

**COMMENTS AND ANALYSIS BY THE ADMINISTRATION ABOUT THE
OPERATIONAL RESULTS AND FINANCIAL SITUATION OF THE COMPANY AT THE
END OF THE THIRD QUARTER 2013**

(Figures in thousands of pesos)

Million MXP: millions of Mexico pesos
US dollars: currency of the US

RESULTS FOR 3Q13

Total sales for the 3Q13 reached \$5,049.3 Million MXP, which represented a 0.9% decrease with respect to 3Q12; the **same-store sales** decreased by 4.2%, totaling \$4,764.4 Million MXP.

Cost of sales registered during the third quarter of the year totaled \$ 3,080.9 Million MXP, which represented a 61.0% decrease in 3Q13 compared to 63.7% from the same period the previous year as a result of negotiations with suppliers.

In 3Q13, the **gross revenue** increased by 6.3% with respect to the 3Q12; therefore, at the end of the period, the amount of \$1,968.4 Million MXP was recorded, representing a 39% gross margin versus a 36% from 3Q12.

Operating Expenses for the 3Q13 totaled \$1,163.2 Million MXP, which represents an 11.9% decrease compared to those recorded in 3Q12. The sales percentage was 23.0% in 2013 compared to 25.9% for the same period the previous year. The quarter had a favorable result in the Fair Value of the investment properties.

Operating Flows defined as operating revenue plus depreciation and amortization and (+/-) fair value of the investment properties summed \$765.4 Million MXP, which is 14.3% less than in the preceding year.

The registered loss of the **financial cost** for this quarter totaled \$206.8 Million MXP with a variation of 558.9% compared to the same period in 2012. The loss was due to the fact that in 2013 more payments were made as a result of the bank interests that mostly derived from the bridging loan taken out by Grupo Gigante to acquire 50% of the remaining shares of Office Depot de México in addition to the loss caused by the fluctuation in the rate of exchange generated mainly by the increase of monetary liabilities in the quarter applied to the bonds traded by the aforementioned subsidiary in the international markets.

The **consolidated net revenue for continuous operations** was \$465.4 Million MXP, which compared to the 3Q12 represented a 24.3% increase.

The **consolidated net loss** for the 3Q13 totaled \$411.7 Million MXP, which represented a 13.8% increase for the same period in 2012. During the 2012 quarter, a loss was registered with respect to TSP sale operations.

The non-controlling interest account was reduced by 101.8%, which was caused by the recognition of the "non-controlling interest" as a "controlling interest" as of July 2013 of the 50% remaining portion of the shares of one of the shares of Office Depot in México held by other investors.

RESULTS AS OF 3Q13

Total sales during the 3Q13 reached \$14,229.7 Million MXP, representing a 0.8% increase with respect to the same period in 2012; the **same-store sales** decreased by 3.0%, totaling \$13,376.7 Million MXP.

Cost of sales accumulated to the third quarter of the year totaled \$ 8,726.6 Million MXP, which represented an 61.3% decrease in 3Q13 compared to 63.4% registered for the same period the previous year as a result of negotiations with suppliers.

In 3Q13, the **gross revenue** increased by 6.5% with respect to the 3Q12; therefore, at the close of the period, the amount of \$5,503.1 Million MXP was recorded and which represented a 38.7% gross margin compared to a 36.6% from 3Q12.

Operating Expenses for the 3Q13 totaled \$3,750.3 Million MXP, which represents a favorable variation of 0.5% compared to 3Q12. In terms of the sales percentage, it represented 26.4% in 2013 versus 26.5% for the same period during the previous year. The quarter had a favorable result in the Fair Value of the investment properties.

Operating Flows defined as operating revenue plus depreciation and amortization and (+/-) fair value of the investment properties summed in September 2013 \$1,940.3 Million MXP, which is 8.0% more than in the preceding year.

The **financial cost** account had a favorable variation of \$152.5 Million MXP, which represented a 286.5% increase compared to the same period in 2012. This situation was due to the fact that in 2013 more payments were made as a result of the bank interests that mostly derived from the bridging loan taken out by Grupo Gigante and by the loss caused by the fluctuation in the rate of exchange generated mostly by the increase of monetary liabilities. This increase was generated by trading bonds by the subsidiary, Office Depot de México in the international markets.

The **consolidated net revenue for continuous operations** was \$1,064.5 Million MXP, which compared to the same period for the previous year registered an increase of 6.6%.

