

# CONSOLIDATING

iconic properties



2018 ANNUAL REPORT

# ¿Why FIBRA DANHOS?

We are a Mexican real estate investment trust constituted primarily to develop, own, lease, operate and acquire iconic and premier quality real estate assets in Mexico. Our Current Portfolio consists of 15 properties that include, retail, offices and mixed-use projects. We consider that a property is iconic if it has the unique ability to transform the surroundings in which it is located, if it is in prime locations, it has been developed with the highest standards of construction and design, it is leased to high quality tenants and, in the case of shopping centers, it reports high traffic flow of visitors. Our strategy focuses mainly on shopping center and office segments. We are the first Fibra in Mexico focused on development, redevelopment, acquisition and management of retail, offices and mixed-use projects of premier quality, particularly in the Metropolitan Area of Mexico City ("CDMX") and in the Metropolitan Area of the City of Puebla.

- Simple and clear real estate strategy, efficient execution.
- Real estate developer, creating tangible value for shareholders.
- Portfolio of 15 Premier Quality Assets in Mexico City and Puebla.
- Focus on the domestic market / consumption.
- High visibility and low risk.
- Sound Capital Structure, with only 10% leverage.
- Best practices in Corporate Governance.
- Implementation of sustainability policies throughout the Fibra.
- Alignment of interests and incentives with the Control group.
- Experienced management team.





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# FIBRA DANHOS AT A GLANCE



**Parque Las Antenas**

🏢 108,834 sqm  
Retail



**Parque Puebla**

👤 1,649,387 🏢 71,368 sqm  
Retail



**Parque Delta**

👤 21,355,516 🏢 70,932 sqm  
Retail

We have a portfolio of 15 premier quality properties in the best locations; we focus on quality real estate, not quantity.



**Parque Durazos**

👤 3,252,222 🏢 16,219 sqm  
Retail



**Parque Tezontle**

👤 21,934,449 🏢 68,423 sqm  
Retail



**Parque Lindavista**

👤 12,329,416 🏢 41,558 sqm  
Retail



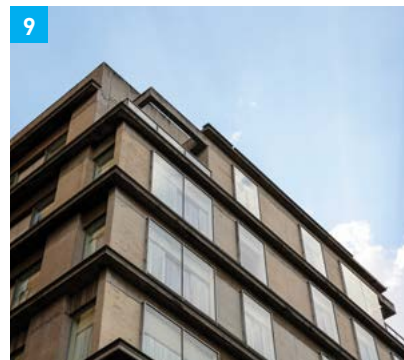
**Tereo Parque Central**

👤 14,027,129 🏢 92,703 sqm  
Mixed-use



**Parque Vía Vallejo**

👤 10,481,454 🏢 84,533 sqm  
Mixed-use



**Parque Alameda**

👤 3,350,201 🏢 15,755 sqm  
Mixed-use

10



### Reforma 222

15,404,246 44,692 sqm  
Mixed-use

# +110

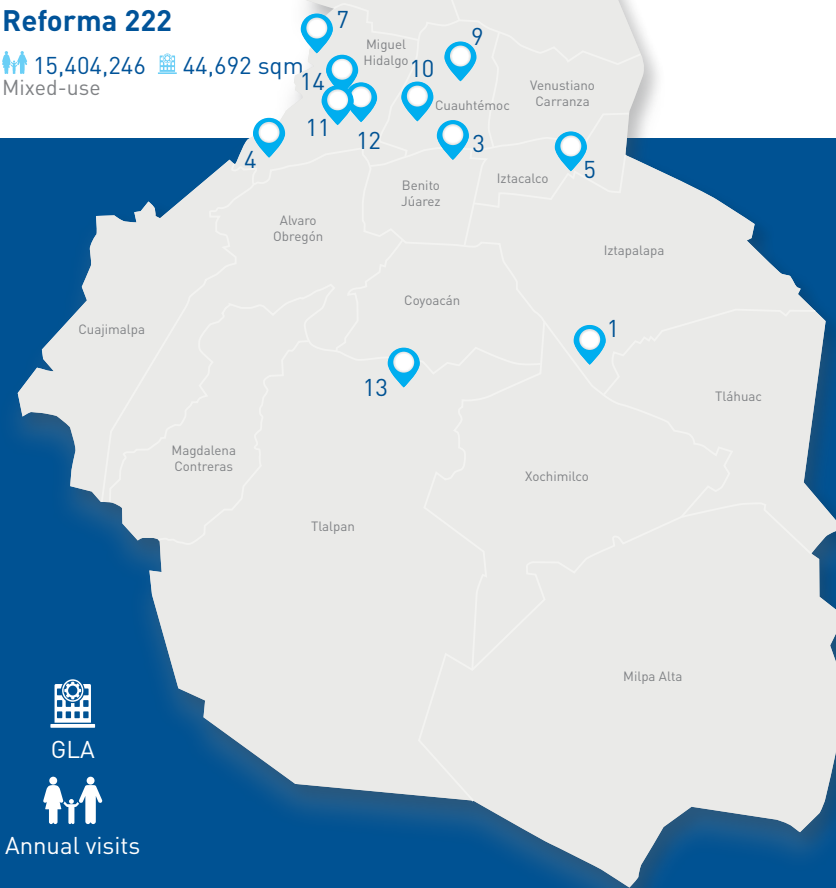
Million visitors  
in 2018

11



### Torre Virreyes

67,879 sqm  
Office



GLA



Annual visits

12



### Urbitec

12,912 sqm  
Office

13



### Parque Esmeralda

34,151 sqm  
Office

14



### Parque Virreyes

7,783 sqm  
Office



### Parque Tepeyac

35,000 sqm  
Under development

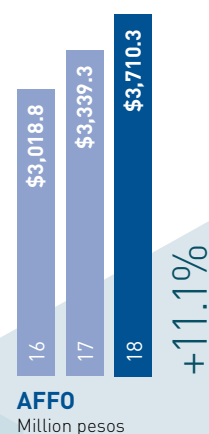
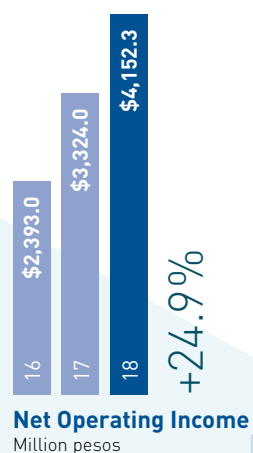
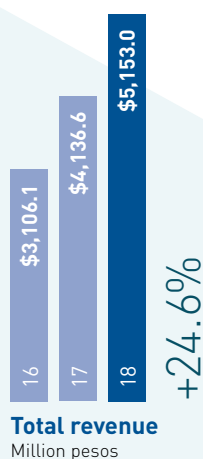
# RELEVANT

## Financial Data

Financial indicators	2018	2017	Change
Total revenue	\$ 5,152,971,813	\$ 4,136,664,162	24.6%
Net Operating Income (NOI)	\$ 4,152,300,948	\$ 3,324,039,219	24.9%
EBITDA	\$ 3,426,031,863	\$ 2,681,914,156	27.7%
Net profit	\$ 3,891,797,290	\$ 5,166,261,356	-24.7%
FFO	\$ 3,170,877,173	\$ 2,649,533,685	19.7%
AFFO	\$ 3,710,327,975	\$ 3,339,320,049	11.1%
AFFO per CBFI with economic rights	\$ 2.68	\$ 2.53	6.1%
Distribution to holders of CBFIs	\$ 3,322,529,464	\$ 3,015,422,488	10.2%
CBFIs with economic rights	1,384,387,277	1,322,146,046	4.7%
Distribution per CBFI with economic rights	\$ 2.40	\$ 2.28	5.3%

FFO (Flow from Operations)  
AFFO (Adjusted Flow from Operations)

Balance Sheet Relevant Data	2018	2017	Change
Cash and cash equivalents	\$ 1,808,607,828	\$ 3,088,324,660	-41.4%
Prepaid taxes	\$ 37,599,750	\$ 2,304,907	1531.3%
Investment properties	\$ 62,716,149,554	\$ 60,371,665,765	3.9%
Total assets	\$ 65,048,955,871	\$ 63,985,768,434	1.7%
Total debt	\$ 6,500,000,000	\$ 6,500,000,000	0.0%
Total liabilities	\$ 8,840,851,982	\$ 9,035,500,497	-2.2%
Total stockholders' equity	\$ 56,208,103,889	\$ 54,950,267,937	2.3%
Loan to value	10.0%	10.20%	-16.6



