FOURTH QUARTER RESULTS 2019

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PLANI GRUPO MR

Creando valor

PLANIGRUPO Consolidated Results for the Fourth Quarter of 2019

Mexico City, February 24th, 2019 – Planigrupo Latam, S.A.B. de C.V. and subsidiaries (hereinafter "PLANIGRUPO" or the "Company") (Quote Code on the Mexican Stock Exchange: **PLANI**), is a fully integrated developer, operator and owner of shopping centers, with 44 years of experience in the development, design, construction, commercialization and administration of shopping centers in Mexico. Today, PLANIGRUPO published the results related to the fourth quarter of 2019 (hereinafter "4Q19") and for the twelfth-month period ended December 31, 2019 (hereinafter "2019").

The figures have been prepared in accordance with IFRS (International Financial Reporting Standards) and are expressed in thousands of Mexican pesos.

The financial results of PLANIGRUPO described in this report have not been audited, so the figures mentioned throughout this report could present adjustments in the future.

This document contains financial and operational measurements, which are not calculated in accordance with IFRS or recognized by them, are expressed in millions of Mexican pesos ("Ps" and / or "$") and are defined below:

- **GLA**, means Gross Leasable Area which corresponds to the area that can be leased within a property.

- **EBITDA**, means Earnings Before Interest, Taxes, Depreciation, and Amortization which is defined as the result of the operating income, *minus* other income (expenses), plus depreciation and amortization.

- **FFO**, means Funds from Operations, which we define as: the result of the net income, *plus* depreciation and amortization, *minus* the change in the value of our investment properties, *minus* participation in the results of companies and associated trusts and other permanent investments, plus expenses related to the purchase of assets, plus (*minus*) the valuation effect of financial instruments and plus (*minus*) deferred income taxes. The "FFO" should not be considered as a substitute for the cash from operating activities.

- **Adjusted FFO,** we define it as FFO minus the recurring capital expenditures for maintenance of our investment properties (capital maintenance expenditure).

- **LTV**, means Loan To Value, a financial term used by financial institutions to express the ratio of a loan in relation to the value of an asset acquired. The term is commonly used by banks and mortgage companies to represent the value owned of a property and what is borrowed. This ratio is obtained by dividing the amount of Net Debt by the value of total assets.

- **Net Debt**, refers to the total balance of the debt *minus* cash and cash equivalents.

- **NOI**, means Net Operating Income that we define as revenue from leases, and property management and leasing commission fees, *net* of the allowances for doubtful accounts, *minus* administration maintenance and security expense, as well as salaries and benefits in addition to the operating personal salaries. The "NOI" should not be considered as a substitute for the operating income line shown in the financial statements. The term "NOI Margin" refers to the result expressed as a resulting percentage, of dividing the NOI by the total revenues, net from the allowance for doubtful accounts.

NOI, NOI margin, EBITDA, EBITDA margin, FFO, Adjusted FFO and LTV are financial measures that are not defined under IFRS. A financial measure not defined under IFRS is generally defined as one that seeks to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be adjusted to the most comparable measure of IFRS. NOI, EBITDA, FFO, Adjusted FFO and LTV have limitations as analysis tools and such measures should not be considered, either in isolation or as a substitute for other methods of analyzing our reported results in accordance with IFRS. Because not all companies use identical calculations, the presentation of the NOI, EBITDA, FFO, Adjusted FFO and LTV may not be comparable to other similar measures used by other companies.

OPERATION HIGHLIGHTS

- PLANIGRUPO reported a total of 814,000 square meters (m²) of Gross Leasable Area (GLA) composed by 36 properties at the end of 4Q19[1], of which 806,000 m² of GLA are in operation and stabilized.

- Our GLA in 4Q19 remains stable due to the operating and stabilized properties. It is important to mention that our Paseo Hipódromo plaza in the State of Mexico has continued its stabilization process.

- At the end of 4Q19, the occupancy rate was 94.1%, which considers the stabilized properties[2] and excludes the 15,000 m2 in remodeling of the Urban Village Ciudadela property (formerly known as Urban Village Patria). The increase in occupancy compared to the previous third quarter (93.6%), was due to the rental of 4,864 m2 in our Urban Village plaza in Garza Sada.

- Excluding the Urban Village Ciudadela property, which is in the process of being remodeled, and considering all stabilized properties, the occupancy rate at the end of 4Q19 was 94.6%, compared to 4Q18, which was 94.8%.

- The average rental price per square meter at the end of 4Q19 was Ps. 158.1, which represents an increase of 2.5% compared to 4Q18, which was Ps. 154.3.

- For the last 12 months ended on December 31, 2019, PLANIGRUPO registered a cumulative total of 129.3 million visitors in the shopping centers we manage, an increase of approximately 2.8% over the same period last year that recorded approximately 125.8 million of visitors.

[1] Regarding the GLA, it includes 15,000 m^2 in restructuration of the Urban Village Ciudadela, it also includes the square meters (m^2) of Paseo Hipódromo, which are in stabilization process.
[2] Does not include the Paseo Hipódromo Mall which is in stabilization process.

FINANCIAL HIGHLIGHTS

- The consolidated revenues corresponding to 4Q19 of PLANIGRUPO, including the properties in which we have a non-controlling interest, which we manage and operate, reached Ps. 398.0 million, which represents an increase of 5.8% compared to 4Q18.

- The cumulative consolidated income regarding the 2019 fiscal year, including the properties in which we have a non-controlling interest, which we manage and operate, reached Ps. 1,588.6 million, which represents an increase of 7.7% over the 2018 fiscal year.

- The consolidated NOI for 4Q19, including the properties in which we have a non-controlling interest, reached Ps. 331.9 million, which represents an increase of 12.2% compared to 4Q18.

- The consolidated accumulated NOI with respect to the 2019 fiscal year, including the properties in which we have a non-controlling interest, reached Ps. 1,287.9 million, which represents an increase of 10.2% over the 2018 fiscal year.

- Consolidated EBITDA for 4Q19, including the properties in which we have a non-controlling interest, reached Ps. 258.4 million, which represents an increase of 10.5% compared to 4Q18.

- The cumulative consolidated EBITDA with respect to the 2019 fiscal year, including the properties in which we have a non-controlling interest, reached Ps. 1,027.7 million, which represents an increase of 10.4% compared to 4Q18.

- The consolidated financial debt as of December 31, 2019 was Ps. 6,413.5 million.

- The consolidated financial debt, including the properties in which we have a non-controlling interest as of December 31, 2019, was Ps. 6,691.7 million.

COMMENTS FROM THE CEO

During the fourth quarter of 2019, PLANIGRUPO continues with a growth trend in its financial and operational indicators.

In the fourth quarter of 2019, compared to the same quarter of the previous year, total revenues reached Ps. 398.0 million generating an increase of 5.8%. Likewise, the NOI reached Ps. 331.9 million, representing an increase of 12.2%. Additionally, EBITDA reached Ps. 258.4 million, obtaining an increase of 10.5%.

The total accumulated income for the year 2019, compared to the same period of the previous year, reached Ps. 1,588.6 million generating an increase of 7.7%. Likewise, the accumulated NOI reached Ps. 1,287.9 million generating an increase of 10.2%. Regarding the accumulated EBITDA, it reached Ps. 1,027.7 million obtaining an increase of 10.4%.

Considering that the annual inflation in 2019 announced by the Banco de México was 2.8%, the aforementioned increases represent real growth significantly above inflation.

Our occupancy rate in the stabilized shopping centers throughout the Mexican Republic at the end of the fourth quarter of 2019 was 94.6% without considering the property Urban Village Ciudadela that is being redeveloped.

In addition, the number of visitors during the year 2019 in our shopping centers was approximately 129.3 million, which represented an increase of 2.8% over the same period of the previous year.

At the end of the fourth quarter of 2019, the result obtained is consistent with the growth shown in previous quarters and reflects both the good operating and financial performance as well as the consolidated optimization of resources.

Sincerely,

Elliott Mark Bross Umann
CEO of PLANIGRUPO

PLANIGRUPO BUSINESS

We are a fully integrated real estate developer, owner and operator with 44 years of experience in the development, design, construction, marketing and administration of shopping centers in Mexico. Since the creation of our first construction company in 1975, our team has participated in the acquisition and development of 70 shopping centers. We have controlling interests in 33 commercial centers and non-controlling interests in 3 commercial centers, located in 18 federal entities in Mexico, 35 of which we currently operate and 1 we also own, which is in operation and is still in process of stabilization. We are one of the largest shopping center owners in Mexico.

Our 35 operational and stabilized commercial centers have a total GLA of approximately 806,000 m2 and together with one of our properties in the process of stabilization, we hope to increase our total GLA to approximately 814,000 m2 [3]. Our shopping centers have leading anchor stores in the commercial sector and / or movie theater complexes. At the end of 4Q19 we had approximately 2,000 lease agreements, distributed among more than 1,200 tenants from various sectors. With the aim of improving the customers' shopping experience, most of our shopping centers also offer various entertainment and food options, as well as services designed to complement the trade offer.

MAIN OPERATING AND FINANCIAL INDICATORS

1) Financial Indicators

These metrics and adjustments are not defined by IFRS; therefore, they do not represent a financial analysis of our results in accordance with IFRS, and are shown only to measure the company's operating performance. The following tables present a summary of our main financial indicators for 4Q19 and 4Q18 and for the twelve-month periods ended December 31, 2019 and 2018, respectively, of the financial information that includes the results of our positions with controlling and non-controlling interest:

	2019 [1]	2018 [1]	Var. %	4Q 2019 [1]	4Q 2018 [1]	Var. %
Total revenues	**1,588,558**	**1,474,688**	**7.7%**	**398,040**	**376,242**	**5.8%**
Allowance for doubtful accounts	**(10,464)**	**(15,890)**	**(34.1%)**	**(1,926)**	**(4,485)**	**(57.1%)**
Total revenues, net	**1,578,094**	**1,458,798**	**8.2%**	**396,114**	**371,757**	**6.6%**
NOI [2]	**1,287,940**	**1,168,559**	**10.2%**	**331,905**	**295,761**	**12.2%**
NOI Margin[3]	**81.6%**	**80.1%**	**1.5%**	**83.8%**	**79.6%**	**4.2%**
EBITDA	**1,027,718**	**931,095**	**10.4%**	**258,376**	**233,814**	**10.5%**
EBITDA Margin[3]	**65.1%**	**63.8%**	**1.3%**	**65.2%**	**62.9%**	**2.3%**
FFO	**287,100**	**215,047**	**33.5%**	**62,441**	**36,231**	**72.3%**
Adjusted FFO	**248,598**	**164,376**	**51.2%**	**44,949**	**30,677**	**46.5%**

[1] The results of positions with controlling and non-controlling participation, which we manage and operate, are included proportionally.
[2] The financial information related to 2018 has been prepared on a pro-forma basis, so that it is comparable with the figures at the end of December 2019.
[3] NOI and EBITDA Margins, refer to the result expressed as a resulting percentage resulted from dividing the NOI or EBITDA by the total revenues net of allowance for doubtful accounts.

