

Fideicomiso Fibra UNO and Subsidiaries

Consolidated Financial Statements
for the Years Ended December 31,
2019, 2018 and 2017, and
Independent Auditors' Report
Dated April 3, 2020



Fideicomiso Fibra UNO and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2019, 2018 and 2017

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

Opinion

We have audited the accompanying consolidated financial statements of Fideicomiso Fibra UNO and subsidiaries (Fibra UNO), which comprise the consolidated statements of financial position as of December 31, 2019, 2018 and 2017, the consolidated statements of operations and other comprehensive income, the consolidated statements of changes in trustors' / beneficiaries' capital and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fideicomiso Fibra UNO and subsidiaries as of December 31, 2019, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows, for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

Key Audit Matters

The Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the 2019 consolidated financial statements and which were selected from the matters reported to Fibra UNO's Management and Audit Committee, but do not represent all matters discussed with them. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters. We have determined that the matters described below are the Key Audit Matters to be communicated in our report.

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

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



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

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 point in time at which control has been transferred to tenants depending on such conditions (i.e. contract signature, property ownership, etc.); 2) we verified, on a test basis, that these contracts were properly included in the Rent Roll of the year; 3) we performed tests of completeness and accuracy on the information included in the Rent Roll to confirm that the database was not improperly manipulated; 4) we verified the information interface between the Rent Roll and accounting with the assistance of information technology specialists to confirm that revenues were not improperly manipulated; 5) from the selection of lease contracts, we identified performance obligations and verified that invoicing was properly computed and the revenue was recognized only when control had been transferred and once performance obligations had been satisfied; and 6) we inquired and corroborated with Management the types of commercial terms that have been signed with tenants in order to determine the point in time at which control has been transferred.

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

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

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

The independent appraisers selected by Fibra UNO for its entire investment properties portfolio, are CBRE Mexico, Newmark Knight Frank and Colliers International Valuation & Advisory Services. These are well-known firms with considerable experience in the Mexican real estate market. Given the number of variables to determine the fair value of investment properties, there may be a risk that the assumptions and judgments established by the independent appraisers and accepted by Fibra UNO's Management, could not be inappropriate.

How our audit addressed the Key Audit Matter:

Our procedures performed were:

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



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

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

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

In order to maintain FIBRA status, the Mexican Congress through the tax authority (Servicio de Administración Tributaria "SAT") has established in Articles 187 and 188 of the current Mexican Income Tax Law for 2019, that trusts must annually distribute at least 95% of their taxable income to the holders of their Real Estate Trust Certificates (CBFIs), that at least 70% of their capital be capital is invested in real estate, in rights or credits to receive income from the lease of said assets, and the remainder be invested in short-term securities, in addition to other requirements. There may be a risk that in the event of non-compliance, Fibra UNO will not be considered as a FIBRA.

How our audit addressed the Key Audit Matter:

The compliance test with these articles was significant to our audit because it is the main basis of Fibra UNO's conclusions regarding its ability to continue as a going concern. Consequently, our auditing procedures included, among others, the review of Fibra UNO's annual taxable income and the distribution of at least 95% of its net taxable income, and the review of our internal tax specialists to assess compliance with the main requirements established by current legislation as of December 31, 2019.

We did not identify exceptions to compliance with Mexican Income Tax Law that 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 that will 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 will be 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 Fibra UNO's Management and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.



- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fibra UNO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fibra UNO's ability to continue as a Going Concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Fibra UNO to cease to continue as a Going Concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient and appropriate audit evidence regarding the financial information of the entities and business activities within Fibra UNO to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and execution of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance of Fibra UNO, we determine those matters that were of most significance in the audit of the consolidated financial statements as of 2019 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 3, 2020



Fideicomiso Fibra UNO and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2019, 2018 and 2017

(In thousands of Mexican Pesos)

Assets	Notes	2019	2018	2017
Current assets:				
Cash and cash equivalents	6	\$ 3,042,914	\$ 4,408,926	\$ 5,634,448
Lease receivables and other accounts receivables	7	2,829,858	1,727,237	2,048,810
Due from related parties	14	41,999	53,367	60,512
Recoverable taxes, mainly Value-Added Tax		4,127,887	2,915,441	3,318,298
Prepaid expenses		<u>1,441,820</u>	<u>1,366,757</u>	<u>1,016,109</u>
Total current assets		11,484,478	10,471,728	12,078,177
Non-current assets:				
Investment properties	8	259,485,461	223,515,535	203,064,242
Investments in associates	9	7,657,301	5,420,134	4,364,675
Other accounts receivable	7	1,262,464	1,262,464	1,262,464
Prepaid expenses		792,432	347,951	395,312
Derivative financial instruments	11	30,232	267,245	443,698
Other assets	10	<u>1,401,774</u>	<u>1,509,958</u>	<u>1,708,942</u>
Total non-current assets		<u>270,629,664</u>	<u>232,323,287</u>	<u>211,239,333</u>
Total assets		<u>\$ 282,114,142</u>	<u>\$ 242,795,015</u>	<u>\$ 223,317,510</u>
Liabilities and Trustors' / Beneficiaries' Capital				
Short-term liabilities:				
Borrowings	12	\$ 2,064,512	\$ 2,390,561	\$ 2,474,703
Trade accounts payable and accrued expenses	13	3,821,965	2,348,590	1,878,598
Accounts payable from acquisition of investment properties		926,235	435,236	1,834,223
Income collected in advance		387,735	332,147	204,883
Due to related parties	14	<u>250,568</u>	<u>205,174</u>	<u>210,101</u>
Total short-term liabilities		<u>7,451,015</u>	<u>5,711,708</u>	<u>6,602,508</u>
Long-term liabilities:				
Borrowings	12	104,994,126	77,175,549	65,587,443
Other accounts payable		-	-	53,277
Due to related parties	14	292,727	292,727	-
Deposits from tenants		1,162,532	957,077	921,417
Income collected in advance and lease rights		611,953	552,639	276,331
Derivative financial instruments	11	<u>696,921</u>	<u>-</u>	<u>-</u>
Total long-term liabilities		<u>107,758,259</u>	<u>78,977,992</u>	<u>66,838,468</u>
Total liabilities		<u>115,209,274</u>	<u>84,689,700</u>	<u>73,440,976</u>

(Continues)



	Notes	2019	2018	2017
Trustors' / Beneficiaries' Capital				
Trustors' contributions	16	\$ 109,935,017	\$ 112,947,866	\$ 113,541,663
Retained earnings		50,675,000	38,147,660	27,642,558
Repurchase reserve for CBFIs		2,894,230	2,894,230	4,895,099
Valuation of derivative financial instruments in cash flow hedges	11	(611,417)	1,408	(19,865)
Controlling interest		<u>162,892,830</u>	<u>153,991,164</u>	<u>146,059,455</u>
Non-controlling interest		<u>4,012,038</u>	<u>4,114,151</u>	<u>3,817,079</u>
Total Trustors' / Beneficiaries' capital		<u>166,904,868</u>	<u>158,105,315</u>	<u>149,876,534</u>
Total liabilities and Trustors' / Beneficiaries' capital		<u>\$ 282,114,142</u>	<u>\$ 242,795,015</u>	<u>\$ 223,317,510</u>

(Concluded)

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



Fideicomiso Fibra UNO and Subsidiaries

Consolidated Statements of Operations and Other Comprehensive Income

For the years ended December 31, 2019, 2018 and 2017

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

	Notes	2019	2018	2017
Revenue from:				
Leases	18	\$ 16,843,134	\$ 15,247,188	\$ 12,670,028
Maintenance		1,824,583	1,589,735	1,400,070
Dividend revenues from beneficiary rights		351,524	267,584	254,946
Administration fee	14	<u>169,842</u>	<u>100,622</u>	<u>296,076</u>
		<u>19,189,083</u>	<u>17,205,129</u>	<u>14,621,120</u>
Expenses from:				
Management fees		(898,508)	(836,498)	(753,494)
Operating expenses		(1,228,201)	(1,103,000)	(930,014)
Maintenance expenses		(1,939,700)	(1,749,849)	(1,460,556)
Amortization of administrative platform	10	(108,184)	(198,984)	(194,984)
Executive bonus	15	(602,099)	(563,488)	(94,968)
Property tax		(533,806)	(466,688)	(336,869)
Insurance		<u>(267,771)</u>	<u>(211,950)</u>	<u>(152,364)</u>
		<u>(5,578,269)</u>	<u>(5,130,457)</u>	<u>(3,923,249)</u>
Gain on sale of investment properties		50,575	223,291	83,800
Interest expense		(5,690,016)	(4,785,318)	(4,926,629)
Interest income		648,127	600,755	637,929
Foreign exchange gain (loss), Net		1,559,953	(76,141)	691,541
Other expenses		(123,799)	-	(6,304)
Acquisition expenses related to investment in associates		(150,744)	-	-
Amortization of bank fees and other assets		(195,341)	(267,580)	(187,024)
Effect of valuation of derivative financial instruments	11	279,664	(948,972)	661,611
Equity in income (loss) of investments in associates	9	759,988	(441,895)	(355,954)
Fair value adjustments to investment properties	8	<u>7,401,097</u>	<u>10,891,940</u>	<u>4,861,339</u>
Consolidated net income for the year		<u>\$ 18,150,318</u>	<u>\$ 17,270,752</u>	<u>\$ 12,158,180</u>
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss-				
(Loss) gain in the valuation of financial instruments		<u>(612,825)</u>	<u>21,273</u>	<u>83,141</u>
Consolidated comprehensive income for the year		<u>\$ 17,537,493</u>	<u>\$ 17,292,025</u>	<u>\$ 12,241,321</u>

(Continues)



	Notes	2019	2018	2017
Consolidated net income for the year:				
Controlling interest		\$ 18,000,055	\$ 17,180,277	\$ 12,117,941
Non-controlling interest		<u>150,263</u>	<u>90,475</u>	<u>40,239</u>
		<u>\$ 18,150,318</u>	<u>\$ 17,270,752</u>	<u>\$ 12,158,180</u>
Consolidated comprehensive income for the year:				
Controlling interest		\$ 17,387,230	\$ 17,201,550	\$ 12,201,082
Non-controlling interest		<u>150,263</u>	<u>90,475</u>	<u>40,239</u>
		<u>\$ 17,537,493</u>	<u>\$ 17,292,025</u>	<u>\$ 12,241,321</u>
Controlling interest's basic net income per real estate trust certificates (CBFI) (Mexican Pesos) from Controlling interest		<u>\$ 4.5736</u>	<u>\$ 4.4066</u>	<u>\$ 3.5482</u>
Controlling interest's diluted net income per CBFI (Mexican Pesos) from Controlling interest		<u>\$ 3.3904</u>	<u>\$ 3.2238</u>	<u>\$ 2.8449</u>

(Concluded)

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



Fideicomiso Fibra UNO and Subsidiaries

Consolidated Statements of Changes in Trustors' / Beneficiaries' Capital

For the years ended December 31, 2019, 2018 and 2017
(In thousands of Mexican Pesos)

	Notes	Number of CBFIs	Trustors' capital	Retained earnings	Repurchase reserve for CBFIs	Other comprehensive income / Valuation of derivative financial instruments	Controlling interest	Non-controlling interest	Total
Beginning balance as of 2017		3,249,305,750	\$ 95,383,575	\$ 20,629,570	\$ 4,895,099	\$ (103,006)	\$ 120,805,238	\$ 1,838,097	\$ 122,643,335
Trustors' contributions		707,470,801	19,820,627	-	-	-	19,820,627	1,938,743	21,759,370
Distributions to beneficiaries		-	(1,662,539)	(5,104,953)	-	-	(6,767,492)	-	(6,767,492)
Consolidated comprehensive income for the year		<u>-</u>	<u>-</u>	<u>12,117,941</u>	<u>-</u>	<u>83,141</u>	<u>12,201,082</u>	<u>40,239</u>	<u>12,241,321</u>
Balance as of December 31, 2017	16	3,956,776,551	113,541,663	27,642,558	4,895,099	(19,865)	146,059,455	3,817,079	149,876,534
Cumulative adoption effect IFRS 9		-	-	(161,709)	-	-	(161,709)	-	(161,709)
Trustors' contributions		10,741,648	1,298,824	-	-	-	1,298,824	206,597	1,505,421
Distributions to beneficiaries		-	(1,892,621)	(6,513,466)	-	-	(8,406,087)	-	(8,406,087)
Repurchase reserve for CBFIs		(77,403,773)	-	-	(2,000,869)	-	(2,000,869)	-	(2,000,869)
Consolidated comprehensive income for the year		<u>-</u>	<u>-</u>	<u>17,180,277</u>	<u>-</u>	<u>21,273</u>	<u>17,201,550</u>	<u>90,475</u>	<u>17,292,025</u>
Balance as of December 31, 2018	16	3,890,114,426	112,947,866	38,147,660	2,894,230	1,408	153,991,164	4,114,151	158,105,315
Trustors' contributions		38,079,817	602,099	-	-	-	602,099	-	602,099
Distributions to beneficiaries		-	(3,614,948)	(5,472,715)	-	-	(9,087,663)	-	(9,087,663)
Non-controlling interest recognition effect		-	-	-	-	-	-	(252,376)	(252,376)
Consolidated comprehensive income for the year		<u>-</u>	<u>-</u>	<u>18,000,055</u>	<u>-</u>	<u>(612,825)</u>	<u>17,387,230</u>	<u>150,263</u>	<u>17,537,493</u>
Balance as of December 31, 2019	16	<u>3,928,194,243</u>	<u>\$ 109,935,017</u>	<u>\$ 50,675,000</u>	<u>\$ 2,894,230</u>	<u>\$ (611,417)</u>	<u>\$ 162,892,830</u>	<u>\$ 4,012,038</u>	<u>\$ 166,904,868</u>

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



Fideicomiso Fibra UNO and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2019, 2018 and 2017
(In thousands of Mexican Pesos)

