

**Fideicomiso Fibra UNO and  
Subsidiaries**

Consolidated Financial Statements  
for the Years Ended December 31,  
2018, 2017 and 2016, and  
Independent Auditors' Report  
Dated April 10, 2019



## **Fideicomiso Fibra UNO and Subsidiaries**

# **Independent Auditors' Report and Consolidated Financial Statements for 2018, 2017 and 2016**

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## Independent Auditors' Report to the Technical Committee and Trustors of Fideicomiso Fibra UNO and Subsidiaries

### **Opinion**

We have audited the accompanying consolidated financial statements of Fideicomiso Fibra UNO and Subsidiaries (Fibra UNO), which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, the consolidated statements of operations, the consolidated statements of changes in trustors' / trustees' capital and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fideicomiso Fibra UNO and Subsidiaries as of December 31, 2018, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows, for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Fibra UNO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professionals Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants, A.C. (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

The Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of 2018 and which were selected from the matters reported to Fibra UNO's Management and Audit Committee, but do not represent all matters discussed with them. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters. We have determined that the matters described below are the Key Audit Matters to be communicated in our report.



i) *Lease Revenue Recognition, see Notes 4q and 18*

Fibra UNO has a significant number of tenants with varying and particular contractual terms, such as: lease inception date, lease term, currency of payment, variable rentals, advanced rental payments, grace periods, etc. There may be a risk that the recognition of lease revenue does not conform to the commercial terms of the contracts and that revenue is not recognized in the appropriate manner, considering transfer of control to tenants.

Fibra UNO maintains databases of its lease contracts (Rent Roll) which are supported by the related contracts in which the significant varying contractual terms are documented. This database is the basis for revenue recognition, and therefore for monthly billing. Subsequently, Management performs an analysis of the items invoiced to determine the proper recording of accrued revenues in the consolidated statement of operations.

*How our audit addressed the Key Audit Matter:*

Our audit procedures included, among others: 1) the review of commercial terms in lease contracts to determine the time at which control has been transferred to tenants depending on such conditions (i.e. contract signature, property ownership, etc.); 2) we verified, on a selective basis, that these contracts were properly included in the Rent Roll of the year; 3) we reviewed the completeness of the information included in the Rent Roll with the assistance of information technology specialists to confirm that the database was not improperly manipulated; 4) from the selection of lease contracts, we identified performance obligations and verified that invoicing was properly computed and the revenue was recognized only when the control had been transferred and once performance obligations had been satisfied with; 5) we inquired and corroborated with management the types of commercial terms that have been signed with tenants in order to determine the time at which control has been transferred.

Based on our procedures, no material issues were identified that could result in adjustments to lease revenue in the accompanying consolidated financial statements.

ii) *Valuation of Investment Properties, see Notes 4i and 8*

In order to determine the fair value of investment properties, Management, with the assistance of independent appraisers, select the valuation techniques considered most appropriate given the particular circumstances of each investment property. Assumptions relating to estimates of the fair value of investment properties include obtaining, among others, lease contracts, expectation of future lease payments, renewal rates, maintenance requirements, discount rates that reflect uncertainties of the current market, capitalization rates and recent transaction prices.

The independent appraisers selected by Fibra UNO, for all its investment properties portfolio, are CB Richard Ellis Mexico, Newmark Knight Frank and Colliers International Valuation & Advisory Services. These are well-known firms with considerable experience in the Mexican real estate market. Given the number of variables to determine the fair value of investment properties, there may be a risk that the assumptions and judgments established by the independent appraisers and accepted by Fibra UNO's Management, could be inappropriate.

*How our audit addressed the Key Audit Matter:*

Our procedures performed were:

- a) We assessed the capabilities and competences of the appraisal firms, while assessing their independence; discussed the scope of their work; verified that the selected valuation methodologies were in accordance with IFRS; obtained valuation certificates (fair value) of all investment properties; and we held meetings with them to validate the key assumptions of their appraisals. Based on our work performed, we are satisfied that the firms remain independent and competent and with the scope of their work.





- b) We met with the independent appraisers and obtained the appraisal reports for all properties. We observed the appraisal reports for a sample of properties, and confirmed that the valuation approach for each of them was in accordance with IAS 40 "Investment Property" and IFRS 13 "Fair Value Measurement". We involved our internal valuation specialists to compare the valuations of each property to our independently formed market value expectations and to discuss and challenge the valuation methodology and assumptions considered by the independent appraisers. We used evidence of comparable market transactions and focused, in particular, on properties where the growth in capital values was higher or lower compared to market indexes.
- c) From a random sample of investment properties, we tested the information contained in the appraisal of the investment properties, including lease revenues, acquisitions and capital expenditures, by agreeing them to the underlying property records held by Fibra UNO. The underlying property records were themselves tested back to signed and approved lease contracts, and that revenues were properly recorded and supported by their respective invoices. For properties currently under development, we traced the costs incurred to date included within development appraisals to quantity surveyor reports and confirmed that they were comparable to costs incurred on similar completed projects. We also agreed a sample of costs included in the quantity surveyor reports to supporting documentation.

We concluded that the methodology and professional judgment of Fibra UNO's Management for the valuation of investment properties, using the aforementioned assumptions, are reasonable. Based on our procedures, no material issues were identified that could result in adjustments to the accompanying consolidated financial statements.

- iii) *Tax Compliance to Maintain FIBRA Status in Accordance with the Mexican Income Tax Law, see Notes 1 and 17*

In order to maintain FIBRA status, the Mexican tax authority (Servicio de Administración Tributaria "SAT") has established in Articles 187 and 188 of the current Mexican Income Tax Law for 2018, that trusts must annually distribute at least 95% of their taxable income to the holders of their Real Estate Trust Certificates (CBFIs), that at least 70% of Fibra UNO's trustors' / trustees' capital is invested in real estate, in rights or credits to receive income from the lease of said assets and the remainder is invested in short-term securities, in addition to other requirements. There may be a risk that in the event of non-compliance, Fibra UNO will not be considered as a FIBRA.

*How our audit addressed the Key Audit Matter:*

The compliance test with these articles was significant to our audit because it is the main basis of Fibra UNO's conclusions regarding its ability to continue as a Going Concern. Consequently, our auditing procedures included, among others, the review of Fibra UNO's annual taxable income and the distribution of at least 95% of its net taxable income, and the review of our internal tax specialists to assess compliance with the main requirements established by current legislation as of December 31, 2018.

We did not identify Fibra UNO's compliance exceptions to the Mexican Income Tax Law, which could have a material effect on the accompanying consolidated financial statements.

## **Other Matter**

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

## **Information other than the Consolidated Financial Statements and the Independent Auditors' Report**

Management is responsible for the other information. The other information comprises the information included in the annual report which Fibra UNO is obligated to prepare in accordance with the Article 33, Section I, Subsection b) of the fourth title, First Chapter of the General Rules Applicable to Securities Issuers and Other Participants of the Mexican Stock Market and the accompanying Manual of those legal provisions (the Legal provisions). The annual report is expected to be made available to us after the date of this auditors' report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the annual report when it becomes available and, when doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Annual Report, we will issue the statement about its reading, required in Article 33, Section I, Subsection b), and number 1.2. of the Legal provisions.

### ***Responsibilities of Management and Fibra UNO's Audit Committee for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing Fibra UNO's ability to continue as a Going Concern, disclosing, as applicable, matters, related to going concern and using the Going Concern basis of accounting unless Management either intends to liquidate Fibra UNO or to cease operations, or has no realistic alternative but to do so.

Members of Fibra UNO's Audit Committee are responsible for the financial information process and are in charge of supervision of the procedures and controls needed to ensure that Fibra UNO's financial information is reliable, useful and accurate.

### ***Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fibra UNO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.





- Conclude on the appropriateness of Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fibra UNO's ability to continue as a Going Concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Fibra UNO to cease to continue as a Going Concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient and appropriate audit evidence regarding the financial information of the entities and business activities within Fibra UNO to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and execution of the audit. We remain solely responsible for our audit opinion.

We communicate to Fibra UNO's Management and its Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide to Fibra UNO's Management and its Audit Committee with a statement that we have complied with the applicable ethics requirements in relation to independence and have communicated to them all relationships and other matters that, may reasonably be expected affect our independence, and where appropriate, the corresponding safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements as of 2018 and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urdiniza, S. C.

Member of Deloitte Touche Tohmatsu Limited  
C. B. C. Carlos M. Pantoja Flores

April 10, 2019



## Fideicomiso Fibra UNO and Subsidiaries

# Consolidated Statements of Financial Position

As of December 31, 2018, 2017 and 2016

(In thousands of Mexican pesos)

<b>Assets</b>	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Current assets:				
Cash and cash equivalents	6	\$ 4,408,926	\$ 5,634,448	\$ 7,510,221
Lease receivables and other accounts receivables	7	1,727,237	2,048,810	1,510,294
Due from related parties	14	53,367	60,512	80,293
Recoverable taxes, mainly value-added tax		2,915,441	3,318,298	2,141,696
Prepaid expenses		1,366,757	1,016,109	430,717
Total current assets		10,471,728	12,078,177	11,673,221
Non-current assets:				
Investment properties	8	223,515,535	203,064,242	172,739,278
Investments in associates	9	5,420,134	4,364,675	5,178,900
Other accounts receivable	7	1,262,464	1,262,464	-
Prepaid expenses		347,951	395,312	-
Derivative financial instruments	11	267,245	443,698	515,055
Other assets	10	1,509,958	1,708,942	1,920,523
Total non-current assets		232,323,287	211,239,333	180,353,756
Total assets		\$ 242,795,015	\$ 223,317,510	\$ 192,026,977

## Liabilities and Trustors' / Trustees' Capital

Short-term liabilities:				
Borrowings	12	\$ 2,390,561	\$ 2,474,703	\$ 633,911
Trade accounts payable and accrued expenses	13	2,348,590	1,878,598	1,285,024
Accounts payable for acquisition of investment properties		435,236	1,834,223	1,947,373
Rents charged in advance		332,147	204,883	165,362
Due to related parties	14	205,174	210,101	93,266
Total short-term liabilities		5,711,708	6,602,508	4,124,936
Long-term liabilities:				
Borrowings	12	77,175,549	65,587,443	64,172,642
Other accounts payable – Long-term		-	53,277	125,530
Due to related parties	14	292,727	-	-
Deposits from tenants		957,077	921,417	825,067
Income collected in advance and lease rights		552,639	276,331	135,467
Total long-term liabilities		78,977,992	66,838,468	65,258,706
Total liabilities		84,689,700	73,440,976	69,383,642





	<u>Notes</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Trustors' / Trustees' capital				
Trustors' / Trustees' contributions	16	\$ 112,947,866	\$ 113,541,663	\$ 95,383,575
Retained earnings		38,147,660	27,642,558	20,629,570
Repurchase reserve for CBFIs		2,894,230	4,895,099	4,895,099
Valuation of derivative financial instruments in cash flow hedges	11	<u>1,408</u>	<u>(19,865)</u>	<u>(103,006)</u>
Controlling interest		<u>153,991,164</u>	<u>146,059,455</u>	<u>120,805,238</u>
Non-controlling interest		<u>4,114,151</u>	<u>3,817,079</u>	<u>1,838,097</u>
Total Trustors' / Trustees' Capital		<u>158,105,315</u>	<u>149,876,534</u>	<u>122,643,335</u>
Total liabilities and Trustors' / Trustees' Capital		<u>\$ 242,795,015</u>	<u>\$ 223,317,510</u>	<u>\$ 192,026,977</u>

(Concluded)

See accompanying notes which are comprehensive part of the consolidated financial statements.



## Fideicomiso Fibra UNO and Subsidiaries

# Consolidated Statements of Operations

For the years ended December 31, 2018, 2017 and 2016

(In thousands of Mexican pesos, except net income per CBFI, which is shown in Mexican pesos)

	Notes	2018	2017	2016
Revenue from:				
Leases	18	\$ 15,247,188	\$ 12,670,028	\$ 11,756,607
Maintenance		1,589,735	1,400,070	1,230,420
Dividend revenues from beneficiary rights		267,584	254,946	157,821
Administration fee	14	100,622	296,076	108,000
		<u>17,205,129</u>	<u>14,621,120</u>	<u>13,252,848</u>
Expenses from:				
Management fees		(836,498)	(753,494)	(678,686)
Operating expenses		(1,130,200)	(930,014)	(824,967)
Maintenance expenses		(1,749,849)	(1,460,556)	(1,293,772)
Amortization of administrative platform	10	(171,784)	(194,984)	(194,984)
Executive bonus	15	(563,488)	(94,968)	(169,997)
Property tax		(466,688)	(336,869)	(323,074)
Insurance		(211,950)	(152,364)	(143,918)
		<u>(5,130,457)</u>	<u>(3,923,249)</u>	<u>(3,629,398)</u>
Gain on sale of investment properties		223,291	83,800	-
Interest expense		(4,785,318)	(4,926,629)	(3,826,836)
Interest income		600,755	637,929	263,833
Foreign exchange (loss) gain, Net		(76,141)	691,541	(4,752,607)
Other expenses		-	(6,304)	-
Amortization of bank fees and other assets		(267,580)	(187,024)	(133,579)
Effect of valuation of derivative financial instruments	11	(948,972)	661,611	(46,624)
(Loss) gain on participation of investments in associates		(441,895)	(355,954)	2,152,191
Fair value adjustments to investment properties and investments in associates	9	<u>10,891,940</u>	<u>4,861,339</u>	<u>9,114,084</u>
Consolidated net income for the year		<u>\$ 17,270,752</u>	<u>\$ 12,158,180</u>	<u>\$ 12,393,912</u>
Controlling interest		\$ 17,180,277	\$ 12,117,941	\$ 11,824,632
Non-controlling interest		<u>90,475</u>	<u>40,239</u>	<u>569,280</u>
Consolidated net income		<u>\$ 17,270,752</u>	<u>\$ 12,158,180</u>	<u>\$ 12,393,912</u>
Basic net income per real estate trust certificates (CBFI) (pesos)		<u>\$ 4.4066</u>	<u>\$ 3.5482</u>	<u>\$ 4.8166</u>
Diluted net income per CBFI (pesos)		<u>\$ 3.2238</u>	<u>\$ 2.8449</u>	<u>\$ 3.3823</u>

See accompanying notes which are comprehensive part of the consolidated financial statements.



Fideicomiso Fibra UNO and Subsidiaries

## Consolidated Statements of Changes in Trustors' / Trustees' Capital

For the years ended December 31, 2018, 2017 y 2016  
(In thousands of Mexican pesos)

	Notes	Number of CBFIs	Trustors' capital	Retained earnings	Valuation of derivative financial instruments	Repurchase reserve for CBFIs	Controlling interest	Non-controlling interest	Total
Beginning balance as of 2016		3,197,579,138	\$ 97,742,581	\$ 15,615,797	\$ -	\$ -	\$ 113,358,378	\$ -	\$ 113,358,378
Equity contributions		51,726,612	2,095,942	-	-	-	2,095,942	1,268,817	3,364,759
Distributions to beneficiaries		-	(4,454,948)	(1,915,760)	-	-	(6,370,708)	-	(6,370,708)
Consolidated net income for the year		-	-	11,824,632	-	-	11,824,632	569,280	12,393,912
Repurchase reserve for CBFIs		-	-	(4,895,099)	-	4,895,099	-	-	-
Financial instruments for cash flow hedging		-	-	-	(103,006)	-	(103,006)	-	(103,006)
Balance as of December 31, 2016	16	3,249,305,750	95,383,575	20,629,570	(103,006)	4,895,099	120,805,238	1,838,097	122,643,335
Equity contributions		707,470,801	19,820,627	-	-	-	19,820,627	1,938,743	21,759,370
Distributions to beneficiaries		-	(1,662,539)	(5,104,953)	-	-	(6,767,492)	-	(6,767,492)
Consolidated net income for the year		-	-	12,117,941	-	-	12,117,941	40,239	12,158,180
Financial instruments for cash flow hedging		-	-	-	83,141	-	83,141	-	83,141
Balance as of December 31, 2017	16	3,956,776,551	113,541,663	27,642,558	(19,865)	4,895,099	146,059,455	3,817,079	149,876,534
Cumulative adoption effect IFRS 9		-	-	(161,709)	-	-	(161,709)	-	(161,709)
Equity contributions		10,741,648	1,298,824	-	-	-	1,298,824	206,597	1,505,421
Distributions to beneficiaries		-	(1,892,621)	(6,513,466)	-	-	(8,406,087)	-	(8,406,087)
Repurchase reserve for CBFIs		(77,403,773)	-	-	-	(2,000,869)	(2,000,869)	-	(2,000,869)
Consolidated net income for the year		-	-	17,180,277	-	-	17,180,277	90,475	17,270,752
Financial instruments for cash flow hedging		-	-	-	21,273	-	21,273	-	21,273
Balance as of December 31, 2018	16	<u>3,890,114,426</u>	<u>\$ 112,947,866</u>	<u>\$ 38,147,660</u>	<u>\$ 1,408</u>	<u>\$ 2,894,230</u>	<u>\$ 153,991,164</u>	<u>\$ 4,114,151</u>	<u>\$ 158,105,315</u>

See accompanying notes which are comprehensive part of the consolidated financial statements.