[3] Includes 15,000 m^2 in restructuration of the Urban Village Ciudadela, it also includes square meters at Paseo Hipódromo, which is in stabilization process.

NOI RECONCILIATION

	2019 [1]	2018 [1]	Var. %	4Q 2019 [1]	4Q 2018 [1]	Var. %
NOI [2]						
Revenue from leases	1,571,471	1,461,192	7.5%	395,503	373,210	6.0%
Property management and lease commission fees	17,087	13,496	26.6%	2,537	3,032	(16.3%)
Allowance for doubtful accounts	(10,464)	(15,890)	(34.1%)	(1,926)	(4,485)	(57.1%)
Administration, maintenance and security expenses	(237,058)	(234,937)	0.9%	(51,279)	(61,095)	(16.1%)
Operating personnel salaries	(53,096)	(55,302)	(4.0%)	(12,930)	(14,901)	(13.2%)
NOI	**1,287,940**	**1,168,559**	**10.2%**	**331,905**	**295,761**	**12.2%**
NOI Margin[3]	**81.6%**	**80.1%**	**1.5%**	**83.8%**	**79.6%**	**4.2%**

[1] The results of positions with controlling and non-controlling participation, which we manage and operate, are included proportionally.
[2] The financial information related to 2018 has been prepared on a pro-forma basis so that it is comparable with the figures at the end of December 2019.
[3] NOI margin refers to the result expressed as the percentage resulted from dividing the NOI by the total revenues net from the allowance of doubtful accounts.

EBITDA RECONCILIATION

	2019 [1]	2018 [1]	Var. %	4Q 2019 [1]	4Q 2018 [1]	Var. %
EBITDA[2]						
Total revenues	1,588,558	1,474,688	7.7%	398,040	376,242	5.8%
Operating costs	(256,793)	(254,928)	0.7%	(56,257)	(66,071)	(14.9%)
Operating expenses	(358,962)	(328,186)	9.4%	(108,545)	(95,679)	13.4%
Other expenses, net	365,998	4,889	7386.2%	89,058	20,982	324.4%
Operating income	1,338,801	896,463	49.3%	322,296	235,474	36.9%
Change in the fair value of investment properties	(355,481)	2,389	(14979.9%)	(87,493)	(19,857)	340.6%
Other expenses (income) - non-recurring	16,844	9,716	73.4%	16,844	9,716	73.4%
Depreciation and amortization	27,554	22,527	22.3%	6,729	8,481	(20.7%)
EBITDA	**1,027,718**	**931,095**	**10.4%**	**258,376**	**233,814**	**10.5%**
EBITDA Margin[2]	**65.1%**	**63.8%**	**1.3%**	**65.2%**	**62.9%**	**2.3%**

[1] The results of positions with controlling and non-controlling participation, which we manage and operate, are included proportionally.
[2] The financial information related to 2018 has been prepared on a pro-forma basis so that it is comparable with the figures at the end of December 2019.
[3] EBITDA margin refers to the result expressed as the percentage resulted from dividing the EBITDA by the total revenues net from the allowance of doubtful accounts.

FFO RECONCILIATION

	2019 [1]	2018 [1]	Var. %	4Q 2019 [1]	4Q 2018 [1]	Var. %
FFO						
Net income	464,784	173,509	167.9%	91,764	71,082	29.1%
Change in the fair value of investment properties	(355,481)	2,390	(14973.7%)	(87,493)	(19,857)	340.6%
Depreciation and amortization	27,554	22,527	22.3%	6,729	8,481	(20.7%)
Valuation of financial instruments	51,780	33,816	53.1%	6,394	(9,496)	(167.3%)
Deferred income taxes	98,463	(17,195)	(672.6%)	45,047	(13,979)	(422.2%)
FFO	**287,100**	**215,047**	**33.5%**	**62,441**	**36,231**	**72.3%**
FFO AJUSTADO						
FFO	287,100	215,047	33.5%	62,441	36,231	72.3%
Maintenance CAPEX	(38,502)	(50,671)	(24.0%)	(17,492)	(5,554)	214.9%
Adjusted FFO	**248,598**	**164,376**	**51.2%**	**44,949**	**30,677**	**46.5%**

[1] The results of positions with controlling and non-controlling participation, which we manage and operate, are included proportionally.

LTV

	4Q 2019*	4Q 2018*	Var. %
LTV	**39.9%**	**42.5%**	**(2.6 %)**

** Includes properties with controlling interest and in proportion to the non-controlling interest.*

2) Operational Indicators

	December 31 2019	December 31 2018	Var. %
Number of properties in operation and stabilized	**35**	**35**	**0%**
Gross Leasable Area (GLA)	**806,000**	**806,000**	**0%**
Occupancy [1]	**94.1%**	**94.3%**	**(0.2)%**
Average Lease Price m^2	**158.1**	**154.3**	**2.5%**

[1] It includes stabilized properties, with controlling and non-controlling participation and without considering 15,000 m2 in remodeling of Urban Village Ciudadela.

2.1) *Operating Portfolio*

As of 4Q19, PLANIGRUPO has a portfolio of 35 commercial centers in operation and 1 in the process of stabilization, through various vehicles of specific purpose.

The following table includes a description of each of our shopping centers at the end of 4Q19:

COMMERCIAL CENTERS PROPERTIES IN OPERATION AND STABILIZED [1]

Property	State	Year of construction	Opening year	Acquisition date	GLA m2	% of GLA's portfolio	Occupancy rate
Urban Village Ciudadela[2]	Jalisco	2006	2010	December-2014	51,299	6.5%	86%
Galerías del Valle	Baja California	2008	2008	December-2014	34,400	4.3%	98%
Plaza Real Reynosa	Tamaulipas	2005	2005	May-2013	35,856	4.5%	98%
Paseo Santa Catarina	Nuevo León	2005	2006	November-2012	37,605	4.7%	98%
Plaza Palmira	Campeche	2008	2009	May-2013	29,809	3.8%	77%
Plaza Nogalera	Coahuila	2006	2006	October-2013	41,889	5.3%	97%
Gran Plaza Cancún	Quintana Roo	2004	2006	October-2013	26,847	3.4%	97%
Plaza Bella Anáhuac	Nuevo León	2002	2003	May-2013	27,306	3.4%	98%
Paseo Reforma	Tamaulipas	2007	2008	December-2014	40,983	5.2%	98%
Plaza Real Saltillo	Coahuila	1999	2000	May-2013	16,506	2.1%	93%
Plaza Lincoln	Nuevo León	2006	2007	May-2013	27,796	3.5%	87%
Centro Comercial Lago Real	Nayarit	2008	2008	December-2014	26,186	3.3%	99%
Plaza Monumental	Chihuahua	2007	2008	May-2013	17,204	2.2%	95%
Plaza Universidad	Hidalgo	2005	2006	October-2013	17,298	2.2%	99%
Centro Comercial López Mateos	Chihuahua	1995	1995	December-2014	22,039	2.8%	91%
Plaza Las Haciendas	Estado de México	2005	2006	May-2013	16,480	2.1%	92%
Plaza Bella Mexiquense	Estado de México	2006	2006	May-2013	18,774	2.4%	82%
Macroplaza Oaxaca	Oaxaca	2013	2014	March-2013	26,347	3.3%	100%
Plaza San Juan	Querétaro	2012	2013	December-2014	7,473	0.9%	94%
Plaza Bella Huinalá	Nuevo León	2009	2009	October-2013	15,577	2.0%	83%
Centro Comercial Puerta de Hierro	Hidalgo	2006	2006	December-2014	16,299	2.1%	92%
Walmart San Jose del Cabo	Baja California Sur	2010	2010	July-2014	9,891	1.2%	100%
Walmart Ensenada	Baja California	2012	2012	July-2014	9,939	1.3%	100%
Paseo Puebla	Puebla	2013	2013	March-2013	10,747	1.4%	98%
Plaza Reynosa	Tamaulipas	1991	1995	December-2014	10,745	1.4%	86%
Plaza Bella Ramos Arizpe	Coahuila	2008	2008	September 2016	15,583	2.0%	92%
Paseo Solidaridad	Sonora	2015	2016	March-2015	13,077	1.7%	96%
Paseo Alcalde	Jalisco	2014	2016	August-2014	12,212	1.5%	98%
Macroplaza San Luis	San Luis Potosí	2014	2016	November-2014	19,010	2.4%	92%
Punto San Isidro	Jalisco	2008	2009	November-2017	7,958	1.0%	98%
Punto Oriente	Jalisco	2007	2011	November-2017	18,603	2.3%	100%
Urban Village in Garza Sada	Nuevo León	2015	2017	September-2015	29,134	3.7%	88%
Macroplaza Insurgentes[3]	Baja California	2006	2007	December-2006	54,872	6.9%	99%
Macroplaza Estadio[3]	Michoacán	2011	2011	December-2011	17,511	2.2%	100%
Plaza Bella Frontera[3]	Coahuila	2011	2011	December-2011	9,029	1.1%	84%

[1] Includes remodeling properties. It does not include Paseo Hipodromo, which is in the process of stabilization.

[2] Does not include approximately 15,000 m2 in UVC redevelopment.

[3] Properties in which we have non-controlling interest.

2.2) Gross Leasable Area and Geographic Distribution

At the end of 4Q19, the 35 commercial centers in operation and stabilized, totaled approximately 806,000 m2 of GLA[4]. Our commercial centers in operation and stabilized, are in 18 Federal Entities in Mexico.

States where Planigrupo manages at least one property.

