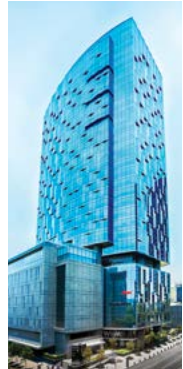


TRANSCENDING WITH MEXICO





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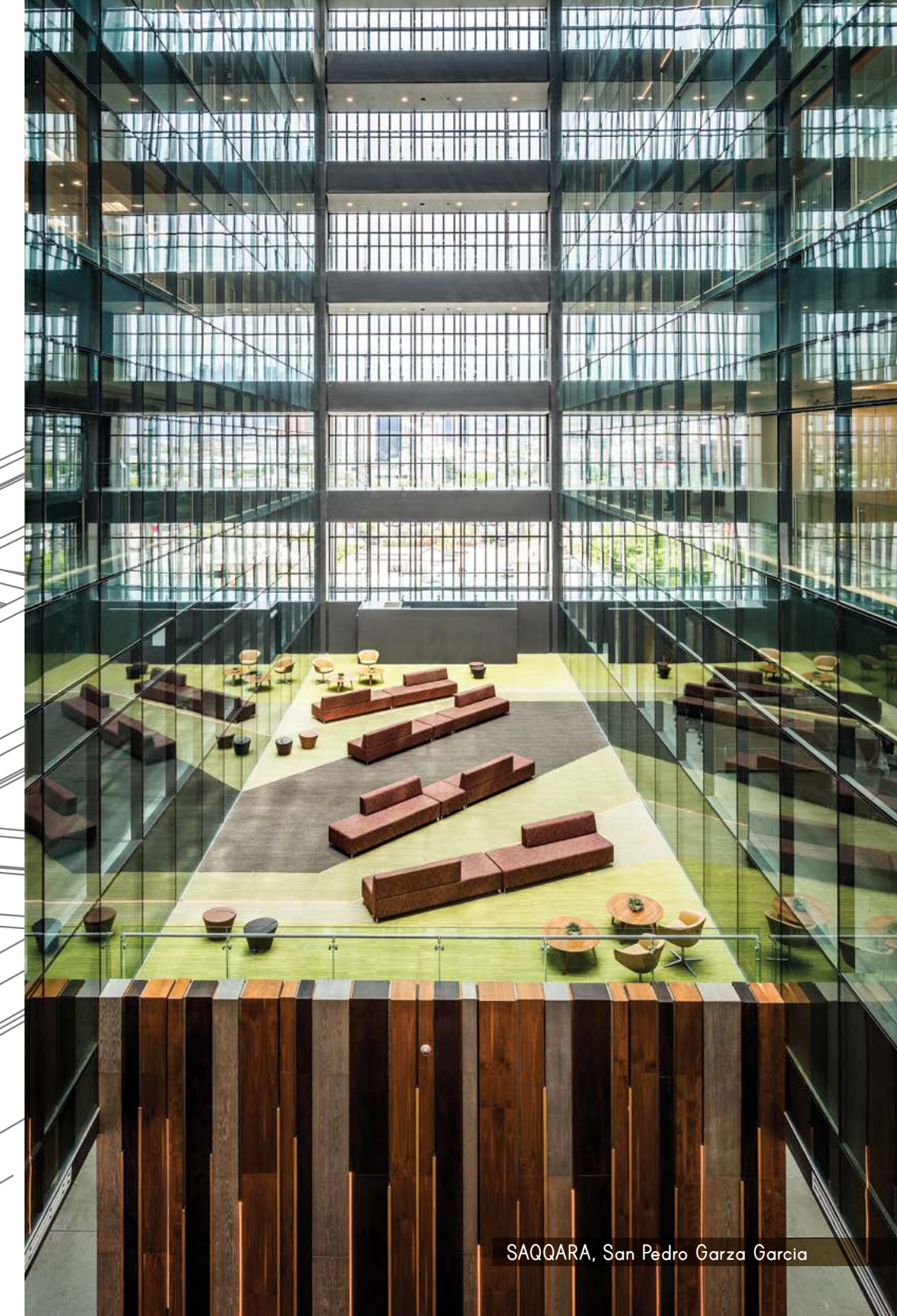
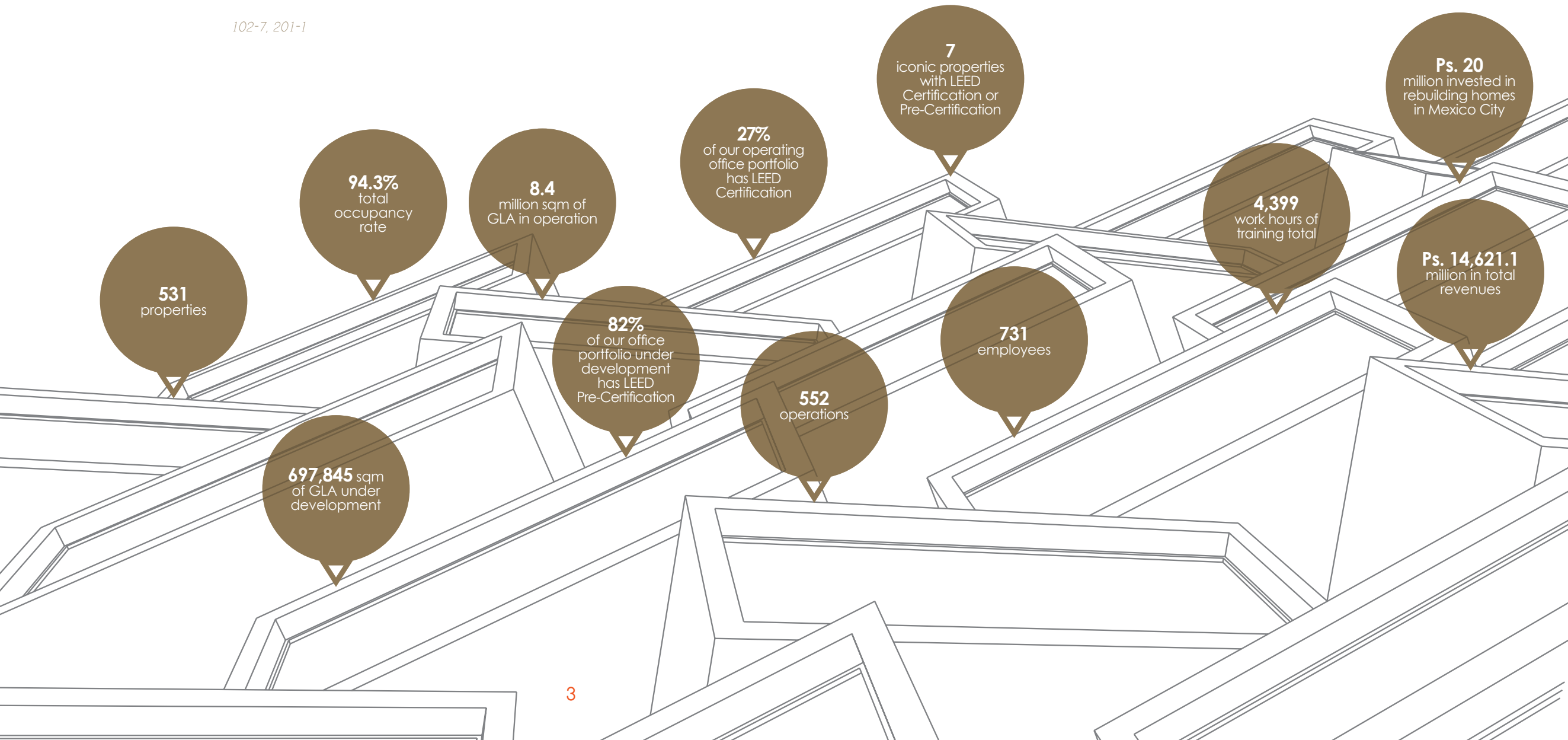
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We are FUNO, the first and largest REIT (Real Estate Investment Trust, or FIBRA for its Spanish acronym) in Mexico. We focus on generating sustainable value for our stakeholders through the operation, acquisition and development of real estate for retail, industrial and office use.

We are known as a young, dynamic trust that is always looking to innovate and expand. We are able to face the challenges we encounter through the extensive experience and expertise of our directors... our guides on the path to success, and thanks to whom we have been able to transcend.

2017 AT A GLANCE

102-7, 201-1



ABOUT OUR REPORT

102-45, 102-48, 102-49, 102-50, 102-54, 102-56

We are pleased to present this 2017 Annual and Sustainability Report, in which, once again, we reaffirm our commitment to transparency and sustainability. FUNO is a pioneer in many respects, and we remain at the forefront of our industry, which is why we have prepared this report in accordance with GRI Standards: Core Option.

Because our Sustainability Strategy is grounded in the UN Sustainable Development Goals, this document details the actions through which we at FUNO pursue these goals, in addition to the parameters established by the GRESB Real Estate Assessment.

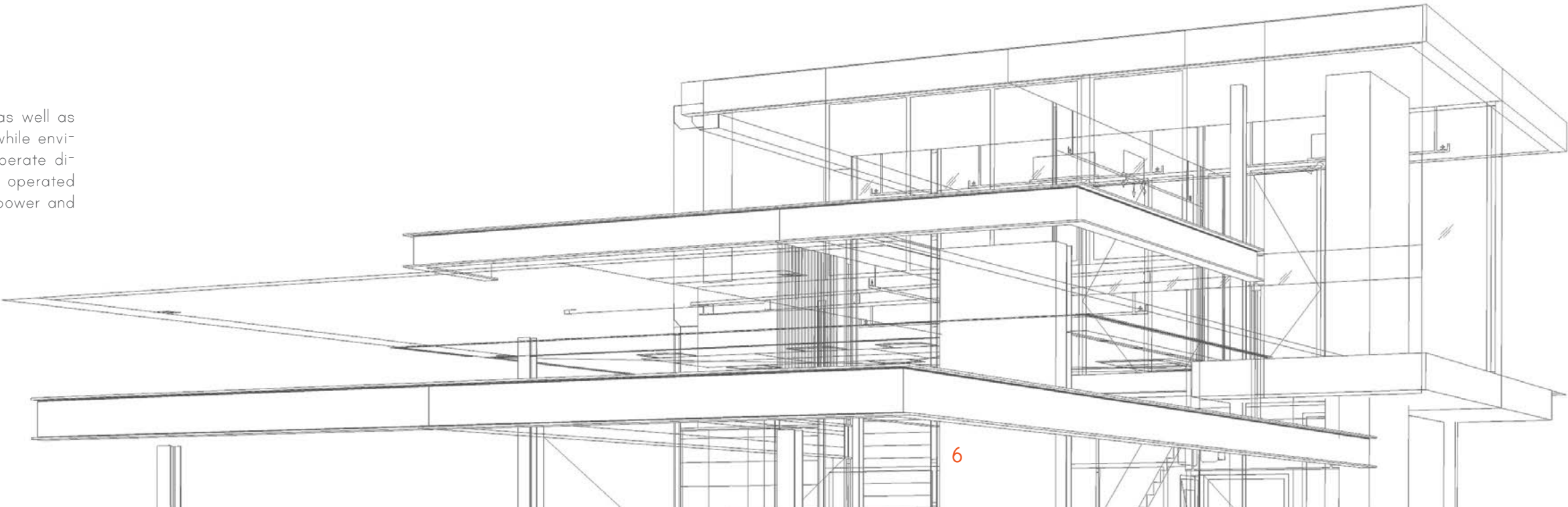
This report contains the most relevant results, data and events for FUNO and its stakeholders, in economic, social and environmental terms, from January 1 to December 31, 2017.

The reported social, corporate governance, health and safety results, as well as those relating to Human Capital, encompass all of FUNO's operations, while environmental data reflect the performance of 89 properties which we operate directly and through third parties. Note that the rest of the properties are operated under the triple-net-rent model, in which tenants directly pay for their power and water services.

Amounts are expressed in Mexican pesos, unless some other currency is specified.

Last year, our consumption of electrical and fossil fuel energy was reported in kilowatt-hours (kWh), while for fiscal year 2017 they are presented in gigawatts (GW) and in gigajoules (GJ), respectively. Energy intensity of electricity use is expressed in kilowatt-hours per square meter (kWh/sqm).

The information contained in this document has not been audited or verified by independent sources, and it is therefore subject to changes, amendment, additions, clarifications or substitution, and therefore should not be cited or used as definitive information or for reference purposes. The final version of this document, including any such changes, changes, amendment, additions, clarifications or substitutions, may be viewed on FUNO's webpage on the world wide web (Internet).



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

GRI 201: 103-1, 103-2, 103-3
102-10, 102-14, 102-15, 201-1

To our investors and employees,

I am pleased to present to you FUNO's solid results for the year 2017.

It is with great satisfaction that I announce a notable 10.5% increase in total revenues for the year. Our operating margin remains close to 80% and our GLA now stands at 8.4 million square meters, with a consolidated total occupancy rate of 94.3%.



GLA of 8.4 million square meters and a consolidated total occupancy rate of 94.3% at the close of 2017

The FUNO's operating performance is a source of great pride to us, because even in an adverse financial climate, we once again proved the solidity of our business model.

The fourth quarter of 2017 was one of the most active in FUNO's history: on October 5, we released our fifth public offering totaling Ps. 12.80 billion, through the issue of 420 million CBFIs on local and international markets. In retrospect, we're pleased to have floated this offering successfully amid the turbulent waters we were called upon to navigate during the past year.

Also on the financial front, we issued Securities Certificates on the local market, using the proceeds to pay off a short-term bond in advance. We issued a total of Ps. 7.10 billion in peso-denominated bonds; one at 10 years and a fixed rate for Ps. 1 billion, with a coupon of 9.2%, and a 5-year bond at a floating rate of 85 basis points over the TIIE, for Ps. 6.10 billion.

In keeping with the commitment we made on Investors' Day in November 2017, we were able to finalize a number of the acquisitions we planned. We completed our acquisition of La Teja, the remaining portion of the Frimax Portfolio; we also closed on the acquisition of 13 properties in the Turbo Portfolio; and we signed on the purchase of the Apolo II Portfolio, made up of 16 properties. We agreed on the terms for acquisition of an office building at Montes Urales 620 in Mexico City, and finally, sold a plot of land in Celaya from the Kansas Portfolio. Today, we are still awaiting finalization of the purchase of two additional retail properties in the Turbo Portfolio.

I'd like to point out that the sale of the Celaya property shows how we view the disposal of assets in this phase of our Portfolio's development. We received an unsolicited but reasonable offer for a non-core property, which also implied a substantial premium over its book value. In other words, it was a good price, so we decided to sell. The income from that sale was used mainly as part of the distribution we announced more recently. To the extent we continue to receive attractive offers for our properties, we can expect to act in a similar manner, selling at a good price. Going forward, we expect to distribute the revenues from such sales, or reinvest them in options with greater potential value, including FUNO's own CBFIs.

During the past year we opened operations in various properties that had been under development, for example at Patio Tlalpan in the retail segment. Late in 2017, we took delivery of part of Torre Cuarzo, which is now completely rented, and we continue to await delivery from the developer of the rest of the building, which continues in the rent-out process. These are significant milestones, because we at FUNO have always devoted a substantial amount of resources to developing new properties. This benefits us with a higher return on invested capital, but "costs" us in the sense of having capital locked away in investments that do not generate flows in the early years of investment.

We added some new projects to our Development Portfolio, like retail sites in Guanajuato and Tapachula, which we received with the Turbo Portfolio, and the Escato industrial project, which is part of the Frimax Portfolio, and we have already begun development of La Isla II in Cancun. You will recall that FUNO's strategy is to keep assets under development to 10% or less of the total, which enables us to maintain a portfolio of young properties, attend to our clients' need for growth, and obtain higher yields on investment for our shareholders.

I am aware that the political climate in Mexico this year will keep the markets in the same mood of volatility we have been facing for the past few years. But despite the challenges this trust faces, we will continue to strengthen FUNO's sustainability strategy and underscore our commitment to our employees, the environment and the communities where we operate, through ratification of our membership in the United Nations Global Compact, and by supporting initiatives that contribute to the attainment of its 10 Principles.



I remain convinced that Mexico is a great investment destination, especially the real-state industry

The transactions we carried out in the last quarter of 2017 fortified our balance sheet and today we have solid credit metrics that give us access to growth opportunities in the most attractive market for investment: Mexico.

Sincerely,

André El-Mann
CEO

MESSAGE FROM THE DEPUTY CHIEF EXECUTIVE OFFICER

102-14, 102-15

Dear **investors and employees,**

Strength, success and stability are the terms that best describe 2017 for FUNO. Despite market uncertainty over the domestic and international climate, FUNO was able to understand the looming challenges and take advantage of opportunities as they arose.

Thus, in the last quarter of the year, together with the acquisition of the Apolo II portfolio, we completed a global offering of CBFIs and issued debt on the local market, both successful events that attest to our investors' confidence in the future of FUNO and our country.



The global offering of CBFIs and local debt issuance of late 2017 attest to the our investors' confidence in the future of FUNO and the country


2017 was clearly a significant year for FUNO, although also one that required more effort than 2016. But despite the difficult climate, it was a good year for us in terms of growth and consolidation.

This same context augurs satisfactory results in 2018, because combined with our exceptional locations and the rising value of each property on its own, it will be a year in which the revenues from the rental of new portfolios –both from acquisitions and because their development is complete– will be reflected.

Clearly, the cornerstones of FUNO’s success are the experience of our leaders and the best corporate governance practices that guide our actions, as well as the philosophy that defines us. With this model, we have succeeded in making FUNO –a young, world-class trust with a long-term vision– transcend in Mexico.

FUNO is a pioneer and leader in various aspects. Today we are the 23rd leading trust in the global Real Estate Investment Trust (REIT) industry; we intend to improve this ranking and we are firmly convinced that we can do so by enhancing quality processes through continuous improvement and technology development.

Our people are key on this path, because they are one of FUNO’s most valuable assets, and they make this a unique trust. The talent we have is one of our greatest competitive advantages, so we consider it our responsibility to provide them with the best opportunities for growth and advancement.

 **In 2017, we created FUNO Foundation, a benchmark of our commitment towards the communities where we operate**

We are deeply grateful for the efforts of all our employees to make FUNO a successful trust, as well as to our investors, tenants and suppliers for sharing our philosophy and for placing their trust in FUNO. Mexico transcends, and we reiterate our commitment to this country’s progress, and our interest in continuing to invest in it, fulfilling our aim of creating sustainable, long-term value.

Gonzalo Robina
Deputy Chief Executive Officer

In keeping with our commitment to continuous improvement, 2018 will be a decisive year in terms of sustainability, because we will continue our work on various environmental and social goals that we have set for ourselves. One of these is to acquire, develop and remodel more properties within the portfolio of sites that meet Leadership in Energy & Environmental Design (LEED) certification standards, as we did with Torre Mayor, a building in which we are also focusing efforts to make it a self-sustainable building in terms of water resources for fiscal year 2019.


I am very proud to share with you one of FUNO’s greatest achievements in social term. I am referring to the creation of FUNO Foundation, a milestone of our commitment towards communities, through which we hope to give back something of what they have given to us, mainly via infrastructure and housing projects.



SAMARA, Mexico City

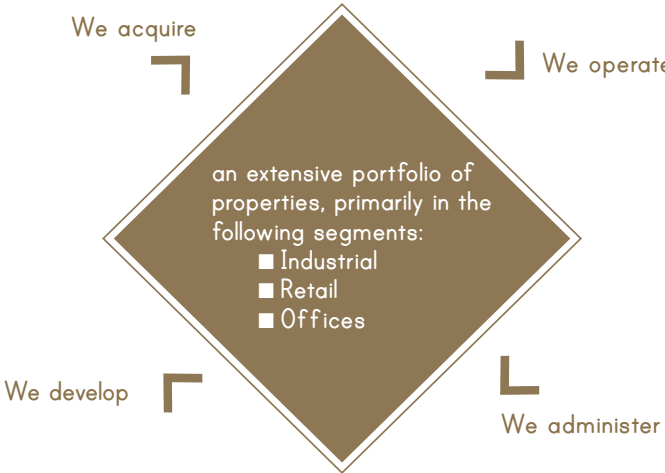
WE ARE NUMBER 1

102-1, 102-2, 102-5, 102-6

 **FUNO is the first and largest FIBRA in the Mexican market**


We are the first and largest real-estate investment trust in Mexico. FUNO began operations in 2011 as a vehicle to promote investment in the real-estate industry and grow through development and acquisitions. We offer investors regular cash distributions, the proceeds of our leasing operations. We focus on investing in ideally-located, high quality properties, diversified by geography, segments and tenants.

At FUNO...



102-3, 102-4, 102-13

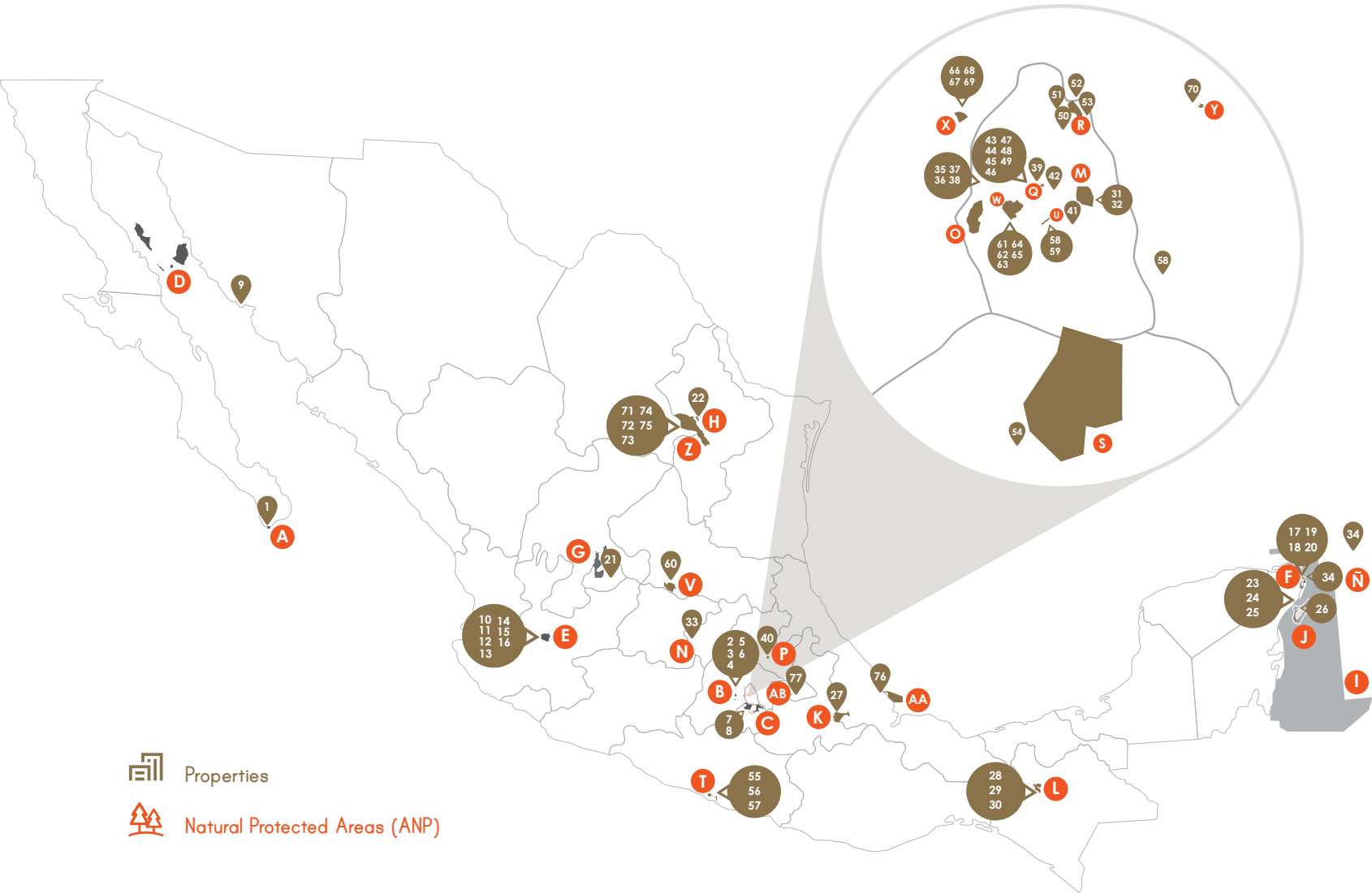
We are present in 32 states of Mexico, headquartered in Mexico City.

 **FUNO is member of the Mexican Real-Estate FIBRA Association (AMEFIBRA). Our Deputy CEO was Chairman of this organization in 2017. This is a relevant appointment enables us to remain leaders in the industry and help define standards and best practices for real estate in Mexico**

 **We are the best real-estate solution for clients and also the best investment option in the Mexican real-estate market**

Identification of operations close to **Natural Protected Areas (ANP)**

Flora and Fauna Protection Area	Natural Monument	National Park	National Park
A Cabo San Lucas	H Cerro de la Silla	37 Patio Santa Fe	V Gogorrón
1 Los Cabos	22 California Guadalupe	38 Samara	60 California Logistik I
B Ciénegas del Lerma		39 Torre Santa Fe	W Lomas de Padierna
2 Lerma I	Biosphere Reserve	P El Chico	61 Olivar de los Padres
3 Lerma Park I	I Mexican Caribbean	40 Gran Patio Pachuca	62 Terraza Pedregal
4 Maravillas II	23 La Isla Cancun	Q Historical Centre of Coyoacán	63 Anillo Periférico
5 Tollocan	24 Centro Maya	41 Cuernavaca	64 Blvd. Adolfo Ruiz Cortines
6 Doña Rosa	25 Américas Playa	42 Miguel Ángel de Quevedo	65 Torre Platinum
C Chichinautzin Biological Corridor		43 Insurgentes Monasterios	X Los Remedios
7 Cuernavaca (Indiana Portfolio)	National Park	44 Torre Diamante Insurgentes	66 Naucalpan Juárez 2
8 Cuernavaca (Apolo II Portfolio)	J Cozumel Coral Reefs	45 Patio Revolución	67 Av. Lomas Verdes
D Gulf of California Islands	26 Punta Langosta	46 Insurgentes Sur 1787	68 Corporativo San Mateo
9 Guaymas	K Río Blanco Canyon	47 Insurgentes Sur 1811	69 Lomas Verdes
E La Primavera	27 Patio Río Blanco	48 Revolución 1877	Y Molino de Flores Nezahualcóyotl
10 Zapopan UVM	L Sumidero Canyon	49 Mitikah	70 Gran Patio Texcoco
11 Outlet Guadalajara	28 Américas Tuxtla	R El Tepeyac	Z Cumbres de Monterrey National Park
12 Puerta de Hierro	29 Tuxtla II	50 Río de los Remedios	71 C Doblado Esq. Vasconcelos
13 Patio Santa Anita	M Cerro de la Estrella	51 Av. Instituto Politécnico Nacional	72 Corporativo Constitución
14 Mariano Otero	31 Tlahuac	52 Acueducto	73 Av. Bosques del Valle
15 Galerías Gudalajara	32 Tlahuac DP	53 La Villa	74 Gómez Morin 940
16 El Palomar	N Cerro de las Campanas	S El Tepozteco	75 Galerías Valle Oriente
F Nichupté Mangroves	33 Queretaro	T El Veladero	AA Veracruz Coral Reef System
17 Malecón	Ñ West Coast National Park of Isla Mujeres, Punta Cancun and Punta Nizuc	54 Morelos	76 Avenida Independencia
18 Av. Tulum	O Desierto de los Leones	55 Acapulco BK	AB Xicoténcatl
19 Outlet Cancun	34 Forum By the Sea	56 Acapulco Diana	77 Gran Patio Tlaxcala
20 Parque Empresarial Cancun		57 Acapulco	
Natural Resources Protection Area		U Fuentes Brotantes de Tlalpan	
G C.A.D.N.R 001 Pabellón Arteaga	35 Chili's Santa Fe	58 Patio Tlalpan	
21 Maine Aguascalientes	36 Corporativo Santa Fe	59 Corporativo Cúspide	

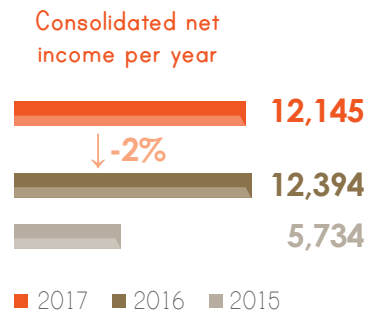


CONFIDENCE THAT TRANSCENDS

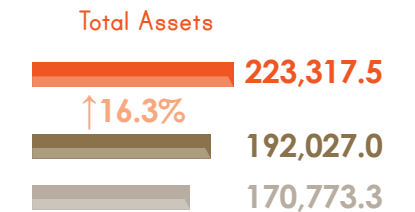
102-7, 201-1

We are very pleased to announce that FUNO's solid performance in 2017 generated excellent results in terms of sustainable value creation. This is just one of the signs that we are on the right path, motivating and repaying the trust that our investors have placed in FUNO.

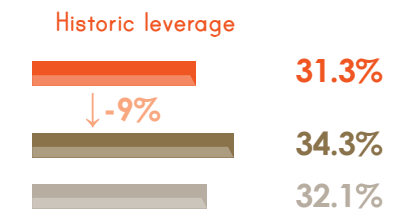
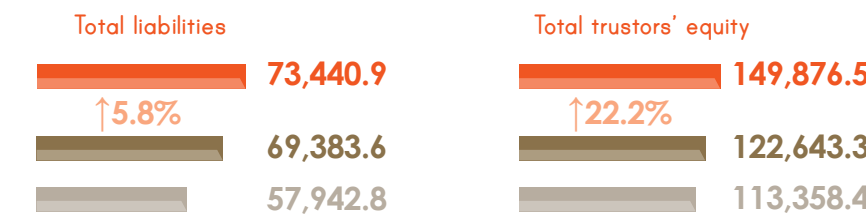
Key indicators ⁽¹⁾	2017	2016	2015	Δ% 2017 vs 2016
Financial indicators				
Total revenues	14,621.1	13,252.8	10,724.9	10.3%
Net Operating Income (NOI)	11,741.3	10,667.1	8,645.6	10.1%
NOI Margin ⁽²⁾	90.8%	89.5%	88.9%	1.4%
Flow from Operations (FFO)	6,670.3	6,411.3	5,763.2	4.0%
FFO Margin ⁽³⁾	51.6%	53.8%	59.3%	-4.1%
Distribution per CBFI	2.0	1.9	1.9	3.6%



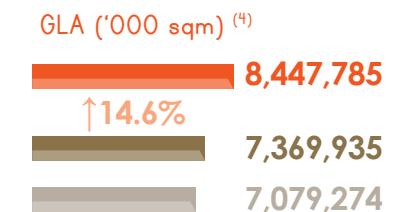
Key indicators ⁽¹⁾	2017	2016	2015	Δ% 2017 vs 2016
Assets				
Current assets	12,473.4	11,673.2	13,715.8	6.9%
Non current assets	210,844	180,353.7	157,057.5	16.9%



Key indicators ⁽¹⁾	2017	2016	2015	Δ% 2017 vs 2016
Liabilities and Equity				
Long-term liabilities	66,838.5	65,258.7	45,173.7	2.4%
Short-term liabilities	6,602.5	4,124.9	12,241.3	60.1%



Key indicators	2017	2016	2015	Δ% 2017 vs 2016
Operating indicators				
CBFIs outstanding (million)	3,956.8	3,249.3	3,197.6	21.8%
GLA under development (sqm) ⁽⁵⁾	697,484.5	792,800	957,536	-12.0%
Total occupancy	94.3%	94.4%	95.0%	-0.1%



⁽¹⁾ Figures in millions of Mexican pesos.

⁽²⁾ Margin over total revenues

⁽³⁾ Margin over rental revenues




⁽⁴⁾ Includes total GLA of Torre Mayor, Torre Latino, Torre Diana and Mitikah.

⁽⁵⁾ Includes the Mitikah mixed-use development and developments with joint venture partners; GLA adjusted for SEP occupancy of Centro Bancomer.

CONTINUOUS IMPROVEMENT

We know that the path to excellence requires strategic guidelines on continuous improvement. With this in mind, every year we set goals and take actions that keep us on this path, a determination that enables us to maintain our leadership and remain a benchmark in the industry.

