

RISK FACTORS**Risks Related to Our Operations*****Developments relating to the outbreak of the COVID-19 may have a material adverse impact on our financial condition or results of operations.***

In December 2019, a novel strain of coronavirus, known as COVID-19, was reported to have surfaced in Wuhan, Hubei Province, China. In January 2020, COVID-19 spread to other countries, including the United States, and efforts to contain the spread of this COVID-19 intensified. On March 11, 2020, the World Health Organization (the “WHO”) declared the COVID-19 outbreak a pandemic. On March 19, 2020, the United States issued a travel advisory recommending that travelers avoid all international travel. The following day, on March 20, 2020, the United States closed its border with Mexico, except to essential travel and trade and commerce. On March 31, 2020, Mexico’s Ministry of Health issued a release suspending all non-essential activities in the country through April 30. On April 21, such suspension was extended through May 30, 2020. The Mexican government has implemented various measures to control the spread of COVID-19, including extraordinary actions, such as school closures and the suspension of non-essential activities, in the regions most affected. For purposes of these measures, airports are considered essential and our airports remain operational. Regarding our operations in our airports in Jamaica, the Government suspended all incoming international flights for a period of 14 days, starting March 25, 2020, excluding transportation of cargo and merchandise, and only allowed the departure of commercial flights, extending the suspension until May 31, 2020.

In 2003, an outbreak of a coronavirus known as severe acute respiratory syndrome (SARS) originating in China became an epidemic and resulted in a slowdown of passenger air traffic due contagion fears. COVID-19 is negatively affecting global economic conditions, including materially reducing demand for, and availability of, worldwide air travel and therefore may have a material adverse effect on our business and results of operations. For the month of April 2020, passenger traffic decreased 91.5% compared to passenger traffic during the same period the previous year.

The COVID-19 outbreak, and measures taken to contain or mitigate it, have had adverse consequences for the global economy, including on demand, operations, supply chains and financial markets. COVID-19 has led to travel restrictions imposed by governments, flight cancellations, and a marked decline in passenger demand for air travel, domestically and worldwide. The potential for a period of significantly reduced demand for travel has and will likely continue to result in significant lost revenue. See “Item 5, Recent Developments – Developments relating to the outbreak of COVID-19.” As a result of these or other conditions beyond our control, our results of operations could be volatile and subject to rapid and unexpected change. In addition, if the spread of COVID-19 were to continue unabated, our operations could also be negatively affected if employees are quarantined as the result of exposure to the contagious illness.

The extent to which COVID-19 could adversely impact our results will depend on future developments that are highly uncertain and hard to predict, including new information which may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact and other developments which may impact public perception of the virus, among others. Further spread of the virus or additional travel warnings and restrictions may adversely impact the frequency and pattern of our domestic and international passenger traffic, which may adversely affect our business, financial condition or results of operations. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot predict the impact it may have on passenger traffic and our customer airlines. We cannot currently fully predict the impact that the COVID-19 outbreak will have on global air travel and the extent to which it may impact the demand for air travel in the regions in which we operate. Continued travel restrictions or operational issues resulting from the rapid spread of COVID-19 could have a material adverse effect on our business and results of operations.

Furthermore, we could incur in additional operating expenses and significant investments related to new regulatory procedures in order to preserve the health of the passengers and the airport community, which could not be recovered through our maximum tariffs, as a result of this pandemic.

Our revenues are highly dependent on levels of passenger and cargo traffic volumes and air traffic, which depend in part on factors beyond our control.

Our revenues are closely linked to passenger and cargo traffic volumes and the number of air traffic movements at our airports. These factors directly determine our revenues from aeronautical services and indirectly determine our revenues from non-aeronautical services. Our principal source of aeronautical service revenues is passenger charges. Passenger charges are payable for each passenger departing from the airport terminals we operate (except certain exclusions in each of Mexico and Jamaica, described below under “Item 4, Information on the Company – Business Overview – Our Sources of Revenues – Aeronautical Services – Passenger Charges”) and are collected by the airlines and paid to us. In 2017, 2018 and 2019, passenger charges represented 54.6%, 54.9% and 52.9% respectively, of our total revenues (in 2017, 2018 and 2019 passenger charges represented 61.1%, 61.1% and 60.0% respectively, of the sum of our aeronautical and non-aeronautical revenues).

Passenger and cargo traffic volumes and air traffic movements depend in part on many factors beyond our control, including economic conditions in Mexico, Jamaica, the United States, Canada and Europe, the political situation in Mexico, Jamaica and elsewhere in the world, public health crises, the attractiveness of the destinations that our airports serve relative to those of other competing airports, fluctuations in petroleum prices, disruptions of global debt markets and changes in regulatory policies applicable to the aviation industry. See “Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or

results of operations.” Any decreases in air traffic to or from our airports as a result of factors such as these could adversely affect our business, results of operations, prospects and financial condition.

A global economic and financial crisis may affect our business.

A global economic and financial crisis may lead to high volatility and lack of liquidity in the global credit and other financial markets. Such a downturn in the global economy may lead to increased commercial and consumer delinquencies, lack of consumer confidence, decreased market valuations, increased market volatility, high financial risk premiums and a widespread reduction of business activity generally. These conditions may also limit the availability of credit and increased financial costs for companies around the world, including companies in Mexico, Jamaica and the United States. Such a recession could significantly affect our ability to access credit to finance our future projects, therefore adversely affecting our business. See *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”*

Competition from other tourist destinations could adversely affect our business.

The principal factor affecting our results of operations and business is the number of passengers using our airports. The number of passengers using our airports (particularly our international airports at Los Cabos, Puerto Vallarta, Montego Bay) may vary as a result of factors beyond our control, including the level of tourism in Mexico and Jamaica. In addition, our passenger traffic volume may be adversely affected by the attractiveness, affordability and accessibility of competing tourist destinations in Mexico, such as Acapulco and Cancun, or elsewhere, such as Hawaii, Puerto Rico, Florida, Cuba, the Dominican Republic, the other Caribbean islands and destinations in Central America. The attractiveness of the destinations we serve is also likely to be affected by travelers’ perceptions of the safety and political and social stability of Mexico and Jamaica, particularly as a result of the uncertainty and safety concerns resulting from the Mexican government’s ongoing effort against drug cartels. There can be no assurance that tourism levels, and therefore the number of passengers using our airports, in the future will match or exceed current levels. A reduction in tourism to the destinations served by our airports could directly and indirectly affect our revenues from aeronautical and non-aeronautical services.

Negative economic developments in Mexico could reduce domestic passenger traffic at our Mexican airports, which would adversely affect our business and results of operations.

Although a substantial portion of our revenues is derived from foreign tourism, domestic passengers have represented two-thirds of the passenger traffic volume at our Mexican airports for the last three years. Aside from our operation of the Kingston airport, our interest in the Montego Bay airport concession in Jamaica and the operation of DCA in Spain, all of our assets are located, and all of our operations are conducted, in Mexico. Because our revenues are largely dependent on the level of passenger traffic at our airports, any decline in domestic traffic could have an adverse effect on our business, results of operations, prospects and financial conditions. Therefore, if inflation or interest rates increase significantly or the Mexican economy is otherwise adversely impacted, our business, financial condition and results of operations could be materially and adversely affected because, among other things, domestic demand for transportation services may decrease. For more information on the potential impact of negative economic developments in Mexico, see *“Item 3, Key Information – Risks Factors – Risks Related to Mexico – Adverse economic conditions in Mexico may adversely affect our financial condition or results of operations”* and *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”*

Our business is particularly sensitive to economic conditions and other developments in the United States.

Our business is particularly sensitive to trends in the United States relating to leisure travel, consumer spending and international tourism. In 2017, 2018 and 2019, 88.8%, 88.1% and 89.7%, respectively, of the international terminal passengers served by our Mexican airports arrived or departed on flights originating in or departing to the United States and 67.8%, 68.6% and 70.3%, respectively, of the passengers served by our Jamaican airports arrived or departed on flights originating on or departing to the United States.

Thus, our business is highly dependent on the condition of the U.S. economy, and events affecting the U.S. economy may adversely affect our business, results of operations and financial condition. In 2017, 2018 and 2019, the U.S. gross domestic product (“GDP”) increased at a rate of 2.3%, 2.6% and 2.1%, respectively, according to the U.S. Bureau of Economic Analysis. If the U.S. economy falls into a recession or economic growth in the U.S. decelerates significantly, it would likely have a material adverse effect on our results of operations due to decreased passenger traffic travel to and from the United States. See *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”*

Any decision taken by the current U.S. administration, including any changes to U.S. laws and policies governing foreign trade and foreign relations, that could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity among the two countries or a slowdown in direct foreign investment in Mexico, could adversely affect our business and our results of operations.

On October 1, 2018, Mexico announced that it had reached an agreement with Canada and the United States to replace the North American Free Trade Agreement (“NAFTA”) with the United States Mexico Canada Agreement (“USMCA”). The USMCA was signed on November 30, 2018. Mexico, the United States and Canada ratified the USMCA on June 19, 2019, January 29, 2020 and March 13, 2020, respectively. We cannot predict the impact of the USMCA on particular industries or government policies and the changes to international trade and travel that may result, and consequently, we cannot predict what effect it will have on our business and our results of operations.

Other trends and developments in the United States may also adversely impact the frequency and pattern of our international passenger traffic, which may adversely affect our business, financial condition or results of operations. For example, any development that could make travel to and from the United States less attractive to our passengers, including any tax reforms and changes to economic policies that could create tension between the Mexican and U.S. governments or reduce economic activity between Mexico and the United States, could negatively affect the level of passenger traffic in our airports and could have an adverse effect on our business and our results of operations.

Changes in U.S. immigration and border policy could adversely affect passenger traffic to and from Mexico.

Immigration reform and border policies, especially with respect to Mexico, continue to attract significant attention in the U.S. government and public arena. If new federal immigration legislation is enacted, such laws may contain provisions that could make it more difficult for Mexican citizens to travel between Mexico and the United States. Our Tijuana airport is connected to the U.S. border by the Cross Border Express, or “CBX,” an international bridge that allows passengers to cross directly to the United States. By facilitating transfers between the United States and Mexico for travelers holding a boarding pass to all flights departing from or arriving in Tijuana and reducing connection and waiting times at both the San Isidro and Otay Mesa border crossings, the CBX has been a main driver in increasing passenger traffic at our Tijuana airport since its inauguration in December 2015. Any changes to U.S. laws and policies that could affect the operation of the CBX, could adversely impact the passenger traffic at the Tijuana airport, which could have an adverse effect on our business and our results of operations.

In addition, new immigration and border legislation could lead to uncertain economic conditions in Mexico that may affect leisure travel, including travel to and from Mexico. Such restrictions could have a material adverse effect on our passenger traffic results.

Levels of passenger and cargo traffic volumes and air traffic at our airports are highly sensitive to the impact on airlines of international petroleum prices and access to credit.