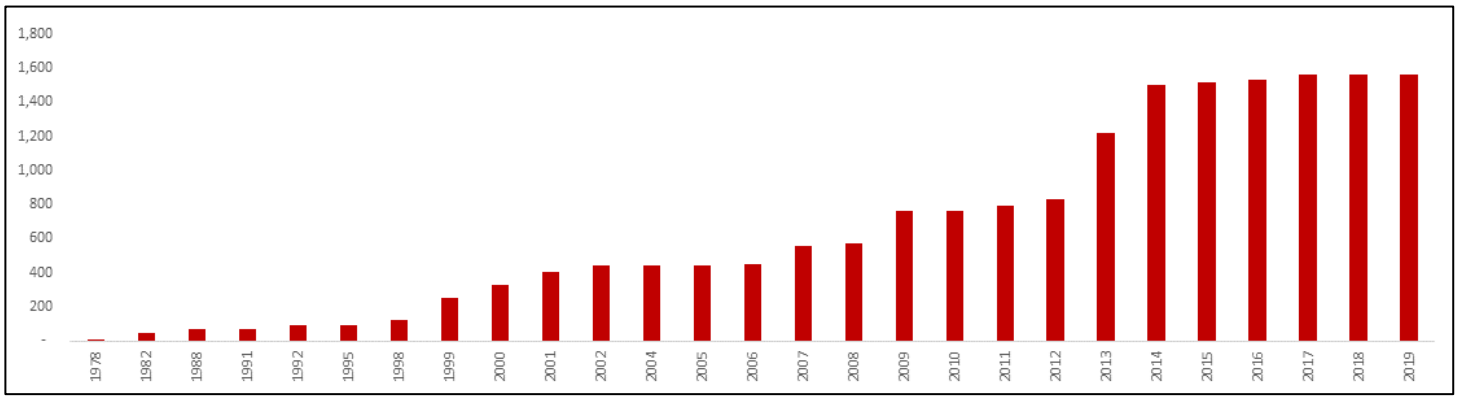
[4] Does not include Mall Paseo Hipódromo which is in stabilization process.

2.3) Occupation

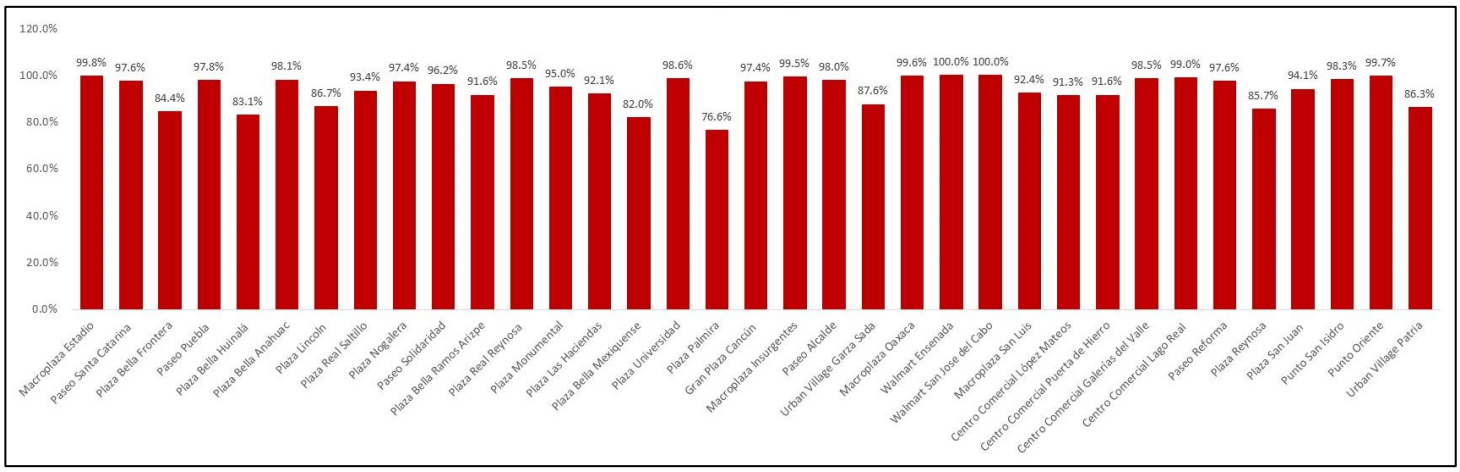
In 4Q19, the occupancy rate was 94.1%, which considers the stabilized properties [5] and excludes the 15,000 m2 in redevelopment of the Urban Village Ciudadela property (formerly known as Urban Village Patria). Without considering the shopping center mentioned above, the occupancy rate would be 94.6%.

The following graphs show the annual evolution of the GLA of the portfolio in a cumulative manner of our commercial centers in operation and stabilized, as well as the percentage of occupancy by place.

GLA of the portfolio in a cumulative manner



% Occupation at property level



[5] Does not include Mall Paseo Hipódromo which is in stabilization process.

2.4) Characteristics of Lease Agreements [6]

As of December 31, 2019, we had approximately 2,000 lease agreements distributed among more than 1,200 tenants, of which none represents more than 10.0%, except for Grupo Walmart with its different store layouts, which represent 23.8% and 17.0% of our GLA and income, respectively. Out of the 35 commercial centers in operation and stabilized, we currently have 23 shopping centers anchored by some Walmart Group layout, 7 shopping centers anchored by some HEB store layout and 5 shopping centers anchored by Home Depot. On the other hand, we have Cinemex complexes in 16 shopping centers and Cinépolis complexes in 10 shopping centers. Our tenants of anchor stores or their parent companies are usually tenants with high credit quality.

Some of the characteristics of our lease agreements are: (i) the initial term for most of the lease agreements with our anchor stores is 5 to 10 years forced for both parties, extendable for at least an additional period of the same duration (depending on the maximum period allowed by local legislation), at the choice of the tenant. Additionally, the term for the majority of our lease agreements with non-anchor stores is 2 to 5 years. As of 4Q19, the average lease term remaining (weighted by GLA) for our agreements with non-anchor stores is 4.5 years and with our anchor stores is 8.1 years. The following table details our portfolio of consolidated shopping centers with controlling participation in 4Q19.

Property	State	Year of construction	Opening year	Acquisition date	Revenues from leases 4Q19 (Ps.)[2]	Percentage of revenues from leases	Revenues from leases 2019(Ps.)[2]	NOI
								2019 (Ps.)
Urban Village Ciudadela (before Urban Village Patria)	Jalisco	2006	2010	Dec-14	23,276,598	6.52%	88,893,103	77,037,377
Macroplaza del Valle	Baja California	2008	2008	Dec-14	26,918,788	7.54%	104,674,803	84,025,905
Plaza Real Reynosa	Tamaulipas	2005	2005	May-13	19,814,038	5.55%	78,459,369	60,013,173
Paseo Santa Catarina	Nuevo León	2005	2006	Nov-12	20,028,653	5.61%	80,424,129	67,711,692
Plaza Palmira	Campeche	2008	2009	May-13	10,299,735	2.89%	41,545,876	23,601,934
Plaza Nogalera	Coahuila	2006	2006	Oct-13	17,378,526	4.87%	69,519,374	58,025,636
Gran Plaza Cancún	Quintana Roo	2004	2006	Oct-13	18,865,635	5.29%	76,528,834	58,997,900
Plaza Bella Anáhuac	Nuevo León	2002	2003	May-13	16,295,526	4.57%	64,814,983	54,112,272
Paseo Reforma	Tamaulipas	2007	2008	Dec-14	19,508,488	5.47%	76,542,036	61,092,476
Plaza Real Saltillo	Coahuila	1999	2000	May-13	13,390,961	3.75%	52,695,927	42,527,282
Mall Plaza Lincoln	Nuevo León	2006	2007	May-13	11,089,230	3.11%	45,140,128	31,217,920
Centro Comercial Lago Real	Nayarit	2008	2008	Dec-14	13,594,595	3.81%	53,659,929	43,291,905
Plaza Monumental	Chihuahua	2007	2008	May-13	11,140,816	3.12%	44,145,707	35,417,142
Plaza Universidad	Hidalgo	2005	2006	Oct-13	9,429,975	2.64%	36,916,034	27,876,477
Plaza López Mateos	Chihuahua	1995	1995	Dec-14	6,739,623	1.89%	27,727,013	20,015,756

[6] Figures based on the stabilized properties.

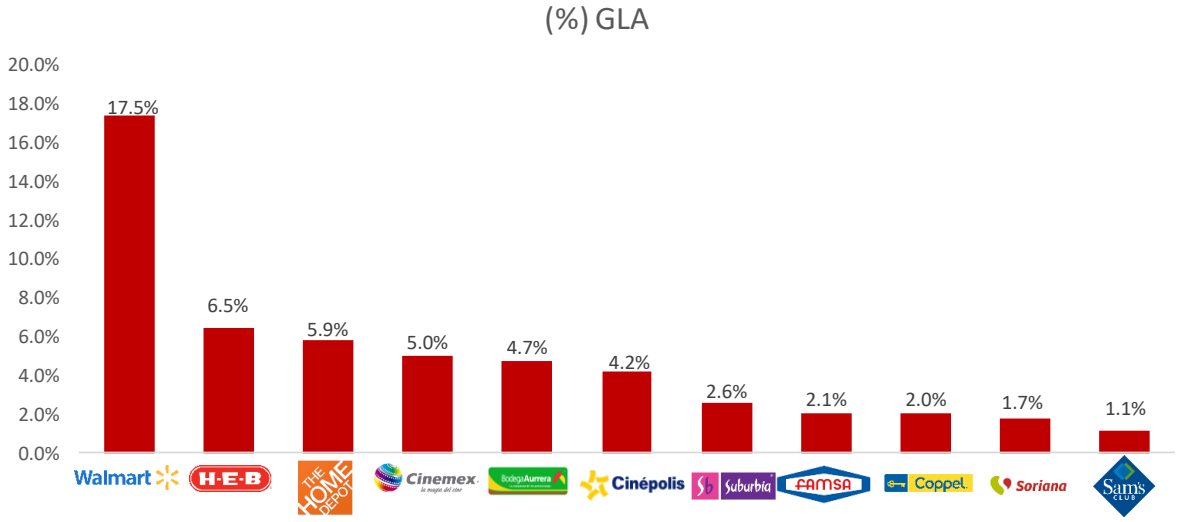
Property	State	Year of construction	Opening year	Acquisition date	Revenues from leases 4Q19 (Ps.)[2]	Percentage of revenues from leases	Revenues from leases 2019(Ps.)[2]	NOI 2019 (Ps.)
Super Plaza Las Haciendas	Estado de México	2005	2006	May-13	7,174,710	2.01%	29,330,816	23,811,441
Plaza Bella Mexiquense	Estado de México	2006	2006	May-13	5,884,793	1.65%	24,526,708	17,538,366
Macroplaza Oaxaca	Oaxaca	2013	2014	Mar-13	18,101,371	5.07%	69,691,107	55,747,497
Paseo San Juan	Querétaro	2012	2013	Dec-14	3,890,298	1.09%	15,963,608	11,650,627
Plaza Bella Huinalá	Nuevo León	2009	2009	Oct-13	4,236,325	1.19%	17,117,391	12,113,759
Centro Comercial Puerta de Hierro	Hidalgo	2006	2006	Dec-14	3,084,349	0.86%	11,253,404	8,912,587
Walmart San Jose del Cabo	Baja California Sur	2010	2010	Jul-14	5,111,616	1.43%	20,603,300	19,636,125
Walmart Ensenada	Baja California	2012	2012	Jul-14	2,687,304	0.75%	11,046,772	10,560,678
Paseo Puebla	Puebla	2013	2013	Mar-13	5,847,453	1.64%	23,024,433	18,768,358
Plaza Reynosa	Tamaulipas	1991	1995	Dec-14	2,412,440	0.68%	10,028,002	8,517,719
Paseo Solidaridad	Sonora	2015	2016	Mar-15	5,151,966	1.44%	21,195,510	14,903,283
Plaza Bella Ramos Arizpe	Coahuila	2008	2008	Sept-16	5,289,963	1.48%	21,558,520	16,824,437
Macroplaza San Luis	San Luis Potosí	2014	2016	Nov-14	9,956,019	2.79%	40,942,187	32,612,983
Paseo Alcalde	Jalisco	2014	2016	Aug-14	6,100,605	1.71%	24,520,478	20,592,566
Punto San Isidro	Jalisco	2008	2009	Nov-17	4,031,057	1.13%	16,938,542	14,457,720
Punto Oriente	Jalisco	2007	2011	Nov-17	6,246,870	1.75%	24,948,858	21,000,025
Paseo Hipódromo[1]	Estado de México	2014	2017	Nov-14	5,552,294	1.56%	23,572,081	14,298,898
Urban Village in Garza Sada	Nuevo León	2015	2017	Sept-15	18,377,069	5.15%	71,275,282	54,004,726
TOTAL CONTROLLED[3]					**356,907,689**	**100%**	**1,419,224,244**	**1,120,916,642**