## NOI, Fixed rent and overage

Properties in Operation	NOI				Fixed rent and overage			
	2018	2017	2016	Chg. %	2018	2017	2016	Chg. %
<b>Retail</b>								
1. Parque Delta	666,330,922	623,040,518	394,545,409	6.9%	416,401,796	391,323,220	267,971,728	6.4%
2. Parque Durazos	86,852,174	81,634,297	72,494,956	6.4%	65,119,939	65,591,717	57,925,141	-0.7%
3. Parque Lindavista	359,662,716	329,503,427	304,370,019	9.2%	263,505,123	248,953,453	228,490,955	5.8%
4. Parque Tezontle	505,178,328	452,559,526	381,709,078	11.6%	364,853,204	328,683,544	285,395,631	11.0%
5. Parque Vía Vallejo	240,347,396	205,015,371	69,665,028	17.2%	255,195,780	235,125,601	99,391,767	8.5%
6. Parque Puebla	236,579,993	25,945,659	-	NA	190,600,378	33,700,071	-	NA
7. Parque Las Antenas	135,905,268	-	-	NA	119,607,254	-	-	NA
<b>Retail Subtotal</b>	<b>2,230,856,796</b>	<b>1,717,698,798</b>	<b>1,222,784,490</b>	<b>29.9%</b>	<b>1,675,283,474</b>	<b>1,303,377,606</b>	<b>939,175,222</b>	<b>28.5%</b>
<b>Office</b>								
8. Parque Esmeralda	118,158,782	109,926,715	97,746,036	7.5%	128,933,553	115,743,858	104,672,810	11.4%
9. Urbitec	49,840,413	44,779,166	40,098,011	11.3%	53,789,723	48,730,928	44,070,504	10.4%
10. Parque Virreyes	41,632,979	35,211,866	27,364,982	18.2%	44,383,357	38,302,659	30,687,698	15.9%
11. Torre Virreyes	586,588,137	470,534,734	331,486,619	24.7%	585,401,060	483,792,308	367,133,862	21.0%
<b>Office Subtotal</b>	<b>796,220,311</b>	<b>660,452,481</b>	<b>496,695,648</b>	<b>20.6%</b>	<b>812,507,693</b>	<b>686,569,753</b>	<b>546,564,874</b>	<b>18.3%</b>
<b>Mixed Use</b>								
12. Parque Alameda	42,563,698	37,190,212	37,226,905	14.4%	44,150,840	40,122,607	39,187,623	10.0%
13.1. Reforma 222 (Retail)	160,514,807	139,471,196	127,095,743	15.1%	131,986,032	116,351,721	116,628,924	13.4%
13.2. Reforma 222 (Office)	124,178,664	122,492,642	132,283,323	1.4%	129,976,365	131,407,742	121,389,289	-1.1%
14.1. Toreo (Retail)	408,463,230	359,448,587	332,188,887	13.6%	355,668,440	314,959,467	304,440,604	12.9%
14.2. Toreo (Tower A)	116,226,773	1,130,087	-	NA	126,296,833	3,115,416	-	NA
14.3. Toreo (Towers B and C)	225,318,590	183,342,571	52,278,757	22.9%	244,145,953	197,394,881	71,088,846	23.7%
14.4. Toreo (Hotel)	54,370,691	49,918,965	6,790,115	8.9%	55,406,333	50,982,303	6,828,360	8.7%
<b>Mixed Use Subtotal</b>	<b>1,131,636,453</b>	<b>892,994,260</b>	<b>687,863,730</b>	<b>26.7%</b>	<b>1,087,630,796</b>	<b>854,334,137</b>	<b>659,563,646</b>	<b>27.3%</b>
<b>Total</b>	<b>4,158,713,561</b>	<b>3,271,145,539</b>	<b>2,407,343,868</b>	<b>27.1%</b>	<b>3,575,421,963</b>	<b>2,844,281,496</b>	<b>2,145,303,742</b>	<b>25.7%</b>

## Main operating indicators

	2018	2017	2016	Chg % / bp
Gross Leasable Area (000' sqm)	882.1	771.7	694.6	14.3%
Occupancy Rate - Total Properties	90.6%	88.2%	85.8%	0.027
Occupancy Rate - Same Properties	98.3%	97.7%	97.6%	10
Average Monthly Fixed Rent per sqm	388.5	386.1	370.0	0.6%
Occupancy Cost	8.7%	8.7%	8.1%	70
Renewal Rate	98.1%	95.6%	99.6%	-17
Tenant Sales - Total Properties (000')	\$11,800,196,604	\$10,256,669,048	\$8,119,060,494	21.90%
Tenant Sales - Same Properties (000')	\$40,788	\$35,452	\$36,767	21.70%
Flow of Visitors - Total Properties	110,167,072	93,784,020	77,420,526	20.30%
Flow of Visitors - Same Properties	21,765,469	43,018,312	42,612,589	1.00%
Delinquency Rate	0.26%	0.53%	0.29%	24
Rent Loss	0.63%	0.85%	0.24%	61
Lease Spread	5.81%	10.40%	7.10%	330

# Letter to OUR SHAREHOLDERS

Despite a perspective of lower economic growth, internal consumption indicators for 2019 continue to show levels of confidence rising, inflation has begun to decline and the exchange rate has been revalued before less restrictive signals from the Federal Reserve and the Bank of Mexico. Consequently, there is an increase in the appetite for risk in the financial markets.

The 2018 results are satisfactory, with increases in our flow generation and stability in occupancy levels. Commercially speaking, we achieved significant closures during the year by leasing an additional 9,852 sqm in the Toreo office towers, we have reached an occupancy level of 71% that represents 88,253 sqm leased in this mixed-use complex. Parque Puebla completed the construction of the business hotel that began operations in the first quarter of 2019. Parque Las Antenas reached an impressive 83% of leased GLA and during the fourth quarter of 2018 the amusement park began operations. Its contribution to the high levels of affluence has been notable.

At the end of the year our financial structure is solid, with a 10% leverage. In the short term, we have scheduled the expiration of the floating rate debt, Danhos 16-2, which we intend to liquidate through the accumulation of undistributed cash flow, which will further improve our debt profile and liquidity index. The rest of our financial liabilities consists of two long-term debts in national currency, with maturities in 2026 and 2027 and a weighted average fixed cost of 8.14%.

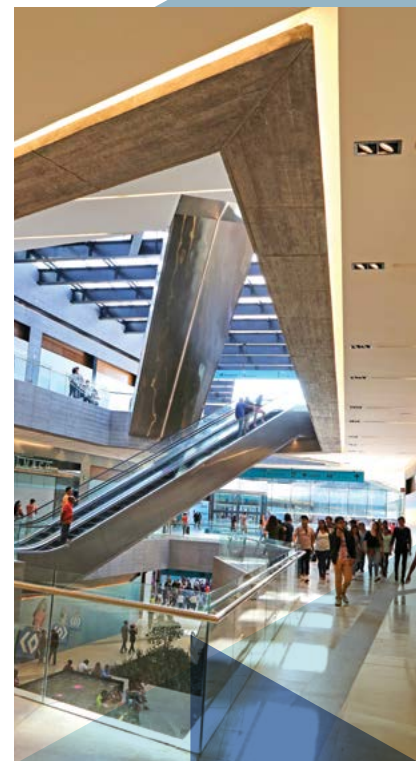
The CDMX government restarted activity after a period of partial closure, we have concluded the process for obtaining the necessary licenses and permits for Parque Tepeyac, and hope to resume the work during the first semester of 2019. We will continue with a 24 month development program and an estimated investment of 3,600 million pesos, of which 50% corresponds to us.

About 3,000 temporary jobs will be generated and once completed, 4,000 permanent jobs will be created.

The AFFO of 2018 was 3,710.3 million pesos, including Tenant admission payments (TAPS) of 365.9 million pesos, which represents an AFFO per CBFÍ of 2.68 pesos. The NOI excluding TAPS was 3,786.4 million pesos in 2018, which represents a growth of 24.6% compared to the previous year. Based on these results, our Technical Committee approved dividend distributions during the year for a total of 2.40 pesos per CBFÍ, which represents a growth of 5.2% against the dividend distributed in 2017, while the undistributed resources amounted to 324 million pesos, which will be used for various corporate purposes, including debt payment.

We will seek to continue growing selectively, offering the market the best developments, and analyzing investment opportunities that are profitable and viable for our investors. Likewise, aware that our integral business model impacts diverse stakeholders, we included in this report a sustainability section that describes relevant issues in economic, ethical, social and environmental matters. I thank our team of collaborators, advisors and shareholders for the trust placed in us to achieve these results.