Finances

2017 Commitments	Progress	Description	Actions
 Complete execution of the exchange-rate hedge	✓	In 2016 we increased our debt in USD by 500 million dollars and promised the market to take on no more dollar debt. 2017 Results: Execution of USD450 million.	■ Execute USD-MXN swap. ■ Pay off USD70 million in debt, closing out the hedge.
 Increase capital to finance the purchases of Apolo II and Turbo	✓	In November 2016, we announced our intention of acquiring the Apolo II and Turbo portfolios.	■ Carried out the acquisition with equity. ■ Executed the follow-on. ■ Established a program of up to 1.5 billion CBFIs, of which 419.5 million were placed.
 Redeem FUNO 13 Bond issuance in advance	✓	We expected market volatility and set ourselves the goal of having few maturities coming up on the 2018 elections and NAFTA renegotiation.	In December 2017, we issued 7.10 billion in bonds in 2 issues, paying off maturing debt for 6.9 billion.

2018 Commitments

Keep bond issuance programs on shelf listing, ready to execute as necessary. To be used only for acquisitions.

Refinance FUNO 15 bond, which comes due in 2019.

Other goals for 2018

- Conclude implementation of the systems necessary to comply with new IFRS 15 and IRS 9 standards.
- Support the Mitikah project to obtain financing without recourse to FUNO and complete the project.
- Modify FUNO's accounting policies as necessary to capitalize the interest on debt corresponding to the developments, rather than as interest expense, in order to ensure a symmetrical accounting treatment.



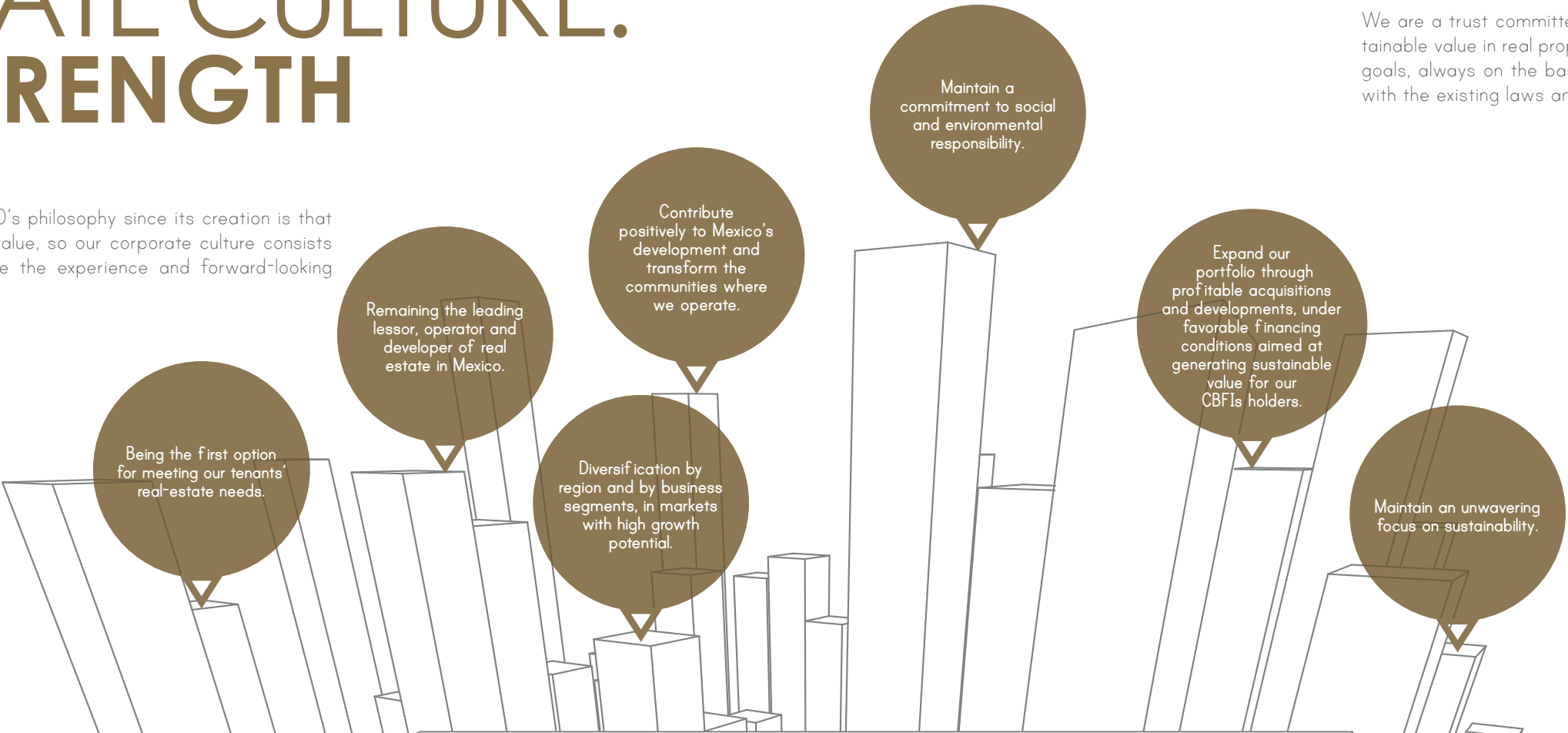
CORPORATE CULTURE: OUR STRENGTH

GRI 206: 103-1, 103-2
102-16

The premise that has characterized FUNO's philosophy since its creation is that we must grow by generating long-term value, so our corporate culture consists of various key factors that demonstrate the experience and forward-looking focus that make us unique.

Vision

Our focus to fulfill our mission is on abiding by our target principles, which include:



We are a trust committed to Mexico, and our purpose is to create sustainable value in real property. To do so, we must meet our fundamental goals, always on the basis of values, ethical principles and compliance with the existing laws and regulations.

Mission

To create sustainable value in our properties by leasing, operating, acquiring and developing real estate in key locations with dynamic, fast-growing economies throughout Mexico. To do so while synchronizing our business model with our tenants' growth strategies, primarily in the industrial, retail and office segments.

Values

- Creation of social value
- >
- Passion for customer service
- >
- Integrity and moderation
- >
- Respect and advancement of our employees

Code of Ethics

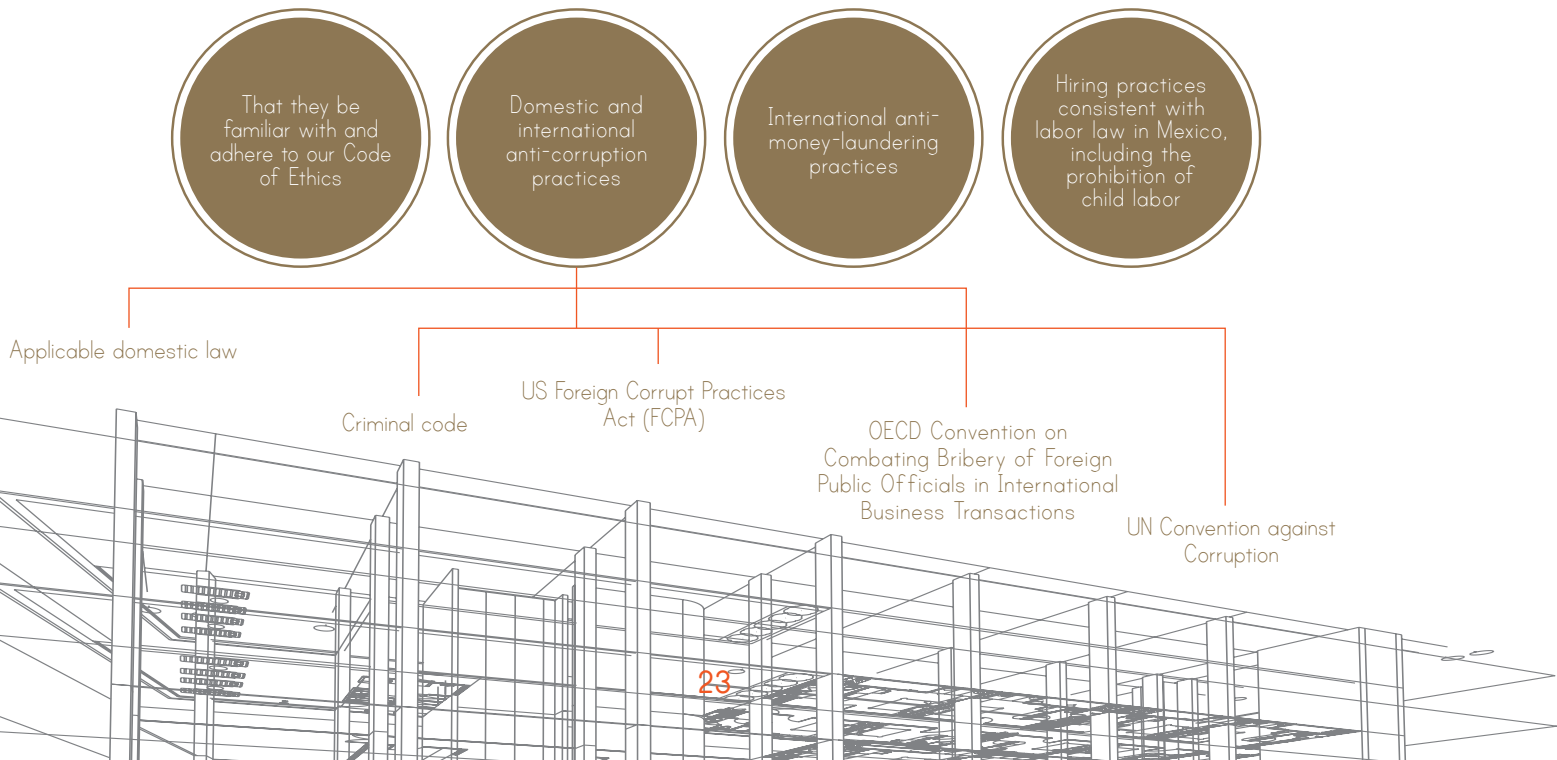
PHILOSOPHY THAT TRANSCENDS

GRI 205: 103-1, 103-2, 103-3
205-1, 205-2, 205-3

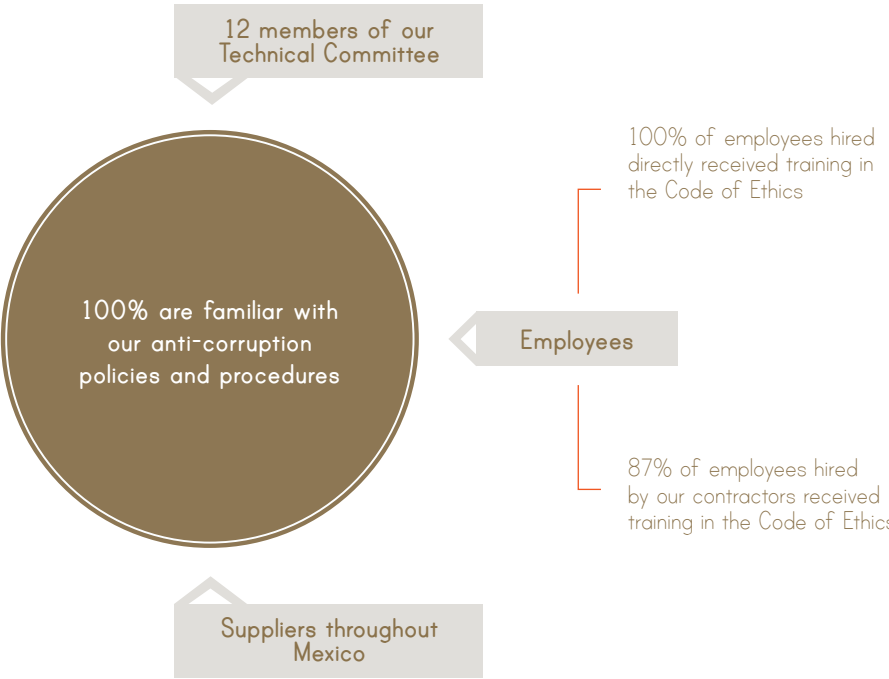
We are a trust committed to creating and complying with anti-corruption practices. We do this most importantly by following our Code of Ethics, an instrument that also requires us to work only with suppliers who comply with their tax obligations and apply good business and anti-corruption practices.

Because of this, when we select our suppliers and acquire their products and services, we follow management and negotiation systems to ensure established standards are met. The results of these procedures are evaluated through internal and external controls and audits.

2017 was an important year for FUNO in various ways. One of these was that we extended our values and principles toward the value chain: in addition to our own strict compliance with the applicable legal provisions and the Universal Declaration on Human Rights, starting this year we required the following of all our suppliers and employees:



Promoting our own convictions both within and outside of FUNO, and encouraging our stakeholders to live our philosophy, has already produced outstanding results in terms of awareness of anti-corruption values, principles and policies, as shown in the following graph:



As a result of our compliance with existing laws and regulations, and sharing our philosophy with stakeholders, in 2017 we once again reported zero cases of corruption with legal or financial repercussions



Patio Tlalpan, Mexico City

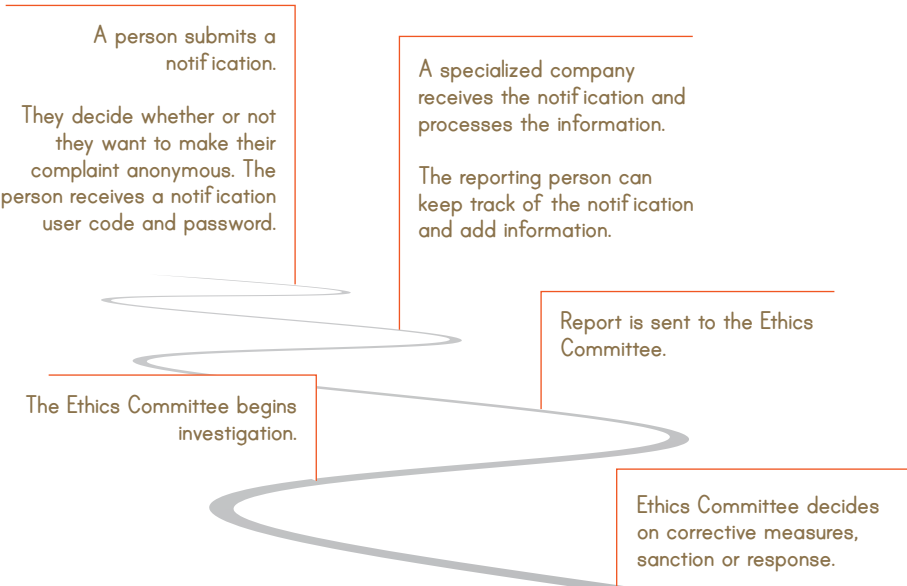
WHISTLEBLOWERS HOTLINE

102-17

A year after we opened the Whistleblowers Hotline, we continue to build awareness and use of this channel. In 2017 we received 18 tips and three reports with additional information. Note that any tenant, supplier or employee can communicate suggestions and complaints about conduct that violates our principles, in total anonymity.

Every report or opinion received through the Whistleblowers Hotline is channeled to the Ethics Committee for attention and follow-up, until it is completely resolved and the necessary measures have been taken to guarantee ethical conduct within FUNO.

Our Whistleblowers Hotline works as follows:



The Whistleblowers Hotline is managed by an independent third party and is available 24/7

The Whistleblowers Hotline is available 24/7 all year round, through the following channels:

Website:
www.tipsanonimos.com/funo

Email:
funo@tipsanonimos.com

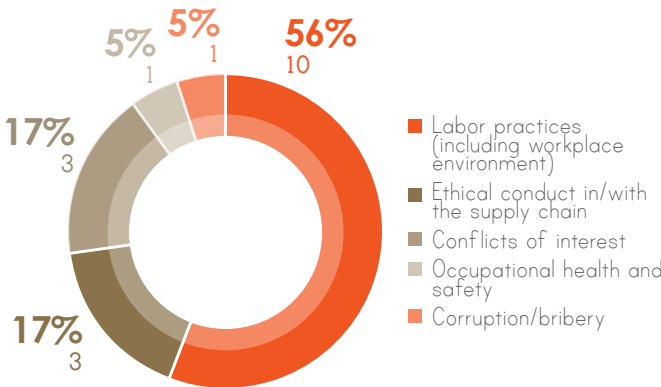
Phone:
01 800 91 0031

Fax:
(55) 5255 1322

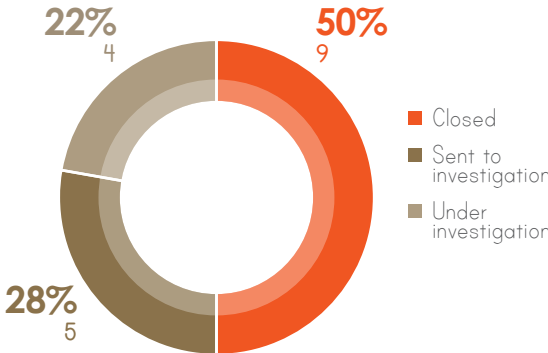
Address:
Galaz Yamazaqui Ruiz Urquiza S.C., A.P CON-080, Mexico City, CP 06401

The following is a breakdown of the reports received during the year by type:

Breakdown of reports received in 2017 by category



Status of complaints



In 2017, all 18 tips received through our Whistleblowers Hotline were addressed and monitored, and 50% of them were closed in the same period; the remaining 9 cases remained under investigation at the close of the year.

In 2017, we laid the groundwork for keeping our 2018 commitment to open this line of communication to our tenants, suppliers and visitors, because we want our philosophy to transcend to all groups who interact with FUNO.

Economic impact: Ps. 94,600 allocated to operation of the Whistleblowers Hotline in 2017

61% of complaints were received through the website

89% were made anonymously

WE CREATE VALUE THROUGH MEXICO AND FOR MEXICO

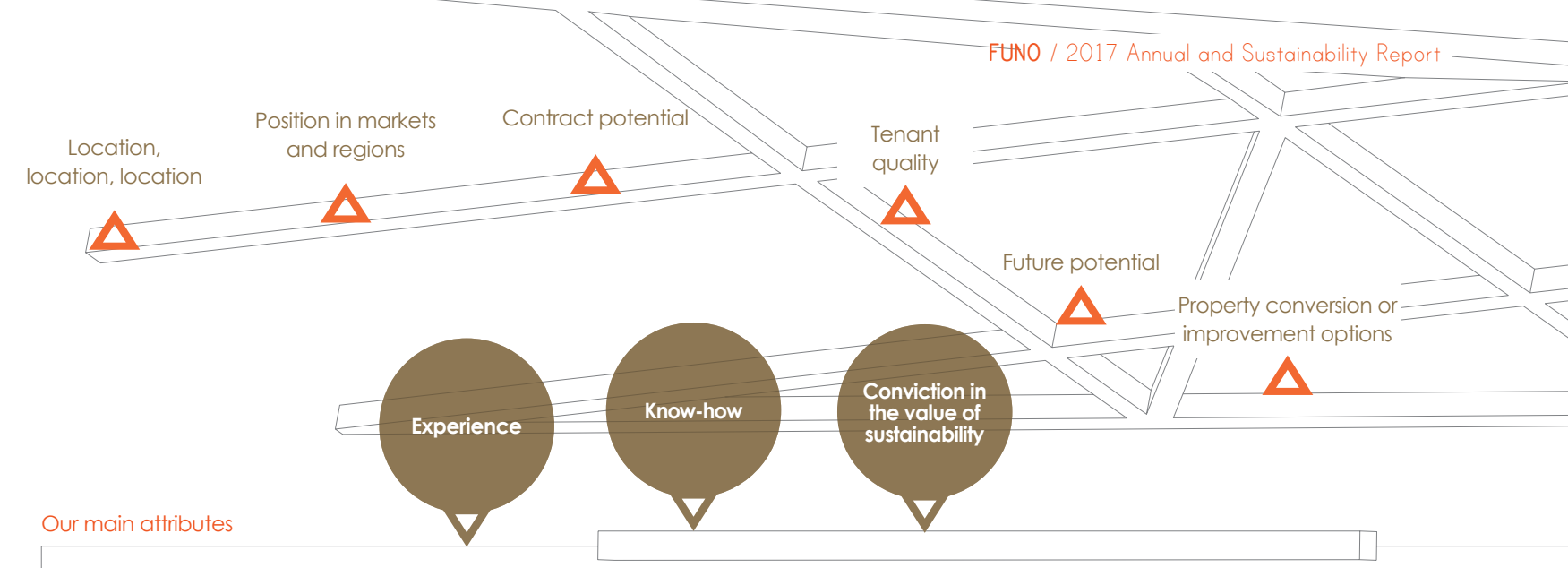
GRI 201, 206: 103-1, 103-2, 103-3
102-12, 102-46, 102-47

At FUNO, we are known for our proven capacity to create value. Our primary competitive advantage is knowing how to efficiently invest resources, because we have a 100% real-estate focus, with a long-term vision that benefits our various stakeholders.

Mexican cities and the population are growing rapidly, which translates into a rising demand for quality goods and services. One of the immediate consequences of this process is a scarcity of optimally-located real estate, which makes them more valuable and sought after.

◀◀ **Our locations are unique and irreplaceable; the intrinsic value of FUNO comes from the assets in which we invest**

We are number one in the operation, acquisition and development of real-estate in Mexico, because together with the experience and know-how of our administrative team in developing and operating in all segments of the real-estate market, we guarantee the profitability of the business by taking into account various factors, among them:

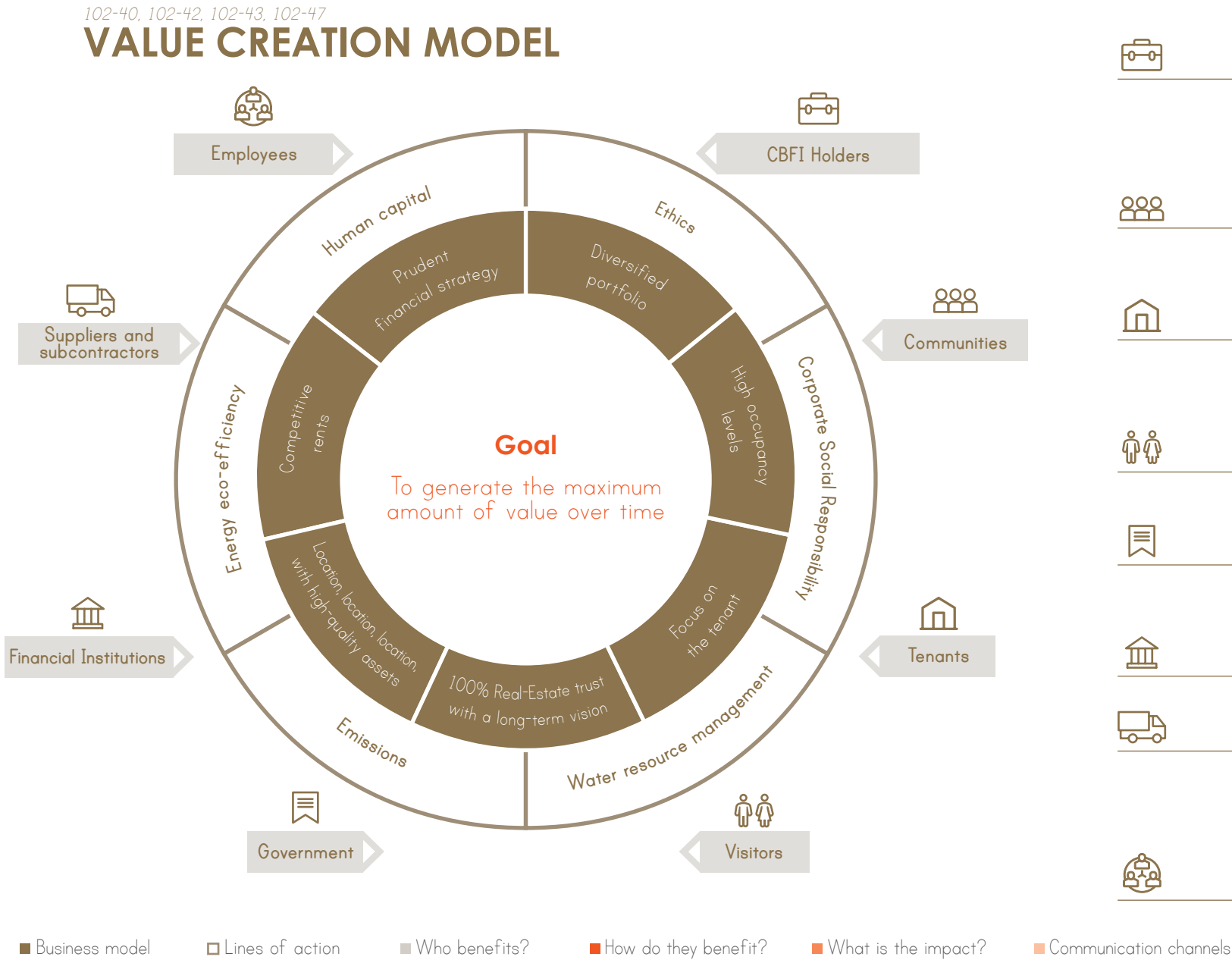


At FUNO, sustainability is a part of our core, and we make it an absolute priority, because it is intrinsic to our business model: We create sustainable value for all our stakeholders, bringing them real-estate services with a positive impact on the community and natural environment wherever we operate, in absolute respect for Human Rights.

Thus, in keeping with our commitment to the UN Global Compact and Sustainable Development Goals, and with the findings established in our 2016 materiality study, at FUNO we continue to work on strengthening the 2017-2020 lines of action, which address issues that have a transcendent impact on the trust's capacity to maximize value in the short, medium and long term.

These strategic guidelines and solid business management are the ideal equation, underpinning a robust value creation model that favors steady and increasing cash flow generation, both inside and outside this trust, guaranteeing the sustainability of our business and our continuing position as leaders of our industry.

To learn more about our 2016 materiality study and 2017-2020 lines of action, visit:
<http://en.funo.mx/investors/esg/sustainability-management>










	<ul style="list-style-type: none">Financial results: sustainable returnsBusiness stability and continuityTransparency	<ul style="list-style-type: none">ConfidenceReinvestmentGrowth in revenues	<ul style="list-style-type: none">Investor Relations OfficeFUNO DayParticipation in conferencesMeetings with analysts, banks, rating agencies, etc.Quarterly surveysAnnual reportPress releases
	<ul style="list-style-type: none">Social commitment = creation of FUNO FoundationShopping centers as spaces for communication and integrationSupport in natural disasters	<ul style="list-style-type: none">Contribution to creating indirect jobs = tourism = development of local economiesFacilitation of climates that are good for progressSupport for vulnerable groups	<ul style="list-style-type: none">Social networksWebsiteRegional manager
	<ul style="list-style-type: none">Quality servicesSpeedy, efficient applications and processes	<ul style="list-style-type: none">Contribution to generation of indirect jobs = local economic developmentTrust and loyalty by tenantsCustomer (tenant) satisfactionBrands strengthened by presence	<ul style="list-style-type: none">Portfolio Directors (RUP)Regional ManagersCollections OfficeTenant coordination OfficeSocial networksOne-on-one meetings
	<ul style="list-style-type: none">Guaranteed safetyBest experience in the visitInnovative services	<ul style="list-style-type: none">Contribution to comprehensive development of societyHelping to improve quality of life for Mexican familiesRise in tourism	<ul style="list-style-type: none">Social networksRegional managerSuggestion boxOn-site marketing
	<ul style="list-style-type: none">Compliance with guidelines and regulationsCooperation with authoritiesPrompt submission of information to authoritiesAnti-corruption practicesOn-time tax payments	<ul style="list-style-type: none">TransparencyDevelopment of social programsInvestment in infrastructureElimination of corruption	<ul style="list-style-type: none">Senior managementLegal counselRegional manager
	<ul style="list-style-type: none">Sustainable financial resultsTransparency	<ul style="list-style-type: none">Feedback for continuous improvement	<ul style="list-style-type: none">One-on-one meetingsInvestor Relations OfficeVice Presidents of Treasury and Finance
	<ul style="list-style-type: none">Free competitionTransparent selection processesOn-time paymentEngagement of local suppliers	<ul style="list-style-type: none">Supplier loyaltyQuality inputs and services = greater economic benefits for suppliersOperation under ethical standardsBuilding long-term, mutually beneficial commercial relationshipsContribution to development of local economies	<ul style="list-style-type: none">Procurement officeArea that engages or requests the serviceContractsSuppliers' PortalOne-on-one meetings
	<ul style="list-style-type: none">Job securityCompetitive benefitsHelping to improve quality of life for employees and their familiesComprehensive advancementOccupational health and safety	<ul style="list-style-type: none">Motivation and challengesBeing part of the culture and the institutionKeeping jobs (acquisitions)Increased retention indexEmployee satisfaction	<ul style="list-style-type: none">Open-door policyWorkplace environment surveysIntegration dayHuman Resources OfficeMeeting of building ManagersWhistleblowers HotlineE-mail

CONTINUOUS IMPROVEMENT

At FUNO, we are confident that experience-based learning and continuous improvement are a direct path to success. This is why we continuously strengthen our business model by making annual commitments and taking specific action that show us our progress and help us fulfill our purpose: generating long-term value in multiple respects.

Business growth

2017 Commitments	Progress	Actions
 Public Offering of Equity and Debt	✓	<ul style="list-style-type: none">■ Called CBFI Holders' Assembly.■ Approved call to CBFI Holders' Assembly.■ Prepared offering prospectus for the Public Offering.
 To reach a GLA of 9.8 million square meters by the year 2020	 Strategy to do so: Acquisition and completion of projects under development.	<ul style="list-style-type: none">■ Incorporation of 1.4 million square meters to our portfolio through acquisitions.■ Completion of 700,000 square meters of projects under development.■ Completion of the first phase of Mitikah. <p>2017 Results: 8.4 million square meters distributed across 531 properties, with an occupancy rate of 94.3%.</p>
 Acquire the Apolo II and Turbo portfolios	✓	<ul style="list-style-type: none">■ Negotiation with clients.■ Due diligence (review and audit).■ Incorporation of contracts into the FUNO Platform.
 Renew expired contracts		Reduce renewal and signature term to 30 days.
 Register important FUNO brands	✓	Study, defend and obtain trademark registries.




2020 Commitment

Reach a GLA of 9.8 million square meters by the year 2020 (+17% compared to the area at the close of 2017).

2018 Commitments

- Stabilize and integrate acquired portfolios.
- Reduce and negotiate past-due accounts.
- Recover possession of locales.
- Consolidation of condominium ownership regimes.
- Continue the process of contract renewal.

Sustainability

2016 Commitments	Our strategy	Progress	Actions	2017 Commitments	Progress	Actions
Strengthen and communicate our commitment to sustainability.	Institutionalize sustainability at FUNO.	✓	<ul style="list-style-type: none">■ Creation of a sustainability area in May 2016.■ First training and talks for directors and managers on sustainability issues.■ First corporate study of materiality.■ Define sustainability strategy.■ Signing of United Nations Global Compact in June 2017.	Concentrate on best practices to maintain the trust and profitability of clients and CBFI holders.	✓	<ul style="list-style-type: none">■ Became part of the DJSI MILA Pacific Alliance.■ Participated in the NAREIT ESG Forum.■ Reported to the Global Compact based on SDG.■ Created an ESG website, where all the non-financial information is available.
Increase the transparency of our sustainability results and compliance with our obligations.	Measure and monitor our results in terms of the environment, society, ethics, risks, human rights, human capital, supplier relations, etc.		<ul style="list-style-type: none">■ First corporate study of materiality.■ Define sustainability strategy.■ Signing of United Nations Global Compact in June 2017.	Increase the frequency of publication of sustainability results.	✓	<ul style="list-style-type: none">■ Published first sustainability report under GRI Standards.■ Strengthened various practices, like collection and other social initiatives.
Adopt best practices and sustainability guidelines.	Report and make our sustainability results more transparent under the GRI methodology.		<ul style="list-style-type: none">■ First time report in keeping with the Global Reporting Initiative G4 Guidelines■ First time report to DJSI and CDP.■ Development of Corporate Governance Section in our web page.	Strengthen our alliance with the Global Compact and collaborate to encourage a culture of sustainability in FUNO.	✓	<ul style="list-style-type: none">■ Carried out first corporate reforestation campaign.■ Expanded the Bio-PAPPEL initiative to the entire SAMARA building.
Conceptualize sustainability within FUNO.	Make this information permanently available to our stakeholders through the web page.					
Strengthen the culture of sustainability within FUNO	Adhere to the United Nations Global Compact.	✓				

2018 Commitments

- Maintain transparency in information to preserve the trust and profitability of our clients and CBFI holders.
- Compare similar properties for water and energy consumption each quarter.
- Increase participation in real-estate industry sustainability forums.
- Build and reinforce FUNO's image and reputation internally and externally through initiatives that impact different audiences.
- Increase FUNO's brand presence in communications media strategic to our target audiences.