	2019	2018	2017
Operating activities:			
Net consolidated income for the year	\$ 18,150,318	\$ 17,270,752	\$ 12,158,180
Adjustments for non-cash items:			
Fair value adjustments to investment properties and investments in associates	(7,401,097)	(10,891,940)	(4,861,339)
Equity in (income) loss of investments in associates	(759,988)	441,895	355,954
Unrealized exchange gain	(760,121)	(280,650)	(431,194)
Gain on sale of investment properties	(50,575)	(223,291)	(83,800)
Amortization of administrative platform and bank fees	303,525	466,564	382,008
Executive bonus	602,099	563,488	94,968
Interest income	(648,127)	(600,755)	(637,929)
Interest expense	5,690,016	4,785,318	4,926,629
Effect of valuation of derivative financial instruments	(279,664)	948,972	(661,611)
Total	<u>14,846,386</u>	<u>12,480,353</u>	<u>11,241,866</u>
Changes in working capital:			
(Increase) decrease in:			
Lease receivable	(180,075)	140,903	(458,466)
Other accounts receivables	(922,546)	180,670	(80,045)
Due to related parties	11,368	7,145	19,781
Recoverable taxes, mainly value-added tax	(1,212,446)	402,857	(1,176,602)
Prepaid expenses and other assets	(411,360)	(303,287)	(980,704)
Increase (decrease) in:			
Trade accounts payable and accrued expenses	(830,377)	469,992	593,574
Deferred revenues	114,902	403,572	180,385
Other accounts payable	-	239,450	(72,253)
Deposits from tenants	205,455	35,660	96,350
Due from related parties	<u>45,394</u>	<u>(4,927)</u>	<u>116,835</u>
Net cash flows provided by operating activities	<u>11,666,701</u>	<u>14,052,388</u>	<u>9,480,721</u>
Investing activities:			
Investment in development projects and acquisition expenses	(7,401,364)	(8,267,643)	(6,025,406)
Sale of investment properties	250,575	1,391,101	60,000
Acquisition of investment properties	(17,013,964)	(2,459,520)	(10,052,515)
Capitalized borrowing costs on investment properties	(2,124,476)	(1,192,000)	(41,200)
Seriousness' deposit for the acquisition of investment properties	(601,077)	-	-
Acquisition of Trustee rights	(2,036,500)	(1,121,482)	-
Acquisition of subsidiary, net of cash acquired	(288,825)	-	-
Reimbursement from associates	-	-	458,272
Interest collected	<u>621,888</u>	<u>587,724</u>	<u>494,839</u>
Net cash flows used in investing activities	<u>(28,593,743)</u>	<u>(11,061,820)</u>	<u>(15,106,010)</u>

(Continues)



	2019	2018	2017
Financing activities:			
Payments on borrowing	\$ (19,952,065)	\$ (12,766,726)	\$ (9,020,553)
Proceeds from borrowings	49,547,710	23,209,299	10,810,000
Trustors' contributions in cash	-	675,062	13,622,797
Distributions to Trustors / Beneficiaries	(9,087,663)	(8,406,087)	(6,767,492)
Repurchase reserve for CBFIs	-	(2,000,869)	-
Interest paid	<u>(4,946,952)</u>	<u>(4,926,769)</u>	<u>(4,895,236)</u>
Net cash flows provided by (used in) financing activities	<u>15,561,030</u>	<u>(4,216,090)</u>	<u>3,749,516</u>
Cash and restricted cash:			
Net decrease in cash and cash equivalents	(1,366,012)	(1,225,522)	(1,875,773)
Cash and cash equivalents at the beginning of the period	<u>4,408,926</u>	<u>5,634,448</u>	<u>7,510,221</u>
Cash and cash equivalents at the end of the period	<u>\$ 3,042,914</u>	<u>\$ 4,408,926</u>	<u>\$ 5,634,448</u>
			(Concluded)

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



Fideicomiso Fibra UNO and Subsidiaries

Notes to Consolidated Financial Statements

For the year ended December 31, 2019, 2018 and 2017
(In thousands of Mexican Pesos)

1. General information, acquisitions and relevant events

a. *General information and activities*

Fideicomiso Fibra UNO (“Fibra UNO”) was established as a real estate investment 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” or “Deutsche Bank”). On June 29, 2019, Fibra UNO entered into a Trustee substitution agreement with effect from July 1, 2019, appointing Banco Actinver SA, Institución de Banca Múltiple, Grupo Financiero Actinver (“Actinver”) as the new trustee of Fideicomiso Fibra UNO, replacing Deutsche Bank. From that moment, the entity changed its name to Fideicomiso Fibra UNO (“Fibra UNO”). Fibra UNO started operations in 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 (beneficiaries) of its Real Estate Trust Certificates (“CBFIs” for its acronym in Spanish) and Fibra UNO itself is not considered a taxable entity in Mexico according to Mexican Tax Laws and Regulations. In order to maintain FIBRA status, the articles 187 and 188 of the Mexican Income Tax Law have established that FIBRAs must distribute annually at least 95% of its taxable income to the holders of their CBFIs.

Fibra UNO has entered into the following relevant agreements:

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



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

The address of Fibra UNO is Antonio Dovali Jaime Avenue, No. 70, Tower A 11th floor, Zedec Santa Fe, Álvaro Obregón, Mexico City.

Mitikah Project - On June 27, 2017, Trust 2584 agreement was executed, between Fibra UNO as “Trustor A” and Trust Irrevocable No. F/2353 (Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero (“Helios”), as “Trustor B” and Banco Actinver, S.A. Institución de Banca Múltiple, Grupo Financiero (“Actinver”) as Trustee. The purpose of this Trust is to develop the mixed-use project named “Mitikah”, through the commitment of Fibra UNO to contribute to the assets of Trust 2584, the “Buffalo” and “Colorado” portfolios (except for the piece of land known as “The Residential Landmark” mentioned in Note 7c), and the commitment of Trust F/2353 to contribute in cash the necessary financial 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 in accordance with the schedules fixed by the Administrator.

On December 22, 2017, Fibra UNO contributed to the “Buffalo” portfolio with the assets of Trust 2584 of \$2,398 million Pesos, for the development of the “Mitikah” project.

Fibra UNO maintains control over Trust 2584, so it consolidates the figures of this trust in its consolidated financial statements; therefore, the contribution of the Buffalo portfolio to Trust 2584 is presented as of December 31, 2019, 2018 and 2017 in the investment property section in the accompanying consolidated financial statements.

At December 31, 2019, 2018 and 2017, Fibra UNO owns 62%, 64.20% and 76.89%, respectively of the assets of Trust 2584, while Trust 2353 owns 38%, 35.80% and 23.11% respectively.

b. ***Acquisitions***

Portfolio	Acquisition date	Acquisition type
Tepeji del Río (i)	December 9, 2019	Fiduciary rights
Titán (ii)	November 26, 2019	Investment properties
Lago de Guadalupe (iii)	November 9, 2019	Investment properties
Antea Querétaro (iv)	March 4, 2019	Investment in associate
Corredor Urbano Querétaro (v)	March 20, 2019	Investment properties
Torre Mayor (vi)	November 29, 2018	Investment in associate
Land Matamoros (vii)	November 23, 2018	Investment properties
Floor 5 Corporativo Interlomas (viii)	October 19, 2018	Investment properties
Montes Urales 620 (ix)	April 26, 2018	Investment properties
Turbo (x)	December 20, 2017	Investment properties
Apolo II (xi)	December 15, 2017	Investment properties
Frimax (xii)	November 14, 2017	Investment properties
Escatto (xiii)	June 30, 2017	Investment properties
Fashion Mall Tuxtla (xiv)	June 30, 2017	Investment properties
Saqqara (xv)	April 30, 2017	Investment properties
Doña Rosa (xvi)	March 31, 2017	Investment properties



- i. On December 9, 2019, Fibra UNO acquired 100% of the Trustee rights of Trust 816, which belongs to the industrial sector, located in Tepeji del Río, Hidalgo, for an amount of \$293.8 million Pesos, which includes a Gross Leasable Area of 47,564.93 square meters (m2). This property is expected to generate a net operating income of \$42 million Pesos by 2020. This acquisition belongs to the group of properties known as Hercules.
- ii. On November 26, 2019, Fibra UNO acquired the Titan portfolio consisting of 74 industrial properties, of which 2 are offices, primarily located in the northern border of the Mexican Republic. The sale price was 822 million US Dollars (“USD”) and it is expected that by 2020 the portfolio will generate a net operating income of USD 66.3 million.

The Titan portfolio also includes a land reserve in 6 strategic cities at a cost of USD 19.4 million; of which 2 pieces of land are already producing net operating income from this reserve.
- iii. On November 9, 2019, Fibra UNO concluded the acquisition of 100% of the Trustee rights of Trust 700, which belongs to the industrial sector, located in Lago de Guadalupe, State of Mexico, for an amount of \$559.3 million Pesos. The Trust 700 consists of three phases which together are equivalent to a Gross Leasable Area of 361,747 m2; by 2020 it is expected to generate a net operating income of \$ 377 million Pesos. This acquisition belongs to the group of properties known as Hercules.
- iv. On March 20, 2019, Fibra UNO registered the purchase of a piece of land of approximately 100,000 m2, adjacent to the "Antea Querétaro Shopping Center" called "Corredor Urbano Querétaro " in the amount of \$801 million Pesos.
- v. On March 4, 2019, Fibra UNO acquired 40% of the Trustee rights of the Commercial Center known as “Antea Querétaro”, located in the city of Querétaro, for an amount of \$1,477.2 million Pesos without having any control over the entity. For accounting purposes, Fibra UNO does not consolidate the participation in the Trustee rights in Antea Querétaro. Therefore, said investment is presented as of December 31, 2019 in the investment in associates caption in the consolidated statement of financial position.
- vi. On November 29, 2018, Fibra UNO acquired an additional 21% more of the Trustee rights of the trusts that form the investment of Torre Mayor from Reichmann International by USD 55 million, therefore as of December 31, 2019 Fibra UNO has a total investment of 70% of the Trustees’ rights of Torre Mayor. For accounting purposes, Fibra UNO does not consolidate its net asset value share in the Torre Mayor Trusts due to the fact that all decisions must be taken jointly with Union Investment Real Estate GmbH.
- vii. On November 23, 2018, Fibra UNO acquired the property known as “Land Matamoros” for \$4.8 million Pesos which was paid in cash.
- viii. On October 19, 2018, Fibra UNO executed the acquisition of the property known as “Floor 5 Corporativo Interlomas” for \$29 million Pesos which was paid in cash.
- ix. On April 26, 2018, Fibra UNO acquired the property “Montes Urales 620” for \$1,145.7 million Pesos paid in cash. The building is located at the corner of Montes Urales and Paseo de la Reforma in Mexico City.
- x. During the fourth quarter of 2017, Fibra UNO executed the acquisition of 13 properties corresponding to the “Turbo” portfolio for \$7,551 million Pesos plus projects for \$1,465 million Pesos, which were paid out as follows: one part with the issuance of 200,000,007 CBFIs equivalent to \$6,050.7 million Pesos, \$2,965.3 million Pesos in cash.



- xi. On December 15, 2017, Fibra UNO acquired the real estate portfolio known as "Apolo II". The price of the acquisition was \$7,874 million Pesos of which \$5,299 million Pesos was paid in cash and \$2,575 million Pesos in debt. The portfolio consists of 17 operational shopping centers plus a piece of land for immediate development.
- xii. During the fourth quarter of 2017, Fibra UNO registered the acquisition of the piece of land called "La Teja", part of the portfolio called "Frimax" which consists of three industrial type properties located in the State of Mexico. The purchase price was for USD 56.9 million (equivalent to \$1,090 million Pesos), which was paid out in cash. As of December 31, 2017, the acquisitions of the Frimax portfolio have been for \$3,278 million Pesos and are comprised of the acquisition of the industrial property known as "Doña Rosa" for \$2,108 million Pesos.
- xiii. During the second quarter of 2017, Fibra UNO registered the acquisition of the property called "Escatto". The purchase price was \$80 million Pesos which was paid out in cash.
- xiv. During the second quarter of 2017, Fibra UNO registered the acquisition of the property called "Fashion Mall Tuxtla". The acquisition price of this piece of land in development was \$2,690 million Pesos. As of December 31, 2018, the acquisition of this property was fully paid.
- xv. 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 in cash.
- xvi. During the first quarter of 2017, Fibra UNO registered the acquisition of the property called "Doña Rosa", part of the Frimax portfolio. The purchase price of this property was for \$2,108 million Pesos paid with the issuance of CBFIs.

c. ***Business combination***

- i. As mentioned in Note 1b, Fibra UNO acquired 100% of the Trustee rights of Trust 816, which belongs to the industrial sector, located in Tepeji del Rio, Hidalgo.
- ii. Cash disbursement:

	2019	Cash
Trust 816		\$ <u>293,883</u>

- iii. Assets acquired and liabilities assumed at the 2019 acquisition date:

As of December 31, 2019, Fibra UNO completed the identification and measurement of the assets acquired and the liabilities assumed from the 2019 transaction, based on their fair values at the acquisition date. The balances presented in this Note, regarding 2019 acquisition, are final as follows:

	2019	Trust 816
Assets:		
Cash		\$ 5,058
Accounts receivable and others		37,856
Investment properties		595,371
Liabilities:		
Suppliers and other accounts payable		(188,808)
Bank loans and long-term debt		(123,933)
Other non-current liabilities		<u>(37,476)</u>
Total net assets		\$ <u>288,068</u>



iv. Goodwill from acquisition:

2019	Cash transferred (1)	Net asset value acquired	Goodwill
Trust 816	\$ 293,883	\$ 288,068	\$ 5,815

(1) The cash disbursement for the acquisition was \$293,883, and on that same date assumed liabilities of \$182,327 were settled.