**Salvador Daniel Kabbaz Zaga**  
CEO, Fibra Danhos





# Properties in OPERATION

Retail	Opening	State / Municipality	GLA	% GLA	% Occupation	Parking spaces
Parque Alameda	2003	Cuauhtémoc, Mexico City	15,755	1.7%	98.5%	308
Parque Delta	2005/2016 (expansion)	Benito Juárez, Mexico City	70,932	7.7%	99.8%	2,969
Parque Duraznos	2000	Miguel Hidalgo, Mexico City	16,219	1.8%	96.1%	968
Parque Las Antenas	2018	Iztapalapa, Mexico City	108,834	11.9%	82.9%	3,300
Parque Lindavista	2006	Gustavo A. Madero, Mexico City	41,558	4.5%	99.6%	2,299
Reforma 222 (Retail)	2007	Cuauhtémoc, Mexico City	24,295	2.6%	99.0%	690
Parque Puebla	2017	Puebla, Puebla	71,368	7.8%	77.3%	3,496
Parque Tezontle	2007/2015 (expansion)	Iztapalapa, Mexico City	68,423	7.5%	99.3%	2,993
Toreo Parque Central (Retail)	2014	Naucalpan, State of Mexico	92,703	10.1%	99.1%	3,400
Vía Vallejo	2016	Iztapalapa, Mexico City	84,533	9.2%	95.1%	4,721
<b>Retail Subtotal</b>			<b>594,620</b>	<b>64.8%</b>	<b>93.0%</b>	<b>25,144</b>
<b>Office</b>						
Reforma 222 (Office)	2007	Cuauhtémoc, Mexico City	20,398	2.2%	92.3%	690
Toreo (Towers B and C)	2016	Naucalpan, State of Mexico	64,432	7.0%	82.2%	1,500
Toreo (Tower A)	2017	Naucalpan, State of Mexico	62,605	6.8%	56.4%	1,500
Toreo (Hotel)	2016	Naucalpan, State of Mexico	17,297	1.9%	100.0%	400
Parque Esmeralda	2000	Tlalpan, Ciudad de México	34,151	3.7%	100.0%	1,636
Torre Virreyes	2015	Miguel Hidalgo, Mexico City	67,879	7.4%	100.0%	2,258
Urbitec	2009	Miguel Hidalgo, Mexico City	12,912	1.4%	88.6%	501
Parque Virreyes	1989	Miguel Hidalgo, Mexico City	7,783	0.8%	100.0%	251
<b>Office Subtotal</b>			<b>287,457</b>	<b>31.3%</b>	<b>85.5%</b>	<b>8,736</b>
<b>Total Portfolio in Current Operation</b>			<b>882,077</b>	<b>96.2%</b>	<b>90.5%</b>	<b>33,880</b>
<b>Current Development Portfolio</b>						
Parque Tepeyac	2021e	Northeast of Mexico City	35,000	3.8%	NA	2,000
<b>Current Development Portfolio total</b>			<b>35,000</b>	<b>3.8%</b>	<b>NA</b>	<b>2,000</b>
<b>Total Portafolio</b>			<b>917,077</b>	<b>100.0%</b>	<b>90.5%</b>	<b>35,880</b>

# Business MODEL

## *MARKET*

Focused on premier quality and iconic real estate market.

## *CHANNELS*

We are recognized for our ability to develop premier quality iconic properties, which subsequently allows us to attract modern and attractive tenants.

We have a leasing and marketing team with more than 40 years of experience.

## *CUSTOMER RELATIONSHIPS*

We establish and maintain an efficient two-way communication relationship with all our tenants, as well as an investor relations department, which allows us to have a virtuous cycle of information and continuous improvement.

## *OPERATING FLOWS*

We have more than 110 million visitors per year and an average occupancy rate of 98.3% in same properties and 90.6% in total properties, which provides high and constant operating flows.

## *KEY RESOURCES*

Iconic properties of premier quality assets capable of transforming economic and social dynamics within its influence area, strong client base and high quality tenants, experienced team in construction, management, operation and leasing capabilities.

## *KEY ACTIVITIES*

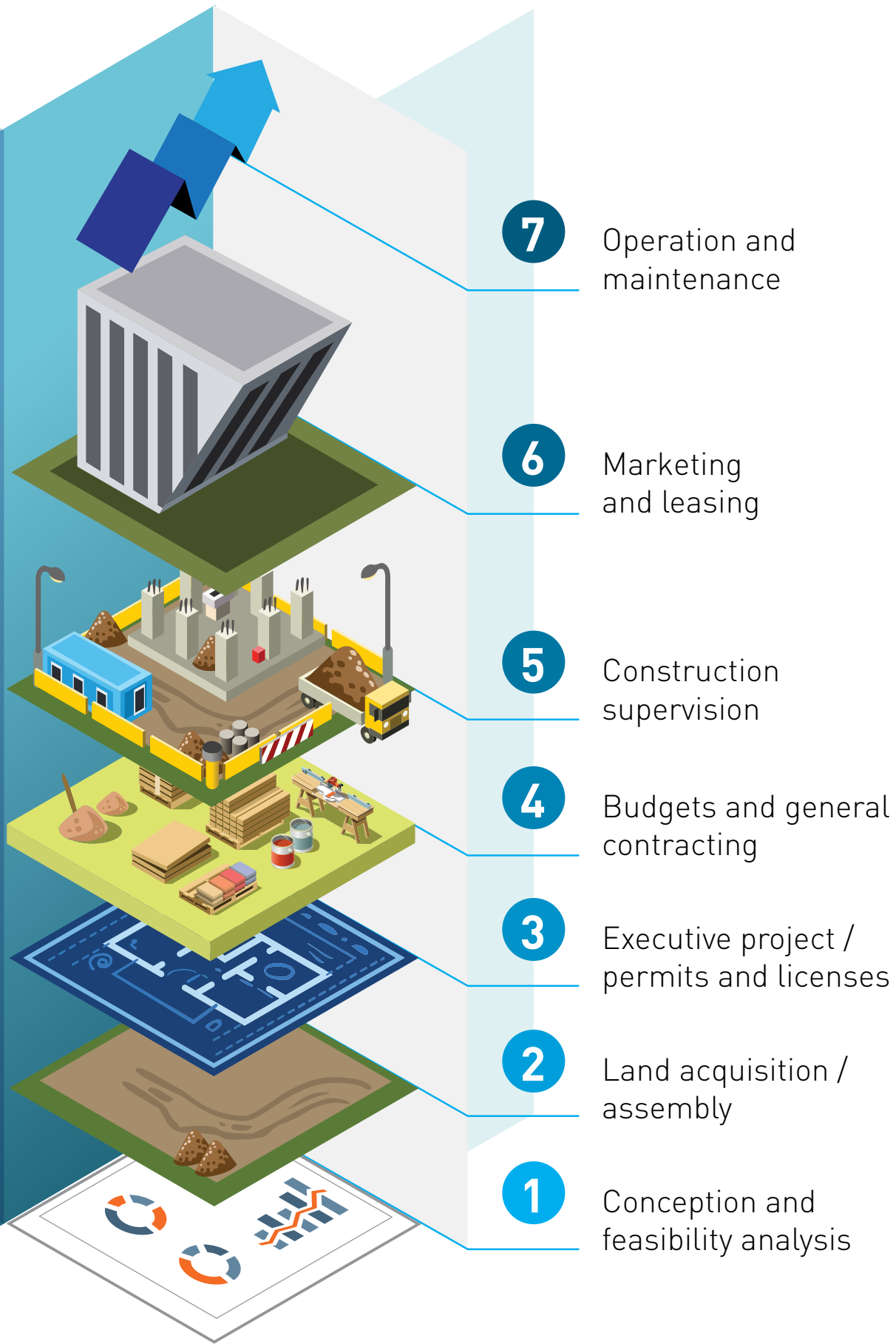
Experienced technical skills for development of complex and demanding projects that provide entry barriers for competitors. Always at the forefront in the use of technology that allows us to efficiently manage and maximize the potential of our properties.

## *ADMINISTRATIVE TEAM AND KEY PARTNERS*

Management team at Fibra Danhos has an accumulated average experience of more than 24 years in the real estate sector. Additionally, they rely and report to a Technical Committee, integrated by highly recognized members with an average age of 60 years. This expertise is reflected in the good performance of our portfolio, including high occupancy levels.

## *COST STRUCTURE*

Most of our operating costs target the achievement of performance and satisfaction of our customers. Our constant growth translates in economies of scale and more bargaining power with suppliers, and resources in general.



# Parque LAS ANTENAS

The development of Parque Las Antenas reinforces the strategic focus of Fibra Danhos in the Metropolitan Zone of Mexico City, which is the largest market in the country. The project is located in the limits of the Iztapalapa and Xochimilco delegations where there is a high population density, as well as a lack of quality commercial and entertainment options, opening a great opportunity to capture the demand of the area. Also, the connectivity of the area will improve significantly with the work to continue the second floor of the Peripheral to the limits of the delegation Iztapalapa with the municipality of Nezahualcóyotl in the State of Mexico, and with the reopening of line 12 of the Metro, which will allow the influx of families from other delegations and municipalities. The project has the participation of Liverpool and other anchor stores, cinemas, restaurants, boutiques, a supermarket and services such as banks and telephone service centers, as well as a unique amusement park in the area.