Our revenues are closely linked to passenger and cargo traffic volumes and air traffic movements at our airports, which are determined by the operating levels of airlines at our airports. Airlines’ costs are highly sensitive to the price of petroleum and their access to credit to finance their operations. Increased costs may increase ticket prices and reduce fleets, thereby decreasing flight frequencies and negatively impacting passenger and cargo traffic volumes.

International petroleum prices have experienced significant volatility in the recent past. For example, European Brent crude oil spot prices increased from U.S.\$50.57 per barrel on December 28, 2018, to U.S.\$67.77 per barrel on December 31, 2019, with an average price of U.S.\$64.28 per barrel during 2019, according to the U.S. Energy Information Administration. The price of fuel may be subject to further fluctuations resulting from a reduction or increase in output of petroleum, voluntary or otherwise, by oil-producing countries, other market forces, a general increase in international hostilities, or any future terrorist attacks. High fuel prices result in increases in airlines’ costs and may lead to airline financial difficulties and bankruptcies, higher ticket prices, cancellations of routes and decreases in frequencies of flights, and may decrease demand for air travel generally. Each of these may reduce passenger and cargo traffic at our airports.

Most airlines also depend on reliable access to credit at interest rates they can afford to finance their fleet of aircraft and make other large investments. As evidenced by the 2008-2009 global recession and financial crisis, high interest rates and disruptions in the global debt markets had an adverse effect on airlines’ ability to operate their fleets, forcing many to raise ticket prices, cancel routes, decrease the frequencies of flights or forego scheduled investments. Such reductions in operations by airlines lead to lower passenger and cargo traffic volumes at our airports, which may have an adverse impact on our results of operations.

See “Item 3, Key Information – Risks Factors – Risks Related to Our Operations – The loss of, or suspension of operations by, one or more of our key customers could result in a loss of a significant amount of our revenues” for a more detailed description of which of our major airline customers have recently reduced or cancelled operations at our airports.

Our business is highly dependent upon revenues from five of our airports and could be adversely impacted by any condition affecting those airports.

In 2019, approximately 82.7% of the sum of aeronautical and non-aeronautical revenues was generated from five of our fourteen airports. The following table lists the percentage of the sum of aeronautical and non-aeronautical revenues generated at our airports in 2019:

Airport	For year ended December 31, 2019
Guadalajara	27.4%
Los Cabos	15.0%
Montego Bay	14.7%
Tijuana	14.1%
Puerto Vallarta	11.5%
Eight other Mexican airports (combined) and Kingston	17.3%
Total revenues	100.0%

As a result of the substantial contribution to our aeronautical and non-aeronautical revenues from these five airports, any event or condition affecting these airports could have a material adverse effect on our business, results of operations, prospects and financial condition.

International events, including acts of terrorism, wars and global epidemics, could have a negative impact on international air travel.

International events may negatively impact international air travel. Terrorist attacks, wars, other armed conflicts, and public health crises could negatively affect the frequency and pattern of air travel worldwide.

Any future terrorist attacks, whether or not involving aircraft, may adversely affect our business, results of operations, prospects and financial condition. Moreover, we cannot predict what effect any future terrorist attacks or threatened attacks on the United States or any retaliatory measures taken by the United States in response to these events may have on the U.S. economy or leisure travel trends, which may negatively affect our results of operations. Similarly, our Mexican and Jamaican airport operations could be negatively impacted by terrorist attacks on aircraft such as those which occurred with international airlines' aircraft operating over Egypt and the Ukraine in 2015.

The COVID-19 outbreak is materially reducing demand for, and availability of, worldwide air travel and could therefore have a material adverse effect on our business and results of operations. See *"Item 5, Recent Developments - Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations."*

Because our revenues are largely dependent on the level of passenger traffic in our airports, any general increase of hostilities relating to reprisals against terrorist organizations, further armed conflict around the world, outbreaks of health epidemics or other events of general international concern (and any related economic impact of such events) could result in decreased passenger traffic and increased costs to the air travel industry and, as a result, could cause a material adverse effect on our business, results of operations, prospects and financial condition.

Cyber-attacks or other interruptions of our security or information network could have an adverse effect on the operations of our airports and consequently on our financial results.

Cyber-attacks and their impact on our networks and systems, including the introduction of viruses, malware, denial of service, faulty software, equipment outages and other interruptions in or unauthorized access of company systems, have increased in frequency, extent and potency in recent years. We continuously evaluate our weaknesses, maintain security software and employ countermeasures to prevent breaches to our data and systems, and regularly review these preventive measures to avoid cyber-attacks and other interruptions to our business. For example, our information systems are protected from exogenous events with backup systems, including physical and software safeguards, such as malware protection, secure privileged access accounts, penetration tests and red team exercises, as well as inventory of authorized and unauthorized software and hardware. In addition, we have implemented secure Wi-Fi in all of our airports network and used "CyberArk" software to monitor the activity of all our users and the "SUITE Trend Micro" antimalware to enhance the security of our servers.

Nevertheless, any disruption, failure or security breach of our information technology infrastructure, including our back-up systems, could have a negative impact on our operations. The preventive actions that we employ to reduce the risk of experiencing a cyber-attack and to protect our network and information could be inadequate to stop a cyber-attack in the future, which could hinder our ability to protect the privacy of our clients and business and cause the unauthorized distribution of valuable financial information and confidential data relating our clients and business. The costs associated with a possible cyber-attack on our systems include increased expenses associated with reinforcing cyber-security measures, loss of business due to the interruption of services, litigation and damage to our reputation. Such outcomes could cause significant losses or decreases in the price of our shares. The potential losses related to cyber-attacks and disruptions of our network could also surpass our insurance coverage.

Security enhancements and requirements may require additional investments or result in additional expenses.

The air travel business is susceptible to, and has experienced, increased costs resulting from enhanced security and higher insurance. Following the events of September 11, 2001, we reinforced security at our airports, and our general liability insurance premiums increased substantially. For more information on the insurance policies we carry, see “Item 4, Information on the Company – Property, Plant and Equipment.” Because a substantial majority of our international flights involve travel to the United States, we may be required to comply with security directives of the U.S. Federal Aviation Authority, in addition to the directives of the Mexican and Jamaican civil aviation authorities.

The users of airports, principally airlines, also have been subject to increased costs, as they have been required to adopt additional security measures and their insurance premiums have also increased substantially. While governments in other countries have agreed to indemnify airlines for liabilities they might incur resulting from terrorist attacks, the Mexican and Jamaican governments have not done so and have given no indication of any intention to do the same. In the future, airlines may be required to comply with more rigorous security rules or guidelines and premiums for aviation insurance could rise further. In addition, fuel prices, supplies and interest rates for airlines aircraft lease agreements, which constitute a significant cost for airlines using our airports, may be subject to increases resulting from any future terrorist attacks, a general increase in international hostilities or a reduction in output of fuel, voluntary or otherwise, by oil producing countries. Increases in airlines’ costs may result in higher airline ticket prices and decreased demand for air travel generally, thereby having an adverse effect on our revenues and results of operations.

If authorities require enhancements to security equipment or adoption of additional security measures, we may be required to undertake significant additional expenses and capital expenditures. We cannot guarantee that these expenses and/or capital expenditures will be taken into account for our Mexican airports in our Maximum Tariff and Master Development Programs negotiations. Therefore, these additional expenses could negatively affect our cash flows and affect our results of operations.

In the case of any change in security enhancement requirements in Jamaica, the Jamaican civil aviation authorities have permitted any such unavoidable and unforeseen expenditure to be treated as a cost pass-through for the purposes of regulation, allowing for an increase in regulated charges at any time within the tariff review period to cover the cost of additional security requirements. However, we can provide no assurance that we would be successful in negotiating new tariffs to recover the expenses and/or capital expenditures needed to comply with any new security requirements.

The operation and maintenance of new baggage screening equipment could increase our expenses and may expose us to greater liability.

In 2005, the Mexican government issued a policy letter (*carta de política*) calling for all checked baggage on all commercial flights to undergo a new comprehensive screening process. The new screening process required the installation of dedicated screening equipment and the manual inspection of baggage if such equipment alerted to the potential presence of prohibited items. Although the Mexican Airport Law expressly provides that airlines bear the responsibility for baggage screening, we incur ongoing expenses to maintain and operate this equipment, which we currently recover from our airline customers. However, if it is determined that we are responsible for all or a portion of the cost or that we are liable for certain issues arising from our operation of the screening systems, our exposure to liability could increase significantly. These operational costs were reviewed during the negotiation of the Master Development Programs for our Mexican airports for the years 2020-2024, completed in December 2019, and there were no changes contemplated to the operational costs or to the cost recovery procedures. However, there can be no assurance that these operational costs or the cost recovery procedures will not be revised in the next negotiation of the Master Development Program in 2024.

We also expect to incur ongoing expenses to maintain any equipment purchased, and we could be required to undertake significant additional capital expenditures for items such as a new screening technology or additional equipment if screening guidelines are expanded further and require that additional steps be taken to comply with the requirements. For instance, replacement of current baggage screening equipment with new Computer Tomography X-ray (“CTX”) baggage screening equipment is scheduled for 2021, although regulatory changes could force our Mexican airports to undertake this replacement sooner, as has already occurred in our Tijuana and Los Cabos airports. In addition, in July 2016, the Federal Civil Aviation Agency (“AFAC”) issued a document titled Airport Security Recommendations, which established that airports must have alternative methods for baggage screening to be used in case the inspection technology that is used is not available. We believe that we comply with the requirement but the AFAC may require additional investments. These additional expenses could restrict our liquidity and adversely affect our results of operations if such costs are higher than those accepted in the negotiations of our Master Development Programs for the 2020-2024 period. For more information on screening equipment, see “Item 4, Information on the Company – Regulatory Framework – Mexican Airport Concessions – Scope of Concessions.”

Our revenues and profitability may be adversely affected if we fail in our business strategy.

Our ability to increase our revenues and profitability depends in part on our business strategy, which consists of setting prices as close as possible to our regulatory maximum rates for any given year for our Mexican and Jamaican airports, as well as, reducing operating costs, controlling our capital expenditure commitments under our Master Development Programs with the Mexican government and under the Capital Development Program with the Jamaican government, increasing passenger and cargo traffic at our airports and increasing revenues from commercial activities.

Our ability to increase our commercial revenues is significantly dependent, among other factors, on increasing passenger traffic at our airports and on our ability to renegotiate rental agreements with our tenants to provide for contractual terms more favorable to us and for the ability for us to directly operate business lines. In addition, our ability to increase revenues from commercial activities depends on our ability to continue the remodeling, expansion and modernization of the commercial areas we operate within our airports and on the introduction of new business lines. Further, we are in the process of expanding the amount and types of business lines that we operate directly within our airports. Revenues from business lines operated directly by us represented 26.5% of non-aeronautical revenues in 2019 (7.0% of the sum of aeronautical and non-aeronautical revenues generated in our airports in 2019).