Goodwill generated from the acquisition results from the fact that the consideration paid for the business combination effectively included amounts in relation to the benefits of the expected synergies, revenue growth and further development of the market. As of December 31, 2019, this benefit was identified as part of the investment properties, since it meets the recognition criteria for an identifiable tangible asset, see Note 8.

v. Net cash flow from acquisition of subsidiary:

	2019
Cash disbursement	\$ 293,883
Less: cash balances	<u>(5,058)</u>
Net	<u>\$ 288,825</u>

d. **Relevant events**

- i. On July 24, 2019, Fibra UNO formalized the first syndicated revolving credit line linked to sustainability in Latin America, where it obtained multi-currency financing equivalent to \$21,350 million (with two tranches, one for up to \$13,500 million Pesos and another of up to USD 410 million), whose yield is linked to Fibra UNO's credit rating and the evolution of a sustainable indicator such as the intensity of electricity consumption of managed assets, expressed in Kwh per m2 used. The transaction was carried out by BBVA Bancomer, S.A. ("BBVA Bancomer") as sole sustainable agent and Banco Santander, S.A. ("Santander") as sole administrative agent, acting as 'joint bookrunners' and 'lead arrangers' in this transaction in which a total of 11 financial institutions participated.
- ii. On June 25, 2019, Fibra UNO successfully carried out the placement of unsecured bonds in the international market for USD 1,000 million. Of the total, USD 600 million were placed with a 30-year term (maturity January 15, 2050) with a coupon at 6.390%, and USD 400 million were placed with a 10-year term (maturity January 15, 2030) with a coupon at 4.869%.
- iii. On November 15, 2018 and as part of the Fibra UNO's plan to limit the interest rate risk derived from FUNO's 17-2 Bond, contracted an interest rate SWAP hedging the interest on a notional amount of \$4,000 million Pesos.
- iv. On November 9, 2018, Fibra UNO sold the PH floor of the property located in Reforma 155 for a price of \$117.7 million Pesos, resulting in a gain on sale of investment properties of \$49.1 million Pesos.
- v. In October 2018, for the development of the Mitikah project, Fibra UNO executed simple credit lines with a mortgage guarantee, in which Santander acts as the Structuring Agent Bank, for a total amount of \$660 million Pesos, which accrue interest at a rate of Mexican Interbank Balance Interest ("TIIE") plus 2.60%.



- vi. On September 14, 2018, Fibra UNO carried out the issuance of CBFIs in the domestic market for \$9,200 million. Of the total amount, \$3,799.6 million correspond to the reopening of the FUNO 17 Bond with a remaining term of 9.2 years. This reopening was carried out at the fixed rate resulting from adding the 10-year M-bonds plus 190 basis points, that is, 9.20%. The remaining amount of \$5,400 million, corresponds to a new issue with a term of 4.6 years and was placed at a variable TIIE rate plus 83 basis points.
- vii. On July 19, 2018, Fibra UNO finalized the sale of a piece of land located in the municipality of Apodaca in the state of Nuevo León, for \$196.8 million Pesos, resulting in a gain on the sale of investment properties of \$87.2 million Pesos, which is shown in Note 8.
- viii. On June 12, 2018, Fibra UNO paid the unsecured credit line contracted with Actinver for \$410 million Pesos that accrued interest at TIIE plus 1.80%. Likewise, on that date, Fibra UNO made available \$410 million Pesos of the same line of credit with Actinver to TIIE plus 1.80% with maturity on June 12, 2019.
- ix. In May 2018, Fibra UNO had an unsecured credit line, contracted with Santander for \$1,000 million Pesos, which accrued interest at TIIE plus 1.25%, which on June 15, 2018, was paid by Fibra UNO. Likewise, on June 15, 2018, Fibra UNO borrowed \$1,000 million Pesos of the same credit line with Santander at TIIE plus 1.25% maturing on August 14, 2018. In August 2018, Fibra UNO had an unsecured credit line, contracted with Santander for \$1,500 million Pesos, which accrued interest at a TIIE rate plus 1.25%. In September 2018, Fibra UNO paid a total amount of \$2,500 million Pesos of the unsecured credit line, contracted with Santander.
- x. On April 13, 2018, Fibra UNO carried out the early redemption of the issue of CBFIs with a ticker symbol FUNO 16 for \$883,750, which accrued interest at TIIE plus 0.65%.
- xi. On April 5, 2018, Fibra UNO issued CBFIs in the domestic market for \$2,000,000. The bond will accrue interest at TIIE + 0.85% maturing on December 5, 2022.
- xii. On March 8, 2018, the Autonomous University of Guadalajara (“UAG”) executed the purchase option of the property stipulated in the contract known as the “Framework Agreement” dated July 29, 2013, concluded between the UAG and Fibra UNO, which stipulates that at the end of the 49 months of validity of the lease the UAG has the option to purchase the property. Therefore, on March 8, 2018 Fibra UNO obtained an amount for the sale of the property of \$638 million Pesos corresponding to the repurchase value agreed by the purchase option of the property plus the Value Added Tax (“VAT”) generated by this variable in the amount of \$5.5 million Pesos, in addition to \$26.6 million Pesos for reimbursement of expenses and costs of the deeds paid by Fibra UNO on the acquisition date.
- xiii. On March 7, 2018, Fibra UNO had an unsecured credit line, contracted with BBVA Bancomer of \$500 million Pesos at TIIE plus 1.25%, maturing on June 5, 2018. On June 4, 2018, Fibra UNO had an unsecured credit line, contracted with BBVA Bancomer of \$500 million Pesos at TIIE plus 1.25%, maturing on November 30, 2019. On June 5, 2018, Fibra UNO paid the unsecured credit line contracted with BBVA Bancomer of \$500 million Pesos that accrued interest at TIIE plus 1.25%. Likewise, on that date, Fibra UNO made available \$500 million Pesos of the same credit line with BBVA Bancomer at TIIE plus 1.25% maturing on November 30, 2018. On June 21, 2019, Fibra UNO had an unsecured credit line, contracted with BBVA Bancomer of \$500 million Pesos at TIIE plus 1.25%, maturing on December 18, 2018. On August 10, 2018, Fibra UNO had the unsecured credit line, contracted with BBVA Bancomer of \$500 million Pesos at TIIE plus 1.25%, maturing on December 18, 2018. On December 18, 2018, Fibra UNO had an unsecured credit line, contracted with BBVA Bancomer, of \$2,000 million Pesos, which accrues interest at TIIE plus 1.25%. This line of credit was liquidated in May 2019.



- xiv. On March 5, 2018, Fibra UNO signed a promise of sale agreement with Denso México, S.A. de C.V. for which Fibra UNO has committed to sell a piece of land located in the municipality of Apodaca, Nuevo León state. The sale price was USD 10.4 million which was paid as of December 31, 2018.
- xv. On February 2, 2018, Fibra UNO paid the unsecured credit line contracted with Banco Nacional de México, S.A. (“Banamex”) of \$1,800 million at TIIE plus 1%. Likewise, on that date, Fibra UNO made available \$1,800 million Pesos of the same credit line with Banamex at TIIE plus 1% maturing on August 2, 2018, and on June 4, 2018, Fibra UNO prepaid the Unsecured credit line contracted with Banamex of \$ 1,800 million Pesos that accrued interest at TIIE plus 1.00% and maturing on August 2, 2018. On June 4, 2018, Fibra UNO had \$1,800 million Pesos of the same credit line with Banamex at TIIE plus 1.00% maturing on December 4, 2018. On September 18, 2018, Fibra UNO paid \$1,800 million Pesos of the unsecured credit line, contracted with Banamex, so as of December 31, 2018, there was no outstanding balance payable to Banamex.
- xvi. Fibra UNO sold to Trust 2585 the “Residential Landmark” from the “Mitikah” complex for the construction of the residential tower. Trust 2585 is in charge of build and sale of a tower of residential units to be built in the Residential Landmark and whose estimated completion date will be June 2021. The final sale price of the Residential Landmark destined for the construction of the residential tower is based on a series of variables at the end of the construction works. As of December 31, 2019, 2018 and 2017, Fibra UNO has assigned an estimated value to the Residential Landmark of \$1,262,464, which is presented as other long-term accounts receivable in the attached consolidated statement of financial position.
- xvii. On December 15, 2017, Fibra UNO made the acquisition of the portfolio known as “Apolo II”, which has a loan with Banorte of \$2,574,925 that accrues interest at TIIE plus 1.95%, maturing on June 15, 2038.
- xviii. On December 15, 2017, Fibra UNO amortized the debt certificates (bond) with the ticker symbol FUNO 13 of \$6,850 million Pesos plus accrued interest as of such date.
- xix. On December 11, 2017, Fibra UNO issued unsecured debt in the local market of \$7,100 million Pesos in two tranches: the first of \$1,000 million Pesos at a fixed rate of 9.2%, with a mature date of November 29, 2027 and with trading symbol FUNO 17; the second tranche of \$6,100 million Pesos at the TIIE floating rate plus 85 basis points with a mature date of December 5, 2022 and with trading symbol FUNO 17-2.
- xx. On October 27, 2017, Fibra UNO executed a deposit for the purchase of an office building located in the Lomas-Palmas corridor in Mexico City, on the corner of Montes Urales and Paseo de la Reforma, of USD 6 million. As mentioned above as of December 31, 2018, the acquisition of the property was already settled.
- xxi. On October 5, 2017, Fibra UNO launched a global offer of 419.75 million CBFIs at a price of \$30.50 per CBFI, including an over-allotment (“green shoe”), of \$12,802 million Pesos. The offer was settled on October 9, 2017. 37% of the CBFIs were placed through a public offer in Mexico and the remaining 63% of the CBFIs through an international private offer under Rule 144A of the Law of 1933 Securities of the United States of America and in other countries in accordance with Regulation S of the Securities Act of the United States of America.
- xxii. On October 2, 2017, Fibra UNO obtained from Banamex an unsecured loan of \$1,800 million Pesos at TIIE plus 1%, maturing on February 2, 2018. As of December 31, 2019, this loan was liquidated.



- xxiii. On September 23, 2017, Fibra UNO paid the unsecured loan contracted with Santander of \$1,000 million, and on October 23, the credit payment of \$500 million took place, which accrued interest at THIE plus 1.25% and THIE plus 1.50%, respectively.
- xxiv. During the fourth quarter of 2017, Fibra UNO sold a piece of land in the city of Celaya, Guanajuato, which was part of the "Kansas" portfolio. The sale price was \$200.2 million, resulting in a gain of \$83.8 million, which is shown in the consolidated statement of income and other comprehensive income as a gain from the sale of investment properties. As of December 31, 2018, the entire sale was collected.
- xxv. On June 23, 2017, Fibra UNO had an unsecured credit line, contracted with Santander of \$1,000 million Pesos at THIE plus 1.25%, maturing on December 20, 2017. On October 3, 2017 Fibra UNO liquidated such credit line.
- xxvi. On June 16, 2017, Fibra UNO paid USD14.3 million as a seriousness deposit to acquire the property known as "La Teja", as of December 31, 2018, the mentioned seriousness deposit was applied.
- xxvii. On June 12, 2017, Fibra UNO paid the unsecured loan contracted with Actinver of \$410 million Pesos that accrued interest at THIE plus 1.80%. On that same date, Fibra UNO executed this credit line under the same conditions as the previous credit and maturing on June 12, 2018. On September 18, 2018, Fibra UNO paid an amount of \$310 million Pesos from the unsecured credit line with Actinver; the remaining \$100 million Pesos, will continue accruing interest at THIE plus 1.80% maturing on June 12, 2019. In May 2019 this loan was liquidated.
- xxviii. 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 were contracted for \$2,942 million Pesos.
- xxix. During January 2017, as part of Fibra UNO's plan to limit the foreign exchange risk derived from the bond issued in US Dollars maturing in 2026, three currency swaps were contracted; for USD 75, USD 50 and USD 25 million, which hedge principal and interest.

2. Basis of presentation

Reclassifications - Certain amounts in the consolidated financial statements as of and for the year ended December 31, 2018 and 2017 have been reclassified to conform to the presentation in 2019.

3. Application of new and revised International Financial Reporting Standards

a. *Application of new and revised International Financing Reporting Standards ("IFRS" or "IAS") that are mandatorily effective for the current year*

In the current year, Fibra UNO has applied for the first time the following IFRS effective for accounting period that begins on January 1, 2019:

- IFRS 16, Leases
- IFRS 9, Financial Instruments, application phase of hedge accounting

Fibra UNO has determined the effects on the consolidated financial statements derived from the new requirements contained in the new standards, as well as the effect arising for the business operation, internal information generation processes, accounting records, systems and controls.



General Impact for Application of IFRS 16 Leases

- a) IFRS 16, “Leases”, was published on January 2016 for accounting periods starting on January 1, 2019, and replaces IAS 17, “Leases” and its related interpretations, while also permitting early adoption. Fibra UNO decided to apply this IFRS for the first time when it took effect on January 1, 2019.
- b) Fibra UNO chose the retroactive application with a cumulative effect, in conformity with IFRS 16: C5 numeral (b), for all the effects recognized retroactively with the cumulative effect derived from the first application of the Standard recognized at the initial application date.
- c) IFRS 16 provides a comprehensive model for identifying lease agreements and their treatment in the financial statements for both lessors and leaseholders. This new standard encourages the presentation of most leases in the consolidated statement of changes in financial position for leaseholders under a single model, thereby eliminating the distinction between operating and financial leases. However, the accounting procedure utilized by lessors has conserved the difference between these lease classifications. Under IFRS 16, leaseholders recognize a right-of-use asset and the respective lease liability. The right-of-use asset is treated in a similar way to any other non-financial asset, together with its respective depreciation, while the liability includes interest. This typically produces an accelerated expense recognition profile (unlike operating leases according to IAS 17, in which expenses were recognized according to the straight-line method), due to the straight-line depreciation of the right-of-use asset and the decreasing interest derived from the financial liability result in the general reduction of the expense throughout the year.

As a result of the analysis carried out by Fibra UNO, it has been concluded that the adoption of this standard did not generate any accounting impact.