GLA:  
108,834 sqm



Parking spaces:  
3,300



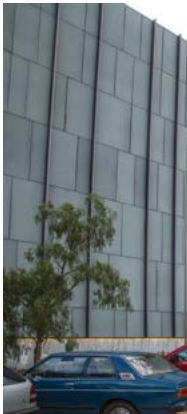
GLA:

71,368 sqm



Parking spaces:

3,496





# Parque PUEBLA

Our first premier quality development outside the metro area of Mexico City provides diversification in geographical terms, and presence in the fourth largest city in the country and an important economic center with a population of around 3 million people. Our shopping center of more than 200,000 sqm of construction work was completed in a record period of 13 months, and has immediately become a landmark in the northeast of Puebla, incorporating an efficient blend of commercial and entertainment formats and services. We have started the construction of a business class hotel and an aquarium in the region. This new concept of educational entertainment will occupy an exhibition area of around 10,000 sqm and will offer our visitors a unique concept in the area.





GLA:  
70,932 sqm

Parking spaces:  
2,969



# Parque DELTA

Recognized as one of the most profitable shopping centers per square meter in the country. Since its opening, Parque Delta has been one of the most successful shopping centers per square meter in the country, in terms of visitors and income. It is anchored by a department store, a self-service store, a cinema and more than 160 retail establishments with restaurants and shops. The expansion of Parque Delta concluded in 2016 and has been very successful, incorporating renovated spaces and new retail components.



# Parque DURAZNOS

Parque Durazos was the first lifestyle shopping center in the country. Its opening restored the corporate interest to move to the Durazos-Ciruelos corridor in the west of Mexico City. Constructed with high quality standards, our shopping center received the CEMEX Award for design in 2009.



GLA:

16,219 sqm

Parking spaces:

968

# Parque TEZONTLE



GLA:  
68,423 sqm



Parking spaces:  
2,993

Until 2016, it was the highest private investment in Iztapalapa borough. Fibra Danhos was acknowledged by the local authorities for this outstanding development. With 231 retail spaces, it contributed to consolidate an area that has become a regional sub-center detonating economic activity. An expansion was carried out in 2015, that refreshed its image, renovated spaces and incorporated new commercial formats.

# Parque LINDAVISTA

Located in a middle class, well-consolidated neighborhood in the north of Mexico City, it immediately filled an unattended demand to shop within a modern and comfortable environment. Parque Lindavista won the ADI Award for the best commercial development in 2006. It is anchored by a department store with 4 levels, cinemas, sports gym and more than 160 retail stores.



GLA:  
41,558 sqm

Parking spaces:

2,299



# TOREO PARQUE CENTRAL

Toreo Parque Central is a mixed-use project located on the land plots of the old “Toreo de Cuatro Caminos” on the border between Mexico City and the State of Mexico; one of the busiest crossings in the metropolitan area. Its convenient location right next to Periferico, one of the main highways of Mexico City, is only 35 minutes away from the International Airport, and only five minutes from Torre Virreyes. Toreo Parque Central is the most important private real estate investment in the State of Mexico, and one of the most important real estate developments in the country. We recently complemented its already successful retail offer with the incorporation of a 25,000 sqm Liverpool department store that immediately improved traffic flow. In 2014, it received the “Obras” award for the best mixed-use development in the country, and the ADI prize for the best real estate development.



GLA:

92,703 sqm



Parking spaces:

3,400



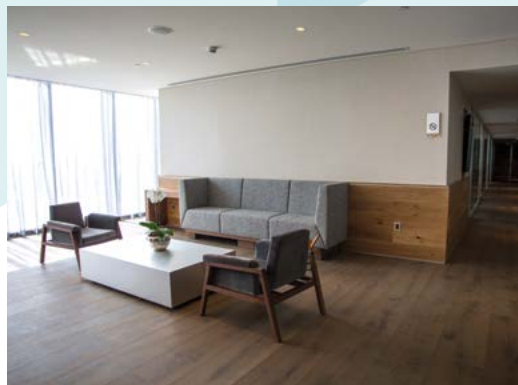


Parking spaces:

400

GLA:

17,297 sqm



# TOREO HOTEL

Toreo hotel began operations in October 2016. It is operated by Grupo Posadas under the Fiesta Americana brand (5 stars). It has 252 luxury rooms, restaurants, business center, meeting rooms and other amenities.

# Parque VÍA VALLEJO



GLA:  
84,533 sqm



Parque Vía Vallejo is the largest shopping center in the Metropolitan Area of Mexico City; it opened in 2016 and includes a “lifestyle” retail component, as well as the possibility of developing additional retail, office or housing components. The project contributes to the urban regeneration of the Vallejo industrial zone, with efficient transportation connectivity that allows access to jobs and services in a highly populated region. The area offers a favorable perspective of economic and demographic growth.



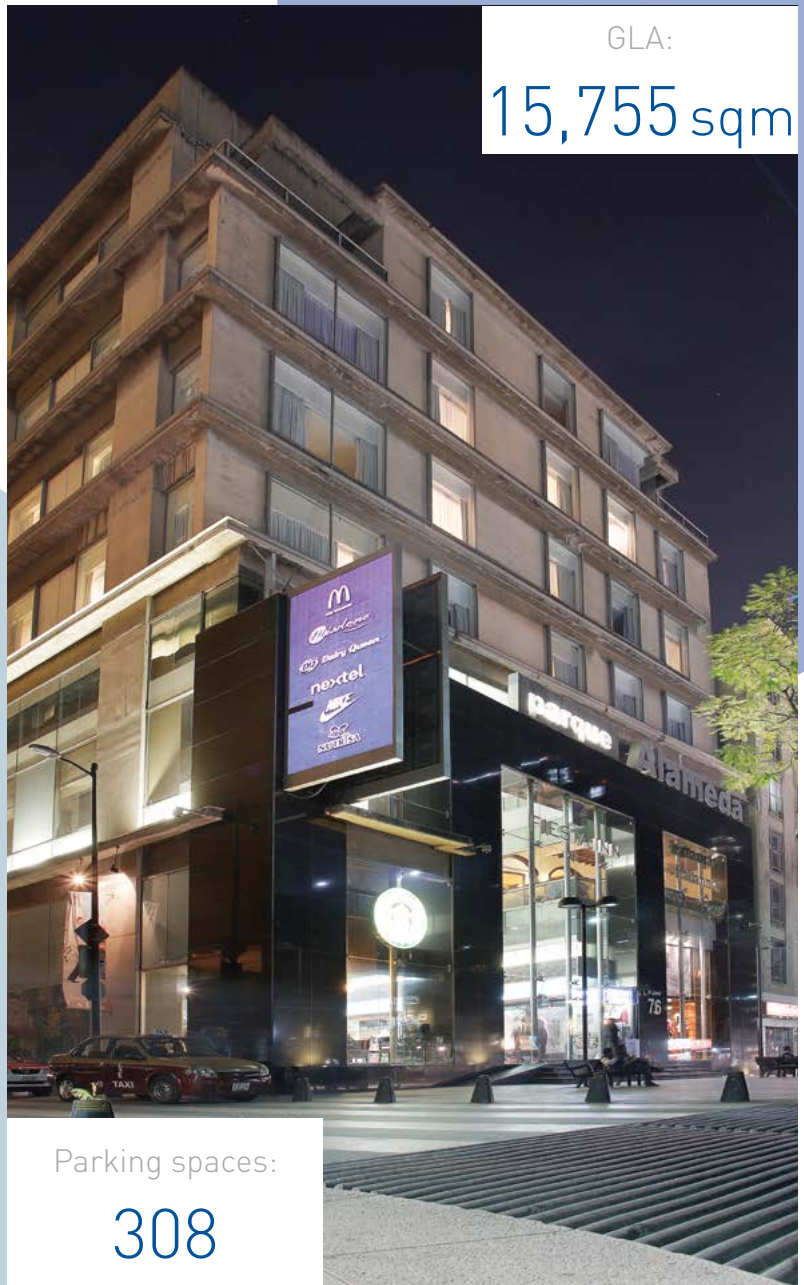
Parking spaces:  
4,721

# Parque ALAMEDA

Paseo Alameda was part of a major effort to revitalize Mexico City's Historic Downtown. Parque Alameda is a mixed-use development that includes a shopping center and a very successful hotel. The architectonic project recreates the traditional commercial passages of the Historic Downtown, while connecting two avenues of great affluence.