## Fideicomiso Fibra UNO and Subsidiaries

### Consolidated Statements of Cash Flows

For the years ended December 31, 2018, 2017 and 2016

(In thousands of Mexican pesos)

	2018	2017	2016
Operating activities:			
Net consolidated income for the year	\$ 17,270,752	\$ 12,158,180	\$ 12,393,912
Adjustments for non-cash items:			
Fair value adjustments to fair value of investment properties and investments in associates	(10,891,940)	(4,861,339)	(9,114,084)
Gain (loss) on participation of investments in associates	441,895	355,954	(2,152,191)
Unrealized exchange (gain) loss	(280,650)	(431,194)	4,188,988
Gain on sale of investment properties	(223,291)	(83,800)	-
Amortization of administrative platform and Bank fees	466,564	382,008	328,563
Long-Term Incentive	563,488	94,968	169,997
Interest income	(600,755)	(637,929)	(263,833)
Interest expense	4,785,318	4,926,629	3,826,836
Effect of valuation of derivative financial instruments	948,972	(661,611)	46,624
Total	12,480,353	11,241,866	9,424,812
Changes in working capital:			
(Increase) decrease in:			
Lease receivable	140,903	(458,466)	(277,581)
Other accounts receivables	180,670	(80,045)	(434,844)
Due to related parties	7,145	19,781	(80,293)
Recoverable taxes, mainly value-added tax	402,857	(1,176,602)	2,020,066
Prepaid expenses and other assets	(303,287)	(980,704)	28,943
Increase (decrease) in:			
Trade accounts payable and accrued expenses	469,992	593,574	1,358,051
Deferred revenues	403,572	180,385	(61,149)
Other accounts payable – Long-term	239,450	(72,253)	86,717
Deposit from tenants	35,660	96,350	122,764
Due from related parties	(4,927)	116,835	(11,222)
Net cash flows generated by operating activities	14,052,388	9,480,721	12,176,264
Investing activities:			
Investment in development projects and acquisition expenses	(8,267,643)	(6,025,406)	(5,878,590)
Sale of investment properties	1,391,101	60,000	-
Acquisition of investment properties	(2,459,520)	(10,052,515)	(2,529,171)
Financial investments	(1,121,482)	-	-
Reimbursement (investment) in associates	-	458,272	87,180
Interest collected	587,724	494,839	171,698
Net cash flows used in investing activities	(9,869,820)	(15,064,810)	(8,148,883)





	2018	2017	2016
Financing activities:			
Borrowing payments	\$ (12,766,726)	\$ (9,020,553)	\$ (13,403,201)
Proceeds from borrowings	23,209,299	10,810,000	17,561,558
Equity contributions in cash	675,062	13,622,797	1,100,000
Distributions to Beneficiaries	(8,406,087)	(6,767,492)	(6,370,708)
Repurchase reserve for CBFIs	(2,000,869)	-	-
Interest paid	<u>(6,118,769)</u>	<u>(4,936,436)</u>	<u>(3,701,323)</u>
Net cash flows (used in) provided by financing activities	<u>(5,408,090)</u>	<u>3,708,316</u>	<u>(4,813,674)</u>
Cash and restricted cash:			
Net (decrease) increase in cash and cash equivalents	(1,225,522)	(1,875,773)	(786,293)
Cash and cash equivalents at the beginning of the period	<u>5,634,448</u>	<u>7,510,221</u>	<u>8,296,514</u>
Cash and cash equivalents at the end of the period	<u>\$ 4,408,926</u>	<u>\$ 5,634,448</u>	<u>\$ 7,510,221</u>

(Concluded)

See accompanying notes which are comprehensive part of the consolidated financial statements.



## Fideicomiso Fibra UNO and Subsidiaries

# Notes to Consolidated Financial Statements

For the year ended December 31, 2018, 2017 and 2016  
(In thousands of Mexican pesos)

### 1. General information, acquisitions and relevant events

#### a. General information and activities

Fideicomiso (Trust) Fibra UNO ("Fibra UNO") was established as a real estate trust on January 12, 2011 by Fibra Uno Administración, S. A. de C. V. (the "Trustor") and Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria (the "Trustee"). On June 29, 2018, Fibra UNO entered into a fiduciary substitution agreement with effect from July 1, 2018, appointing Banco Actinver SA, Multiple Banking Institution, Actinver Financial Group (Actinver) as the new trustee of Fideicomiso Fibra UNO, replacing Deutsche Bank México, S. A., Institución de Banca Múltiple, División Fiduciaria (Deutsche Bank). From that moment, the entity changed its name to Fideicomiso Fibra UNO ("Fibra UNO"). Fibra UNO started operations on March 2011 and was established mainly to acquire and own a variety of real estate properties for the purpose of leasing and developing commercial, industrial and mixed-use properties as well as office buildings and land in the Mexican market.

Fibra UNO, as a real estate investment trust ("FIBRA" for its initials in Spanish), qualifies to be treated as a pass-through entity for Mexican federal income tax purposes. Therefore, all revenue from conducting Fibra UNO's operations is attributed to the holders of its Real Estate Trust Certificates ("CBFIs" for its acronym in Spanish) and Fibra UNO itself is not considered a taxable entity in Mexico according to Mexican Tax Laws and Regulations. In order to maintain FIBRA status, the articles 187 and 188 of the Mexican Income Tax Law have established that FIBRAs must distribute annually at least 95% of its taxable income to the holders of their CBFIs.

Fibra UNO has entered into the following relevant agreements:

- i. An advisory services agreement with Fibra Uno Administración, S. A. de C. V. ("Fibra Uno Administración" or the "Advisor", related party) for the Advisor to assist Fibra UNO in establishing and implementing its investment and financial strategies.
- ii. A property management agreement with FI Management, S. C. ("F1 Management"), Operadora CVC, A. C. ("Operadora CVC") and F1 Controladora de Activos, S. C. ("F1 Controladora de Activos") (subsidiary entities).
- iii. A services agreement with F2 Services, S. C. ("F2 Services", related party) to perform certain leasing, billing and collection services on behalf of Fibra UNO, subject to its oversight and supervision.
- iv. An agreement for advisory and property management services, related to certain properties, signed with Jumbo Administración, S. A. P. I. de C. V. ("Jumbo Administración", related party) under similar conditions as the aforementioned agreements.
- v. A property management agreement signed with Finsa Holding, S. A. de C. V. to manage the daily operations of the portfolio "Vermont".
- vi. A property management agreement signed with Hines Interest, S. A. de C. V. to manage the daily operations of the portfolio "Maine".



- vii. A property management agreement signed with Consultora Centro Histórico, S. A. de C. V. to manage the daily operations of the portfolio “Hotel Centro Histórico”.
- viii. A property management agreement signed with Operadora Galgua, S. A. de C. V. to manage the daily operations of the portfolio “Galerías Guadalajara”.
- ix. A services agreement with F1 Administración, S. C. (“F1 Administración”) (subsidiary entity) and Banco Invex, S. A. Institución de Banca Múltiple, Invex Grupo Financiero in its capacity as Trust F/2353 (“Trust F/2353”), to conduct the daily management of the operations of Trust F/2353; and
- x. A construction services and management agreement with MTK Developers, S. C. (indirect subsidiary) for the construction of “Mitikah” project.

The address of Fibra UNO is Bosque de Duraznos No. 127, 11<sup>th</sup> floor, Office 1-A, Colonia Bosques de las Lomas, Mexico City.

**b. Acquisitions**

Portfolio	Acquisition date	Acquisition type
Torre Mayor (i)	November 29, 2018	Investment in associate
Land Matamoros (ii)	November 23, 2018	Investment properties
Floor 5 Corporativo Interlomas (iii)	October 19, 2018	Investment properties
Montes Urales 620 (iv)	April 26, 2018	Investment properties
Turbo (v)	December 20, 2017	Investment properties
Apolo II (vi)	December 15, 2017	Investment properties
Frimax (vii)	November 14, 2017	Investment properties
Escatto (viii)	June 30, 2017	Investment properties
Fashion Mall Tuxtla (ix)	June 30, 2017	Investment properties
Saqqara (x)	April 30, 2017	Investment properties
Doña Rosa (xi)	March 31, 2017	Investment properties
Midtown Jalisco (xii)	July 21, 2016	Development
Tower Vallarta (xiii)	August 19, 2016	Investment properties
Torre Cuarzo (xiv)	June 27, 2016	Investment properties
Espacio Tollocan (xv)	June 1, 2016	Investment properties
Puerta de Hierro (xvi)	February 29, 2016	Investment properties
El Salto Jalisco (xvii)	February 23, 2016	Investment properties

- i. On November 29, 2018, Fibra UNO acquired 21% more of the fiduciary rights of the trusts that form the investment of Torre Mayor from Reichmann International by 55 million US dollars (“USD”), therefore as of December 31, 2018 Fibra UNO has total investment of 70% of the fiduciary rights of Torre Mayor. For accounting purposes, Fibra UNO does not consolidate its equity share in the Torre Mayor Trusts due to the fact that all decisions must be voted together with Union Investment Real Estate GmbH.
- ii. On November 23, 2018, Fibra UNO acquired the property known as “Land Matamoros” for \$4.8 million pesos which were paid out in cash.
- iii. On October 19, 2018, Fibra UNO executed the acquisition of the property known as “Floor 5 Corporativo Interlomas” for \$29 million pesos which were paid out in cash.





- iv. On April 26, 2018, Fibra UNO acquired the property "Montes Urales 620" for \$1,145.7 million pesos paid in cash, the building is located at the corner of Montes Urales and Paseo de la Reforma.
- v. During the fourth quarter of 2017, Fibra UNO executed the acquisition of 13 properties corresponding to the "Turbo" portfolio for \$7,551 million pesos plus projects for \$1,465 million pesos, which were paid out as follows. One part with 200,000,007 CBFIs equivalent to \$6,050.7 million pesos, \$1,958 million pesos in cash and the rest to be paid for \$1,007 million pesos, which is shown in the section of Accounts payable for acquisition of investment properties in the consolidated statements of financial position.
- vi. On December 15, 2017, Fibra UNO acquired the real estate portfolio known as "Apolo II", the price of the acquisition was \$7,874 million pesos of which \$5,299 million pesos were paid out in cash and \$2,575 million pesos in debt. The portfolio consists of 17 operational shopping centers plus a land for immediate development.
- vii. During the fourth quarter of 2017, Fibra UNO registered the acquisition of the land called "La Teja", part of the portfolio called "Frimax" which consists of three industrial type properties located in the State of Mexico. The purchase price was for 56.9 million USD equivalent to \$1,090 million pesos, which was paid out in cash. As of December 31, 2017, the acquisitions of the Frimax portfolio have been for \$3,278 million pesos and are comprised of the acquisition of the property for industrial use known as "Doña Rosa" for \$2,108 million pesos, of the land for development known as "Escatto" for \$80 million pesos and the acquisition of "La Teja".
- viii. During the second quarter of 2017, Fibra UNO registered the acquisition of the property called "Escatto". The purchase price was for \$80 million pesos which was paid out in cash.
- ix. During the second quarter of 2017, Fibra UNO registered the acquisition of the property called "Fashion Mall Tuxtla". The acquisition price of this land in development was for \$2,690 million pesos. As of December 31, 2017, the acquisition of this property is paid in full.
- x. During the second quarter of 2017, Fibra UNO registered the acquisition of the property called "Saqqara". The purchase price of this property was for \$702 million pesos which was paid out in cash.
- xi. During the first quarter of 2017, Fibra UNO registered the acquisition of the property called "Doña Rosa", part of the Frimax portfolio. The purchase price of this property was for \$2,108 million pesos paid with the issuance of CBFIs.
- xii. During the third quarter of 2016, Fibra UNO acquired the "Midtown Jalisco" property located in Guadalajara, Jalisco. The total acquisition price was \$440 million pesos. This property has a piece of land of 58,740.63 m2 approximately reserved for a mixed-use development that will generate 105,000 m2 of gross leasable area plus 225 hotel rooms.
- xiii. On August 19, 2016, Fibra UNO acquired the "Tower Vallarta" property, which is part of the "Turbo" portfolio, being the first type of all-inclusive hotel resort included in Fibra UNO portfolio, located in Puerto Vallarta. The total acquisition price was \$1,477.1 million pesos, which was paid with a combination of cash and CBFIs.
- xiv. On June 27, 2016, Fibra UNO acquired "Torre Cuarzo" property located in Mexico City. The property will have approximately 72,000 m2 of gross leasable area (GLA). The total acquisition price was \$2,898.1 million pesos.





- xv. On June 1, 2016, Fibra UNO entered into an asset acquisition agreement with Trust 2500, in which Tiendas de Descuento Monterrey, S. A. de C. V. ("Soriana") acts as "Trustor A", Fibra UNO as "Trustor B" and Banco Actinver, S. A. Institución de Banca Múltiple, Grupo Financiero ("Actinver") as "Trustee". The trust agreement agreed the construction of "Espacio Tolloccan" which includes a Soriana store and a shopping center, and through which Soriana provided a piece of land of 55,378 m2, whereby Fibra UNO made a payment of \$229.3 million pesos. Soriana will pay Fibra UNO to build the store for a total amount of \$110 million pesos. Once the project is completed both parts will create a condominium regime so Soriana owns its store and Fibra UNO the shopping mall.
- xvi. On February 29, 2016, Fibra UNO acquired the "Puerta de Hierro" property located in Guadalajara, Jalisco. The property has approximately 24,946 m2 of gross leasable area. The transaction consisted of a sale and lease back, in which as part of this acquisition, Fibra UNO signed a lease agreement for a triple net lease with a duration of 10 years, allowing for a renewal of an additional 10 years. The total acquisition price was \$700 million pesos paid in cash.
- xvii. On February 23, 2016, Fibra UNO acquired the "El Salto Jalisco" property, an industrial warehouse, located in Guadalajara, Jalisco. Fibra UNO paid 5,060,501 CBFIs equivalent to \$180,000. One of the terms for the acquisition of El Salto Jalisco is that once the construction and equipment of a second industrial warehouse is completed of 21,388 m2 approximately, Fibra UNO will make a payment of \$180,000 with CBFIs.

c. *Relevant events*

- i. On November 15, 2018 as part of the interest rate risk limitation plan of Fibra UNO out of FUNO 17-2 Bonus, an "Interest Rate SWAP" was contracted for \$4,000 million pesos that covers only the interest part.
- ii. During the fourth quarter of 2018, Fibra UNO completed the sale of the 2nd and 4th floors, of the property located in Reforma 155, with a sale price of \$117.7 million pesos, with a gain on the sale of investment properties for \$49.1 million pesos.
- iii. During the fourth quarter of 2018 Fibra UNO executed simple credit lines with guaranteed by a mortgage, for the Mitikah Project, where Santander Bank acts as Organizer Agent, by a total amount of \$660 million pesos, at the 28-day Mexican Interbank Equilibrium Offered Rate ("TIIE") plus 2.60% on annual basis.
- iv. On September 18, 2018, Fibra UNO paid an unsecured credit line contracted with Actinver for an amount of \$310 million pesos, the remaining debt for \$100 million pesos will continue to accrue interest at TIIE plus 1.80% with due date on June 12, 2019.
- v. On September 14, 2018, Fibra UNO carried out the issuance of real estate trust certificates in the Mexican market for \$9,200 million pesos. Of the total amount, \$3,799.6 million pesos corresponds to the reopening of the Bonds FUNO 17 with a remaining term of 9.2 years. This reopening was carried out at the fixed rate resulting from adding the 10-year M-bonds plus 190 basis points. The remaining amount for \$5,400 million pesos corresponds to a new issuance with a 4.6-year term and was placed at a variable rate of TIIE plus 83 basis points.
- vi. During the third quarter of 2018, Fibra UNO paid a total amount of \$2,500 million pesos from the unsecured credit line contracted with Santander.
- vii. During the third quarter of 2018, Fibra UNO used the unsecured credit line, which has been contracted with Santander for an amount of \$1,500 million pesos, which accrues interest at TIIE plus 1.25%.
- viii. On July 19, 2018, Fibra UNO completed the sale of the land located in the municipality of Apodaca in the state of Nuevo León, for \$196.8 million pesos, obtaining a gain on the sale of investment properties of \$87.2 million pesos, which is shown in Note 8.