IFRS 9, Financial Instruments, Hedge Accounting

- a) Fibra UNO adopted IFRS 9, *Financial Instruments*, phase three, which deals with Hedge Accounting, for the first time as of January 1, 2019.
- b) Fibra UNO has elected to continue applying IAS 39 according to the accounting policy option provided by IFRS 9 in which entities could continue to apply this Standard. This accounting policy choice as of January 1, 2018 was only applied to hedge accounting and does not affect the implementation of the other two phases of IFRS 9; i.e., “classification and measurement” and “impairment”.
- c) Phase three of the new IFRS 9, *Financial Instruments*, Hedge Accounting, which took effect as of January 1, 2019, was adopted by Fibra UNO as of January 1, 2019. IFRS 9 introduces increased flexibility to classify different instrument types for hedge accounting purposes, specifically increasing the types of qualifying instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. Furthermore, effectiveness tests have been reviewed and replaced by the concept of ‘economic relationship’. Accordingly, a retrospective effectiveness evaluation is not required, while improved disclosure requirements for Fibra UNO’s risk management have also been introduced.
- d) As a result of its analysis, Fibra UNO has concluded that the derivative financial instruments maintained in its position at the adoption date did not generate any accounting economic effects as a result of the transition to the new IFRS 9, *Financial Instruments*, Hedge Accounting. However, in order to fulfill the new requirements established by this standard, current formal documentation will be supplemented by applicable when derivative financial instruments designated as hedging instruments are held.



Since January 1, 2019, for all new contracted derivative financial instruments starting after the adoption date, Fibra UNO prepares formal documentation in conformity with the new requirements to conserve derivative financial instruments designated as hedging instruments. The adoption of this new standard in Fibra UNO's consolidated financial statements had no effect.

b. *Impact of application of Other amendments to IFRS Standards and Interpretations effective for periods beginning on or after January 1, 2019:*

In the current year, Fibra UNO has applied a number of amendments to IFRS and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Annual Improvements to IFRS Standards 2015-2017

IAS 23, Borrowing Costs, IFRS 3, Business Combinations, and IFRS 11, Joint Arrangements

IAS 23, Borrowing Costs

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

IFRS 3, Business Combinations

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

IFRS 11, Joint Arrangements

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

The adoption of these Annual Improvements in Fibra UNO's consolidated financial statements had no effect.

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

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

IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IFRS 3	<i>Definition of a business</i>
Amendments to IAS 1 and IAS 8,	<i>Definition of material</i>
Conceptual Framework	<i>IFRS Conceptual Framework</i>

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



4. Significant accounting policies

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with IFRS released by IASB.

b. *Basis of preparation*

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

i. *Historical cost*

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

ii. *Fair value*

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

c. *Cash and cash equivalents*

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

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

Investments in securities classified as held to maturity and available for sale are subject to impairment testing, and when there is solid evidence that they will not be fully recovered, the expected impairment is recognized in the consolidated statement of operations and other comprehensive income.

d. *Basis of consolidation*

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



Entity	Participation			Activity
	2019	2018	2017	
F1 Management	99.99%	99.99%	99.99%	Management services and necessary functions to operate Fibra UNO's business.
F1 Controladora	99.99%	99.99%	99.99%	Administration, coordination and supervision and collection services to Fibra UNO.
Trust F/00181 "Los Cabos, Baja California Sur"	100%	100%	100%	Real estate leasing
Trust F/00186 "Culiacán, Sinaloa"	100%	100%	100%	Real estate leasing
Trust F/00220 "Ayotla, State of Mexico"	100%	100%	100%	Real estate leasing
Trust F/00221 "Parques Polanco, Mexico City"	100%	100%	100%	Real estate leasing
Trust F/00236 "Tepeji del Río, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/00246 "Ixtapaluca, State of Mexico"	100%	100%	100%	Real estate leasing
Trust F/00257 "Juárez I Panamericana, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00263 "Coatzacoalcos, Veracruz"	100%	100%	100%	Real estate leasing
Trust F/00276 "Pachuca, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/00277 "Poza Rica, Veracruz"	100%	100%	100%	Real estate leasing
Trust F/00312 "Juárez II Zaragoza, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00468 "Galerías Diana, Acapulco Guerrero"	100%	100%	100%	Real estate leasing
Trust F/231274 "Tulancingo, Hidalgo"	100%	100%	100%	Real estate leasing
Trust F/233218 "Centrika, Monterrey, Nuevo León"	100%	100%	100%	Real estate leasing
Trust F/00493 "Fashion Mall, Chihuahua"	100%	100%	100%	Real estate leasing
Trust F/00478 "Texcoco, State of Mexico"	100%	100%	100%	Real estate leasing
Trust F/00561 "Aguascalientes, Aguascalientes"	100%	100%	100%	Real estate leasing
Trust F/00738 "Huehuetoca, State of Mexico"	100%	100%	100%	Real estate leasing
Trust F/00761 "Santa Fe, Mexico City"	100%	100%	100%	Real estate leasing



Entity	Participation			Activity
	2019	2018	2017	
Trust F/00781 “Plaza del Lago, Cuautitlán, State of Mexico”	100%	100%	100%	Real estate leasing
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%	70.62%	70.62%	Industrial real estate leasing
Trust 721/2006 “Ecatepec”	100%	100%	100%	Industrial real estate leasing
Trust 722/2006	100%	100%	100%	Industrial real estate leasing
Trust 1480/2014 “Parques Cuautitlán”	100%	100%	100%	Shopping center development
Trust 1487/2014 “Querétaro”	100%	100%	100%	Industrial real estate leasing
Trust 1527/2014	100%	100%	100%	Industrial real estate leasing
Operadora CVC	100%	100%	100%	Administrative service for the administration of domestic real estate
F1 Administración	100%	100%	100%	Administrative services for the administration of F/2353
MTK	99.99%	99.99%	99.99%	Services for the construction of investment properties
Trust 2584 “Mitikah Shopping Mall”	2.00%	64.20%	76.89%	Development of the Mitikah, project along with Helios
Trust 1127 “Torre Latino”	77.47%	77.47%	77.47%	Office real estate leasing
Trust 2500 “Espacio Tollocan”	100%	100%	100%	Shopping center development
Trust 816 “Tepeji del Río”	100%	-	-	Industrial real estate leasing

All intercompany balances and transactions have been eliminated

Beginning January 1, 2017 and derived from the second modification agreement to Trust 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 the rental income and the eventual proceeds of the sale of Torre Latino; Fibra UNO recorded in its consolidated financial statements the non-controlling interest corresponding to the 22.53% that represents the participation that Ecocinemas has over Torre Latino’s Net Asset Value.

e. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The remuneration 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, less liabilities incurred by Fibra UNO to the former owners of the acquired entity and the net asset value interests issued by Fibra UNO in exchange for control of the acquire. Acquisition-related costs are generally recognized in the consolidated statement of operations as incurred.

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



f. ***Financial instruments***

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issuance 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 the consolidated statement of operations.

g. ***Financial assets***

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

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

Classification of financial assets

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

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

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

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

By default, all other financial assets are subsequently measured at fair value through the consolidated statement of operations and other comprehensive income.

Amortized cost and effective interest method

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

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



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

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

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

Interest income is recognized the consolidated statement of operations and is included in the interest income caption.

A financial asset is held for trading if:

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

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

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

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

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



Foreign exchange gains and losses

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

Impairment of financial assets

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

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

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

i. Significant increase in credit risk

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

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

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



ii. Definition of default

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

- When the debtor breaches financial covenants;
- Information developed internally or obtained from external sources indicates that it is unlikely that the debtor will pay its creditors, including Fibra UNO, in full (without taking into account any guarantee that Fibra UNO has).

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

iii. Credit-impaired financial assets

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

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event
The lender(s) of the borrower, for economic or contractual reason related to the borrower's financial difficulty, grant the debtor a concession that the lenders would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset due to financial difficulties.

iv. Write-off policy

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

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

Derecognition of financial assets

Fibra UNO derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If 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 collateralized borrowing for the proceeds received.



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

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The performance of a group of financial assets, financial liabilities or both, is managed and evaluated based on its fair value, in accordance with Fibra Uno's a documented investment or risk management strategy, and is provided internally information about that group, based on its fair value; or
- Be part of a contract that contains one or more embedded derivative instruments, and IAS 39 Financial Instruments, *Recognition and measurement* permits the entire combined contract to be designated as FVTPL.

Financial liabilities at FVTPL are recorded at fair value, recognizing any gain or loss arising from the remeasurement in results. The net gain or loss recognized in results includes any dividend or interest paid on the financial liability and is included in other comprehensive income in the consolidated statements of income and other comprehensive income and the fair value is determined as described in Note 11.

Other financial liabilities

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

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



Derecognition of financial liabilities

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

h. *Investment properties*

Stabilized investment properties are measured at fair value. Revaluations of investment properties take place at least once a year, so that the book value does not differ materially from what would have been calculated using fair values at the end of the reporting period.

Properties that are under construction for leasing purposes are recorded at cost less any recognized impairment losses. The cost includes professional fees and, in the case of qualifying assets, the costs for loans capitalized in accordance with Fibra UNO's accounting policy (see Note 4I). Such properties are classified to the appropriate categories of investment properties when complete for their intended use.

Fibra UNO determines the category of its construction investment properties to stabilized when the first occurs between; set an occupation of 80% of the investment property or 12 months from the first rent collected, 12 months from the contractor's delivery date or a period of 12 months without material payments related to the project.

An item of property 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 is calculated as the difference between the proceeds received from the sale and the carrying amount of the asset and is recognized in the consolidated statement of operations.

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 regarding tenants).

i. *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, see Notes 1b and 9.



j. ***Other assets***

1. ***Intangible assets acquired in a business combination***

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

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

2. ***Derecognition of intangible assets***

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

k. ***Impairment of tangible and intangible assets***

At the end of each reporting period, 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, 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.

l. ***Borrowing Costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The income obtained by the temporary investment of funds from specific loans pending use in qualifying assets is deducted from the cost of the investment properties to be capitalized. All other borrowing costs are recognized in income during the period in which they are incurred.

m. ***CBFIs based payment***

1. ***Transactions with payments based on Fibra UNO CBFIs***

Transactions with payments based on CBFIs that can be settled through net asset value instruments to Fibra UNO employees are valued at the fair value of the net asset value instruments on the date they are granted. Details related to determining the fair value of payment transactions based on CBFIs settled through net asset value instruments are presented in Note 15.



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

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

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

n. ***Employee benefits***

Employee benefits for termination and retirement

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 of the assets plan (excluding interest), are immediately reflected in the consolidated statement of financial position with a charge or credit recognized in the 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 of the obligation 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 ("PTU")

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

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

o. ***Provisions***

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

p. ***Deposits from tenants***

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

q. ***Lease revenue***

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

Accounting recognized operating lease income is substantially equal to that determined by reducing the incentives granted, such as grace periods, are recognized on a straight-line basis over the lease term, except for contingent rents (such as variable income), 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.

r. ***Interest income***

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

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

s. ***Income taxes***

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



t. ***Foreign currency***

Foreign currency transactions are recognized at the public spot rates of exchange prevailing at the dates of their execution. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in profit or loss. Exchange differences are recognized in profit or loss, however, as mentioned in Note 41, Fibra UNO capitalizes borrowing cost on its investment property under development, so that the fluctuation change of the debt for the development of the properties was capitalized on investment properties.

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 the risk of volatility in interest rate and foreign exchange rate, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 11.

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

Embedded derivatives

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

5. Critical accounting judgments and key sources of estimation uncertainty

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

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

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 Fibra UNO's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Lease classification

Leases are classified based on the extent to which the inherent control of ownership of the property under the contract rests 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 agreements, that it substantially maintains the inherent control of the ownership of these assets and, therefore, classifies them as operating leases.



Business combinations

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

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

This determination can have significant impact in the accounting for the initial and subsequent recognition of assets and liabilities acquired. The transactions which occurred during the periods presented in the accompanying consolidated financial statements were accounted for as asset acquisitions, except by the acquisition of Trust 816 as mention on Note 1c.

b. *Key sources of uncertainty in the estimates*

The following are the key assumptions concerning the future and other 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 in regional, national or international economic conditions, the fair value of property investments may change materially.

There have been no changes to valuation techniques during 2019, 2018 and 2017. Fibra UNO's Management considers that valuation techniques and critical assumptions used are appropriate to determine the fair values of its investment properties.

6. Cash and cash equivalents

The integration of cash and its equivalents is presented below:

	2019	2018	2017
Cash in banks	\$ 1,756,741	\$ 853,991	\$ 3,102,130
Restricted cash:			
Restricted cash and reserve fund for bank loans (1)	161,543	236,144	126,314
Government securities	-	-	2,406,004
Investment	<u>1,124,630</u>	<u>3,318,791</u>	<u>-</u>
Total cash and restricted cash	<u>\$ 3,042,914</u>	<u>\$ 4,408,926</u>	<u>\$ 5,634,448</u>



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

7. Lease receivables and other accounts receivables

The integration of accounts receivable is presented below:

	2019	2018	2017
Lease receivables	\$ 1,688,749	\$ 1,488,225	\$ 1,657,958
Allowance for doubtful accounts	<u>(200,517)</u>	<u>(180,068)</u>	<u>(208,898)</u>
	1,488,232	1,308,157	1,449,060
Account receivable from construction in progress (1)	686,462	-	-
Other accounts receivable	<u>655,164</u>	<u>419,080</u>	<u>599,750</u>
	<u>\$ 2,829,858</u>	<u>\$ 1,727,237</u>	<u>\$ 2,048,810</u>

- (1) Corresponds to the account receivable that MTK has with Trust 2585 for the certification of the construction in progress of the Mitikah project.

a. *Lease receivables and credit risk management*

At the inception of lease contracts, Fibra UNO requests a refundable security 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 2019, 2018 and 2017, Wal Mart, Universidad ICEL and Santander Bank represent 12.59%, 13.26% y 13.87% of lease revenue, respectively.

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

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

b. *Aging of receivables*

Currently, Fibra UNO holds monthly collection levels practically equal to its monthly billing period; Commercial and trading practices allow Fibra UNO to maintain its accounts receivable with average again of approximately 31, 27 and 31 days as of December 31, 2019, 2018 and 2017, respectively.



c. *Other long-term receivables*

As mentioned in Note 1d, Fibra UNO transmitted to the Trust 2585 a section of land from the "Mitikah" complex (Residential Landmark) for the construction of the residential tower. Trust 2585 is in charge of the build and transfer of a tower of housing units that will be built in that portion of Mitikah destined for the residential tower and whose estimated completion date will be June 2021. As of December 31, 2019, 2018 and 2017, Fibra UNO has estimated the value of the Residential Landmark at \$1,262,464, which is presented as other long-term accounts receivable in the accompanying consolidated statements of financial position.