[1] Property in the process of stabilization.
[2] Income obtained by the Parking Operator is not included.
[3] The total revenues from leases and NOI may not coincide with the amounts reflected in the consolidated financial indicators, since these indicators include the results of our positions with controlling and non-controlling participation, and also consider certain eliminations between related parties.

The following table details our portfolio of shopping centers in which we have a non-controlling interest as of December 31, 2019; the amounts are shown at our participation proportion (Macroplaza Insurgentes 40%, Macroplaza Estadio Morelia and Plaza Bella Frontera 5%):

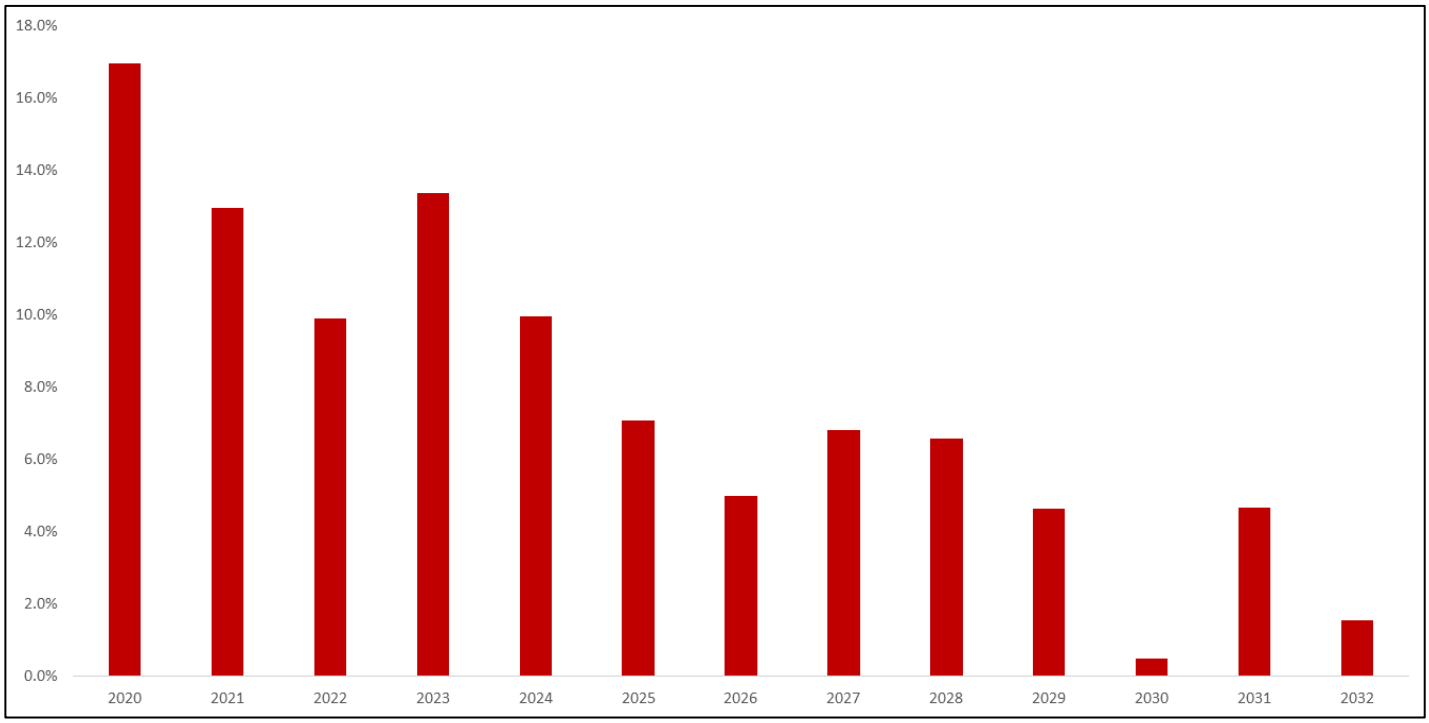
Properties with non-controlling interest	State	Year of construction	Opening year	Acquisition date	Revenues from leases 4Q19 (Ps.)[2]	Percentage of revenues from leases	Revenues from leases 2019(Ps.)[2]	NOI 2019 (Ps.)
Macroplaza Insurgentes	Baja California	2006	2007	Dec-06	21,799,684	90.74%	87,397,208	88,009,949
Macroplaza Estadio Morelia	Michoacan	2011	2011	Dec-11	1,645,353	6.85%	1,645,353	1,397,593
Plaza Bella Frontera	Coahuila	2011	2011	Dec-11	578,603	2.41%	578,603	412,628
TOTAL NOT CONTROLLED					**24,023,641**	**100%**	**89,621,165**	**89,820,170**

The following graph shows the distribution of the main lease agreements by tenant category, as a proportion of the total profitable area of the portfolio in operation.



The following table shows the maturity percentages of lease agreements of our commercial centers in operation as of 4Q19:

Lease agreement maturity as a percentage of our GLA

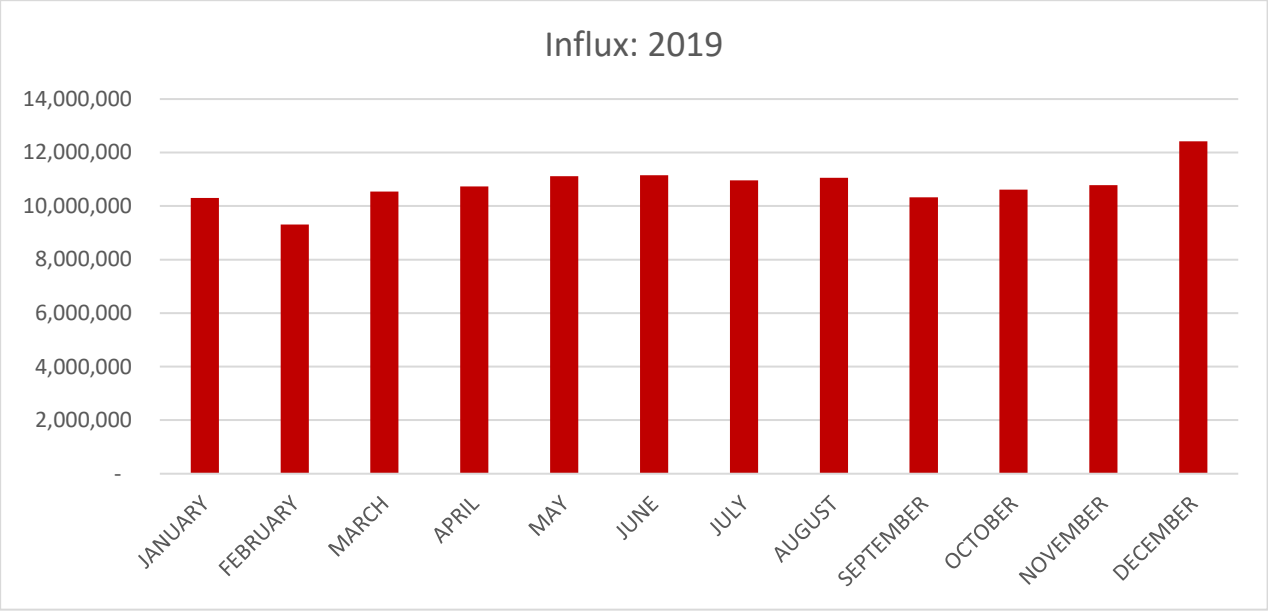


2.5) Revenues from fixed leases

During 4Q19, revenues from leases related to the controlling share amounted to Ps. 398.0 million. Our revenues from leases including the properties in which we have a controlling and non-controlling interest amounted to Ps. 395.5 million.

2.6) Number of visitors graph

During 4Q19, the influx at operating and stabilized shopping centers reached approximately 33.8 million visitors.



2.7) Property in the process of stabilization

a) Paseo Hipódromo

Paseo Hipódromo is a three-level shopping center located in the Municipality of Naucalpan de Juárez, in the State of Mexico. It has approximately 4,700 m2 of land and approximately 7,500 m2 of GLA. We plan to include different entertainment and food options. We have entered into lease agreements with a Cinemex movie theater complex, as well as with other lessees, equivalent to 86% of its GLA. The mall began operations in December 2017 and is therefore in the final stabilization stage.

Property	State	GLA	Land	GLA leased	% Occupancy (4Q19)	% Occupancy (4Q18)	Work in progress [1]
Paseo Hipódromo	State of Mexico	7,478	4,700	6,432	86%	79%	98%

[1] The Work in progress refers to the investment progress, not to the physical construction progress.

