**100.0%**	**290**	**100.0%**

Highlights on the Company's financial information by segment for the three month period ended September 30 2016 are provided below:

(Amounts in thousands of Mexican pesos)

Item	LIH (1)	LMIH (2)	MIH (3)	Land (4)	Service (5)	Total
Sales	33,586	12,880	900	30,943	24,788	**103,097**
Gross Profit	22,518	6,057	692	7,993	14,299	**51,469**
Depreciation	1,309	508	20	1,135	(598)	**2,374**
Operating income	361,392	135,801	10,273	322,938	324,314	**1,154,718**

1. Low-income housing in own projects
2. Lower middle-income housing in own projects
3. Upper middle-income and residential housing in own projects
4. Sales of land for urban development
5. Management, construction and sales services in third-party projects

Gross profit and operating income shown in the table above exclude the effects of the allowance for doubtful accounts and other exceptional items, which together total $176.3 million at September 30, 2016.

General and administrative expenses

(Amounts in thousands of Mexican pesos)

Item	For the nine-month period ended September 30, 2016	For the six-month period ended June 30, 2016	Variance	
			Amount	%
General and administrative expenses	$ 1,423,524	$ 970,019	453,505	47%

General and administrative expenses increased by $453.5 million (equal to 47%) compared to previous quarter, of which $176.3 million is related to exceptional items associated with the financial restructuring of the Company. The increase in general and administrative expenses was mainly the result of the increase in provisions associated with unfinished projects of $65.1 million, legal contingencies of $68.9 million, legal fees related to the conclusion of the Company's restructuring process of $114.3 million, and unpaid salaries and other employee benefits of $88.5 million. For further details see Notes 18 and 21 to the Financial Statements.

Comprehensive cost of financing

(Amounts in thousands of Mexican pesos)

Item	For the nine-month period ended September 30, 2016	For the three-month period ended June 30, 2016	Variance Amount	Variance %
Interest expense	$ (332,367)	$ (331,846)	$ (521)	0.2%
Interest income	10,245	2,804	7,441	265.4%
Foreign exchange gain	8,182	5,228	2,954	56.5%
Total comprehensive cost of financing	**$ (313,940)**	**$ (323,814)**	**$ 9,875**	**(3.0)%**

The Company's comprehensive cost financing decreased by $9.9 million (equal to 3.0%) due mainly to the effect of the interest earned on the investments of the capital contributions made by the Company's new shareholders.

Financial position at September 30, 2016

Total assets

At September 30, 2016, the Company's total assets increased by $587.5 million (equal to 9%) compared to previous quarter due mainly to the increase in the inventories caption, which is discussed in more detail further ahead in this release.

A description of the principal variances in the Company's balance sheet captions compared to the second quarter is provided below:

Cash and cash equivalents

At September 30, 2016, the balance of the cash and cash equivalents caption is $444.7 million, which represents a decrease of $358.7 million (equal to 45%) compared to 2Q 2016. This decrease is a result of the Company's settlement of a number of obligations that it had previously been unable to service due to its recurring liquidity problems. The decrease is also due to the various investments that the Company has made during the period, including fees paid to financial advisors and attorneys related the Company's restructuring process, payments of salaries and severance pay that the Company was unable to pay during the restructuring process, investments that the Company made to acquire property and significantly completed housing, and payments of federal taxes that the Company did not pay during the restructuring process.

Accounts receivables

The Company's accounts receivables balance at September 30, 2016 is $257.9 million, which represents an increase of $15.6 million (equal to 6%) compared to 2Q 2016. The main cause for this increase was the sale of land to retail customers, with the most significant effect stemming from the sale of two plots of land located in Ciudad Juarez. The increase in accounts receivables was offset by the increase in the allowance for doubtful account created for accounts receivable older than 90 days.

Inventories

The Company's inventory balance at September 30, 2016 is $5,551.4 million, which represents an increase of $838.4 million (equal to 18%) compared to 2Q 2016. This increase was the result of the incorporation of a number of plots of land delivered to the Company by Prudential Real Estate Investors (PREI) under the terms of an agreement signed by the Company and PREI in October 2014, which stipulated that after the Company repaid its debt with PREI, it would return a number of plots of land that it had agreed to deliver back to the Company in exchange for various services and activities to perform. The total value of this land incorporated into the inventories caption was $1,334.8 million. This land is located in different states across the country, including Jalisco, Chihuahua, Baja California Sur, Nuevo León, Baja California, Sonora and the State of Mexico. The inventories caption also includes the recognition of acquisitions of significantly completed housing in the amount of $17.6 million and costs incurred related to projects under development in the amount of $74.7 million. These increases were offset by the effect of the payment in kind to HSBC Mexico of land that had been provided in guarantee to the bank and whose book value at September 30,

2016 was $536.9 million. The inventories caption also reflects a decrease of $51.4 million in the cost of sales of housing and land sold during the quarter.