8. Investment properties

Fair value	2019	2018	2017
Investment properties for leasing	\$ 231,182,223	\$ 202,795,624	\$ 179,129,129
Investment properties under development	22,930,865	17,256,175	20,266,964
Seriousness' deposit for the acquisition of investment properties	601,077	-	-
Territorial reserves	1,738,496	793,736	1,124,149
Investment properties developed on third party rights	<u>3,032,800</u>	<u>2,670,000</u>	<u>2,544,000</u>
	<u>\$ 259,485,461</u>	<u>\$ 223,515,535</u>	<u>\$ 203,064,242</u>

	Type	Number of properties	2019	2018	2017
Balance at the beginning of the period			\$ 223,515,535	\$ 203,064,242	\$ 172,739,278
Acquisitions:					
Tepeji del Río	Industrial	1	601,186	-	-
Lago de Guadalupe	Industrial	1	559,269	-	-
Titán	Land	108	5,515,039	-	-
Titán	Industrial	74	10,986,781	-	-
Corredor Urbano Querétaro	Land	1	801,000	-	-
Montes Urales 620	Office	1	-	1,145,760	-
Floor 5 Corporativo Interlomas	Office	1	-	29,016	-
Land Matamoros	Land	1	-	4,872	-
Turbo	Mixed	13	-	-	7,550,709
Apolo II	Retail	17	-	-	8,314,250
Frimax	Industrial	3	-	-	3,277,734
Saqqara	Offices	1	-	-	702,240
Midtown Jalisco	Development	1	-	-	-
Tower Vallarta	Retail	1	-	-	-
Torre Cuarzo	Development	1	-	-	-
Espacio Tollocan	Development	1	-	-	-
Puerta de Hierro	Retail	1	-	-	-
El Salto Jalisco	Industrial	1	-	-	-
Disposals:					
Sale of portion of Corredor Urbano Querétaro			(200,000)	-	-
Sale of Land Kansas	Land	1	-	-	(116,425)
Sale of UAG	Retail	1	-	(638,000)	-
Sale of Land Apodaca	Land	1	-	(109,586)	-
Sell of floors 2, 4 and PH Reforma 155	Offices	1	-	(280,000)	-
Construction in progress, improvements, advances and capitalizable from loans to investment properties			9,704,477	9,407,291	5,735,117
Seriousness' deposit for the acquisition of investment properties			601,077	-	-
Fair value adjustments to investment properties		-	<u>7,401,097</u>	<u>10,891,940</u>	<u>4,861,339</u>
Balance at the end of the period		-	<u>\$ 259,485,461</u>	<u>\$ 223,515,535</u>	<u>\$ 203,064,242</u>



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

In this sense, the Cost Method was used for all those properties that were in development as of December 31, 2019, as well as those properties that were not stabilized and land reserves.

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

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

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

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

- a. **Operative Assumptions** - Fibra UNO carried out the projection of its flows for a period of 10 years in which it considered the current situation of each property with respect to the existing contracts at the end of the fourth quarter of 2019 and its probability of renewal at expiration, m2 available and its future commercialization, as well as the reimbursement of maintenance costs of each of its tenants. To estimate the operating expenses, Fibra UNO takes into account the expenses related to the maintenance of each of the properties, as well as expenses not related to the daily operation such as the payment of the property tax and insurance. Finally, based on the needs of each property, an estimate of capitalizable expenses is made, which correspond to significant improvements that can be depreciated over time.
- b. **Discount Rate** - To determine the discount rate, Fibra UNO used the Weighted Average Cost of Capital (WACC) methodology, which has the objective of reflecting the cost of the different financing sources of Fibra UNO. To determine the cost of debt, the weighted cost of the debt, both in US Dollars and in Mexican Pesos that Fibra UNO currently has, was taken into account. To determine the cost of capital, the Financial Assets Valuation Model (better known in English as "CAPM" - Capital Asset Pricing Model) was used for which market variables were used and adjusted with specific risks identified for each one of the properties. Finally, Fibra UNO took into consideration the capital structure of the company at the end of 2019 to determine the debt / equity cost ratio. It is important to mention that an increase in the discount rate would result in a lower fair value of the investment properties of Fibra UNO, while a decrease would have the opposite effect.
- c. **Perpetuity / Capitalization Rate** - To determine the exit value at the end of the 10 year projection, Fibra UNO used a methodology generally accepted in the financial field in the valuation of real estate. This methodology corresponds to the capitalization method which estimates the value of a property based on the application of a Market Capitalization Rate applied to the Net Operating Income (net income minus costs and operating expenses) of the last year of projection. The capitalization rates (Cap. Rates) are determined by property and vary according to the reality of each of the properties according to their geographical location, type of property, occupation, demand observed for the lease of the spaces, quality of the tenants, current situation of the local economy, functional currency of the leases (Dollars, Pesos or a combination of both), as well as Cap. Rates observed in the private market for transactions of similar properties.



As a result of the estimation of the fair value of Fibra UNO's investment properties, the value per leasable m2 is obtained dividing the GLA by the book value in Pesos at the end of 2019, 2018 and 2017 are as follows;

	2019	2018	2017
GLA (m2)	10,130,414	8,614,800	8,447,800
Investment Properties Value	<u>\$ 259,485,461</u>	<u>\$ 223,515,535</u>	<u>\$ 203,064,242</u>
Average price per m2 of Investment Property	<u>\$ 25,614</u>	<u>\$ 25,946</u>	<u>\$ 24,038</u>

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

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

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, in this case investment properties, which constitute assets that require a substantial period until they are ready for use, are added to the cost of those assets during that time until they are ready for use. The income obtained by the temporary investment of funds from specific loans pending to be used in qualifying assets, is deducted from the cost of the investment properties to be capitalized. All other borrowing costs are recognized in income during the period in which they are incurred. As of December 31, 2019, 2018 and 2017 the amount of capitalized interest amounted to \$2,124 million, \$1,192 million and \$41.2 million, respectively, and the annual capitalization rate determined in accordance with *IAS 23 Borrowing costs* was 9.96%, 7.40% y 7.40%, respectively.

9. Investment in associates

	Participation % as of December 31, 2019	2019	2018	2017
Torre Mayor	70%	\$ 3,944,304	\$ 3,632,624	\$ 2,821,995
Torre Diana	50%	1,935,544	1,787,510	1,542,680
Antea Querétaro	40%	<u>1,777,453</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,657,301</u>	<u>\$ 5,420,134</u>	<u>\$ 4,364,675</u>

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

10. Other assets

	2019	2018	2017
Administrative platform (1)	\$ 2,043,674	\$ 2,043,674	\$ 2,043,674
Implementation fees	440,800	440,800	440,800
Others (2)	30,000	30,000	30,000
Accumulated amortization (2)	<u>(1,112,700)</u>	<u>(1,004,516)</u>	<u>(805,532)</u>
	<u>\$ 1,401,774</u>	<u>\$ 1,509,958</u>	<u>\$ 1,708,942</u>

- (1) The administrative platform acquired includes personnel, technology and processes; and the annual amortization as of December 31, 2019, 2018 and 2017 amounts to \$108,184; \$198,984 and \$194,984, respectively.



- (2) A accumulated amortization is comprised of the amortization of the administrative platform and the amortization of other expenses. Their presentation in the consolidated statements of cash flows is reflected individually for the amortization of the administrative platform.

11. Financial instruments

Categories of financial instruments

	2019	2018	2017
<i>Financial assets:</i>			
Cash and restricted cash	\$ 3,042,914	\$ 4,408,926	\$ 5,634,448
Lease receivables and other recoverable accounts	2,143,396	1,727,237	2,048,810
Due from related parties	41,999	53,367	60,512
Advance payments	2,234,252	1,714,708	1,411,421
Trading derivative financial instruments	-	-	692
Derivative financial instruments designated as hedges	30,232	267,245	443,006
<i>Financial liabilities:</i>			
At amortized cost:			
Trade accounts payable	\$ 3,865,883	\$ 1,840,925	\$ 2,964,502
Due to related parties	250,568	205,174	210,101
Borrowings	107,077,865	79,363,068	68,608,043
Deposit from tenants	1,162,532	957,077	921,417
Derivative financial instruments designated as hedges	696,921	-	-

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

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

Trustors' and Trustees' capital

Fibra UNO manages its equity 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 equity consists of debt and Trustors' contributions. Fibra UNO's objectives in managing equity are to ensure adequate operating funds are available to maintain consistent and sustainable distributions, to fund leasing costs and net asset value expenditure requirements, and to provide for resources needed to acquire new properties.



Management uses certain financial ratios related to debt, net asset value and earnings distributions to ensure capital adequacy and monitor capital requirements. The primary ratios used for assessing capital management are the Loan to Value (“LTV”), calculated as the unpaid balance of the debt between the estimated value of the property in question, and the Debt Service Coverage ratios (“DSCR”), calculated as the operating profit between the debt service. 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 policy and to comply with the regulation of FIBRAs issued by the National Securities and Banking Commission establishes additional restrictions and approvals for financing that exceed the maximum and minimum amount resulting between 50% of LTV and 1.0 of DSCR respectively. For the years ended December 31, 2019, 2018 and 2017, the LTV and DSCR ratios of Fibra UNO were 38.6%, 33.1% and 31.2% and 1.92, 2.01 and 2.11 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 listing price of 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, among others, is to provide services to the business, coordinates access to domestic financial markets and monitors and manages the financial risks related 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 by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by 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 and non-derivative financial instruments and the investment of excess liquidity. Internal auditors periodically review compliance with policies and exposure limits. Fibra UNO does not subscribe or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk management

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

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

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

Market risk exposures are evaluated through sensitivity analysis. Even though there have been changes in Fibra UNO’s exposure to market risks, Management believes that they do not affect the way these risks are managed and valued.

Interest rate risk management

Fibra UNO maintains financing at mixed and variable rates, mainly, the 28-day THIE 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 a sensitivity analyses of future projected cash flows to establish the maximum change in financing and maintain profitable projects.



Interest rate sensitivity analysis

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

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, Fibra UNO for the periods ended December 31, 2019 would have a decrease/increase, of its variable rate liabilities, of approximately \$55 million.

Likewise, if the interest rate had a change of 100 basis points up or down and all other variables remained constant as of December 31, 2019, it would have a (decrease) increase of approximately \$(455) million Pesos and \$543 million Pesos. in results for foreign currency swaps contracts. In the case of SWAP interest rate contracts (IRS) if the interest rate had a change of 100 basis points up or down and all other variables remained constant as of December 31, 2019, it would have an increase (decrease) of approximately \$541 million Pesos and \$(562) million Pesos.

Foreign currency risk management

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

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

	2019	2018	2017
USD (thousands):			
Monetary assets	618,979	473,882	495,665
Monetary liabilities	<u>(3,418,889)</u>	<u>(1,943,629)</u>	<u>(1,971,346)</u>
Short position	<u>(2,799,910)</u>	<u>(1,469,747)</u>	<u>(1,475,681)</u>
Equivalent in thousands of Mexican pesos	<u>\$ (52,841,861)</u>	<u>\$ (28,890,230)</u>	<u>\$ (29,123,154)</u>

- b. The exchange rates, in pesos, in force at the date of the consolidated financial statements and at the date of issue are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017	April 3, 2020
Mexican Pesos per US Dollar	<u>\$ 18.8727</u>	<u>\$ 19.6566</u>	<u>\$ 19.7354</u>	<u>\$ 24.1000</u>

Foreign currency sensitivity analysis

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

If the exchange rates had a change of 1 peso per US Dollar or UDI up or down and all other variables remain constant, the result of the year of Fibra UNO for the period ended December 31, 2019 would have an increase or decrease, for its liabilities in foreign currency, of approximately \$2,800 million Pesos.

Also, if the exchange rates had a change of 1 peso per U.S. Dollar or UDI up or down and all other variables remain constant, Fibra UNO's result for the year ended December 31, 2019 would have a decrease or increase, for its foreign currency swaps, of approximately \$524 million Pesos.



Derivative financial instrument

Foreign currency swap contracts

During the current year, Fibra UNO entered into new foreign currency *swap* contracts. Currently, there are 9 foreign currency *swaps*, seven of which cover principal and interest being designated as fair value hedging, and two remaining 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:

No.	Counterpart	Notional USD (thousands)	Notional MXN (thousands)	Maturity	Active rate	Passive rate	Fair value	Type of coverage
1	BBVA Bancomer	60,000	\$ 1,113,000	30-jan-2026	5.25%	TIE 28 +3.34%	\$ 47,342	FV
2	BBVA Bancomer	50,000	944,750	30-jan-2026	5.25%	TIE 28 +3.34%	25,781	FV
3	BBVA Bancomer	40,000	739,000	30-jan-2026	5.25%	TIE 28 +3.59%	31,409	FV
4	BBVA Bancomer	50,000	944,750	30-jan-2026	0.00%	TIE 28 -2.77%	14,911	CF
5	Santander	50,000	958,000	30-jan-2026	5.25%	TIE 28 +3.51%	1,423	FV
6	Santander	50,000	958,000	30-jan-2026	0.00%	TIE 28 -2.6%	(5,216)	CF
7	Santander	50,000	980,000	30-jan-2026	5.25%	TIE 28 +2.8%	10,472	FV
8	Santander	25,000	508,662	30-jan-2026	5.25%	TIE 28 +3.09%	(24,018)	FV
9	HSBC	<u>75,000</u>	<u>1,527,750</u>	30-jan-2026	5.25%	TIE 28 +3.06%	<u>(71,872)</u>	FV
Total		<u>450,000</u>	<u>\$ 8,673,912</u>				<u>\$ 30,232</u>	

During the period, both cash flow and fair value hedges were highly effective in covering the exchange rate exposure. As a result of this coverage, the book value of the credit in dollars was adjusted by \$19,227 as of December 31, 2019, which were recognized in the results together with the fair value of the designated CCS of fair value hedge. For the cash flow hedges, the changes associated with the exchange rate were reclassified from the OCI account to results.