We cannot provide assurance that we will be successful in implementing our strategy of increasing our passenger traffic or our revenues from commercial activities, including those that we operate directly. The passenger traffic volume in our airports depends on factors beyond our control, such as the attractiveness of the commercial, industrial and tourist centers that the airports serve. Additionally, our new commercial strategy of increasing revenues by operating lines of businesses in our airports directly could result in the loss of a significant amount of revenues, or not generate the level of profitability sufficient to increase our results of operations. Accordingly, there can be no assurance that the passenger traffic volume in our airports will increase or that our profitability will increase. See *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”*

Our acquisitions may not achieve anticipated benefits, and may increase our liabilities, disrupt our existing business and harm our results of operations.

The benefits we expect to receive from our acquisitions depend on our ability to integrate the operations, services, personnel and administrative infrastructure of the acquired businesses in a timely and efficient manner. Acquisitions also entail increased operating costs, as well as greater allocation of management resources away from daily operations. Additionally, the business growth opportunities, revenue benefits, cost savings and other benefits we anticipate to result from our acquisitions may not be achieved as expected, or may be delayed. To the extent that we incur higher integration costs or achieve lower revenue benefits or fewer cost savings than expected, or if we are required to recognize impairments of acquired assets, investments or goodwill, our results of operations and financial condition may be adversely affected.

In October 2018, we signed the NMIA Concession Agreement with the Government of Jamaica for the operation, modernization and expansion of the NMIA located in Kingston, Jamaica. On October 10, 2019, we took control of the operation, management and administration of the NMIA. See *“Item 5, Operating and Financial Review and Prospects – Overview – Recent Developments.”* While the NMIA is the second airport we operate in Jamaica, we may not be able to fully implement our business strategy or integrate its operations with the Montego Bay Airport, which could adversely affect our results of operations and financial condition.

Our leverage could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.

As of December 31, 2019, our outstanding consolidated indebtedness was Ps.16.4 billion (approximately U.S.\$871.5 million). This indebtedness may constrain our ability to raise incremental financing or increase the cost at which we could raise and maintain any such financing or impair our ability to take advantage of significant business opportunities that may arise. As a result of this indebtedness, we may also be more vulnerable to general adverse economic, industry or competitive conditions. We cannot assure you that our business will generate cash in an amount sufficient to enable us to service our debt or to fund our other liquidity needs, which may adversely affect our overall performance. We may need to refinance all or a portion of our debt on or before maturity, and we cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms. These risks may be intensified in 2020 due to the impact of the COVID-19 pandemic. See *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”* and *“Item 5, Operating and Financial Review and Prospects – Liquidity and Capital Resources.”*

Covenants in our indebtedness may limit our discretion with respect to certain business matters.

The instruments governing our indebtedness or the indebtedness of our operating entities may contain restrictive covenants limiting our discretion with respect to certain business matters. These covenants could place significant restrictions on, among other things, our ability to incur additional liabilities, acquire new equity investments, engage in mergers or acquisitions, pay dividends, create liens or other encumbrances or make certain other payments, investments, loans and guarantees. These covenants could also require us to meet certain financial ratios and financial condition tests. A failure to comply with any such covenants could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness.

If a change in relations with our labor force should occur, such a change could have an adverse impact on our results of operations.

Although we believe we maintain positive relations with our labor force, if any conflicts with our employees were to arise in the future, including with our unionized employees (which accounted for 39.4% of our total employees in Mexico and 62.0% in Jamaica as of December 31, 2019), resulting events such as strikes or other disruptions that could arise with respect to our workforce could have a negative impact on our results of operations.

The loss of, or suspension of operations by, one or more of our key customers could result in a loss of a significant amount of our revenues.

A majority of our revenues are driven by the operations of a few key airline customers. In 2019, Concesionaria Vuela Compañía de Aviación, S.A. de C.V. (“Volaris”), Grupo Aeroméxico, S.A.B. de C.V. (“Aeroméxico Group”), a holding company that owns Aeroméxico and Aeroméxico Connect, Aeroenlaces Nacionales, S.A. de C.V. (“VivaAerobus”) and American Airlines, Inc. (“American Airlines”) transported a significant percentage of our passenger traffic. During 2019, the passenger charges collected by these four airlines accounted for 18.3%, 6.0% 4.1% and 4.7%, respectively, of total revenues in our airports (20.7%, 6.8%, 4.7% and 4.9%, respectively, of the sum of aeronautical and non-aeronautical revenues generated in our airports in 2019). Excluding revenues from passenger charges, these airlines accounted for 2.1%, 0.8%, 0.5% and 1.0%, respectively, of our total revenues in 2019 (1.9%, 0.7%, 0.4% and 0.9%, respectively, of the sum of aeronautical and non-aeronautical revenues generated in our airports in 2019).

.During 2020, news reports indicated that ABC Aerolíneas, S.A. de C.V. (“Interjet”), was experiencing financial difficulties and there was speculation regarding its potential insolvency. During 2019, the passenger charges collected by Interjet accounted for 3.9%, of total revenues in our airports (4.3% of the sum of aeronautical and non-aeronautical revenues generated in our airports in 2019). Excluding revenues from passenger charges, Interjet accounted for 0.4% of our total revenues in 2019 (0.5% of the sum of aeronautical and non-aeronautical revenues generated in our airports in 2019). Therefore, in case of Interjet continue with financial difficulties and they could not continue with its operations, we expect that it would not have a significant impact on our results of operations

None of our contracts with our airline customers obligate them to continue providing service to our airports, and we can offer no assurance that if any of our key customers reduce their use of our airports, competing airlines would add flights to their schedules to replace any flights no longer handled by our principal airline customers. In addition, Mexican law prohibits an international airline from transporting passengers from one Mexican location to another, except if the passenger originated travel outside Mexico, thus limiting the number of airlines providing domestic service in Mexico. Accordingly, we expect to continue to generate a significant portion of our revenues from domestic travel from a limited number of airlines.

Furthermore, passenger charges, which accounted for 52.9% of our revenues in 2019 (60.0% when taking into account only the sum of aeronautical and non-aeronautical revenues), are collected, pursuant to passenger charges collection agreements, by airlines from passengers on our behalf and are later paid to us, depending on the airline, within no more than 60 days following the date of each flight. During 2019, the average collection term of passenger charges was 54 days. See “Item 4, *Information on the Company – Business Overview – Our Sources of Revenues – Aeronautical Services – Passenger Charges – Passenger Charges in Mexico.*” Consequently, if any of our key airline customers were to become insolvent or seek bankruptcy protection, we would be an unsecured creditor with respect to any unpaid passenger charges, and we would not be assured of collecting the amounts invoiced to that airline for passenger charges despite cash deposits held in guarantee. Additionally, we could not be assured that we would recover the traffic they would stop transporting. Both scenarios could negatively affect our cash flows from operations or our results of operations. See “Item 5, *Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.*”

Additionally, if some of our commercial clients were to face difficulties making their payments to our airports, we would try to renegotiate the commercial and payment terms to keep them at our airports. Despite our efforts, however, some clients may decide to leave our commercial spaces and cancel their contracts. This could potentially have a negative effect on our revenues.

The main domestic airlines operating at our Mexican and Jamaican airports have in the past refused to pay certain increases in our specific prices for aeronautical services and could refuse to pay additional increases in the future.

In the past, certain of the domestic airlines operating at our Mexican and Jamaican airports refused to pay certain increases in the specific prices we charge for aeronautical services. Although these prior disputes were resolved, because only a few airlines contribute a substantial portion of our revenues, our results of operations could be adversely impacted if any of these (or any of our other) airlines should refuse to make payments in the future. Moreover, during periods of economic downturn, the airlines that operate at our airports may be more likely to oppose increases in our charges for aeronautical services in future years, which could adversely impact our results of operations. See “Item 4, *Information on the Company – Business Overview – Principal Customers – Principal Aeronautical Services Customers – Airline Customers.*”

The airlines at our airports may refuse to continue collecting passenger charges on our behalf or we may decide to collect passenger charges ourselves, which would result in increased costs for us.

The airlines operating at our airports collect a passenger charge on our behalf from each departing passenger on an aircraft (except certain exclusions in each of Mexico and Jamaica, described below under “Item 4, Information on the Company – Business Overview – Our Sources of Revenues – Aeronautical Services – Passenger Charges”).

Currently, we have entered into collection agreements with the airlines that operate at our Mexican airports to collect those passenger charges on our behalf. As a result, passenger charges are included in the cost of passengers’ tickets, and we issue invoices for those charges to each airline. We and the airlines with which we have these collection agreements have the right to cancel them with prior notice to the other party. If we or one of our airline customers were to cancel a collection agreement, we would have to implement a collection system of our own to collect passenger charges from passengers directly. The installation and operation of such a collection system would result in additional costs for us, which would negatively impact our results of operations.

MBA does not have agreements with some of the airlines that operate at the Montego Bay airport for the collection of passenger charges on its behalf. However, the collection of passenger charges by the airlines is implied under the current operating agreements signed by each airline operating at the Montego Bay airport, whereby these airlines must pay MBA for regulated passenger charges. Newly issued Air Carrier Operating Agreements, however, have been amended to expressly require airlines to collect passenger service charges.

As part of the transition process, all agreements held by the previous operator of the Kingston airport were assigned or novated to PACKAL. All agreements with airlines and the International Air Transport Association (“IATA”) that were assigned or novated to PACKAL by the previous operator as part of this process are space license agreements, each of which includes a schedule of conditions of use outlining the policies for aeronautical operation and requiring that each airline collect all passenger and security charges from departing passengers on behalf of the airport and remit such charges to the airport operator. Airlines operating in NMIA could refuse to collect passenger charges on behalf of the airport.

The operations of our airports may be disrupted due to the actions of third parties, which are beyond our control.

As is the case with most airports, the operation of our airports is largely dependent on the services of third parties, such as air traffic control authorities, airlines and ground transportation providers. We also depend upon the government or entities of the government for provision of services, such as electricity, supply of fuel for aircraft, air traffic control and immigration and customs services for our international passengers. Additionally, the disruption or stoppage of taxi or bus services at one or more of our airports could also adversely affect our operations. We are not responsible for and cannot control the services provided by these parties. Any disruption in, or adverse consequence resulting from, their services, including a work stoppage or other similar event, may have a material adverse effect on the operation of our airports and on our results of operations.

In addition, we are dependent on third-party providers of certain complementary services such as catering, baggage handling, and operation of airport buses and passenger walkways. If these service providers were to halt operations at any of our airports, we would be required to seek a new service provider or provide services ourselves, either of which would likely result in increased capital expenditures or costs and have an adverse impact on our cash generation and results of operations.