The Company's inventory classification policy remained unchanged during the quarter and accordingly, the Company continues to classify its inventories as current assets when it expects to realize or sell the inventories during its normal business cycle, when it intends to sell the real estate, or when it expects to realize the inventories during the next 12 months. The Company defines its normal business cycle as the period from the day it commences the infrastructure and construction work for its investment projects that are part of its five-year business plan until the day the finished housing is sold and the Company receives the cash for the sales.

Land that does not meet the conditions for classification as current assets is classified as non-current inventories.

At September 30, 2016, the total amount of inventories classified as current assets is $1,014.7 million and the total value of land for future development classified as non-current is $4,536.7 million.

The Company has inventories that it has provided in guarantee of financial, tax, and business debt. This real estate is recorded under the Company's liability captions at September 30, 2016 and the total value of the inventories is $529.9 million. Due to the restricted nature of these inventories, they are classified as non-current.

Land reserves

At September 30, 2016, the Company has land reserves of 3,920 hectares (ha.) that, in addition to the land reserve of 2,300 ha. of the Company's land partners and corporate clients, reach a total of 6,220 ha. of which some are designed to perform operations related to the Company's five-year business plan.

This land reserve has been fully processed and has their respective feasibility studies. In some cases, the Company has received government authorization to build the related infrastructure and it has already invested in that infrastructure and other engineering works related to the land. These land reserves also include housing inventories that will be sold as part of the Company's business plan. The own land reserve will be used to perform the activities underlying the Company's business plan, to execute the Company's plan to sell land for urban development, to provide the land to certain financial creditors, and to provide the land as collateral in guarantee of certain transactions and new lines of credit. The

remaining inventories will be retained by the Company for potential use in new business opportunities not currently reflected in the Company's business plan, including land to be used to provide services, in alliances, and for future rental opportunities.

An analysis of the Company's land reserves based on the future use of the land is as follows:

Concept	Total HA
Reserve as collateral to be paid in kind	585.9
Reserve for 5-years BP - Housing	458.5
Reserve for 5-years BP - Line B	1,163.0
Reserve to be given as collateral BNT	72.9
Reserve to be given as collateral INFO	313.8
Remaining Reserve	1,325.8
Total Urbi Reserve	**3,919.8**

All of the Company's land reserves to be used in the activities underlying the business plan qualify for government subsidies.

The following table shows the Company's land reserves by location and area at September 30, 2016:

Location	Surface Ha.	Relative percentage
Aguascalientes	1	0.03%
Chihuahua	8	0.21%
Ciudad Juárez	785	20.03%
Ciudad Obregón	18	0.46%
Cuautitlán	2	0.04%
Culiacán	4	0.11%
Ensenada	2	0.04%
Guadalajara	660	16.85%
Hermosillo	68	1.73%
Huehuetoca	23	0.58%
Los Cabos	61	1.55%
Los Mochis	1	0.03%
Mazatlán	26	0.68%
Mexicali	483	12.33%
Monterrey	57	1.45%
Puerto Peñasco	171	4.37%
Tecámac	13	0.33%
Tijuana	1,536	39.18%
Total	**3,920**	**100%**

Out of the total number of hectares shown in the table above, 650 hectares had been granted as collateral of mortgage loans that the Company has with Ge Capital Cef México, S. de R.L. de C.V. (GE), Banco Santander and Banco Mercantil del Norte (Banorte). A total of 586 hectares corresponds to land provided as collateral to GE that the Company intends to surrender to this lender as repayment of outstanding loans. This debt will be repaid to GE in accordance with terms and conditions of the ruling approving the Company's restructuring process.