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

No.	Counterpart	Notional USD (thousands)	Due date	Active rate	Passive rate	Fair Value	Hedging Type
10	HSBC	\$ 180,790	30-aug-2024	7.85 %	TIE 28 + 0%	\$ (14,877)	CF
11	HSBC	183,067	30-aug-2024	7.85 %	TIE 28 + 0%	(13,434)	CF
12	Santander	183,067	30-aug-2024	7.85 %	TIE 28 + 0%	(13,434)	CF
13	Santander	180,790	30-aug-2024	7.85 %	TIE 28 + 0%	(14,877)	CF
14	BBVA Bancomer	180,790	30-aug-2024	8.40%	TIE 28 + 0%	(21,212)	CF
15	BBVA Bancomer	183,067	30-aug-2024	7.85 %	TIE 28 + 0%	(13,434)	CF
16	HSBC	180,790	30-aug-2024	8.40%	TIE 28 + 0%	(21,213)	CF
17	Santander	183,067	30-aug-2024	8.38%	TIE 28 + 0%	(18,977)	CF
18	BBVA Bancomer	180,790	30-aug-2024	7.85 %	TIE 28 + 0%	(14,877)	CF
19	BBVA Bancomer	183,067	30-aug-2024	8.38%	TIE 28 + 0%	(18,972)	CF
20	HSBC	183,067	30-aug-2024	8.38%	TIE 28 + 0%	(18,991)	CF
21	Santander	180,790	30-aug-2024	8.40 %	TIE 28 + 0%	(21,248)	CF
22	HSBC	2,099,212	31-may-2024	7.81 %	TIE 28 + 0%	(92,873)	CF
23	HSBC	2,099,212	31-may-2024	7.58%	TIE 28 + 0%	(75,216)	CF
24	HSBC	771,293	15-sep-2023	7.73%	TIE 28 + 0%	(26,247)	CF
25	HSBC	1,760,135	15-sep-2023	7.73%	TIE 28 + 0%	(59,898)	CF
26	Santander	4,100,000	5-dec-2022	7.75%	TIE 28 + 0%	(126,886)	CF
27	Santander	<u>4,000,000</u>	21-jun-2021	8.77%	TIE 28 + 0%	<u>(110,255)</u>	CF
Total		<u>\$ 17,012,994</u>				<u>\$ (696,921)</u>	



Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss for Fibra UNO. Substantially all Fibra UNO income is derived from lease income from commercial properties. 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, 2019, 2018 and 2017, the 10 most significant tenants occupied to approximately, 22.1%, 26.6% and 25.6% of the total area for income generated, respectively, and represent approximately 23.5%, 25.4% and 25.3%, respectively from the income base attributable to the portfolio.

In addition, a single tenant occupies 877,766 m² of 10,130,414 m² of the leasable area of the Fibra UNO's leasable, which represents approximately 8.7% of the total profitable surface and approximately 6.8% of lease revenue as of December 31, 2019; as of December 31, 2018, a single tenant occupies 900,641 m² of 8,614,800 m² of the profitable area of the Fibra UNO's leasable, which represents approximately 11.4% of the total leasable surface and approximately 9.5% of lease revenue; as of December 31, 2017, a single tenant occupies 817,163 m² of 8,447,800 m² of the leasable area of the Fibra UNO leasable, which represents approximately 9.7% of the total leasable area and approximately 8% of lease revenue.

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 derivative financial instruments. The maximum exposure to credit risk is shown in the statement of financial position.

Regarding the derivative financial instruments held as of December 31, 2019, an adjustment for credit risk was determined for the counterparties with which such instruments have been contracted for \$11.4 million, which were recognized in the result of the year of Fibra UNO for the period ended December 31, 2019.

Financial assets value impairment

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

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

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

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

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



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

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

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

Measurement of expected credit losses

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

Financial assets with credit deterioration

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

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

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

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

Write offs

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

Impairment (financial assets and contract assets) - IFRS 9

As of December 31, 2019, the maximum exposure to credit risk for trade debtors and other accounts receivable for concept and/or subsidiaries was as follows:

The following is a summary of Fibra UNO's exposure to credit risk from accounts receivable subject to impairment:

Consolidated portfolio In thousands of pesos	Book value	
	December 31, 2019	December 31, 2018
Total	\$ 1,241,552	\$ 1,494,991



The following is a summary of Fibra UNO's exposure to the credit risk of trade debtors and contract assets.

Exposure In thousands of Pesos	December 31, 2019		December 31, 2018	
	Without Impairment	With Impairment	Without Impairment	With Impairment
Accounts receivable	\$ 1,143,555	\$ 97,997	\$ 1,345,548	\$ 149,442
Total	\$ -	\$ 1,241,552	\$ -	\$ 1,494,991
Estimation	\$ -	\$ 200,517	\$ -	\$ 180,068

Comparative information of the year

An analysis of the credit quality of the commercial debtors that were neither past due nor impaired and the age of the commercial debtors past due, but not impaired as of December 31, 2019 and 2018 is presented below.

In thousands of Pesos	December 31, 2019	December 31, 2018
Current and Past-due 0 and 30 days	\$ 327,133	\$ 797,876
Past-due between 31 and 60 days	371,599	121,432
Past-due between 61 and 90 days	107,922	111,354
Past-due between 91 and 120 days	55,131	85,109
Past-due between 121 and 150 days	50,960	39,962
Past-due between 151 and 180 days	72,771	36,296
Past-due between 181 and 210 days	(50,113)	41,266
Past-due between 211 and 240 days	41,639	22,397
Past-due between 241 and 270 days	71,346	29,305
Past-due between 271 and 300 days	22,102	11,007
Past-due between 301 and 330 days	28,827	20,975
Past-due between 331 and 360 days	28,840	28,569
Past-due between 361 and 390 days	15,398	-
Total trade debtors without impairment	<u>\$ 1,143,555</u>	<u>\$ 1,345,548</u>

PCE evaluation for corporate clients as of December 31, 2019 and 2018

Fibra UNO estimates the different factors to apply an expected loss model. The probability of default is estimated using the Roll Rates (RR) or matrix methodology, which analyzes the historical information of the portfolio and calculates the percentage of clients or amounts that moved from a state of delay to another state of delay in a time determined. First, the probabilities of movements from a recent lag stage to the next stage are determined, then the probability that the balance observed in a stage or lag ends in the stage defined as EOD is determined. For this, the observed probabilities are multiplied in each lag after the observed one. Finally, the average of each stage or lag is determined based on the calculated estimates and these would be the probabilities to be used in the model for each stage.

Bucket	December 31, 2019	December 31, 2018
Current and Past-due 0 and 30 days	5.050%	3.968%
Past-due between 31 and 60 days	13.030%	11.579%
Past-due between 61 and 90 days	18.785%	16.564%
Past-due between 91 and 120 days	25.450%	22.928%
Past-due between 121 and 150 days	32.687%	30.266%
Past-due between 151 and 180 days	39.712%	37.275%
Past-due between 181 and 210 days	48.039%	46.299%
Past-due between 211 and 240 days	54.192%	52.832%
Past-due between 241 and 270 days	60.463%	59.006%
Past-due between 271 and 300 days	69.302%	67.594%
Past-due between 301 and 330 days	78.373%	76.927%
Past-due between 331 and 360 days	87.191%	86.145%
Past-due between 361 and 390 days	95.601%	95.230%
Past-due more than 390 days	100.000%	100.000%



A review was made of each of the clients with a balance greater than +390 days after the EOD and their situation one year later. According to its status, the level of recovery obtained on the balance was determined and the severity of the historical loss was determined. The severity of the historical loss at the end of December 2019 amounts to 52%.

Under IFRS 9, it is presumed that a financial asset with more than 90 days of non-payment must be considered in default, however, Fibra UNO has decided to use as EOD the overdue balances greater than +390 days.

Bucket	Balance as of December, 31 2019	PI	SP	Reserve as of December 31, 2019
0-30	\$ 327,133	5.050%	52%	\$ 8,575
31-60	371,599	13.030%	52%	25,135
61-90	107,922	18.785%	52%	10,524
91-120	55,131	25.450%	52%	7,283
121-150	50,960	32.687%	52%	8,646
151-180	72,771	39.712%	52%	15,001
181-210	(50,113)	48.039%	52%	-
211-240	41,639	54.192%	52%	11,713
241-270	71,346	60.463%	52%	22,393
271-300	22,102	69.302%	52%	7,951
301-330	28,827	78.373%	52%	11,728
331-360	28,840	87.191%	52%	13,053
361-390	15,398	95.601%	52%	7,639
+390	<u>97,997</u>	100.000%	52%	<u>50,876</u>
Total	<u>\$ 1,241,552</u>		Total	<u>\$ 200,517</u>

Bucket	Balance as of December, 31 2018	PI	SP	Reserve as of December 31, 2018
0-30	\$ 797,877	3.96%	51%	\$ 16,189
31-60	121,433	11.579%	51%	7,190
61-90	111,354	16.564%	51%	9,432
91-120	85,110	22.928%	51%	9,979
121-150	39,963	30.266%	51%	6,185
151-180	36,296	37.275%	51%	6,918
181-210	41,267	46.299%	51%	9,770
211-240	22,398	52.832%	51%	6,051
241-270	29,305	59.006%	51%	8,842
271-300	11,007	67.594%	51%	3,805
301-330	20,975	76.927%	51%	8,251
331-360	28,564	86.145%	51%	12,584
361-390	-	95.230%	51%	-
+390	<u>149,442</u>	100.000%	51%	<u>74,872</u>
Total	<u>\$ 1,494,991</u>		Total	<u>\$ 180,068</u>



Changes in the estimate for impairment related to debtors for sales and assets under contract (accounts receivable)

The movement in the estimate for impairment related to sales debtors and other accounts receivable during the year was as follows:

	Amount
Balance as of January 1, 2018 according to IAS 39 Standard	\$ 208,898
Initial application adjustment of IFRS 9	<u>161,709</u>
Balance as of January 1, 2018 according to IFRS 9	370,607
Amounts written off, net	<u>(190,539)</u>
Balance as of December 31, 2018	180,068
Adjustment for the year	20,449
Amounts written off	<u>-</u>
Balance as of December 31, 2019	<u>\$ 200,517</u>

Liquidity risk management

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

The following tables detail Fibra UNO's remaining contractual maturity for its non-derivative financial liabilities according to the payment periods.

	Up to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2019				
Trade accounts payable	\$ 5,135,935	\$ 611,953	\$ -	\$ 5,747,888
Due to related parties	250,568	292,727	-	543,295
Borrowing in pesos	2,064,512	25,426,123	12,299,600	39,790,235
Deposits from tenants	<u>-</u>	<u>1,162,532</u>	<u>-</u>	<u>1,162,532</u>
In thousands of Mexican pesos	<u>\$ 7,451,015</u>	<u>\$ 27,493,335</u>	<u>\$ 12,299,600</u>	<u>\$ 47,243,950</u>
Borrowings in USD	<u>\$ -</u>	<u>\$ 11,323,620</u>	<u>\$ 50,956,290</u>	<u>\$ 62,279,910</u>
Borrowings in UDIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,654,033</u>	<u>\$ 5,654,033</u>

The UDI value as of December 31, 2019 was \$6.399018 pesos per UDI.

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



The UDI value as of December 31, 2018 was \$5.934551 pesos per UDI.

	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
Borrowing in pesos	4,469,069	23,959,100	12,728,506	41,156,675
Deposits from tenants	<u>-</u>	<u>921,417</u>	<u>-</u>	<u>921,417</u>
In thousands of Mexican pesos	<u>\$ 7,904,914</u>	<u>\$ 24,880,517</u>	<u>\$ 12,728,506</u>	<u>\$ 45,513,937</u>
Borrowings in USD	<u>\$ 122,502</u>	<u>\$ 637,825</u>	<u>\$ 2,965,228</u>	<u>\$ 3,725,555</u>
Borrowings in UDIS	<u>\$ 43,205</u>	<u>\$ 216,027</u>	<u>\$ 1,951,238</u>	<u>\$ 2,210,470</u>

The UDI value as of December 31, 2017 was \$5.409558 pesos per UDI.

As of December 31, 2019, 2018 and 2017 the interest payable in future periods, based on the terms of the outstanding loan contracts, amounts to slightly \$54,971 million, \$53,419 million and \$50,837 million, 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)
	31/12/19	31/12/18	31/12/17		
1) Investments in Government securities and investments on demand (see Note 6)	<u>\$ 1,124,630</u>	<u>\$ 3,318,791</u>	<u>\$ 2,406,004</u>	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	<u>\$ 30,232</u>	<u>\$ 194,326</u>	<u>\$ 403,858</u>	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rates discounted at a rate that reflects credit risk from several counterparties.
3) Interest rate swaps (designated hedges)	<u>\$ (696,921)</u>	<u>\$ 72,919</u>	<u>\$ 39,148</u>	Level 2	Discounted cash flow. Future cash flows are estimated on the basis of forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rates discounted at a rate that reflects credit risk from several counterparties
4) Collar options (designated trading)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692</u>	Level 2	Black-Scholes model for interest rate options, using forward rates from observable yield curves at the end of the reporting period and area of implicit 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 and prepayments) 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 amortized costs and fair values of borrowings:

	December 31, 2019		December 31, 2018		December 31, 2017	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
Senior notes	\$ 34,574,933	\$ 35,814,531	\$ 35,381,881	\$ 40,142,782	\$ 35,523,720	\$ 41,192,990
Long-term CBFIs	52,843,560	81,090,974	34,422,616	32,657,125	23,848,290	20,662,582
Santander	1,320,000	1,451,738	660,000	685,431	-	-
HSBC	2,554,286	2,672,284	2,691,428	2,685,038	2,828,571	3,023,156
Metlife	773,124	768,419	780,547	703,992	787,399	786,832
Actinver	100,000	101,282	-	-	-	-
Santander	1,800,000	1,802,715	-	-	-	-
Vermont	4,198,425	4,446,980	-	-	-	-
Titan	9,436,350	10,722,642	-	-	-	-
HSBC	123,500	129,549	-	-	-	-
Bancomext	-	-	1,264,803	1,297,221	1,364,328	1,453,921
Banco Mercantil del Norte	-	-	2,548,661	2,631,212	2,574,925	3,056,989
BBVA Bancomer	-	-	2,000,000	1,998,641	-	-
Actinver	-	-	100,000	100,397	410,000	415,744
Banamex	-	-	-	-	1,800,000	1,813,698
	<u>\$ 107,724,178</u>	<u>\$ 139,001,114</u>	<u>\$ 79,849,936</u>	<u>\$ 82,901,839</u>	<u>\$ 69,137,233</u>	<u>\$ 72,405,912</u>

As of December 31 2019, 2018 and 2017, the amounts of the transaction costs were \$684,767, \$486,868 and \$529,189, respectively (see Note 12).