GLA:  
15,755 sqm



Parking spaces:  
308





GLA:  
44,692 sqm



Parking spaces:  
1,380

# REFORMA 222

Reforma 222 radically changed the design and dynamics of Paseo de la Reforma corridor, as it was the first major development built in the area in more than half a century. Reforma 222 project includes an exclusive shopping center, AAA rated offices and one of the most spectacular residential buildings in Mexico City.

# Toreo TOWERS B & C

We are precursors of the development of this office corridor in the north of Mexico City, located just five minutes away from Lomas de Chapultepec. Office spaces in Toreo Parque Central have been widely accepted in the market due to its convenient location, access and advantages offered by a mixed-use complex. We have signed leases that represent 85% of its GLA. Our tenants include AT&T, Bancomer, IOS Offices, GfK Mexico, Merck, Nielsen, OHL, Old Navy and Grupo Axo.



GLA:

64,432 sqm

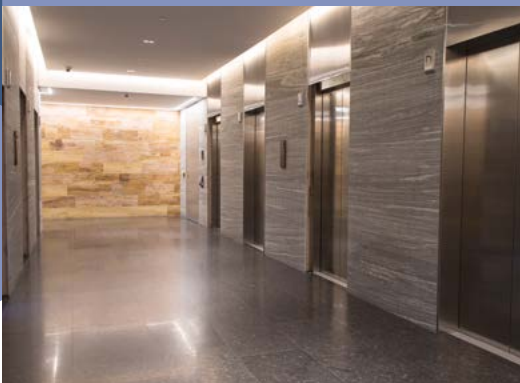


Parking spaces:

1,500

Parking spaces:

1,500



GLA:

62,605 sqm

# Toreo TOWER A

With a lease progress of more than 40% of its GLA, Tower A, not only marks the conclusion of Toreo Parque Central, but also the fulfillment of 100% of the development commitments announced in our IPO. Our office inventory of Tower A allows us to continue serving a potential market of AAA tenants that show interest in the property and the area.

# Torre VIRREYES

Torre Virreyes is 100% leased at levels that exceeded our initial expectations and the average Lomas Palmas corridor. It brings together a mix of corporate and retail AAA tenants, becoming a benchmark in Mexico City, offering a level of excellence in facilities and services, complemented by very generous public spaces.



Parking spaces:

2,258

GLA:

67,879 sqm



# URBITEC



GLA:

12,912 sqm



Parking spaces:

501



Urbitec development consists of three office properties, located in Bosques de las Lomas, considered to be one of the best neighborhoods in Mexico City.

# Parque ESMERALDA

Parque Esmeralda was conceived as the first office campus in Mexico City. The corporate building consists of 3 towers with 10 levels each. Each tower is independent, since it has a central core of services, which gives autonomy to each block.



GLA:  
34,151 sqm



Parking spaces:

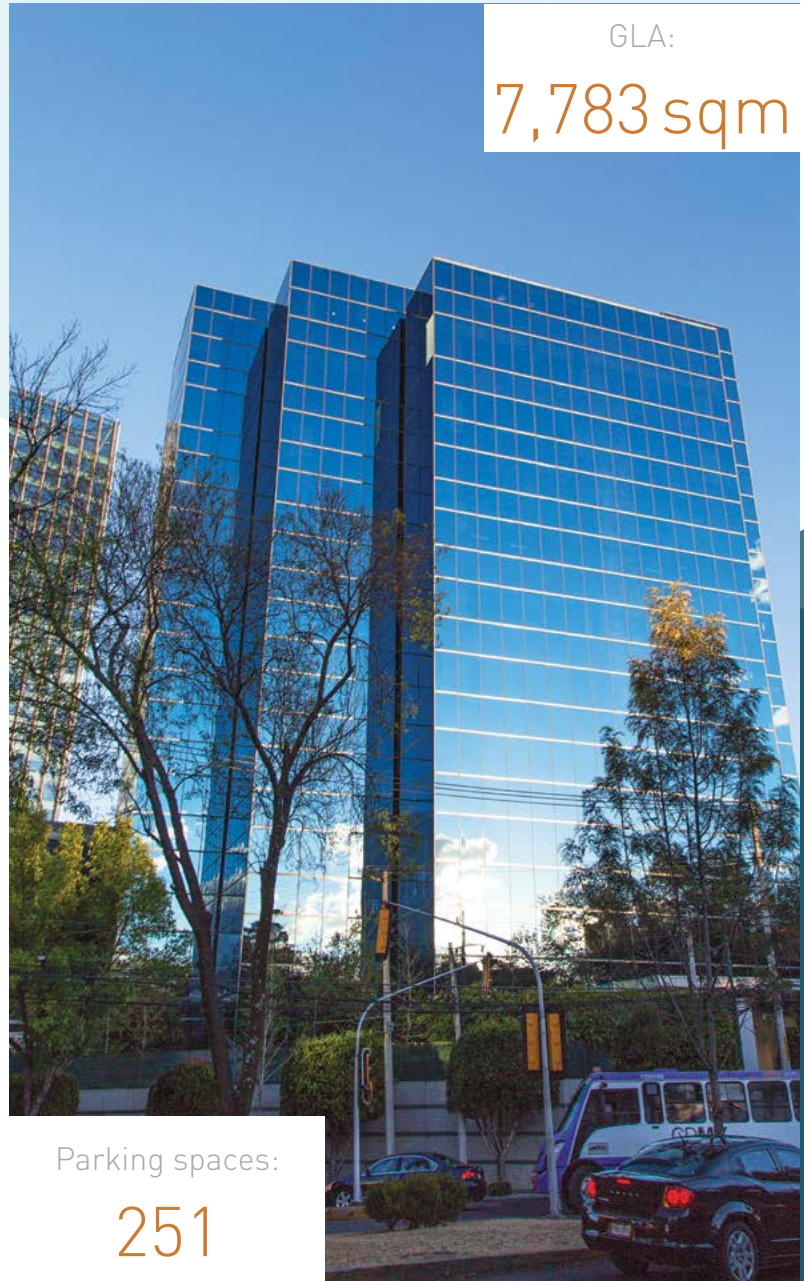
1,636

# Parque VIRREYES

Office tower built in 1989, which has remained as one of the most attractive buildings in the lower part of Las Lomas de Chapultepec. In the 25 years since its opening, the area and its surroundings have consolidated as one of the most important conglomeration of offices in Mexico City.



GLA:  
**7,783 sqm**



Parking spaces:  
**251**







GLA:  
35,000 sqm

# Parque TEPEYAC

This new mixed-use development is located in the northeastern part of Mexico City, an area with high population density and housing and commercial vocation. We will participate in the development of a shopping and entertainment center in the north east of Mexico City called Parque Tepeyac. Fibra Danhos has a 50% participation in this project.

Fibra Danhos will be in charge of management, construction, operation and administration. We also signed an investment agreement with Liverpool to participate as an anchor store in the shopping center. We have signed a lease contract with a chain of cinemas, and are in talks with sub-anchors and other concepts for their incorporation into the project. We hope to have this new development ready during 2021.

The estimated total commercial area is approximately 108,000 sqm, including anchor stores and the GLA of Fibra Danhos (50%) will be approximately 35,000 sqm. Our estimated net investment will be approximately 1,800 million pesos, including land. Tepeyac Park has all necessary permits, including studies on urban and environmental impact and rights.