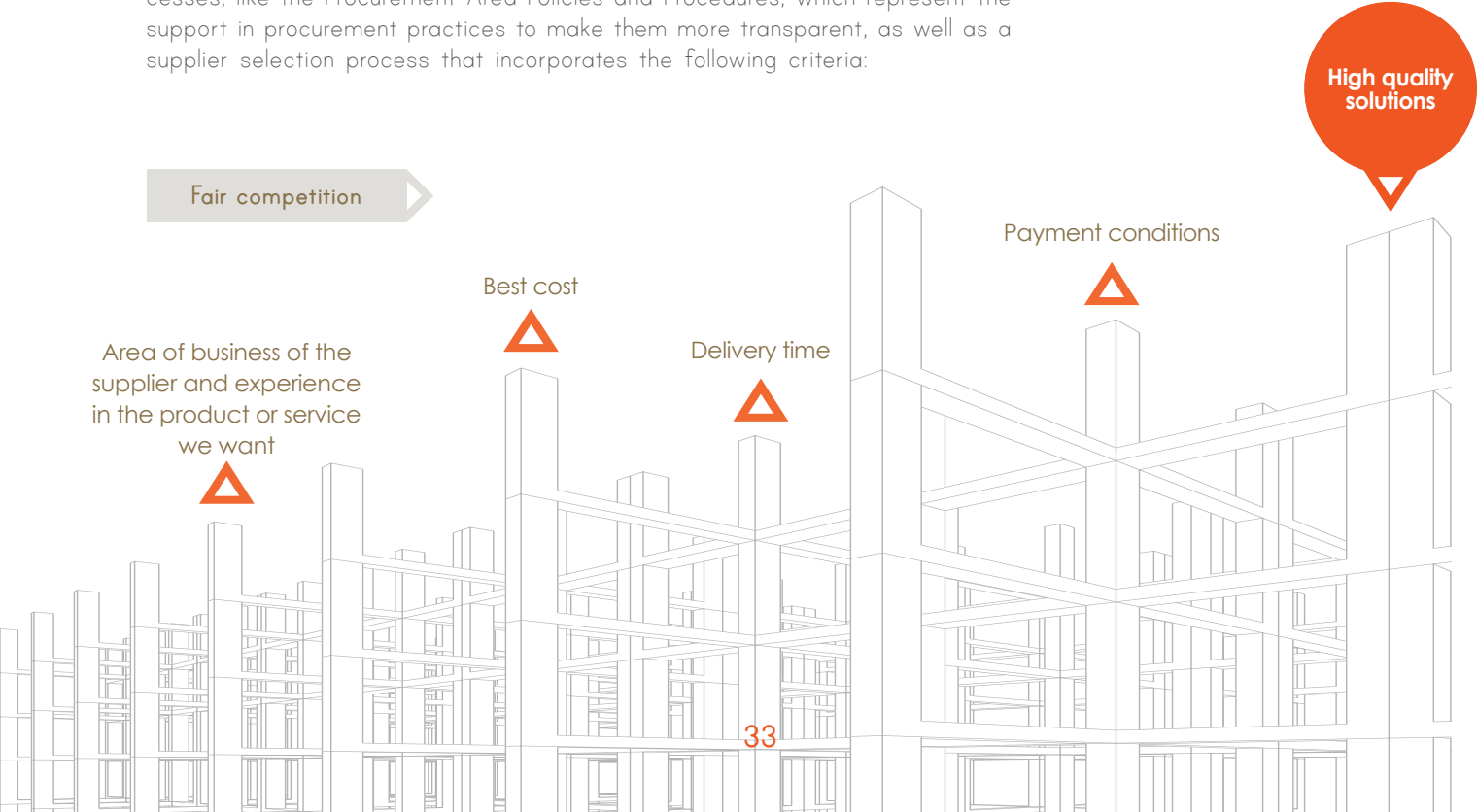
ALLIANCES THAT GENERATE VALUE

GRI 205: 103-1, 103-2, 103-3
102-9, 102-10

Our value chain is one of the processes through which we contribute to Mexico’s progress, because it encourages the creation of indirect jobs, and therefore helps improve the quality of life for Mexican families.

It is crucial that we have a responsible value chain, because this positively impacts the services we offer our tenants and visitors.

To make sure of this, we have instruments to optimize our management processes, like the Procurement Area Policies and Procedures, which represent the support in procurement practices to make them more transparent, as well as a supplier selection process that incorporates the following criteria:



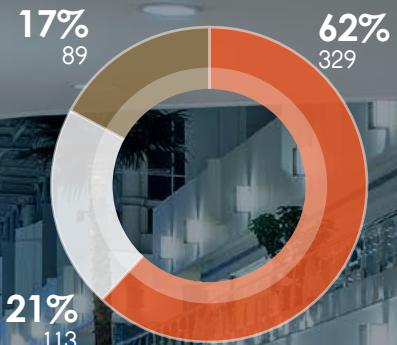
In this process, we promote fair competition, which favors service quality and improves prices from vendors, while helping us to meet our goal of offering investors and clients the best price-quality ratio.

- ◀ We have 2,811 active suppliers, 856 of which were incorporated in 2017
- ◀ Ps. 2.39 billion in supplier payments in 2017

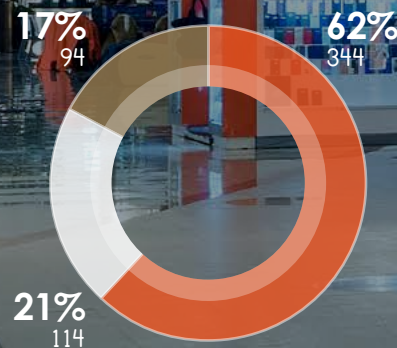


Malecón Américas, Cancún

Number of operating properties by segment



Operations ⁽¹⁾



⁽¹⁾ Number of properties by type of operation: 552.
Total number of properties: 531.











68 suppliers of maintenance services for chillers, air conditioning, etc.

38 security service suppliers

43 cleaning service suppliers

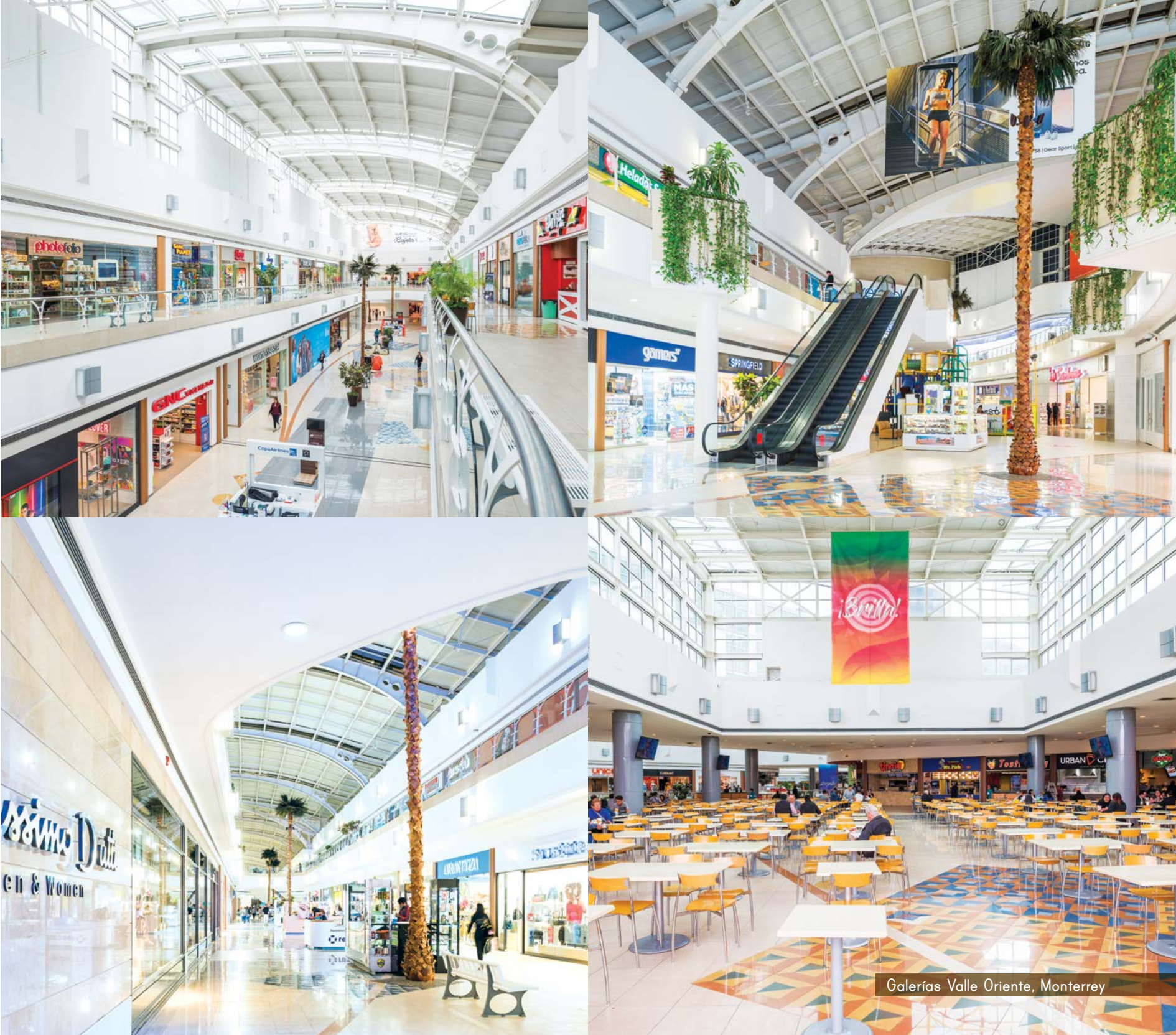
CONTINUOUS IMPROVEMENT

Treasury

2017 Commitments	Progress	Our strategy	Actions
 Expansion of Procurement area		Centralize acquisition of key and services in order to handle request more efficiently and take advantage of economies of scale.	<ul style="list-style-type: none">■ Hire specialized personnel.■ Train new employees.
 Second check		In-depth check of payment files to avoid errors.	Development of an internal tool.
 Have lines of credit available		<p>Goal: Ps. 2 billion in short-term, unsecured lines of credit.</p> <p>2017 Results: Ps. 5.3 billion in lines of credit, of which only Ps. 3.3 billion were used.</p>	Negotiation with banks for the amounts, terms and rates that are best for FUNO.
 Reduce interest rates on lines of credit		<p>Focus on short-term lines of credit.</p> <p>2017 Results: : Reduced average rate by 150 to 100 basis points.</p>	
 Launch of Integrity, an online tool for bank account reconciliation		<p>2017 Results: 100% of Treasury operations conducted with the Integrity tool.</p>	<ul style="list-style-type: none">■ Update of the tool version.■ Employee training.

2018 Commitments

- Stabilize purchasing processes and achieve a more mature Area.
- Handle all purchasing requests in the Area as a whole instead of individually.
- Establish the basis for a “reliable supplier” policy, a list of suppliers specializing in their area, stressing those considered critical.
- Handle at least 95% of purchasing requirements in 30 days or less.
- Keep lines of credit open with the best conditions possible.



Galerías Valle Oriente, Monterrey

OVER **500** PROPERTIES



GREATNESS OF OUR PORTFOLIO

102-7, 102-10, 302-1, 302-3, 303-1, 303-3

At FUNO, we have the best portfolio of properties in Mexico, because it the largest, most diversified and best located in the country.

	 Location	 Size	 Diversification
531 properties		8,447,785 sqm of GLA	94.3% total occupancy rate
697,485 sqm of GLA under development		Ps. 14.62 billion in revenues	Ps. 337 million in property taxes, 4% more than in 2016
Ps. 152 million in insurance, 6% more than in 2016		11,037,267 m³ of water consumed nationwide	161 Gigawatts of electricity consumed nationwide; 70 kWh/sqm ⁽¹⁾
1,537 Megawatts from fossil fuels consumed nationwide ⁽¹⁾⁽³⁾		Ps. 105 million paid for water supply; 23% higher than the year before	Ps. 227 million paid for electricity; 15% more than in 2016

⁽¹⁾ Environmental data include the operation of 89 buildings in which F1401 and the designated administrators are responsible, meaning they do not include consumption for which the tenants are responsible.

⁽²⁾ The breakdown of water consumption by source is as follows: 8,124,398.05 m³ from the municipal water supply; 445,941.16 m³ in tanker trucks; 2,453,530.16 m³ from underground wells; and 13,398 m³ in wastewater from another organization which we treat and reuse.

⁽³⁾ The consumption of fossil fuels included in this calculation is as follows: 47,186 m³ and 643,889 kW of natural gas; 1,453.3 liters of gasoline; 1,473,897 kW, 21,267 liters and 604,142,483 gallons of diesel.

One of FUNO’s greatest achievements in 2017 was the completion of five acquisitions that added another 38 properties to our portfolio:

 Turbo	 Apolo II	 Office Building	 SAQQARA	 Frimax
 Various locations	 Various locations	 Montes Urales / Paseo de la Reforma, Mexico City	 San Pedro Garza Garcia, Nuevo Leon	 State of Mexico
16 properties	17 properties	1 property	1 property	3 properties
 Ps.7,551 million	Ps.7,874 million	USD 60 million	Ps.702 million	Ps.3,278 million
 Ps.0	Ps.1,568 million	USD 0	Ps.108 million	Ps.0
 Ps.650 million	Ps.817 million	USD 5 million	Ps.73 million	Ps.468 million
 322,087 sqm	237,050 sqm	17,087 sqm	11,236 sqm	230,061 sqm
 Ps.9,016 million	Ps.9,442 million	USD 60 million	Ps.110 million	Ps.3,278 million
 Acquisition price	 Additional investment	 NOI	 GLA	 Total investment

FASHION MALL CHIHUAHUA

A REGIONAL MEETING PLACE AND A BENCHMARK FOR THE INDUSTRY

Started operations in 2002 under the Condominium system



174,696 sqm
Total surface area

188
commercial locales, with premium brands recognized nationally and internationally

77,027 sqm
leasable area

Average occupancy

98.2%

↑4.2%

94.2%

■ 2017 ■ 2016

Revenues (millions of pesos)

160

↑12.7%

142

■ 2017 ■ 2016

Certified as a Tobacco Smoke-Free Building in 2017 by the State Commission for Protection Against Sanitary Risks (COESPRIS)

Its location, affluence and renown are factors that enable it to compete with shopping malls in the United States and position FUNO as a leading operator of shopping centers in Northern Mexico.

2017 Environmental Results

2,498,641 kWh, electricity consumed

↓ 28.1% vs 2016

1,638.4 t of CO₂ issued

↓ 29.7% vs 2016

21,624 m³, volume of water consumed

449.88 t waste generated

↓ 16.4% vs 2016

Initiatives undertaken

Replacement of lighting with LED technology in parking area to reduce electricity consumption.

Placement of trash cans with dividers to separate out recyclable waste.

Installation of ashtrays at entrances to control waste.

2017 Social Actions

Supported Municipal and State Police in the "Citizen Approach and Assistance" campaign, aimed at informing visitors about the new structure of the state and municipal police forces, through:

- Support Center in the parking lot with a school bus design.
- Module inside the shopping center.

Emphasis on security in the parking area, together with state and municipal authorities, reducing the number of vehicle and car part robbery reports to zero.

Support for public health through a designated area for providing flu vaccines to children and senior citizens.

FASHION MALL CHIHUAHUA



TORRE MAYOR

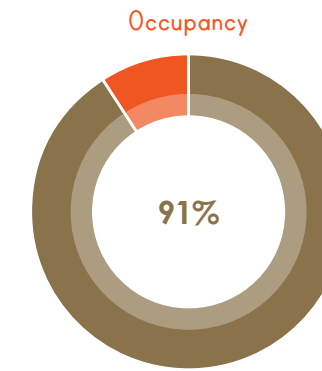
COMMITMENT AND WORLD-CLASS EFFICIENCY

FUNO has a 49% stake in the trust rights of Torre Mayor.

Torre Mayor is an example of FUNO's commitment to preserving the environment, because the building has earned various recognitions for its best social and environmental practices, including:



83,971 sqm
GLA



20,873, average annual visitors

77,000 sqm of construction

10,683,421 elevator rides

Efficiency 2017 Environmental Results



927,823 kWh, average electricity consumption

↓ 4.3% vs 2016

969,461 kWh consumo promedio de energía eléctrica en 2016

Ps. 52,588, average cost of electricity per day



11,938 m³, average volume of water consumed

↓ 9% vs 2016

13,087 m³, average volume of water consumed 2016

Ps. 49.48, average cost per m³ of water consumed



3,079 m³, average volume of water treated per year

13,495 kWh of electricity consumed in operation of the wastewater treatment plant

Ps. 17, cost per m³ of treated water

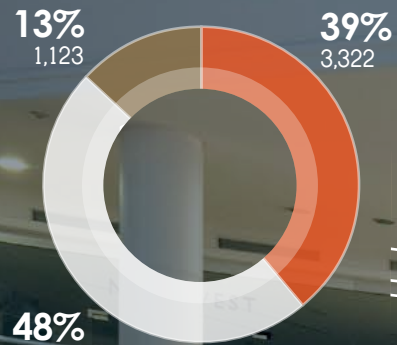
*Environmental data as of the close of December 2017.

TORRE MAYOR



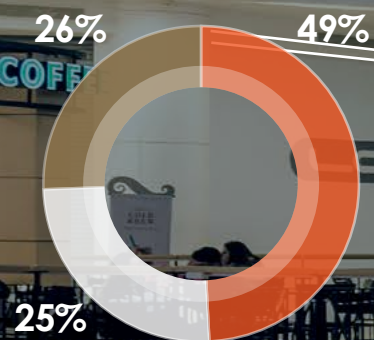
102-7, 102-9, 201-1

GLA
(⁰⁰⁰ sqm) by segment



■ Retail ■ Industrial ■ Offices

Revenues by segment



Vertical transportation

Vertical transportation

P.s. 44 million invested in vertical transportation

17 vertical transportation suppliers

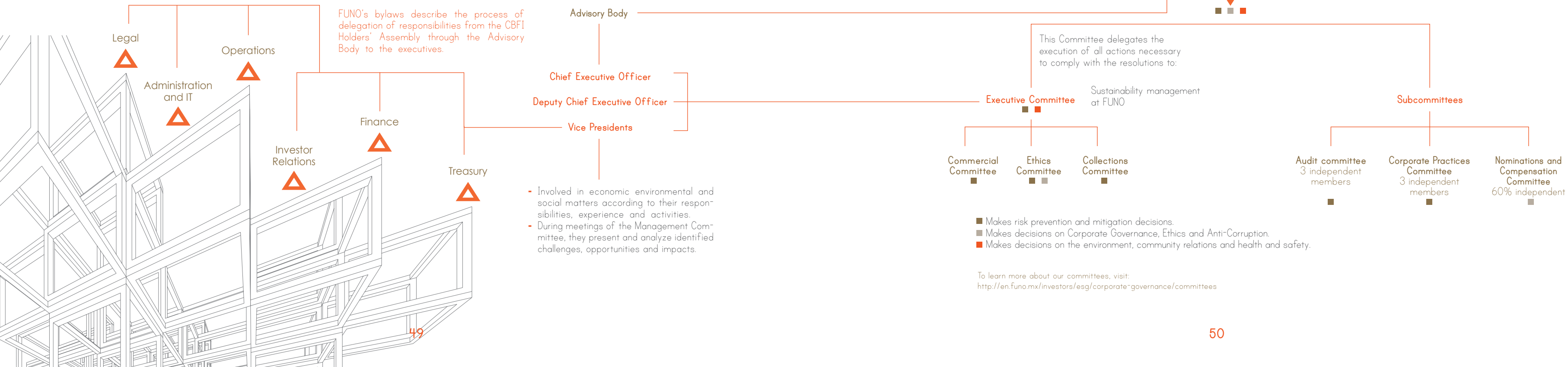
Vertical transportation maintenance

EXPERIENCE THAT MAKES US LEADERS

102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-26, 102-29, 102-32

At FUNO, we are fully convinced of the success of our governance and administrative structure, which is grounded in the experience of our leaders, transparency, and an open-door policy that enables us to bolster our strategy through innovative ideas.

Our corporate governance is structured as follows:



102-20, 102-24, 102-25, 102-27, 102-31, 102-33

Nomination of Technical Committee members is initiated by the Nominations and Compensation Committee, and members are ratified by the CBFH Holders' Assembly.



The independence of Technical Committee members is based on the provisions of the Securities Market Law, as well as the provisions of the Trust Agreement, which also establish that the relevant decision making requires the favorable vote of all independent members. The ratification of this independence lies with the Holders Assembly.

◀▶ All members of the Technical Committee have extensive experience in economic, social, environmental, political and cultural matters relating to the trust's purpose

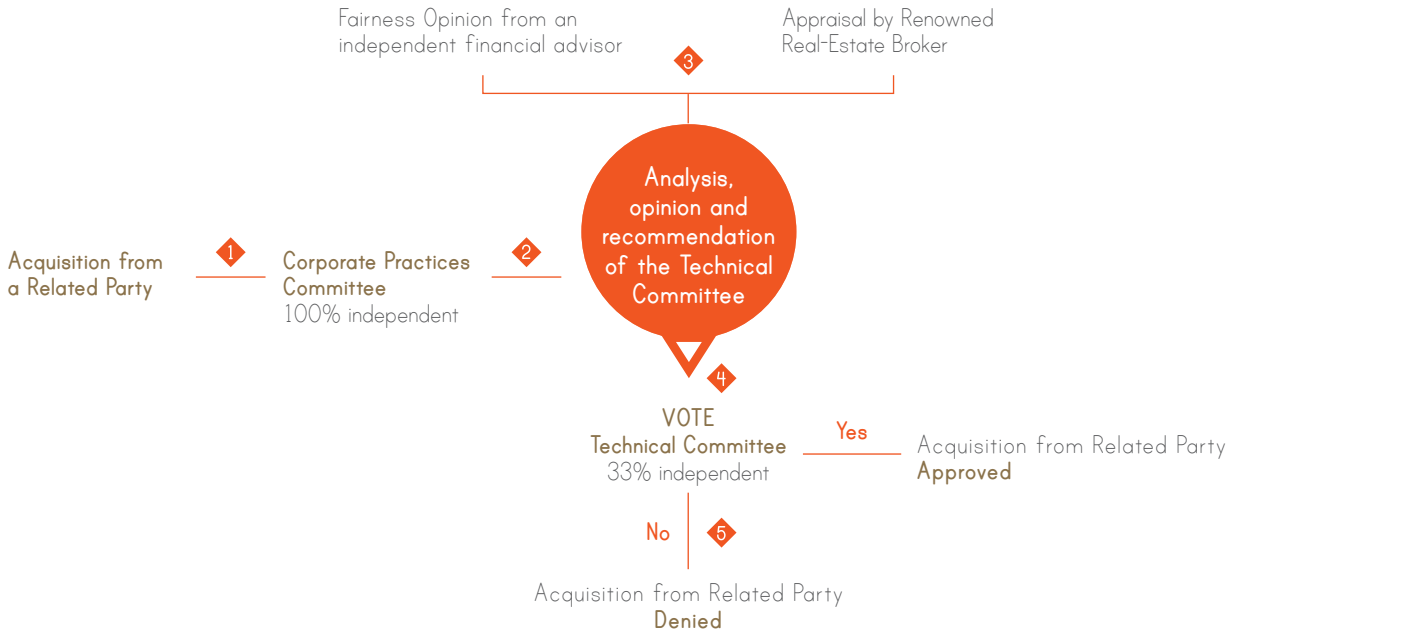
As regards communication on economic, social and environmental matters that require attention, the Vice Presidents inform the Management Committee, if the matter involves the Technical Committee it is advised of the fact in the corresponding meetings. If the Technical Committee believes it is warranted it will bring the matter before the CBFH Holders' Assembly. If in accordance with the Trust Indenture there is some issues that is not relevant for the CBFH Holders' Assembly and Technical Committee, it is communicated to the stakeholders in question through Vice Presidencies.

RESOLVING CONFLICTS OF INTEREST

FUNO has a process in place to prevent conflicts of interest, both in the CBFH Holders' Assembly and in the Technical Committee, in accordance with the guidelines established in the Mexican Securities Market Act and Unified Issuers' Bulletin, as well as the provisions of the Trust Indenture itself. When a conflict of interest arises, the party involved must abstain from voting on it.



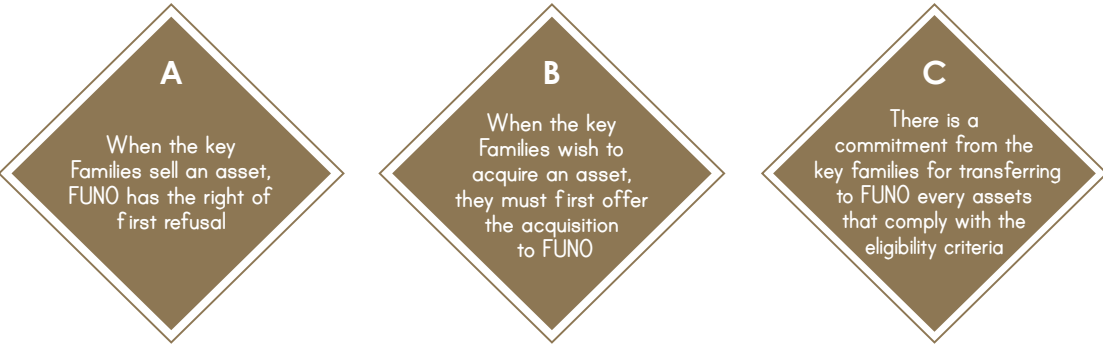
Transactions with Related Parties



- 1 The related party transaction is presented to the Corporate Practices Committee.
- 2 The Corporate Practices Committee, which is 100% independent, analyzes the related party acquisition.
- 3 A fairness opinion and appraisal by a renowned real-estate broker is required for the Corporate Practices Committee to analyze the transaction.
- 4 The Corporate Practices committee, based on its analysis, issues its opinion and recommendation to the Technical Committee.
- 5 In order for the acquisition to go forward, the following is required: (i) approval of a majority of members of the Technical Committee; and (iii) the favorable vote of a majority of the Independent Members of the Technical Committee. If either of these requisites is not met, the transaction is denied.

It is contemplated that the key families should abstain from voting in those cases in which there is a conflict of interest; this provision is established in the Trust’s contract.

Commitments and agreement of related parties



For more information, visit our webpage at: <http://en.funo.mx/investors/esg/corporate-governance/risk-management>

RISK MANAGEMENT

GRI 419: 103-1, 103-2, 103-3
102-28, 102-30, 102-31

Given the nature of our business, we at FUNO have a solid process in place for identifying and mitigating economic, social and environmental risks to avoid them impacting the operations.

When there are transactions whose size require higher approval, these are dealt with in ordinary and extraordinary assemblies of CBFH Holders, which authorizes the procedure, receives the due diligence reports and votes on the matter taking into account its economic, environmental and social impact.

The Technical Committee –the foundations of which are contained in Article 80 of the Credit Institutions Law– is responsible of managing the Trust Indenture and, supported by the Corporate Practices and Audit Committee, of quarterly review –or whenever it is required– of the risk factors for guaranteeing the effective and efficient trust operation. In this way, the risk management process is executed.

Some of the Technical Committee functions are:

Review the Trust’s financial statements and decide on the best way to manage the available resources.

01



Decide on the policies for investment of the Trust Equity, according to eligibility criteria in the economic, financial, environmental and social spheres.

02



Approve investments, acquisitions, transfers, sales and divestitures in amounts up to 19.99% of the Trust Equity, based on previously disclosed financial information.

03



Approve policies on Related Party Transactions, with the opinion of the Corporate Practices Committee in order to avoid conflicts of interest.

04



Define accounting policies, with the opinion of the Audit Committee, to guarantee the mitigation of risks and operating impacts, as well as compliance with the existing internal regulations.

05



Approve the acquisition of performance insurance for members of the Technical Committee and Key Executives of the Administrator.

06



Establish policies on Trust Equity leverage.

07



Appoint and remove the Independent Auditor, by recommendation of the Audit Committee.

08



Identify and mitigate, together with the Corporate Practices and Audit Committees, the risks and impacts that may be generated by the Trust Equity.

09



102-21

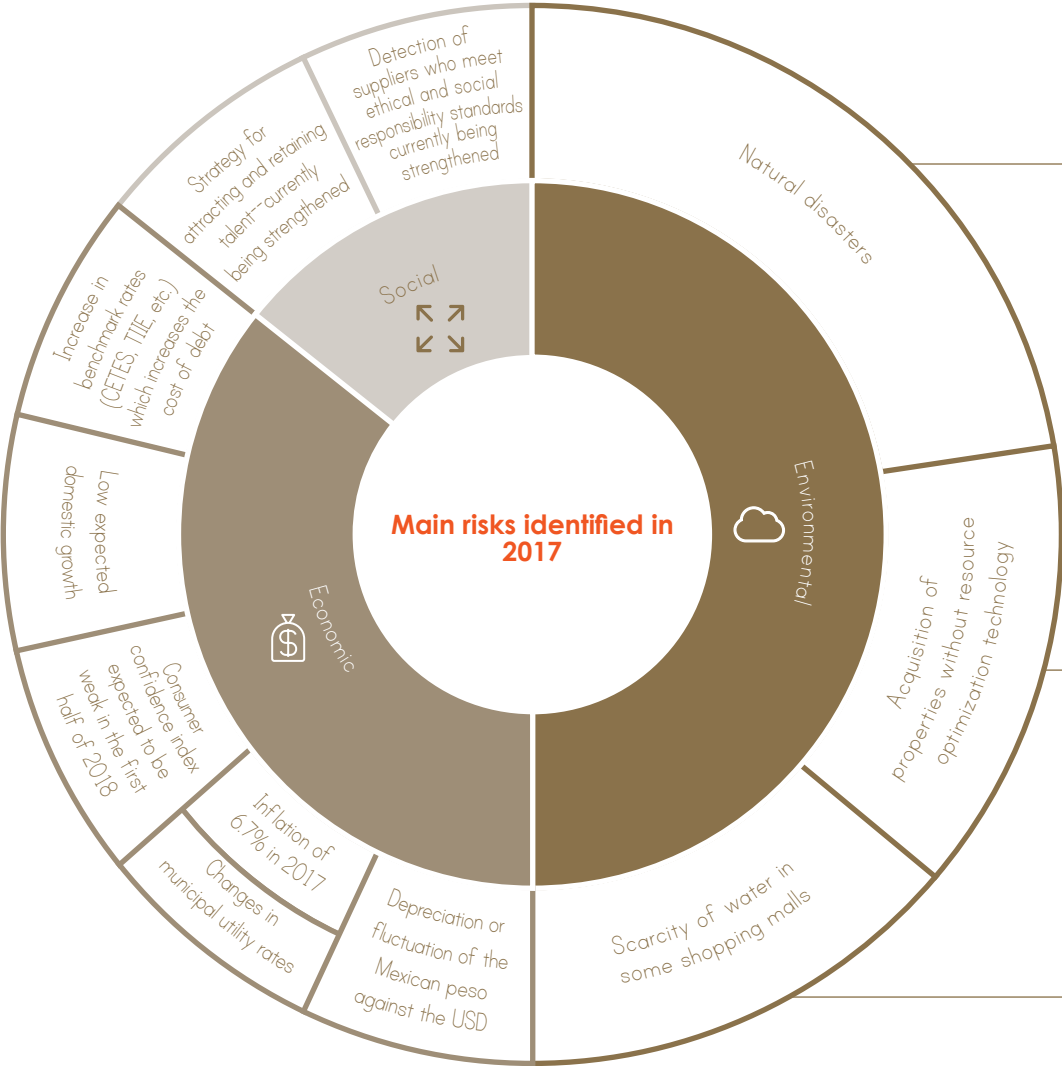
When appropriate, the Technical Committee also has the authority to reach out to stakeholders, and when necessary, experts specializing in economic, environmental and social matters. This in order to gain a broader perspective on decisions that must be made regarding certain transactions affecting the Trust Equity or the community in which its actions are taken.