Legal claims and other actions by the former holders of land comprising certain of our Mexican airports may disrupt the operations and security of these airports.

Some of our airports are partly sited on lands that were expropriated by the Mexican government pursuant to its power of eminent domain. Prior to their expropriation, some of these lands had been held by groups of individuals through a system of communal ownership of rural land known as an *ejido*. Certain of these former *ejidos*’ participants have asserted indemnity claims against the Mexican government challenging the expropriation decrees. See “Item 8, Financial Information – Legal Proceedings – *Ejido* participants at Tijuana, Guadalajara and Puerto Vallarta airports.”

The Mexican government owns the land on which Guadalajara International Airport operates and has granted us the right to use that land for the purpose of operating the airport pursuant to our concession. Currently, there are squatters residing on or claiming rights to a portion of the property, at least one of whom has attempted to subdivide and sell off certain portions of the property. As owner of the property, the Mexican government must initiate any actions directed at removing these persons from the property.

In addition, during various periods of 2017, 2018 and 2019, members of an *ejido* called *el Zapote* blocked access to commercial areas of the Guadalajara International Airport, specifically the parking facilities, which resulted in commercial revenues losses of Ps.9.0 million in 2017 (7.9% of our total car parking charges at the airport for 2017), Ps.8.1 million in 2018 (5.8% of our total car parking charges at the airport for 2018), and Ps.20.5 million in 2019 (14.1% of our total car parking charges at the airport for 2019). We are reviewing the actions these persons have taken and are cooperating with the Mexican government to ensure that the actions of these squatters and *ejidos* do not adversely affect the operations of Guadalajara International Airport. However, if the Mexican government is unable to successfully remove these persons from the property, their presence could have an adverse impact on our operations, revenues and security, and could restrict our ability to expand our operations, at the Guadalajara airport.

In addition to challenging the expropriation, certain of the former *ejido Tampico* participants are also currently occupying portions of Tijuana International Airport property. While these persons are not currently interfering with the airport's operations, their presence could limit our ability to expand the airport into the areas they occupy. There can also be no assurance that the former *ejido* participants will not seek to disrupt the airport's operations if their legal claims against the Mexican government are not resolved to their satisfaction, which may negatively impact our results of operations.

Our Mexican concessions guarantee our access to the land and any interruption caused to our operations by any of the *ejidos* is the responsibility of the Mexican government. Although the Mexican government must provide restitution for any economic loss resulting from a disruption in access to our airports, there can be no assurance that the former *ejido* participants will not seek to disrupt the airport's operations if their legal claims against the Mexican government are not resolved to their satisfaction. There also can be no assurance that the legal proceedings will be resolved in our favor, which may negatively impact our results of operations.

We may be liable for property tax claims asserted against us by certain Mexican municipalities.

We remain subject to ongoing property tax claims that have been asserted against us by certain municipal authorities for the payment of property taxes with respect to certain of the properties on which we operate our airports. We believe that under the law, the Mexican government, as the owner of the property upon which we operate our airports, would currently be responsible for paying these taxes directly if a court were to determine that these taxes must be paid. See "Item 8, *Financial Information - Legal Proceedings - Property tax claims by certain municipalities*" for a full discussion of these property tax proceedings.

Additionally, if the Mexican government changes the current laws or if we do not prevail in the aforementioned proceedings, these tax liabilities could have an adverse effect on our financial condition and results of operations.

Inability to generate sufficient future taxable profits or adverse changes to tax laws, regulatory requirements or accounting standards could have a negative impact on the recoverability of certain deferred tax assets.

We recognize deferred tax assets relating to tax losses carried forward and deductible temporary differences only to the extent that it is probable that future taxable profit will be available against which the tax losses carried forward and the temporary differences can be utilized. Net deferred tax assets amounted to approximately Ps.5.6 billion at December 31, 2019. The deferred tax assets are quantified on the basis of currently enacted tax rates and accounting standards and are subject to change as a result of future changes to tax laws or the rules for computing taxable profits and allowable losses. Failure to generate sufficient future taxable profits or changes in tax laws or accounting standards may reduce our estimated recoverable amount of net deferred tax assets. Such a reduction could have an adverse effect on our Consolidated Statement of Profit or Loss. For further information on deferred tax assets, refer to Note 12 to our audited consolidated financial statements. See "Item 5, *Operating and Financial Review and Prospects - Critical Accounting Policies - Deferred Tax Assets.*"

Extreme weather and natural disasters could adversely affect our business.

The Pacific and Central regions of Mexico and the island of Jamaica experience seasonal torrential rains and hurricanes (particularly during the months of July through September), as well as earthquakes. Extreme weather and natural disasters may impede operations, damage infrastructure necessary to our operations or adversely affect the destinations served by our airports. Any of these events could reduce our passenger traffic volume.

The occurrence of extreme weather and natural disasters in the destinations we serve could adversely affect our business, results of operations, prospects and financial condition. We have insured the physical facilities at our airports against damage caused by natural disasters, accidents or other similar events, but do not have insurance covering losses due to resulting business interruption for our Mexican airports. Moreover, should losses occur, there can be no assurance that losses caused by damages to the physical facilities will not exceed the pre-established limits on any of our insurance policies.

Risks Related to the Regulation of Our Business

Our business is dependent on international regulations affecting airlines.

Airline regulations promulgated by international bodies or regulatory agencies in other countries could affect our operations and potentially affect our revenues or results of operations.

For instance, on July 30, 2010, the U.S. Federal Aviation Administration (“FAA”) announced that, following an assessment of the Federal Civil Aviation Agency, it had determined that Mexico was not in compliance with international safety standards set by the International Civil Aviation Organization (“ICAO”), and, as a result, downgraded Mexico’s aviation safety rating from “Category 1” to “Category 2”.

Under FAA regulations, because of this downgrade, Mexican airlines were not permitted to expand or change their current operations between the United States and Mexico except under certain limited circumstances; code-sharing arrangements between Mexican and U.S. airlines were suspended; and operations by Mexican airlines flying to the United States were subject to greater FAA oversight. These additional regulatory requirements resulted in reduced service between our Mexican airports and the United States by Mexican airlines, which resulted in a decrease in demand for travel at our Mexican airports.

The FAA restored Mexico’s Category 1 rating on December 1, 2010. In 2019, 10.2% of the passengers who traveled through our Mexican airports traveled on flights to or from the United States operated by Mexican airlines. Jamaica has held an FAA Category 1 rating since a similar downgrade to Category 2 from July 1995 to September 1997.

The FAA, however, may downgrade Mexico’s or Jamaica’s air safety rating in the future. We cannot predict what impact such a downgrade would have on our passenger traffic or results of operations, or on the public perception of the safety of our airports.

We provide a public service regulated by the governments of Mexico and Jamaica, and our flexibility in managing our aeronautical activities is limited by the regulatory environments in which we operate.

Our aeronautical fees charged to airlines and passengers are regulated, like those of most airports in other countries. In 2017, 2018 and 2019, 67.0%, 67.3% and 65.0%, respectively, of our total revenues were earned from aeronautical services (in 2017, 2018 and 2019, 74.9%, 74.9% and 73.7%, respectively, of the sum of aeronautical and non-aeronautical revenues were earned from aeronautical services), which are subject to price regulation under our maximum rates in Mexico and under the maximum regulated charges in Jamaica. These regulations may limit our flexibility in operating our aeronautical activities, which could have a material adverse effect on our business, results of operations, prospects and financial condition. In addition, several of the regulations applicable to our operations that affect our profitability are authorized or established by the Mexican government (as in the case of our Master Development Programs or our maximum rates, respectively) or the Jamaican government (as in the case of maximum regulated charges for MBJ and NMIA) for five-year terms. Except under limited circumstances, we generally do not have the ability to unilaterally change our obligations (such as the investment obligations under our Master Development Programs and Capital Development Programs or the obligation under our Mexican concessions and Jamaican concessions to provide a public service) or increase our maximum rates and regulated charges applicable under those regulations should the passenger traffic or other assumptions on which the regulations were based change during the applicable term. In addition, there can be no assurance that this price regulation system will not be amended in a manner that would cause additional sources of our revenues to be regulated.

We cannot predict how the laws and regulations governing our business will be applied.

Many of the laws, regulations and instruments that regulate our business in Mexico were adopted or became effective in 1999, and there is limited precedent that would allow us to predict the impact of these legal requirements on our future operations. In addition, although Mexican law establishes ranges of sanctions that might be imposed should we fail to comply with the terms of one of our Mexican concessions, the Mexican Airport Law and its regulations or other applicable laws, we cannot predict the sanctions that are likely to be assessed for a given violation within these ranges. We cannot provide any assurance that we will not encounter difficulties in complying with these laws, regulations and instruments. For instance, on November 8, 2017, changes to the Mexican Airport Law took effect which modified various regulations, primarily impacting airlines. One of the changes contemplated is the payment of indemnification to passengers delayed for longer than two hours. The new law further clarifies that the payment will be made if the airport concessionaire or airline is at fault for the delay. As of the date hereof, there is no process in place to determine whether the airport concessionaire or airline is responsible for the delay.

We cannot provide any assurance that once the regulations are finalized, concessionaires, such as ourselves, will not be held responsible for certain passenger delays or will not be required to pay indemnifications to passengers affected by such delays. Further, we cannot provide any assurance that such indemnifications will not have a material impact on our results of operations.

Although our maximum rates through 2024 have been set, we cannot predict what our Master Development Programs for the next five-year period from 2025 to 2029 will establish. We also cannot provide assurance that other regulatory agencies or the Mexican legislature will not impose regulations adverse to our operations in the future or that the laws and regulations governing our business, including the Master Development Programs, the maximum rate-setting process and the Mexican Airport Law, will not change in the future or be applied or interpreted in a way that could have a material adverse effect on our results of operations. For instance, on January 26, 2015, certain amendments to the Mexican Airport Law were enacted that institute an enforcement mechanism for existing requirements. For a discussion of the regulatory provisions applicable to our business in Mexico, see “Item 4, Information on the Company – Regulatory Framework – Sources of Mexican Regulation.”

Similarly, there is limited precedent that would allow us to predict the impact of the laws, regulations and instruments that regulate our business in Jamaica and we cannot provide any assurance that our Jamaican airports will not encounter difficulties in complying with these laws, regulations and instruments. In addition, although the concession agreements for our Jamaican airports and Jamaican law establishes ranges of sanctions that might be imposed should our Jamaican airports fail to comply with the terms of the concession, other Jamaican applicable law and its regulations, we cannot predict the sanctions that are likely to be assessed for a given violation within these ranges. Although the maximum regulated charges have been set for our Jamaican airports through December 2024, we cannot predict what maximum regulated charges the Jamaican government will establish for the next five-year period from January 2025 to December 2029. We also cannot provide assurance that other regulatory agencies or the Jamaican legislature will not impose regulations adverse to our Jamaican airports’ operations in the future or that the laws and regulations governing our business in Jamaica, including the Jamaican Civil Aviation and Airports Authority acts and the process for setting maximum regulated charges, will not change in the future or be applied or interpreted in a way that could have a material adverse effect on our results of operations. For a discussion of the regulatory provisions applicable to our business in Jamaica, see “Item 4, Information on the Company – Regulatory Framework – Sources of Jamaican Regulation.”