Prepaid expenses and other accounts receivable

The balance of these captions at September 30, 2016 is $453.4 million, which represents an increase of $92.7 million (equal to 26%) compared to 2Q 2016. This increase is the result of the Company's investments during the quarter in significantly completed inventories in the amount of $35 million, which were recognized as prepaid expenses; investments in projects related to housing construction projects being managed by the Company in the amount of $19.1 million; the increase of $30.6 million in value added tax for the period due principally to the Company's expenses incurred and payments made during the quarter; and advance payments totaling $4.8 million that the Company made to certain contractors.

Total liabilities

The Company's total liabilities at September 30, 2016 show a decrease of $1,602.8 million (equal to 21%) compared to 2Q 2016. This decrease is mainly due to the Company's debt repayment to HSBC Mexico, as explained in the following section.

Financial liabilities

At September 30, 2016, the Company reported total financial liabilities of $460.6 million, which compared to 2Q 2016, reflect a decrease of $1,095.4 million (equal to 75%). This difference is due to the Company's debt repayment to HSBC Mexico in the amount of $1,086.3 million, which the Company repaid by surrendering the inventories it had provided to the bank as collateral of the debt at that date. The inventories delivered to HSBC Mexico had an appraisal value of $424.4 million and the difference between this amount and the amount of the debt of $661.9 million was paid to the bank in the form of Company's shares. Additionally, the Company also repaid a bridge loan of $6.1 million it had with

Banco Santander and it also but canceled balances totaling $3 million as a result of an account reconciliation that it performed with its financial creditors.

The remaining financial liabilities of $460.6 million are comprised of the Company's outstanding bridge loans with Banorte in the amount of $203.7 million, bridge loans totaling $160 million that the Company owes to Banco Santander, and $96.9 million that the Company owes GE in relation to financial leases.

The Company's financial debt at September 30, 2016 is secured by inventories, and in the case of the Company's debt with GE, the Company's management expects to surrender these inventories to GE during 4Q. The Company's outstanding bridge loans described above are subject to the contractual terms and conditions of each respective loan agreement.

Non-financial liabilities

At September 30, 2016, the Company's non-financial liabilities total $3,390.6 million, which represents an increase of $32.7 million (equal to 1%) compared to 2Q 2016. This increase is the result of the net difference between the increase of $72.1 million in the Company's accounts payable (due principally to the increase in the provisions associated with unfinished projects and legal contingencies) and the decrease of $39.4 million in the Company's taxes payable caption due mostly to the Company's payment of outstanding income tax and value added tax.

An analysis of the Company's relevant accounts and taxes payable at September 30, 2016 is as follows:

(Amounts in thousands of Mexican pesos)

Item	At September 30, 2016	At June 30, 2016
Construction suppliers	$ 13,478	$ 6,685
Lines of credit	152,606	152,606
Sundry creditors and expense provisions	3,103,123	3,038,127
Taxes payable	117,869	157,305
	$ 3,387,076	$ 3,354,723

An analysis of the Sundry creditors and expense provisions caption and the Taxes payable caption is as follows:

(Amounts in thousands of Mexican pesos)

Item	At September 30, 2016	At June 30, 2016
Sundry creditors and expense provisions		
Provision for unfinished infrastructure and land regularization expenses	$ 717,275	$ 573,442
Provision for fees	690,997	745,201
Provision for contingencies	614,640	527,688
Provision for uncertain tax positions	250,388	247,523
Utilities (water, electricity, telephone, surcharges, communications services)	224,987	295,743
Sundry creditors	173,720	186,273
Employee benefits	136,386	188,625
Provision for financial leases	135,096	112,532
Warranty provision	84,609	88,898
Uncollected value added tax	75,025	72,202
Total sundry creditors and expense provisions	**$ 3,103,123**	**$ 3,038,127**
Taxes payable:		
Social security taxes	$ 88,656	$ 81,411
Income tax payable	478	478
Other Federal and state taxes	28,735	75,416
Total taxes payable	**$ 117,869**	**$ 157,305**

Deferred taxes

Due to the amount of the Company's unused tax losses that it may carry forward against the earnings it generates in the future as a result of its business plan, the Company's deferred taxes remain unchanged from 2Q to 3Q.

Equity

At September 30 2016, the Company's equity shows an increase of $1,650.2 million (equal to 137%) compared to 2Q due to two main factors: 1) the increase in equity of $661.9 million resulting from the capitalization of the difference between the appraisal value of $424.4 million of the inventory surrendered to HSBC Mexico to cover its debt with HSBC Mexico and the amount of that debt at

the date that the inventory was delivered, which was $1,086.3 million. Under the terms and conditions of the ruling approving the Company's restructuring process, the Company's loans secured by liens on assets must be repaid to the lender for up to the value of the assets provided as collateral and the remaining unpaid portion of the loan must be paid in the form of shares in the Company; 2) the increase of $988.4 million in the Company's third-quarter earnings.