Parque Industrial Tlane Park III, Tlalnepantla

102-11, 102-15, 201-2

In order to detect the main risks stemming from economic, environmental and social issues, in 2017 we focused our efforts on a risk evaluation based on internal control organizational and financial processes an observation. The results of this Risk Assessment, applicable to 2018, are:



Mitigation Measures



- Emergency recovery plan that protects critical hardware and software = guaranteed recovery of information in less than 24 hours.
- Security systems in properties located in coastal areas and regions of seismic activity = greater response capacity in emergency situations.
- Insurance on all properties and requirement that all tenants insure their merchandise.
- Modifications to policy on capitalizing expenses, together with external auditors, to support investment in infrastructure, obtain benefits and ensure compliance with applicable accounting standards.
- Water brought in by outside suppliers; still, this increases operating costs by around 10 to 15 percent, so it is considered a corrective measure when such a service is needed.



- Compliance with laws and regulations applicable to our operation, administration and management.
- Advance refinancing when possible, monitoring the risk of Mexico's political and social climate.
- Monitoring trends, legislative reforms and policies that could affect our operations = Prevention and early reaction.
- Taking out financial instruments to hedge risks.



- Improvement in employee benefits and opportunities for advancement.
- Defining job responsibilities for each position.
- Establishing ethical standards for suppliers.

According to our financial statements, 2017 was a year of progress and consolidation for the trust, reflected in:

- A 10.5% increase in total revenues.
- An increase in the Administrative and Operations teams (170 more employees).
- Acquisition of the Turbo, Apolo II Frimax, SAQQARA portfolios and a building on Montes Urales in Mexico City.
- Our meeting of risk management commitments, goals and targets.

Risk Management

Primary measure:

Offering of retail, office, mixed-use and industrial properties, which ensures the stability and continuity of our revenues.



In 2017 we met all of our commitments, goals and targets in the area of risk management

CONTINUOUS IMPROVEMENT

Corporate governance

2016 Commitments	Our strategy	Progress	Actions	2017 Commitments	Progress	Actions	2018 Commitment
<ul style="list-style-type: none">■ Identify the main risks to the trust.■ Strengthen employee management at all levels; particularly as regards ethics.■ Comply with laws and regulations.■ Ensure Human Rights are respected throughout FUNO and in our operations with other stakeholders.■ Reject all forms of discrimination.■ Maintain and work on consolidating corruption- and bribery-free spaces.	Internally review maturity model and basic collection of existing information.	✓	<ul style="list-style-type: none">■ Carry out first sustainability analysis and obtain an overview of sustainability at FUNO, according to GRI and GRESB guidelines.■ Conduct first survey of organizational climate among all FUNO employees.■ Continue mechanisms for feedback with investors, analysts and banks, through quarterly interviews by Grayling.■ Conduct first materiality study, in consultation with KPMG; by which we identified our maturity against the industry and risks of various kinds.■ Publication of the Code of Ethics and training for all employees.■ Launch of the Whistleblowers Hotline, managed by an independent firm.	Continue training our employees in specific topics of Human rights, ethics and anti-corruption.	↻	<ul style="list-style-type: none">■ 112 hours of training in issues of Ethics and anti-corruption.■ 10 key employees in senior management, subdirectors, management and staff.	Re-launch/reinforce communication campaign and extend it to visitors and tenants; with this, we will have covered 100% of our stakeholders.
	Interview stakeholders to learn about their expectations (employees, clients, CBFI holders, committee members, suppliers, etc.).	↻		Wider dissemination of the tools available for managing and applying the Code of Ethics.	✓		
	<ul style="list-style-type: none">■ Carry out a materiality study.■ Identify priority issues, maturity and risks.	✓		<ul style="list-style-type: none">■ Maintain feedback mechanisms with employees and investors up to date.■ Improve and strengthen new channels with other groups, like suppliers and clients.	✓		
	Design and publish the code of Ethics applicable to the entire trust and its affiliates.	✓		Adhere to the Global Compact for implementation of Principle 10, regarding anti-corruption and ethics.	✓		
	Train employees in issues of ethics, anti-corruption and Human Rights.	↻		Involve our suppliers in FUNO ethical and anti-corruption practices.	✓	100% of our suppliers adopted the Code of Ethics and signed an anti-corruption clause included in their contracts.	
				Increase the percentage of committee members.	✓	We included a new independent committee member.	



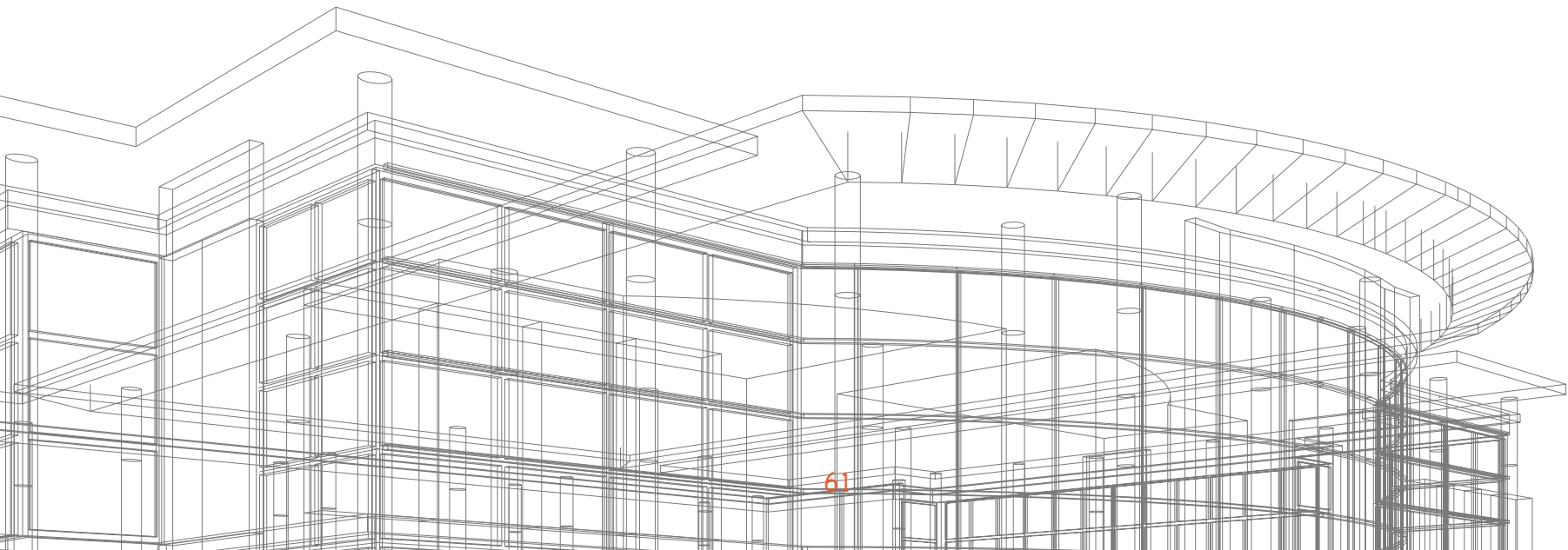
Torre Mexicana, Mexico City

OUR TEAM: HUMANE AND MEXICAN

GRI 401: 103-1, 103-2, 103-3






At FUNO, we are fully convinced of the importance of creating jobs and having the best team, because our human capital is the engine of our success. For this reason, we view the FUNO's culture and needs as essential to our talent recruitment effort, and we strive to create an environment that favors the comprehensive wellness of all our employees.

To this end, we work to expand our social responsibility by providing the best working conditions and a professional, attractive workplace environment, through respect for human rights and by guaranteeing diversity and equal opportunities for all. This enhances employees' commitment and sense of belonging, and therefore leads to greater stability, retention of talent, and a stronger human organizational culture.



RECRUITMENT AND RETENTION OF THE BEST TALENT

The basic instruments that enable us to best manage the extraordinary and diverse team that makes up FUNO are:

-  **Talent recruitment and retention**
We maintain an open environment in which employees are free to apply for new positions within FUNO, by analyzing their job qualifications and through follow-up and feedback.
-  **Code of Ethics**
Employees can freely and confidentially report any acts that go against FUNO's values and principles.
-  **Partnerships for all personnel**
Inclusiveness events for all employees, through which they receive benefits like discounts on services and products for various interests.
-  **Training**
Open to all levels and positions, provided the purpose is justified and FUNO and employee commit jointly to it.
-  **Long-term Incentives (LTI)**
We offer an employee stock program by which we assign FUNO CBFIs to our executives, based on their position and their seniority.

We also have mechanisms for evaluating our own actions, to make sure we are on the right path in terms of talent management, such as:

- We hire an independent auditor to evaluate our salary, recruitment, hiring and training processes.
- We accept opinions on the services FUNO offers.

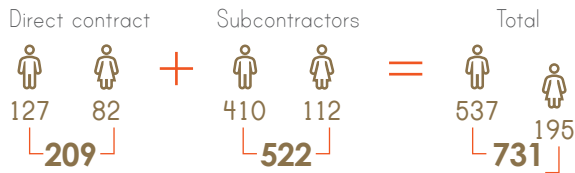
Work force

102-7, 102-8, 401-1

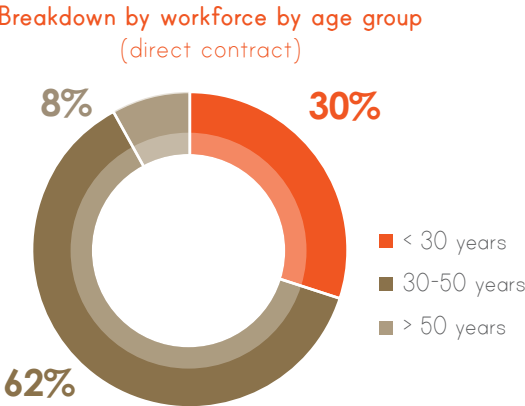
We have a total of 731 employees, 209 of them hired under direct contract, and who hold key positions with the operation, and 522 employees through subcontractors.

At FUNO, our work force is growing steadily as we incorporate new properties, because when we include a new property to our portfolio we also bring on board the employees who were working there.

Breakdown of workforce by contract type and gender

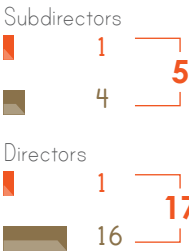
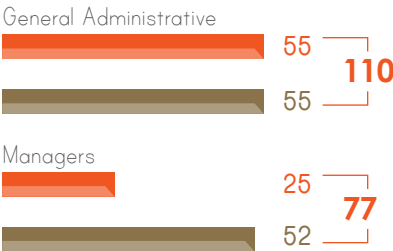


Note: All employees work full time, except for interns and scholarship hires.



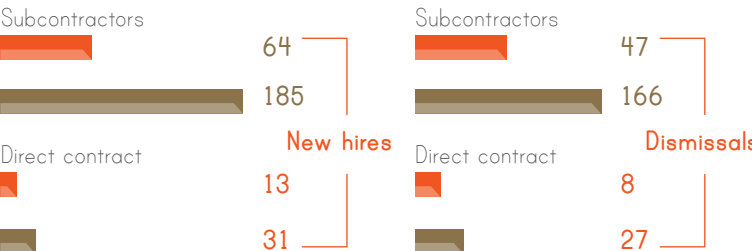
731 employees, 29% of them under direct contracts and 71% through subcontractors

Breakdown of workforce by position (direct contract)



Women Men

Ratio of new hires and dismissals by employee and contract type



Employees are a pillar for FUNO, so we believe it is essential to evaluate their performance and commitment with the trust. To do so, we have recognition programs in place that focus on two areas:

Recognition for academic excellence

This program rewards the employee children of school age who obtain a grade point average of 9.0 (out of 10), as well as their parents, for the joint effort.

Recognition of operational managers

During our annual operating meeting we recognize managers who obtained the best results in the country.

100% of our senior management –Subdirectors, Directors, Vice Presidents, Deputy Chief Executive Officer and Chief Executive Officer– are from Mexico City

Employee turnover in 2017: 16.7% direct hires 36.3% in subcontractors

EFFECTIVE COMMUNICATION

GRI 401: 103-2; GRI 402: 103-1, 103-2, 103-3
102-34, 102-44

One of the main actions to ensure optimum workplace conditions is communication with each employee, because this is vital for understanding their needs and improving our talent management, and for sharing FUNO’s plans, strategies and achievements with them while making them aware of how important their participation is for achieving them.

FUNO views itself systemically, as a holistic entity made up of pieces that are interrelated through a shared vision, a structure for detecting areas of opportunity and comprehensive progress, in terms of our human capital, our resources and processes. Confidential, one-on-one attention to each element of our system enables us to work toward sustainable growth and development.

Means of communication with employees

Information on results

E-mails

A tool by which we inform employees of key news and events by e-mail.

Audiovisual elements (screens)

A support tool for announcing and sharing material information or FUNO results.

One on one

Information presented individually or in a group.

Corporate events

A forum for publicizing FUNO’s performance and main achievements.

Talent management

Personalized feedback

Provided bi-yearly and annually, according to the team audit project and talent mapping for internal promotions.

Performance adjustment interviews

Conducted during the first three months after a new hire, as part of the FUNO orientation process.

Interventions

From time to time, depending on area restructuring, new positions in FUNO or employment difficulties.

Surveys

Conducted online, from time to time depending on the event or purpose.

Through these channels, over the course of the year we were able to identify various areas of interest to our employees, which we addressed appropriately. Among these were:

Main issues mentioned by employees

Greater opportunities for professional growth through internal promotions and feedback with leaders

Expansion of institutional partnerships to benefit employees

Systematization and update of policies and procedures

FUNO’s response

We made a record of existing job descriptions and requirements, considering each newly-created position, providing support, documentation and reliability in internal promotions through:

Technical evaluation Compatibility with requirements Compatibility with the position Evaluation of competencies (psychometric evaluation)

We created a number of partnerships to support the comprehensive wellness of employees, such as:

Corporate sales Gym memberships Service cart with daily breakfast in a kitchenette

- We formalized and updated the orientation process.
- We updated policies on: vacations, recruitment, selection, hiring, training and development; as well as uniforms for specialists in maintenance, landscaping, etc.
- We systematized management of sick days and vacation.
- We acquired a corporate membership with LinkedIn.
- We modified our online organizational charts.
- We renewed dental and major medical insurance policies.

We intend to continue taking action to guarantee effective communication with employees, in order to together generate long-term value. Among the main commitments we have assumed are:

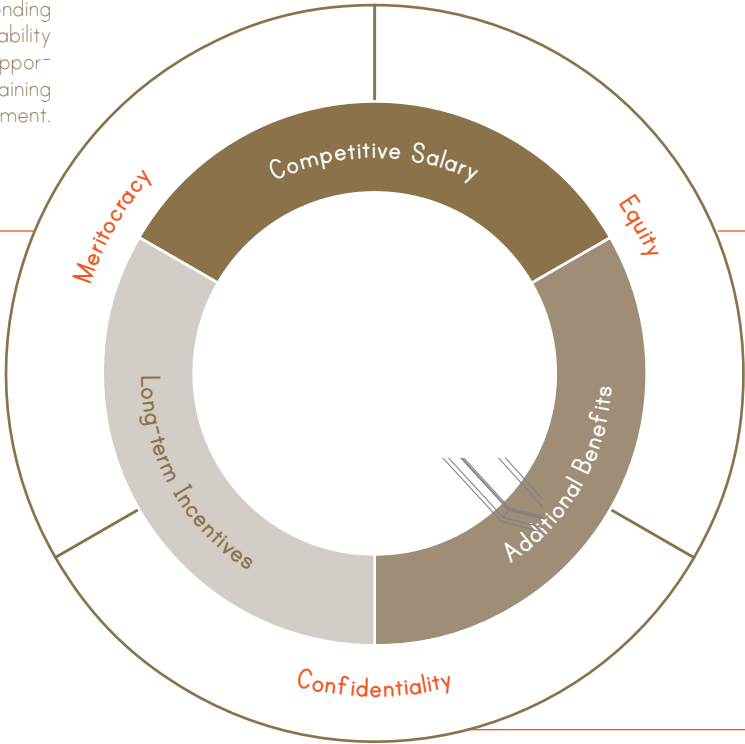
- Implement integration plans at the corporate level, to help build better communication between areas.
- Strengthen feedback of area heads and leaders regarding the annual results of each employee and the trust.
- Optimize corporate marketing activities focused on communication, in order to better disseminate key messages among employees.
- Address opinions, suggestions and complaints from employees, so they can be more confident that these are being effectively handled.

EMPLOYEE BENEFITS

GRI 405: 103-1, 103-2
102-35, 102-36, 102-37, 401-2, 405-2

FUNO is committed to improving quality of life for our employees, so we make sure we offer them the most competitive salaries—higher than the minimum wage in all cases, for both direct hires and sub-contractors. Our employee compensation scheme is based on three pillars:

In keeping with the goals achieved, we offer performance bonuses; also, depending on the employee's skills, ability and position, we offer opportunities for technical training and professional advancement.



We have internal tools that are constantly revised to ensure that salaries in equal positions are maintained within a range of equity. In this way, we guarantee that there is no discrimination or preferences for any person, regardless of gender, age, ethnicity, etc.

Because of the social, political and economic climate prevailing in the areas where we operate, we have an internal policy of not publishing our employees' salaries, to avoid exposing them to social risks and problems.

Our employee benefit plan offers them support in a variety of areas, among them:

- Additional benefit plan, paid for out of ordinary FUNO funding.
 - Major medical insurance
 - Grocery vouchers
 - Meal support
 - Discounts on health care and recreation
- Employee savings fund, through an independent fund made up of employee contributions, which matched one-for-one by FUNO.
- Life insurance to guarantee security for employees' families, covering 36 months of their salary.



Portal San Ángel, Mexico City

TALENT DEVELOPMENT

GRI 404: 103-1, 103-2, 103-3
404-1

At FUNO, because we are a young, dynamic trust, training our employees is fundamental, part of the continuous learning process we provide to help them do their jobs better and thus achieve job satisfaction and professional growth.

For this reason, we have a number of tools that support us in the training process:

4,399 work-hours of training total; an average of 26.8 hours per employee

4,161 hours of technical training

By applying these instruments, we achieved the following:



Specifies the guidelines for training by seniority, trainee commitment, and application criteria based on the detection of training needs.

Training and Development Policy

Based on the SMART* methodology, we conduct an annual evaluation, using the results as an input in calculating the percentage to be assigned as performance bonus.

Scorecard evaluation system

The leader of each position uses this instrument to specify performance indicators for each job and qualification level.

Creating indicators for each position in Human Development and Direction

A record of each employee's file, to keep track of training and obtain annual indicators on courses, duration, training hours, responsibilities, gender and investment.

Indicator platform

An outside consultant was hired to help us comply with requirements on the mixed training committee, training plan and program, preparation and annual productivity, to avoid fines and sanctions.

Consultancy on complying with Ministry of Labor provisions

- 46 hours of training in ethical matters -gifts and anti-corruption-
- 100% of our employees received training on the Code of Ethics
- 164 employees trained: 76 women and 88 men

Average hours of training by gender, 2017

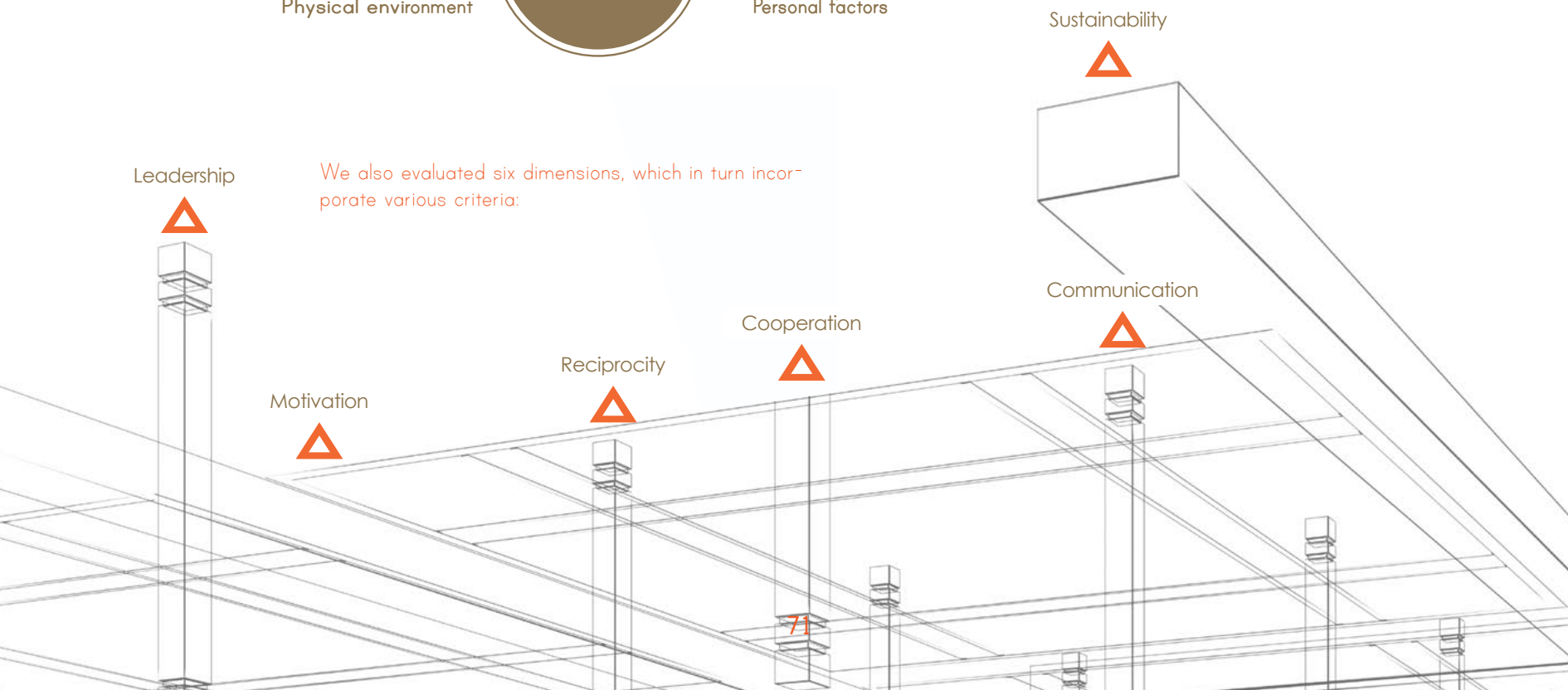


*SMART: Specific, Measurable, Attainable, Relevant, and Time-Related.

JOB SATISFACTION

GRI 401, 402, 403, 404, 405: 103-3

With an eye to strengthening job satisfaction at FUNO, we conduct regular organizational climate surveys, the primary purpose of which is to measure and analyze how satisfied our employees are, and their perceptions of various aspects that might encourage, block or influence their productivity. The variables that play in to an organizational climate, and which we analyze in this survey, are:



We also evaluated six dimensions, which in turn incorporate various criteria:

Through this analysis, we can identify factors that influence performance results, FUNO behavior, and the efficacy of the measures taken, and on this basis take corrective action by introducing new initiatives or strengthening existing ones.

 **72 employees participated in the organizational climate survey in 2017**



Corporativo Santa Fe, Mexico City



Some of the main findings were:

- 97% of employees surveyed said they were motivated and proud to work at FUNO; that they identified with its philosophy and expected to remain in their position
- 90% were satisfied with intra- and inter-area cooperation
- 81% of employees surveyed were satisfied with the effectiveness of communication at FUNO and the contribution to organizational culture
- 84% of those surveyed were satisfied with FUNO's leadership in terms of feedback, encouragement for excellence and teamwork, and dispute resolution
- 77% were satisfied with the level of reciprocity at FUNO, which refers to processes, working conditions and salary
- 83% were satisfied with FUNO's sustainability, consisting of gender equity, respect and social responsibility

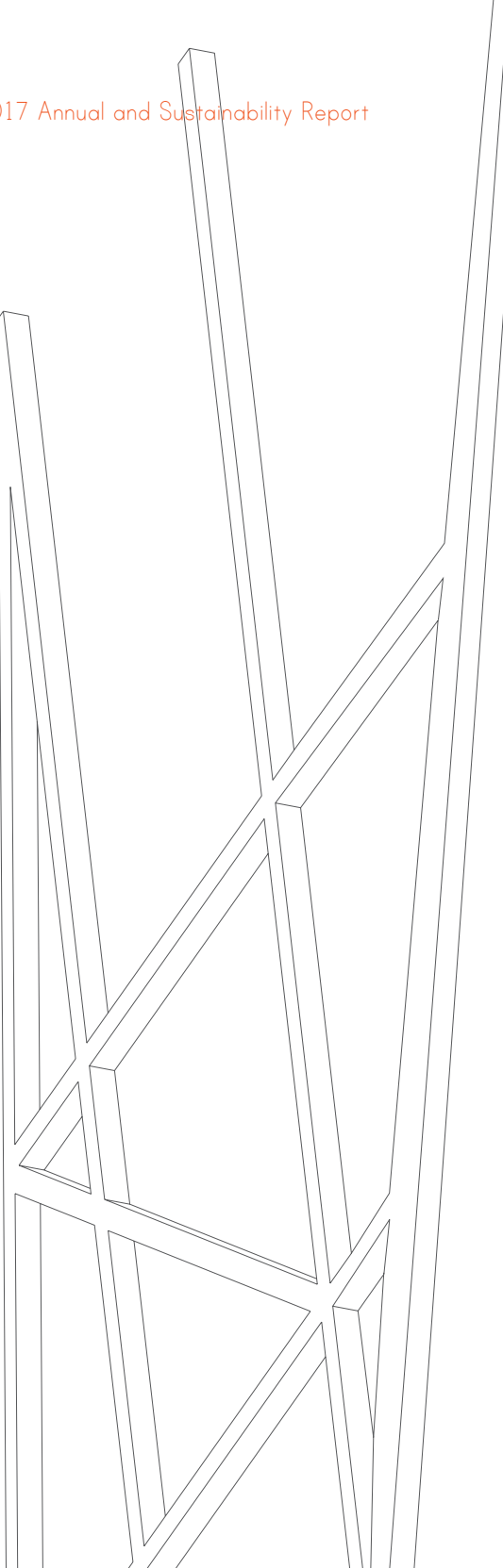
In analyzing these results, we were able to identify various areas of opportunity, among which were:

Corrective actions

- Generating strategies to encourage work in cross-area teams, through integration events and joint projects
- Creating and keeping employees informed of processes, procedures and standards
- Measuring performance with clear indicators of progress against goals
- Personnel training and development
- Establishing and measuring effectiveness of communication channels between leaders and employees
- Follow-up on sustainability strategy (social-environmental)

Strengthening actions

- Communication and celebration of institutional achievements (pride and sense of belonging)
- Monitoring and compliance with the Code of Ethics
- Maintain an open-door policy with leaders
- Teamwork within areas
- Maintain friendly working relations
- Encourage care for workplace premises (safety, ergonomics, etc.)



CONTINUOUS IMPROVEMENT

Human Capital

2017 Commitments

Redesign the structure of Human Resources to add performance indicators for the selection and recruitment of talent, as well as better management of the organizational structure



- Approval of new hires with ad hoc qualifications, to attract talent to specialized positions.
- Reduced the time it takes to fill a vacancy by 50%.
- Classified all properties into categories: A, B, C, and C.
- Cooperation with the Operations Area to standardize structural criteria for each property according to building classification.

Stabilize and release the Open HR platform to migrate from the testing environment to a productive environment.



- Systematized 70% of manuals and processes.
- Recorded hires and dismissals through interface, identifying duplication of responsibilities.
- Identified areas of opportunity.

Team training on the use of the Open HR platform so that all users, particularly remote ones, can begin using the new system.



- Training of a pilot group of 20 building managers.
- Training given on site to managers in all buildings in Mexico.
- Creation of visual material for training sessions (videos).

Orientation program with first-need and quality content, together with a field visit.



Started the program in June 2017.

Introduce strategy derived from the organizational climate survey.



- Strengthened the process of comparing job positions with their occupants, to identify correlations not just in academic terms but in terms of soft and hard skills.
- Covered 73% of standard positions at FUNO.
- Applied this correlation to 100% of new hires.
- Start of team audit program.

Improve training at the administrative level.



- Hold 16 training courses, impacting 170 employees with more than 4,399 work-hours of training.

2018 Commitments

- Create a strategic Human Resource Plan for the next three years.
- Take inventory of current and potential talent.
- Establish a catalog of standard positions for 100% of jobs.
- Apply HAY methodology for fair remuneration practices.
- Introduce work attendance standardization program in 100% of properties, as a result of the productivity study.
- Finalize team training on the use of Open HR.
- Provide orientation in the form of e-learning to 100% of newly hired managers.
- "FUNO WAY" diploma for building managers; to develop or empower managers' skills in the way we operate at FUNO.
- Train 100% of properties managers with management skills.
- Expand Organizational Climate survey to buildings.
- Introduce at least two organizational development strategies in areas where it seems feasible to increase job satisfaction, whether through training or climate and integration.
- Identify business-critical positions to generate a succession plan.
- Develop content using the andragogic approach (educational materials developed with adults in mind).
- Identify areas of opportunity for individual and team feedback sessions, to transform vice presidencies into high-yield teams.
- Train 100% of area heads in the DISC methodology (evaluation and competence).
- Apply 360° survey at Corporate level.
- Create organizational development matrix.

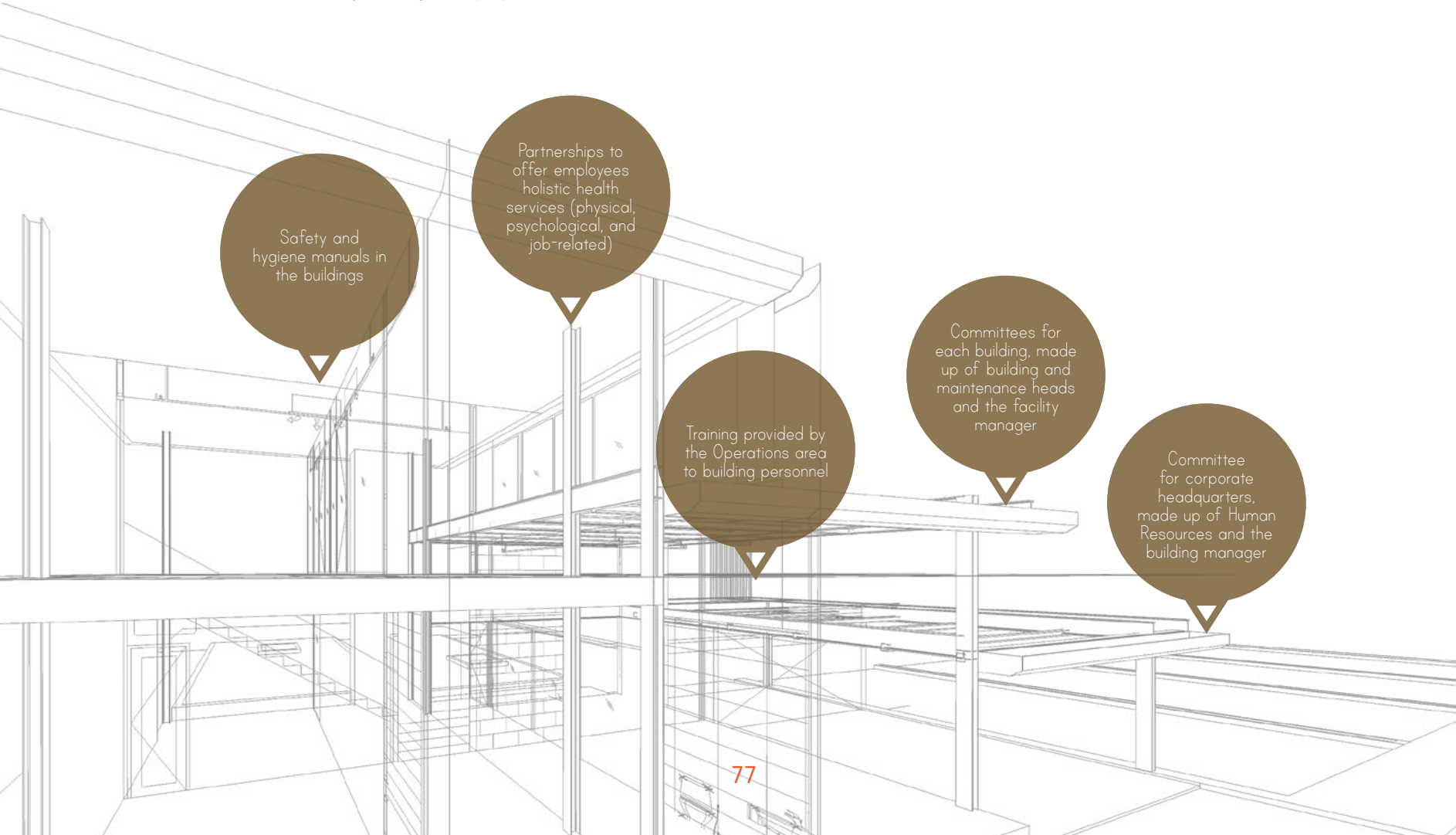


OCCUPATIONAL HEALTH AND SAFETY

GRI 403: 103-1, 103-2, 103-3
403-1

Occupational health and safety is an increasingly important topic for FUNO, because with this we guarantee our employees' physical health and job safety, promoting wellness and strengthening commitment among those who work here, ultimately contributing to higher performance.