The regulations pursuant to which the maximum rates applicable to our aeronautical revenues in Mexico and to the maximum regulated charges that we may collect at our Jamaican airports are established do not guarantee that we or any of our airports will be profitable.

The regulations applicable to our aeronautical activities establish an annual maximum rate for each Mexican airport, which is the maximum annual amount of revenues per workload unit that we may earn at that airport from services subject to price regulation. The maximum rates for our Mexican airports have been determined for each year through 2024. Our Mexican concessions provide that an airport’s maximum rates will be adjusted periodically for inflation determined by reference to the Mexican Producer Price Index (*Índice Nacional de Precios al Productor*), or “Mexican PPI,” excluding petroleum. Although we are entitled to request additional adjustments to an airport’s maximum rates under certain circumstances, including the amendment of certain provisions of the Mexican laws and regulations that structure and influence our business, our Mexican concessions provide that such a request will be approved only if the SCT determines that certain events specified in our Mexican concessions have occurred. The circumstances under which we are entitled to an adjustment are described under “Item 4, Information on the Company – Regulatory Framework – Mexican Aeronautical Services Regulation – Special Adjustments to Maximum Rates.” Therefore, there can be no assurance that any such request would be made or granted. For a discussion of the framework for establishing our maximum rates in Mexico and the application of these rates, see “Item 4, Information on the Company – Regulatory Framework – Mexican Aeronautical Services Regulation.”

The Jamaican Airports (Economic Regulation) Act 2002, requires that the Jamaica Civil Aviation Authority, or “JCAA,” adjust the maximum amounts that may be levied by an airport operator at the end of each succeeding period of five years. Specifically, every five years, MBJA and NMIA must submit to the JCAA a proposal for increases to the maximum revenues per passenger (revenue yield cap per passenger) as justified by a schedule of five-year estimates for traffic growth, operating costs and investment commitments, including capital expenditures for capital projects and required improvements at our Jamaican airports under the MBJA and NMIA concession agreements (in the case of MBJA, a “Capital Development Program,” in the case of NMIA, the “Capital Works,” and together, the “Capital Development Programs”), as well as the opening Regulated Asset Base (RAB). After the JCAA’s review of the maximum amounts to be levied based on these estimates, the JCAA makes its determination as to the maximum revenues per passenger for each year of the succeeding five-year period. Under the terms of the MBJA and NMIA concession agreements with the Airports Authority of Jamaica, or “AAJ,” if the JCAA approves the new maximum amount to be levied, MBJA and NMIA must fulfill the estimated capital expenditures included in the Capital Development Programs. The last review by the JCAA of these maximum regulated charges for the Montego Bay and Kingston airports was completed in December 2019. Changes resulting from that review period took effect in January and April 2020 for MBJA and NMIA, respectively. These changes will remain in effect through December 2024 for both MBJA and NMIA. For a discussion of the framework for establishing MBJA’s and NMIA’s maximum regulated charges in Jamaica, see “Item 4, Information on the Company – Regulatory Framework – Jamaican Aeronautical Services Regulation.”

Our Jamaican airports have an obligation under their respective concession agreement to satisfy certain requirements applicable to a Capital Development Program. We cannot provide assurance that AAJ will determine that any such Capital Development Program complies with the applicable requirements under their respective concession agreement, or that AAJ will not request our Jamaican airports to undertake additional capital expenditures.

Under the terms of our concessions, there is no guarantee that our consolidated results of operations or the results of operations of any airport will be profitable.

Our results of operations may be adversely affected by required efficiency adjustments to our maximum rates in Mexico.

Our maximum rates in Mexico are subject to annual efficiency adjustments, which have the effect of reducing the maximum rates for each year to reflect projected efficiency improvements. For the five-year terms ending 2019 and 2024, an annual efficiency adjustment factor of 0.7% was established by the SCT. Future annual efficiency adjustments will be determined by the SCT in connection with the setting of each Mexican airport's maximum rates every five years. For a description of these efficiency adjustments, see "Item 4, Information on the Company - Regulatory Framework - Mexican Aeronautical Services Regulation - Methodology for Determining Future Maximum Rates." We cannot provide assurance that we will achieve efficiency improvements sufficient to allow us to maintain or increase our income from operations as a result of the progressive decrease in each Mexican airport's maximum rate.

If we exceed the maximum rate at any Mexican airport at the end of any year, we could be subject to sanctions.

Historically, we have set the prices we charge for aeronautical services at each Mexican airport to come as close as possible to the authorized maximum rate for that airport in any given year. We expect to continue to pursue this pricing strategy in the future. For example, in 2017, 2018, and 2019, our revenues subject to maximum rate regulation represented 99.9%, 100.0%, and 100.0% respectively, of the amount we were entitled to earn under the maximum rates for all of our Mexican airports. However, there can be no assurance that we will be able to establish prices in the future that allow us to collect virtually all of the revenues we are entitled to earn from services subject to price regulation.

The specific prices we charge for aeronautical services are determined based on various factors, including projections of passenger traffic volumes, the Mexican PPI, excluding petroleum, and the value of the peso relative to the U.S. dollar. These variables are outside of our control. Our projections could differ from the applicable actual data, and if these differences occur at the end of any year, they could cause us to exceed the maximum rate at any one or more of our airports during that year.

If we exceed the maximum rate at any Mexican airport at the end of any year, the SCT may assess a fine and may reduce the maximum rate at that airport in the subsequent year. The imposition of sanctions for violations of certain terms of a concession, including for exceeding an airport's maximum rate, can result in termination of the concession if the relevant term has been violated and sanctions have been imposed at least three times for the same cause. In the event that any one of our Mexican airport concessions is terminated, our other Mexican airport concessions may also be terminated.

In prior years, in order to ensure our compliance with the maximum rate at a particular airport when the possibility of exceeding that maximum rate has arisen, we have taken actions in the latter part of the year, such as reducing our specific prices and offering discounts. We can offer no assurance that, should external factors cause us to risk exceeding our maximum rates close to or at the end of any given year, we will have sufficient time to take the actions described above in order to avoid exceeding our maximum rates prior to year-end.

If we fail to fulfill the requirements of our Master Development Programs during a given five-year period, we could be subject to sanctions from the Mexican government.

Historically, our capital expenditure commitments under our Master Development Programs are determined by reference to the Mexican PPI's construction price index. Using the index we aim to be as close as possible to the five-year period capital expenditure commitments at any time. We expect to continue this capital expenditure control strategy in the future. Using this strategy, our capital expenditure during 2017, 2018, and 2019 was 101.1%, 101.0% and 102.0% respectively, of our capital expenditure commitments under our Master Development Programs. However, there can be no assurance that our capital expenditure control strategy will be sufficiently accurate and that we will not fall below our capital expenditure commitments. If, as a consequence of the annual maximum tariff fulfillment review, the SCT determines that we are not in compliance with the committed investments, the government may assess a fine and may reduce the maximum rate of that airport in the subsequent year. Non-compliance with committed investments could also result in the termination of the concession if the relevant term has been violated and sanctions have been imposed at least three times for the same cause. In the event that any one of our Mexican concessions is terminated, our other concessions may also be terminated.

Although in prior years, in order to ensure compliance with our Master Development Programs, we have taken actions in the latter part of the year, such as increasing the amount or pace of certain construction projects, we can give no assurance that, should external factors cause us to risk failing to meet our investment levels, we will have sufficient time to take actions to comply with our Master Development Programs.

Our operating results could be adversely affected if the airlines fail to collect sufficient Airport Improvement Fees for MBJA or if MBJA does not receive approval for the use of these funds to offset costs associated with capital investments at the Montego Bay airport.

The Airports (Economic Regulation) Act and related agreements require the airlines operating at our Jamaican airports to charge an Airport Improvement Fee ("AIF") from embarking international passengers on behalf of our Jamaican airports and to deposit the fees on a monthly basis in a trust account controlled by the Jamaican Ministry of Transport and Mining ("MTM"). Subject to the MTM's approval, our Jamaican airports may use these funds for additional capital investments not included in their respective Capital Development Programs, as well as for interest expenses relating to the financing thereof. Our Jamaican airports are required to commit to such additional capital investments in exchange for the right to use the AIF funds.

The MTM approval of collection of AIF funds at the Montego Bay airport was renewed on February 25, 2015 for the period ending April 11, 2030, unless otherwise revoked. However, because the MTM’s prior approval of MBJA’s use of AIF funds is for specified capital investments in projects that have already been carried out, MBJA is not currently authorized to use any AIF funds collected after April 11, 2015. As of the date hereof, MBJA has entered into a Memorandum of Understanding (“MOU”) with the AAJ to fund “Phase 3” investments including the extension of the existing runway and installation of Runway End Safety Areas through the AIF. In the MOU, the AAJ has committed to guarantee the financing of specific capital projects to limit MBJA’s exposure to financial risks resulting from AIF shortfalls arising from lower than expected passenger traffic.

If MBJA’s passenger traffic projections are above the levels of passenger traffic realized at the Montego Bay airport, the amount of AIF to be collected may not be sufficient to finance all capital projects approved by the MTM and their financial cost. We can provide no assurance that the Montego Bay airport will achieve the passenger traffic required to recover MBJA’s capital investments committed in exchange for the use of the AIF funds. However, there is an Implementation Letter in place between AAJ and MBJA which will indemnify MBJA for any funds advanced towards the approved capital projects to be funded by the AIF which eliminates any exposure to the company.

This does not apply to NMIA as the AIF funds will solely be used by the government through the AAJ. NMIA will have no benefit from the collection of these funds.

See “Item 4, Information on the Company – Regulatory Framework – Jamaican Aeronautical Services Regulation.”

If our Jamaican airports fail to fulfill the requirements of their respective Capital Development Programs, the airports could suffer specific negative consequences, including a termination of their respective concessions.

Under their concession agreements, our Jamaican airports are required to make capital expenditures in order to meet Capital Development Program requirements by certain strict deadlines. Additionally, our Jamaican airports are also responsible for maintaining the tangible concession assets under the concession agreements, which involves capital investment projects and improvements to concession assets. If either MBJA or NMIA fails to comply with the terms and conditions of its concession agreement, it could be in default and face liquidated damages, and, if it fails to remedy the breach within the applicable grace period, it could suffer other negative consequences, including the termination of its concession.

The Mexican government may terminate or reacquire our Mexican concessions under various circumstances, some of which are beyond our control.