3. Stabilized properties

Property	State	Opening year	GLA m2	Influx 4Q19	Anchors
Urban Village Ciudadela[1]	Jalisco	2010	51,299	5,313,916	Walmart, Cinépolis and Best Buy
Galerías del Valle	Baja California	2008	34,400	6,162,999	Walmart and Cinépolis
Plaza Real Reynosa	Tamaulipas	2005	35,856	5,458,666	HEB, Cinemex and Home Depot
Paseo Santa Catarina	Nuevo León	2006	37,605	12,073,183	Walmart, Suburbia and Cinemex
Plaza Palmira	Campeche	2009	29,809	2,910,366	Chedraui, Cinemex
Plaza Nogalera	Coahuila	2006	41,889	5,513,413	HEB, Cinépolis and Home Depot
Gran Plaza Cancún	Quintana Roo	2006	26,847	7,442,765	Suburbia, Cinépolis and Walmart*
Plaza Bella Anáhuac	Nuevo León	2003	27,306	5,611,294	HEB and Cinemex
Paseo Reforma	Tamaulipas	2008	40,983	6,842,785	Walmart, Home Depot, and Cinépolis
Plaza Real Saltillo	Coahuila	2000	16,506	5,660,319	HEB and Cinemex

Property	State	Opening year	GLA m2	Influx 4Q19	Anchors
Plaza Lincoln	Nuevo León	2007	27,796	4,605,002	HEB, Suburbia, and Cinemex
Centro Comercial Lago Real	Nayarit	2008	26,186	4,680,564	Walmart and Cinépolis
Plaza Monumental	Chihuahua	2008	17,204	2,548,588	Walmart and Cinépolis
Plaza Universidad	Hidalgo	2006	17,298	4,687,834	Bodega Aurrerá
Centro Comercial López Mateos	Chihuahua	1995	22,039	2,650,303	Soriana
Plaza Las Haciendas	Estado de México	2006	16,480	3,058,143	Bodega Aurrerá
Plaza Bella Mexiquense	Estado de México	2006	18,774	3,733,524	Bodega Aurrerá and Cinemex
Macroplaza Oaxaca	Oaxaca	2014	26,347	5,805,486	Walmart, Suburbia and Cinemex
Plaza San Juan	Querétaro	2013	7,473	NA[3]	Cinépolis, Bodega Aurrerá*, and Home Depot*
Plaza Bella Huinalá	Nuevo León	2009	15,577	2,058,866	Mi Tienda del Ahorro (HEB)
Centro Comercial Puerta de Hierro	Hidalgo	2006	16,299	NA[3]	Home Depot and Office Max
Walmart San Jose del Cabo	Baja California Sur	2010	9,891	NA[3]	Walmart
Walmart Ensenada	Baja California	2012	9,939	NA[3]	Walmart
Paseo Puebla	Puebla	2013	10,747	1,701,688	Walmart
Plaza Reynosa	Tamaulipas	1995	10,745	NA[3]	Bodega Aurrerá
Plaza Bella Ramos Arizpe	Coahuila	2008	15,583	2,594,111	Bodega Aurrerá and Cinemex
Paseo Solidaridad	Sonora	2016	13,077	1,690,498	Tienda Ley and Cinemex
Paseo Alcalde	Jalisco	2016	12,212	2,224,392	Walmart and Cinemex
Macroplaza San Luis	San Luis Potosí	2016	19,010	3,086,020	Walmart, Suburbia and Cinépolis
Punto San Isidro	Jalisco	2009	7,958	NA[3]	Superama
Punto Oriente	Jalisco	2011	18,603	NA[3]	Home Depot and Cinépolis
Urban Village in Garza Sada	Nuevo León	2017	29,134	3,386,558	HEB
Macroplaza Insurgentes[3]	Baja California	2007	54,872	13,392,734	Walmart, Sam's and Cinemex
Macroplaza Estadio[3]	Michoacán	2011	17,511	2,906,171	Walmart and Cinemex
Plaza Bella Frontera[3]	Coahuila	2011	9,029	1,451,927	Bodega Aurrerá

** Benefit attributable to the influx of visitors*

[1] Includes redevelopment properties. Does not include approximately 15,000 m2 in UVC redevelopment.

[2] Properties in which we have non-controlling interest.

[3] Not available (NA) given the configuration of the shopping center entrances.

RELEVANT EVENTS FOR 4Q19

PLANI Announces Results for the Third Quarter of 2019 (October 24, 2019)

Mexico City, Mexico – October 24, 2019 - Planigrupo Latam, S.A.B. de C.V. (the " Company " and / or "Planigrupo") (BMV: PLANI), is a fully integrated developer, operator and owner of shopping centers, with 44 years of experience in the development, design, construction, commercialization and administration of shopping centers in Mexico. Today, PLANIGRUPO published the results for the third quarter of 2019 (hereinafter "3Q19") and for the nine-month period ended September 30, 2019 (hereinafter "9M19").

The figures have been prepared in accordance with IFRS (International Financial Reporting Standards) are expressed in thousands of Mexican pesos.

NOTICE OF AUDITOR DESIGNATION:

In compliance with article 17 of the "Disposiciones de carácter general aplicables a las entidades y emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos"; enclosed is the authentication of the meeting of the Planigrupo Board of Directors dated July 15, 2019, which approved the authorization of the Chairman of the Planigrupo Audit and Corporate Practices Committee to review and, if appropriate, approve the proposal made by the firm KPMG Cárdenas Dosal, SC ("KPMG"), to provide external auditing services to the Company and its subsidiaries for the 2019 fiscal year, as well as the ratification report of the Chairman of the Audit and Corporate Practices Committee of Planigrupo dated September 26 of 2019, ratifying the KPMG office as responsible for providing the external audit services of Planigrupo and its subsidiaries, corresponding to the 2019 fiscal year.

NATURE OF THE BUSINESS

We are a fully integrated real estate developer, owner and holder with 44 years of experience in the development, design, construction, marketing, administration of shopping centers in Mexico. Since the creation of our first construction company in 1975, our team has participated in the acquisition and development of 70 shopping centers. With controlling interests in 33 commercial centers (of which 1 is in the process of stabilization) and non-controlling interests in 3 commercial centers, located in 18 federal entities in Mexico, 35 of which we currently operate and one of which we also own, is in operation and is still in the process of stabilization.

We are one of the largest owners of shopping centers in Mexico. Our 35 stabilized commercial centers in operation have a Total GLA of approximately 806,000 m2 and together with our property in the process of stabilization we expect to increase our Total GLA to approximately 814,000 m2 [7], the Total GLA exceeds the GLA represented solely by our participation. Our shopping centers have leading anchor stores in the commercial sector and / or movie theater complexes. In order to improve the customers' shopping experience, most of our shopping centers also offer various entertainment and food options, as well as various designs to complement the commercial offer. We believe that our shopping centers are recognized as references to acquire goods and services and as an entertainment option in the different regions in which we operate.

[7] Includes approximately 15,000 m2 in Urban Village Ciudadela redevelopment. It also includes the m2 of Paseo Hipódromo, which is in the process of stabilization.

TOP MANAGEMENT OBJECTIVES

Our goal is to become the leading integrator, developer and administrator of flagship shopping centers in Mexico. We hope to continue improving our existing portfolio through high quality properties that are identified and marketed by us, developed in conjunction with some of our key tenants, or incorporated through acquisitions. We hope to capitalize on opportunities that may arise in the short or medium term. This creates an opportunity to increase penetration in high quality commercial properties as demographic trends continue to improve. We strive to become the partner of choice for our tenants and we hope to continue strengthening our relationship by delivering the best in products and services in their class.

TOP MANAGEMENT STRATEGIES

PLANIGRUPO is a company with a fully internalized business model, which captures value throughout the business development cycle of projects in shopping centers and generates additional income, such as advertising and other services by third parties. Our corporate nature (stock exchange company) and business model eliminates leakage of commissions, so that the economic benefits to the shareholders are maximized.

The two pillars of our business are:

- First, our portfolio of 35 commercial centers stabilized and in operation, have a consolidated occupation of 94.1% [8], as well as our malls in operation and in process of stabilization, generated a consolidated NOI of Ps. 331.9 million during 4Q19 from our commercial spaces leasing, which includes the malls in which we have a non-controlling interest.

- Second, our shopping center that has stabilized its operation during 4Q19 and one of our projects in the process of stabilization, as well as the acquisition of 2 stabilized malls at the end of 2017, provide us the basis for the growth of our GLA, generating a higher NOI to our existing portfolio for the coming months.

RISK FACTOR'S

PLANIGRUPO is exposed to the following risks due to the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk

Risk Management Framework

The managed financial risks are regulated by the policies approved by the Company's Administration and certain approvals of the Board of Directors and Shareholders that guarantee in writing principles on the use and administration of investments and the investment of excess liquidity. The Investment Committee reviews compliance with the policies and exposure limits on an ongoing basis.

[8] Does not include approximately 15,000 m2 in UVC remodeling. It does not include the Paseo Hipódromo that is undergoing a stabilization process.

LIMITATION OF LIABILITY

This report may contain certain forward-looking statements that may involve some risk and uncertainty. Terms such as "we estimate", "we plan", "we expect", "probably" and other similar expressions could be interpreted as estimates. PLANIGRUPO warns readers that the statements and estimates contained in this document, or made by the PLANIGRUPO management team, involve risks and uncertainty that could change depending on several factors that are outside the control of PLANIGRUPO. Any future expectations reflect the value judgments of PLANIGRUPO as of the date of this document. PLANIGRUPO reserves the right or obligation to update the information contained in or derived from the report. Past or present performance is not an indicator of future performance.

We warn that a significant number of factors could cause current results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this report. In no event PLANIGRUPO, nor any of its subsidiaries, affiliates, directors, executives, agents or employees could be liable to third parties (including investors) for any investment, decision or action taken in relation to the information provided in this document or for any consequential special or similar damage.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following items make up our consolidated statements of income:

- ***Revenues.*** The principal source of revenues comes from the leases that our tenants pay us under operating leases. The income and costs of the lease agreements are recognized during the term of those agreements as the services are provided. We also earn revenues derived from the properties management and leasing commission fees and from properties performance. The properties management fees revenues consist of income derived from the administration of shopping centers, which were recognized in our annual results at the markups agreed for the provision of our services (from 2.0% to 4.0% over the leases actually collected in each of the properties we manage). Lease fees consist of income derived from the negotiation of new leases or their renewal for a period of 3 to 10 years, said commissions range between 3.0% and 8.5% of the total agreed income; 80.0% of the leasing commission fee is recognized at the execution of the lease agreements and the remaining 20.0% is recognized when the first rent is paid. Revenue from properties performance consists of commissions paid by certain property owners under the development agreements, we have entered into with them for the construction and development of their properties. Such commissions are paid when the developed properties reach a certain level of return or profitability, which is typically achieved after some years of efficient operation entrusted to us or as a consequence of the sale of the properties.