The **consolidated net loss** for the 3Q13 totaled \$1,079.8 Million MXP, which represented a 53.9% increase from the same period in 2012. This increase resulted from the recognition of the loss due to the closing of the subsidiary, Tiendas Super Precio in the result of 2012.

Units in Operation. During the third quarter of 2013, Grupo Gigante opened 1 Office Depot store; 4 Restaurantes Toks; 5 Panda Express restaurants; 2 The Home Store; and 4 Cup Stop. During the quarter, 5 Cup Store were closed.

By the opening and closing these stores and restaurants, the total number of units in operation at the close of the third quarter was 417 with a total number of 356,690 m² of sales floor and 25,996 seats.

Relevant Events. During the period from July – September 2013, Grupo Gigante informed the public, through the Emisnet System of the Mexican Stock Exchange and Stiv-2 of the National Banking and Securities Commission, about the following relevant events.

- Grupo Gigante informed the market about its acquisition of the remaining 50% of the shareholding interest of Office Depot de México. These negotiations concluded on June 3rd by signing a Stock Purchase and Transaction Agreement, through which Grupo Gigante purchased the corresponding portion. The operation was subject to compliance of the applicable legal provisions; in other words, the approval of the Shareholders' Meeting of Grupo Gigante, S.A.B. de C.V. and of the Federal Antitrust Commission. The Shareholders' Meeting was set for June 27, 2013 and on its agenda was the corresponding approval, which was simultaneously submitted for the consideration of the federal antitrust authorities.

The acquisition incorporates the control and coverage of Latin America under the trademark Office Depot. It was agreed that the transaction would include opening and owning the stores and the concept in Mexico and the rest of Latin America, except for the Caribbean, as well as the use of the trademark under a license agreement for a 15 year term, automatically renewable for equal periods without any additional cost.

Therefore, on July 9, 2013, after fulfilling the requisite conditions for approval by the Shareholders' Meeting of Grupo Gigante and obtaining the approval of the Federal Antitrust Commission, Grupo Gigante finalized the purchase of the remaining 50% of the shareholding interest of Office Depot de México. So on this date, payment was made to Office Depot, Inc., through its subsidiary Office Depot Delaware Overseas Finance No.1. It was reiterated that the payment schedule for the bridging loan shall be carried out through various financial activities, including the issuance by Office Depot de México of bond 144A and regulation S of a secondary offering of a portion of the capital of the aforementioned subsidiary, whether in Mexico according to the Stock Market Law and the other applicable provisions and outside Mexico according to Rule 144A and the securities regulations of the United States and/or the negotiation of a long-term credit.

This operation forms part of the Grupo Gigante's expansion strategy that endeavors to consolidate its interest in one of the sectors where it has a significant presence.

- In September, Grupo Gigante informed the public that it participated in the sale of the Vips restaurants that it was invited to. This participation concluded with the disclosure that the amount offered totaled USD \$697 million, which at the current rate of exchange is equivalent to MXP \$9,130 million, approximately.
- On September 20, 2013, Grupo Gigante informed the market that its subsidiary Office Depot de México, S.A. de C.V., in executing the financial strategy that was defined and made public in due course, successfully concluded the trading of a USD \$350 million bond in the international markets.
- On September 23rd, Grupo Gigante informed that on said date, prepayment was made of approximately half of the total sum of the bridging credit that was contracted as a result of the acquisition of Office Depot de México. The total amount paid on this date was \$2,176,271,593.40 pesos and \$171,118,784.82 dollars.

As established and approved by the Board of Directors and the Shareholders' Meeting, Grupo Gigante also informed that it is in the process of executing the second part of the strategy to pay said bridging credit.

Grupo Gigante once again reiterated its commitment to timely inform the public about the relevant events according to the regulatory provisions through the electronic means made available for issuers of the National Banking and Securities Commission and the Mexican Stock Exchange.

FINANCIAL SITUATION SEPTEMBER 2013 VS DECEMBER 2012

The Company did not execute significant transactions that were not registered in the balance sheet.

Current Assets

Cash Equivalents and Investment in Securities. This heading registered an increase of \$525 Million MXP, equivalent to 27.9% increase with respect to the 4Q12. The increase was mostly generated by the favorable effect of the fair value of the investments.

Other Current Assets. At the end of 2013, this heading recorded a 33.6% variation that was principally due to the advanced payments that were made.

Long-Term Assets

Related Investments. This heading registered an increase of 206.7% with respect to the end of December 2012 mainly because of the contribution investments related to the real-estate sector and the new pet business.