- ix. On June 29, 2018, Fibra UNO entered into a trustee substitution agreement, which came into force as of July 1, 2018, appointing Banco Actinver SA, Institución de Banca Múltiple, Grupo Financiero Actinver (Actinver) as the new trustee of the Fibra UNO Trust, replacing Deutsche Bank México, SA, Institución de Banca Múltiple (Deutsche Bank). The substitution was approved by governing bodies applicable to Fibra UNO at the beginning of 2018. Fibra UNO, as a result of the sale of Deutsche Bank Mexico, sought to change the trustee to an institution that provides the solidity required for the Trust. As part of the trustee substitution, a confirmation was obtained from the Domestic Ministry of Finance and Public Credit, about that Actinver meets the requirements established in the fraction I of article 187 of the Domestic Income Tax Law and, therefore, the tax regime established in Article 188 of such Law will continue to apply to the Fibra UNO. This substitution does not affect the rights of the holders, nor does not impact the portfolio or portfolios, nor does not implement any changes in the organizational structure of Fibra UNO.
- x. On June 12, 2018, Fibra UNO paid an unsecured credit line contracted with Actinver for an amount of \$410 million pesos, which accrued interest at TIIE plus 1.80%. Likewise, on that date, Fibra UNO disposed of \$410 million pesos of the same line of credit with Actinver at TIIE plus 1.80% with due date on June 12, 2019.
- xi. During May 2018, Fibra UNO was granted an unsecured credit line, which was contracted with Santander for an amount of \$1,000 million pesos, which accrued interest at TIIE plus 1.25%, with due date on June 15, 2018, Fibra UNO paid an amount of \$1,000 million pesos. Likewise, on June 15, 2018, Fibra UNO took \$1,000 million pesos of the same credit line contracted with Santander at TIIE plus 1.25% with due date on August 14, 2018.
- xii. On April 13, 2018, Fibra UNO carried out the unexpected amortization of the issuance of real estate trust certificates with a ticker symbol FUNO 16 for \$883,750, which accrued interest at TIIE plus 0.65%.
- xiii. On April 5, 2018, Fibra UNO carried out the issuance of real estate trust certificates in the domestic market for \$2,000,000. The bond will accrue interest at TIIE plus 0.85% with due date on December 5, 2022.
- xiv. On March 8, 2018, the Autonomous University of Guadalajara ("UAG" by its Spanish acronym) exercised the property purchase option stipulated in the agreement known as the "Framework Agreement" dated July 29, 2013, entered into between the UAG and Fibra UNO, in which it is stipulated that at the end of the 49 month term of the lease agreement, the UAG has the option to purchase the property. Therefore, on March 8, 2018, Fibra UNO obtained an amount of \$638 million pesos from the sale of the property, corresponding to the agreed value of the repurchase through the property purchase option plus the value added tax derived from this transaction for an amount of \$5.5 million pesos, in addition to \$26.6 million pesos for expense reimbursement and costs of the deeds paid by Fibra UNO on the date in which the property was purchased.
- xv. On March 7, 2018, Fibra UNO drew an amount of \$500 million pesos from an unsecured credit contract with BBVA Bancomer, at TIIE plus 1.25% rate, maturing on June 5, 2018. Likewise, on June 4, 2018, Fibra UNO was granted an unsecured credit line, which was contracted with BBVA Bancomer for an amount of \$500 million pesos at TIIE plus 1.25%, with due date on November 30, 2018. On June 5, 2018, Fibra UNO paid the unsecured credit line contracted with BBVA Bancomer for an amount of \$500 million pesos, which accrued interest at TIIE plus 1.25%. Likewise, on that date, Fibra UNO took \$500 million pesos of the same credit line contracted with BBVA Bancomer at TIIE plus 1.25% with due date on November 30, 2018. On June 21, 2018, Fibra UNO was granted an unsecured credit line, which was contracted with BBVA Bancomer for an amount of \$500 million pesos at TIIE plus 1.25%, with due date on December 18, 2018. On August 10, 2018, Fibra UNO used the unsecured credit line contracted with BBVA Bancomer for an amount of \$500 million pesos at TIIE plus 1.25% with due date on December 18, 2018. On December 18, 2018, Fibra UNO took an unsecured credit line, contracted with BBVA Bancomer by \$2,000 million pesos at TIIE plus 1.25% on annual basis.





- xvi. On March 5, 2018, Fibra UNO signed a promissory purchase agreement with Denso México, S.A. de C.V., by which Fibra UNO has committed to sell a piece of land located in the municipality of Apodaca, state of Nuevo León, México. The sale price is 10.4 million USD, which has been paid as of December 31, 2018.
- xvii. On February 2, 2018, Fibra UNO paid the unsecured credit line contracted with Banco Nacional de México, S.A. ("Banamex"), for an amount of \$1,800 million pesos, which accrued interest at TIIE plus 1%. In addition, on this date Fibra UNO drew \$1,800 million pesos from the same credit line with Banamex at TIIE plus 1%, maturing on August 2, 2018. Likewise, on June 4, 2018, Fibra UNO pre-paid the unsecured credit line contracted with Banamex for an amount of \$1,800 million pesos, which accrued interest at TIIE plus 1.00% and with due date on August 2, 2018. On June 4, 2018, Fibra UNO took \$1,800 million pesos of the same credit line contracted with Banamex at TIIE plus 1.00% with due date on December 4, 2018. On September 18, 2018, Fibra UNO paid a total amount of \$1,800 million pesos from the unsecured credit line contracted with Banamex, so there is no unpaid balance to be paid to Banamex as of December 31, 2018.
- xviii. Fibra UNO transferred to Trust 2585 a portion of land from the "Mitikah" complex named "The Residential Piece of Land". Trust 2585 is responsible for constructing and selling a tower of residential units that will be built on "The Residential Piece of Land", who's estimated termination date will be June 2021. As of December 31, 2017, Fibra UNO has allocated an estimated value of \$1,262,464 to The Residential Piece of Land, presented as other long-term receivables in the accompanying consolidated statement of financial position
- xix. On December 15, 2017 Fibra UNO made the acquisition of the portfolio called "Apolo II" which has a loan with Banorte for the amount of \$2,574,925.30 accruing interest at TIIE plus 1.95% with maturity as of June 15, 2038.
- xx. On December 15, 2017, Fibra UNO amortized the Trust Certificates (Debt) with ticket symbol FUNO 13 for \$6,850 million pesos plus accrued unpaid interest as of that date
- xxi. On December 11, 2017, Fibra UNO issued unsecured debt in the local market for \$7,100 million pesos in two tranches: the first for \$1,000 million pesos at a fixed rate of 9.2%, with a due date of November 29, 2027 and ticker symbol FUNO 17; the second tranche for \$6,100 million pesos at TIIE plus 85 basis points with a maturity date on December 5, 2022 and the ticker symbol FUNO 17-2.
- xxii. On October 27, 2017, Fibra UNO made a deposit for the purchase of an office building located in Mexico City in the Lomas-Palmas corridor, in the corner of Montes Urales and Paseo de la Reforma, for 6 million USD.
- xxiii. On October 5, 2017, Fibra UNO launched a global offer for 419.75 million CBFIs at a price of \$30.50 per CBFI, including the Green Shoe, which totaled an amount of \$12,802 million pesos. The offer settled on October 9, 2017. 37% out of the CBFIs were placed through a public offering in Mexico and 63% of the CBFIs were placed through an international private offer under Rule 144A of the 1933 Securities Law of the United States of America and in other countries in accordance with S Regulation of the United States Securities Law.
- xxiv. On October 2, 2017, Fibra UNO obtained an unsecured loan for an amount of \$1,800 million pesos at TIIE plus 1.0%, due on February 2, 2018 from Banamex.
- xxv. On September 23, 2017, Fibra UNO paid the unsecured loan contracted with Santander for \$1,000 million pesos, as well as on October 23 the loan payment was made for \$500 million pesos, which accrued interest at TIIE plus 1.25% and TIIE plus 1.50%, respectively.
- xxvi. During the fourth quarter, Fibra UNO recorded a land sale in the city of Celaya in the state of Guanajuato, which was part of the Kansas portfolio. The sale's price was \$200.2 million pesos, with a profit of \$83.8 million pesos, which is shown within the consolidated statement of operations as a gain on sale of investment properties.
- xxvii. On June 23, 2017, Fibra UNO exercised an unsecured line of credit contracted with Banco Santander for \$1,000 million pesos at 1.25% above TIIE, maturing on December 20, 2017. On October 3, 2017 Fibra UNO liquidated the line of credit contracted.



- xxviii. On June 16, 2017, Fibra UNO paid 14.250 million USD as an earnest money deposit for the acquisition of the real property named La Teja, presented in the consolidated statement of financial position under other accounts receivable.
- xxix. On June 12, 2017, Fibra UNO paid off the unsecured loan contracted with Banco Actinver, S.A., Institución de Banca Múltiple, Grupo Financiero Actinver ("Actinver") for \$410 million pesos, which accrued interest at 1.80 % above TIIE. Also, on that date, Fibra UNO carried out a drawdown on this line of credit under the same conditions as the previous loan, maturing on June 12, 2018.
- xxx. On April 25, 2017, the Fibra UNO's Technical Committee approved, with the prior authorization of the majority of its independent members, distributions to the trustors for capital reimbursement of \$1,684,261. This distribution was paid by Fibra UNO on May 9, 2017
- xxxi. On February 2, 2017, Fibra UNO's Technical Committee approved, with the prior authorization of the majority of its independent members, distributions to the trustors for capital reimbursement of \$1,662,539. This distribution was paid by Fibra UNO on February 9, 2017
- xxxii. During February 2017, as part of Fibra UNO's plan to limit the interest rate risk derived from the mortgage loan contracted with HSBC, two interest rate swaps known as "Interest Rate SWAP" were contracted for \$2,942 million pesos.
- xxxiii. During January 2017, as part of Fibra UNO's plan to limit the exchange risk derived from the bond issued in USD and maturing in 2026, three foreign currency swaps were contracted for 75 million, 50 million and 25 million USD, respectively, which cover principal and interest
- xxxiv. On June 27, 2016, Trust agreement "Trust No. 2584" was executed, between Fibra UNO as "Trustor A" and Trust Irrevocable No. F/2353 (Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero ("Helios"), as "Trustor B" and Banco Actinver, S.A. Institución de Banca Múltiple, Grupo Financiero ("Actinver") as Trustee. The purpose of this Trust is to develop the mixed-use project named "Mitikah", through the commitment of Fibra UNO to contribute to the assets of Trust 2584, the "Buffalo" and "Colorado" portfolios, and the commitment of Helios to contribute in cash the necessary resources for the completion of the project.

The proceeds of this co-investment, whether as income derived from net income, reimbursement, partial or total divestment of the assets, may be distributed by the Trustee according to the times fixed by the Administrator.

On December 22, 2016, Fibra UNO contributed to the "Buffalo" portfolio with the assets of Trust 2584 of \$3,660 million pesos, for the development of the "Mitikah" project.

Fibra UNO maintains control over Trust 2584, so it consolidates the figures of this trust to its own; for therefore the contribution of the Buffalo portfolio to Trust 2584 is presented as of December 31, 2018, 2017 and 2016 in the investment property section in the accompanying consolidated financial statements.

At December 31, 2018, 2017 and 2016, Fibra UNO owns 64.20%, 64.20% and 76.89% of the assets of Trust 2584, while Trust 2353 owns 35.80%, 35.80% and 23.11% respectively.

- xxxv. On October 4, 2016, Fibra UNO recovered \$476.1 million pesos in cash for Value Added Tax.
- xxxvi. On September 30, 2016, Fibra UNO paid a loan assumed for the purchase of the Vermont Portfolio with "Blackstone" (formerly GE Real Estate) for \$1,336.3 million pesos, corresponding to the credit line that accrued interest at a fixed rate of 7.75%.
- xxxvii. On September 23, 2016, Fibra UNO had a mortgage loan with HSBC Mexico, S. A., Multiple Banking Institution, Grupo Financiero HSBC ("HSBC") of \$3,000 million pesos at TIIE plus 2%, maturing on September 15, 2023.





- xxxviii. On September 15, 2016, Fibra UNO prepaid the mortgage loan contracted with HSBC for \$914 million pesos, which accrued interest at TIIE plus 2% and 14.8 million USD, which accrued interest at a Libor rate plus 2% and had maturity on September 15, 2021.
- xxxix. On September 1, 2016 and August 31, 2016, Fibra UNO prepaid assumed credits for the purchase of the G-30 Portfolio with Banamex, as follows: 3.31 million USD corresponding to interest-bearing credit at a Libor rate plus 1.90% and \$152.1 million pesos, corresponding to interest-bearing loans at TIIE plus 1.90%, respectively.
- xl. On August 31, 2016, Fibra UNO made a formal deposit for the purchase of the "FRIMAX" portfolio, for \$366 million pesos, which is shown in other accounts receivable. As of December 31, 2017, said deposit has been applied against the purchase price of the asset.
- xli. On August 1, 2016, Fibra UNO prepaid a loan assumed for the purchase of the Portfolio Vermont with "Blackstone", for 51.8 million USD that accrued interest at a Libor rate plus 3.45%.
- xlii. During July 2016, as part of Fibra UNO's plan to limit the exchange rate risk arising from the bond issued in USD maturing in 2026, a currency Swap of 40 million USD was contracted covering principal and interest.
- xliii. On July 11, 2016, Fibra UNO recovered \$510.7 million pesos in cash for value added tax.
- xliv. On July 1, 2016, Fibra UNO entered into a reciprocal transaction to purchase and sell rates (COLLAR) for hedging purposes of \$1,889.5 million pesos, with a floor of 4.5% and a ceiling of 8.75% with maturity date on July 2, 2018.
- xliv. During June 2016, and in order to limit the exchange risk of the bond issued in US dollars due 2016, Fibra UNO contracted foreign exchange Swaps for 260 million USD, which 100 million USD cover principal and 160 million USD cover principal and interest.
- xlvi. On June 29, 2016, Fibra UNO had an unsecured credit line contracted with Banco Actinver, S.A. Institución de Banca Múltiple, Grupo Financiero ("Actinver"), for an amount of \$410 million pesos at TIIE plus 1.80%, maturing on July 27, 2017. On June 12, 2017, Fibra UNO paid the unsecured loan, on that same date Fibra UNO made a provision on this line of credit under the same conditions of the previous loan and due July 27, 2018.
- xlvii. On June 28, 2016, Fibra UNO paid assumed credits for the purchase of the Morado Portfolio with Blackstone as follows: \$236.3 million pesos, corresponding to the interest-bearing credit at the rate of 3.40%; 33.9 million USD corresponding to the interest-bearing credit at Libor rate plus 2.70%, \$825.7 million pesos corresponding to the line of credit that accrued interest at the rate of 6.46% and \$858.5 million pesos corresponding to interest-bearing credit at the rate of 6.46%.
- xlviii. On June 8, 2016, Fibra UNO issued a 500 million USD unsecured debt issuance in the international markets. The bond issuance was a reopening, of which the first reopening of the bond maturing in 2026 with a rate of 5.25% of 200 million USD, and the second reopening of the bond maturing in 2044 with a rate of 6.95% of 300 million USD.
- xliv. On April 30, 2016, GP Servicios Industriales, S. A. de C. V. ceased providing management services to the California portfolio according with the signed contract.
- i. On April 12, 2016, Fibra UNO issued unsecured debt in the local market of \$4.5 billion pesos in three tranches; first tranche of 457,878,300 UDIs equivalent to \$2,500 million pesos at a rate of 4.6% maturing on April 1, 2027 and a stock ticker FUNO 16U; second tranche of \$800 million pesos with a TIIE plus 65 basis points maturing on April 11, 2019 and a stock ticker FUNO 16; last tranche was a bond reopening at a rate of 8.4% of \$1.2 billion pesos maturing on December 4, 2023, with a stock ticker FUNO 13-2.
- li. On April 8, 2016, Fibra UNO made the prepayment of the unsecured credit line that had contracted with Inbursa, S.A. Institución de Banca Múltiple, Grupo Financiero Inbursa for \$2,000 million pesos. The loan accrued interest at TIIE plus 2%.
- lii. On February 26, 2016, Fibra UNO made a formal deposit of \$100 million pesos for the acquisition of the Torre Cuarzo property located in Paseo de la Reforma, Mexico City. At the closing date of the transaction, the formal deposit was used for construction of Torre Cuarzo.
- liii. On February 18, 2016, Fibra UNO recovered \$1.026 million pesos of value-added tax in cash.
- liv. On February 8, 2016, Fibra UNO entered into a credit line with Actinver for an amount of \$400 million pesos accruing interest at TIIE plus 1.80%, with a maturity of July 17, 2016. Principal and interest were paid in full on April 18, 2016.



## 2. Basis of presentation

**Reclassifications** – Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2017 and 2016 have been reclassified to conform to the presentation in 2018.

## 3. Application of new and revised International Financial Reporting Standards

### a. *Application of new and revised International Financial Reporting Standards (“IFRS” or “IAS”) and interpretations that are mandatorily effective for the current year*

In the current year, Fibra UNO has applied a number of amendments to IFRS issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2018.

#### **New and amended IFRS Standards that are effective for the current year**

##### **Impact of initial application of IFRS 9 Financial Instruments**

On July 2014, the complete version of IFRS 9 “Financial Instruments” was issued for effective periods started on January 1, 2018

At the beginning of 2018, Fibra UNO adopted IFRS 9, where the following three phases were evaluated.

The classification and measurement phase introduces a new model for the classification of all types of financial assets, including those that contain characteristics of implicit derivatives; with this model, financial assets are fully classified at fair value with a charge to profit or loss, instead of being subject to complex bifurcation requirements when they do not meet the criteria to be recognized at amortized cost. With respect to the classification of financial liabilities, it considers that they are related to the recognition of changes in the credit risk that is required to be presented as part of other comprehensive income.