- ***Cost and operating expense.*** Operating costs and expenses consist of administration, maintenance and security expenses, allowance for doubtful accounts, salaries and fringe benefits, depreciation and amortization and general expenses.

- ***Other net income (expense).*** Other net income (expenses), consists of increases and decreases in the fair value of our investment properties (which correspond to our shopping centers), accounts receivable from previous periods collection, profit or loss on the sale of furniture and equipment, among others.

- ***Financial profits (costs).*** Financial profits (costs) are composed by interest expenses, interest income, changes on valuation of financial instruments and exchange net profit (loss).

- ***Changes in the fair value of investments in non-consolidated project trusts and other permanent investments.*** It consists of increases and decreases in the fair value of our investment in those non-consolidated Project Trusts (that is, our non-controlling interest in certain shopping centers), as well as increases and decreases in our investment in associated companies.

- ***Income taxes***. Income taxes include the tax caused on a legal basis and the deferred income taxes.

Unaudited consolidated statements of profit or loss
Three-month periods ended December 31, 2019 and 2018
(In thousands of Mexican Pesos)

		Q4 2019	4Q 2018	Var. %
Revenues				
Leases	$	374,887	353,248	6.1%
Property management and leasing commission fees		6,781	4,521	50.0%
Total revenues		**381,668**	**357,769**	**6.7%**
Costs and operating expenses:				
Administrative, maintenance and security expenses		(55,407)	(61,692)	(10.2%)
Allowance for doubtful accounts		(1,926)	(19,566)	(90.2%)
Asset management expenses		(4,978)	(4,976)	0.0%
Salaries and fringe benefits		(56,171)	(47,172)	19.1%
Depreciation and amortization		(6,729)	(8,481)	(20.7%)
General expenses		(43,269)	(20,368)	112.4%
Total costs and operating expenses:		**(168,480)**	**(162,255)**	**3.8%**
Other income (expenses):				
Increase (decrease) in fair value of investment properties		85,275	16,527	416.0%
Other income (expenses), net		1,557	1,139	36.7%
Total other income (expenses), net		**86,832**	**17,666**	**391.5%**
Operating income		**300,020**	**213,180**	**40.7%**
Finance (cost) income:				
Interest expense		(162,269)	(164,930)	(1.6%)
Interest expense from leasing		(1,702)	(2,409)	(29.3%)
Interest income		7,467	3,491	113.9%
Effect on valuation of financial instruments		(6,393)	9,496	(167.3%)
Foreign currency exchange gain (loss), net		(4)	74	(105.4%)
Finance cost, net		**(162,901)**	**(154,278)**	**5.6%**
Increase in fair value of trust certificates from non-consolidated properties		17,777	18,108	(1.8%)
Income before taxes		**154,896**	**77,010**	**101.1%**
Income taxes:				
Current income tax		(18,084)	(19,906)	(9.2%)
Deferred income tax		(45,047)	13,979	(422.2%)
Total income taxes:		**(63,131)**	**(5,927)**	**965.1%**
Consolidated net income for the period	**$**	**91,765**	**71,083**	**29.1%**
Consolidated net income (loss) of:				
Controlling interest		113,385	70,003	62.0%
Increase in net assets attributable to holders and settlors		(11,734)	- (6,637)	76.8%
Non-controlling interest		(9,886)	7,717	(228.1%)
Consolidated net income for the period	**$**	**91,765**	**71,083**	**29.1%**
Other comprehensive income		2,435	-	100.0%
Consolidated comprehensive income for the period	**$**	**94,200**	**71,083**	**32.5%**

OPERATING RESULTS

Revenues

Total revenues for the three-month period ended December 31, 2019, were $ 381.7 million compared to the $ 357.8 million for the three-month period ended December 31, 2018, which represents an increase of 6.7%. This increase was mainly attributed to a $21.6 million increase in revenues during 4Q19.

Costs and operating expenses

Total operating costs and expenses were $168.5 million for the three-month period ended December 31, 2019, compared to the $162.3 million corresponding to the same period of the previous year, which represents an increase of $6.2 million or 3.8 %.

This variation was mainly attributed to an increase of $ 9.0 million in wages and salaries, as well as an increase in general expenses of $ 22.9 million, partially offset by a decrease in administration, maintenance and security expenses of $ 6.3 million and a decrease in the estimate for bad debts for $ 17.6 million compared to the same period last year.

Other net income (expenses)

Total other net income (expenses) for the three-month period ended December 31, 2019 was of $ 86.8 million compared to income of $ 17.7 million for the same period from the previous year. This increase in other income obtained was mainly attributed to an increase in the fair value of investment properties compared to the same period in 2018, derived from appraisals carried out by independent third parties. Starting in June 2019, our property called Paseo Hipódromo, changed its cost focus to be valued using the income approach derived from the stabilization process.

Financial cost, net

The financial costs net amounted to $162.9 million for the three-month period ended December 31, 2019, compared to $154.3 million in the same period of the previous year, which represented an increase of $8.6 million or 5.6%. This effect is mainly due to the valuation effect of the interest rate hedging financial instruments, which until August 31, 2019 were recognized in results because they were characterized as trading instruments. From September 2, 2019, Planigrupo adopted hedge accounting under the new pronouncements of IFRS 9. Therefore, these derivatives changed accounting treatment as hedging instruments.

Consolidated net income for the period

Consolidated net income for the three-month period ended December 31, 2019 was $91.8 million, compared to $71.1 million for the same period of the previous year, which represents an increase of 29.1%. This is attributed to the combination of increases and decreases in the interim consolidated statements of profit or loss line items described above.

Unaudited consolidated statements of profit or loss
For the years ended December 31, 2019 and 2018
(In thousands of Mexican Pesos)

		December 2019	December 2018	Var. %
Revenues				
Leases	$	1,488,757	1,381,841	7.7%
Property management and leasing commission fees		26,227	20,490	28.0%
Total revenues		**1,514,984**	**1,402,331**	**8.0%**
Costs and operating expenses:				
Administrative, maintenance and security expenses		(244,302)	(238,822)	2.3%
Allowance for doubtful accounts		(10,464)	(30,971)	(66.2%)
Asset management expenses		(19,735)	(19,991)	(1.3%)
Salaries and fringe benefits		(215,607)	(197,154)	9.4%
Depreciation and amortization		(27,554)	(22,527)	22.3%
General expenses		(104,462)	(77,395)	35.0%
Total costs and operating expenses:		**(622,124)**	**(586,860)**	**6.0%**
Other income (expenses):				
Increase (decrease) in fair value of investment properties		301,955	(35,177)	(958.4%)
Other income (expenses), net		8,538	7,243	17.9%
Total other income (expenses), net		**310,493**	**(27,934)**	**(1211.5%)**
Operating income		**1,203,353**	**787,537**	**52.8%**
Finance (cost) income:				
Interest expense		(651,524)	(639,630)	1.9%
Interest expense from leasing		(6,371)	(7,892)	(19.3%)
Interest income		21,848	24,596	(11.2%)
Effect on valuation of financial instruments		(51,780)	(30,939)	67.4%
Foreign currency exchange gain (loss), net		(191)	(596)	(68.0%)
Finance cost, net		**(688,018)**	**(654,461)**	**5.1%**
Increase in fair value of trust certificates from non-consolidated properties		117,790	88,460	33.2%
Income before taxes		**633,125**	**221,536**	**185.8%**
Income taxes:				
Current income tax		(69,879)	(65,222)	7.1%
Deferred income tax		(98,463)	17,195	(672.6%)
Total income taxes:		**(168,342)**	**(48,027)**	**250.5%**
Consolidated net income for the period	**$**	**464,783**	**173,509**	**167.9%**
Consolidated net income (loss) of:				
Controlling interest		448,566	164,316	173.0%
Increase in net assets attributable to holders and settlors		(10,929)	(8,009)	36.5%
Non-controlling interest		27,146	17,202	57.8%
Consolidated net income for the period	**$**	**464,783**	**173,509**	**167.9%**
Other comprehensive income		502	-	100.0%
Consolidated comprehensive income for the period	**$**	**465,285**	**173,509**	**168.2%**

Results from operations for the twelve-month periods ended December 31, 2019 and 2018

Revenues

Total revenues for the period ended December 31, 2019, were $1,515.0 million compared to $1,402.3 million for the same period ended December 31, 2018, which represents an increase of $112.7 million or 8.0%. This increase is mainly due to an increase of $106.9 million in revenues from leases, mainly attributable to the new properties that have continued with their stabilization process during 2019, starting operations at the end of 2017, Paseo Hipódromo (located in Naucalpan de Juárez, State of Mexico) and Urban Village in Garza Sada (located in Monterrey, Nuevo León).

In addition, there was an increase of $ 5.7 million in administrative revenue from shopping centers and lease fees compared to the same period last year.

Costs and operating expenses

Total operating costs and expenses were $622.1 million for the period ended December 31, 2019, compared to $586.9 million the previous year, which represents an increase of $35.3 million or 6.0%. This variation was mainly attributed to an increase in administration, maintenance and security expenses of $5.5 million derived from the increase in the activities of the shopping centers indicated in the previous paragraph, an increase of $18.5 million in salaries and fringe benefits for covered vacancies in the period and needs of the new shopping centers, as well as an increase in depreciation and amortization for $5.0 million, an increase in general expenses of $ 27.1 million or 35.0% compared with respect to the same period of 2018, whose increases were partially offset by a decrease in the allowance for doubtful accounts for $20.5 million or 66.2% compared to the same period of the previous year.

Other income (expenses), net

Total other net expenses for the period ended December 31, 2019, represented an income of $310.5 million compared to an expense of $27.9 million from the previous year. This increase in other income was mainly attributed to an increase in the fair value of our investment properties with respect to the decrease in fair value that was taken in 2018, derived from appraisals made by independent third parties. During this period, our property, called Paseo Hipódromo, changed the cost-based valuation approach to a methodology based on the income approach derived from the progress in its stabilization process.

Financial cost, net

The net financial cost amounted to $688.0 million for the period December 31, 2019, compared to $654.5 million in the same period of the previous year, which represent an increase of $33.6 million or 5.1%. The increase is mainly due to the increase in interest expenses in addition to the valuation effect of the financial instruments, whose impacts are recognized until August 31, 2019 in the statement of profit or loss and starting on September 2, 2019, were characterized as hedge accounting.