Other Current Assets. This heading increased by 582.7% compared to the previous year as a result of acquiring the licenses to the systems and early long-term payments.

Current Liabilities

Suppliers. This heading was reduced by 9.7% with respect to the close of the 2012 fiscal year due to the payments made in 2013 that decreased the liabilities created in 2012.

Short Term Bank Loans. These loans increased to \$4,417.3 million MXP due to the bridging loan taken out by Grupo Gigante. The partial payment of this loan was made in September for nearly 50% of the debt.

Long Term Liabilities

Long Term Bank Loans. The increase of 90.2% in this account was generated by taking out bank loans for real-estate developments.

The **securities loan** account had a variation of \$4,446.8 Million MXP as a result of trading a 7 year bond in the international markets by Office Depot de México, a subsidiary of the Company.

The **net worth of the controlling interest** was reduced by 23.0%, which was mostly due to the variation between the investment value of the non-controlling interest and the amount paid to purchase the shares of the aforementioned subsidiary.

The **equity account of the controlling interest** was reduced by 96.4%, which is due to the recognition of the "non-controlling interest" as "controlling interest" by acquiring 50% of the shares of said subsidiary as of July 2013.

Financial Ratios

Total liabilities to total assets. At the close of 3Q13, this proportion equaled 0.53 times vs. the figure obtained on december 2012 of 0.23 times.

Total liabilities to net worth. At the close of 3Q13, this ratio was equivalent to 1.13 times vs. the figure obtained on december 2012 of 0.30 times.

Current assets to current liabilities. At the close of 3Q13, this proportion equaled 1.28 times vs. the figure obtained on december 2012 of 2.34 times.

Current assets minus inventories to current liabilities. At the close of 3Q13, this entry equaled 0.83 times vs. the figure obtained on december 2012 of 1.40 times.

Current assets to total liabilities. At the close of 3Q13, this ratio was equivalent to 0.64 times vs. the figure obtained on december 2012 of 1.39 times.

SOURCES OF LIQUIDITY AND CAPITAL RESOURCES

In addition to generating a cash flow from the operation, the subsidiaries of the Group have taken out revolving credits and letters of credit with banking institutions in order to cover the working capital needs.

Letters of credit: At the close of the third quarter 2013, the subsidiaries had letters of credit on US dollars available to them. The percentage used from the total available was 21.0%.

Revolving Credits and Simple Credits. At the close of the third quarter 2013, the subsidiaries had lines of credit in Pesos and US Dollars available to them. However, only 94.6% of the line of credit in Pesos was used and 98.1% of the line of credit in US Dollars.

Term Debt Securities. At the third quarter 2013, the Company has a term debt securities on US dollars. The percentage used from the total available was 100%.

Policies Governing the Treasury

The banking conciliations are carried out on a monthly basis and are reviewed by a different area than the one that generated the movements.

Investments are made, previous analysis of the cash excess and the purchase, and sale conditions and the expiration of same, as well as the authorization by the finance departments or areas, pursuant to the policies and procedures established. Investment operations are recorded once the fund transfer is made to the selected financial institution, that is, in the period corresponding to it. Interests accrued on the investments are recorded in the period of accrual and are compared with the bank statements through banking conciliations.

Financing requests are approved by the authorized attorneys-in-fact and by the authorized directors, and if applicable, by the Finance and Planning Committee and/or by the Board of Directors, pursuant to the policies and procedures established.

Once the credit is obtained, it is recorded in the loan books, pursuant to the agreements executed. Records for interests and payments made are periodically made, pursuant to the transfers made to the financial institutions and they are conciliated periodically with support

documentation. Compliance with the clauses set forth in the executed loan agreements is constantly reviewed.

The management is not authorized to hire derivative financial instruments. The Finance and Planning Committee is the body in charge of analyzing and, if applicable, of approving the hiring of these financial instruments.

Currencies of Cash and Temporary Investments

The Company has cash and cash equivalents invested in Mexican currency and in Dollars, both in checking accounts and on investments in securities; classified as investments with negotiation purposes and available for sale.

The cash and cash equivalents will continue to be invested pursuant to the policies established with basis on the strategic plan approved by the Board of Directors and pursuant to the guidelines of the Finance and Planning Committee.

Material Tax Credits or Liabilities

At the close of 3Q13, the Company is up to date with its tax obligations.