Fibra UNO concluded that depending on the characteristics of its financial assets and especially the use that the Administration makes on these financial assets to achieve its objectives, there are two business models used to manage the financial assets:

- Financial assets where the contractual cash flows mainly represent the recovery of principal;
- Financial assets where the contractual cash flow mainly represents the recovery of Principal and interest, in accordance with the provisions of the new standards (IFRS 9,4.1)

The business Models that apply do not change their current classification on the measurement of financial assets, therefore, there were no impacts associated with these criteria.

- i) The impairment phase describes a “three-step” model (“general model”) for impairment based on changes in credit equity since initial recognition

Fibra UNO developed a methodology for estimating the impairment of credit value for short-term accounts receivable, related to business industry by adopting the simplified model without a significant component of financing, which consisted in the estimates of reserves for the entire life of the companies accounts receivable, and that avoids the risk classification approach of assets by stages. Applying this new methodology under IFRS 9, Fibra UNO concluded that there are no significant variations in the amount of the impairment reserve determined with the previous methodology, therefore, Fibra UNO has only modified its accounting policy to estimate the impairment of the credit value of their accounts receivable based on this new methodology as mentioned in Note 11.





- ii) The hedge accounting phase provides an option that establish that is possible to continue applying the hedge accounting requirements of IAS 39 or to apply IFRS 9

Fibra UNO did not have a material impact associated with the classification and measurement of financial assets because its report operations with treasury certificates, government bonds and accounts receivable are managed to recover contractual cash flows and therefore qualify for measurement to amortized cost. Additionally, in terms of hedge accounting, Fibra UNO did not identify changes in the requires documentation, so there was no significant impact on its initial adoption.

Finally, with respect to the new impairment model based on expected losses, Fibra UNO Administration chose to adopt the standard retrospectively, recognize the effects on retained earnings as of January 1, 2018. According to an evaluation of the portfolio, Fibra UNO determined an increase in the reserve of uncollectible account of \$201,908, of which \$40,199 (20%) impact the result of 2018 and \$ 161,709 (80%) retained earnings.

### **IFRS 15 Revenues from Contracts with Customers**

In May 2014, the IASB issued the IFRS 15 Revenue from Contracts with Customers, and is effective for periods beginning on or after January 1, 2018.

Under this Standard, revenue recognition is based on the transfer of control, that is, it uses the control to determine when a good or services is transferred to the client, as well as to identify if there are one or more performance obligations in the different contracts with the clients. In addition, Fibra UNO needs to disclose enough information to allow users of the financial statements to understand the nature, amount and timing of the recognition of income derived from contracts with the customers.

At the beginning of 2018, Fibra UNO adopted the new IFRS 15, using the modified retrospective method established in IFRS 15.C3 b), under which adjustments for the application effect of the new standard are recognized in retained earnings on the date of initial application (January 1, 2018). Under this transition method, Fibra UNO will apply this rule retroactively only to contracts that are not completed at the date of the initial application. Using practical solutions and some exemptions, Fibra UNO concluded that the application of this new IFRS did not have material effects.

Fibra UNO has conducted a qualitative and quantitative evaluation of the impacts that the adoption of the IFRS 15 will have in its consolidated financial statements. The evaluation includes, among others, the following activities:

- Analysis of contracts with customers and their main characteristics;
- Identification of the performance obligations included in such contracts;
- Determination of the transaction price and the effects derived from by the variable consideration;
- Allocation of the transaction price to each performance obligation;
- Analysis of the timing when the revenue should be recognized, either at a point in time or over time, as appropriate;
- Analysis of the disclosures required by the IFRS 15 and their impacts on internal processes and controls; and
- Analysis of the potential costs of obtaining and fulfilling contracts with customers that should be capitalized in accordance with the requirements of the new IFRS 15.



b. *New and revised IFRS Standards in issue but not yet effective*

At the date of authorization of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and had not yet been adopted:

IFRS 16	Leasing
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015–2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Management does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of Fibra UNO in future periods.

*IFRS 16 Leases*

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related Interpretations when it becomes effective for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for Fibra UNO will be January 1, 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

Fibra UNO will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Entity has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Fibra UNO.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.





Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

The Management is evaluating the possible effects that could arise from the adoption of IFRS 16 Leases with effect from January 1, 2019.

#### *Amendments to IFRS 9 Prepayment Features with Negative Compensation*

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Management do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

#### *Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures*

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply retrospectively to annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9.

The Management do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

#### **Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**

The Annual Improvements include amendments to four Standards.

##### *IAS 23 Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings

##### *IFRS 3 Business Combinations*

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.



### *IFRS 11 Joint Arrangements*

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after January 1, 2019 and generally require prospective application. Earlier application is permitted.

The Management do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

### *Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied. The amendments to IAS 19 must be applied to annual periods beginning on or after January 1, 2019, but they can be applied earlier if an entity elects to do so.

The Management do not anticipate that the application of the amendments in the future will have an impact on the Entity's consolidated financial statements.

### *IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

Fibra UNO's Management do not anticipate that the application of the amendments in the future will have an impact on the Fibra UNO consolidated financial statements.





#### 4. Significant accounting policies

##### a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released (IFRS) by IASB.

##### b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

##### i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

##### ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

##### c. *Cash and cash equivalents*

Cash and cash equivalents consist mainly of bank deposits in checking accounts. Cash equivalents are short-term investments, highly liquid and easily convertible into cash, maturing within three months as of their acquisition date, which are subject to immaterial value change risks. Cash is stated at nominal value and cash equivalents are measured at fair value.

As of their acquisition, investments in both equity and debt securities are classified according to Fibra UNO's intention into one of the following categories: (1) for trading purposes, when they are equity or debt instruments, and Fibra UNO has the intention of trading them in the short-term and before they mature, these investments are valued at fair value and fluctuations in valuation are recognized in results for the period; (2) held to maturity, when they are debt instruments and Fibra UNO has the intention and financial capacity to hold them throughout their term, they are recognized and held at amortized cost; and (3) available for sale, those which are not classified in one of the previous categories are valued at fair value and the unrealized gains and losses are recorded in comprehensive income (loss) as part of Trusts' NAV, and are applied to results at the time of their sale. Fair value is determined using prices in recognized markets and when the instruments are not listed on a market, it is determined using technical valuation models recognized in the financial community

Investments in securities classified as held to maturity and available for sale are subject to impairment testing, and when there is firm evidence that they will not be fully recovered, the expected impairment is recognized in results.

##### d. *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of Fibra UNO and its subsidiaries controlled by it. Control is achieved when Fibra UNO has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The participation in the capital of the subsidiaries is as follows:



Entity	Participation			Activity
	2018	2017	2016	
F1 Management, S.C.	99.99%	99.99%	99.99%	Management services and necessary functions to operate Fibra UNO's business.
F1 Controladora de Activos	99.99%	99.99%	99.99%	Administration, coordination and supervision and collection services to Fibra UNO.
Trust F/00181 "Los Cabos, Baja California Sur"	100%	100%	100%	Real estate leasing
Trust F/00186 "Culiacán, Sinaloa"	100%	100%	100%	Real estate leasing
Trust F/00220 "Ayotla, State of México"	100%	100%	100%	Real estate leasing
Trust F/00221 "Parques Polanco, Mexico City"	100%	100%	100%	Real estate leasing
Trust F/00236 "Tepeji del Río, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/00246 "Ixtapaluca, State of México"	100%	100%	100%	Real estate leasing
Trust F/00257 "Juárez I Panamericana, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00263 "Coatzacoalcos, Veracruz"	100%	100%	100%	Real estate leasing
Trust F/00276 "Pachuca, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/00277 "Poza Rica, Veracruz"	100%	100%	100%	Real estate leasing
Trust F/00312 "Juárez II Zaragoza, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00468 "Galerías Diana, Acapulco Guerrero"	100%	100%	100%	Real estate leasing
Trust F/231274 "Tulancingo, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/233218 "Centrika, Monterrey, Nuevo León"	100%	100%	100%	Real estate leasing
Trust F/00493 "Fashion Mall, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00478 "Texcoco, State of México"	100%	100%	100%	Real estate leasing
Trust F/00561 "Aguascalientes, Aguascalientes"	100%	100%	100%	Real estate leasing
Trust F/00738 "Huehuetoca, State of México"	100%	100%	100%	Real estate leasing
Trust F/00761 "Santa Fe, Mexico City"	100%	100%	100%	Real estate leasing
Trust F/00781 "Plaza del Lago, Cuautitlán, State of México"	100%	100%	100%	Real estate leasing
Trust F/00740 "Centro Bancomer"	100%	100%	100%	Office Real estate leasing





Entity	Participation			Activity
	2018	2017	2016	
Trust 435/2004	100%	100%	100%	Industrial real estate leasing
Trust 547/2005	100%	100%	100%	Industrial real estate leasing
Trust 631/2005	100%	100%	100%	Industrial real estate leasing
Trust 635/2004	100%	100%	100%	Industrial real estate leasing
Trust 700/2006 "San José Segunda Etapa"	100%	100%	100%	Industrial real estate leasing
Trust 721/2006 "Ecatepec"	100%	100%	100%	Industrial real estate leasing
Trust 722/2006	100%	100%	100%	Industrial real estate leasing
Trust 1480/2014 "Parques Cuautitlán"	100%	100%	100%	Shopping center development
Trust 1487/2014 "Querétaro"	100%	100%	100%	Industrial real estate leasing
Trust 1527/2014	100%	100%	100%	Industrial real estate leasing
Operadora CVC, A. C.	100%	100%	100%	Administrative service for the administration of domestic real estate
FI Administración, S.C.	100%	100%	100%	Administrative services for the administration of F/2353
MKT Developers, S.A. de C.V.	99.99%	99.99%	99.99%	Services for the construction of investment properties
Trust 2584 "Mitikah Shopping Mall"	64.20%	64.20%	76.89%	Development of the Mitikah, project along with Helios
Trust 1127 "Torre Latino"	77.47%	77.47%	77.47%	Office real estate leasing
Trust 2500 "Espacio Tollocan"	100%	100%	100%	Shopping center development

All intercompany balances and transactions have been eliminated

- e. As of January 1, 2016 and derivate from the second modification agreement to Trust 1127/2010 (Torre Latino) in which Ecocinemas, S.A de C.V. (Ecocinemas) as "Settlor A" and Fibra UNO as "Settlor B", will have the right to receive 22.53% and 77.47% respectively, of the net proceeds of the rental income and the eventual proceeds of the sale of Torre Latino; Fibra UNO recorded in its consolidated financial statements the non-controlling interest corresponding to the 22.53% that represents the participation that Ecocinemas has over Torre Latino Equity. The effect of recognizing such non-controlling interest in the consolidated figures of Fibra UNO is shown in the accompanying consolidated financial statements.

f. **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by Fibra UNO, liabilities incurred by Fibra UNO to the former owners of the acquire and the equity interests issued by Fibra UNO in exchange for control of the acquire. Acquisition-related costs are generally recognized in the consolidated statement of operations as incurred.

At the acquisition date, all the identifiable assets acquired and all the liabilities assumed are recognized at their fair value.



g. *Financial instruments*

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability (other than financial assets and liabilities that are recognized at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in income.

h. *Financial Assets*

All acquisitions or regular sales of financial assets are recognized and written off on a trading date. Regular purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period established by the regulation or usual practices in the market.

All recognized financial assets are subsequently measured in full, either at amortized cost or fair value, according to the classification of financial assets.

*Classification of financial Assets*

Debt instruments that comply with the following conditions are subsequently measured at amortized cost:

- If the financial asset is maintained in a business model whose objective is to maintain financial assets with the objective of obtaining contractual cash flows and;
- The contractual terms of the financial assets give rise on specific dates to cash flows that are only principal and interest payments on the amount of the principal.

Debt instrument that comply the following conditions are subsequently measured at fair value through other comprehensive results.

- The financial asset is maintained within a business model whose objective is met by obtaining contractual cash flows and selling financial assets, and
- The contractual terms of the financial asset give rise, on specific dates, to top cash flows that are only payments of principal and interest on the outstanding amount of the principal

By default, all other financial assets are subsequently measured at fair value through results

*Amortized cost and effective interest method*

The effective interest method is a method to calculate the amortized cost of a debt instrument and to allocate the interest income during the relevant period

For financial assets that were not purchased or originated from financial assets with credit impairment (for example, assets that have credit impairment on initial recognition), the effective interest rate is the rate that accurately discounts future cash inflows expected (including all commissions and points paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses, over the expected life of the debt instrument or, if applicable, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For financial assets with credit impairment purchased or originated, an effective interest rate adjusted for credit is calculated by discounting the estimated future cash flows, including expected credit losses, at the amortized cost of the debt instrument on initial recognition.





The amortized cost of a financial asset is the amount at which the financial asset is measured in the initial recognition less the repayments of the principal, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the amount of maturity, adjusted for any loss. The gross book value of a financial asset is the amortized cost of a financial asset before adjusting any provision for losses.

Interest income is recognized using the effective interest effect for debt instruments measured subsequently at amortized cost and at fair value through other comprehensive income. For financial assets acquired or originated other than financial assets with credit impairment, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently suffered impairment credit. For financial assets that have subsequently impairment credit, interest income is recognized by applying the effective interest rate at the amortized cost of the financial asset. If in subsequent reporting periods the credit risk in the financial instrument with credit impairment improves, so that the financial asset no longer has credit impairment, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For financial assets acquired or originated that have credit impairment, Fibra UNO recognizes interest income by applying the effective interest rate adjusted for credit at the amortized cost of the financial asset as of its initial recognition. The calculation does not return to the gross base, even if the credit risk of the financial asset subsequently improves, so that the financial asset no longer has a credit impairment.

Interest income is recognized by results (profit/loss) and is included in interest income.

A financial asset is held for trading if:

- Has been obtained with the main objective of selling in the short-term: or
- Initial recognition is part of a portfolio of identified financial instruments that are managed together and has evidence of a recent pattern of short-term profit making: or
- Is a derivate (except for derivatives that are contractual financial guarantees or an effective hedging instrument).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction cost. Subsequently, they are measured at fair value through profit and loss arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. Accumulated gain or loss cannot be reclassified to profit or loss in the disposition of capital investments, but is transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment

#### *Financial assets at FVTPL (Fair Value Through Profit or Loss)*

- Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI (Fair Value Through Other Comprehensive Income) on initial recognition
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Fibra UNO has not designated any debt instruments as at FVTPL.



### **Foreign Exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

### **Impairment of financial assets**

The Entity always recognizes lifetime ECL (Expected Credit Loss) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, Fibra UNO recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, Fibra UNO measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### **i. Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost; existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;





- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

ii. Definition of Default

Fibra UNO considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity)

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event  
The lender(s) of the borrower, for an economic or contractual reason related to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

iv. Write-off policy

Fibra UNO writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, Fibra UNO understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.



### *Derecognition of financial assets*

Fibra UNO derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss.

On the derecognition of a financial asset that is not in its entirety (for example, when an option is retained to repurchase part of a transferred asset), Fibra UNO distributes the previous carrying amount of the financial asset among the party that continues to recognize under of your continued involvement, and the party that you no longer recognize based on the relative fair values of those parties on the date of the transfer. The difference between the carrying amount attributable to the party that is no longer recognized and the sum of the consideration received by the unrecognized party and any cumulative gain or loss that is allocated to it that has been recognized in other comprehensive income is recognized in profit or loss. The accumulated gain or loss that has been recognized in other comprehensive income will be distributed between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of such parties.

### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination and applies IFRS 3, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of an Entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS Financial Instruments, *Recognition and measurement* permits the entire combined contract to be designated as FVTPL.





Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 11) in profit or loss.

#### *Other financial liabilities*

Other financial liabilities, (including loans and accounts payable), are subsequently valued at amortized cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and allocating financial expense over the relevant period. The effective interest rate is the rate that accurately discounts the estimated cash flows over the expected life of the financial liability or (when appropriate) in a shorter period with the net carrying amount of the financial liability on initial recognition.

#### *i. Retirement of financial assets*

Fibra UNO derecognizes a financial liability when its obligations are discharged, canceled or expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

#### *j. Investment properties*

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are presented in the consolidated statement of financial position at their revalued amounts, calculating the fair value at the revaluation date, less any accumulated impairment losses. Revaluations are made with sufficient frequency, so that the carrying amount does not differ materially from what would have been calculated using the fair values at the end of the reporting period.

Properties that are under construction for production, delivery or management purposes are recorded at cost less any recognized impairment losses. The cost includes professional fees and, in the case of qualifying assets, the costs for loans capitalized in accordance with Fibra UNO's accounting policy (see Note 4n). Such properties are classified to appropriate categories of property, plant and equipment when they are complete for their intended use. The depreciation of these assets, as in other properties, begins when the assets are ready for their intended use.

Fibra UNO determines the category of its construction investment properties to stabilized when the first occurs between; set an occupation of 80% of the investment property or 12 months from the first income charged.