# SUSTAINABLE

## Focus

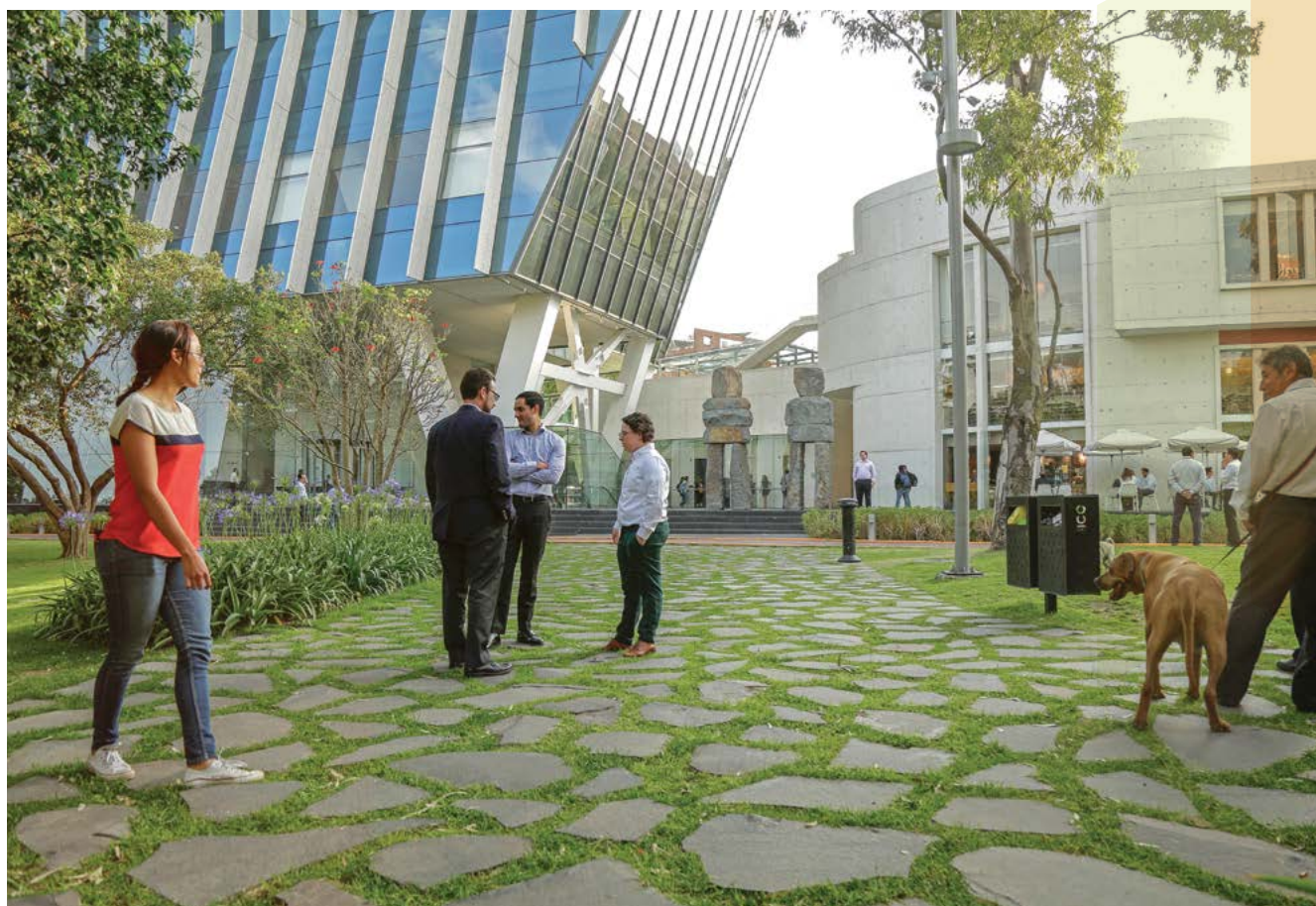
### Materiality assessment

In order to better understand the needs and expectations of our stakeholders and the sector, in 2018 we undertook a materiality assessment with the support of a team of experts in environmental, social and governance (ESG) matters. Our materiality allows us to develop a report that demonstrates in greater detail information on major issues of interest to our audience, and include the issues significant to our organization. Moreover, this study allowed us to identify trends, risks and opportunities that are observed by the sector and social groups.

The materiality assessment is integrated into our short, medium, and long-term strategies with our stakeholders, both inside and outside the organization. It was an undertaking that entailed an understanding of the economic, social and environmental impacts that are inherent to our operations and in our value chain.

The results obtained from that analysis are depicted in the following matrix. The necessary aspects quadrant shows the material issues for Fibra Danhos, the sector and institutions. In that same way, we were able to identify areas of opportunity that we will pay attention to and monitor over the medium term; these appear in the urgent issues quadrant.

**In 2018 we conducted our first materiality assessment.**





Corporate governance issues	Environmental issues	Social issues
A CSR management	M Environmental management system	T Talent attraction and retention
B Corporate governance	N Material /product management	U Employee satisfaction
C Risk management	O Energy consumption	V Human capital development
D Ethics and integrity	P Biodiversity	W Labor practices
E Corruption / bribery / transparency	Q Climate change and other atmospheric emissions	X Occupational health and safety
F Brand management	R Water resource management	Y Human rights
G Financial issues	S Waste /effluent management	Z Community social impact
H Operations		XY Stakeholder relations
I Supply chain management		YZ Supplier standards
J Product /quality responsibility		
K Research and development		
L Customer-relationship management		

According to the risk factors, the material issues for Fibra Danhos are:

- CSR management
- Corporate governance
- Ethics and integrity
- Brand management
- Operations
- Environmental management system
- Climate change and other atmospheric emissions
- Water resource management
- Talent attraction and retention



**Our Technical Committee is currently comprised of 11 members, three of whom are independent (27%) in compliance with existing law.**

#### **Our essence**

#### **Corporate governance**

**2018 marked a milestone in our history, because as part of Fibra Danhos' commitment to continuous improvement, we decided to strengthen the institutionalization of all our processes.**

Fibra Danhos has a solid corporate governance system that represents the foundation orienting our actions for maintaining the confidence of our investors, and strengthening enduring ties with all of our stakeholders.

The Technical Committee is the maximum governing body of Concentradora Fibra Danhos, S.A. de C.V., while Administradora Fibra Danhos S.C. is the company to which Concentradora has delegated the management and administration of contract operations. The Technical Committee can be comprised of up to 21 members and, in accordance with existing laws, 25% of them must be independent.

Our Technical Committee has extensive experience in managing diverse issues related to the Mexican real estate industry, and committee members have worked in a wide variety of businesses and economic cycles.

**The members of our Technical Committee bring**

**+200 years**

**of accumulated experience in diverse aspects the Mexican real estate industry.**

The Technical Committee determines the strategies needed to bolster our development capacities, selective acquisitions, and stable cash payouts in order to meet our objective of providing attractive long term returns to Holders of our real estate trust certificates (Certificados Bursátiles Fiduciarios Inmobiliarios, CBFIs).

In order to meet this and other objectives, the work of our Technical Committee is supported by diverse Committees –Auditing, Nominations, Practices, Innovation and ESG– that contribute to our Fibra’s strategic management. Their substantial understanding and broad knowledge of the industry allow for Fibra Danhos’ growth and the operation of a portfolio of iconic and premier quality properties located primarily in the Mexico City Greater Metropolitan Area and other urban centers in Mexico that also boast robust commercial or business activity.

**Fibra Danhos has the market’s clearest and most concise commission structure.**

**45%**  
**of shares are held by the controlling group, the highest percentage in the market; an arrangement that facilitates the alignment of our interests and decision-making.**

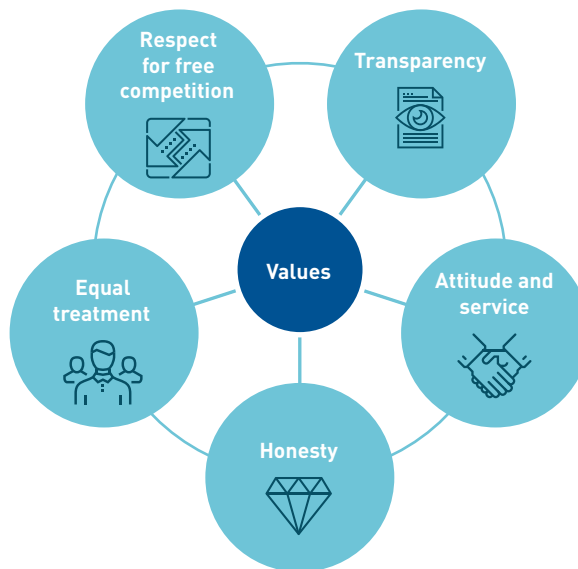
**Ethics and integrity**

<b>Our Mission</b>	To create, operate and innovate with knowledge, experience and passion premier quality commercial real estate assets that stand out for their identity and quality of life.
<b>Our Vision</b>	We intend to become the Fibra of choice for the development of iconic and quality real estate assets.

*Ethical principles*

	<b>Integrity</b>
	<b>Objectivity</b>
	<b>Professional diligence and competence</b>
	<b>Confidentiality</b>
	<b>Professional behavior</b>

At Fibra Danhos we believe that healthy and productive labor relations are vital for the proper functioning of every organization. For that reason, and through our Code of Ethics, we promote as the basis of our relationship with our employees, suppliers and clients, the following values:



*Code of Ethics*

At Fibra Danhos we regard respect, integrity and professionalism as fundamental axes of our activities. We are convinced that discipline and compliance with our ethical principles is what allows us to fulfill our commitment to Mexico’s development, which is why we implement our Code of Ethics as a performance directive. We encourage our employees to apply it in their daily business in order to maintain the Company’s soundness and reputation, and in that way continue to generate our characteristic economic value and social wellbeing.

We regard respect for human rights as an essential principle in our operations and in our dealings with stakeholders.

At Administradora Fibra Danhos we work to ensure compliance with our Code of Ethics, and do so with a preventative focus, providing our employees with tools for reporting compliance failures or any other concerns.



**Sustainability policy**

Establishes our vision in terms of sustainability, which governs decision making in managing the business and generating value.

**Stakeholder relations policy**

Supplies a common understanding of the keys for identifying our stakeholders, Fibra Danhos' active relationship with them, and their integration into the operation, as well as giving consideration to their expectations when defining our vision of sustainability.