Consolidated net income for the period

Consolidated net income for the period ended on December 31, 2019 was $464.8 million, compared to the net profit of $173.5 million relative to the same period of the previous year, which represents an increase of $291.3 million or 167.9%. This is attributed to the combination of increases and decreases in the interim consolidated statements of profit or loss line items described above.

Unaudited consolidated statements of financial position
As of December 31, 2019 and December 31, 2018
(In thousands of Mexican Pesos)

		As of December 2019	As of December 2018	Var. %
ASSETS				
Current assets:				
Cash and cash equivalents	$	404,468	273,862	47.7%
Trade receivables, net		6,547	16,488	(60.3%)
Refundable taxes and other receivables, net		265,260	232,521	14.1%
Prepaid expenses		106,928	145,591	(26.6%)
Leasing rights		6,997	7,438	(5.9%)
Total current assets		**790,200**	**675,900**	**16.9%**
Non-current assets:				
Investment properties		12,846,518	12,461,482	3.1%
Furniture, equipment and leasehold improvements, net		53,915	67,054	(19.6%)
Leasing rights - Long term		2,118	6,859	(69.1%)
Leasing rights of furniture and equipment		6,992	4,755	47.0%
Investment in Trusts' certificates of project vehicles		661,096	592,929	11.5%
Deferred income taxes		92,160	113,160	(18.6%)
Derivative financial instruments		2,721	51,836	(94.8%)
Other non-current assets, net		48,644	48,414	0.5%
Prepaid expenses - Long term		18,112	18,112	0.0%
Restricted cash		116,533	118,531	(1.7%)
Total non-current assets		**13,848,809**	**13,483,132**	**2.7%**
Total assets	**$**	**14,639,009**	**14,159,032**	**3.4%**
LIABILITIES AND EQUITY				
Current liabilities:				
Current installments of long-term debt	$	85,302	117,346	(27.3%)
Accounts payable and other liabilities		77,801	76,132	2.2%
Taxes payable and accruals		63,932	92,855	(31.1%)
Statutory employee profit sharing payable		316	285	10.9%
Collected rents in advance		48,632	10,699	354.5%
Income tax payable		72,009	21,578	233.7%
Leases payable		8,132	7,832	3.8%
Short-term accruals		12,636	25,874	(51.2%)
Total current liabilities		**368,760**	**352,601**	**4.6%**
Non-current liabilities:				
Long-term debt, excluding current installments		6,328,184	6,352,417	(0.4%)
Real Estate performance fee payable		235,478	235,478	0.0%
Deferred income taxes		521,064	443,597	17.5%
Deferred revenues		33,340	26,887	24.0%
Security deposits		92,358	87,540	5.5%
Employee benefits		603	752	(19.8%)
Leases payable		3,538	8,050	(56.0%)
Net assets attributable to holders and settlors		1,034,483	1,113,989	(7.1%)
Total non-current liabilities		**8,249,048**	**8,268,710**	**(0.2%)**
Total liabilities		**8,617,808**	**8,621,311**	**(0.0%)**
Equity:				
Capital stock		4,254,423	4,254,423	0.0%
Additional paid-in capital		50,549	32,355	56.2%
Retained earnings		747,181	582,864	28.2%
Net income for the year		448,566	164,316	173.0%
Other comprehensive income		502	-	100.0%
Net equity attributable to controlling interest		**5,501,221**	**5,033,958**	**9.3%**
Non-controlling interest		**519,980**	**503,763**	**3.2%**
Total stockholders' equity		**6,021,201**	**5,537,721**	**8.7%**
Total liabilities and stockholders' equity	**$**	**14,639,009**	**14,159,032**	**3.4%**

FINANCIAL SITUATION

Cash and cash equivalents

Cash and cash equivalents as of December 31, 2019 amounted to $ 404.5 million, an increase of $ 130.6 million or 47.7% over the balance as of December 31, 2018 of $ 273.9 million. The increase in cash is mainly due to accounts receivable, arising from the early termination of the contract with Lowe's for approximately $ 44.0 million, as well as the expenses incurred in costs of administration of our positions, payments of liabilities for working capital and payments of capital and interest on financing.

Refundable taxes and other receivables

Refundable taxes and other receivables as of December 31, 2019 amounted to $ 265.3 million, an increase of $ 32.7 million or 14.1% compared to the balance as of December 31, 2018 of $ 232.5 million. The variation in this item is mainly due to a decrease in provisional ISR payments, offset by an increase in balances in favor of VAT and ISR.

Investment properties

The investment properties include 36 shopping centers that Planigrupo operates through its consolidated subsidiaries. As of December 31, 2019, the balance of investment properties amounted to $ 12,846.5 million, an increase of $ 385.0 million or 3.1% compared to the balance as of December 31, 2018 of $ 12,461.5 million. The variation in the balance of this item is due to the effect of an increase in the valuation of properties for $ 301.9 million, capex additions and construction costs of $ 83.1 million. The increase in the fair value of the properties is carried out under the income approach, considering the discounted cash flow approach.

Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements as of December 31, 2019 amounted to $ 53.9 million, a decrease of $ 13.1 million or 19.6% compared to the balance as of December 31, 2018 of $ 67.1 million, which corresponds to the depreciation of assets recognized in results in this period, net of furniture and equipment additions incurred in the period.

Investment in Trusts' certificates of project vehicles

Other permanent investments as of December 31, 2019 amounted to $ 661.1 million, an increase of $ 68.2 million or 11.5% compared to the balance as of December 31, 2018 of $ 592.9 million. The increase in this item corresponds to the recognition of the method of participation in the investment in associates by F / 00979 Trust, which maintains an investment over F / 1002 Trust (“Tijuana” or “Macroplaza Insurgentes”), in which maintains a 40% stake and there is no control as of the date of these financial statements.

Derivative financial instruments

The value of derivative financial instruments as of December 31, 2019 is $ 2.7 million, a decrease of $ 49.1 million compared to the balance as of December 31, 2018 of $ 51.8 million. The variation in this item corresponds to the net effect of additions in the period, net of charges to income from valuation of instruments until August 31, 2019 As of September 2, 2019, Planigrupo adopted hedge accounting under the new pronouncements of IFRS 9, changing the accounting treatment of its derivative financial instruments that were used to be accountingly characterized as trading instruments.

Current liabilities

Current liabilities as of December 31, 2019 amounted to $ 368.8 million, with an increase of $ 16.2 million compared to the balance as of December 31, 2018 of $ 352.6 million. The main increases corresponded to deferred income, as well as income taxes, offset by a decrease in outstanding liabilities as of December 31, 2018, including accounts payable to suppliers and other accumulated liabilities.

Long-term debt and current maturities

The item of long-term debt and current maturities as of December 31, 2019 amounted to $ 6,328.2 and $ 85.3 million, respectively, with a decrease of $ 24.2 million or 0.4% and a decrease of $ 32.0 million or 27.3%, respectively, with respect to the balance as of December 31, 2018 for $ 6,352.4 and 117.3 million of said accounts. The decrease is due to the amortization of the debt and the recognition of interest payable.

Capital Stock

The balance of the share capital as of December 31, 2019 had no movements compared to the balance reflected as of December 31, 2018.

In the case of retained earnings and non-controlling interest, the variation that was presented is due to the result for the year ended December 31, 2019.

Share subscription premium

The share premium for share subscription as of December 31, 2019 amounted to $ 50.5 million, with an increase of 18.2 million or 56.2% compared to the balance as of December 31, 2018 of $ 32.4 million. The increase in this account corresponds mainly to accounting record of the share-based payment plan, which considers the provision of long-term incentives for managers.

The accounting record of the aforementioned increase in share-based payments has been recognized with a charge to the income statement in the line of wages and salaries, and a payment to the stock subscription, which will be canceled when the shares are granted to fund social capital when the shares are subscribed and paid.

Unaudited consolidated statements of cash flows
For the years ended December 31, 2019 and 2018
(In thousands of Mexican Pesos)

		As of December 2019	As of December 2018	Var. %
Operating activities				
Consolidated net income fore the period	$	464,783	173,509	167.9%
Adjustments:				
(Increase) decrease in fair value of investment properties		(301,955)	35,177	(958.4%)
Depreciation and amortization		16,646	15,190	9.6%
Amortization of leasing rights		10,908	7,337	48.7%
Share based payments		18,194	16,558	9.9%
Income taxes		168,342	48,027	250.5%
Loss of furniture, equipment and leasehold improvements		-	201	(100.0%)
(Increase) decrease in fair value of other permanent investments		(117,790)	(88,460)	33.2%
Interest income		(21,848)	(24,596)	(11.2%)
Valuation of financial instruments		51,780	30,939	67.4%
Valuation of financial instruments - OCI		(502)	-	100.0%
Interest expense		657,895	647,522	1.6%
Subtotal		**946,453**	**861,404**	**9.9%**
Changes in:				
Trade receivables, net		9,941	(2,102)	(572.9%)
Refundable taxes and other receivables, net		(32,739)	26,527	(223.4%)
Prepaid expenses		38,663	37,265	3.8%
Warranty deposits		4,818	6,923	(30.4%)
Other non-current assets, net		(228)	(852)	(73.2%)
Accounts payable and accruals		1,669	(19,112)	(108.7%)
Leases paid		(37,933)	(16,053)	136.3%
Taxes payable and accrued expenses		(28,923)	(71,841)	(59.7%)
Paid income taxes		(19,443)	(47,188)	(58.8%)
Other non-current liabilities		7,563	252	2901.2%
Net cash flows generated (used in) operating activities		**889,841**	**775,223**	**14.8%**
Investing activities:				
Investments in trust certificates and other permanent investments		49,623	30,526	62.6%
Acquisition of furniture, equipment and leasehold improvements		(3,507)	(12,103)	(71.0%)
Capital expenditures in investment properties		(38,856)	(130,139)	(70.1%)
Interest collected		21,849	24,596	(11.2%)
Net cash flows generated (used in) investing activities		**29,109**	**(87,120)**	**(133.4%)**
Financing activities:				
Capital stockholder increase		-	714	(100.0%)
Obtained loans		-	(5,752)	(100.0%)
Distributions to trustees and holders		(198,927)	(107,253)	85.5%
Payments of principal from loans		400,118	2,166,360	(81.5%)
Paid-in capital		(340,475)	(2,113,325)	(83.9%)
Interest paid		(647,326)	(639,630)	1.2%
Derivative financial instruments		(3,732)	(34,522)	(89.2%)
Restricted cash		1,998	(11,460)	(117.4%)
Net cash (used in) generated from financing activities		**(788,344)**	**(744,868)**	**5.8%**
Net increase (decrease) in cash and cash equivalents		**130,606**	**(56,765)**	**(330.1%)**
Cash and cash equivalents at beginning of period		**273,862**	**330,627**	**(17.2%)**
Cash and cash equivalents at end of period	**$**	**404,468**	**273,862**	**47.7%**

Our main source of short-term liquidity is the cash flow generated from our operations. The generated resources are mainly applied to pay operating expenses and other expenses directly associated with our properties, including maintenance expenses and capital investments in recurring improvements to our properties.