An item of property, plant and equipment is derecognized when it is sold or when no future economic benefits are expected to result from continued use of the asset. The profit or loss arising from the sale or withdrawal of an item of property, plant and equipment is calculated as the difference between the proceeds received from the sale and the carrying amount of the asset and is recognized in profit or loss.

Fibra UNO's Management uses its judgment to determine whether the acquisition of an investment property or an investment property portfolio constitutes a business combination or acquisition of an asset. In particular, the following criteria are used:

- (i) The number of land and building properties purchased.
- (ii) The extent to which relevant processes have been acquired and, in particular, the scope of complementary services provided by the acquired entity (including strategic management of processes, operational processes and resource management processes, including, but not limited to activities such as financial management in relation to ownership, significant management of capital investments associated with buildings, management of the type of contracts entered into and composition of tenants, acquisition of new leases).



- (iii) The extent to which the acquired entity has incorporated its own personnel to manage the properties and / or to implement processes (including any administrative system as in the case of billing, collection, generation of information for the owners in relation to the administration or respect to tenants).

k. *Investments in associates*

An associate is an entity over which the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Given the nature of certain of its investments in associates, Fibra UNO has designated those as under the equity method.

As mentioned in Note 1b, on November 29, 2018, Fibra UNO acquired an additional 21% interest in the trustee rights of the trusts that holds the investment of Torre Mayor, so as of December 31, 2018 Fibra UNO it has a 70% stake in the investment in Torre Mayor. Fibra UNO does not consolidate Torre Mayor and registers it as an investment in an associate under the equity method, as allowed by IFRS, given the nature of the same.

l. *Other assets*

1. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The administrative platform, Fibra UNO's most significant intangible asset acquired in a business combination.

2. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

m. *Impairment of tangible and intangible assets*

At the end of each reporting period, the Fibra UNO reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Fibra UNO estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.





n. ***Borrowing Costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The income obtained by the temporary investment of funds from specific loans pending use in qualifying assets is deducted from the cost of the investment properties to be capitalized. All other borrowing costs are recognized in income during the period in which they are incurred. As of December 31, 2018, the amount of capitalized interest amounted to \$1,192 million pesos and the annual capitalization rate determined in accordance with IAS 23 Costs of loans was 7.40%.

***CBFIs based payment***

1. Share-based payment transactions of Fibra UNO

Equity-settled share-based payments to employees and others providing similar services to Fibra UNO are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled CBFIs based transactions are set out in Note 15.

The fair value determined at the grant date of the equity-settled CBFIs-based payments is expensed on a straight-line basis over the vesting period, based on Fibra UNO's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, Fibra UNO revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Equity-settled CBFIs-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date Fibra UNO obtains the goods or the counterparty renders the service.

For cash-settled CBFIs-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

o. ***Employee benefits***

Retirement benefits costs from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:



- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements),
- Net interest expense or income, and
- Remeasurement.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in Fibra UNO's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when Fibra UNO can no longer withdraw the offer of the termination benefit and when Fibra UNO recognizes any related restructuring costs.

#### Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

#### Statutory employee profit sharing

As result of the PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses line item in the consolidated statement of operations.

As of fiscal year 2014, the PTU is determined based on taxable income in accordance with section 1 of article 9 of the Income Tax Law.

#### p. *Provisions*

Provisions are recognized when Fibra UNO has a present obligation (whether legal or assumed) as a result of a past event, it is probable that Fibra UNO will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### q. *Deposits from tenants*

Fibra UNO obtains repayable deposits from certain tenants, mainly denominated in Mexican pesos, as collateral for the lease payments for a certain period. These deposits are accounted for as a financial liability and are initially recognized at their fair value. If there is a difference between the initial fair value and the nominal value of the deposit, it is considered as an additional payment of rent and, as a result, it is amortized over the term of the lease. The deposit is subsequently valued at its amortized cost.

#### r. *Lease revenue*

Leases are classified as finance leases when the terms of the lease transfer the control. All other leases are classified as operating leases. Properties operated under operating leases are included under investment property in the accompanying consolidated statements of financial position.

Operating lease income, which is similar to the contractual lease payments except for the consideration of incentives granted, such as grace periods, are recognized on a straight-line basis over the lease term, except for contingent rents (such as inflation), which are recognized when they earned. The lease term is the non-cancellable period of the contract, including additional terms for which the lessee has the option to extend, when at lease inception, management has a reasonable certainty that the lessee will exercise the option.





Revenues also include reimbursements of operating expenses, maintenance and publicity, and others, which are recognized in the period in which services are rendered.

s. *Interest income*

Interest income is recognized as accrued and there is a probability that the economic benefits will flow to the Entity and the amount of income can be reliably valued.

Interest income is recorded on a periodic basis, with reference to capital and the applicable effective interest rate.

t. *Income taxes*

As mentioned in Note 1 a, Fibra UNO has the tax treatment of a FIBRA since it complies with the requirements for income tax purposes, therefore, it does not recognize a provision for income taxes.

u. *Foreign currency*

Foreign currency transactions are recognized at the public spot rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in profit or loss. Exchange differences are recognized in profit or loss, however, as mentioned in Note 4n, Fibra UNO capitalizes borrowing cost on its investment property in development, so that the fluctuation change of the debt for the development of the properties was capitalized on investment properties.

v. *Statement of cash flows*

Fibra UNO presents its consolidated statements of cash flows using the indirect method. Interest received is classified as investing cash flow, while interest paid is classified as financing cash flow.

w. *Derivative financial instruments*

Fibra UNO's enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 11.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

5. **Critical accounting judgments and key sources of estimation uncertainty**

In the application of Fibra UNO's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Modifications to accounting estimates are recognized in the period in which the estimate is revised if the modification affects only that period, or in the period of the modification and future periods if the modification affects both current and future periods.

#### *Critical judgments in applying accounting policies*

The following are the critical judgments, apart from those involving estimates, that management has made in the process of applying the Fibra UNO's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### Lease classification

Leases are classified based on the extent to which risks and rewards incidental to ownership of a leased asset lie with Fibra UNO or the tenant, depending on the substance of the transaction rather than the form of the contracts. Fibra UNO has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and thus accounts for leases as operating leases.

#### Business combinations

Trusts' Management applies its judgment when determining whether an acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition. Particularly, the following criteria are considered:

- i. The number of properties of land and buildings acquired.
- ii. The extent to which significant processes are acquired and in particular the extent of ancillary services provided by the acquire (e.g., maintenance, cleaning, security, bookkeeping, other property services, etc.)
- iii. Whether the acquire has allocated its own staff to manage the property and/or to deploy any processes (including all relevant administration such as invoicing, cash collection, provision of management information to the entity's owners and tenant information)

This determination can have significant impact in the accounting for the initial and subsequent recognition of assets and liabilities acquired. The transactions which occurred during the periods presented in the accompanying consolidated financial statements were accounted for as asset acquisitions.

#### a. *Key sources of uncertainty in the estimates*

The following are the key assumptions concerning key sources of estimation uncertainty at the end of the reporting period and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Valuation of investment properties

In order to estimate the fair value of the investment properties, management, with the assistance of an independent appraiser, selects the appropriate valuation techniques given the particular circumstances of each property and valuation. Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, and maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and recent investment property prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially.

There have been no changes to valuation techniques during 2018, 2017 and 2016. The management of Fibra UNO considers that valuation techniques and critical assumptions used are appropriate to determine the fair values of its investment properties.





## 6. Cash and cash equivalents

	2018	2017	2016
Cash and cash equivalents	\$ 853,991	\$ 3,102,130	\$ 5,543,788
Restricted cash:			
Financial reserve for bank loans (1)	236,144	126,314	10,332
Government securities	-	2,406,004	1,956,101
Investment	3,318,791	-	-
Total cash and cash equivalents	\$ 4,408,926	\$ 5,634,448	\$ 7,510,221

- (1) Restricted cash consist of cash in custody in various trusts and its partial use is restricted for the payment of debt service plus interest contracted with Banorte, Actinver, HSBC and Banamex, and with Banco Nacional de Comercio Exterior (Bancomext). Once the debt service is settled, the remaining funds contained in these accounts will be released and may be used for the operation of Fibra UNO

## 7. Lease receivables and others

	2018	2017	2016
Lease receivables	\$ 1,488,225	\$ 1,657,958	\$ 1,084,690
Allowance for doubtful accounts	(180,068)	(208,898)	(94,096)
	1,308,157	1,449,060	990,594
Other accounts receivable	419,080	599,750	519,700
	\$ 1,727,237	\$ 2,048,810	\$ 1,510,294

### a. Lease receivables and credit risk management

At the inception of lease contracts, Fibra UNO requests a refundable deposit from its customers to guarantee timely payment of rents on the commercial property leases, generally denominated in Mexican pesos, consisting, in most of the cases, of two months of rent, which is presented under the caption Deposit from tenants in the accompanying consolidated statements of financial position. In addition, depending of the characteristics of the commercial property, Fibra UNO may request a non-refundable deposit. Alternatively, Fibra UNO requests bonds and other guarantees from its customers. For anchor customers and other high credit quality customers the above guarantees may be waived.

On a combined basis, and considering only the figures during 2018, 2017 y 2016, Wal Mart, Universidad ICEL and Santander Bank tenants represent 13.26%, 13.87% y 13.06% of lease revenue, respectively.

Additionally, individual properties comprising the combined properties, may be individually subject to concentrations of credit risk.

Fibra UNO estimates an allowance for doubtful accounts to provide for unrecoverable amounts receivable described in *IFRS 9 Financial Instruments*. The estimate consists of 100% of the past due accounts that exceed the 360 days of seniority and a percentage of expected loss calculated by the Administration, for all accounts receivable less than 360 days. The estimate for doubtful accounts is reviewed periodically.



Aging of receivables that are past due but not impaired

Currently, Fibra UNO holds monthly collection levels equal to its monthly billing period; the trading practices are based on Fibra UNO. Accounts receivable are maintained with payment age of approximately 27, 31 and 32 days as of December 31, 2018, 2017 and 2016, respectively.

As mentioned in Note 1c, Fibra UNO transmitted to the Trust 2585 a section of land from the "Mitikah" complex for the construction of the residential tower. Trust 2585 is in charge of the build and transfer of a tower of housing units that will be built in that portion of Mitikah destined for the residential tower and whose estimated completion date will be June 2021. As of December 31, 2017, Fibra UNO has estimated the value of the portion of residential land at \$ 1,262,464, which is presented as other long-term accounts receivable in the consolidated statement of financial position attached; as regards December 31, 2018, the amount has not changed.

**8. Investment properties**

<u>Fair value</u>		<u>2018</u>	<u>2017</u>	<u>2016</u>
Investment property for leasing		\$ 202,795,624	\$ 179,129,129	\$ 153,350,580
Investment property under development		17,256,175	20,266,964	15,578,504
Territorial reserves		793,736	1,124,149	1,350,763
Property interest held under operating leases.		<u>2,670,000</u>	<u>2,544,000</u>	<u>2,459,431</u>
		<u>\$ 223,515,535</u>	<u>\$ 203,064,242</u>	<u>\$ 172,739,278</u>
		<u>Number of</u>		
		<u>properties</u>	<u>2018</u>	<u>2017</u>
			<u>2016</u>	
Balance at the beginning of the period			\$ 203,064,242	\$ 172,739,278
Acquisitions:				\$ 152,349,934
Montes Urales 620	Office	1	1,145,760	-
Floor 5 Corporativo				-
Interlomas	Office	1	29,016	-
Land Matamoros	Land	1	4,872	-
Turbo	Mixed	13	-	7,550,709
Apolo II	Retail	17	-	8,314,250
Frimax	Industrial	3	-	3,277,734
Saqqara	Offices	1	-	702,240
Midtown Jalisco	Development	1	-	-
Tower Vallarta	Retail	1	-	1,477,096
Torre Cuarzo	Development	1	-	2,898,091
Espacio Tollocan	Development	1	-	229,295
Puerta de Hierro	Retail	1	-	700,000
El Salto Jalisco	Industrial	1	-	180,000
Disposals:				
Sale of Land Kansas	Land	1	-	(116,425)
Sell of UAG	Retail	1	(638,000)	-
Sell of Land Apodaca	Land	1	(109,586)	-





	Type	Number of properties	2018	2017	2016
Sell of Floors 2, 4 and PH Reforma 155	Offices	1	\$ (280,000)	\$ -	\$ -
Construction in progress			9,407,291	5,735,117	5,350,778
Fair value adjustments to investment properties		-	<u>10,891,940</u>	<u>4,861,339</u>	<u>9,114,084</u>
Balance at the end of the period		-	<u>\$ 223,515,535</u>	<u>\$ 203,064,242</u>	<u>\$ 172,739,278</u>

The fair value of the properties was obtained, mainly, through the application of the discounted cash flow and historical cost of investment methodology applied based on the valuation policy of Fibra UNO.

The Cost Method was used for all those properties that were developments as of December 31, 2018 as well as those properties that were not stabilized (with an occupation of less than 80%) or those that had less than 12 months of operation at closing of 2018.

For the other properties (which also represent a percentage greater than 95% of the total value of Fibra UNO) the Discounted Cash Flow method was applied. For the application of this methodology, Fibra UNO used different assumptions taking into consideration the occupation, location, type of property, segment, remaining lease term, tenant quality, open and competitive market prices with similar properties in terms of use and type income in dollars or pesos (or a combination of both), country risk, inflation, among others.

The income approach suggests that is possible to quantify expected future benefits, specifically in free cash flows. In general terms, this approach considers two steps. The first is to define an estimate of free cash flow, which are expected to be generated as a result of having ownership of a property or group of properties. The second step is to discount these flows at an appropriate discount rate to estimate their present value.

We have to mention that the discount rate used should reflect not only the value of the money over time, but also the risk associated with the particular property.

In general, the main assumptions used in the application of the discounted cash flow methodology are described below:

- a. Operative Assumptions - Fibra UNO carried out the projection of its flows for a period of 10 years in which it considered the current situation of each property with respect to the existing contracts at the end of the fourth quarter of 2018 and its probability of renewal at expiration, available meters' space and its future commercialization, as well as the reimbursement of maintenance costs of each of its tenants. To estimate the operating expenses, Fibra UNO takes into account the expenses related to the maintenance of each of the properties, as well as expenses not related to the daily operation such as the payment of the property tax and insurance. Finally, based on the needs of each property, an estimate of capitalizable expenses is made, which correspond to significant improvements that can be depreciated over time.
- b. Discount Rate - To determine the discount rate, Fibra UNO used the Weighted Average Cost of Capital (WACC) methodology, which has the objective of reflecting the cost of the different financing sources of Fibra UNO. To determine the cost of debt, the weighted cost of the debt, both in dollars and in pesos that Fibra UNO currently has, was taken into account. To determine the cost of capital, the Financial Assets Valuation Model (better known in English as "CAPM" - Capital Asset Pricing Model) was used for which market variables were used and adjusted with specific risks identified for each one of the buildings. Finally, Fibra UNO took into consideration the capital structure of the company at the end of 2018 to determine the proportion of the debt / equity cost. It is important to mention that an increase in the discount rate would result in a lower fair value of the investment properties of Fibra UNO, while a decrease would have the opposite effect.



- c. **Perpetuity / Capitalization Rate** - To determine the final value at the end of the 10 years of projection mentioned above, Fibra UNO used a methodology generally accepted in the financial field in the valuation of real estate. This methodology corresponds to the capitalization method which estimates the value of a property based on the application of a Market Capitalization Rate applied to the Net Operating Income (net income minus costs and operating expenses) of the last year of projection. The capitalization rates are determined by property and vary according to the reality of each of the properties according to their geographical location, type of property, occupation, demand observed by the lease of the spaces, quality of the tenants, current situation of the local economy, functional currency of the leases (dollars, pesos or a combination of both), as well as Cap Rates observed in the private market for transactions of similar properties.

As a result of the estimation of the fair value of Fibra UNO's investment properties, the value per square meter profitable is obtained dividing the GLA by the book value in pesos at the end of 2018, 2017 and 2016 are as follows:

	2018	2017	2016
GLA (M2)	\$ 8,614,800	\$ 8,447,800	\$ 7,369,900
Value of Investment Properties	<u>223,515,535</u>	<u>203,064,242</u>	<u>172,739,278</u>
Price per M2 of Investment Property	<u>\$ 25,946</u>	<u>\$ 24,038</u>	<u>\$ 23,438</u>

The fluctuation of fair value in investment properties in the period is recognized in the consolidated statement of income under the caption "Adjustments at fair value of investment properties".

All the investment properties of Fibra UNO are maintained under absolute control.

Fibra UNO Administration relies on valuations carried out by independent experts with relevant qualifications and experience in the locations and categories of the investment properties it maintains.

Costs for loans directly attributable to the acquisition, construction or production of qualifying assets, in this case investment properties, which constitute assets that require a substantial period until they are ready for use, are added to the cost of those assets during that time until they are ready for use. The income obtained by the temporary investment of funds from specific loans pending use in qualifying assets is deducted from the cost of the investment properties to be capitalized. All other borrowing costs are recognized in income during the period in which they are incurred. As of December 31, 2018, the amount of capitalized interest amounted to \$1,192 million pesos and the annual capitalization rate determined in accordance with *IAS 23 Borrowing costs* was 7.40%.