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in 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 THIE curves and an estimated credit spread using observable credits in similar entities, which is adjusted as necessary.

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

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



12. Borrowings

Summary of borrowings as of December 31, 2019						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Debt bonds	National (FUNO 18)	MXN	8.95%	apr-23	\$ 5,400,400	-
Debt bonds	International	USD	6.39%	jan-50	-	600,000
Debt bonds	International	USD	4.87%	jan-30	-	400,000
Unsecured	HSBC	MXN	TIE+2.15%	jun-24	4,198,425	-
Mortgage	Santander	MXN	TIE+2.60%	nov-25	1,320,000	-
Unsecured	Santander	MXN	TIE+1.25%	feb-20	1,800,000	-
Unsecured	Actinver	MXN	TIE+1.80%	jun-20	100,000	-
Debt bonds	National (FUNO 17-2)	MXN	TIE+0.85%	dec-22	8,100,000	-
Debt bonds	National (FUNO 17)	MXN	9.20%	nov-27	4,799,600	-
Mortgage	HSBC	MXN	TIE+2.00%	sep-23	2,554,286	-
Mortgage	Metlife, México	MXN	7.92%	dec-23	251,318	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,929,971	-
Debt bonds	International	USD	5.25%	jan-26	-	500,000
Mortgage	Metlife, México	MXN	7.92%	dec-23	521,806	-
Debt bonds	Nacional (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	dec-28	2,724,062	-
Unsecured	BBVA Bancomer	USD	LIBOR + 1.85%	nov-23	-	500,000
Mortgage	HSBC	MXN	TIE+2.20%	sep-23	123,500	-

December 31, 2019 \$ 45,444,268 3,300,000

Exchange rate as of December 31, 2019 (pesos per dollar) 18.8727

Balance of Dollars in Pesos \$ 62,279,910

Unpaid balances as of December 31, 2019 in pesos 107,724,178

Short-term loans (2,064,512)

Total long-term loans 105,659,666

Transaction costs (684,767)

Valuation of the fair value of the debt for derivative hedge accounting 19,227

Long-term loans \$ 104,994,126

Summary of borrowings as of December 31, 2018						
Type	Institution	Currency	Rate	Maturity	MXN Balance	USD Balance
Unsecured	BBVA	MXN	TIE+1.25%	jun-19	\$ 2,000,000	\$ -
Debt bonds	National (FUNO 18)	MXN	8.95%	apr-23	5,400,400	-
Mortgage	Santander	MXN	TIE+2.60%	nov-25	660,000	-
Unsecured	Actinver	MXN	TIE+1.8%	jun-19	100,000	-
Mortgage	Banorte	MXN	TIE+1.95%	jun-38	2,548,661	-
Debt bonds	National (FUNO 17-2)	MXN	TIE+0.85%	dec-22	8,100,000	-
Debt bonds	National (FUNO 17)	MXN	9.20%	nov-27	4,799,600	-
Mortgage	HSBC	MXN	TIE+2.00%	sep-23	2,691,428	-
Mortgage	Metlife, México	MXN	7.92%	dec-23	253,670	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,851,039	-
Debt bonds	International	USD	5.25%	jan-26	-	500,000
Mortgage	Metlife, México	MXN	7.92%	dec-23	526,877	-
Debt bonds	Nacional (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	Nacional (FUNO 13U)	UDIS	5.09%	dec-28	2,650,677	-
Mortgage	Bancomext	USD	4.89%	nov-20	-	64,345

December 31, 2018 \$ 43,203,252 1,864,345



Type	Institution	Summary of borrowings as of December 31, 2018				
		Currency	Rate	Maturity	MXN Balance	USD Balance
		Exchange rate as of December 31, 2018 (pesos per dollar)				\$ 19.6566
		Balance of dollars in pesos				36,646,684
		Unpaid balances as of December 31, 2018 in pesos				79,849,936
		Short-term loans				(2,390,561)
		Total long-term loans				77,459,375
		Transaction costs				(486,868)
		Valuation of the fair value of the debt for derivative hedge accounting				203,042
		Long-term loans				\$ 77,175,549

Type	Institution	Summary of borrowings as of December 31, 2017				
		Currency	Rate	Maturity	MXN Balance	USD Balance
Mortgage	Bancomext	USD	4.89%	nov-20	\$ -	69,131
Mortgage	HSBC	MXN	TIE+2.0%	sep-23	2,828,571	-
Unsecured	Actinver	MXN	TIE+1.8%	jun-18	410,000	-
Unsecured	Banamex	MXN	TIE+1.0%	feb-18	1,800,000	-
Mortgage	Metlife, México	MXN	7.92 %	dec-23	255,841	-
Mortgage	Metlife, México	MXN	7.92 %	dec-23	531,558	-
Mortgage	Banorte	MXN	TIE+1.95%	jun-38	2,574,925	-
Debt bonds	National (FUNO 13-2)	MXN	8.40%	dec-23	3,120,900	-
Debt bonds	National (FUNO 15)	MXN	6.99%	jul-25	7,500,000	-
Debt bonds	National (FUNO 13U)	UDIS	5.09%	dec-28	2,526,338	-
Debt bonds	National (FUNO 16U)	UDIS	4.60%	apr-27	2,717,302	-
Debt bonds	National (FUNO 16)	MXN	TIE+0.65%	apr-19	883,750	-
Debt bonds	National (FUNO 17)	MXN	9.20 %	nov-27	1,000,000	-
Debt bonds	National (FUNO 17.2)	MXN	TIE+0.85%	dec-22	6,100,000	-
Debt bonds	International	USD	5.25%	dec-24	-	600,000
Debt bonds	International	USD	6.95%	jan-44	-	700,000
Debt bonds	International	USD	5.25%	jan-26	-	500,000
		December 31, 2017				\$ 32,249,185
		Exchange rate as of December 31, 2017 (pesos per dollar)				\$ 19.7354
		Balance of Dollars in Pesos				36,888,047
		Unpaid balances as of December 31, 2017 in pesos				69,137,232
		Short-term loans				(2,474,703)
		Total long-term loans				66,662,529
		Transaction costs				(529,189)
		Valuation of the fair value of the debt for derivative hedge accounting				(545,897)
		Long-term loans				\$ 65,587,443

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.
- Debt service ratio (Net Operating Income (NOI) divided by and Debt Service, as those terms are defined in the indenture) major than 1.5.



The maturities of long-term portion of long-term debt at December 31, 2019 are:

Year	Amounts
2021	\$ 189,755
2022	8,302,513
2023	11,585,842
2024	16,671,633
2025 and thereafter	<u>68,909,923</u>
	<u>\$ 105,659,666</u>

13. Trade accounts payable and accrued expenses

	2019	2018	2017
Interest payable	\$ 1,643,878	\$ 1,040,790	\$ 977,070
Accrued expenses	882,318	942,901	748,319
Creditors for work progress	809,053	-	-
Suppliers	<u>486,716</u>	<u>364,899</u>	<u>153,209</u>
	<u>\$ 3,821,965</u>	<u>\$ 2,348,590</u>	<u>\$ 1,878,598</u>

14. Balance and transactions with related parties

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

a. *Transactions with related parties:*

	2019	2018	2017
Income:			
F1 Management:			
Administration Fees 1.25% (1)	<u>\$ 146,216</u>	<u>\$ 100,622</u>	<u>\$ 296,076</u>
Lease Fee (5)	<u>\$ 10,930</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses:			
Fibra Uno Administración:			
Capitalized acquisition fees3% (2)	<u>\$ 508,032</u>	<u>\$ 243,948</u>	<u>\$ 76,708</u>
Management fees 0.5% (2)	<u>\$ 817,763</u>	<u>\$ 730,835</u>	<u>\$ 653,904</u>
Parks Desarrolladora, S.A. de C.V.			
Capitalized received services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,030</u>
Coordinadora de Inmuebles Industriales, S.A. de C.V.			
Capitalized received services (6)	<u>\$ 1,388,920</u>	<u>\$ 1,220,872</u>	<u>\$ 833,044</u>
G-30 La Madre, S.A.P.I. de C.V.			
Capitalized received services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172</u>



	2019	2018	2017
Jumbo Administración:			
Real Estate management services (4)	\$ <u>153,723</u>	\$ <u>419,246</u>	\$ <u>402,684</u>
F2 Services:			
Administrative services (3)	\$ <u>368,706</u>	\$ <u>336,546</u>	\$ <u>274,100</u>
Parks Mantenimiento, S.C. (7)	\$ <u>293,259</u>	\$ <u>186,836</u>	\$ <u>-</u>

- (1) Fibra UNO charges a commission per administration of 1.25% of the amount.
- (2) Fibra UNO pays annual fee in an amount equal to 0.5% of the trustors' capital and a 3 % of the total value of acquired properties or contributed by other third parties, plus any applicable value-added taxes in exchange for advisory services.
- (3) Fibra UNO pays a monthly fee in an amount equal to 2% of the lease payments received, plus any applicable value-added taxes in exchange for administrative services.
- (4) Fibra UNO pays for real estate management services at an amount equivalent to 3% of monthly revenues collected related to rent, uses of spaces (kiosks or islands), management and maintenance fees, advertising and income from parking from the Morado portfolio.
- (5) F1 Management charges the Trust 2584 a lease fee equivalent to 4% of the amount of the contracts of said concept.
- (6) Fibra UNO pays a fee for brokerage services, which is calculated as a percentage of the total income that the signed contract represents.
- (7) Fibra UNO pays for maintenance activities so that its properties continue in the same conditions of use as the day they were put into operation.

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

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

	2019	2018	2017
Due from related parties:			
Parks Operadora Hotelera, S. de R.L. de C.V.	\$ 30	\$ 47,514	\$ 59,526
Fundación FUNO, A. C.	-	-	152
Other	<u>41,969</u>	<u>5,853</u>	<u>834</u>
	\$ <u>41,999</u>	\$ <u>53,367</u>	\$ <u>60,512</u>
Due to related parties:			
Fibra Uno Administración, S.C.	\$ 111,644	\$ 124,752	\$ 118,846
Coordinadora de Inmuebles Industriales, S.A. de C.V.	9,627	5,633	34,797
Jumbo Administración	35,272	22,242	27,999
Parks Concentradora	40,395	29,044	19,157
Parks Desarrolladora	19,238	19,238	-
Parks Mantenimiento, S.C.	24,568	3,774	-
Other	<u>9,824</u>	<u>491</u>	<u>9,302</u>
	\$ <u>250,568</u>	\$ <u>205,174</u>	\$ <u>210,101</u>
Long-term payable:			
Trust 2585 (1)	\$ <u>292,727</u>	\$ <u>292,727</u>	\$ <u>-</u>



- (1) Deposit received for perpetuity rights for the use of the Mitikah parking lot, which will be applied once the project is completed.

15. CBFIs- based payments

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

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

The compensation costs of this plan for the years ended December 31, 2019, 2018 and 2017 were \$602,099, \$563,488 and \$94,968 respectively. During 2019, 2018 and 2017, 25,800,746, 3,259,013 and 4,301,897 CBFIs, respectively, were placed into circulation as a result of this program.

16. Trustors'/ Beneficiaries' Capital

Contributions

- a. Fibra UNO was established by an initial contribution from the trustors of one thousand Mexican Pesos plus the resources obtained from issuance of CBFIs.
- b. As of December 31, 2019, 2018 and 2017 the outstanding CBFIs are:

Number of CBFIs	2019	2018	2017
In circulation	<u>3,928,194,243</u>	<u>3,890,114,426</u>	<u>3,956,776,551</u>
In treasury	<u>1,351,031,320</u>	<u>1,456,514,910</u>	<u>1,467,256,558</u>

- c. On August 2, 2019, Fibra UNO released 6,227,668 CBFIs for the G-30 portfolio acquired in June 2013.
- d. On February 21, 2018, the Technical Committee of Fibra UNO approved the capital contribution for the acquisition of the "Torre Cuarzo" property, which was covered with the payment of CBFIs for a total amount of \$266.9 million.
- e. During August and July of 2018, Fibra UNO received cash contributions from Trust F/2353 and Trust F/2354 for \$675 million for the commercial development of the Mitikah project.
- f. On December 20, 2017, the Technical Committee of Fibra UNO approved a capital contribution by the non-controlling interest and the controlling interest of the Torre Latino for the amounts of \$770,400 and \$429,600, respectively.
- g. On August 24, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the real property named "La Teja", which was covered by the payment of \$1,023,300, while the rest will be covered with CBFIs for a total of \$2,726,033.
- h. On August 24, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the "Turbo" Portfolio, which was covered with CBFIs for a total of \$7,096,276.