The internal controls of the Company are focused on the safeguard of assets, on the compliance of the policies and procedures established, on the detection and prevention of fraud and on the generation of reliable financial information.

Corporate Social Responsibility

Fundación Gigante

This non-profit organization focuses on the economic and social development of the communities. It began working on production projects such as the goat farms, bream fish, the planting of vegetables and an arts and crafts industry with mirrors and dishes made from the coconut shell crafted by artisans from Huamelula, State of Oaxaca.

Office Depot

Its "Green Project" continues to be developed, which focuses on improving the environment and raising ecological awareness among employees, business partners and clients through educational programs.

Green Project was able to reduce the use of paper by 22% in administrative activities, which is equivalent to 50,000 sheets of paper.

In every country where it operates, it substituted biodegradable bags made of D2W technology for biodegradable bags made of P-life technology that disintegrate quickly.

Gigante Grupo Inmobiliario (GGI)

Since sustainable construction is the main course of action of GGI, it received the certificate of sustainable construction for its building “Dos Patios” where its corporate offices are located.

The projects called Gran Terraza Oblatos and Gran Terraza Belenes use solar energy, are equipped with photovoltaic cells, have storm tanks and a wastewater treatment plant for sanitation services and, in turn, have sensors to water the green areas.

The Home Store

This company provided its assistance by rounding up the receipt amount in favor of education.

Restaurantes Toks

The company began a printing workshop for at-risk youth to give them the opportunity to acquire a skill.

It also developed a program called “Fondo Verde for the secondary separation, analysis and sale of solid waste that are sold. This fund is used to help its collaborators and families with their health issues.

Financial Analyst

“IXE Casa de Bolsa” is following up and covering the analysis of the Company’s securities.

General information

Grupo Gigante, S.A.B. DE C.V.
BMV Ticker Code: Gigante*
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GRUPO GIGANTE, S.A.B. DE C.V.

Consolidated Balance Sheets
As of september 30, 2013 and december 31, 2012
(In Millions of Mexican Pesos)

Concept	2013	2012
Total Assets	30,487.8	28,467.8
Current Assets	10,363.3	9,268.4
Investment in Shares	124.7	40.7
Property and Equipment - Net and Investment Properties	19,508.4	18,924.8
Uncollected accrued income	59.3	45.2
Goodwill and other intangible assets - Net	432.1	188.7
Total Liabilities	16,181.5	6,651.2
Current Liabilities	8,092.2	3,957.2
Long - Term Bank Loans	1,309.2	688.2
Term Debt Securities	4,446.8	0.0
Deferred Taxes	2,053.3	1,733.6
Others	196.2	180.0
Employee Benefits	83.8	92.2
Stockholders' Equity	14,306.3	21,816.7



GRUPO GIGANTE, S.A.B. DE C.V.

Consolidated Statements of Income
From July 1 to September 30, 2013 and 2012
(In Millions of Mexican Pesos)

Concept	2013	2012
Revenue	5,049.3	5,095.0
Cost of Sales	3,080.9	3,243.8
Gross Revenue	1,968.4	1,851.3
Operating Expenses	1,163.2	1,320.9
Operating Income	805.2	530.3
Financial Cost	206.8	31.4
Result in Associates	2.6	0.0
Income from Continuing Operations before Income Taxes	595.8	499.0
Expensive Taxes	130.4	124.6
Income from Continuing Operations	465.4	374.4
Discontinued Operations	53.7	12.6
Consolidated Net Income	411.7	361.8
Net Income of Minority Stockholders	-2.4	131.3
Net Income of Majority Stockholders	414.1	230.4



GRUPO GIGANTE, S.A.B. DE C.V.

Consolidated Statements of Income
From January 1 to September 30, 2013 and 2012
(In Millions of Mexican Pesos)

Concept	2013	2012
Revenue	14,229.7	14,110.2
Cost of Sales	8,726.6	8,944.3
Gross Revenue	5,503.1	5,165.9
Operating Expenses	3,750.3	3,733.2
Operating Income	1,752.8	1,432.7
Financial Cost	205.7	53.2
Result in Associates	4.3	0.0
Income from Continuing Operations before Income Taxes	1,542.8	1,379.4
Expensive Taxes	478.3	380.7
Income from Continuing Operations	1,064.5	998.7
Discontinued Operations	-15.3	297.2
Consolidated Net Income	1,079.8	701.5
Net Income of Minority Stockholders	172.2	301.2
Net Income of Majority Stockholders	907.6	400.3