Our concessions are our principal assets, and we would be unable to continue operations without them. A Mexican concession may be revoked by the Mexican government for certain prescribed reasons, including failure to comply with our Master Development Programs, a temporary or permanent halt in our operations, actions affecting the operations of other concession holders in Mexico, failure to pay damages resulting from our operations, exceeding our maximum rates or failure to comply with any other material term of our Mexican concessions. Violations of certain terms of a concession (including violations for exceeding the applicable maximum rate) can result in revocation of a concession only if sanctions have been imposed for violations of the relevant term at least three times. Violations of other terms of a concession can result in the immediate termination of the concession. Our Mexican concessions may also be terminated upon our bankruptcy or insolvency.

We would face similar sanctions for violations of the Mexican Airport Law or the regulations thereunder. Under applicable Mexican law and the terms of our Mexican concessions, our Mexican concessions may also be made subject to additional conditions, including under our renewed Master Development Programs, which we may be unable to meet. Failure to meet these conditions may also result in fines, other sanctions and the termination of the concessions.

The Mexican government may also revoke one or more of our Mexican concessions at any time through reversion, if, in accordance with applicable Mexican law, it determines that it is in the public interest to do so. See “Item 4, Information on the Company – Regulatory Framework – Other Regulation of Mexican Concessions and Concession Assets – Revocation of Concessions” The Mexican government may also assume the operation of any airport in the event of war, public disturbance or a threat to national security. In addition, in the case of a *force majeure* event, the Mexican government may require us to implement certain changes in our operations. In the event of a reversion of the public domain assets that are the subject of our Mexican concessions, the Mexican government under Mexican law is required to compensate us for the value of the concessions or added costs based on the results of an audit performed by appraisers. In the case of a mandated change in our operations, the Mexican government is required to compensate us for the cost of that change. Similarly, in the event of an assumption of our operations, other than in the event of war, the government is required to compensate us and any other affected parties for any resulting damages. There can be no assurance that we would receive compensation equivalent to the value of our investment in, or any additional damages related to, our Mexican concessions and related assets in the event of such action.

In the event that any one of our Mexican airports’ concessions is terminated, whether through revocation or otherwise, our other concessions may also be terminated. Thus, the loss of any concession would have a material adverse effect on our business and results of operations.

The Jamaican government may terminate or reacquire the concessions held by our Jamaican airports under various circumstances, some of which are beyond our control.

Our Jamaican airport concessions are our principal assets in Jamaica, and we would be unable to continue operations at our Jamaican airports without them. As owner of the concession assets, the AAJ is entitled under certain circumstances, however, to expel us from all or part of our Jamaican airport sites or to take over or carry on the operation and management of the airports or provision of airport services. The AAJ may step into the public domain assets that are the subject of the Jamaican airport concessions for as long as may be required if it determines that we are in breach of the concession agreements, to prevent material disruptions in service at the airports or in cases of national emergencies. Upon such a step-in by the AAJ, the AAJ must account to us for any revenues collected at the airports during the step-in period. Where the AAJ steps into the public domain assets that are the subject of the airport concession pursuant to any uncured event of default or to prevent material disruptions in service, we are required to bear all costs (except consequential losses) and expenses associated with the AAJ exercise of its step-in rights. There can be no assurance that we would receive compensation equivalent to the value of our investment in, or any additional damages related to, our concessions and related assets in the event of such action.

Following notice and good-faith consultations to avoid such a result, the AAJ may terminate the concession agreements upon an event of default on our part. Regardless of cause for termination, a termination fee is due to us upon a termination or revocation of the concession. However, the concession agreements expressly limit the AAJ’s liability to such termination fee. In the event that the AAJ terminates the concession with or without cause, there can be no assurance that the loss of the airport concession would not have a material adverse effect on our business and results of operations.

See “Item 4, Information on the Company – Regulatory Framework – The Montego Bay Airport Concession – AAJ’s Rights to Step In, Terminate or Grant a New Concession.” See “Item 4, Information on the Company – Regulatory Framework – The Kingston Airport Concession – AAJ’s Rights to Step In, Terminate or Grant a New Concession.”

The Mexican and Jamaican governments could grant new concessions that compete with our airports.

The Mexican and Jamaican governments could grant additional concessions to operate existing government-managed airports, authorize the construction of new airports or allow existing privately held domestic airports to change into international airports and permit them to receive regular domestic and international flights, all of which could lead to increased competition for our airports.

One factor that may significantly increase competition from other airports is the expansion of the permits of existing private airports that are currently not permitted to operate regular commercial routes. Under Mexican law, any privately held airport that has operated with a permit to provide public service for at least five years automatically acquires the right to also operate regularly scheduled commercial flights and to receive a concession to operate as a public service airport. In addition, through an amendment proposed by the SCT and confirmed by the Presidency, an airport operating with a permit to provide public service could become an international airport.

Any competition from other such additional airports could have a material adverse effect on our business and results of operations. Under certain circumstances, the grant of a concession for a new or existing airport must be made pursuant to a public bidding process. In the event that a competing concession is offered in a public bidding process, we cannot provide assurance that we would participate in such process, or that we would be successful if we were to participate. See “Item 4, Information on the Company – Regulatory Framework – Other Regulation of Mexican Concessions and Concession Assets – Grants of New Mexican Concessions” and “Item 4, Information on the Company – Regulatory Framework – The Montego Bay Airport Concession – AAJ’s Rights to Step In, Terminate or Grant a New Concession.”

The SCT could require us to monitor certain aircraft movements at our Mexican airports that we do not currently control, which could result in increased costs.

The Mexican Air Traffic Control Authority (*Servicios a la Navegación en el Espacio Aéreo Mexicano*) or “SENEAM”, could require us to monitor certain aircraft movements at our Mexican airports that we do not currently control, which could result in increased costs. SENEAM currently requires us to manage and control aircraft movements in and out of our arrival and departure gates and remote boarding locations at our Guadalajara, Tijuana and Puerto Vallarta airports. At our other Mexican airports, these aircraft movements are monitored by SENEAM. Should SENEAM require us to control, or if we, for efficiency purposes, request to control, these aircraft movements directly at any or all of our other Mexican airports in the future, our results of operations could be negatively impacted by increased operating insurance and liability costs resulting from taking on these obligations.

The Mexican civil aviation authority could require us to extend the official operating schedule at our Mexican airports, which could result in increased operating costs.

The AFAC is responsible for establishing the official operating schedules of our Mexican airports. Outside of our Mexican airports' official hours of operation, we are permitted to double our airport charges for services that we provide. Currently, our airports at Guadalajara, Puerto Vallarta and Morelia have official operating schedules of 24 hours per day. The AFAC can issue a decree extending the official operating schedule of one or more of our other airports from its current schedule, which would deprive us of the ability to double our airport charges for off-hour services at airports for which such a decree has been issued. For instance, as of January 17, 2014, the AFAC expanded the operating schedule of our Aguascalientes airport from 6:00 a.m. to 8:00 p.m. to 6:00 a.m. to 12:00 a.m. and as of April 2, 2015, the operating schedule of our Los Cabos airport was expanded from 7:00 a.m. to 6:00 p.m. to 7:00 a.m. to 9:00 p.m. Such extensions of our official operating schedules result in increases in operating costs, and we can provide no assurances that we would be able to recover those costs.

Federal tax legislation in Mexico may have an adverse effect on our financial condition and our results of operations.

The terms of our Mexican concessions do not exempt us from generally applicable Mexican tax laws. Changes to tax laws and regulations in Mexico could significantly increase our tax expense, which could have a material adverse impact on our results of operations.

For instance, on January 1, 2014, new tax laws came into force following tax reforms in Mexico that, among other changes: maintained the income tax rate on corporations of 30%; imposed withholding tax in respect of dividends paid to Mexican and foreign shareholders; eliminated deductions previously allowed in respect of payments between related parties or certain foreign corporations; limited the tax deductions for certain benefits paid to employees; and increased the value-added tax in certain areas of Mexico.

We cannot predict the impact that changes in law will have, if fully implemented and applied to us, on our business, financial condition and results of operations. In addition, we cannot predict the indirect impact that such legislation could have on our customers and shareholders.

Changes to Mexican laws, regulations and decrees applicable to us could have a material adverse impact on our results of operations.

The Mexican government has in recent years implemented various changes to the laws applicable to Mexican companies, including us. The terms of our Mexican concessions do not exempt us from any changes to Mexican laws. Changes to the Mexican constitution or to any other Mexican laws could have a material adverse impact on our results of operations.

For instance, as a result of certain 2013 amendments to Mexico's Constitution, on July 6, 2014, a new Federal Economic Competition Law (*Ley Federal de Competencia Económica*) went into effect, which, among other things, grants broader powers to the federal competition authority, including the ability to regulate essential facilities. If the new competition authority determines that a specific service or product is an essential facility, it has the ability to regulate access conditions, prices, tariffs or technical conditions for or in connection with the specific service or product. Some of the services we render are public services that are regulated by the Mexican government, and we are unsure if the competition authority will apply the new competition law in the same manner and under the same considerations as it would apply to non-regulated service providers. Should the new competition authority determine that all or part of the services we provide are considered an essential facility, we may be required to implement significant changes to the way we currently do our business, which could have a material adverse impact on our results of operations. For a discussion of the new competition law, see "Item 4, Information on the Company – Regulatory Framework – Sources of Mexican Regulation – Federal Economic Competition Commission." Also see "Item 3, Key Information – Risk Factors – Risks Related to the Regulation of Our Business – We cannot predict how the regulations governing our business will be applied" in this section.

For more detailed information on current sources of regulation governing the operation of airports in Mexico, see "Item 4, Information on the Company – Regulatory Framework – Sources of Mexican Regulation."

Risks Related to Our Strategic Shareholder

AMP, our strategic shareholder, has significant influence over our operations, and AMP's interests may differ from those of other shareholders.

AMP holds Series BB shares currently representing 15% of our total capital stock. The Series BB shares have certain special rights that allow AMP to exercise significant influence over our operations. Through its right to appoint and remove members of our senior management, AMP participates in the decision-making process of our management in areas such as business strategy, operations, financing, acquisitions and dispositions of assets or business.

Pursuant to our bylaws, AMP (as holder of our Series BB shares) has the right to appoint and remove our top-level executive officers (upon consultation with our Nominations and Compensation Committee), to elect four members of our board of directors and their alternates and to designate three members of our Operating Committee and 20% of the members of each other board committee (or one member of any committee consisting of fewer than five members). Audit Committee members are selected according to Mexican and U.S. independence standards. AMP (as holder of our Series BB shares) also has the right pursuant to our bylaws to veto certain actions requiring the approval of

our shareholders (including the approval of our financial statements, increases or decreases of our capital stock, the payment of dividends, the amendment of our bylaws and any decision that has the objective to modify or annul its right to appoint our top-level executive officers). These rights are not conditioned on whether or not the technical assistance agreement and the participation agreement remain in force. Pursuant to our bylaws, if at any time AMP (as the holder of our Series BB shares) were to hold less than 7.65% of our capital stock in the form of Series BB shares, such shares would be mandatorily converted into Series B shares, which would cause AMP to lose all of its special rights. Shareholders of AMP have allocated among themselves certain veto rights relating to the exercise by AMP of its veto and other rights, which increases the risk of impasse at AMP shareholders' meetings and ultimately at our shareholders' meetings. Differences in points of view among AMP's shareholders with respect to our management could affect our results of operations. The interests of AMP may differ from those of our other shareholders, and we can offer no assurance that AMP and the officers appointed by AMP will exercise their rights in ways that favor the interests of our other shareholders.