Some of the mechanisms we have to ensuring compliance with health and safety standards governing our properties are:



As a result of actions taken to strengthen occupational health and safety management, we achieved the following in 2017:

- Provided training in:
 - Emergency Management
 - First Aid
- Updated and assembled Emergency Management Brigades:
 - Communication
 - Pumping equipment
 - Firefighting
 - First Aid
 - Evacuation
 - Rescue
- Provided health and safety training to 63 employees (31 women and 32 men), totaling over 500 hours of training, only in our headquarters.
- Took safety measures against influenza flu, while raising employee awareness about preventive measures.
- Signed a partnership with a fitness center to provide physical health services to employees.
65 active employees



CONTINUOUS IMPROVEMENT

FUNO is committed to guaranteeing the safety of our employees, tenants and visitors, so in 2017 we continued our efforts to fortify health and safety management in all our buildings.

Health and Safety

2015/2016 Commitments

Our strategy

Progress

Actions

Maintain safe, healthy and clean spaces for our employees.

Keep protection and emergency response equipment in optimum condition.



- Begin reporting results on health and safety.
- Create multi-disciplinary safety brigades at all retail properties, involving the different levels of FUNO.

2017 Commitments

Progress

Actions

Encourage an organizational culture in which safety, health and wellness for all are the pillar of our activities.

Comply with applicable laws and regulations.



- Hold the Health Round in corporate headquarters for the 2nd year in a row.

Encourage an organizational culture in which safety, health and wellness for all are the pillar of our activities.



- Maintain multi-disciplinary safety brigades at all retail properties, involving the different levels of FUNO.
- Continue holding drills, courses and practical training in key areas.
- Continued audits of building safety equipment and protocol.
- Preventive maintenance of fire-fighting systems.

Promote spaces free of violence and discrimination.

Continuously check for improvement opportunities.



- Communication campaign on the safety manual for all shopping centers.
- Continued audits of building safety equipment and protocol.

Keep our properties in optimum condition to withstand natural phenomena.



Promote spaces free of violence and discrimination.



2018 Commitments

- Keep spaces safe, healthy and clean for our employees.
- Specialized training for Emergency Management Brigades.
- Hold at least two drills a year in order to build employee awareness on risk prevention and optimum emergency response.
- Effective communication on Emergency Management through visual and electronic media.
- Replace fire-fighting systems in seven buildings in order to comply fully with existing safety standards.
- Continue the annual program of health rounds, helping our employees to keep track of indicators like glucose, triglycerides and cholesterol.
- Begin modifying recruitment policies for hiring handicapped people.
- Achieve at least 1,000 hours of training in health and safety topics.



Torre Santa Fe, Mexico City

ENVIRONMENTAL COMMITMENT

GRI 302, 303, 305, 306, 307: 103-1, 103-2; GRI 307: 103-3
102-20, 307-1

ENVIRONMENTAL MANAGEMENT

In the interests of keeping our promises to Mexico and to investors, creating long-term value, environmental preservation is an essential responsibility for FUNO.

Although one of our main challenges is that some of the buildings we have acquired are not equipped with resource efficiency technology, every time we add a property to our portfolio, we conduct an environmental impact analysis and implement progressive improvements in them to reduce their effects on the environment.


The priority issues we monitor to reduce the impact of our operations on the environment are water and energy consumption, along with emissions and waste generation. We are currently working on introducing initiatives to:

- Control electricity and water consumption.
- Encourage the re-use of water in our buildings.
- Contribute to improving the environment, by mitigating emissions of contaminating gases.



Sign of the environmental and social responsibility that moves us towards the value creation and that generates confidence in our investors.

It is our philosophy that compliance with environmental regulations is an essential part of obtaining the results we aspire to. We constantly emphasize the need for our buildings to fully meet all regulations that apply to them, such as:

 **With the instruments we have in place to guarantee compliance with existing environmental laws, there were no reported violations in 2017**

Water consumption and reuse

NOM-001-SEMARNAT-1996
Establishes permissible limits on contaminants in wastewater discharged into national bodies of water and land.

NOM-002-SEMARNAT-1996
Establishes maximum permissible limits on contaminants in wastewater discharged to urban or municipal sewage systems.

NOM-003-SEMARNAT-1997
Establishes maximum permissible limits on contaminants in treated wastewater re-used in services to the public.

Electricity measurement

NOM-EM-007-CRE-2017
Systems for measuring electricity use. Specifications and testing methods for multi-function meters and instrument transformers.

Use of electricity

NOM-001-SEDE-1999
Contains technical provisions and specifications that must be met by facilities used to generate electricity, in order to create appropriate safety conditions for people and properties.

Emissions

NOM-041-SEMARNAT-2015
Establishes maximum permissible limits on emission of contaminating gases from exhaust by gasoline-fueled automotive vehicles on the road.

Appropriate management of energy and water consumption permit us to identify areas of opportunity in our operations and to optimize decision-making to maximize efficiency and economic savings in these two areas, which are among FUNO's largest expense items. Environmental management is overseen by the Vice President of Operations, who in turn delegates observance to Sole Project Representatives (RUPs), as well as to Sub-Directors and Maintenance Managers.

Environmental compliance assurance

General lines of action

- Continuous inspection and audit
- Personnel training in environmental compliance
- Exhaustive environmental audits when acquiring new properties

Contracts that include environmental clauses to:



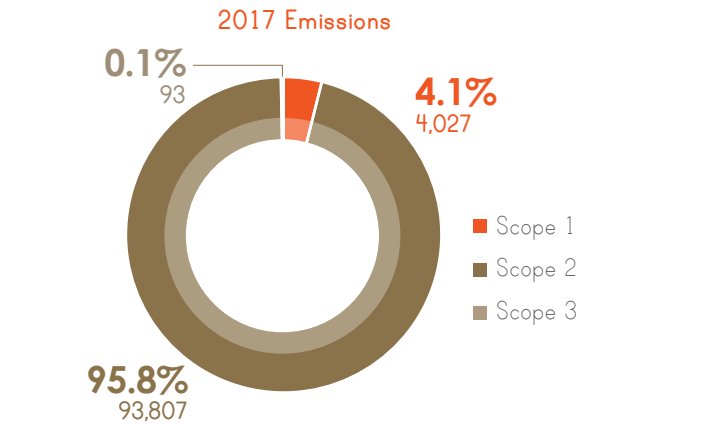
RESOURCE EFFICIENCY INITIATIVES

GRI 302, 303, 305, 306: 103-3
302-4, 305-1, 305-2, 305-3, 305-5, 305-7, 306-2

By complying with environmental laws and introducing initiatives to improve our environmental performance, we have been able to obtain satisfactory results for energy and water consumption, as well as the generation of waste and emissions, as summed up in the following table:

 Energy	 Water	 Waste	 Emissions
<p>2017 Goal</p> <p>Reduce electricity consumption in internally-operated commercial properties</p>	<p>2017 Goal</p> <p>Optimize operation of Wastewater Treatment Plants (PTAR) to reuse water and reduce the impact of wastewater discharge.</p>	<p>2017 Goal</p> <p>Reduce waste generation.</p>	<p>2017 Goal</p> <p>Reduce air conditioning and generate fewer emissions.</p>
<p>Specific lines of action</p> <ul style="list-style-type: none">■ Preventive maintenance of emergency power plants, elevators, electrical infrastructure and transformers.■ Correct use of energy, setting times for turning elevators and air conditioning equipment on and off.■ Replace incandescent lighting for LED-technology fixtures.■ Pilot testing at Patio Pachuca.	<p>Specific lines of action</p> <ul style="list-style-type: none">■ Replace old technology for new low-consumption equipment.■ Maintain and operate 19 PTARs.■ Rebuild, stabilize or expand 6 PTARs.■ Reuse water from PTAR in bathrooms, urinals and watering.	<p>Specific lines of action</p> <ul style="list-style-type: none">■ Use of recycled paper.■ Reuse of vegetable oil.	<p>Specific lines of action</p> <ul style="list-style-type: none">■ Preventive maintenance of air conditioning■ Waterproofing of buildings.■ Reforestation.
<p>2017 Achievements</p> <ul style="list-style-type: none">■ Saved 3% of kWh consumed nationwide.■ Reduced electricity consumption by 1,575 kWh through recycling actions.	<p>2017 Achievements</p> <ul style="list-style-type: none">■ Annual savings of 7% on water used in buildings where PTAR were optimized.■ 81 m³ of water reduced through recycling actions.	<p>2017 Achievements</p> <p>100% of paper used in corporate headquarters is recycled.</p>	<p>2017 Achievements</p> <ul style="list-style-type: none">■ 49 properties waterproofed.■ 75 metric tons of CO₂ mitigation due to reforestation.■ 9 metric tons of CO₂ mitigation due to recycling actions.

In 2017, our greenhouse gas emissions broke down as follows:



- Calculation of scope 1 emissions include the performance of 89 buildings we operate directly and through third parties, as well as the following emission sources: stationary combustion (125 metric tons of CO₂e); mobile sources (62 metric tons of CO₂e); refrigeration and air conditioning equipment (3,840 metric tons of CO₂e).
- Calculation of scope 2 emissions includes the performance of 89 buildings we operate directly and through third parties, as well as emissions from the purchase and consumption of electricity (93,807 metric tons of CO₂e).
- Calculation of scope 3 emissions include business travel by corporate employees to provide service to 100% of our portfolio (93 metric tons of CO₂e).
- All emissions were calculated using the EPA Simplified GHG Emissions Calculator, except for electricity consumption, for which we used the emission factor published by SEMARNAT for the National Electrical System in 2017.
- Emissions by fuel and/or source of emission included in the calculation were as follows:

Fuel Type	CO ₂	CH ₄	N ₂ O
Natural gas	124,542.4 kg	2,356.4 g	2,28.8 g
Train travel	122 kg	7.5 g	2.7 g
Diesel used in emergency power plants	5,658 gal	3,225.1 g	1,471.1 g
Other uses of gasoline	384 gal	192 g	84.5 g
Electricity	193,433,314.8 lb	10,973.2 lb	2,043.8 lb

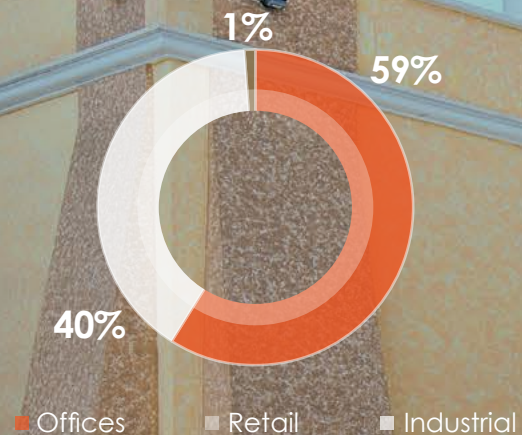
- The refrigerants category includes the entire inventory of refrigerants existing in our equipment as of December 2017; in subsequent years we will report only changes in that inventory.



Torre Cuarzo, Mexico City

102-9, 303-1

Water consumption by segment



Our wastewater discharge complies with environmental quality standards NOM-002 and NOM-003

We take advantage of natural light

Ps. 4.5 million invested in the Wastewater Treatment Plants (PTARs)

Savings of 5.2% by treated water

Wastewater Treatment Plants (PTARs)

78 suppliers of water

OUR LEED PORTFOLIO

TANGIBLE PROOF OF OUR ENVIRONMENTAL COMMITMENT

Leadership in Energy & Environmental Design (LEED) is a system developed by the US Green Building Council (USGBC); it is a certification given to buildings that meet the highest standards of sustainability, including:



FUNO is committed to adopting the best sustainability practices, so we strive to obtain this certification both for new developments and for existing buildings.

Certified

	Maine San Luis Potosí (2009)	Torre Mayor (2015)	Torre Diana (2017)	Torre Reforma Latino (2017)
	24,075 sqm	157,000 sqm	138,634 sqm	88,513 sqm
	24,075 sqm	83,971 sqm	64,000 sqm	45,816 sqm

Pre-certified

	Centrum Park ⁽¹⁾ (2015)	Mitikah ⁽¹⁾ (2016)	Midtown Jalisco ⁽¹⁾ (2016)	SAQQARA (2009)
	180,000 sqm	67,178 sqm	279,600 sqm	27,000 sqm
	97,731 sqm	67,178 sqm	105,000 sqm	11,236 sqm

Construction GLA

FUNO is proud to have the **number 1 portfolio in Mexico**, not just in terms of size, quality, diversification and location, but also in the amount of square meters of construction that have LEED Certification.

⁽¹⁾ Properties under development.
⁽²⁾ Average of our LEED certified buildings compared to similar non-LEED certified buildings in the same area.

27%
GLA of operating office portfolio in 2017 with LEED Certification

82%
of GLA in our office portfolio in the process of construction in 2017 has obtained LEED pre-certification.

Our Goal
To acquire, remodel and develop more properties under this standard in the next 10 years.

We create value in all we do

Benefits for FUNO

- Faster rental of LEED buildings
- Preservation of high value in properties
- 25%** more rent per sqm ⁽²⁾
- Tangible proof of FUNO's commitment to sustainability
- 25%** saving on energy consumption ⁽²⁾
- 11%** saving on water consumption ⁽²⁾
- 9%** saving on operating costs ⁽²⁾

Benefits for our tenants

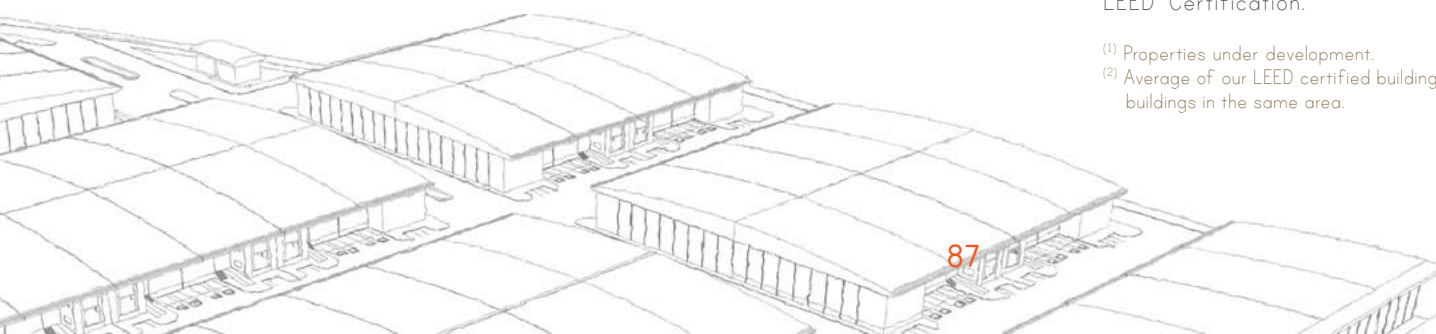
- Reduced maintenance and operation costs
 - Air quality and recreational spaces for optimum employee yield.
 - High safety standards
- Efficiency

FUNO stands out in the market as Mexico's largest FIBRA, and because our assets maintain the highest standards of quality, safety, environment and social responsibility, factors that help us achieve our Mission of **creating and maximizing sustainable value in our properties over time.**

LEED



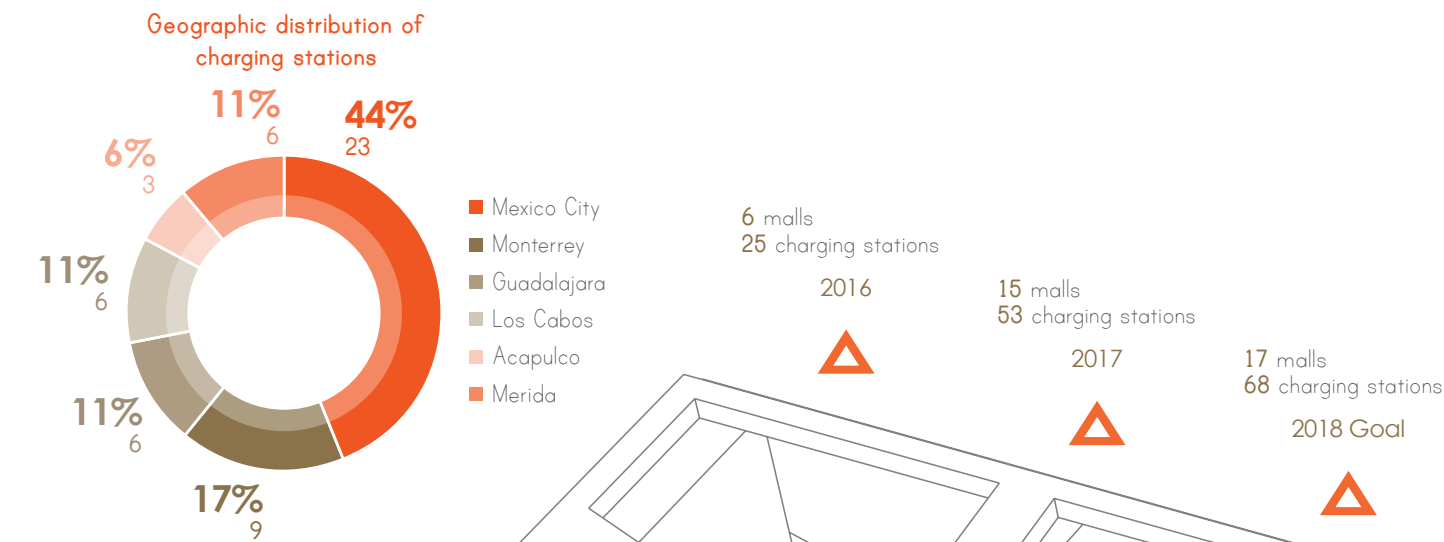
Torre Diana, Mexico City



GRI 305: 103-2, 103-3

At FUNO, our pledge is to transcend. We know that because of our leadership, our practices will become standards for the Mexican real-estate industry.

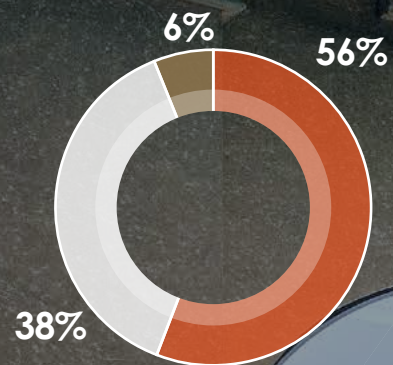
For this reason, we forged strategic partnerships with firms like Tesla, BMW and Nissan, installing electric car charging stations in our shopping centers, such initiative promotes the use of electric cars across the country. A trend we are sure is on the rise, and will continue to grow in the future:



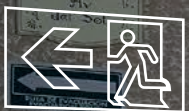
Parques Polanco, Mexico City

102-9, 302-1, 305-1, 305-4, 305-5

Electricity consumption by segment ⁽¹⁾



■ Offices ■ Retail ■ Industrial



▶ Evacuation route



▶ No smoking

▶ We have high standards in our health and safety protocols

Fire extinguisher



▶ 45 waste collection service suppliers



⁽¹⁾ Environmental data reflect the performance of 89 properties which we operate directly and through third parties.

LED light

▶ One supplier of electricity (the CFE)

▶ Offsets of 84 metric tons of CO₂e

▶ 97,843 metric tons of CO₂e emitted into the atmosphere

▶ Ps. 4.5 million invested in greenhouse gases reduction actions

▶ 0.04 metric tons of CO₂e per sqm

▶ We introduce energy saving measures

Visitors



BIODIVERSITY

All of our developments are located on already converted land, meaning none of them resulted in the transformation of habitat. Some of our properties, however, are located close to or inside areas of valuable biodiversity, such as mangroves or even protected natural areas.

To help care for and preserve the environment, and to improve the natural landscape around our buildings, FUNO carries out reforestation campaigns at corporate offices and in some shopping centers. We contribute maintenance of the planted species by installing watering systems and applying protocols on avoiding the use of hazardous fertilizers and chemicals.

To learn more about the properties located within Natural Protected Areas, see the chapter entitled “We are number 1” in this report.

CONTINUOUS IMPROVEMENT

Environment			
2016 Commitments	Our strategy	Progress	
Improve operating efficiency by reducing water and energy consumption as much as possible.	Work together with all levels of government to meet legal and regulatory requirements.	✓	
Prevent and mitigate environmental risks that might damage our operations.	Begin measuring and monitoring environmental results for our properties.	↻	
Show better operating efficiency, particularly in energy and water.	Support the implementation of innovative and technological solutions to improve our environmental performance and reduce consumption and waste.	↻	
Contribute positively to the environment, creating shared value in the communities where we operate.	<div>■ Conserve and, when possible, improve the natural environment around our properties.</div> <div>■ Use safe materials, promoting the use of recycled or certified resources.</div> <div>■ Promote environmentally responsible actions for the well-being of communities where we operate.</div>	✓	

Actions	2017 Commitments	Progress	Actions
<div>■ Keep our commitment to make every new FUNO development a sustainable development; today, we seek LEED certification on all properties and/or integrate water, energy and heat efficiency technology as well as community engagement.</div> <div>■ Work together with NGOs, government institutions and others to exponentialize efforts in environmental initiatives like reforestation and waste reuse.</div> <div>■ Carry out first emissions measurement including energy consumption, business travel and the use of refrigerants in all properties directly operated by FUNO.</div> <div>■ Carried out first measurement of consumption and discharge of water; identified sources affected by the use and discharge of water.</div> <div>■ Began replacing lighting in properties across the country, replacing old technology for new, more efficient solutions and better materials.</div> <div>■ Participated actively in various environmental awareness raising campaigns, through shopping centers across Mexico.</div>	<div>Continue working together with NGOs and government to start up and continue environmental initiatives.</div> <div>Join corporate offices in reforestation campaigns.</div> <div>Monitor and track the consumption of energy, water and refrigerants each month.</div> <div>■ Identify the impact and location of properties in areas of valuable biodiversity.</div> <div>■ Use safe materials, promoting the use of recycled or certified materials.</div> <div>■ Establish similar metrics for all properties so that good practices can be compared and replicated.</div>	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>	<div>Collaboration with CONAFOR, SEMARNAT and Bio-PAPPEL.</div> <div>Besides reforesting in areas around properties, we carried our first corporate reforestation campaign in an alliance with CONAFOR, reforesting five hectares of the Tarango Ecological Park in Mexico City.</div> <div>Inside Cityag FUNO, an internal tool for consolidation of data on all our properties each month, including environmental, social, health and safety indicators.</div>

2018 Commitments
Environmental management <div>■ Startup of internal audit project in the Operations Area.</div> <div>■ Investment of Ps. 145 million in eco-efficiency projects</div>
Energy <div>■ Replicate pilot testing at Patio Pachuca in other buildings.</div> <div>■ Replace incandescent lighting for LED in more shopping centers.</div> <div>■ Optimize air conditioning technology in four cities.</div> <div>■ Replace two transformers and optimize backup power plant technology, to improve efficiency in reducing diesel emissions and consumption by at least 40%.</div> <div>■ Save 5% on consumption of electricity through efficient technologies.</div>
Water <div>■ Adapt 11 PTAR to meet NOM-003 standard for reuse of water in watering, irrigation and toilets.</div> <div>■ Save 5% on water consumption through reuse of water treated at the PTARs.</div>
Emissions <div>■ Waterproof another 33 buildings.</div>

102-9, 302-1

Fumigation service

We have all the facilities to promote social inclusion

Supplier of LP Gas

Annual consumption of 7,201,508 m³ of LP Gas

Landscaping service

Ps. 8,090,553 invested for landscaping

53 charging stations

BUILDING COMMUNITY

GRI 413: 103-1, 103-2, 103-3
413-1, 413-2

In Mexico today, it is an undeniable reality that shopping malls play a fundamental role in community relations, and have come to replace the town square or central plaza as a place for gathering and leisure activities.

FUNO has analyzed the communities where we operate and have identified two main stakeholder groups:

- Visitors, those who come to our buildings and contribute to our tenants' revenues.
- Neighbors, who are directly affected by our buildings, either positively or negatively.

◀▶ Twelve of our shopping centers were in the top 20 of the Digital Marketing benchmarking 2017

For this reason, effective communication with visitors, neighbors and tenants is a highly important commitment. To this end, we conduct regular visits, surveys, monthly audits and interest-monitoring, in order to gather the information we need to understand their preferences and meet their expectations.


Furthermore, today, social networks play a key role in the trust's communication with the world around it, and are a crucial mechanisms for understanding FUNO's position in the market. We participate in a Digital Marketing benchmarking study, which in 2017 encompassed 56 shopping centers, among which were 33 of our properties; 12 of FUNO's buildings were in the top 20.

Through these means of communication –particularly through surveys– we have found that one of the most important issues for communities is security. This is a matter that lies outside of our building operations, but we are clearly responsible for dealing with it in the areas surrounding our properties. We have therefore taken steps to guarantee this: security and emergency management protocols, manuals, and policies, and hiring private security firms.

We are a trust aware of our environment, and we assume responsibility for the impact our buildings can have on communities, both positive –such as development of the local economy and increased traffic to their businesses– and negative, like the impact of a major shopping mall on the revenues of small business in the area. In most cases, especially in those where our properties are under development, we carry out mitigation and infrastructure improvement programs. Some examples of this are:



Galerías Diana, Acapulco


Drainage
Topographic survey and master plans for wastewater treatment in remediation works.
Roads
<ul style="list-style-type: none">■ Repaving.■ Lighting and curbs installed.■ Construction of an underpass and renovation of the crossway at Avenida Universidad.■ Remediation works.■ Retention mesh.■ Pavement markings.
Surroundings
<ul style="list-style-type: none">■ Restoration of the church of San Sebastián, declared heritage of humanity.■ Supervision and support for restoration work.■ Assisted in registering church with the National Anthropological and Historical Institute (INAH).■ Helped neighbors with home repairs.■ Supply and installation of cyclone mesh fencing.■ Contributions to various community causes.







- **Ps. 370 million invested in mitigation and infrastructure improvement in the area surrounding Mitikah**
- **Ps. 42 million invested in mitigation and infrastructure improvement in the area surrounding Patio Tlalpan**


Water
Drilling and equipping a well.
Drainage
<ul style="list-style-type: none">■ Rainwater collector.■ Review of rainwater collection capacity.
Roads
<ul style="list-style-type: none">■ Vehicular access from Avenida Insurgentes toward Arenal.■ Expansion of left-hand turn lane from Arenal onto Cuautla.■ Creation of 34 parking spaces for neighbors on Cuautla.■ Creation of a U-turn on Limantitla street toward Av. Insurgentes (with a left turn to the North).■ Road improvement project on Avenida Insurgentes, involving:<ul style="list-style-type: none">- Expansion of Insurgentes Sur to three lanes in the segment between Ayuntamiento and San Fernando.- Creation of a new left-hand turn lane on the northbound side of the intersection of Limantitla and Insurgentes.■ Reinforced vertical and horizontal signage on streets neighboring the building.
Environs
Construction of a community center.

In addition to these efforts, we are proud that our shopping centers can serve as safe and friendly community centers and family gathering spaces, and we create community participation programs and take inclusiveness actions in 100% of them. These include:

- Taking advantage of our buildings as an open forum for the display of works by local artists.
- Setting up supply collection centers to support families whose homes were lost or damaged in the 2017 earthquakes.

CONTINUOUS IMPROVEMENT

Marketing	2017 Commitments	Progress	Strategy to meet them	Actions	2018 Commitments
 Increase flow of shoppers by 5%	 Reach 4 million "likes" on social networks		<ul style="list-style-type: none">■ Take the actions necessary to create the FUNO experience:<ul style="list-style-type: none">- Generate promotions and advertising to attract shoppers to all our shopping centers.- Strengthen shopping centers as places for social and family togetherness.	<ul style="list-style-type: none">■ Improve ambience.■ Invest Ps. 70 million a month in radio, television and outdoor advertising.	<ul style="list-style-type: none">■ Increase flow of shoppers by 5%.■ Generate promotions that boost our tenants' sales.
 Increase engagement by 4%			Continue strengthening social networks, which are our primary tool of communication.	<ul style="list-style-type: none">■ Document and communicate tenant offers.■ Transmission of live events.■ Become a place for families and communities to interact in the areas where we operate.	<ul style="list-style-type: none">■ Reach 4.5 million "likes" on social networks.
				<ul style="list-style-type: none">■ Live streaming.■ Dissemination of 360° movement #UnidosSomosMexico.■ Create action plans for continuous improvement of shopper satisfaction.	

FUNO FOUNDATION

102-20

We are proud to announce that in 2017 we once again gave tangible evidence of our commitment to creating value for Mexico and its communities, with the creation of FUNO Foundation.

Although it was created only recently, FUNO Foundation already has a defined process for decision-making, and resolutions concerning the development of specific communities in which it is involved are passed jointly with the Management Committee.

FUNO Foundation
is a second-floor foundation.

Through it, we work to:



Take advantage of the experience of other charitable institutions.

Support the communities where we operate.

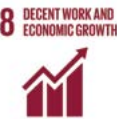
This is proof of our commitment to foster the development of Mexico and the communities where we operate.



Échale a tu casa
We supported:
The construction of 200 homes in Iz-tapalapa that had been damaged in the September 19 earthquake.

Mexican Hearing and Language Institute
To rebuild basic infrastructure at the Institute and donate device for student diagnosis and study.

Also through this initiative: We hired local labor, contributing to...



Economic development
Building skills for people in trades like bricklaying, carpentry, welding, and others.

Strategic lines:



Water supply Housing Public services



Infrastructure



Education



Environmental preservation

We are convinced that, through sustainable, high-quality infrastructure, we can help establish the basic conditions for communities to achieve their optimum development.

Goal
To remain an engine of positive transformation in the environment and the life of hundreds of families.

Ps. 169 million donated by FUNO, to the FUNO Foundation in 2017 to support infrastructure and education initiatives

CONTINUOUS IMPROVEMENT

Corporate Social Responsibility

2015/2016 Commitments	Our strategy	Progress	Actions
Proactively involve ourselves in social, economic and cultural development in communities where we work.	Create jobs, encouraging decent, well-paid work.	✓	■ Create new jobs and preserve jobs in our acquisitions.
	Introduce strategies to reduce inequality based on personal merit and competition in carrying out work.	↻	■ Train employees.
Encourage a culture of respect, inclusion, peace and security.	Encourage our employees to advance themselves, train and grow, so they can contribute ideas as innovations to FUNO and the communities where we work.	↻	■ Promote a philosophy and culture by which FUNO keeps its commitments to suppliers and clients.
Support initiatives that promote Mexican competitiveness and infrastructure.	Support the elimination of all forms of forced or coerced labor; work to eradicate child labor.	✓	■ All FUNO developments under construction have LEED certification or pre-certification.
Pursue responsible investment in new FUNO developments, with environmentally and socially friendly buildings, and sustainable infrastructure that improves upon its surroundings.	Work with suppliers and other stakeholders to increase FUNO's positive economic spillover.	↻	
	Require, where possible and economically feasible, new developments to maintain the highest social and environmental standards.	✓	
Invest positively and responsibly in our acquisitions and in our communities with a long-term vision, improving their surroundings.	LEED or other certification to promote best practices.	✓	

2017 Commitments	Progress	Actions
Strengthen internal processes for human capital development.	✓	■ Train employees.
		■ Draft job descriptions for each position.
		■ Systematize processes.
Introduce an organizational change strategy based on timely intervention and team audits to improve current levels of job satisfaction.	✓	■ 100% of our supplier contracts include ethics and anti-corruption clauses.
		■ Acquire, develop and remodel more properties that meet Leadership in Energy & Environmental Design (LEED) certification standards.
Have all suppliers sign contracts that include ethics and anti-corruption clauses.	✓	
Maintain high social and environmental standards in all buildings; obtain LEED certification for all our developments whenever it is economically feasible.	✓	

- 2018 Commitments**
- Support initiatives that promote Mexico's competitiveness and infrastructure.
 - Increase our social investment in supporting infrastructure by at least Ps. 20 million over fiscal year 2017.
 - Strengthen FUNO Foundation's endowment.
 - Support infrastructure improvements in at least two communities where we operate.