## 9. Investment in associates

	Participation % as of December 31, 2018	2018	2017	2016
Torre Mayor	70%	\$ 3,632,624	\$ 2,821,995	\$ 2,999,348
Torre Diana	50%	<u>1,787,510</u>	<u>1,542,680</u>	<u>2,179,552</u>
		<u>\$ 5,420,134</u>	<u>\$ 4,364,675</u>	<u>\$ 5,178,900</u>

Fibra UNO decided to record its investment in associate under the equity method, as required by IFRS, given the nature of the investment.





## 10. Other assets

	2018	2017	2016
Administrative platform (1)	\$ 2,043,674	\$ 2,043,674	\$ 2,043,674
Implementation fees	440,800	440,800	440,800
Others (2)	30,000	30,000	30,000
Accumulated amortization (2)	(1,004,516)	(805,532)	(593,951)
	<u>\$ 1,509,958</u>	<u>\$ 1,708,942</u>	<u>\$ 1,920,523</u>

- (1) The administrative platform acquired includes personnel, technology and processes; and the annual amortization as of December 31, 2018, 2017 and 2016 amounts to \$194,984.
- (2) The accumulated depreciation is comprised of the amortization of the administrative platform and the amortization of other expenses. Their presentation in the consolidated statement of cash flows is reflected individually for the amortization of the administrative platform and the amortization of other expenses are considered in the operating expenses.

## 11. Financial instruments

### Categories of financial instruments

	2018	2017	2016
<b>Financial assets:</b>			
Cash and restricted cash	\$ 4,408,926	\$ 5,634,448	\$ 7,510,221
Lease receivables and other recoverable accounts	1,727,237	2,048,810	1,510,294
Due from related parties	53,367	60,512	80,293
Advance payments	1,714,708	1,411,421	430,717
Trading derivative instruments	-	692	4,578
Derivative financial instruments designated as hedges	267,245	443,006	510,477
<b>Financial liabilities:</b>			
At amortized cost:			
Trade accounts payable	\$ 1,840,925	\$ 2,964,502	\$ 3,063,563
Due to related parties	205,174	210,101	93,266
Borrowings	79,363,068	68,608,043	64,774,575
Deposit from tenants	957,077	921,417	825,067

In accordance with IFRS 9, the following categories were established for the active financial instruments mentioned in the previous:

- Cash and restricted cash: Amortized cost. Establishing a business model to maintain the assets to obtain the contractual cash flows.
- Investments in securities: Amortized cost. Establishing a business model to maintain the assets to obtain the contractual cash flows.
- Revenue receivable and other accounts receivable. Amortized cost. Establishing a business model to maintain the assets to obtain the contractual cash flow.
- Accounts receivable from related parties. Amortized cost. Establishing a business model to maintain the assets to obtain the contractual cash flows.
- Advance payments: Amortized cost. Establishing a business model to maintain the assets to obtain the contractual cash flows.
- Derivative financial instruments of negotiation. Others
- Derivative financial instruments designated in hedges. Depending on the type of coverage, is whether the change in the Fair Value of the derivative goes to other comprehensive results or to the statement of operations.



### Equity management

Fibra UNO manages its NAV to ensure that it will be able to continue as a going concern while maximizing the return to partners through the optimization of the debt and equity balances.

Fibra UNO's NAV consists of debt and trusts' NAV. Fibra UNO's objectives in managing NAV are to ensure adequate operating funds are available to maintain consistent and sustainable distributions, to fund leasing costs and capital expenditure requirements, and to provide for resources needed to acquire new properties.

Management uses certain financial ratios related to debt, equity and earnings distributions to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the Loans to Value ("LTV") and the Debt Service Coverage ratios ("DSCR"). These indicators assist Fibra UNO in assessing that the debt level maintained is sufficient to provide adequate cash flows for unit holder distributions and capital expenditures, and for evaluating the need to raise funds for further expansion.

Fibra UNO policy and to comply with the regulation of FIBRA's issued by the National Securities and Banking Commission establishes restrictions and additional approvals for financing that exceed the maximum and minimum amount resulting between 50% of LTV and 1.0 of DSCR respectively. For the periods ended December 31, 2018, 2017 and 2016, the LTV and DSCR ratios of Fibra UNO were 36%, 31% and 34% and 2.01, 2.11 and 2.4 times, respectively.

### Financial risk management objective

The objective of financial risk management is to meet financial expectations, results of operations and cash flows that will maximize the return to investors in CBFIs, to ensure the ability to make distributions to holders of CBFIs and to satisfy any future debt service obligations.

Fibra UNO's Technical Committee function provides services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks relating to the operations of Fibra UNO through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Fibra UNO seeks to minimize the effects of these risks using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Fibra UNO's policies approved by the Technical Committee and Trustors, which provide written principles on exchange rate risk, interest rate risk, credit risk, the use of derivative financial instruments and not Derivatives and the investment of excess liquidity. Internal auditors periodically review compliance with policies and exposure limits. Fibra UNO does not subscribe or negotiate financial instruments, including derivative financial instruments, for speculative purposes.

### Market risk management

The activities of Fibra UNO expose it primarily to interest rate risk and foreign currency exchange rate risk. The Trust obtains financing with different conditions, either from third or related parties, usually at variable interest rates exposing it to changes in market rates. Financing negotiated in USD expose Fibra UNO to fluctuations in the exchange rate between such currency and its functional currency, the Mexican peso. Nevertheless, Fibra UNO has a natural hedge for financing denominated in USD from the lease contracts that are denominated in the same currency, since cash flows provided by those leases are used to settle the aforementioned debts.

Fibra UNO subscribes derivative financial instruments to manage its exposure to Exchange rate risk and interest rates, including

- Foreign currency swap contracts to cover Exchange rate risk arising from the issuance of foreign currency debt in USD.
- Interest rate swap contracts to cover the rate arises from bank liabilities held at variable rate TIE.





Market risk exposures are evaluated through sensitivity analysis. There have been no changes in Fibra UNO's exposure to market risks or the way these risks are managed and valued.

#### Interest rate risk management

Fibra UNO enters into financing at variable rates, mainly, the 28-day Mexican Interbank Equilibrium Offered Rate ("TIE") and London Inter Bank Offered Rate ("Libor"). The decision to acquire debt at variable rates is based upon market conditions when contracted. The Trust prepares sensitivity analyses of projected future cash flows to establish the maximum finance charge to maintain profitable projects.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, Fibra UNO for the periods ended December 31, 2018 and 2017 would have a decrease/increase, of its variable rate liabilities, of approximately \$153 million pesos and \$96 million pesos, respectively

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the net income and Other Comprehensive Income (OCI) of Fibra UNO for the periods ended December 31, 2018 and 2017, would have had an increase (decrease) of approximately \$135 and \$(143) million pesos in the consolidated statement of operations and in the OCI line of \$28 and \$(31) million pesos for foreign currency swap contracts

#### Foreign currency risk management

Fibra UNO conducts transactions denominated in USD; therefore, it is exposed to changes in exchange rates between the Mexican peso and the USD.

- a. The foreign currency monetary position as of December 31, is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
USD (thousands):			
Monetary assets	473,882	495,665	548,777
Monetary liabilities	<u>(1,943,629)</u>	<u>(1,971,346)</u>	<u>(1,944,434)</u>
Net monetary liability position	<u>(1,469,747)</u>	<u>(1,475,681)</u>	<u>(1,395,657)</u>
Equivalent in Mexican pesos	<u>\$ (28,890,230)</u>	<u>\$ (29,123,154)</u>	<u>\$ (28,839,856)</u>

- b. The Exchange rates, in pesos, in effect as of the date of the consolidated state:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>April 10, 2019</u>
Mexican pesos per US dollar	<u>\$ 19.6566</u>	<u>\$ 19.7354</u>	<u>\$ 20.6640</u>	<u>\$ 18.9229</u>

#### Foreign currency sensitivity analysis

In the opinion of Management, there is no real Exchange risk based on the fact that services of the debt of the loans in Dollars is partially covered by income denominated in that currency



If exchange rates had been one Mexican peso per USD higher/lower and all other variables were held constant, the result of the year of Fibra UNO for the period ended December 31, 2018, would have a (decrease) increase in the following amounts:

For its monetary liabilities, of approximately \$(1,414,345) and \$1,414,345 million pesos, respectively, for the position that is not being hedged.

#### Derivative financial instrument

##### Foreign currency swap contracts

It is the policy of Fibra UNO to enter into foreign currency swap contracts to cover specific payments in foreign currency between 15% and 20% of the exposure generated.

During the current year, the Bank designated certain foreign currency swap contracts as coverage of its debt issue, whose functional currency is the USD. Nine foreign currency swaps were contracted, four of which cover principal and interest being designated as fair value ("FV") hedge and the remaining two foreign currency swaps cover only principal being designated as cash flow ("CF").

The following table details the foreign currency swap contracts in force at the end of the reporting period:

No.	Counterpart	Notional USD (thousands)	Notional MXN (thousands)	Maturity	Active rate	Passive rate	Fair value	Type of coverage
1	Bancomer	60,000	\$ 1,113,000	30-jan-2026	5.25%	TIE 28 +3.34%	\$ 75,400	FV
2	Bancomer	50,000	944,750	30-jan-2026	5.25%	TIE 28 +3.34%	50,037	FV
3	Bancomer	40,000	739,000	30-jan-2026	5.25%	TIE 28 +3.59%	49,921	FV
4	Bancomer	50,000	944,750	30-jan-2026	0.00%	TIE 28 -2.77%	6,993	CF
5	Santander	50,000	958,000	30-jan-2026	5.25%	TIE 28 +3.51%	31,866	FV
6	Santander	50,000	958,000	30-jan-2026	0.00%	TIE 28 -2.6%	(15,474)	CF
7	Santander	50,000	980,000	30-jan-2026	5.25%	TIE 28 +2.8%	44,452	FV
8	Santander	25,000	508,661	30-jan-2026	5.25%	TIE 28 +3.09%	(12,995)	FV
9	HSBC	75,000	1,527,750	30-jan-2026	5.25%	TIE 28 +3.06%	(35,874)	FV
Total		450,000	\$ 8,673,911				\$ 194,326	

During the hedging period, both cash flow and fair value, were highly effective when covering the exposure to the exchange rate. As a result of this coverage, the book value of the credit in Dollars was adjusted by \$(203,042) as of December 31, 2018, which were recognized in the results together with the fair value of the designated CCS of fair value hedge. For the cash flow hedge, the changes associated with the exchange rate were reclassified from the OCI account to results.

Fibra UNO also has interest rate swaps to hedge its exposure at a variable rate generated by peso liabilities. These derivatives have been designated as cash flow hedges.

No.	Counterpart	Notional USD (thousands)	Due date	Active rate	Passive rate	Fair Value	Hedging Type
10	Santander	\$ 4,000,000	21-jun-21	TIE 28	8.76%	\$ (18,690)	FE
11	HSBC	2,046,207	15-sep-23	7.73%	TIE 28	63,697	FE
12	HSBC	896,650	15-sep-23	7.73%	TIE 28	27,912	FE
Total		\$ 6,942,857				\$ 72,919	





Fibra UNO made a reciprocal operation of buying and selling interest rate options (COLLAR) for trading purposes for a reference amount of \$1,889.5 million pesos. Fibra UNO would pay the counterpart if THIE is lower than 4.5% and the counterpart would pay Fibra UNO if THIE is higher than 8.5%. As of December 31, 2017, the fair value of this derivative amounts to \$691.9 million pesos, affecting the line item Valuation effect in financial instruments, and is shown in the consolidated statement of income. As of December 31, 2018 this instrument has been liquidated.

#### Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to Fibra UNO. Substantially all Fibra UNO income is derived from lease income from commercial property. As a result, its performance depends on its ability to collect rent from its tenants and its tenants' ability to make rental payments. Income and funds available for distribution would be negatively affected if a significant number of tenants, or any major tenants fail to make rental payments when due or close their businesses or declare bankruptcy.

As of December 31, 2018, 2017 and 2016, the 10 most important tenants occupied to approximately, 27% and 22% of the total area for income generated, respectively, and represent approximately 20% and 31.9%, respectively, of the base of income attributable to the portfolio.

In addition, a single tenant occupies 817,163 m2 of 8,447,785 m2 of the profitable area of the Fibra UNO portfolio, which represents approximately 9.7% of the total rentable area and approximately 8% of lease income as of December 31, 2018; as of December 31, 2017, a single tenant occupies 817,163 m2 of 8,447,785 m2 of the profitable area of the Fibra UNO portfolio, which represents approximately 9.7% of the total rentable area and approximately 8% of lease income; during 2016, only one tenant occupies 696,865 m2 of 7,369,935 m2 of the profitable area of the Fibra UNO portfolio, which represents approximately 9.46% of the total profitable area and approximately 7.9% of lease income.

Fibra UNO has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk arises from balances of cash and cash equivalents, accounts receivable, and amounts due from related parties and financial investments. The maximum exposure to credit risk is the balance of each of those accounts as shown in the statement of financial position.

With respect to the derivative financial instruments in occurrence as of December 31, 2018, an adjustment for credit risk was determined for the counterparties which have been contracted such instruments of \$3.3 million pesos, which were recognized in the result of the year of Fibra UNO for the period ended December 31, 2018.

#### Financial assets value impairment

Credit risk is the risk that one of the counterparties of the financial instrument causes a financial loss to the other company for breaching an obligation. The Company is subject to credit risk mainly due to financial instruments related to cash and temporary investments, loans, accounts receivable and derivative financial instruments. In order to minimize the credit risk in cash, temporary investments and derivative financial instruments, the Company only involves creditworthy parties with a recognized reputation and high credit quality.

In order to manage the credit risk, in the case of loans and accounts receivable with consumers, the Company considers that the risk is limited and prepares an allowance for doubtful accounts under the expected loss model in compliance with IFRS 9.

IFRS 9 replaces the "incurred loss" model of IAS 39 with a model of "expected credit loss" (ECL). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments to fair value, but not to investments in equity instruments.



Under IFRS 9, provisions for losses will be measured using one of the following bases:

**General Model** - It is recognized in three stages that reflect the potential variation in the credit quality of the asset, taking into account the significant increase in credit risk, as well as the objective evidence of impairment.

**Simplified Model** - The expected loss for the entire life of the instrument is recognized if it contains a significant financial component, instead of the three stages.

The measurement of the ECL during the life time applies if the credit risk of a financial asset at the reporting date has increased significantly since the initial recognition and the measurement of the expected credit losses of 12 months applies if this risk has not increased. The entity may determine that the credit risk of a financial asset has not increased significantly if the asset has a low credit risk at the reporting date. However, the measurement of expected credit losses over the life time is always applicable for trade accounts receivable and contract assets without a significant financing component; the Trust has chosen to apply this policy for trade accounts receivable and contract assets without a significant financing component.

The Trust measures the estimates of losses for commercial accounts receivable and contract assets always for an amount equal to the expected credit losses during the life time. Additionally, the Entity considers reasonable and sustainable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Entity's historical experience and an informed credit assessment, including that related to the future.

#### Measurement of expected credit losses

The expected credit losses are not discounted using the effective interest rate of the financial asset, since accounts receivable are generally short-term and do not charge interest. It should be mentioned that the maximum period considered when estimating the expected credit losses is the maximum contractual period during which the Entity is exposed to credit risk.

#### Financial assets with credit deterioration

The Entity considers as evidence that a financial asset has credit deterioration when it includes the following observable data:

- Significant financial difficulties observed in the portfolio arrears groups;
- Various default periods and identifiable default for more than 360 days.
- The restructuring of accounts or advances by the Entity in terms that it would not consider otherwise;
- It is becoming probable that a segment of the portfolio will go bankrupt or in another form of financial reorganization.

#### Presentation of the estimate for expected credit losses in the statement of financial position.

The loss estimates for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. While, in the case of debt instruments at fair value with changes in other comprehensive income, the loss estimate is charged to income and recognized in other comprehensive income.

#### Write offs

The gross carrying amount of a financial asset is written off (partially or completely) to the extent that there is no realistic possibility of recovery. This is generally the case when the Trust determines that the debtor has no assets or sources of income that could generate sufficient cash flows to pay the amounts subject to the penalty. However, the financial assets that are punished may be subject to legal action in order to comply with the Trusts' procedures for the recovery of the amounts owed.





**Impairment in the value of accounts receivable from customers on the date of initial application of IFRS Standard 9**

As of December 31, 2018, and January 1, 2018, the maximum exposure to credit risk for accounts receivable from customers was \$ 1,682,468 and \$ 1,494,990, respectively.