Capital and liquidity sources

The Company has traditionally funded its operations through the cash flows generated from its operating activities and from the resources obtained through secured mortgage (bridge) loans, unsecured loans and debt issuances. Going forward, the Company's current cash reserves, together with its debt capacity and the current level of leverage, are expected to give the Company the operating flexibility it needs to effectively respond to industry changes, while also giving it an enhanced capacity to invest in house and land for its future housing projects (see the section Total assets and liabilities above).

In addition to the above, in recent years the Company has achieved successful liquidity management through a series of initiatives that have allowed it to reduce its costs and operating expenses, and which have included various types of financing transactions and sales of its assets.

An analysis of the Company's cash flow position at September 30 and June 30, 2016 is as follows:

(Amounts in thousands of Mexican pesos)

Item	For the nine-month period ended September 30 2016	For the three-month period ended June, 30, 2016
Net cash flows used in operating activities	$ **(819,795)**	$ (497,764)
Net cash flows from investing activities	**9,580**	2,122
Net cash flows from financing activities activities	**1,248,791**	1,292,883
Net increase in cash and cash equivalents	**$ 438,576**	**$ 797,241**

Free cash flow

The Company's quarterly reporting includes disclosures regarding its free cash flow, which is defined as the net cash used in or generated by the Company's

operating activities and its investing activities, both of which are cash flows associated with the Company's continuing operations. The Company's free cash flow as calculated above does not mean that it 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 on entity's statement of cash flows and the other equity and performance indicators outlined 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 the Company's free cash flow as reported in this release is not comparable to the free cash flow of other entities.

An analysis of the Company's cash flow at September 30 and June 30, 2016 is as follows:

(Amounts in thousands of Mexican pesos)

Item	**For the nine-month period ended September 30, 2016**	For the three-month period ended June, 30, 2016
Net cash flows used in operating activities	**$ (819,795)**	$ (497,764)
Net cash flows from investing Activities	**9,580**	2,122
Free cash flow	**$ (810,215)**	$ (495,642)

Earnings before interest, taxes, depreciation, and amortization (EBITDA)

Although EBITDA is not an indicator that entities are required to disclose under IFRS, the Company has elected to report EBITDA in this release because many investors consider EBITDA a useful measure of an entity's business performance at different points of time and its business performance in comparison to other companies of its industry. This because EBITDA provides information on an entity's operating results separately from its capital structure.

The Company's management advises the readers of this release to analyze the Company's EBITDA information considering the Company's results of operations for the period and its cash flows generated or used during the period, as reported in the Company's financial statements. Readers should also note that the calculation of EBITDA may differ from company to company, since entities may calculate their EBITDA considering differing criteria.

A reconciliation of the Company's net income for the period to its EBITDA is as follows:

(Amounts in thousands of Mexican pesos)

Item	For the nine-month period ended September 30, 2016	For the six-month period ended June, 30, 2016
Net income	**$ 1,452,114**	$ 463,143
Allowance for doubtful accounts	**471,852**	457,812
Depreciation and amortization	**9,279**	6,905
Gain on sale of property, plant and equipment	**(541)**	(95)
Liability provisions	**283,710**	106,631
Release and cancellation of provisions	**(1,857,376)**	(1,513,752)
Inventory impairment recorded in cost of sales	**1,419**	1,419
Foreign exchange gain, net	**(8,182)**	(5,228)
Accrued interest income	**(10,245)**	(2,804)
Accrued interest expense	**332,367**	331,846
Income and other items not involving cash flows	**(1,185,822)**	(45,877)
Income tax	**635**	621
EBITDA	**$ (510,790)**	$ (199,379)

Significant events during the quarter.

1) On September 27, 2016, the Company announced that it had performed the reverse stock split that had previously been approved by its shareholders at an extraordinary shareholders' meeting held on June 21, 2016. Starting on October 5, 2016, the Company's shareholders initiated the process of exchange their shares that had been outstanding until June 21, 2016 for new shares at a rate of 1 to 1000.

2) On September 20, 2016, the Company released a shareholder letter that provided an overview of the Company's 2017-2021 business plan, as well as its strategy for executing the business plan and the actions it has taken and will take in the future to finalize its restructuring plan.