- 2020 Commitments**
- Increase the number of buildings we operate that have LEED Certification by 20%.
 - Achieve at least 200 initiatives of community support through each of our properties.



Torre Reforma Latino, Mexico City

PRINCIPLES FOR PREPARING THIS REPORT

FUNO's 2017 Annual and Sustainability Report was prepared in accordance with the principles for determining the content and the quality of the report, as established by the Global Reporting Initiative, as follows:

FUNO's nature is to work to generate growing, lasting value, so sustainability is conceived as part of what we are since this trust was founded. Throughout this report, we detail the actions by which we have pursued our Sustainable Development goals, the targets set for the business, and the positive impacts on our stakeholders.

To remain number 1, we adopt the experience and lessons we have acquired since our inception. We are aware of the impact our business has on various aspects, and we focus on generating value in areas identified in the 2016 materiality study, taking action to progressively strengthen our strategy by 2020.

We create value through Mexico and for Mexico

Strengthening our Sustainability Strategy



Accuracy

We provide sufficiently precise qualitative and quantitative information for our stakeholders to evaluate FUNO's performance.

Balance

In order to provide a well-grounded framework for understanding FUNO's development, we objectively report on the positive and negative aspects of our management.

Clarity

The information is expressed in terms understandable to stakeholders who have a reasonable knowledge of the industry and the trust.

Comparability

The information and comparisons presented here permit stakeholders to examine FUNO's evolution and performance and compare it against those of other companies.

Reliability

In keeping with our corporate culture and the ethical principles we follow, we guarantee our stakeholders that data presented in this report is accurate, through an internal audit process.

Timeliness

We publish this report every year to provide the data our stakeholders require to make informed decisions.

As a fundamental component of our materiality study and part of our process of continuous improvement, this report takes into account the opinions communicated to us by our stakeholders through a variety of channels regarding the management of aspects that are material both to them and to FUNO.

Our stakeholders inspire us to be the best

We present an exhaustive explanation of the results of FUNO's performance in economic, social and environmental terms, expressing the significant impact in material areas and the coverage of each of these.

Sustainable results

GRI CONTENT INDEX

102-55

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 102: General Disclosures 2016	General Disclosures			
	Organizational profile			
	102-1	Name of the organization	13	
	102-2	Activities, brands, products, and services	13	
	102-3	Location of headquarters	15	
	102-4	Location of operations	15	
	102-5	Ownership and legal form	13	
	102-6	Markets served	13	
	102-7	Scale of the organization	3, 17, 41, 47, 63	
	102-8	Information on employees and other workers	63	
	102-9	Supply chain	33, 35, 47, 85, 91, 95	
	102-10	Significant changes to the organization and its supply chain	7-9, 33, 35, 41	
	102-11	Precautionary Principle or approach	57	
	102-12	External initiatives	27	
	102-13	Membership of associations	15	
	Strategy			
	102-14	Statement from senior decision-maker	7-9, 10-12	
	102-15	Key impacts, risks, and opportunities	7-9, 10-12, 57	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 102: General Disclosures 2016	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	21	
	102-17	Mechanisms for advice and concerns about ethics	25	
	Governance			
	102-18	Governance structure	49	
	102-19	Delegating authority	49	
	102-20	Executive-level responsibility for economic, environmental, and social topics	49, 51, 81, 101	
	102-21	Consulting stakeholders on economic, environmental, and social topics	49, 56	
	102-22	Composition of the highest governance body and its committees	49	
	102-23	Chair of the highest governance body	49	
	102-24	Nominating and selecting the highest governance body	51	
	102-25	Conflicts of interest	51	
	102-26	Role of highest governance body in setting purpose, values, and strategy	49	
	102-27	Collective knowledge of highest governance body	51	
	102-28	Evaluating the highest governance body's performance	54	
	102-29	Identifying and managing economic, environmental, and social impacts	49	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 102: General Disclosures 2016	102-30	Effectiveness of risk management processes	54	
	102-31	Review of economic, environmental, and social topics	51, 54	
	102-32	Highest governance body’s role in sustainability reporting	49	
	102-33	Communicating critical concerns	51	
	102-34	Nature and total number of critical concerns	65	
	102-35	Remuneration policies	67	
	102-36	Process for determining remuneration	67	
	102-37	Stakeholders’ involvement in remuneration	67	
	102-38	Annual total compensation ratio	-	For security reasons, this information is confidential.
	102-39	Percentage increase in annual total compensation ratio	-	For security reasons, this information is confidential.
	Stakeholder engagement			
	102-40	List of stakeholder groups	29	
	102-41	Collective bargaining agreements	In FUNO, 100% of our employees are unionized.	
	102-42	Identifying and selecting stakeholders	29	
	102-43	Approach to stakeholder engagement	29	
	102-44	Key topics and concerns raised	65	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 102: General Disclosures 2016	Reporting practice			
	102-45	Entities included in the consolidated financial statements	5	
	102-46	Defining report content and topic Boundaries	27	
	102-47	List of material topics	27, 29	
	102-48	Restatements of information	5	
	102-49	Changes in reporting	5	
	102-50	Reporting period	5	
	102-51	Date of most recent report	2016	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	3 rd cover	
	102-54	Claims of reporting in accordance with the GRI Standards	5	
	102-55	GRI content index	107	
	102-56	External assurance	5	
	Material topics			
GRI 103: Management Approach 2016	Generation of long-term value			
	103-1	Explanation of the material topic and its Boundary	7-9, 27	
	103-2	The management approach and its components	7-9, 27	
	103-3	Evaluation of the management approach	7-9, 27	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	3, 7-9, 17, 47	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	57	Environmental and climate change risks are mapped in FUNO's risk management process, but they have not by quantified or estimated.
	201-3	Defined benefit plan obligations and other retirement plans	There are no retirement plans.	
	201-4	Financial assistance received from government	FUNO does not receive financial assistance from the government.	
Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	23, 33	
	103-2	The management approach and its components	23, 33	
	103-3	Evaluation of the management approach	23, 33	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	23	
	205-2	Communication and training about anti-corruption policies and procedures	23	
	205-3	Confirmed incidents of corruption and actions taken	23	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21, 27, 33	
	103-2	The management approach and its components	21, 27, 33	
	103-3	Evaluation of the management approach	27, 33	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	FUNO prizes free competition in all relationships with its stakeholders; there are no lawsuits pending with regard to unfair competition during the period of this report.	
Energy eco-efficiency				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81	
	103-2	The management approach and its components	81	
	103-3	Evaluation of the management approach	83	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	41, 91, 95	
	302-3	Energy intensity	41	
	302-4	Reduction of energy consumption	83	
Water resource management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	79, 81	
	103-2	The management approach and its components	81	
	103-3	Evaluation of the management approach	83	
GRI 303: Water 2016	303-1	Water withdrawal by source	41, 85 The breakdown of water consumption by source is as follows: 8,124,398.05 m ³ from the municipal water supply; 445,941.16 m ³ in tanker trucks; 2,453,530.16 m ³ from underground wells; and 13,398 m ³ in wastewater from another organization which we treat and reuse.	
	303-2	Water sources significantly affected by withdrawal of water	No water sources have been significantly affected by FUNO consumption.	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 303: Water 2016	303-3	Water recycled and reused	41 27,493,356.19 m ³ of wastewater discharge nationwide in 2017; 13,398 m ³ of which can from another organization and were treated and re-used by FUNO.	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81	
	103-2	The management approach and its components	81, 89	
	103-3	Evaluation of the management approach	83, 89	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	83, 91	
	305-2	Energy indirect (Scope 2) GHG emissions	83	
	305-3	Other indirect (Scope 3) GHG emissions	83	
	305-4	GHG emissions intensity	91 Emission intensity includes the GLA of the 89 buildings we operate directly and indirectly (2,312,775 sqm) and scope 1 and 2 emissions.	
	305-5	Reduction of GHG emissions	83, 91	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	83	
Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81	
	103-2	The management approach and its components	81	
	103-3	Evaluation of the management approach	83	

GRI Standard	Disclosure		Page / Direct Response	Omission																		
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	<table><tr><th>Destination</th><th>Quality</th><th>Amount</th></tr><tr><td>Drainage network</td><td>Wastewater</td><td>20,412,186.20 m³</td></tr><tr><td>Drainage network</td><td>Treated wastewater (NOM-002 and NOM-003)</td><td>7,038,381.98 m³</td></tr><tr><td>Discharge to surface water bodies</td><td>Treated wastewater (NOM-003)</td><td>142,348.33 m³</td></tr><tr><td>Reinjection to subsoil</td><td>Treated wastewater (NOM-003)</td><td>439.68 m³</td></tr><tr><td colspan="2">Total</td><td>27,593,356.19 m³</td></tr></table> <p>In our water discharge there is a loss of water from evaporation and use in chillers and air conditioning, but the calculations take into account tenant water discharge, which is added to our discharges. The latter are not the product of FUNO consumption; they are waste water resulting from consumption by our tenants. Even so, they are counted as FUNO discharges.</p>	Destination	Quality	Amount	Drainage network	Wastewater	20,412,186.20 m³	Drainage network	Treated wastewater (NOM-002 and NOM-003)	7,038,381.98 m³	Discharge to surface water bodies	Treated wastewater (NOM-003)	142,348.33 m³	Reinjection to subsoil	Treated wastewater (NOM-003)	439.68 m³	Total		27,593,356.19 m³	
	Destination	Quality	Amount																			
	Drainage network	Wastewater	20,412,186.20 m³																			
	Drainage network	Treated wastewater (NOM-002 and NOM-003)	7,038,381.98 m³																			
	Discharge to surface water bodies	Treated wastewater (NOM-003)	142,348.33 m³																			
	Reinjection to subsoil	Treated wastewater (NOM-003)	439.68 m³																			
Total		27,593,356.19 m³																				
306-2	Waste by type and disposal method	83	Total weight of waste. Information unavailable due to the fact that the waste collection service is carried out by external suppliers.																			
306-3	Significant spills	No spills in the period reported.																				
306-4	Transport of hazardous waste	FUNO does not transport waste; this service is outsourced to contractors.																				
306-5	Water bodies affected by water discharges and/or runoff	No water body was significantly affected by FUNO discharges, because these are compliant with NOM-002 and NOM-003.																				
Environmental Compliance																						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	81																			
	103-2	The management approach and its components	81																			
	103-3	Evaluation of the management approach	81																			

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	81	
Human Capital				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	61	
	103-2	The management approach and its components	61, 65	
	103-3	Evaluation of the management approach	61, 71	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	63	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67	
	401-3	Parental leave	Four women and two men took maternity/ paternity leave in 2017; 100% of them returned to work afterwards. With respect to employees who took advantage of this leave in 2016, 100% of them kept their jobs 12 months after returning to work following maternity/paternity leave.	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	65	
	103-2	The management approach and its components	65	
	103-3	Evaluation of the management approach	65, 71	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	At FUNO, employees are given between 10 and 15 days advance notice of changes in trust operations or in the areas where they work, depending on the situation in each building.	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77	
	103-2	The management approach and its components	77	
	103-3	Evaluation of the management approach	71, 77	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	77	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Zero workplace accidents. 4,493 days lost to work-related incapacity, illness and maternity.	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	There were no expenses relating to work-related accident or illness.	
	403-4	Health and safety topics covered in formal agreements with trade unions	In FUNO, 100% of our employees are unionized.	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	69	
	103-2	The management approach and its components	69	
	103-3	Evaluation of the management approach	69, 71	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	69	

GRI Standard	Disclosure		Page / Direct Response	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67	
	103-2	The management approach and its components	67	
	103-3	Evaluation of the management approach	71	
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	67	
Corporate Social Responsibility				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	97	
	103-2	The management approach and its components	97	
	103-3	Evaluation of the management approach	97	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	97	
	413-2	Operations with significant actual and potential negative impacts on local communities	97	
Socioeconomic Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	54	
	103-2	The management approach and its components	54	
	103-3	Evaluation of the management approach	54	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Because of our internal control and risk management process, during the period reported there were no breaches of social or economic laws or standards.	

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2017, 2016 and 2015, and
Independent Auditors' Report Dated April 13, 2018

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INDEPENDENT AUDITORS' REPORT

To the Technical Committee and Trustors of Fideicomiso Irrevocable No. F/1401
(Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria)

Opinion

We have audited the accompanying consolidated financial statements of Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries ("Fibra UNO"), which comprise the consolidated statements of financial position as of December 31, 2017, 2016 and 2015, the consolidated statements of operations, the consolidated statements of changes in trustors' 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 Fibra UNO as of December 31, 2017, 2016 and 2015, 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 ("ISAs"). 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 of the current period 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 21

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 the rights and obligations transferred 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, therefore monthly billing. Subsequently, management performs an analysis of the items invoiced to determine the correct recording of revenues accrued 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 timing of when all risks and benefits are transferred to tenants depending on such conditions (i.e. contract signature, property ownership, etc.); 2) we verified, on a test 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 all the risks had been transferred and once performance obligations had been satisfied with; 5) we queried and corroborated with management the types of commercial terms that have been signed with tenants in order to determine the timing as to when all rights and obligations have been transferred.

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

ii) Valuation of Investment Properties, see Notes 4i and 9

In order to estimate 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 values of investment properties include obtaining, among others, lease contracts, expectation of future lease payments, renewal rates, maintenance requirements, discount rates reflecting uncertainties of the current market, capitalization rates and recent transaction prices.

The independent appraisers selected by Fibra UNO for all investment property portfolios are CB Richard Ellis Mexico and Colliers International Valuation & Advisory Services. They are well-known firms with considerable experience in the 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, respectively could be inappropriate.

How our audit addressed the Key Audit Matter:

- 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 this work, we are satisfied that the firms remain independent and competent and the scope of their work was appropriate.
- b) We met with the independent appraisers and obtained the appraisal reports for all properties. We read the appraisal reports for a sample of properties and confirmed that the valuation approach for each was in accordance with IAS 40 "Investment Property" and suitable for use in determining the carrying value for the purpose of the consolidated financial statements. We involved our internal valuation specialists to compare the valuations of each property to our independently formed market 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 than our expectations based on 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 approved third party invoices, as applicable. 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 this work, no material issues that could result in adjustments to lease revenue were identified in the accompanying consolidated financial statements.

iii) **Tax Compliance to Maintain FIBRA Status in Accordance with the Mexican Income Tax Law, see Notes 1 and 20**

In order to maintain FIBRA status, the tax authority (Servicio de Administracion Tributaria in Mexico, "SAT") has established in Articles 187 and 188 of the Mexican Income Tax Law, that trust 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' 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 securities payable by the Federal Government registered in the National Securities Registry or in shares of investment funds in debt instruments, in addition to other requirements. There may be a risk that in the event of non-compliance, Fibra UNO will not be qualified 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. Our auditing procedures included, among others, the review of the annual tax result and the distribution of 95% of its net taxable income, and the review of the internal tax specialists to assess compliance of the main requirements established by current legislation as of December 31, 2017.

Based on this work, we did not identify 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 the 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.

Fibra UNO’s Audit Committee is responsible for the financial information process and are in charge of supervision of the procedures and controls needed to ensure Fibra UNO’s financial information is reliable, useful and accurate; with the internal audit’s support.

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 ISAs 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 these consolidated financial statements.

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

- Identify and asses 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 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 of the current period 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 Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Carlos M. Pantoja Flores
April 13, 2018

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

Assets	Notes	2017	2016	2015
Current assets:				
Cash and restricted cash	6.	\$ 3,228,444	\$ 5,554,120	\$ 5,995,918
Financial investments	7.	2,406,004	1,956,101	2,300,596
Lease receivables	8.	1,449,060	990,594	751,346
Other accounts receivable	8.	599,750	519,700	46,523
Due from related parties	15.	60,512	80,293	–
Recoverable taxes, mainly value-added tax		3,318,298	2,141,696	4,161,762
Prepaid expenses		1,411,421	430,717	459,660
Total current assets		12,473,489	11,673,221	13,715,805
Non-current assets:				
Investment properties	9.	203,064,242	172,739,278	152,349,934
Investments in associates	10.	4,364,675	5,178,900	3,113,889
Other accounts receivable	8.	1,262,464	–	–
Derivative financial instruments	12.	443,698	515,055	–
Other assets	11.	1,708,942	1,920,523	2,121,525
Total non-current assets		210,844,021	180,353,756	157,585,348
Total assets		\$ 223,317,510	\$ 192,026,977	\$ 171,301,153

(Continued)

Liabilities and Trustors' Capital	Notes	2017	2016	2015
Current liabilities:				
Borrowings	13.	\$ 2,474,703	\$ 633,911	\$ 10,123,627
Trade accounts payable and accrued expenses	14.	1,878,598	1,285,024	1,067,072
Accounts payable for acquisition of investment properties		1,834,223	1,947,373	1,373,899
Deferred revenues		204,883	165,362	100,010
Due to related parties	15.	210,101	93,266	104,488
Total current liabilities		6,602,508	4,124,936	12,769,096
Borrowings	13.	65,587,443	64,172,642	44,209,408
Other accounts payable - Long-term		53,277	125,530	–
Deposits from tenants		921,417	825,067	702,303
Deferred revenues - Long-term		276,331	135,467	261,968
Total liabilities		73,440,976	69,383,642	57,942,775
Trustors' capital:				
Trustors' contributions	17.	113,541,663	95,383,575	97,742,581
Retained earnings		27,642,558	20,629,570	15,615,797
Valuation of derivative financial instruments	12.	(19,865)	(103,006)	–
Repurchase reserve for CBFIs		4,895,099	4,895,099	–
Controlling interest		146,059,455	120,805,238	113,358,378
Non-controlling interest		3,817,079	1,838,097	–
Total trustors' capital		149,876,534	122,643,335	113,358,378
Total liabilities and trustors' capital		\$ 223,317,510	\$ 192,026,977	\$ 171,301,153

(Concluded)

See accompanying notes to consolidated financial statements.

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos, except net income per CBFÍ, which is shown in Mexican pesos)

	Notes	2017	2016	2015
Revenue from:				
Leases	19.	\$ 12,670,028	\$ 11,756,607	\$ 9,574,616
Maintenance	20.	1,400,070	1,230,420	963,377
Dividend revenues from beneficiary rights		254,946	157,821	148,573
Administration fee	15.	296,076	108,000	38,333
		14,621,120	13,252,848	10,724,899
Expenses from:				
Management fees		(753,494)	(678,686)	(612,928)
Operating expenses		(930,014)	(824,967)	(668,237)
Maintenance expenses		(1,460,556)	(1,293,772)	(1,065,230)
Amortization of administrative platform	11.	(194,984)	(194,984)	(194,984)
Executive bonus	17.	(94,968)	(169,997)	(587,792)
Property tax		(336,869)	(323,074)	(258,801)
Insurance		(152,364)	(143,918)	(87,012)
		(3,923,249)	(3,629,398)	(3,474,984)
Gain on sale of investment properties		83,800	-	-
Interest expense		(4,926,629)	(3,826,836)	(2,681,540)
Interest income		637,929	263,833	412,083
Foreign exchange gain (loss), Net		691,541	(4,752,607)	(3,878,142)
Other expenses		(6,304)	-	-
Amortization of bank fees and other assets		(187,024)	(133,579)	(81,867)
Effect of valuation of derivative financial instruments	12.	661,611	(46,624)	-
Fair value adjustments to investment properties and investments in associates	10.	4,505,385	11,266,275	4,714,041
Consolidated net income for the year		\$ 12,158,180	\$ 12,393,912	\$ 5,734,490

(Continued)

	Notes	2017	2016	2015
Controlling interest		\$ 12,117,941	\$ 11,824,632	\$ 5,734,490
Non-controlling interest		40,239	569,280	-
Consolidated net income		\$ 12,158,180	\$ 12,393,912	\$ 5,734,490
Basic net income per real estate trust certificates (CBFÍ) (pesos)		\$ 3.5482	\$ 4.8166	\$ 3.6582
Diluted net income per CBFÍ (pesos)		\$ 2.8449	\$ 3.3823	\$ 1.7589

(Concluded)

See accompanying notes to consolidated financial statements.

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN TRUSTORS' CAPITAL

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

	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 2015	2,878,386,926	\$ 93,500,173	\$ 11,575,298	\$ -	\$ -	\$ 105,075,471	\$ -	\$ 105,075,471
Equity contributions	319,192,212	8,452,064	-	-	-	8,452,064	-	8,452,064
Distributions to trustors	-	(4,209,656)	(1,693,991)	-	-	(5,903,647)	-	(5,903,647)
Consolidated net income for the year	-	-	5,734,490	-	-	5,734,490	-	5,734,490
Balance as of December 31, 2015	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 trustors	-	(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	-	-	-
Effect of valuation of derivative financial instruments	-	-	-	(103,006)	-	(103,006)	-	(103,006)
Balance as of December 31, 2016	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 trustors	-	(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
Effect of valuation of derivative financial instruments	-	-	-	83,141	-	83,141	-	83,141
Balance as of December 31, 2017	3,956,776,551	\$ 113,541,663	\$ 27,642,558	\$ (19,865)	\$ 4,895,099	\$ 146,059,455	\$ 3,817,079	\$ 149,876,534

See accompanying notes to consolidated financial statements.

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

	2017	2016	2015
Operating activities:			
Net consolidated income for the year	\$ 12,158,180	\$ 12,393,912	\$ 5,734,490
Adjustments for non-cash items:			
Fair value adjustments to fair value of investment properties and investments in associates	(4,505,385)	(11,266,275)	(4,714,041)
Unrealized exchange (gain) loss	(431,194)	4,188,988	4,022,379
Gain on sale of investment properties	(83,800)	-	-
Amortization of platform and bank fees	382,008	328,563	276,851
Executive bonus	94,968	169,997	587,792
Interest income	(637,929)	(263,833)	(412,083)
Interest expense	4,926,629	3,826,836	2,681,540
Effect of valuation of derivative financial instruments	(661,611)	46,624	-
Total	11,241,866	9,424,812	8,176,928
Changes in working capital:			
(Increase) decrease in:			
Lease receivable	(458,466)	(277,581)	(34,146)
Other accounts receivables	(80,045)	(434,844)	-
Due to related parties	19,781	(80,293)	-
Recoverable taxes, mainly value-added tax	(1,176,602)	2,020,066	(1,079,249)
Prepaid expenses and other assets	(980,704)	28,943	(315,021)
Increase (decrease) in:			
Trade accounts payable and accrued expenses	593,574	1,358,051	(340,660)
Deferred revenues	180,385	(61,149)	145,781
Other accounts payable - Long term	(72,253)	86,717	-
Deposit from tenants	96,350	122,764	227,494
Due from related parties	116,835	(11,222)	104,488
Net cash flows provided by operating activities	9,480,721	12,176,264	6,885,615

(Continued)

	2017	2016	2015
Investing activities:			
Investment in development projects and acquisition expenses	(6,025,406)	(5,878,590)	(8,122,203)
Sale of investment properties	60,000	-	-
Acquisition of investment properties	(10,052,515)	(2,529,171)	(16,818,476)
Financial investments	(449,903)	344,495	17,227,850
Reimbursement (investment) in associates	458,272	87,180	(138,564)
Interest collected	494,839	171,698	412,083
Net cash flows used in investing activities	(15,514,713)	(7,804,388)	(7,439,310)
Financing activities:			
Borrowing payments	(9,020,553)	(13,403,201)	(2,612,737)
Proceeds from borrowings	10,810,000	17,561,558	16,920,892
Equity contributions in cash	13,622,797	1,100,000	-
Distributions to Trustors	(6,767,492)	(6,370,708)	(5,903,646)
Interest paid	(4,936,436)	(3,701,323)	(2,355,744)
Net cash flows provided by (used in) financing activities	3,708,316	(4,813,674)	6,048,765
Cash and restricted cash:			
Net (decrease) increase in cash and restricted cash	(2,325,676)	(441,798)	5,495,070
Cash and restricted cash at the beginning of the period	5,554,120	5,995,918	500,848
Cash and restricted cash at the end of the period	\$ 3,228,444	\$ 5,554,120	\$ 5,995,918

(Concluded)

See accompanying notes to these consolidated financial statements.

Fideicomiso Irrevocable No. F/1401 (Deutsche Bank México, S. A. Institución de Banca Múltiple, División Fiduciaria) and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017, 2016 and 2015
(In thousands of Mexican pesos)

1. General information, acquisitions and relevant events

a. General information and activities

Fideicomiso F/1401 of Deutsche Bank Mexico, S. A. Institución de Banca Múltiple, División Fiduciaria (“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”). 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:

- 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.
- 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).
- 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.
- 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.

- A property management agreement signed with Finsa Holding, S. A. de C. V. to manage the day-to-day operations of the portfolio “Vermont”.
- A property management agreement signed with Hines Interest, S. A. de C. V. to manage the day-to-day operations of the portfolio “Maine”.
- A property management agreement signed with Consultora Centro Histórico, S. A. de C. V. to manage the day-to-day operations of the portfolio “Hotel Centro Histórico”.
- A property management agreement signed with Operadora Galgua, S. A. de C. V. to manage the day-to-day operations of the portfolio “Galerías Guadalajara”.
- 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 Fideicomiso F/2353 (“Fideicomiso F/2353”), to conduct the day-to-day management of the operations of Fideicomiso F/2353; and.
- 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, 11th floor, Office 1-A, Col, Bosques de las Lomas, Mexico City.

b. Acquisitions

Portfolio	Acquisition date	Acquisition type
Turbo (i)	December 20, 2017	Investment properties
Apolo II (ii)	December 15, 2017	Investment properties
Frimax (iii)	November 14, 2017	Investment properties
Escatto (iv)	June 30, 2017	Investment properties
Fashion Mall Tuxla (v)	June 30, 2017	Investment properties
Saqqara (vi)	April 30, 2017	Investment properties
Doña Rosa (vii)	March 31, 2017	Investment properties
Midtown Jalisco (viii)	July 21, 2016	Development
Tower Vallarta (ix)	August 19, 2016	Investment properties
Torre Cuarzo (x)	June 27, 2016	Development
Espacio Tollocan (xi)	June 1, 2016	Development
Puerta de Hierro (xii)	February 29, 2016	Investment properties

Portfolio	Acquisition date	Acquisition type
El Salto Jalisco (xiii)	February 23, 2016	Investment properties
Alaska Portfolio (xiv)	December 14, 2015	Investment properties
Lamar Portfolio (xv)	November 19, 2015	Investment properties
Artificios No. 40 (xvi)	November 4, 2015	Investment properties
Cuautipark II (xvii)	September 30, 2015	Investment properties
Oregon Portfolio (xviii)	June 11, 2015	Investment properties
Indiana Portfolio (xix)	June 2, 2015	Investment properties
Kansas Portfolio (xx)	April 30, 2015	Investment properties
Buffalo Portfolio (xxi)	April 17, 2015	Development
Utah Portfolio (xxii)	March 4, 2015	Investment properties
Florida Portfolio (xxiii)	February 27, 2015	Investment properties

- i. During the fourth quarter Fibra UNO executed the acquisition of 13 properties corresponding to the “Turbo” portfolio for \$7,551 million pesos plus projects for \$1,465 million, which were paid out as follows. One part with 200,000,007 CBFIs equivalent to \$6,050.7 million, \$1,958 million in cash and the rest to be paid for \$1,007 million, which is shown in the section of Accounts payable for acquisition of investment properties in the consolidated statements of financial position.
- ii. 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 were paid out in cash and \$2,575 million in debt. The portfolio consists of 16 operational shopping centers plus a land for immediate development.
- iii. During the fourth quarter Fibra UNO recorded the acquisition of the land called “La Teja”, part of the portfolio called “Fri-max” which consists of three industrial type properties located in the state of Mexico. The purchase price was for US\$56.9 million dollars 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 and are comprised of the acquisition of the property for industrial use known as “Doña Rosa” for \$2,108 million, of the land for development known as “Escatto” for \$80 million and the acquisition of “La Teja”.
- iv. 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.

- v. 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.
- vi. 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.
- vii. During the first quarter of 2017, Fibra UNO registered the acquisition of the property called “Doña Rosa”, part of the Fri-max portfolio. The purchase price of this property was for \$ 2,108 million pesos paid with the issuance of CBFIs.
- viii. During the third quarter of 2016, Fibra UNO acquired the “Midtown Jalisco” property located in Guadalajara, Jalisco. The total acquisition price was \$440 million. 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. As of December 31, 2017, this property continues in development stage.
- ix. 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, of which was paid with a combination of cash and CBFIs.
- x. On June 27, 2016, Fibra UNO acquired “Torre Quarzo” property located in Mexico City. The property will have approximately 72,000 m² of gross leasable area. As to date, the property is in the final stage of development and is expected to be delivered for the second quarter of 2017. The total acquisition price was \$2,898.1 million.
- xi. On June 1, 2016, Fibra UNO entered into an asset acquisition agreement with Fideicomiso 2500, in which Tiendas de Discount 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 Tollocan” 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. Soriana will pay Fibra UNO to build the store for a total amount of \$110 million. Once the project is completed both parts will create a condominium regime so Soriana owns its store and Fibra UNO the shopping mall. As of December 31, 2017, this property continues in development stage.
- xii. 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, 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 paid in cash.
- xiii. 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. As of December 31, 2017, this property continues in development stage.