The following is a summary of the Entity's exposure to the credit risk of accounts receivable from customers:

	January 1, 2018			December 31, 2018		
	Without impairment	With impairment	Total	Without impairment	With impairment	Total
Exposure for accounts receivable from costumers	<u>\$1,390,513</u>	<u>\$ 291,954</u>	<u>\$1,682,468</u>	<u>\$1,345,548</u>	<u>\$ 149,442</u>	<u>\$1,494,990</u>
Reserve	<u>\$ -</u>	<u>\$ 208,898</u>	<u>\$ 208,898</u>	<u>\$ -</u>	<u>\$ 180,068</u>	<u>\$ 180,068</u>

**Comparative information under IAS 39**

An analysis of the credit quality of accounts receivable from customers that were neither past due nor impaired and the date of past due commercial debtors, but not impaired as of January 1, 2018 is presented below:

In thousands of pesos	January 1, 2018
Current and expired 0 y 30 days	\$ 695,395
Current and expired 31 y 60 days	113,395
Current and expired 61 y 90 days	238,534
Current and expired 91 y 120 days	47,817
Current and expired 121 y 150 days	46,737
Current and expired 151 y 180 days	77,794
Current and expired 181 y 210 days	40,316
Current and expired 211 y 240 days	32,409
Current and expired 241 y 270 days	24,916
Current and expired 271 y 300 days	19,548
Current and expired 301 y 330 days	17,889
Current and expired 331 y 360 days	<u>35,763</u>
Total commercial debtors without impairment	<u>\$ 1,390,513</u>

Trade debtors impaired as of January 1, 2018 had a gross carrying amount of \$291,954. The impairment loss as of January 1, 2018 is related to the balance of accounts receivable from customers that are more than 360 days old. Credit loss evaluation expected for accounts receivable from customers as of January 1 and December 31, 2018.

Fibra UNO uses the expected loss model to estimate the provision for impairment of the value of accounts receivable from customers.

Fibra UNO performs the estimation of the different factors to apply an expected loss model. The probability of default is determined by dividing the amount of the account receivable that crosses the impairment gap between the billing that generated the balance. This estimate is made monthly to obtain a historical average and, in this way, reflect the behavior of the portfolio through time. As of December 31, 2018, the probability of default is shown below:

Annual Revenue	Annual Non-compliance Rate	Provision for Impairment
\$ 14,405,440	1.25%	\$ 180,068



Under the IFRS 9 standard, it is assumed that a financial asset with more than 90 days of non-payment must be considered as past due or in default, however, Fibra UNO based on industry standards, has decided to use balances as EOD with an age greater than 360 days.

Movements in the impairment estimate for accounts receivable from customers

	<u>2018</u>
Balance as of January 1 according to IAS 39	\$ 208,898
Initial application adjustment of IFRS 9	<u>161,709</u>
Balance as of January 1 according to IFRS 9	<u>\$ 370,607</u>
Net applications to the reserve	<u>(190,539)</u>
Balance as of December 31, 2018	<u>\$ 180,068</u>

#### Liquidity risk management

Liquidity risk represents the risk that Fibra UNO will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests within Fibra UNO's Technical Committee, which has established an appropriate liquidity risk management framework for the management of Fibra UNO's short-, medium- and long-term funding and liquidity management requirements. Fibra UNO manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of forecasted rental cash flows and liabilities. The Treasury department monitors the maturity of liabilities to program payments.

The following tables detail Fibra UNO's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
December 31, 2018				
Trade accounts payable	\$ 2,783,826	\$ 292,727	\$ -	\$ 3,076,553
Due to related parties	205,174	-	-	205,174
Borrowing in pesos	2,153,461	10,084,318	59,978,787	72,216,566
Deposits from tenants	<u>-</u>	<u>957,077</u>	<u>-</u>	<u>957,077</u>
In thousands of Mexican pesos	<u>\$ 5,142,461</u>	<u>\$ 11,334,122</u>	<u>\$ 59,978,787</u>	<u>\$ 76,455,370</u>
Borrowings in USD	<u>\$ 43,205</u>	<u>\$ 172,821</u>	<u>\$ 1,067,781</u>	<u>\$ 1,283,807</u>
Borrowings in UDIS	<u>\$ 5,613,788</u>	<u>\$ 31,328,700</u>	<u>\$ 15,949,434</u>	<u>\$ 52,891,922</u>

UDI value as of December 31, 2018 was \$6.226631 pesos per UDI.

	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
December 31, 2017				
Trade accounts payable	\$ 3,225,744	\$ -	\$ -	\$ 3,225,744
Due to related parties	210,101	-	-	210,101
Borrowing in pesos	4,469,069	23,959,100	12,728,506	41,156,675
Deposits from tenants	<u>-</u>	<u>921,417</u>	<u>-</u>	<u>921,417</u>
In thousands of Mexican pesos	<u>\$ 7,904,914</u>	<u>\$ 24,880,517</u>	<u>\$ 12,728,506</u>	<u>\$ 45,513,937</u>
Borrowings in USD	<u>\$ 122,502</u>	<u>\$ 637,825</u>	<u>\$ 2,965,228</u>	<u>\$ 3,725,555</u>
Borrowings in UDIS	<u>\$ 43,205</u>	<u>\$ 216,027</u>	<u>\$ 1,951,238</u>	<u>\$ 2,210,470</u>





UDI value as of December 31, 2017 was \$5.934551 pesos per UDI.

	Up to 1 year	1 to 5 years	More than 5 years	Total
<b>December 31, 2016</b>				
Trade accounts payable	\$ 3,232,397	\$ -	\$ -	\$ 3,232,397
Due to related parties	93,266	-	-	93,266
Borrowings in pesos	2,017,456	10,455,433	15,874,547	28,347,436
Deposit from tenants	-	825,067	-	825,067
In thousands of Mexican pesos	<u>\$ 5,343,119</u>	<u>\$ 11,280,500</u>	<u>\$ 15,874,547</u>	<u>\$ 32,498,166</u>
Borrowings in USD	<u>\$ 114,139,450</u>	<u>\$ 503,160,687</u>	<u>\$ 3,107,250,000</u>	<u>\$ 3,724,550,137</u>
Borrowings in UDIS	<u>\$ 43,263,822</u>	<u>\$ 172,821,262</u>	<u>\$ 1,154,191,244</u>	<u>\$ 1,370,276,328</u>

UDI value as of December 31, 2016 was \$5.409558 pesos per UDI.

As of December 31, 2018, 2017 and 2016 the interest payable in future periods, based on the terms of the outstanding loan contracts, amounts to slightly \$53,419 million pesos and \$50,837 million pesos, respectively and should be considered in addition to the amounts indicated in the table of maturities

#### Fair value of financial instruments

Fair value of financial instruments valued at FVTPL on a recurring basis:

Financial assets/ Financial liabilities	31/12/18	Fair value as of 31/12/17	31/12/16	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Investments in Government securities (see Note 6)	\$ 3,318,791	\$ 2,406,004	\$ 1,956,101	Level 2	Market value. The fair value of these investments is measured with quoted prices (unadjusted) in active markets for identical instruments.
2) Foreign currency swaps	\$ 267,245	\$ 403,858	\$ 510,477	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of forward interest rates (based on performance curves observable at the end of the reporting period) and contractual interest rates discounted at a rate reflecting credit risk of several counterparts.
3) Interest rate swaps	\$ 72,919	\$ 39,148	\$ -	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of forward interest rates (based on performance curves observable at the end of the reporting period) and contractual interest rates discounted at a rate reflecting credit risk of several counterparts
4) Collar options	\$ -	\$ 692	\$ 4,578	Level 2	Black-Scholes model for interest rate options, using forward rates based on observable yield curves at the end of the reporting period and area of implied rate volatility

Fair value of financial instruments carried at amortized cost.



The carrying amounts of accounts receivable, accounts payable and other financial assets and liabilities (including due to/from related parties) are of a short-term nature and, in some cases, bear interest at rates tied to market indicators. Accordingly, Fibra UNO believes that their carrying amounts approximate their fair value. Further, deposits from tenants approximate their fair value since the discount rate used to estimate their fair value upon initial recognition has not changed significantly.

The following table presents the carrying amounts and fair values of borrowings:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Fair value	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost
Senior notes	\$ 40,142,782	\$ 35,381,881	\$ 41,192,990	\$ 35,523,720	\$ 41,871,691	\$ 37,195,200
Long-term CBFI's	32,657,125	34,422,616	20,662,582	23,848,290	20,517,158	23,269,942
Bancomext	1,297,221	1,264,803	1,453,921	1,364,328	1,665,149	1,515,291
HSBC	2,685,038	2,691,428	3,023,156	2,828,571	3,082,009	2,965,714
MetLife	703,992	780,547	786,832	787,399	-	-
Banamex	-	-	1,813,698	1,800,000	-	-
Banco Mercantil del Norte	2,631,212	2,548,661	3,056,989	2,574,925	-	-
BBVA Bancomer	1,998,641	2,000,000	-	-	-	-
Actinver	100,395	100,000	415,744	410,000	416,359	410,000
Santander	685,431	660,000	-	-	-	-
	<u>\$ 82,901,837</u>	<u>\$ 79,849,936</u>	<u>\$ 72,405,912</u>	<u>\$ 69,137,233</u>	<u>\$ 67,552,366</u>	<u>\$ 65,356,147</u>

As of December 31 2018, 2017 y 2016, the amounts of the costs of transaction were \$486,868, \$529,189 and \$581,572, respectively (see Note 12).

*Valuation techniques and assumptions applied for the purpose of measuring fair value*

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes), which are considered Level 2.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using actual transaction prices from observable markets and quotes for similar instruments. In particular, the fair value of long-term debt, which is considered a Level 2 measurement as per below, was determined using a discounted cash flow model using estimates of current market rates based on observable future curves for TIE and a credit spread estimated from observable credit spreads for similar entities adjusted as needed.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).





## 12. Borrowings

Resume of loans as of December 31, 2018						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Unsecured	BBVA	MXN	TIEE+1.25%	jun-19	\$ 2,000,000	\$ -
Debt bonds	National (FUNO 18)	MXN	8.95%	apr-23	5,400,400	-
Mortgage	Santander	MXN	TIEE+2.60%	nov-25	660,000	-
Unsecured	Actinver	MXN	TIEE+1.8%	jun-19	100,000	-
Mortgage	Banorte	MXN	TIEE+1.95%	jun-38	2,548,661	-
Debt bonds	National (FUNO 17-2)	MXN	TIEE+0.85%	dec-22	8,100,000	-
Debt bonds	National (FUNO 17)	MXN	9.20%	nov-27	4,799,600	-
Mortgage	HSBC	MXN	TIEE+2.00%	sep-23	2,691,428	-
Mortgage	Metlife, México	MXN	7.92%	dec-23	253,670	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,851,039	-
Debt bonds	International	USD	5.25%	jan-26	-	500,000
Mortgage	Metlife, México	MXN	7.92%	dec-23	526,877	-
Debt bonds	National (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	dec-28	2,650,677	-
Mortgage	Bancomext	USD	4.89%	nov-20	-	64,345
December 31, 2018					\$ 43,203,252	1,864,345
Exchange rate as of December 31, 2018 (pesos per dollar)						\$ 19.6566
Balance of dollars in pesos						36,646,684
Unpaid balances as of December 31, 2018 in pesos						79,849,936
Short-term loans						(2,390,561)
Total long-term loans						77,459,375
Transaction costs						(486,868)
Valuation of the fair value of the debt for derivative hedge accounting						203,042
Long-term loans						\$ 77,175,549
Summary of borrowings as of December 31, 2017						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Bancomext	USD	4.89%	nov-20	\$ -	69,131
Mortgage	HSBC	MXN	TIEE+2.0%	sep-23	2,828,571	-
Unsecured	Actinver	MXN	TIEE+1.8%	jun-18	410,000	-
Unsecured	Banamex	MXN	TIEE+1.0%	feb-18	1,800,000	-
Mortgage	Metlife, México	MXN	7.92 %	dec-23	255,841	-
Mortgage	Metlife, México	MXN	7.92 %	dec-23	531,558	-
Mortgage	Banorte	MXN	TIEE+1.95%	jun-38	2,574,925	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	National (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	dec-28	2,526,338	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,717,302	-
Debt bonds	National (FUNO 16)	MXN	TIEE+0.65%	apr-19	883,750	-
Debt bonds	National (FUNO 17)	MXN	9.20 %	nov-27	1,000,000	-
Debt bonds	National (FUNO 17.2)	MXN	TIEE+0.85%	dec-22	6,100,000	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bonds	International	USD	5.25%	jan-26	-	500,000
December 31, 2017					\$ 32,249,185	1,869,131



Resume of loans as of December 31, 2017

Exchange rate as of December 31, 2017 (pesos per dollar)	\$ 19.7354
Balance of dollars in pesos	<u>36,888,047</u>
Unpaid balances as of December 31, 2017 in pesos	69,137,232
Short-term loans	<u>(2,474,703)</u>
Total long-term loans	66,662,529
Transaction costs	(529,189)
Valuation of the fair value of the debt for derivative hedge accounting	<u>(545,897)</u>
Long-term loans	\$ <u>65,587,443</u>

Tipo	Institution	Summary of borrowings as of December 31, 2016				USD Balance
		Currency	Rate	Maturity	MXN Balances	
Mortgage	Bancomext	USD	4.89%	nov-20	\$ -	73,330
Mortgage	HSBC	MXN	TIE+2.0%	sep-23	2,965,714	-
Unsecured	Actinver	MXN	TIE+1.8%	jun-18	410,000	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	National (FUNO 13)	MXN	TIE+0.8%	jun-19	6,850,059	-
Debt bonds	National (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	dec-28	2,368,119	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,547,123	-
Debt bonds	National (FUNO 16)	MXN	TIE+0.65%	apr-19	883,750	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bond	International	USD	5.25%	jan-26	-	500,000

December 31, 2016	\$ <u>26,645,665</u>	<u>1,873,330</u>
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Exchange rate as of December 31, 2016 (pesos per dollar)	\$ 20.6640
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Balance of dollars in pesos	<u>38,710,482</u>
Unpaid balances as of December 31, 2017 in pesos	65,356,147
Short-term loans	<u>(633,911)</u>
Total long-term loans	64,722,236
Transaction costs	(581,572)
Valuation of the fair value of the debt for derivative hedge accounting	<u>31,978</u>

Long-term loans	\$ <u>64,172,642</u>
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Fibra UNO's loan agreements contain various affirmative and negative covenants, for which Fibra UNO was in compliance as of the date of issuance of the accompanying consolidated financial statements. The most significant covenants are described below:

- Fibra UNO is required to pay, on or before on the due date, all property and other related taxes due with respect to its operations.
- Maintain in good standing all properties and assets necessary for the proper operation of the Trust's business, outside of normal use, wear and tear of the properties.
- Maintain insurance on assets, with reputable agents, for amounts to cover risks associated with and sufficient to replace or repair damage to the properties.
- Maintain a debt service ratio (Net Operating Income (NOI) divided by and Debt Service, as those terms are defined in the indenture) of less than 1.20 to 1.





The maturities of long-term portion of long-term debt at December 31, 2018 are:

<u>Year</u>	<u>Amounts</u>
2020	\$ 1,375,820
2021	240,805
2022	8,310,937
2023	11,484,410
2024	12,528,912
2025 and thereafter	<u>43,518,491</u>
	<u>\$ 77,459,375</u>

**13. Trade accounts payable and accrued expenses:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Interest payable	\$ 1,040,790	\$ 977,070	\$ 985,461
Accrued expenses	942,901	748,319	168,834
Suppliers	<u>364,899</u>	<u>153,209</u>	<u>130,729</u>
	<u>\$ 2,348,590</u>	<u>\$ 1,878,598</u>	<u>\$ 1,285,024</u>

**14. Balance and transactions with related parties**

Balances and transaction between Fibra UNO and its subsidiaries, which are related parties of Fibra UNO, have been eliminated of the consolidation and are not disclosed within this note.