Disputes among AMP's shareholders may affect our shareholders' meetings or management.

In 2010 and 2011, disputes among AMP's shareholders affected our shareholders' meetings and trading of our shares on the Bolsa Mexicana de Valores, S.A.B. de C.V. ("Mexican Stock Exchange") and the New York Stock Exchange ("NYSE"), as well as involving us in litigation. Notwithstanding those disputes, on December 1, 2011, we were advised by AMP's shareholders that they had entered into an agreement to end their dispute and to terminate their legal proceedings. Additionally, we were informed that AMP's shareholders agreed to a comprehensive mechanism for decision-making (primarily by consensus, but with specific mechanisms aimed at avoiding deadlocks that could affect our operations), and that AMP's shareholders would continue developing our business.

On November 19, 2014, Controladora Mexicana de Aeropuertos, S.A. de C.V. ("CMA") became 66.66% owner of the capital stock of AMP. As a result of this transaction, CMA agreed that the minority shareholders' consent is required with respect to certain significant actions or decisions. See "Item 7, Major Shareholders and Related Party Transactions – Major Shareholders – AMP Trust, Bylaws and Shareholders' Agreement."

If disputes among AMP's shareholders were to occur in the future, it is not possible to predict if they would result in deadlock at our shareholders' meetings or distract our management, or what effects such events might have on the price of our stock, its liquidity or our market value and the effects that these conflicts could have on our business or results of operations. In addition, AMP's veto, appointment and other rights could adversely impact our operations and constitute an obstacle for us to bring in a new strategic shareholder and/or operator.

If AMP should decide to sell all or a portion of its interest in us, our operations could be adversely affected.

AMP currently exercises significant influence over our management, as described above. AMP is able to sell nearly all of the shares that it owns. Our bylaws provide that, subject to certain exceptions, Series BB shares must be converted into Series B shares prior to transfer. Should AMP divest its interest in us or cease to hold Series BB shares, our management could change and our operations could be adversely and significantly affected as a result.

Our operations could be adversely affected if the technical assistance agreement is not renewed with AMP.

AMP exercises a significant influence over our management through the technical assistance agreement, through which AMP provides our airports with expertise in operating in the aeronautical sector and strategic planning guidance to increase aeronautical and non - aeronautical revenues, in addition to knowledge of the Mexican government and business sectors and assistance with the negotiation of our Master Development Programs. Therefore, if either we or AMP decides not to renew the technical assistance agreement, it would require time and potentially higher costs for us to replace AMP's strategic expertise through contracts with new external advisors; apart from the possible higher costs, the need to replace AMP could have an impact on our business strategy and ongoing projects, such as the successful negotiation of tariffs, investments and other elements of our Master Development Programs. As a result, our results of operations could be negatively affected. For more detailed information on the technical assistance agreement with AMP, see "Item 4, Information on the Company – History and Development of the Company – Investment by AMP."

Failure to comply with certain requirements of the privatization guidelines and the participation agreement relating to our privatization could have a material and adverse effect on our operations or the value of our securities.

Pursuant to the guidelines published by the Mexican government during the first phase of our privatization and the participation agreement setting forth the rights and obligations of each of the parties involved in our privatization, AMP assumed certain rights and obligations.

Although we believe AMP satisfies all their requirements under the privatization guidelines and the participation agreement, there can be no assurance that allegations or official inquiries relating to AMP's compliance with its obligations under those requirements will not take place. In the event of future inquiries or an official finding that AMP is or was not in compliance with the requirements of the privatization guidelines or the participation agreement, AMP could be subject to fines and the technical assistance agreement between us and AMP could be terminated, which could have a material effect on our operations. In addition, there can be no assurance that any such developments would not result in a material decrease in the market value of our shares or ADSs or their liquidity.

Certain actions by Grupo México, S.A.B. de C.V. may affect our management, financial condition or results of operations.

Articles X and XII of our bylaws, among others, limit the ability of Series B shareholders, directly or with related parties, other than AMP, to hold more than 10% of our outstanding capital stock, and any shares held in excess of that amount must be sold in a public offering. In accordance with our bylaws, until the public offering of such shares takes place, such excess shares have no voting power and cannot be represented in any shareholders' meeting.

On June 13, 2011, Grupo México, S.A.B. de C.V. ("Grupo México") announced that its board of directors had approved the acquisition, directly or indirectly, of at least 30%, and up to 100%, of our shares outstanding at that time, excluding treasury shares, through a public tender offer. Grupo México and its subsidiary, Infraestructura y Transportes México, S.A. de C.V. ("ITM"), then commenced legal proceedings seeking (i) to modify our bylaws to eliminate the foregoing limitations and (ii) to terminate AMP's special rights that stem from AMP's ownership of our Series BB shares.

On June 17, 2015, the Mexican Supreme Court issued an *amparo* ruling upholding the validity of Articles X and XII of our bylaws regarding the limitations on ownership of our capital stock. On February 17, 2016, the Superior Court of Mexico City declared that Grupo México and ITM were in violation of the Company's bylaws due to the fact that together they held more than 10% of our outstanding capital stock, and ordered Grupo México and ITM to sell any Series B shares held in excess of that limit. Consequently, the challenge initiated by Grupo México and ITM against these articles has been definitively concluded, with the ruling confirming the validity and effectiveness of these articles in support of the position we maintained and defended. Grupo México filed an appeal looking for clarification regarding the ruling. On November 9, 2016, the Grupo México complaint was declared unfounded. We filed a complaint seeking fees and expenses. On May 8, 2019, a civil court in Mexico City granted Grupo México's request for an *amparo* on a challenge to the constitutionality of Article 48, Section III of the Mexican Securities Law. We then filed a direct *amparo* appeal. The *amparo* review is pending. See "Item 8, Financial Information – Legal Proceedings – Litigation related to Grupo México, S.A.B. de C.V. seeking to void certain of our bylaws."

In its most recent filing on Schedule 13D with the SEC on December 24, 2019, Grupo México disclosed that it beneficially owned 10.6% of our total outstanding shares. It is not possible to predict the extent to which these disputes with Grupo México will distract our management, the effects that future developments in this dispute might have on the price of our stock, its liquidity or our market value or the effects that these conflicts could have on our business or results of operations.

Risks Related to Mexico

Adverse economic conditions in Mexico may adversely affect our financial condition or results of operations.

All of our operations conducted in Mexico are dependent upon the performance of the Mexican economy. As a result, our business, financial condition or results of operations may be affected by the general condition of the Mexican economy, over which we have no control. In the past, Mexico has experienced economic crises, caused by internal and external factors, characterized by exchange rate instability (including large devaluations), high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. We can provide no assurance that such conditions will not return or that such conditions will not have a material adverse effect on our business, financial condition or results of operations. See "Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations."

According to the Mexican National Institute for Statistics and Geography (*Instituto Nacional de Estadística y Geografía*), or "INEGI," GDP increased 2.1% in 2017, 2.0% and 2018, and decreased 0.1% in 2019, in each case compared with the previous year. The annualized interest rates for 28-day Mexican Treasury Bills (*CETES*) averaged approximately 6.7%, 7.6% and 7.8% in 2017, 2018 and 2019, respectively. As of May 22, 2020, the 28-day Interbank Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio*), or "TIIE-28," was 5.7644%. To the extent that we incur peso-denominated debt in the future, it could be at high interest rates.

If inflation or interest rates increase significantly or if the Mexican economy is otherwise adversely impacted, our business, financial condition or results of operations could be materially and adversely affected.

Additionally, economic conditions in Mexico may also be affected by political developments in the United States, such as the change in administrations in January 2017, and economic developments in the United States, such as interest rates, exchange rates and GDP growth, among others. We cannot assure you that any developments in the U.S. or elsewhere will not materially and adversely affect us in the future.

Depreciation or fluctuation of the peso relative to the U.S. dollar could adversely affect our results of operations and financial condition.

Any future significant appreciation or depreciation of the peso could impact our aggregate passenger traffic volume, which could have a material adverse effect on our results of operations. Following the devaluation of the peso and the economic crisis beginning in 1994, the aggregate passenger traffic volume in our airports in 1995 (then operated by our predecessor) decreased as compared to prior years, reflecting a decrease in Mexican passenger traffic volume that more than offset an increase in international passenger traffic volume. Another substantial decrease in value could occur, and it could (notwithstanding other factors) lead to a decrease in domestic passenger traffic that may not be offset by any increase in international passenger traffic. In 2017, the peso appreciated 4.5% against the U.S. dollar. In 2018, the peso appreciated 0.3% against the U.S. dollar. In 2019, the peso appreciated 4.0% against the U.S. dollar. Any future significant depreciation of the peso could impact our aggregate passenger traffic volume by increasing the cost of travel for domestic passengers, while any future significant appreciation of the peso could impact our aggregate passenger volume by increasing the cost of travel for international passengers. See *“Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”*

International passengers and international flights pay tariffs denominated in U.S. dollars. However, in Mexico, these tariffs are generally invoiced and collected in Mexican pesos. Because such tariffs are invoiced taking into account the average of the exchange rate for the 30 days prior to the date of a flight, a significant depreciation of the peso during the final two months of any year could result in our exceeding our maximum rates, which would be a violation of our concession. If a significant depreciation of the peso occurred, we could be required to issue rebates to our customers to avoid exceeding our maximum rates. On the other hand, a significant appreciation of the peso could result in us invoicing substantially less than our maximum rate per workload unit. We do not have any means of recovering lost revenue if we charge less than the maximum rate as a result of a significant appreciation in the peso. We attempt to set our U.S. dollar-denominated tariffs so as to avoid exceeding our maximum rates while attempting to charge as close to the maximum rate as possible.

Due to the acquisition of 100% of the shares of DCA in 2015, we incurred indebtedness in U.S. dollars. A devaluation of the peso would increase the debt service cost of such U.S. dollar-denominated indebtedness and result in foreign exchange losses. In 2019, approximately 99.0% of MBJA’s operating revenues, 58.0% of its operating expenses and 98.0% of its capital expenditures were denominated in U.S. dollars, with the remaining 42.0% of operating expenses and 2.0% of its capital expenditures denominated in Jamaican dollars, which are pegged to the U.S. dollar. All of MBJA’s indebtedness was also denominated in U.S. dollars in 2019. Accordingly, fluctuations in the exchange rate between the Mexican peso and the U.S. dollar may also affect our performance through the consolidation of MBJA and NMIA’s financial and operating results.