	On December 14, 2015, Fibra UNO acquired the “Alaska” portfolio, in exchange for 148,327,000 CBFIs totaling \$5,246,766; 5% of these CBFIs will remain in an escrow account for one year, subject to any contingency that could occur with respect to the property. These shares will not have any voting or economic rights during this period. The portfolio is comprised of six office buildings located in Mexico City. As of June 21, 2017, Fibra UNO released 7,416,350 CBFIs who were pre-warranted.
xiv.	On November 19, 2015, Fibra UNO acquired the “Lamar” portfolio for cash consideration of \$2,295,000. The portfolio is comprised of four university buildings located in Guadalajara belonging to Grupo ICEL. The transaction consisted of a “sale and leaseback”, as part of this acquisition Fibra UNO signed a lease agreement with Grupo ICEL, for a triple net lease with a duration of 10 years, allowing for a renewal of an additional 10 years.
xv.	On November 4, 2015, Fibra UNO acquired an office building located in Mexico City, for cash consideration of \$52,950.
xvi.	On September 30, 2015, Fibra UNO acquired the “CuautiPark II” industrial park. The total acquisition price was 19,806,720 CBFIs equivalent to \$783,500 of which \$700,741 were paid in CBFIs equivalent to 19,806,720 and \$82,759 were paid in cash. The property is located in the México-Queretaro highway km 39, Estado de México.
xvii.	On June 11, 2015, Fibra UNO acquired the “Oregon” portfolio. The total acquisition price was 41,390,686 CBFIs equivalent to \$1,626,000. The Oregon Portfolio consists of 3 malls located in Mexico City.
xviii.	On June 2, 2015, Fibra UNO acquired the “Indiana” portfolio. The total acquisition price was \$3,190,000. The Indiana portfolio consists of 13 “Grupo ICEL” campuses. The operation is a sale-and-lease-back under a triple-net lease contract with the option of a 10-year extension.
xix.	On April 30, 2015, Fibra UNO acquired the “Kansas” portfolio. The total acquisition price was \$10,452,127. The Kansas portfolio consists of 10 malls, five adjacent land plots for future expansions, two malls in stabilization process, and seven land plots for future expansion.
xx.	On April 17, 2015, Fibra UNO acquired the “Buffalo” portfolio, which is a mixed-use development. The total acquisition price was US\$185 million, equivalent to \$2,820,418. The Buffalo portfolio includes the prestigious project known as “Mitikah” and is located in Southern Mexico City. The project will have various uses and components such as offices, a shopping center, a hotel and apartment tower.
xxi.	On March 4, 2015, Fibra UNO acquired the “Utah” property, a corporate office building which is located in Mexico City on the Reforma-Lomas corridor. The total acquisition price was US \$67.9 million, equivalent to \$1,010,664.
xxii.	On February 27, 2015, Fibra UNO acquired the “Florida” corporate offices building. It is located in Mexico City on Insurgentes Sur Avenue, at the intersection with Barranca del Muerto Street. The total acquisition price was \$640,098.

c.	Relevant events
i.	Fibra UNO transferred to Trust 2585 a plot of land from the “Mitikah” complex known as “La huella”. Trust 2585 is responsible for constructing and selling a tower of residential units that will be built on “La huella”, who’s estimated termination date will be June 2021. The final selling price of La huella depends on a series of variables mainly related to the project’s degree of leverage, the selling price of the units and any profit which Trust 2585 obtains at the end of the construction work. As of December 31, 2017, Fibra UNO has allocated an estimated value of \$1,262,464 to La huella, presented as other long-term receivables in the accompanying consolidated statement of financial position.
ii.	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 being accrued at a TIIE rate plus 1.95% with maturity as of June 15, 2038.
iii.	On December 15, 2017, Fibra UNO amortized the Trust Certificates (Debt) with ticket symbol FUNO 13 for \$6,850 million plus accrued unpaid interest for \$ 6,234.
iv.	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 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 a floating rate of TIIE plus 85 basis points with a maturity date on December 5, 2022 and the ticker symbol FUNO 17-2.
v.	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 US6 million dollars.
vi.	On October 23, 2017, Fibra UNO paid out the unsecured loans contracted with Santander for an amount of \$1,000 million and \$500 million pesos, which accrued interest at a TIIE rate plus 1.25% and TIIE plus 1.50%, respectively.
vii.	The Technical Committee of Fibra UNO ratified distributions for \$1,718.8 million pesos, which was paid on October 4, 2017. And the number of CBFIs eligible for such distribution was 3,326,983,408.
viii.	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.
ix.	On October 2, 2017, Fibra UNO obtained an unsecured loan for an amount of \$1,800 million pesos at a TIIE rate plus 1.0%, due on February 2, 2018 from Banco Nacional de México, S.A.

- x. 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 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.
 - xi. On June 23, 2017, Fibra UNO exercised an unsecured line of credit contracted with Banco Santander for \$1,000 million at 1.25% above the TIIE rate, maturing on December 20, 2017. On October 3, 2017 Fibra UNO liquidated the line of credit contracted.
 - xii. On June 16, 2017, Fibra UNO paid US \$14.250 million 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.
 - xiii. 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, which accrued interest at 1.80 % above the TIIE rate. 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.
- On April 25, 2017, the Technical Committee of Fibra UNO 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.
- xv. On February 2, 2017, the Technical Committee of Fibra UNO 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.
 - xvi. 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.
 - xvii. During January 2017, as part of Fibra UNO's plan to limit the exchange risk derived from the bond issued in US dollars and maturing in 2026, three foreign currency swaps were contracted for US \$75 million, \$50 million and \$25 million, respectively, which cover principal and interest.
 - xviii. On June 27, 2016, Trust agreement "Fideicomiso No. 2584" was executed, between Fibra UNO as "Trustor A" and Fideicomiso Irrevocable No. F/2353 (Banco INVEX, S. A., Multiple Banking Institution, 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 Fideicomiso 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 Fideicomiso 2584 of \$3,660 million, for the development of the "Mitikah" project.
- Fibra UNO maintains control over Fideicomiso 2584, so it consolidates the figures of this trust to its own; for therefore the contribution of the Buffalo portfolio to Fideicomiso 2584 is presented as of December 31, 2017 and 2016 in the investment property section in the accompanying consolidated financial statements.
- At December 31, 2017 and 2016, Fibra UNO owns 64.20% and 76.89% of the assets of Fideicomiso 2584, while Fideicomiso 2353 owns 35.80% and 23.11% respectively.
- xix. On October 4, 2016, Fibra UNO recovered \$476.1 million in cash for the concept of Value Added Tax.
 - xx. On September 30, 2016, Fibra UNO paid a loan assumed for the purchase of the Vermont Portfolio with "Blackstone" (formerly GE Real Estate) of \$1,336.3 million, corresponding to the credit line that accrued interest at a fixed rate of 7.75%.
 - xxi. 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 at a rate TIIE plus 2%, maturing on September 15, 2023.
 - xxii. On September 15, 2016, Fibra UNO prepaid the mortgage loan contracted with HSBC for \$914 million, which accrued interest at a TIIE rate plus 2% and US \$14.8 million, which accrued interest at a Libor rate plus 2% and had maturity on September 15, 2021.
 - xxiii. 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: US3.31 million dollars corresponding to interest-bearing credit at a Libor rate plus 1.90% and \$152.1 million, corresponding to interest-bearing loans at the TIIE rate plus 1.90%, respectively.
 - xxiv. On August 31, 2016, Fibra UNO delivered a serious deposit for the purchase of the "FRIMAX" portfolio, for \$366 million, which is shown in other accounts receivable. As of December 31, 2017, said deposit has been applied against the purchase price of the asset.
- On August 1, 2016, Fibra UNO prepaid a loan assumed for the purchase of the Portfolio Vermont with "Blackstone", for US \$51.8 million that accrued interest at a Libor rate plus 3.45%.
- xxvi. During July 2016, as part of Fibra UNO's plan to limit the exchange rate risk arising from the bond issued in US dollars maturing in 2026, a currency Swap of US \$40 million was contracted covering principal and interest.
 - xxvii. On July 11, 2016, Fibra UNO recovered \$510.7 million in cash for value added tax.
 - xxviii. 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, with a floor of 4.5% and a ceiling of 8.75% with maturity date on July 2, 2018.

- xxix. During June 2016, Fibra UNO contracted foreign currency swaps for US \$260 million, with the purpose of limiting the exchange rate risk arising from the bond issued in US dollars, due in 2016, of which US \$100 million The principal and US \$160 million cover principal and interest.
- xxx. 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 at a TIIE rate plus 1.80%, maturing on July 27, 2017. On June 12, 2017, FUNO paid the unsecured loan, on that same date FUNO made a provision on this line of credit under the same conditions of the previous loan and due July 27, 2018.
- xxxi. On June 28, 2016, Fibra UNO paid assumed credits for the purchase of the Morado Portfolio with Blackstone as follows: \$236.3 million, corresponding to the interest-bearing credit at the rate of 3.40%; US \$33.9 million corresponding to the interest-bearing credit at a Libor rate plus 2.70%, \$825.7 million 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%.
- xxxii. On June 8, 2016, Fibra UNO issued a US \$500 million unsecured debt issuance in the international markets. The bond issuance was a reopening, of which the first reopening of the bond matures in 2026 with a rate of 5.25% of US \$200 million, and the second reopening of the bond matures in 2044 with a rate of 6.95% of US \$300 million.
- xxxiii. 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.
- xxxiv. On April 12, 2016, Fibra UNO issued unsecured debt in the local market of \$4.5 billion in three tranches; first tranche of 457,878,300 UDIS equivalent to \$2,500 million at a rate of 4.6% maturing on April 1, 2027 and a slate key of FUNO 16U; second tranche of \$800 million with a TIIE rate plus 65 basis points maturing on April 11, 2019 and a slate key FUNO 16; last tranche was a bond reopening at a rate of 8.4% of \$1.2 billion maturing on December 4, 2023, with a slate key FUNO 13-2.
- xxxv. 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 Ps. 2,000 million pesos. The loan accrued interest at a TIIE rate plus 2%.
- xxxvi. On February 26, 2016, Fibra UNO made a formal deposit of \$100 million for the acquisition of the Torre Quarzo 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 Quarzo.
- xxxvii. On February 18, 2016, Fibra UNO recovered \$1.026 million of value-added tax in cash.
- xxxviii. On February 8, 2016, Fibra UNO entered into a credit line with Actinver for an amount of \$400 million accruing interest at TIIE + 1.80%, which has a maturity of July 17, 2016. Principal and interest were paid in full on April 18, 2016.

- xxxix. As of January 1, 2016 and derived from the second amendment agreement to Fideicomiso 1127/2010 (Torre Latino), in which Ecocinemas, S. A. de C. V. (Ecocinemas) as "Trustor A" and Fibra UNO as "Trustor B", will have the right to receive 22.53% and 77.47%, respectively, of the net proceeds of lease 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 22.53% which represents the stake that Ecocinemas has over Torre Latino's equity. The effect of recognizing such non-controlling interest in the consolidated figures of Fibra UNO is shown in the accompanying consolidated financial statements.

On December 15, 2015, Fibra UNO prepaid the loan with Metlife for \$384,074. The loan accrued interest at a fixed rate of 10.11%.
- xli. On December 3, 2015, Fibra UNO carried out a bond issuance in the international markets, issuing an unsecured bond for US300 million (2026 Senior Notes) with a maturity of 10 years. These bonds mature on January 30, 2026 and accrue interest at a fixed rate coupon of 5.25%.
- xlII. On November 26, 2015, Fibra UNO entered into an unsecured loan with Inbursa, SA, Institution of Banca Multiple, Grupo Financiero Inbursa (Inbursa) for \$2,000,000 which accrues interest at a rate TIIE plus 2%. The loan was sold out on April 8, 2016.
- xlIII. On November 10, 2015, Fibra UNO signed the Terms and Conditions for the purchase of the "Torre Quarzo" property located on Reforma, Mexico City in the amount of \$1,323,400 and 46,484,779 CBFIs.
- xlIV. On July 29, 2015, Fibra UNO executed a dual - currency unsecured committed revolving credit facility for 5 years. Banco Santander (México), S. A. (Santander), is the administrator agent and BBVA Bancomer, S. A., HSBC México, S. A., Bank of America, Credit Suisse AG, Goldman Sachs Bank USA and Itaú Unibanco, S. A are the lenders. The total aggregate funding committed under the revolving credit facility is \$7,000 million and US410 million. The agreement was amended to include Deutsche Bank. The interest rate, with respect to the peso tranche, is the Mexican Interbank Equilibrium Rate (TIIE) plus a margin between 1.25 and 1.5 points; and with respect to the US dollar tranche is the London Interbank Offered Rate (LIBOR) plus a margin between 1.25 and 1.5 points. As of December 31, 2017, 2016 and 2015 Fibra UNO has not drawn against the credit line.
- xlV. On June 26, 2015, Fibra UNO concluded the process of increasing capital of a real estate development vehicle ("Helios") through the issuance of CBFIs in the form of capital calls not subject to the taxation of a FIBRA. The total amount of committed capital is \$6,000,000 with an initial capital call of \$1,200,000 equivalent to 20% of the total amount. Fibra UNO will be a co-investor in all projects of this vehicle with at least a 30% ownerships stake. F1 Management S. C., a subsidiary of Fibra UNO will act as Trustor and Administrator of the vehicle. As of December 31, 2017, and 2016, Fibra UNO has made a contribution to the vehicle of \$2,517,000 and \$3,660,000 respectively.
- xlVI. On June 17, 2015, Fibra UNO signed a current credit line with Banco Actinver, S. A, Institution of Banca Multiple ("Actinver") Actinver Financial Group, for up to \$400 million a TIIE + 1.80 rate, which has a maturity at 17 July 2016. On February 8,

2016, Fibra UNO disposed of \$400,000 same which were liquidated on April 18, 2016. On June 29, 2016, Fibra UNO disposed of \$410,000. The maturity date of this debt is July 17, 2017. Fibra UNO newly disposed of \$410,000 which will be liquidated on June 22, 2018.

- XLVII. On April 1, 2015, Fibra UNO made a prepayment on the US dollar-denominated loan entered into with Metlife, in connection with Fibra UNO’s acquisition of the Hilton Historic Center for \$30.4 million. The loan accrued interest at a fixed rate of 7.5%.
- XLVIII. On February 4, 2015, Fibra UNO issued unsecured debt in the local market through a fixed rate issue (FUNO 15) and the reopening of the variable rate issue (FUNO 13), both under the protection of a program of unsecured debt up to \$25,000 million. The FUNO 15 issuance was made for an amount of \$7,500 million at a rate of 6.98% for a period of 10 years, and the reopening of FUNO 13, maturing on June 10, 2019, was carried out for \$ 2,500 million, to be concluded with a balance of \$ 6850 million, at a rate TIIE rate plus 0.80%.

2. Basis of presentation

- a. **Reclassifications** – Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2016 and 2015 have been reclassified to conform to the presentation in 2017.

3. Application of new and revised International Financial Reporting Standards

- a. **Application of new and revised International Financing 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 IFRSs and new Interpretation issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2017.

Amendments to IAS 7	Disclosure Initiative
Amendments to IFRS 2014-2016 Cycle	2014-2016 Cycle

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

Fibra UNO has not applied the following new and revised IFRS that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2014 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 9 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in net income (loss).
- With regard to the measurement of financial liabilities designated as of fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The management of the Fibra UNO anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of Fibra UNO’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until Fibra UNO undertakes a detailed review.

IFRS 15, Revenue from contracts with Customer

In May 2014, the IASB issued the IFRS 15 Revenue from Contracts with Customers, which establishes a 5-step model to determine the timing and amount to be applied accounted for the revenue recognition. The new standard replaces existing revenue recognition guidelines, including the IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The standard is effective for annual periods beginning on January 1, 2018. The standard permits to elect between the retrospective method and modified retrospective approach. Fibra UNO plans to adopt the IFRS 15 in its consolidated financial statements on January 1, 2018 using full retrospective approach.

The transition considerations that Fibra UNO take into account by applying the full retrospective approach in the adoption of the IFRS 15 involving the restatement the comparative financial information for the years ended December 31, 2016 and 2017, and to adjust the amounts that arise as a result of the accounting differences between the current accounting standards “IAS 18” and “IAS 11” and the new standard, IFRS 15.

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.
- As of today, Fibra UNO has completed the analysis of the new standard. Fibra UNO has concluded that there will be no significant impacts on the financial statements derived from the adoption of the IFRS 15. However, IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the consolidated financial statements. In 2017 Fibra UNO developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

As of December 31, 2017, the consolidated and business unit level accounting policies in regards to the revenue recognition have been modified and submitted for approval to the management of Fibra UNO, with the objective that these are fully implemented as of January 1, 2018, which will establish the new bases of accounting for revenues from contracts with customers under the IFRS 15. Similarly, Fibra UNO has analyzed and evaluated the aspects related to internal control derived from IFRS 15 adoption, with the objective of ensuring that Fibra UNO’s internal control environment is appropriate for the effects of the process of financial reporting.

4. Significant accounting policies

a. Statement of compliance

The consolidated financial statements of Fibra UNO have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and investment in trust rights which are valued at their fair value, as explained in greater detail in the accounting policies below.

- i. Historical Cost
The historical cost is usually based on the fair value of the consideration given in exchange for assets.
- ii. Fair Value
Fair value is defined as the price that an entity would receive for selling an asset or that would be paid to transfer a liability in an orderly transaction among market participants in the market at the date of valuation.

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.

d. Investments in securities

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 Trustors’ capital, 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.

e. Recognition of the inflation effects

Cumulative inflation for the three prior fiscal years to December 31, 2017, 2016 and 2015 is 9.87%, 5.56% and 12.08%, respectively; therefore, the economic environment qualifies as non-inflationary in both years and consequently, the effects of inflation in the accompanying consolidated financial statements are not recognized. The inflation percentages for the years ended as of December 31, 2017, 2016 and 2015 were 6.17%, 3.36% and 2.13%, respectively.

f. 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
	2017	2016	2015	
F1 Management	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 “Ayutla, Estado de Mexico”	100%	100%	100%	Real estate leasing
Trust F/00221 “Parques Polanco, Distrito Federal”	100%	100%	100%	Real estate leasing

Entity	Participation			Activity
	2017	2016	2015	
Trust F/00236 “Tepeji del Río, Hidalgo”	100%	100%	100%	Real estate leasing
Trust F/00246 “Ixtapaluca, Estado de 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, Estado de México”	100%	100%	100%	Real estate leasing
Trust F/00561 “Aguascalientes, Aguascalientes”	100%	100%	100%	Real estate leasing
Trust F/00738 “Huehuetoca, Estado de Mexico”	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, Estado de Mexico”	100%	100%	100%	Real estate leasing

Entity	Participation			Activity
	2017	2016	2015	
Trust F/00740 "Centro Bancomer"	100%	100%	100%	Office real estate leasing
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%	Real estate leasing
Trust 1487/2014 "Querétaro"	100%	100%	100%	Industrial real estate leasing
Trust 1527/2014	100%	100%	100%	Industrial real estate leasing
Operadora CVC	100%	100%	100%	Administrative services for the administration of domestic real estate
F1 Administración	100%	100%	100%	Administrative services for the administration of F/2353
MKT Developers, S.A. de C.V.	99.99%	99.99%	–	Services for the construction of investment properties
Trust 2584 "Centro Comercial Mitikah"	64.20%	76.89%	–	Development of the Mitikah project along with Helios
Trust 1127 "Torre Latino"	77.47%	77.47%	–	Office real estate leasing
Trust 2500 "Espacio Tollocan"	100%	100%	–	Shopping center development

All intercompany balances and transactions have been eliminated.

g. 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 acquiree and the equity interests issued by Fibra UNO in exchange for control of the acquiree. Acquisition-related costs are generally recognized in statements of comprehensive income as incurred.

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

h. Financial instruments

Financial assets and financial liabilities are recognized when Fibra UNO becomes a party to the contractual provisions of the instrument.

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.

Subsequent measurement of financial instruments depends on the accounting category in which they are classified. Detail of the categories of financial instruments can be found in Note 12.

Cash

Cash consists mainly of bank deposits in checking accounts. Cash is stated at nominal value.

Restricted cash

Restricted cash consists of cash in the custody in various trusts. Its use is restricted to the payment of the current debt service and interest under the loan agreement during 2017with Banco Mercantil del Norte (Banorte), Corporación Actinver, S.A.B. de C.V. (Actinver), HSBC and Banco Nacional de Mexico (Banamex), during 2016 with Banco Nacional de Comercio Exterior (Bancomext) and during 2015 with Blackstone (formerly "GE Real Estate México"). Once payments are settled, funds remaining in these accounts will be released and may be used for the operation of Fibra UNO.

Financial assets at FVTP (Fair Value through Profit or Loss)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular

way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as of FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as of FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that Fibra UNO manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or the contingent consideration that would be paid by an investor as part of a business combination may be designated as of FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group 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 Group'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 IAS 39 permits the entire combined contract to be designated as of FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other income (expense), net, line item. Fair value is determined in the manner described in Note 12.

Loans and receivables

Accounts receivable, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are recognized at amortized cost using the effective interest method and are subject to impairment tests.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that

occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include Fibra UNO's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

Fibra UNO derecognizes a financial asset 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 party. If Fibra UNO neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Fibra UNO recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If Fibra UNO retains substantially all the risks and rewards of ownership of a transferred financial asset, Fibra UNO continues to recognize the financial asset and also recognizes a collateralize borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when Fibra UNO retains an option to repurchase part of a transferred asset), Fibra UNO allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated 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 those parts.

Fibra UNO derecognizes a financial asset, only when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another entity.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

The key feature in determining whether a financial instrument is a liability is the existence of a contractual obligation of Fibra UNO to deliver cash or another financial asset to the holder, or to exchange financial assets or liabilities under conditions that are potentially unfavorable. In contrast, in the case of an equity instrument the right to receive cash in the form of dividends or other distributions is at the Fibra UNO’s discretion and, therefore, there is no obligation to deliver cash or another financial asset to the holder of the instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recognized at the proceeds received, net of direct issue costs.

When Fibra UNO receives contributions or acquires properties which do not constitute a business, in return for its equity instruments, the transaction is recorded as a payment to third parties (other than employees) payable with share-based equity instruments, which are valued at the fair value of the assets received, except where the value cannot be estimated reliably. The effects on the financial position are recorded in the statement of changes in trustors’ capital as “equity contributions” and do not impact current earnings. The fair value of the properties is estimated as described in Note 9.

Financial liabilities

Financial liabilities are classified as either financial liabilities at “FVTPL” or “other financial liabilities”. Fibra UNO does not hold any financial liabilities at FVTPL.

Other financial liabilities (including long-term debt) are initially measured at fair value, net of transaction costs.

Other financial liabilities are valued subsequently at amortized cost using the effective interest method which is a method of allocating interest expense over the relevant period using the effective interest rate.

Derecognition of financial liabilities

Fibra UNO derecognizes a financial liability when its obligations are discharged, canceled or expire.

Financial equity instruments

Financial instruments issued by Fibra UNO, including over-allotment options, comply with the definition of equity instruments and are presented as such.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Fibra UNO has determined that it does not hold any embedded derivatives that require bifurcation.

Derivatives financial instruments

Fibra UNO underwrites a variety of financial instruments to manage its exposure to the risks of volatility in interest rates and exchange rates, including foreign currency *forward* contracts, interest rate swaps and combined interest rate and foreign exchange *swaps* (*cross currency swaps*). Note 12 includes a more detailed explanation of derivative financial instruments.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The resulting gain or loss from remeasurement to fair value is recognized in profit or loss 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.

Hedge accounting

Fibra UNO designates certain derivative instruments as hedging with respect to foreign currency risk, either as fair value hedges, cash flow hedges, or hedges of the net investment in a foreign operation.

At the inception of the hedge relationship, Fibra UNO documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, Fibra UNO documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item. Note 13 include details of the fair values of derivative instruments used for hedging purposes.

– Fair value hedges

The change in the fair value of the hedging instruments and the change in the hedged item attributable to the hedged risk are recognized in the line item in the statement of income and other comprehensive (loss) income relating to the hedged item. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the statement of operations item related to the hedged item.

The hedge accounting is discontinued when Fibra UNO reverses the hedging relationship, when the hedging instrument expires or is sold, terminates, is exercised, or when it no longer meets the criteria for hedge accounting. The fair value adjustment of the carrying amount of the hedged item arising from the hedged risk is amortized against results as of that date.

– Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income in the valuation of derivative instruments in cash flow hedge. The gains and losses relating to the non-effective portion of the hedging instrument are recognized immediately in profit or loss and included in the “Derivative financial instruments” item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to results in the periods when the hedged item is recognized in results, in the same line item in the statement of income and other comprehensive income where the hedged item is recognized. However, when a forecasted transaction that is hedged gives rise to the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The hedge accounting is discontinued when Fibra UNO reverses the hedging relationship, when the hedging instrument expires or is sold, terminates, is exercised, or when it no longer meets the criteria for hedge accounting. Any accumulated gain or loss on the hedging instrument that has been recognized in equity will continue in equity until the forecasted transaction is finally recognized in profit or loss. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss on capital will be recognized immediately to results.

– Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in interest expense or income.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

i. 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 depreciation or 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. 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.

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).

j. 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.

k. 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, the Fibra UNO’s most significant intangible asset acquired in a business combination, is amortized on a straight-line basis over a period of 20 years.

- 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.

l. Impairment of tangible and intangible assets other than goodwill

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.

m. Borrowing costs

Fibra UNO applies the scope exception with respect to capitalization of borrowing costs to investment properties, which are measured at fair value.

n. 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 17.

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 result of the 2014 Income Tax Law, as of December 31, 2017, 2016 and 2015, PTU is determined based on taxable income, according to Section I of Article 9 of the that Law.

p. Provisions

Provisions are recognized when Fibra UNO has a present obligation (legal or constructive) 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 refundable deposits from tenants, mainly denominated in pesos, as security for the lease payments for a certain period. These deposits are accounted for as a financial liability and are initially recognized at fair value. If a relevant difference from the fair value and the cost at which the liability was initially recorded arises, it would be considered as an initial rent payment and consequently, it would be amortized over the lease term. The deposit would subsequently be measured at amortized cost.

r. Lease revenue

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and benefits incidental to ownership. 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. Income taxes

As further explained in Note 1, the Trust qualifies as a FIBRA under the Mexican Income Tax Law and, accordingly, no provision for income taxes is recognized. The current and deferred tax consequences of a change in tax status are included in profit or loss for the period, unless they relate to transactions are recognized directly in equity or in other comprehensive income.

t. Foreign currency

Foreign currency transactions are recognized at the 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.

u. 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.

v. 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 12.

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. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. 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

As explained in Note 4, 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

Management of the Trust 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 acquiree (e.g., maintenance, cleaning, security, bookkeeping, other property services, etc.).
- iii. Whether the acquiree 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.

b. Key sources of estimation uncertainty

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 2017, 2016 and 2015. 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 restricted cash

	2017	2016	2015
Cash:	\$ 3,102,130	\$ 5,543,788	\$ 5,777,368
Restricted cash:			
Financial reserve for bank loans	126,314	10,332	218,550
Total cash and restricted cash	\$ 3,228,444	\$ 5,554,120	\$ 5,995,918

7. Financial investments

	2017	2016	2015
Trading investments – Government securities	\$ 2,406,0040	\$ 1,956,101	\$ 2,300,596

8. Lease receivables and others

	2017	2016	2015
Lease receivables	\$ 1,657,958	\$ 1,084,690	\$ 856,497
Allowance for doubtful accounts	(208,898)	(94,096)	(105,151)
	1,449,060	990,594	751,346
Other receivables	599,750	519,700	46,523
	\$ 2,048,810	\$ 1,510,294	\$ 797,869

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 2017, 2016 and 2015, Walmart and Santander tenants represent 11.08%, 10.5% and 13% 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. The estimation consists of 100% of past due accounts in legal procedure, 20% of past due accounts under extrajudicial processes and 100% of impairments approved by the Collection Committee. The allowance is reviewed on a periodic basis.

b. Aging of receivables that are past due but not impaired

Currently, Fibra UNO holds monthly collection levels equal to its monthly billing period; business practices and negotiation allow Fibra UNO to maintain its accounts receivable with maturities of no greater than 31 days as of December 31, 2017.

9. Investment properties

Fair Value	2017	2016	2015
Investment property for leasing	\$ 179,129,129	\$ 153,350,580	\$ 137,830,327
Investment property under development	20,266,964	15,578,504	12,115,917
Territorial reserves	1,124,149	1,350,763	–
Property interests held under operating leases	2,544,000	2,459,431	2,403,690
	\$ 203,064,242	\$ 172,739,278	\$ 152,349,934

Type	Number of properties	2017	2016	2015
Balance at the beginning of the period		\$ 172,739,278	\$ 152,349,934	\$ 113,831,162
Acquisitions:				
Turbo	Mixed 16	7,550,709	–	–
Apolo II	Retail 17	8,314,250	–	–
Frimax	Industrial 3	3,277,734	–	–
Saqqara	Offices 1	702,240	–	–
Lead sale Kansas portfolio	Land 1	(116,425)	–	–
Midtown Jalisco	Development 1	–	440,000	–
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	–
Kansas Portfolio	Offices 12	–	–	10,452,127
Alaska Portfolio	Offices 6	–	–	5,246,766
Indiana Portfolio	Retail 13	–	–	3,190,000
Buffalo Portfolio	Development 1	–	–	2,820,418
Lamar Portfolio	Retail 4	–	–	2,295,000
Oregon Portfolio	Retail 3	–	–	1,626,000
Utah Portfolio	Offices 1	–	–	1,010,664

Type	Number of properties	2017	2016	2015
Cuatipark II	Industrial 1	–	–	783,500
Florida Portfolio	Offices 1	–	–	640,098
Artificios No. 40	Offices 1	–	–	52,950
Construction in progress		5,735,117	5,350,778	5,808,522
Fair value adjustments to investment properties (1)		4,861,339	9,114,084	4,592,727
Balance at the end of the period		\$ 203,064,242	\$ 172,739,278	\$ 152,349,934

Significant assumptions utilized in determining fair value are as follows:

- a. **CAP rate** – This is a rate of profitability of a real estate investment property based on the expected income that the property will generate. The capitalization rate has been used to estimate the potential investor return on its investment and is obtained by dividing the income generated from the properties, after fixed costs and variable expenses, by the total property value. CAP rates used in the Trust’s discounted cash flows range, from 8.00% in industrial properties, 6.50% to 8.00% in offices and 8.00% in retail properties.
- The CAP rate is determined by property, considering the geographic location, occupancy and/or vacancy percentage, remaining lease term, use and type of real estate, quality of the tenants, open and competitive market prices for in similar real estate properties in terms of use and type, income in dollars or pesos (both cases), country risk, inflation, and rental periods or terms.
- As of December 31, 2017, change of +25 basis points in the CAP rate used for the valuation of the properties would result in a decrease in the fair value of investment properties and investment in associates of approximately \$50,052 in retail properties, \$71,675 in industrial properties and \$12,931 in offices.
- b. **Value per square meter in average leases (GLA)** – This is obtained based on the use and construction classification of the property, bearing in mind its useful rentable area. Value in Mexican Pesos per square meter for average rentals used in the Trust’s discounted cash flows range of Fibra UNO as of December 31, 2017 is from \$9,519 in retail properties, from \$1,239 in industrial properties and from \$1,727 in offices. An increase in value per square meter for average rentals would result in an increase in the fair value of investment properties, while a decrease would have the opposite effect.

- c. **Discount rate** – Is obtained from considering the geographic location, occupancy and/or vacancy percentage, remaining lease term, use and type of real estate, quality of the tenants, open and competitive market prices for in similar real estate properties in terms of use and type, income in dollars or pesos (both cases), country risk, inflation, and rental periods or terms. Discount rates used in the Fibra UNO’s discounted cash flows range from 9.50% in retail properties, from 9.00% to 10.50% in industrial properties, from 7.50% to 13.00% in offices and from 9.00% in retail properties. An increase in the discount rate would result in a lower fair value of Fibra UNO’s investment properties, while a decrease would have the opposite effect.

The fluctuation of the fair value on investment properties of the period is recognized in the consolidated statements of operations under the heading adjustments to the fair value of investment properties.

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

Fibra UNO obtains valuations by independent appraisers that hold recognized and relevant professional qualifications and have experience in the location and category of its investment properties.

10. Investments in associates

	Participation %	2017	2016	2015
Torre Mayor	49%	\$ 2,821,995	\$ 2,999,348	\$ 2,416,838
Torre Diana	50%	1,542,680	2,179,552	697,051
		\$ 4,364,675	\$ 5,178,900	\$ 3,113,889

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

11. Other assets

	2017	2016	2015
Administrative platform (1)	\$ 2,043,674	\$ 2,043,674	\$ 2,043,674
Implementation fees	440,800	440,800	440,800
Accumulated amortization (2)	(805,532)	(593,951)	(392,949)
Others	30,000	30,000	30,000
	\$ 1,708,942	\$ 1,920,523	\$ 2,121,525

- (1) The acquired administrative platform includes staff, technology and processes; and its amortization is \$194,984
- (2) The accumulated amortization is mainly integrated by the amortization related to the administrative platform and the other one from other expenses. Their presentation into the consolidated statement of cash flows are individually reflected within the concept of operation expenses.

12. Financial instruments

Categories of financial instruments

	2017	2016	2015
Financial assets:			
Cash and restricted cash	\$ 3,228,444	\$ 5,554,120	\$ 5,995,918
Investment in government securities	2,406,004	1,956,101	2,300,596
Lease receivables and other recoverable accounts	2,048,810	1,510,294	797,869
Due from related parties	60,512	80,293	–
Advance payments	1,411,421	430,717	459,660
Trading derivative instruments	692	4,578	–
Derivative financial instruments designated as hedges	443,006	510,477	–
Financial liabilities:			
At amortized cost -			
Trade accounts payable	\$ 3,225,744	\$ 3,063,563	\$ 1,439,933
Due to related parties	210,101	93,266	104,488
Borrowings	69,137,233	65,356,147	54,815,515
Deposit from tenants	921,417	825,067	702,303

Capital management

Fibra UNO manages its capital 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 capital consists of debt and trustors’ capital. Fibra UNO’s objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable CBFi 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's Trust Agreement limits its borrowings to the minimum amount between an LTV ratio of 50% and a DSCR ratio of 1.2. For the year ended December 31, 2017, 2016 and 2015; Fibra UNO’s LTV and DSCR were 31%, 34% and 32%, and of 2.11, 2.4 and 2 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.