We intend to continue covering our short-term liquidity requirements through the cash generated by our operations. We believe that our revenues from leases after operating expenses, will generally give us sufficient cash flow inflows to meet general, administrative expenses and to fund distributions.

Our long-term liquidity requirements primarily consist of funds aimed to pay for the development or redevelopment of projects, renovations, extensions, property acquisitions and other non-recurring capital expenditures that must be made periodically. Our future intention is to cover our long-term liquidity requirements through various sources of resources, including financing through debt and, where appropriate, capital offers. We expect that any loan we obtain, will imply usual obligations, including provisions that may limit our ability to incur additional debt, limitations on the granting of other mortgages or guarantees or limitations to transfer certain assets, buy or acquire additional real estate, change the conduct of our business or granting loans or giving down payments, to celebrate any merger, consolidation with, or acquire the business, assets or capital of any third party.

We have not established restrictions with our subsidiaries to transfer resources to us nor are we aware of any known trend, commitment or event that may or will significantly affect our liquidity, results of operations or financial condition.

Exposure, risks and contingencies

Occasionally we enter into derivative financial instruments in order to hedge the risk exposure from fluctuations in interest rates derived from the floating rate loans that we have entered into. These derivative financial instruments, although contracted for hedging purposes from an economic perspective, have been designated as trading instrument for accounting purposes until August 30, 2019 since they do not fulfill all the requirements stated in the accounting framework. From September 02, 2019 Planigrupo adopted hedge accounting. Therefore, market fluctuating in our derivative instruments will not affect our Profit & Losses and the effect will be reflected in Equity.

As of September 2, 2019, Planigrupo adopted hedge accounting under the new pronouncements of IFRS 9, changing the accounting treatment of its derivative financial instruments that were characterized as trading instruments.

We cannot assure you that we will be adequately protected by our hedging operations or that such hedging operations will not result in losses that affect our business, financial condition and results of operations.

As of December 31, 2019, 99.9% of floating rate debt is hedged with derivative financial instruments. The derivative financial instruments entered into by PLANIGRUPO are recorded as an asset at a fair value of Ps. 2.7 million, which is equivalent to 0.01% of our liabilities.

PLANIGRUPO has not had margin calls as of December 31, 2019 for the financial instruments acquired and has not had any breach under the protection of said instruments.

Financial position, liquidity and capital resources

Our main source of short-term liquidity is the cash flow generated by our operations. The generated resources are mainly applied to pay operating expenses and other expenses directly associated with our properties, including maintenance expenses and capital investments in recurring improvements to our properties.

As of December 31, 2019, our liquidity was Ps. 789.9 million and was made up of the total current assets (cash and cash equivalents, accounts receivable, taxes receivable and other accounts receivable, as well as prepayments) representing 2.8% of our total assets.

Operations outside the Statement of Financial Position

At the date of the report we do not have operations that are not registered in our statement of financial position as of December 31, 2019.

Indebtedness

As of December 31, 2019, our total outstanding debt for the controlling interest was Ps. 6,413.5 million. Out of the total amount of the debt, as of December 31, 2019, Ps. 85.3 million were short-term debt and Ps. 6,328.2 million long-term debt.

The LTV of PLANIGRUPO in 4Q19 was 39.9%, including our properties with non-controlling interest.

The LTV in 4Q19, including our properties with non-controlling interest, was 41.0%.

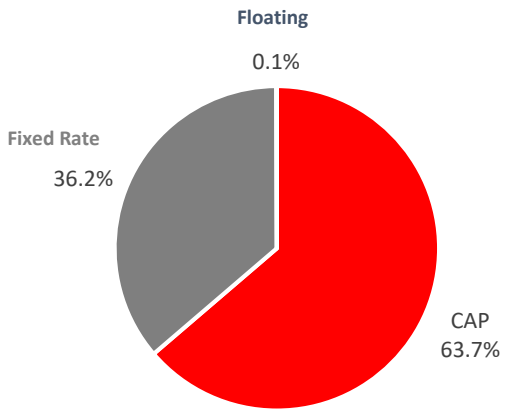
Property-level debt agreements have a mortgage guarantee.

As of December 31, 2019, 36.7% of our debt accrued interests at a fixed rate and 63.3% at a floating rate.

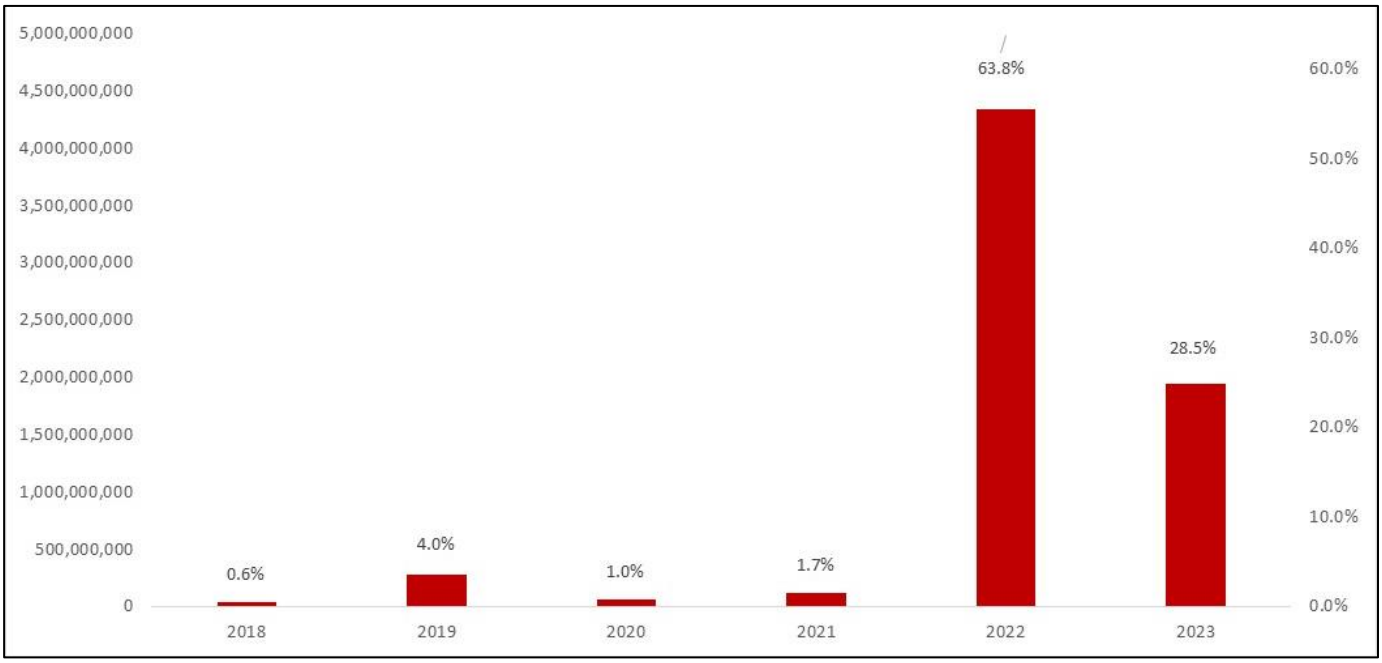
Derived from the recent refinancing of our loans, as of December 31, 2019, our total debt, including the positions in which we have a controlling and non-controlling interest, was Ps. 6,691.7 million of which 0.1% corresponded to a variable interest rate, 63.7% to a floating interest rate with current interest coverage and 36.2% fixed interest rate.

The consolidated weighted average rate is 9.3%, on outstanding balances as of December 31, 2019.

Debt Structure



Amounts amortized per year



Capital investments

For the period ended December 31, 2019, we incurred in capital investments of Ps. 38.9 million, which mainly consisted of maintenance investments and the redevelopment of one of our properties.

Quantitative and Qualitative Disclosures on Market Risks

Risk Management

In the ordinary course of business, we are exposed to various market risks that are beyond our control, including fluctuations in interest rates and currency exchange rates, which could have an adverse effect on the value of our assets and regarding our financial liabilities, future cash flows and profits. As a result of these market risks, we could suffer losses due to adverse changes in interest rates or currency exchange rates.

Our risk management policy seeks to assess the possibilities of experiencing losses and their consolidated impact and hedge our exposure to fluctuations in interest rates and currency exchange rates.

Interest rate risk

We have exposure to market risk due to changes in interest rates. Fluctuations in interest rates mainly impact loans, changing either their fair value, or their future cash flows. Management does not have a formal policy to determine how much of the exposure of PLANIGRUPO should be at a fixed or floating rate. However, at the time of obtaining new loans, our management uses its judgment to decide whether it deems that a fixed or floating rate would be more favorable for us during the planned term, until its maturity.

In order to protect itself from the risks arising from fluctuations in interest rates, PLANIGRUPO has acquired upon derivative financial instruments. These derivative financial instruments, although contracted for hedging purposes from an economic perspective, for not complying with all the requirements required by the regulations, for accounting purposes, were designated as trading until August 31, 2019.

As of September 2, 2019, Planigrupo adopted hedge accounting under the new pronouncements of IFRS 9, changing the accounting treatment of its derivative financial instruments that used to be accountingly characterized as trading instruments.

Currency Exchange Rate Risk

As of December 31, 2019, the monetary position of assets and liabilities in dollars was non relevant, representing less than 1% of our total operating income, while practically all of our income, costs and operating expenses are denominated in Pesos.

PHONE CONFERENCE

PLANIGRUPO LATAM, S.A.B. de C.V.

Telephone Conference of Fourth Quarter Results 2019.

Date: Tuesday February 25, 2020

Time: 9:00 A.M. (Central Time, Mexico City) / 10:00 A.M. (Eastern Time, N.Y.)

Presented by:

Elliott Bross Umann – Chief Executive Officer

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Karime Garza Serna – Chief Operations Officer

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