In addition, fluctuations in the exchange rate between the peso and the U.S. dollar, particularly depreciations, may adversely affect the U.S. dollar equivalent of the peso price of the Series B shares on the Mexican Stock Exchange. As a result, such peso depreciations will likely affect the market price of the ADSs. Exchange rate fluctuations would also affect the ADS depositary’s ability to convert into U.S. dollars, and make timely payment of, any peso cash dividends and other distributions paid in respect of the Series B shares.

We can provide no assurance that depreciation or fluctuation of the peso relative to the U.S. dollar will not require us to issue rebates to avoid exceeding our maximum rates or cause us to invoice substantially less than our maximum rate per workload unit, negatively impact our financial results or our performance through the consolidation of MBJA and NMIA’s financial and operating results, or adversely affect the market price of our ADSs. In addition, although most of our operating costs are denominated in pesos, we cannot predict whether our cost of services will increase as a result of the depreciation of the peso or as a result of other factors.

The value and prices of securities issued by Mexican companies may be adversely affected by developments in other countries.

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors’ reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. For instance, the credit freeze and global recession that began in 2007 and continued into 2009 had a significant impact in Mexico. Mexico’s stock market fell 48% during that period. Similarly, the European debt crisis that began in Greece and then spread to other countries such as Italy and Spain as well as European financial institutions, affected financial markets around the world and in Mexico.

We cannot provide assurance that events in other emerging market countries, in the United States or elsewhere, will not materially and adversely affect our business, financial condition or results of operations.

Political conditions in Mexico could materially and adversely affect Mexican economic policy or business conditions and, in turn, our operations.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Mexican governmental actions concerning the economy could have a significant impact on Mexican private sector entities in general, as well as on market conditions and prices and returns on Mexican securities, including our securities.

Andrés Manuel López Obrador, a member of the National Regeneration Movement (“MORENA”), began a six-year term as president of Mexico on December 1, 2018. The newly elected members of the Mexican Congress took office on September 1, 2018, with MORENA holding an absolute majority in the Chamber of Deputies and no political party holding a majority in the Senate. The transition in leadership and party control could result in economic or political conditions in Mexico that could materially impact our operations. As with any governmental change, this change to the country’s administration may lead to significant changes in laws, public policies or regulations, may affect the political and economic environment in Mexico, and consequently, they may contribute to economic uncertainty and to heightened volatility of the Mexican capital markets and in securities issued by Mexican companies.

We can provide no assurance that changes in the policies of Mexico’s federal government will not have an adverse effect on our business, financial conditions and results of operations. Consequently, we can provide no assurance that Mexican political or social developments, over which we have no control, will not adversely affect our financial conditions, results of operations, our ability to make dividend payments to our shareholders or the market price of our securities.

Our business could be adversely affected by other claims by certain Mexican municipalities.

Certain of our Mexican airports are subject to claims by the municipalities in which they operate regarding our failure to obtain certain municipal licenses. Although we do not believe that we are subject to the license requirements at issue, if the municipalities require additional licenses or make changes to the current laws and we are unable to obtain the necessary licenses or if we do not prevail in proceedings challenging these requirements, our failure to obtain these licenses could have a material adverse effect on the operations of certain of our airports and consequently on our financial condition and results of operations.

High incidences of crime in Mexico and violence related to drug trafficking could adversely affect our business.

Travel alerts issued by the U.S. Bureau of Consular Affairs, the most recent as of December 17, 2019, informed of the risks of traveling in Mexico due to (i) threats to safety and security posed by transnational criminal organizations in the country and (ii) increased violence in many towns and cities across Mexico. These travel alerts emphasize the extent of criminal activity in different Mexican states, including recommending against travel in states such as Michoacan, Colima and Sinaloa in which our Morelia, Manzanillo and Los Mochis airports are located.

In addition, perceptions about crime in Mexico and violence related to drug trafficking may also have an adverse effect on our business as they may decrease the international passenger traffic directed to Mexico or the domestic passenger travel using our airports in affected states.

Higher incidences of crime throughout Mexico and drug trafficking-related violence could have an adverse effect on our business as it may decrease the international passenger traffic directed to Mexico or the domestic passenger travel using our airports in affected states.

Increased environmental regulation and enforcement in Mexico may affect us.

The level of environmental regulation in Mexico is increasing and the enforcement of environmental laws has become more common. For instance, a new carbon dioxide (“CO2”) market commenced operating in Mexico during 2018. The market will require that industries that generate above a certain amount of CO2 emissions pay for rights to excess emissions. As of 2019, companies subject to the legislation are required to report their global emissions for verification by the Mexican Emissions Registry (*Registro Nacional de Emisiones*). We are subject to this legislation, and began reporting our emissions in 2018. In 2019, we began submitting our emissions reports for verification by the Mexican Emissions Registry. In addition, new water quality standards are being discussed, which would require greater water quality for all of our wastewater disposal. There can be no assurance that environmental regulations or their enforcement will not change in a manner that could have a material adverse effect on our business, results of operations, prospects or financial condition. For more information on environmental regulation, see “Item 4, *Information on the Company - Regulatory Framework - Mexican Environmental Regulation.*”

Minority shareholders may be less able to enforce their rights against us, our directors, or our strategic shareholders in Mexico.

Under Mexican law, the protections afforded to minority shareholders are different from those afforded to minority shareholders in the United States. For example, because provisions concerning fiduciary duties of directors have only recently been incorporated into the new Securities Market Law, it may be difficult for minority shareholders to bring an action against directors for breach of this duty and achieve the same results as in most jurisdictions in the United States. In addition, the procedures for class action lawsuits were incorporated into Mexican law and became effective in March 2012; however, certain rules and procedures could be different than the ones in the United States. Therefore, in some cases it may be more difficult for minority shareholders to enforce their rights against us, our directors, or our strategic shareholders than it would be for minority shareholders of a U.S. company.

We are subject to different corporate disclosure and accounting standards than U.S. companies.

A principal objective of the securities laws of the United States, Mexico and other countries is to promote full and fair disclosure of all material corporate information, including accounting information. However, there may be different or less publicly available information about issuers of securities in Mexico than is regularly made available by public companies in countries with highly developed capital markets, including the United States.

In addition, accounting standards and disclosure requirements in Mexico differ from those of the United States. Our financial statements are prepared in accordance with IFRS, which differs from U.S. GAAP in a number of respects. Items on the financial statements of a company prepared in accordance with IFRS may not reflect its financial position or results of operations in the way they would be reflected, if such financial statements had been prepared in accordance with U.S. GAAP.

Risks Related to Jamaica

Adverse economic conditions in Jamaica may adversely affect our financial condition or results of operations.

Despite 99% of the passenger traffic through our Jamaican airports consisting of international passengers, the general condition and performance of the Jamaican economy, over which we have no control, may affect our business, financial condition or results of operations. Jamaica is a small, emerging market country, which has struggled with low growth and high public debt. Due to its size, indebtedness, reliance on exports to a small number of principal markets, such as the United States and Canada, and the concentration of its economic activity in its two principal industries of bauxite mining and tourism, the Jamaican economy is highly susceptible to external shocks. Jamaica is also affected by social and security problems, including, among others, trafficking in drugs and high rates of violent crime, underemployment and youth unemployment.

If growth remains lower than what is needed for reducing the poverty, and the country continues to be confronted by serious social issues that predominantly affect youth, such as a high levels of crime and violence and high unemployment. The Statistical Institute of Jamaica estimated the unemployment rate in Jamaica at 7.8% in July 2019, down from 8.4% in July 2018.

If Jamaican inflation or interest rates increase significantly or if the Jamaican economy is otherwise adversely impacted, our business, financial condition or results of operations could be adversely affected. See “Item 5, Recent Developments – Developments relating to the outbreak of COVID-19 may have a material adverse impact on our financial conditions or results of operations.”

Political conditions in Jamaica could materially and adversely affect Jamaican economic policy or business conditions and, in turn, our operations in Jamaica.

National elections to determine which party forms the Jamaican government for the next five years were held in February 2016, which resulted in the Jamaica Labour Party (“JLP”) holding a majority of the seats in both houses of Parliament. The previous ruling party, the People’s National Party (“PNP”) advocated for the continued implementation of public policies and private partnerships to encourage infrastructure development in the tourism sector. Thus far, the change in ruling political parties in Jamaica has not led to significant modifications of the economic and regulatory policies pursued by the previous administration. Any adverse changes in legislation in the future could have a negative impact on our business, financial condition, performance of operations and cash flows.

Our business in Jamaica is subject to substantial governmental regulation.

Our Jamaican airport concessions are regulated principally by the AAJ, an agency of the Jamaican government, under the Airports Authority Act of 1974. In April 2003, the AAJ divested operational responsibility for the Montego Bay airport to MBJA under a concession agreement pursuant to which MBJA is responsible for the management of the day-to-day operations of the Montego Bay airport in keeping with specific performance criteria and prescribed international standards. In addition, on October 10, 2018, the AAJ signed a concession agreement with PACKAL, for the management of the day-to-day operations of the Kingston airport. The AAJ retains ownership of the non-movable assets of these airports. Our Jamaican airports pay a concession fee to the Jamaican government and at the end of the concession agreements will transfer the infrastructure of our Jamaican airports, and any moveable assets acquired during the period of the concessions, to the AAJ. Regular performance reviews and other contract administration oversight functions are conducted by the AAJ, as specified under the concession agreements. There can be no assurance that governmental regulations or their enforcement will not change in a manner that could have a material adverse effect on our business, results of operations, prospects or financial condition. However, there are certain provisions within the concession agreements that offer some protection to MBJA and PACKAL in the event of adverse changes in Jamaican law. In certain instances, if there is an adverse change in Jamaican law resulting in an unavoidable net increase in costs or net reduction in revenues to MBJA and PACKAL, MBJA and PACKAL will be entitled (subject to remaining provisions of the MBJA and PACKAL Concession Agreements) to monetary compensation from AAJ. See “Item 4, Information on the Company – Regulatory Framework.”

High incidences of crime in Jamaica and violence related to drug trafficking could adversely affect our business.

Travel alerts issued by the U.S. Bureau of Consular Affairs, the most recent as of April 15, 2019, informed of the risks of traveling in Jamaica due to threats to safety and security posed by increased crime, including violent crime, in many areas across Jamaica. The travel alerts emphasize the increase of criminal activity in different areas across Jamaica, including in certain areas in Montego Bay and Kingston, near where our Jamaican airports are located.

In addition, perceptions about crime in Jamaica and violence related to drug trafficking may also have an adverse effect on our business as they may decrease the international passenger traffic directed to Jamaica.