**a. Transactions with related parties:**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income:			
F1 Management:			
Administration Fees 1.25%			
(1)	<u>\$ 100,622</u>	<u>\$ 296,076</u>	<u>\$ 108,000</u>
Expenses:			
Fibra UNO Management:			
Capitalized acquisition			
fees3% (2)	<u>\$ 243,948</u>	<u>\$ 76,708</u>	<u>\$ 385,340</u>
Management fees 0.5% (2)	<u>\$ 730,835</u>	<u>\$ 653,904</u>	<u>\$ 577,235</u>
Parks Desarrolladora, S.A.			
de C.V.			
Capitalized received services	<u>\$ -</u>	<u>\$ 188,030</u>	<u>\$ 1,493,093</u>
Coordinadora de Inmuebles			
Industriales, S.A. de C.V.			
Capitalized received services	<u>\$ 1,220,872</u>	<u>\$ 833,044</u>	<u>\$ 367,065</u>
G-30 La Madre, S.A.P.I.			
de C.V.			
Capitalized received services	<u>\$ -</u>	<u>\$ 172</u>	<u>\$ 108,133</u>



	<u>2018</u>	<u>2017</u>	<u>2016</u>
Jumbo Administración:			
Real Estate management services (4)	\$ <u>419,246</u>	\$ <u>402,684</u>	\$ <u>379,958</u>
F2 Services:			
Administrative services (3)	\$ <u>336,546</u>	\$ <u>274,100</u>	\$ <u>257,834</u>
E- Administración y Construcción, S.A. de C.V.			
Capitalized received services	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,901</u>
Luxe Administración y Control Inmobiliario, S.A.P.I. de C.V.			
Services received (5)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>223</u>
Parks Mantenimiento, S.C.	\$ <u>186,836</u>	\$ <u>-</u>	\$ <u>-</u>
Fundación FUNO:			
Services	\$ <u>-</u>	\$ <u>-</u>	\$ <u>108,000</u>

- (1) Fibra UNO charges a commission per administration of 1.25% of the amount.
- (2) Fibra UNO pays annual fee in an amount equal to 0.5% of the trustors' capital and a 3 % of the total value of acquired properties or contributed by other third parties, plus any applicable value-added taxes in exchange for advisory services.
- (3) Fibra UNO pays a monthly fee in an amount equal to 2% of the lease payments received, plus any applicable value-added taxes in exchange for administrative services.
- (4) Fibra UNO pays for real estate management services at an amount equivalent to 3% of monthly revenues collected related to rent, uses of spaces (kiosks or islands), management and maintenance fees, advertising and income from parking from the Morado portfolio.
- (5) Fibra UNO entered into a contract for the provision of supervisory services, the fees will be paid based on the progress of the work.
- (6) Fibra UNO pays to Cabi Inver, S. A. de C. V. and to Luxe Administración y Control Inmobiliario, S.A.P.I. de C. V. the equivalent of 5% of the rental amount under each new lease agreement (not including renewals or extensions of existing lease agreements) that it enters into as a result of their involvement, for a period of five years, beginning on the effective date of the lease agreement

The contracts with the aforementioned parties have terms of five years, renewable for additional periods.

b. *Balance with related parties are as follows:*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Due from related parties:			
Parks Operadora Hotelera, S. de R.L. de C.V.	\$ <u>47,514</u>	\$ <u>59,526</u>	\$ <u>-</u>
Fundación FUNO, A. C.	\$ <u>-</u>	\$ <u>152</u>	\$ <u>80,293</u>
Others	\$ <u>5,853</u>	\$ <u>834</u>	\$ <u>-</u>
	\$ <u>53,367</u>	\$ <u>60,512</u>	\$ <u>80,293</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>





	<u>2018</u>	<u>2017</u>	<u>2016</u>
Due to related parties:			
Fibra UNO Administration, S.C.	\$ 124,752	\$ 118,846	\$ 72,900
Coordinadora de Inmuebles Industriales, S.A. de C.V.	5,633	34,797	20,366
Jumbo Administración	22,242	27,999	-
Parks Concentradora	29,044	19,157	-
Parks Desarrolladora	19,238	-	-
Parks Mantenimiento, S.C.	3,774	-	-
Others	<u>491</u>	<u>9,302</u>	<u>-</u>
	<u>\$ 205,174</u>	<u>\$ 210,101</u>	<u>\$ 93,266</u>
Long-term payable:			
Trust 2585 (1)	<u>\$ 292,727</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Deposit received for perpetuity rights for the use of the Mitikah parking lot.

#### 15. CBFIs- based payments

At the annual Trustee Committee Meeting held on April 4, 2014, the trustee approved a long-term executive compensation plan (LTI) payable through a grant of 162,950,664 CBFIs payable in 10 years and granting no more than 10% per year, except in the case that in previous years a 10% had not been granted, then it will be able to grant up to 20% per year.

Fibra UNO records as expense on a straight-line basis during the vesting period, an estimate of the CBFIs that eventually will be vested. At the end of the year Fibra UNO will revise and adjust the estimate of the number and amount of CBFIs that expects will be awarded, by the support of valuations made by independent qualified

The compensation costs of this plan as of December 31, 2018, 2017 and 2016 were \$563,488, \$94,968 and \$169,997 respectively. During 2018, 2017 and 2016, 3,259,013, 4,301,897 and 18,261,112 CBFIs, respectively, were put into circulation as a result of this program.

#### 16. Trustors'/ Trustees 'Capital

##### *Contributions*

- Fibra UNO was established by an initial contribution from the trustors of one thousand Mexican pesos plus the resources obtained from issuance of CBFIs.
- As of December 31, 2018, 2017 and 2016 the outstanding CBFIs are:

<u>Number of CBFIs</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
In circulation	<u>3,890,114,426</u>	<u>3,956,776,551</u>	<u>3,249,305,750</u>
In treasury	<u>1,456,514,910</u>	<u>1,467,256,558</u>	<u>597,323,586</u>

- On February 21, 2018, the Technical Committee of Fibra UNO approved the a capital contribution for the acquisition of the "Torre Cuarzo" property, which was covered with the payment of CBFIs for a total amount of \$266.9 million pesos.



- b. During August and July of 2018, Fibra UNO received cash contributions from Trust F/2353 and Trust F/2354 for \$675 million pesos for the commercial development of the Mitikah project.
- c. On December 20, 2017, the Technical Committee of Fibra UNO approved a capital contribution by the minority interest and the majority interest of the Torre Latino for the amounts of \$770,400 and \$429,600, respectively.  
On August 24, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the real property named "La Teja", which was covered by the payment of \$1,023,300, while the rest will be covered with CBFIs for a total of \$2,726,033.
- d. On August 24, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Turbo" Portfolio, which was covered with CBFIs for a total of \$7,096,276.
- e. On June 16, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the real property named "Escato", which will be covered with a cash payment of \$170,000 while the rest will be covered with CBFIs for a total of \$199,617.
- f. On March 30, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the real property named "Doña Rosa", which was covered through the assumption of debt currently held with such property, while the rest will be covered with CBFIs for a total of \$1,423,983.
- g. The Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Alaska" portfolio, which was covered with a cash payment of \$12,439 while the rest will be covered with CBFIs for a total of \$262,338.
- h. On November 1, 2016, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Tower Vallarta" property, which was covered with the payment of CBFIs for a total amount of \$ 770,605.
- i. On December 15, 2016, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Torre Cuarzo" property, which was covered with the payment of CBFIs for a total amount of \$ 106,996.
- j. On December 19, 2016, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Samara" property, which was covered with the payment of CBFIs for a total amount of \$ 49,603.
- k. On February 23 and November 18, 2016, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the property "El Salto Jalisco" which was covered with the payment of CBFIs for a total amount of \$ 268,924.

### Distributions

Fibra UNO's Technical Committee has approved and paid distributions out of tax revenue accounts to CBFI beneficiaries as follows:

Distribution date 2018	Distributions
November 9, 2018	\$ 2,164,503
August 9, 2018	2,127,113
May 9, 2018	2,093,789
February 9, 2018	<u>2,020,682</u>
Total as of December 31, 2018	<u>\$ 8,406,087</u>
2017	
October 4, 2017	\$ 1,718,800
August 9, 2017	1,701,892
May 9, 2017	1,684,261
February 9, 2017	<u>1,662,539</u>
Total as of December 31, 2017	<u>\$ 6,767,492</u>





2016

November 9, 2016	\$ 1,586,799
August 9, 2016	1,546,480
May 9, 2016	1,607,651
February 11, 2016	<u>1,629,778</u>

Total as of December 31, 2016	<u>\$ 6,370,708</u>
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Net income per basic CBFi was calculated by dividing the net income for the period between the weighted average number of CBFIs with economic rights outstanding amounting to 3,898,759,194; 3,415,147,392 y 2,454,936,157 CBFIs for 2018, 2017 and 2016, respectively. Diluted net income per CBFi considered dilutive shares, as if the shares have been outstanding as of the date they were issued. Weighted average CBFIs considering dilutive CBFIs amounts to 5,329,188,984; 4,259,527,757 y 3,495,989,347 CBFIs, respectively.

CBFi issued as of December 31, 2018, 2017 and 2016 for the acquisition of investment properties:

Acquired properties	CBFi issued
Torre Cuarzo	<u>7,482,635</u>
As of December 31, 2018	<u>7,482,635</u>
Torre Cuarzo	36,002,144
Turbo	200,000,007
El Salto Jalisco	2,560,501
Alaska	7,416,350
Doña Rosa	<u>37,439,902</u>
As of December 31, 2017	<u>283,418,904</u>
Tower Vallarta	21,599,999
Torre Cuarzo	3,000,000
Samara	1,305,000
El Salto Jalisco	<u>7,560,501</u>
As of December 31, 2016	<u>33,465,500</u>

**Repurchase of CBFIs**

In the minute of the Shareholders' Meeting held on October 16, 2015, the creation of the stock repurchase reserve was approved for an amount of \$4,895,099 pesos. As of December 31, 2018, the total number of CBFIs repurchased amounts to 77,403,773 CBFIs equivalent to \$2,000,869 pesos.

The transactions were executed in the following way:

- During the fourth quarter of 2018, Fibra UNO repurchased 35,240,534 CBFIs in the domestic market for a total amount equivalent to \$844,259 pesos.
- During the third quarter of 2018, Fibra UNO repurchased 12,980,807 CBFIs in the domestic market for a total amount equivalent to \$318,353 pesos.
- During the second quarter of 2018, Fibra UNO repurchased 29,030,615 CBFIs in the domestic market for a total amount equivalent to \$833,267 pesos.



## 17. Income taxes

In order to maintain FIBRA status, the tax authority "SAT" has established, per articles 187 and 188 of the Mexican Income Tax Law, that Fibra UNO must annually distribute at least 95% of its taxable income to the holders of its CBFIs. There are permanent and temporary differences between the comprehensive income displayed in the accompanying financial statements, and the fiscal result that serves as base to make distributions to the holders of the CBFIs. Accordingly, the Management runs reconciliation between the two basis to determine the amount to be distributed. Most relevant differences are: (i) the fair value adjustment to properties investment, (ii) the inflationary adjustment, and (iii) the tax depreciation.

As of December 31, 2018, 2017 and 2016 the Trust has distributed \$8,406,087; \$6,767,492 y \$6,370,708; respectively, as an advance from its taxable income accounts and reimbursement of trustor's NAV.

## 18. Revenues

As of December 31, 2018, the aggregate annual future minimum lease payments to be received under existing operating leases are as follows:

<u>Period</u>	<u>Retail</u>	<u>Industrial</u>	<u>Offices</u>	<u>Total</u>
Up to 1 year	\$ 7,210,932	\$ 3,426,094	\$ 2,337,784	\$ 12,974,810
1 to 5 years	23,097,058	8,439,311	6,563,253	38,099,622
More than 5 years	<u>9,839,824</u>	<u>2,891,634</u>	<u>3,943,465</u>	<u>16,674,923</u>
	<u>\$ 40,147,814</u>	<u>\$ 14,757,039</u>	<u>\$ 12,844,502</u>	<u>\$ 67,749,355</u>

The lease contracts have remaining terms ranging from one to twenty years.

The following information presents the Trust's revenues based on geographical area, industry and significant tenants.

### a. Revenues by geographical region

Revenues by geographical region are as follows:

<u>State</u>	<u>2018</u>	<u>Revenues</u> <u>2017</u>	<u>2016</u>
Mexico City	\$ 4,766,585	\$ 3,543,329	\$ 3,502,429
State of México	3,433,263	2,966,130	2,618,778
Jalisco	1,431,677	1,349,676	1,332,913
Quintana Roo	1,111,943	1,000,058	918,348
Nuevo León	1,109,208	1,061,087	978,167
Chiapas	362,421	370,938	148,319
Tamaulipas	347,209	339,342	322,888
Chihuahua	340,200	296,499	276,402
Querétaro	310,254	91,836	79,095
Coahuila	283,976	263,031	253,631
Guanajuato	219,715	97,970	93,951
Yucatán	190,624	98,705	96,127
Veracruz	175,562	167,128	192,080
Sonora	152,206	134,422	128,683





State	Revenues		
	2018	2017	2016
Guerrero	148,112	135,199	123,720
Hidalgo	147,994	143,080	126,844
Nayarit	112,347	106,033	97,256
Aguascalientes	105,591	91,348	76,199
Tlaxcala	74,601	70,698	68,486
Morelos	67,099	29,080	25,047
Baja California Sur	65,222	61,588	55,593
Puebla	55,842	50,227	47,301
Tabasco	49,751	47,757	50,817
Oaxaca	37,099	35,429	33,271
Durango	34,225	32,990	31,480
San Luis Potosí	33,780	26,722	24,223
Sinaloa	25,982	17,410	15,842
Colima	21,918	20,280	19,520
Baja California	19,766	18,868	16,522
Zacatecas	9,684	-	-
Michoacán	1,784	1,696	1,433
Campeche	1,548	1,472	1,242
	<u>\$ 15,247,188</u>	<u>\$ 12,670,028</u>	<u>\$ 11,756,607</u>

b. *Revenues by industry*

*Retail*

The portfolio is composed of 239 investment properties with stabilized tenants; as of December 31, 2018, the gross leasable area is approximately 3,294,700 m2.

*Industrial*

The portfolio is composed of 113 investment properties with stabilized tenants, as of December 31, 2018 the gross leasable area is approximately 4,117,700 m2.

*Office*

The portfolio is composed of 89 investment properties with stabilized tenants, as of December 31, 2018 the gross leasable area is approximately 1,202,400 m2.

2018			
<u>Use of property</u>	<u>Value of investment properties</u>	<u>Gross Leasable Area (GLA)</u>	<u>Revenue</u>
Retail	\$ 124,948,704	\$ 3,294,700	\$ 8,686,200
Industrial	51,306,056	4,117,700	3,740,203
Office	<u>47,260,775</u>	<u>1,202,400</u>	<u>2,820,785</u>
	<u>\$ 223,515,535</u>	<u>8,614,800</u>	<u>\$ 15,247,188</u>



2017			
<u>Use of property</u>	<u>Value of investment properties</u>	<u>Gross Leasable Area (GLA)</u>	<u>Revenue</u>
Retail	\$ 114,128,730	3,321,800	\$ 7,265,786
Industrial	48,329,543	4,002,500	3,319,674
Office	<u>40,605,969</u>	<u>1,123,500</u>	<u>2,084,568</u>
	<u>\$ 203,064,242</u>		<u>\$ 12,670,028</u>

  

2016			
<u>Use of property</u>	<u>Value of investment properties</u>	<u>Gross Leasable Area (GLA)</u>	<u>Revenue</u>
Retail	\$ 40,974,380	2,954,300	\$ 7,569,877
Industrial	88,465,128	3,570,300	2,813,474
Office	<u>43,299,770</u>	<u>845,300</u>	<u>1,373,256</u>
	<u>\$ 172,739,278</u>		<u>\$ 11,756,607</u>

#### 19. Commitments and contingencies

- a. Except as noted otherwise, neither the Trust nor its assets are subject to any type of legal action, other than those stemming from its routine operations and activity.
- b. Trust 2584, a subsidiary of Fibra UNO, sold a section of land from the "Mitikah" complex named "The Residential piece of land" to Trust 2585 (associated entity), which is the property inside the "Mitikah" complex under construction, responsible for constructing and selling an apartment block that will comprise residential units, and whose estimated termination date will be June 30, 2021. As of December 31, 2017, Fibra UNO has assigned an estimated value of \$1,262,464 to The Residential piece of land, which is presented as other long-term receivables in the accompanying consolidated statement of financial position. As of December 31, 2018, the
- c. As part of the agreement for the acquisition of the "G-30" Portfolio, Fibra UNO is obliged to pay the cash flows needed for the conclusion of certain works currently in process, of \$5,700,000 approximately, of which \$5,437,000 has been already used.

#### 20. Transactions that did not affect cash flows

The main transactions that did not require cash flows and that were disclosed in other notes correspond to the acquisition of investment properties through the issuance of CBFIs, and to the assignment of CBFI to employees of Fibra UNO under the executive bonus program (LTI).

#### 21. Subsequent events

- a. On March 12, 2019, Fibra UNO announced that Mitikah master development plan has all the authorizations; and permits, with respect to the Mitikah development master plan.
- b. On March 5, 2019, Fibra UNO disposed of its committed credit lines with Banco Inbursa and Citibanamex for \$1,000 million pesos each.





- c. On March 4, 2019, Fibra UNO acquired 40% of the Shopping Mall known as “Antea Queretaro”, located in the city that holds its name, for an amount of \$1,723,000 without having any control over the entity. This acquisition was made between Fibra UNO as an acquiring party and Praegressus as a selling party.
- d. On January 28, 2019, Fibra UNO’s Technical Committee approved, prior authorization of all of its independent members, distributions for the advance of the Tax Result and reimbursement of equity for \$2,238,700, paid on February 8, 2019.
- e. During January 2019, Fibra UNO initiated before the National Securities and Banking Commission, the cancellation process of 77,403,773 CBFI’s repurchased, so that once this process is concluded, 3,890,114,426 CBFI’s will be outstanding.
- f. As of the date of these consolidated financial statements, Management is concluding the required activities before the Tax Administration Service (SAT) to begin billing at 50% of the VAT rate in the northern border area.

## **22. Approval of consolidated financial statements**

The accompanying consolidated financial statements as of December 31, 2018 were authorized for issuance on April 10, 2019 by the Audit Committee of Fibra UNO, consequently, these do not reflect the events that occurred after that date and are subject to the approval at the Trustors’ Meeting, where they may be modified. The consolidated financial statements as of December 31, 2017 and 2016 were approved by Fibra UNO’s Audit Committee on April 13, 2018 and April 5, 2017, respectively.

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