3) On October 11, 2016, the Company announced that the National Banking and Securities Commission (CNBV) had approved the reinstatement of the Company's shares in the National Securities Registry and had also authorized the cancellation of the suspension of trading of the Company shares on the Mexican stock exchange, subsequently occurred on October 19.

Precautionary Legal Note

This document contains forward-looking statements about the Company's future financial position and results of operations; its strategy, plans, objectives, goals and targets; future developments in the markets where it participates or intends to participate; and other pieces of information that are not historical facts. These forward-looking statements are based on numerous assumptions, plans, intentions and expectations of the Company's management, and involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control. They shall not be interpreted based on past trends and activities, as if they will continue in the future. Such forward-looking statements speak only as of the date of this document.

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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)

		September 30, 2016		December 31, 2015
Assets				
Current assets:				
Cash and cash equivalents (Note 6)	**Ps.**	**441,728**	Ps.	3,200
Accounts receivable, net (Note 7)		**42,335**		494,976
Inventories (Note 8)		**1,014,708**		1,354,311
Other accounts receivable, net		**350,467**		320,973
Prepaid expenses		**102,967**		65,348
Total current assets		**1,952,205**		2,238,808
Non-current assets:				
Restricted cash (Note 6)		**2,965**		2,918
Long-term accounts payable (Note 7)		**215,537**		-
Inventories for future long-term development (Note 8)		**4,536,694**		3,266,476
Property, plant and equipment, net (Note 9)		**36,272**		45,445
Other investments and interest in joint ventures		**53,306**		53,306
Other assets		**9,215**		6,458
Total non-current assets		**4,853,989**		3,374,603
Total assets	**Ps.**	**6,806,194**	Ps.	5,613,411
Liabilities and equity				
Current liabilities:				
Debt and bank loans (Note 10)	**Ps.**	**363,677**	Ps.	29,333,767
Finance leases (Note 11)		**96,925**		809,913
Accounts payable (Note 12)		**3,269,207**		12,274,862
Taxes payable (Note 13)		**117,869**		113,438
Total current liabilities		**3,847,678**		42,531,980
Long-term liabilities:				
Deferred taxes (Note 16)		**100,608**		101,243
Labor obligations		**3,572**		3,572
Total long-term liabilities		**104,180**		104,815
Total liabilities		**3,951,858**		42,636,795
Shareholders' (deficit) equity (Note 15)				
Share capital		**38,541,150**		115,544
Share premium		**4,903,722**		4,903,722
Accumulated deficit:				
From prior years	**(**	**42,039,882)**	(	40,104,188)
For the year		**1,452,114**	(	1,935,694)
Accumulated other comprehensive income	**(**	**2,768)**	(	2,768)
Total shareholders' equity (deficit)		**2,854,336**	(	37,023,384)
Total liabilities and shareholders' equity (deficit)	**Ps.**	**6,806,194**	Ps.	5,613,411

The 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.

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)

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2016	2015	**2016**	2015
Revenue from home sales	**Ps. 47,367**	Ps. 4,298	**Ps. 56,207**	Ps. 48,835
Revenue from sales of land for real estate projects	**30,943**	55,679	**40,709**	74,548
Revenue from construction and marketing services	**9,332**	-	**26,758**	-
Revenue from real estate brokerage services	**15,455**	-	**98,133**	-
Total revenue (Note 20)	**103,097**	59,977	**221,807**	123,383
Cost of revenue from home sales	**(18,190)**	(2,937)	**(25,257)**	(25,796)
Cost of revenue from sales of land for real estate projects	**(22,949)**	(14,867)	**(26,096)**	(19,048)
Cost of revenue from construction and marketing services	**(5,824)**	-	**(15,104)**	-
Cost of revenue from real estate brokerage services	**(4,665)**	-	**(13,506)**	-
Cost of revenue from exceptional items	**-**	(4,209)	**(1,419)**	(6,720)
Total cost of revenue (Notes 17 and 21)	**(51,628)**	(22,013)	**(81,382)**	(51,564)
Gross profit	**51,469**	37,964	**140,425**	71,819
General and administrative expenses (Notes 18 and 21)	**(453,505)**	(387,369)	**(1,423,524)**	(690,527)
Other income (expenses), net (Note 19)	**1,380,498**	(49,807)	**3,048,518**	(54,936)
Operating income (loss)	**978,462**	(399,212)	**1,765,419**	(673,644)
Interest expense	**(521)**	(160,090)	**(332,367)**	(490,247)
Interest income	**7,441**	165,714	**10,245**	267,246
Foreign exchange gain (loss), net	**2,954**	7,468	**8,182**	26,608
	9,874	13,092	**(313,940)**	(196,393)
Income (loss) before income tax	**988,336**	(386,120)	**1,451,479**	(870,037)
Income tax (Note 16)	**14**	4,167	**635**	162,836
Net income (loss)	**Ps. 988,350**	Ps. (381,953)	**Ps. 1,452,114**	Ps. (707,201)
Comprehensive income (loss) for the year	**Ps. 988,350**	Ps. (381,953)	**Ps. 1,452,114**	Ps. (707,201)
Weighted average number of outstanding shares	**154,902,803**	976,445	**154,902,803**	976,445
Earnings per share	**Ps. 6.38**	Ps. (391.17)	**Ps. 9.37**	Ps. (724.26)