**Sustainable procurement policy**

Compiles efforts in our daily practice for achieving the legal, social, and environmental guidelines directed at the procurement of goods and services.

**Anticorruption policy**

Designed to spell out the organization's guidelines in matters of preventing, detecting and reporting acts of corruption and money laundering that might arise within Fibra Danhos.

**Environmental policy**

As part of Fibra Danhos' commitment to sustainability, we establish strategies for the rational and efficient use of the natural resources necessary for developing the activities of the real estate assets we manage, as well as to mitigate our operations' impact on the environment.

**Our commitment to the environment  
Environmental management system**

At Fibra Danhos we are committed to caring for and preserving the environment. For that reason, we promote the creation of solutions that contribute to mitigating our impact. We have policies and systems that help us to gauge the impacts of our activities.

In this way, we promote responsible water and energy consumption, as well as proper waste management and the mitigation of emissions both inside and outside the company, generating a change of consciousness and habits and, therefore, increased savings.

**Climate change and other atmospheric emissions**

Climate change is especially important to Fibra Danhos as we are committed to taking actions that reverse or mitigate the damage inflicted on the planet, and to recovering the environmental conditions necessary for the survival of future generations.

**Throughout our operations we generate**

**24,412.45**  
**tons of greenhouse gases.**

**We intend to supply up to 90% of common areas at Fibra Danhos properties with renewable energy.**



#### *Water resource management*

Fibra Danhos is firmly committed to caring for resources, and for that reason we monitor and follow-up on our water impact for the purpose of reducing it through various initiatives.

**We consumed 496,770 m<sup>3</sup> of water from the municipal network, 46% of our total consumption.**

**We consumed**

**350,208 m<sup>3</sup>**  
in water services.

**We have our own water extraction system, which generated during the year**

**240,562 m<sup>3</sup>**  
of groundwater.

In keeping with this commitment, we have residual water treatment facilities through which we managed to generate 308,970 m<sup>3</sup> of treated water; 28% of that amount was reused for things such as irrigation and toilet flushing.

**This year we recycled**

**132,209 m<sup>3</sup>**  
of water.



## Our talent

### Attracting and retaining talent

It is of utmost importance to Fibra Danhos to have the best human talent because we know it will help us expand profitability and fulfill the Company's objectives. For this reason, we seek to attract and retain the most competent and professional employees through daily recognition of their competencies, as well as by reiterating values to instill loyalty to Fibra's identity.

Our personnel Recruitment, Selection and Hiring Policy sets the guidelines for these procedures, which are centered on evaluating the knowledge and skills of each candidate while avoiding any form of discrimination owing to gender, age, disabilities, sexual orientation, among other factors.

Given our firm commitment to employee growth, we strive to fill job openings directly from within the Company. We conducted evaluations and issued calls for our employees to fill those jobs. In doing so, we assessed the profiles, knowledge and psychometrics, as well as the candidate's performance and trajectory within Fibra Danhos.

# 208

employees in Mexico City and Puebla



139

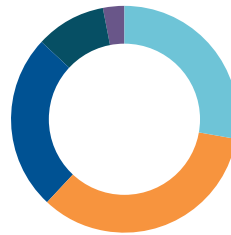


69

## Women occupy

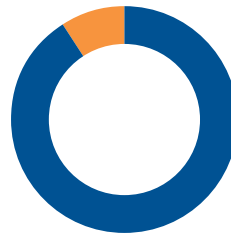
# 50%

of senior management positions.



### Personnel by age group

- 18-29 years old: 28%
- 30-39 years old: 34%
- 40-49 years old: 25%
- 50-59 years old: 10%
- 60-69: 3%



### Type of contract

- Open-ended 91%
- Fixed-term 9%

We offer competitive benefit plans that exceed legally mandated levels as we seek to retain the best talent and contribute to improving their quality of life. Given that we regard all our employees as management personnel, we provide them with benefits and the best of working spaces and conditions conducive to their personal and professional development. Furthermore, salaries are set in keeping with each position's level of responsibility and duties, and in this way we achieve equal opportunities, and goals fulfillment. During 2018, we established an employee savings plan, into which 10% of each associate's nominal salary is deposited.

Moreover, every year we evaluate each employee's performance. An initial evaluation is made of newly hired personnel to determine whether they should be issued an open-ended contract.

**During 2018, we conducted performance evaluations of 82% of our personnel, 6.5% of whom were promoted.**





For purposes of improving our working environment, each year we conduct a work climate survey. In 2018, 53% of our personnel participated, and cited as their main concerns improved benefits, expanded training, and increased communications across areas of the company.

Thanks to the outstanding working environment we have created, we maintain very low turnover, a demonstration of the success of our retention strategy. In 2018, we recorded 15.42% turnover.

#### **Training**

We endeavor to prepare all our employees not only in the skills necessary to excel in their duties, but also in tools useful for their personal development. For that reason, we especially promote cultural diversity and the defense of Human Rights. We assure equality and non-discrimination in all our processes and operations.

We organize discussions and talks about gender equality, human rights, ethics and integrity, health and safety, as well as developing talent management skills.

In addition, during 2018 we entered into an alliance with Bancomer to provide financial education to our employees with plans for financial workshops dealing with issues such as secure banking options, and personal finance.

Fibra Danhos is a profitable and upstanding company with a variety of short and medium term projects. Our people are our most important asset. We are a great place in which to work and grow.

#### **Health and safety**

We know that the excellence of our service depends in large part on the conditions in which our employees strive to achieve impeccable quality in their daily labors. For that reason, we believe it is highly important to focus our efforts on their health and safety. During 2016 we began providing all our employees Major Medical insurance policies with coverage of up to 40,000.000 pesos for each event.

In corporate offices and properties we provide our employees with the initial medical care of paramedic services. At all properties we also have civil protection programs and internal brigade committees –trained in first aid, firefighting, evacuations, search and rescue– in the event of any contingencies at such installations.

Moreover, any deficiencies in this regard are communicated to the Human Capital Unit, which along with Senior Management reviews any occupational hazards, their respective causes and solutions.

# Analysis of RESULTS

## **Total operating revenue:**

During 2018, Total Operating Income was \$ 5,153 million pesos, which represents an increase of 24.6% over 2017. This increase is mainly due to the consolidation of some of our properties including Toreo Parque Central in its commercial components, of office and hotel, the operation and economic occupation to 100% of Torre Virreyes, Vía Vallejo and Parque Puebla, as well as the incorporation of Parque Las Antenas to our Portfolio in Current Operation. Of the total operating income of Fibra Danhos, Fixed Income accounted for approximately 65%, Variable Income represented approximately 4.4%, revenue for Single Considerations represented approximately 7%, parking revenues represented approximately 8.2%, and maintenance income, operation, advertising and others accounted for approximately 15.3%.

## **Base rent:**

Fixed Income for Fibra Danhos reached \$ 3,346.4 million pesos during 2018, which represents an annual increase of 28.5% with respect to 2017. This increase is mainly due to the consolidation of some of our properties, including Toreo Parque Central in its commercial, office and hotel components, the operation and economic occupation to 100% of Torre Virreyes, Vía Vallejo and Parque Puebla, as well as the incorporation of Parque Las Antenas to our Current Operation Portfolio.

## **Overage**

Income from overage reached \$ 229 million pesos during 2018, which represents an annual decrease of 4.9%. This decrease is mainly due to a conversion of overage to fixed income of some of our tenants in Parque Delta and Parque Tezontle.

The organic growth (same properties) in Fixed Income and overage during the year was 10.6% with respect to 2017.

## **Tenant admission payments:**

The Tenant admission payments (accounting) totaled \$ 366 million pesos during 2018, which represents an annual increase of 28.3% with respect to 2017. The Tenant admission payments (cash flow) totaled \$ 305.1 million pesos, this figure is less than the \$ 436.6 million obtained during 2017. This growth trend in NOI combined with lower cash flow from Tenant admission payments is observed throughout the year, and means a more stable and predictable cash flow generation from our Operating Portfolio, derived from a smaller development pipeline and the increase of stabilized properties in operation.

## **Parking revenue:**

Fibra Danhos' parking revenue reached \$ 421.5 million pesos in 2018, which represents an annual increase of 14.7% with respect to 2017. This increase is caused by the annual increase in rates in some of our commercial components and the increase in flow of vehicles in our properties such as Parque Puebla, as well as the incorporation of Parque Las Antenas to our Current Operation Portfolio.

## **Maintenance, operation advertising and other revenue:**

The income from Maintenance, Operation, Advertising and Other of Fibra Danhos reached \$ 790.2 million pesos in 2018, which represents an annual increase of 23.5% with respect to 2017. This increase is due to the maintenance fees, operation and advertising derived of the consolidation of some of our properties including Toreo Parque Central, Vía Vallejo and Parque Puebla, as well as the incorporation of Parque Las Antenas to our Operational Portfolio.