- i. On June 16, 2017, the Technical Committee of Fibra UNO approved a capital contribution 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. Of said acquisition, 6,051,403 CBFIs were released on August 2, 2019.
- j. On March 30, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the real property named “Doña Rosa”, which was covered through the assumption of debt currently held with such property, while the rest will be covered with CBFIs for a total of \$1,424 million Pesos.
- k. On June 21, 2017, the Technical Committee of Fibra UNO approved a capital contribution for the acquisition of the “Alaska” portfolio, which was covered with a cash payment of \$12,440 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 beneficiaries as follows:

Distribution date 2019	Distributions
November 8	\$ 2,297,994
August 9	2,292,494
May 9	2,258,414
February 8	<u>2,238,761</u>
Total as of December 31, 2019	<u>\$ 9,087,663</u>
Distribution date 2018	Distributions
November 9	\$ 2,164,503
August 9	2,127,113
May 9	2,093,789
February 9	<u>2,020,682</u>
Total as of December 31, 2018	<u>\$ 8,406,087</u>
2017	Distributions
October 4	\$ 1,718,800
August 9	1,701,892
May 9	1,684,261
February 9	<u>1,662,539</u>
Total as of December 31, 2017	<u>\$ 6,767,492</u>

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 3,905,972,322, 3,898,759,194 and 3,415,147,392 CBFIs for 2019, 2018 and 2017, respectively. Diluted net income per CBFI considered dilutive shares, as if the shares have been outstanding as of the date they were issued. Weighted average CBFIs considering dilutive CBFIs amounts to 5,269,225,563, 5,329,188,984 and 4,259,527,757 CBFIs, respectively.



CBFIs issued as of December 31, 2019, 2018 and 2017 for the acquisition of investment properties:

Acquired properties	CBFIs issued
G-30	6,227,668
Escatto	<u>6,051,403</u>
As of December 31, 2019	<u>12,279,071</u>
Torre Cuarzo	<u>7,482,635</u>
As of December 31, 2018	<u>7,482,635</u>
Torre Cuarzo	36,002,144
Turbo	200,000,007
El Salto Jalisco	2,560,501
Alaska	7,416,350
Doña Rosa	<u>37,439,902</u>
As of December 31, 2017	<u>283,418,904</u>

Repurchase of CBFIs

In the Trustors' Committee Meeting held on October 16, 2015, the creation of the stock repurchase reserve was approved for an amount of \$4,895,099. As of December 31, 2019, the total number of CBFIs repurchased amounts to 77,403,773 CBFIs equivalent to \$2,000,869.

The transactions were executed in the following way:

- During the fourth quarter of 2018, Fibra UNO repurchased 35,240,534 CBFIs in the domestic market for a total amount equivalent to \$844,259.
- During the third quarter of 2018, Fibra UNO repurchased 12,949,817 CBFIs in the domestic market for a total amount equivalent to \$318,353.
- During the second quarter of 2018, Fibra UNO repurchased 29,030,615 CBFIs in the domestic market for a total amount equivalent to \$833,267.
- During the first quarter of 2018, Fibra UNO repurchased 182,807 CBFIs in the national market for a total amount equivalent to \$4,990.

During 2019, Fibra UNO canceled 67,403,773 CBFIs that it acquired through the CBFIs repurchase fund that were in the repurchase fund.

17. Income taxes

In order to maintain FIBRA status, the Mexican tax authority "SAT" has established, per articles 187 and 188 of the Mexican Income Tax Law, that FIBRAS must annually distribute at least 95% of their taxable income to the holders of their CBFIs. There are permanent and temporary differences between the comprehensive income displayed in the accompanying consolidated financial statements, and the fiscal result that serves as base to make distributions to the holders of the CBFIs. Accordingly, Fibra UNO's Management runs 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, 2019, 2018 and 2017 Fibra UNO has distributed \$9,087,663, \$8,406,087 and \$6,767,492; respectively, of which \$5,472,715, \$6,513,466 and \$5,104,953 are part of the Fiscal Result, with this at the end of the 2019, 2018 and 2017 fiscal years, Fibra UNO's Management has distributed more than 95% of the Fiscal Result to the holders of its CBFIs.



18. Lease revenues

As of December 31, 2019, 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	\$ 8,295,316	\$ 4,887,310	\$ 3,884,417	\$ 17,067,043
1 to 5 years	20,006,222	11,285,556	7,104,511	38,396,289
More than 5 years	<u>9,593,856</u>	<u>4,504,197</u>	<u>5,109,883</u>	<u>19,207,936</u>
	<u>\$ 37,895,394</u>	<u>\$ 20,677,063</u>	<u>\$ 16,098,811</u>	<u>\$ 74,671,268</u>

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

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

a. Revenues by geographical region

Revenues by geographical region are as follows:

State	Revenues		
	2019	2018	2017
Mexico City	\$ 5,300,340	\$ 4,766,585	\$ 3,543,329
State of Mexico	3,702,939	3,433,263	2,966,130
Jalisco	1,681,093	1,431,677	1,349,676
Quintana Roo	1,163,804	1,111,943	1,000,058
Nuevo León	1,265,255	1,109,208	1,061,087
Chiapas	280,839	362,421	370,938
Tamaulipas	389,847	347,209	339,342
Chihuahua	400,594	340,200	296,499
Querétaro	431,565	310,254	91,836
Coahuila	302,796	283,976	263,031
Guanajuato	233,476	219,715	97,970
Yucatán	194,532	190,624	98,705
Veracruz	192,502	175,562	167,128
Sonora	160,706	152,206	134,422
Guerrero	158,831	148,112	135,199
Hidalgo	165,038	147,994	143,080
Nayarit	117,897	112,347	106,033
Aguascalientes	128,934	105,591	91,348
Tlaxcala	73,086	74,601	70,698
Morelos	69,022	67,099	29,080
Baja California Sur	70,513	65,222	61,588
Puebla	70,476	55,842	50,227
Tabasco	50,100	49,751	47,757
Oaxaca	38,927	37,099	35,429
Durango	35,204	34,225	32,990
San Luis Potosí	33,459	33,780	26,722
Sinaloa	27,063	25,982	17,410
Colima	22,831	21,918	20,280
Baja California	60,670	19,766	18,868
Zacatecas	17,027	9,684	-
Michoacán	2,018	1,784	1,696
Campeche	<u>1,750</u>	<u>1,548</u>	<u>1,472</u>
	<u>\$ 16,843,134</u>	<u>\$ 15,247,188</u>	<u>\$ 12,670,028</u>



b. **Revenues by industry**

Retail

As of December 31, 2019 the portfolio is composed of 351 investment properties with stabilized tenants.

Industrial

As of December 31, 2019 the portfolio is composed of 191 investment properties with stabilized tenants.

Office

As of December 31, 2019 the portfolio is composed of 99 investment properties with stabilized tenants.

2019			
Use of property	Value of investment properties	Gross Leasable Area (GLA)	Revenue
Retail	\$ 136,657,143	3,431,700	\$ 9,462,080
Industrial	73,913,416	5,423,807	4,251,235
Office	<u>48,914,902</u>	<u>1,274,907</u>	<u>3,129,819</u>
	<u>\$ 259,485,461</u>	<u>10,130,414</u>	<u>\$ 16,843,134</u>
2018			
Use of property	Value of investment properties	Gross Leasable Area (GLA)	Revenue
Retail	\$ 124,948,704	3,294,700	\$ 8,686,200
Industrial	51,306,056	4,117,700	3,740,203
Office	<u>47,260,775</u>	<u>1,202,400</u>	<u>2,820,785</u>
	<u>\$ 223,515,535</u>	<u>8,614,800</u>	<u>\$ 15,247,188</u>
2017			
Use of property	Value of investment properties	Gross Leasable Area (GLA)	Revenue
Retail	\$ 114,128,730	3,321,800	\$ 7,265,786
Industrial	48,329,543	4,002,500	3,319,674
Office	<u>40,605,969</u>	<u>1,123,500</u>	<u>2,084,568</u>
	<u>\$ 203,064,242</u>	<u>8,447,800</u>	<u>\$ 12,670,028</u>

19. Commitments and contingencies

- Except as noted otherwise, neither Fibra UNO nor its assets are subject to any type of legal action, other than those stemming from its routine operations and activity.
- Fibra UNO transmitted to the Trust 2585 a section of land from the "Mitikah" complex (Residential Landmark) for the construction of the residential tower. Trust 2585 is in charge of the build and transfer of a tower of housing units that will be built in that portion of Mitikah destined for the residential tower and whose estimated completion date will be June 2021. As of December 31, 2019, 2018 and 2017, Fibra UNO has estimated the value of the Residential Landmark at \$1,262,464, which is presented as other long-term accounts receivable in the accompanying consolidated statements of financial position.



- c. As part of the agreement for the acquisition of the "G-30" Portfolio, Fibra UNO is obliged to pay the cash flows needed for the conclusion of certain works currently in process, of \$5,700,000 approximately, of which \$5,437,000 has been already used.
- d. As mentioned in Note 14, Fibra UNO received a seriousness' deposit from Trust 2585 corresponding to the perpetuity rights for the use of the Mitikah parking lot, which will be applied when the project ends.
- e. In December 2019, Fibra UNO made a disbursement of \$ 600 million Pesos as a seriousness' deposit related to the acquisition of 6 properties in the industrial segment that are part of the group of properties called "Hercules"; It is estimated that this acquisition will be concluded in 2020. This transaction was endorsed and approved by the Corporate Practices Committee and the Technical Committee of Fibra UNO at its October 2019 session.

20. Transactions that did not affect cash flows

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

21. Subsequent events

- a. On March 6, 2020, Fibra UNO cancelled 10,000,000 CBFIs that it acquired through the CBFIs repurchase fund authorized through the Trustors' Meeting held on October 16, 2015, and that were in the repurchase fund as of December 31, 2019.
- b. On February 6, 2020, the Technical Committee of Fibra UNO approved, with the prior authorization of all of its independent members, distributions for the advance of the 2019 Fiscal Result and capital reimbursement of assets for \$2,318 million Pesos, which was paid on February 11, 2020.
- c. During the first quarter of 2020, the spread of the Coronavirus ("Covid-19") has impacts and the number of countries with greater severity increases. In March 2020, the World Health Organization declared to Covid-19 a global pandemic.

In Mexico, the Federal Health Ministry, through the Epidemiological and Sanitary Intelligence Unit (UIES) of the General Management of Epidemiology has issued the following notices as of the date of issuance of these financial statements:

- 1. On February 29, 2020, Mexico entered into Phase I according to international protocols; this stage refers to people who were infected outside the country, being able to continue activities in a normal way.
- 2. On March 11, 2020, the COVID-19 by SARS-CoV-2 was classified as a pandemic by the World Health Organization (Public Health Emergency of International Importance - ESPII).
- 3. On March 17, 2020, an epidemiological notice for the disease COVID-19 was issued for SARS-CoV-2. On this date, civil society spontaneously organizes to suspend classes in some private schools and call for voluntary isolation.
- 4. On March 24, 2020, Mexico went to Phase II, which consists of local transmission, that is, when the virus is transmitted between the inhabitants. In this phase, the general population is called to implement social distancing, the closing of schools in their entirety, and the closing of massive events, among other measures.
- 5. As of the date of these financial statements, the Federal Government has called for measures such as the closure of all government agencies, as well as all offices and shops except those that carry out essential activities, such as supermarkets, food sales, pharmacies, banks and energetics. Social distancing takes a more compulsory character.



It should be mentioned that currently there is no vaccine or specific treatment against this virus.

During this period Fibra UNO has taken considerable measures to mitigate the risk to communities, employees and commercial operations such as:

- i) On April 2, 2020, Fibra UNO notified its financial agent of the disposition of 50% of its revolving credit line, equivalent to \$ 6,737,000 plus USD \$ 205 million, to keep it available in cash with the sole purpose of strengthening the position of the Entity's liquidity during the current health contingency. The resources of such disposition must be received on April 7, 2020.
- ii) Keeping 50% of Fibra UNO's staff working from home to avoid infections,
- iii) Strengthening the cleaning and sanitation measures of its investment properties,
- iv) Supporting healthy distancing, leaving the proper separation between tables in all food consumption areas, as well as others that warrant it,
- v) Providing sanitizing substances in all properties.

On April 1, 2020, the Ministry of Finance and Public Credit updated its growth forecast for the Mexican economy in 2020, after the spread of the Coronavirus. The new estimate that dependency has, in the best scenario, shows a growth of 0.1 percent while, at worst, a contraction of 3.9 percent. This is due to the high level of uncertainty in view of the complexity of the epidemic situation, which makes it difficult to establish a specific forecast for growth for the national economy. The previous forecast was for growth of between 1.5 and 2.5 percent. For its part, Banco de México (the official Mexican Bank) released the growth forecast for the Mexican economy in 2020 published on April 1, 2020, which shows a contraction of 3.99 percent.

Covid-19 has already had a significant impact on global financial and economic markets, some of the main expected impacts for all industries, including those in which our tenants operate include, but are not limited to:

- Interruptions in production
- Cuts in the supply chain
- Staff indisposed
- Reduction of sales, profits or productivity
- Closing of facilities and stores
- Delays in planned expansion for the businesses
- Impossibility of obtaining financing
- Increase in volatility in the valuations of Financial Instruments
- Reduction of tourism, interruption of non-essential travel and in sports and cultural activities among others

Therefore, these impacts could have consequences, the severity of which are still uncertain, on the operational and financial performance of Fibra UNO, and may include one or more of those listed below without being limited to:

- Impairment of non-financial assets (including goodwill)
- Provision for expected credit losses
- Measurement at market value
- Provisions for onerous contracts
- Breaches of agreements
- Going concern
- Liquidity risk management
- Hedging relationships
- Benefits for termination of employment relationship
- Conditions and modifications of compensation based on the performance of actions
- Contingency considerations for contractual agreements
- Modifications of contractual agreements
- Tax considerations



22. Approval of consolidated financial statements

The accompanying consolidated financial statements as of December 31, 2019 were authorized for issuance on April 3, 2020 by the Audit Committee of Fibra UNO, consequently, these do not reflect the events that occurred after that date and are subject to the approval at the Trustee Committee Meeting, where they may be modified.

The consolidated financial statements as of December 31, 2018 and 2017 were approved by Fibra UNO's Audit Committee on April 10, 2019 and April 13, 2018, respectively, and approved by the Trustors' Committee Meeting on April 29, 2019 and April 27, 2018, respectively.

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