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URBI, DESARROLLOS URBANOS, S.A.B. de C.V. and SUBSIDIARIES
Condensed Consolidated Statements of Changes in Equity (Deficit)
For the nine-month periods ended September 30, 2016 and 2015
(Amounts in thousands of Mexican pesos)

	No. of shares	Share capital	Share premium	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' (deficit) equity
Balance as at January 1, 2015	976,445	Ps. 115,544	Ps. 4,903,722	Ps. (40,104,188)	Ps. (1,697)	Ps. (35,086,619)
Net loss	-	-	-	(707,201)	-	(707,201)
Balance as at September 30, 2015	976,445	115,544	4,903,722	(40,811,389)	(1,697)	(35,793,820)
Balance as at January 1, 2016	976,445	115,544	4,903,722	(42,039,882)	(2,768)	(37,023,384)
Shares issued for debt conversion to equity (Note 15)	**38,778,436**	**37,132,723**	**-**	**-**	**-**	**37,132,723**
Capital increases (Note 15)	**115,147,923**	**1,292,883**	**-**	**-**	**-**	**1,292,883**
Net income	**-**	**-**	**-**	**1,452,114**	**-**	**1,452,114**
Balance as at September 30, 2016	**154,902,804**	**Ps. 38,541,150**	**Ps. 4,903,722**	**Ps. (40,587,768)**	**Ps. (2,768)**	**Ps. 2,854,336**

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

	Nine-months ended September 30, 2016	2015
Operating activities		
Income (loss) before income tax	**Ps. 1,451,479**	Ps. (870,037)
Items not affecting cash flows:		
Allowance for doubtful accounts	**471,852**	235,974
Depreciation	**9,279**	23,636
Provisions	**283,710**	22,098
Release of provisions and cancellation of liabilities	**(1,857,376)**	127,084
Inventory impairment in cost of sales	**1,419**	6,720
Foreign exchange gain, net	**(8,182)**	(26,608)
Accrued interest income	**(10,245)**	(267,246)
(Gain) loss on disposal of property, plant and equipment	**(541)**	9,231
Accrued interest expense	**332,367**	490,247
Non-cash revenues and other non-cash items	**(1,185,822)**	-
Changes in operating assets and liabilities		
Decrease (increase) in:		
Accounts receivable	**(225,466)**	(265,402)
Other accounts receivable and other assets	**(69,870)**	(8,204)
Inventories	**(135,653)**	227,473
(Decrease) increase in:		
Accounts payable	**118,823**	(3,678)
Taxes payable	**4,431**	22,314
Net cash flows used in operating activities	**(819,795)**	(276,398)
Investing activities		
Interest income	**9,144**	22
Acquisitions of property, plant and equipment	**435**	-
Net cash flows from investing activities	**9,579**	22
Cash to be used in financing activities	**(810,216)**	(276,376)
Financing activities		
Loan payments	**(44,092)**	-
Capital increases	**1,292,883**	-
Interest income	**-**	267,224
Net cash flows from financing activities	**1,248,791**	267,224
Net increase/(decrease) in cash and cash equivalents	**438,575**	(9,152)
Cash and cash equivalents at beginning of year	**6,118**	19,213
Restricted cash	**(2,965)**	(2,870)
Cash and cash equivalents at end of year	**Ps. 441,728**	Ps. 7,191

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