The Corporate Treasury function reports quarterly to Fibra UNO’s risk management committee, which is an independent body that oversees the risks and policies implemented to mitigate risk exposures.

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 US dollars 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 US dollars 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 US dollars.

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 (“TIIE”) 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 200 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 interest rates had been 150 basis points higher/lower and all other variables were held constant, Fibra UNO’s net income and trustors’ capital for the year ended December 31, 2017, would have (decreased) increased by approximately \$96 million pesos.

If interest rates had been 150 basis points higher/lower and all other variables were held constant, the net income and Other Comprehensive Income (ORI) of Fibra UNO for the period ended December 31, 2017, would have had an increase (decrease) of approximately \$177 and \$(194) million pesos in the statement of operations and in the ORI line of \$28 and \$(31) million for foreign currency swap contracts.

Foreign currency risk management

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

- a) The foreign currency monetary position as of December 31, 2017 is as follows:

	2017	2016	2015
US dollars (thousands):			
Monetary assets	495,665	548,777	341,769
Monetary liabilities	(1,971,346)	(1,944,434)	(1,760,346)
Net monetary liability position	(1,475,681)	(1,395,657)	(1,418,577)
Equivalent in Mexican pesos	\$ (29,123,154)	\$ (28,839,856)	\$ (24,597,841)

- b) The exchange rates, in pesos, in effect as of the date of the consolidated statements of financial position and the date of issue of the accompanying financial statements are as follows:

	December 31, 2017	December 31, 2016	December 31, 2015	April 13, 2018
Mexican pesos per US dollars	\$ 19.7354	\$ 20.6640	\$ 17.3398	\$ 18.0870

Foreign currency sensitivity analysis

In the opinion of the Administration, there is no real exchange risk based on the fact that the service of the debt of the loans in dollars is partially covered by income denominated in that currency.

If exchange rates had been \$2 Mexican pesos per US dollar higher/lower and all other variables were held constant, the Trust's net income and trustors' capital for the year ended December 31, 2017 would have (decreased) increased to its monetary liabilities approximately of \$(2,243) and \$2,243 million respectively. This amount would be offset by an increase (decrease) in foreign currency swap contracts that have been designated as hedges of \$631 and \$(631) million, respectively.

Foreign currency sensitivity analysis

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 US dollar. Nine foreign currency swaps were contracted, four of which cover principal and interest being designated as fair value hedge and the remaining two foreign currency swaps cover only principal being designated as cash flow.

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

Nbr.	Counterpart	Notional USD (thousands)	Notional MXN (thousands)	Maturity	Active rate	Passive rate	Fair value with risk coverage	Type of coverage
1	Bancomer	60,000	\$ 1,113,000	30-jan-2026	5.25%	TIIE 28 + 3.34%	\$ 107,356	VR
2	Bancomer	50,000	944,750	30-jan-2026	5.25%	TIIE 28 + 3.34%	77,048	VR
3	Bancomer	40,000	739,000	30-jan-2026	5.25%	TIIE 28 + 3.59%	70,763	VR
4	Bancomer	50,000	944,750	30-jan-2026	0.00%	TIIE 28 - 2.77%	26,877	FE
5	Santander	50,000	958,000	30-jan-2026	5.25%	TIIE 28 + 3.51%	52,887	VR
6	Santander	50,000	958,000	30-jan-2026	0.00%	TIIE 28 - 2.6%	6,162	FE
7	Santander	50,000	980,000	30-jan-2026	5.25%	TIIE 28 + 2.8%	69,871	VR
8	Santander	25,000	508,662	30-jan-2026	5.25%	TIIE 28 + 3.09%	2,550	VR
9	HSBC	75,000	1,527,750	30-jan-2026	5.25%	TIIE 28 + 3.06%	9,441	VR
10	HSBC	-	2,046,207	15-sep-23	7.73%	TIIE 28	13,942	VR
11	HSBC	-	896,650	15-sep-23	7.73%	TIIE 28	6,109	FE
		450,000	\$ 11,616,769				\$ 443,006	

During 2017, hedges, both cash flow and fair value, were highly effective in hedging exposure to the exchange rate. As a result of this hedge, the carrying amount of the US dollar credit was adjusted for \$30,449, which was recognized in the consolidated statement of operations together with the fair value of the designated fair value hedge. For cash flow hedging, the changes associated with the exchange rate were reclassified from the ORI line to operating results.

Fibra UNO carried out a reciprocal transaction of purchase and sale of interest rate options (COLLAR) for negotiation purposes for a reference amount of \$1,889.5 million. Fibra UNO would pay the counterpart if the TIIE rate is lower than 4.5% and the counterparty would pay Fibra UNO if the TIIE is higher than 8.5%. As of December 31, 2017, the fair value of this derivative amounted to \$691,906.55 million, affecting the effect of valuation in financial instruments and is shown in the consolidated statement of operations.

Nbr.	Counterpart	Notional USD (thousands)	Notional MXN (thousands)	Maturity	Active rate	Passive rate	Fair value with risk coverage	Type of coverage
1	Santander	\$ 50,000	\$ 958,000	30-jan-2026	5.25%	TIIE 28 + 3.51%	\$ 89,111	VR
2	Santander	50,000	958,000	30-jan-2026	0.00%	TIIE 28 - 2.60%	17,267	FE
3	Bancomer	60,000	1,113,000	30-jan-2026	5.25%	TIIE 28 + 3.49%	99,999	VR
4	Bancomer	50,000	944,750	30-jan-2026	5.25%	TIIE 28 + 3.34%	114,703	VR
5	Bancomer	40,000	739,000	30-jan-2026	5.25%	TIIE 28 + 3.59%	151,548	VR
6	Bancomer	50,000	944,750	30-jan-2026	0.00%	TIIE 28 - 2.77%	37,849	FE
		<u>\$ 300,000</u>	<u>\$ 5,657,500</u>				<u>\$ 510,477</u>	

During 2016, hedges, both cash flow and fair value, were highly effective in hedging exposure to the exchange rate. As a result of this hedge, the carrying amount of the US dollar credit was adjusted for \$30,449, which was recognized in the consolidated statement of operations together with the fair value of the designated fair value hedge. For cash flow hedging, the changes associated with the exchange rate were reclassified from the ORI line to operating results.

Fibra UNO carried out a reciprocal transaction of purchase and sale of interest rate options (COLLAR) for negotiation purposes for a reference amount of \$1,889.5 million. Fibra UNO would pay the counterpart if the TIIE rate is lower than 4.5% and the counterparty would pay Fibra UNO if the TIIE is higher than 8.5%. As of December 31, 2016, the fair value of this derivative amounted to \$4,578 million, affecting the effect of valuation in financial instruments and is shown in the consolidated statement of operations.

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, 2017, 2016 and 2015, 10 largest tenants occupied approximately 27%, 22% and 27.1% of the total leasable area, respectively, and represented approximately 20%, 31.9% and 26.6% of revenues attributable to the Trust’s investment property portfolio for the years then ended, respectively. In addition, as of December 31, 2017, one tenant occupied 817,163 m² of 8,447,785 m² of the total leasable area of Fibra UNO, which represents approximately 9.7% of the total leasable area and approximately 8% of lease revenues for the year the ended. As of December 31, 2016, one tenant occupied 696,865 m² of 7,369,935 m² square meters of the total leasable area of Fibra UNO, which represents approximately 9.46% of the total leasable area and approximately 7.9% of lease revenues for the year then ended. As of December 31, 2015, one tenant occupied 708,114 m² of 6,637,904 m² of the total leasable area of Fibra UNO, which represents approximately 8.6% of the total leasable area and approximately 9.5% of lease revenues for the year then ended.

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.

In relation with derivative financial instruments as of December 31, 2017, an adjustment for credit risk (CVA) was determined for the counterparties with which these instruments of \$1.284 million have been contracted, which were recognized in the result of the year for Fibra UNO for the period ended December 31, 2017.

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. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which Fibra UNO may be required to pay such obligations.

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2017				
Trade accounts payable	\$ 3,225,744	\$ -	\$ -	\$ 3,225,744
Due to related parties	210,101	-	-	210,101
Borrowings in pesos	4,469,069	23,959,100	12,728,506	41,156,675
Deposit from tenants	-	921,417	-	921,417
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 dollars	<u>\$ 122,502</u>	<u>\$ 637,825</u>	<u>\$ 2,965,228</u>	<u>\$ 3,725,525</u>
Borrowings in UDIS	<u>\$ 43,205</u>	<u>\$ 216,027</u>	<u>\$ 1,951,238</u>	<u>\$ 2,210,470</u>

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2016				
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	\$ 5,343,119	\$ 11,280,500	\$ 15,874,547	\$ 32,498,166
Borrowings in dollars	\$ 114,139,450	\$ 503,160,687	\$ 3,107,250,000	\$ 3,724,550,137
Borrowings in UDIS	\$ 43,263,822	\$ 172,821,262	\$ 1,154,191,244	\$ 1,370,276,328

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2015:				
Trade accounts payable	\$ 1,517,559	\$ –	\$ –	\$ 1,517,559
Due to related parties	104,488	–	–	104,488
Borrowings	13,039,925	22,132,729	50,215,965	85,388,619
Deposit from tenants	–	512,680	189,623	702,303
	\$ 14,661,972	\$ 22,645,409	\$ 50,405,588	\$ 87,712,969

As of December 31, 2017, 2016 and 2015, the interest payable in future periods, based on the terms of the outstanding loan contracts, amounts to slightly over \$53,419 million pesos, \$50,837 million pesos and \$30,373 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	Fair value as of			Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/17	31/12/16	31/12/15		
1) Investments in Government securities (see Note 7)	\$ 2,406,004	\$ 1,956,101	\$ 2,300,596	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	\$ 403,858 (assigned as hedging)	\$ 510,477 (assigned as hedging)	\$ –	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.
2) Interest rate swaps	\$ 39,148 (assigned as trading)	\$ – (assigned as trading)	\$ –	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) Collar option	\$ 692 (assigned as trading)	\$ 4,578 (assigned as trading)	\$ –	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, 2017		December 31, 2016		December 31, 2015	
	Fair value	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost
Senior notes	\$ 41,192,990	\$ 35,523,720	\$ 41,871,691	\$ 37,195,200	\$ 22,529,533	\$ 22,541,740
Long-term CBFIs	20,662,582	23,848,290	20,517,158	23,269,942	18,125,493	18,640,824
Blackstone (formerly GE Real Estate México)	—	—	—	—	9,062,159	8,866,400
Inbursa	—	—	—	—	2,029,817	2,000,000
Bancomext	1,453,921	1,364,328	1,665,149	1,515,291	1,419,785	1,335,043
HSBC	3,023,156	2,828,571	3,082,009	2,965,714	1,303,375	1,214,184
MetLife	786,832	787,399	—	—	—	—
Banamex	1,813,698	1,800,000	—	—	229,533	217,324
Deutsche Bank	—	—	—	—	—	—
Banco Mercantil del Norte	3,056,989	2,574,925	—	—	—	—
BBVA Bancomer	—	—	—	—	—	—
Banco Inbursa	—	—	—	—	—	—
Actinver	415,744	410,000	416,359	410,000	—	—
Santander	—	—	—	—	—	—
	\$ 72,405,912	\$ 69,137,233	\$ 67,552,366	\$ 65,356,147	\$ 54,699,695	\$ 54,815,515

On December 31, 2017, 2016 and 2015, the amounts of the costs of transaction were \$529,189, \$581,572 and \$482,480, respectively, (see Note 13).

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 TIIE 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).

IFRS 9, Financial Instruments

IFRS 9, financial instruments, replaces IAS 39, Financial instruments: recognition and measurement. This standard is considered mandatory for periods beginning on or after January 1, 2018 and includes the introduction of a new impairment model based on expected losses and limited changes to the classification and measurement requirements for financial assets. Specifically, the new impairment model is based on expected loan losses instead of losses incurred and will be applied to financial instruments measured at their amortized cost or at fair value through other comprehensive profit and loss, to leases receivable, asset contracts, certain written loan commitments, and financial collateral contracts.

With regard to the impairment model based on expected losses, the initial adoption requirement for IFRS 9 is retrospective and establishes the option of adopting it without modifying the financial statements from previous years, recognizing the initial effect in retained earnings as of the adoption date. By the same token, in the case of hedge accounting IFRS 9 allows for application using a prospective approach.

Fibra UNO did not suffer any material effects associated with the classification and measurement of financial assets because its repurchase transactions with treasury certificates, government bonds and receivables are managed to recover contractual cash flows and therefore qualify for measurement at amortized cost. Also, with regard to hedge accounting, Fibra UNO identified changes in the required documentation, so it does not expect any significant impact in the initial adoption.

Finally, with regard to the new impairment model based on expected losses, Management elected to adopt the standard retrospectively, recognizing the effects in retained earnings as of January 1, 2018. Based on a preliminary assessment of its customer portfolio, Fibra UNO estimates an increase in the allowance for bad debts of approximately \$151,102.

13. Borrowings

Summary of borrowings as of December 31, 2017

Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Finsa Bancomext	USD	4.89%	November, 2020	\$ -	69,131
Mortgage	HSBC Samara	MXN	TIIE + 2.0%	September, 2023	2,828,571	-
Quirographer	Actinver	MXN	TIIE + 1.8%	June, 2018	410,000	-
Quirographer	Banamex	MXN	TIIE + 1.0%	February, 2018	1,800,000	-
Mortgage	Metlife, México	MXN	7.92 %	December, 2023	255,841	-
Mortgage	Metlife, México	MXN	7.92 %	December, 2023	531,558	-
Mortgage	Banorte	MXN	TIIE + 1.95%	June, 2038	2,574,925	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	December, 2023	3,120,900	-
Debt bonds	National (FUNO 15)	MXN	6.99%	July, 2025	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	December, 2028	2,526,338	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	April, 2027	2,717,302	-
Debt bonds	National (FUNO 16)	MXN	TIIE + 0.65%	April, 2019	883,750	-
Debt bonds	National (FUNO 17)	MXN	9.20 %	November, 2027	1,000,000	-
Debt bonds	National (FUNO 17.2)	MXN	TIIE + 0.85%	December, 2022	6,100,000	-
Debt bonds	International	USD	5.25%	December, 2024	-	600,000
Debt bonds	International	USD	6.95%	January, 2044	-	700,000
Debt bonds	International	USD	5.25%	January, 2026	-	500,000

December 31, 2017	\$ 32,249,185	\$ 1,869,131
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Exchange rate as of December 31, 2016 (pesos per dollar)	\$ 19.7354
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\$ 36,888,047

Balance as of December 31, 2016, in thousands of Mexican pesos	\$ 69,137,232
Current	(2,474,703)
Non-current	66,662,529

Cost of transaction	(529,189)
Fair value adjustment	(545,897)

\$ 65,587,443

Summary of borrowings as of December 31, 2016						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Finsa Bancomext	USD	4.89%	November, 2020	\$ -	73,330
Mortgage	HSBC Samara	MXN	TIIE + 2.0%	September, 2023	2,828,571	-
Quirographer	Actinver	MXN	TIIE + 1.8%	June, 2018	410,000	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	December, 2023	3,120,900	-
Debt bonds	National (FUNO 13)	MXN	TIIE + 0.80%	June, 2019	6,850,059	-
Debt bonds	National (FUNO 15)	MXN	6.99%	July, 2025	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	December, 2028	2,526,338	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	April, 2027	2,717,302	-
Debt bonds	National (FUNO 16)	MXN	TIIE + 0.65%	April, 2019	883,750	-
Debt bonds	International	USD	5.25%	December, 2024	-	600,000
Debt bonds	International	USD	6.95%	January, 2044	-	700,000
Debt bonds	International	USD	5.25%	January, 2026	-	500,000
December 31, 2016					<u>\$ 26,645,665</u>	<u>1,873,330</u>
Exchange rate as of December 31, 2016 (pesos per dollar)						<u>\$ 20.6640</u>
						<u>\$ 38,710,482</u>
Balance as of December 31, 2016, in thousands of Mexican pesos					\$ 65,356,147	
Current					(633,911)	
Non-current					64,722,236	
Cost of transaction					(581,572)	
Fair value adjustment					310,978	
					<u>\$ 64,172,642</u>	

Summary of borrowings as of December 31, 2015						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	G-30 Banamex (Izt Ps.) 173.8 million FID 547	MXN	TIIE + 1.90%	February, 2021	\$ 157,223	-
Mortgage	G-30 Banamex (Izt Us.) US 4 million FID 547	USD	Libor + 1.90%	February, 2021	-	3,466
Mortgage	G-30 - Blackstone (formerly GE) Fid. 721/722 \$1,480 million	MXN	7.75%	October, 2016	1,366,756	-
Mortgage	Morado - Blackstone (formerly GE) US 254.2 million	USD	3.10%	July, 2016	-	238,943
Mortgage	Morado - Blackstone (formerly GE) US 179 million	USD	Libor + 2.5875%	July, 2016	-	42,703
Mortgage	Morado - Blackstone (formerly GE) \$864.8 million	MXN	6.16%	July, 2016	831,632	-
Mortgage	Morado - Blackstone (formerly GE) \$898 million	MXN	6.16%	July, 2016	864,468	-
Mortgage	Finsa Bancomext US 84.7 million	USD	4.89%	October, 2020	-	76,993
Mortgage	Finsa - Blackstone (formerly GE) US 58.7	USD	Libor + 3.45%	July, 2018	-	53,049
Mortgage	HSBC Samara	USD	Libor + 2.0%	September, 2021	-	15,301
Mortgage	HSBC Samara	MXN	TIIE + 2.0%	September, 2021	948,868	-
Mortgage	Inbursa	MXN	TIIE + 2.0%	November, 2016	2,000,000	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	December, 2023	2,000,000	-
Debt bonds	National (FUNO 13)	MXN	TIIE + 0.80%	June, 2019	6,850,058	-
Debt bonds	National (FUNO 15)	MXN	6.99%	July, 2025	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	December, 2028	2,290,766	-
Debt bonds	International	USD	5.25%	December, 2024	-	600,000
Debt bonds	International	USD	6.95%	January, 2044	-	400,000
Debt bonds	International	USD	5.25%	January, 2026	-	300,000
December 31, 2015					<u>\$ 24,809,771</u>	<u>1,730,455</u>
Exchange rate						<u>\$ 17.3398</u>
						<u>\$ 30,005,744</u>
Total equivalent in Mexican pesos					54,815,515	
Current					(10,123,627)	
Non-current					44,691,888	
Cost of transaction					(482,480)	
					<u>\$ 44,209,408</u>	

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, 2017 are:

	2017
2019	\$ 1,174,676
2020	1,380,526
2021	204,805
2022	210,937
2023	13,181,457
2024 and thereafter	50,510,128
	<u>\$ 66,662,529</u>

14. Trade accounts payable and accrued expenses

	2017	2016	2015
Accounts payable for acquisition of investment property	\$ 977,070	\$ 985,461	\$ 86,945
Accrued expenses	748,319	168,834	434,413
Interest payable	153,209	130,729	545,714
	<u>\$ 1,878,598</u>	<u>\$ 1,285,024</u>	<u>\$ 1,067,072</u>

15. Transactions and balances 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 were as follows:

	2017	2016	2015
Income:			
F1 Administración:			
Administration fees 1.25% (1)	\$ 296,076	\$ 108,000	\$ 38,333
Expenses:			
Fibra Uno Administración:			
Capitalized acquisition fees 3% (2)	\$ 76,708	\$ 385,340	\$ 828,116
Management fees 0.5% (2)	\$ 653,904	\$ 577,235	\$ 533,224
Parks Desarrolladora, S.A. de C.V.:			
Capitalized received services (5)	\$ 188,030	\$ 1,493,093	\$ 1,801,200
Coordinadora de Inmuebles Industriales, S. A. de C. V.:			
Capitalized received services	\$ 833,044	\$ 367,065	\$ 855,943
G-30 La Madre, S. A. P. I. de C. V.:			
Capitalized received services	\$ 172	\$ 108,133	\$ 433,513
Jumbo Administración:			
Real Estate management services (4)	\$ 402,684	\$ 379,958	\$ 395,400
F2 Services:			
Administrative services (3)	\$ 274,100	\$ 257,834	\$ 207,607
E- Administración y Construcción, S. A. de C. V.			
Capitalized received services	\$ -	\$ 15,901	\$ 89,657
Luxe Administración y Control Inmobiliario, S. A. P. I. de C. V.			
Services received (6)	\$ -	\$ 223	\$ 2,375
Fundación FUNO:			
Services (7)	\$ -	\$ 108,000	\$ 38,333

- (1) Fibra UNO pays an administration fee in an amount equal to 1.25% of the maximum amount of investment.
- (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. Balances with related parties are as follows:

	2017	2016	2015
Due from related parties:			
Parks Operadora Hotelera, S. de R.L. de C.V	\$ 59,526	\$ -	\$ -
Fundación FUNO, A. C.	152	80,293	-
Others	834	-	-
	\$ 60,512	\$ 80,293	\$ -
Due to related parties:			
F1 Administración	\$ 118,846	\$ 72,900	\$ 88,951
Coordinadora de Inmuebles Industriales	34,797	20,366	14,555
Jumbo Administración	27,999	-	-
Parks Concentradora	19,157	-	-
Fideicomiso 2304	6,045	-	-
Parks Mantenimiento, S. C.	-	-	982
Others	3,257	-	-
	\$ 210,101	\$ 93,266	\$ 104,488

In addition to the aforementioned balance due to related parties, an additional amount is due to related parties for the acquisition of certain properties, which is also shown in the accompanying consolidated statements of financial position. Payment is expected to be made within one year, which depends on the completion of construction and the ultimate rental of the related retail space.

16. CBFIs–based payments

At the annual Trustee Committee Meeting held on April 4, 2014, the trustee approved a long-term executive compensation plan payable through a grant of 162,950,664 CBFIs payable in 10 years and granting no more than the 10% per year, except in the case that in previous years has not been granted the 10%, 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 experts. The effect of the revision of original estimates could differ significantly. For the years ended December 31, 2017, 2016 and 2015, compensation cost totaled \$94,968, \$169,997 and \$587,792; respectively. During 2017, 2016 and 2015, 4,301,897, 18,261,112 and 8,734,156 CBFIs were issued as part of this plan.

17. Trustors’ capital

Contributions

- a. Fibra UNO was established by an initial contribution from the trustors of one thousand pesos plus the resources obtained from issuance of CBFIs.
- b. As of December 31, 2017, 2016 and 2015 there are the following outstanding CBFIs:

Number of CBFIs	2017	2016	2015
In circulation	3,956,776,551	3,249,305,750	3,197,579,138
In treasury	1,389,852,785	597,323,586	486,099,534

Contributions

- a. On December 20, 2017, the Technical Committee of Fibra UNO approved the contribution to net assets by the minority interest and the majority interest of the Torre Latino for the amounts of \$770,400 and \$429,600, respectively.
- b. On August 24, 2017, the Technical Committee of Fibra UNO approved the contribution to net assets 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.
- c. On August 24, 2017, the Technical Committee of Fibra UNO approved the contribution to net assets for the acquisition of the “Turbo” Portfolio, which was covered with CBFIs for a total of \$7,096,276.
- d. On June 16, 2017, the Technical Committee of Fibra UNO approved the contribution to net assets for the acquisition of the real property named “Escatto”, 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.

- e. On March 30, 2017, the Technical Committee of Fibra UNO approved the contribution to net assets 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.
- f. The Technical Committee of Fibra UNO approved the contribution to net assets for the acquisition of the “Alaska” portfolio, which was covered with a cash payment of \$12,439,794 while the rest will be covered with CBFIs for a total of \$262,338.

Distributions

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

Distribution date	Distributions	
2017		
October 4, 2017	\$	1,718,800
August 9 , 2017		1,701,892
May 9, 2017		1,684,261
February 9, 2017		1,662,539
Total as of December 31, 2017	\$	6,767,492
2016		
November 9, 2016	\$	1,586,799
August 9, 2016		1,546,480
May 9, 2016		1,607,651
February 11, 2016		1,629,778
Total as of December 31, 2016	\$	6,370,708
2015		
November 9, 2015	\$	1,525,891
August 7, 2015		1,499,273
May 11, 2015		1,470,961
February 16, 2015		1,407,521
Total as of December 31, 2015	\$	5,903,646

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 3,415,147,392, 2,454,936,157 and 1,567,549,974 CBFIs for 2017, 2016 and 2015, 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 4,259,527,757, 3,495,989,347 and 3,260,227,903 CBFIs, respectively.

CBFIs issued as of December 31, 2017, 2016 and 2015 for the acquisition of investment properties:

Acquired properties	CBFIs issued
2017	
Torre Cuarzo	36,002,144
Turbo	200,000,007
El Salto Jalisco	2,560,501
Alaska	7,416,350
Doña Rosa	37,439,902
As of December 31, 2017	283,418,904
2016	
Tower Vallarta	27,016,726
Torre Cuarzo	31,519,509
El Salto Jalisco	5,060,501
As of December 31, 2016	63,596,736
2015	
Alaska	148,327,000
Oregon	41,390,686
CuautiPark II	19,806,720
As of December 31, 2015	209,524,406

18. 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 administration made reconciliation between the two bases 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, 2017, 2016 and 2015 the Trust has distributed \$6,767,492, \$6,370,708 and \$5,903,647; respectively, as an advance from its taxable income accounts and reimbursement of trustor’s capital and management has expressed their intention of making the supplemental payments needed to comply with the aforementioned percentage and the related tax obligations.

19. Future minimum lease payments

The aggregate annual future minimum lease payments to be received under existing operating leases are as follows:

Period	Retail		Industrial		Offices		Total
Up to 1 year	\$	5,466,685	\$	2,803,849	\$	2,030,876	\$ 10,301,410
1 to 5 years		16,758,859		6,963,320		4,893,662	28,615,841
More than 5 years		8,641,876		1,748,029		1,680,755	12,070,660
	\$	30,867,420	\$	11,515,198	\$	8,605,293	\$ 50,987,911

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

20. Revenues

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:

State	Revenues		
	2017	2016	2015
Mexico City	\$ 3,543,329	\$ 3,502,429	\$ 3,235,767
State of México	2,966,130	2,618,778	2,016,062
Jalisco	1,349,676	1,332,913	809,825
Nuevo León	1,061,087	978,167	744,238
Quintana Roo	1,000,058	918,348	697,447
Chihuahua	20,280	276,402	295,784
Tamaulipas	339,342	322,888	289,805
Coahuila	370,938	253,631	201,726
Guerrero	135,199	123,720	154,938
Veracruz	167,128	192,080	145,385
Sonora	134,422	128,683	115,139
Hidalgo	143,080	126,844	99,036
Yucatán	98,705	96,127	88,051
Nayarit	106,033	97,256	77,322
Baja California Sur	61,588	55,593	73,974
Aguascalientes	91,348	76,199	70,426
Guanajuato	97,970	93,951	68,069
Querétaro	91,836	79,095	62,547
Tabasco	47,757	50,817	53,340
Chiapas	263,031	148,319	52,397
Tlaxcala	70,698	68,486	48,270
Puebla	50,227	47,301	35,023
San Luis Potosí	26,722	24,223	27,426
Oaxaca	35,429	33,271	26,355
Durango	32,990	31,480	22,871
Morelos	29,080	25,047	19,130
Colima	296,499	19,520	15,769
Baja California	18,868	16,522	13,577
Sinaloa	17,410	15,842	12,617
Michoacán	1,696	1,433	1,231
Campeche	1,472	1,242	1,069
	\$ 12,670,028	\$ 11,756,607	\$ 9,574,616

b. Revenues by industry

Retail

The portfolio is composed of 239 investment properties with a stabilized client base; as of December 31, 2017, the gross leasable area is approximately 3,321,800 m².

Industrial

The portfolio is composed of 113 investment properties with a client base stabilized, as of December 31, 2017 the gross leasable area is approximately 4,002,500 m².

Office

The portfolio is composed of 89 investment properties with a client base stabilized, as of December 31, 2017 the gross leasable area is approximately 1,123,500 m².

Use of property	Value of investment properties	Gross Leasable Area (GLA)	Revenue
2017			
Retail	\$ 114,845,182	3,321,800	\$ 7,265,786
Industrial	50,247,820	4,002,500	3,319,674
Office	39,502,759	1,123,500	2,084,568
	\$ 204,595,761		\$ 12,670,028
2016			
Retail	\$ 40,974,380	2,954,300	\$ 7,569,877
Industrial	88,465,128	3,570,300	2,813,474
Office	43,299,770	845,300	1,373,256
	\$ 172,739,278		\$ 11,756,607
2015			
Retail	\$ 34,217,357	2,857,000	\$ 5,463,229
Industrial	80,670,009	3,401,000	2,542,576
Office	25,346,651	822,000	1,568,811
	\$ 152,349,934		\$ 9,574,616

21. 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. On February 8, 2018 Fibra UNO’s Technical Committee approved (under previous authorization of the majority of the independent members) distributions of the net tax result accounts up to \$1,307.7 million and \$713 million, respectively. This distribution was paid out by Fibra UNO on February 12, 2018 and the number of CBFIs eligible for said distribution was of 3,956,776,551 CBFIs.
- c. Trust 2584, a subsidiary of Fibra UNO, sold a section of land from the “Mitikah” complex named “La huella” 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. The final selling price of La huella is based on a series of variables mainly related with the degree of project leverage, the selling price of the units and any profit which Trust 2585 obtains at the end of the construction contract. As of December 31, 2017, Fibra UNO has assigned an estimated value of \$1,262,464 to La huella, which is presented as other long-term receivables in the accompanying consolidated statement of financial position.
- d. As part of the agreement for the acquisition of the “G-30” Portfolio, Fibra UNO is obliged to pay the needed costs for the conclusion of certain works currently in process, of \$5,700,000 approximately, of which \$5,437,000 has been utilized.

22. Transactions that did not affect cash flows

On June 9, 2017, a total of 4,301,897 CBFIs were assigned to the employees of Fibra UNO under the executive bonus program.

The investment properties for 2017 increased by \$2,108 regarding the acquisition of the Doña Rosa property, and \$6,057 from the acquisition of the Turbo property.

Investment properties in 2016 increased by \$963,854 with respect to the acquisition of the Tower Vallarta property, \$1,124,156 with respect to the acquisition of the Torre Quarzo property, and \$180,000 with respect to the acquisition of the El Salto Jalisco property, which were financed through the issuance of CBFIs. Investment properties in 2015 increased by \$5,246,766 with respect to the acquisition of the Alaska Portfolio, \$1,626,000 in relation with Oregon Portfolio and \$700,741 with respect to the acquisition of the Cuautipark II Portfolio, which were financed through the issuance of CBFIs. Additionally, investment properties increased by \$1,121,095 as a result of advanced payments made in 2014 that were applied to investment properties in 2015.

23. Subsequent events

On March 8, 2018, the Universidad Autónoma de Guadalajara (“UAG”) exercised the purchase option of the real property stipulated in the “Convenio Marco” [Framework Agreement], dated July 29, 2013, signed between UAG and Fibra UNO, whereby at the end of the 49 months of the lease term, the option to purchase the real property may be exercised. Consequently, on March 8, 2018 Fibra UNO obtained \$638,000 for the sale of the property, which represents the repurchase value agreed for the purchase option of the real property, plus the value-added tax generated on the transaction, in the amount of \$5,549, as well as \$26,559 for reimbursement of expenses and costs of the public instruments paid for by Fibra UNO on the date the real property was acquired.

On April 5, 2018 Fibra UNO carried out the issuance of CBFIs for \$ 2,000,000 in the local national market.

On April 10, 2018, Fibra UNO repurchased CBFIs in the national market for a total amount of \$4,895,099, based on the CBFIs repurchase program established and approved during the Technical Committee Meeting held in 2015.

24. Approval of consolidated financial statements

The accompanying consolidated financial statements were authorized for issuance on April 13, 2018 by the Audit Committee of Fibra UNO, consequently, these do not reflect the events that occurred after that date. These consolidated financial statements are subject to the approval at the Trustors’ Meeting, where they may be modified. The consolidated financial statements as of December 31, 2016 and 2015 were approved by Fibra UNO’s Audit Committee on April 5, 2017 and March 30, 2016, respectively.

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