## **Expenses**

### **Operating Expenses:**

Fibra Danhos' total operating expenses were \$ 1,727 million pesos during 2018, which represents an increase of 18.7% versus 2017. This increase is mainly due to the recognition of operating expenses of the projects included in the Operating Portfolio, as well as projects that were consolidating during 2018. Of the total operating expenses, operating, maintenance, advertising and other expenses accounted for approximately 43%, the Advisory Commission for 35%, the Commission for Representation Services for 6%, administration 1.3%, property tax expense 7.4% and insurance expenditure 2%.

### **Operating, Maintenance and Advertising Expenses:**

Operating, maintenance, advertising and other expenses of Fibra Danhos reached \$ 739.7 million pesos in 2018, which represents an annual increase of 29.9%. This increase is mainly due to the recognition of operating expenses of the projects incorporated into the Current Operating Portfolio, as well as projects that were under consolidation during 2018, including Toreo Parque Central, Vía Vallejo and Parque Puebla, as well as the opening of Parque Las Antenas.

### **Advisory and Representation Services fees:**

The Advisory and Representation Services fee of Fibra Danhos totaled 609.1 million pesos and \$ 100.3 million pesos, respectively, representing an increase of 10.2% and 18.4% with respect to 2017.

The increase in the Advisory fee is mainly due to the increase in the Investment Properties that serve as the basis for the calculation, as well as the percentage for the calculation that increased from 0.9375% to 1.0% on Investment Properties, as it is established in the Documents of the Initial Public Offering.

The increase in the Representation Services fee is mainly due to the increase in the revenues collected and invoiced that serve as a basis for the calculation.

### **Third party expenses and others:**

The third party expenses Fibra Danhos, which mainly include the fees paid to our accounting, legal and tax advisors, as well as independent appraisers, totaled \$ 117.2 million pesos in the year 2018

### **Property Tax and Insurance:**

Property and insurance expenses reached \$ 127.1 million pesos and \$ 33.6 million pesos in 2018, respectively. This 0.8% decrease is mainly due to a fluctuation in the property tax of our properties.

Additionally, in the case of insurance, although we observe a decrease derived from the fluctuation, the premiums in our policies have variations because they are quoted in US dollars, the increase is mainly due to the opening of Parque Las Antenas.

## **Other Income (Expenses)**

### **Financial income, financial expenses and foreign exchange gain (net):**

Financial income of Fibra Danhos totaled \$ 80.2 million pesos in the 2018 fiscal year, mainly derived from the investment of the cash balance in fixed income securities. In the same period, the financial expenses (accounting) of Fibra Danhos totaled \$ 333 million pesos, while the exchange gain was \$ 6.6 million pesos, derived mainly from the appreciation of the dollar with respect to the Mexican peso.

### **Income taxes of the subsidiary**

The income form taxes the of the subsidiary correspond to the Administrator, which is an entity that declares and taxes all. In fiscal year 2018, the subsidiary's income taxes totaled \$ 2.63 million pesos.

### **Adjustment to the fair value of Investment Properties (net):**

The adjustments to the fair value of the Investment Properties as of December 31, 2018 and 2017 were 727.7 million pesos and \$ 2,520.1 million pesos, respectively. These adjustments are derived from the difference of appraisals made by independent appraisers that determine the market value of our Investment Properties annually with quarterly adjustments.

## NOI, EBITDA, Net Profit, FFO and AFFO

### Net Operating Income:

The Net Operating Income of Fibra Danhos reached \$ 4,152.3 million pesos in 2018, which represents an annual increase of 24.9% with respect to 2017. Organic growth (same properties) during the year was 12.5%. The net operating margin, excluding the income from tenant admission payments, was 79.1% for 2018, slightly higher than the 78.9% margin reported in 2017.

### EBITDA:

EBITDA of Fibra Danhos reached \$ 3,426.0 million pesos in 2018, which represents an annual increase of 27.7% with respect to 2017. The EBITDA margin was 66.5% in 2018 versus the 64.8% reported in 2017.

### Net Income, FFO and AFFO:

Net Income, FFO and AFFO of Fibra Danhos for 2018 totaled \$ 3,891.8, \$ 3,170.9, and \$ 3,710.3 million pesos, respectively. These figures represent variations of -24.7%, 19.7% and 11.1%, respectively, with respect to the results obtained in 2017.

Mexican Pesos	2018	2017
Net Income	3,891,797,290	5,166,261,363
Exchange rate gain-Net	(6,827,971)	(3,406,365)
Adjustment to the fair value of investment properties - Net	727,748,088	2,520,134,043
<b>FFO</b>	<b>3,170,877,173</b>	<b>2,649,533,685</b>
Capital expenditures		
Net Tenant admission payments	(60,845,507)	151,388,627
Net anticipated rents	3,189,217	(5,116,639)
Net straight-line effect	(15,217,792)	(16,166,996)
Net property tax and insurance unaccrued	(6,120,788)	(701,893)
Net Advisory and Leasing admin fees	618,445,671	560,383,265
<b>AFFO</b>	<b>3,710,327,975</b>	<b>3,339,320,049</b>

### Cash distributions:

Due to the solid generation of cash from our Operating Portfolio during 2018, Fibra Danhos reached an AFFO of \$ 3,710.3 million pesos, which represents an AFFO per CBFi with economic rights of \$ 2.68 pesos. In this sense, our Technical Committee determined a distribution to our holders of CBFIs in 2018 corresponding of \$ 2.40 pesos per CBFi, which represents a growth of 5.2% with respect to the distribution of \$ 2.28 pesos per CBFi made in 2017, keeping in cash for uses different corporate entities the equivalent of \$ 0.28 pesos per CBFi.

**DANHOS 16:** 3,000,000,000.00 (three billion 00/100 Mexican pesos) with a fixed nominal rate issued for a 10-year period with a 7.80% coupon rate (Mexican 10-year bond yield + 185 basis points).

**DANHOS 16-2:** 1,000,000,000.00 (one billion 00/100 Mexican pesos) with a floating rate issued for a 3.5-year period with a TIIE28 + 65 basis points coupon rate.

**DANHOS 17:** 2,500,000,000.00 (two thousand five hundred million 00/100 Mexican pesos) with a fixed nominal rate issued for a 10-year period with an 8.54% coupon rate (Mexican 10-year bond yield + 169 basis points).



Debt	Institution/ Issuance	Currency	Interest rate	Issuance	Maturity	Tenor (years)	Balance	
Bonds	Local (DANHOS 16)	MXN	Fixed	7.80%	11-jul-16	29-jun-26	7.52	3,000,000,000
Bonds	Local (DANHOS 16-2)	MXN	Variable	TIIE + 0.65%	11-jul-16	23-dec-19	0.99	1,000,000,000
Bonds	Local (DANHOS 17)	MXN	Fixed	8.54%	10-jul-17	28-jun-27	8.52	2,500,000,000
			<b>Avg.</b>	<b>8.30%</b>		<b>Avg.</b>	<b>6.90</b>	<b>6,500,000,000</b>

Including our third issuance, our outstanding debt is 85% fixed and 15% floating. All debt was issued in pesos, the average weighted maturity of the debt is 6.90 years and our average cost of debt was 8.30% as of December 31, 2018.

Covenants as of 4T18	Fibra Danhos	Limit	Status
Loan to value (total debt/total assets)	10.0%	50%	OK
Secured debt Limit	0%	40%	OK
Debt Service coverage ratio (AFFO)	7.76x	1.5 x min	OK
<b>Unencumbered assets to unsecured debt</b>	<b>993%</b>	<b>150%</b>	<b>OK</b>

#### Current Development Portfolio and Growth Plan

We have fulfilled 100% of the development commitments made during the IPO. We continue working on the development of Parque Tepeyac, whose opening is scheduled for 2021. We have multiplied the GLA of our Portfolio in Initial Operation 3.8 times and have added more than 615,143 square meters of premier quality to our portfolio since October 2013.

As of December 31, 2018, Fibra Danhos' Current Operating Portfolio consisted of fourteen properties, with an GLA of 882,067 square meters with an occupancy rate of 98.3% and 90.6% of total properties. Parque Tepeyac is under development and will start operations in 2021.

#### Flow of Visitors

Our commercial portfolio registered an annual influx of visitors of 110 million, an increase of 18.0% with respect to 2017. The occupation to same properties registered a stable level of 98.3%, while the occupancy to total properties was 90.6%, an increase of 0.7% and 1.6% respectively with respect to 2017.

#### Occupancy cost

The Occupancy Cost of the most significant institutional commercial tenants in terms of GLA and Fixed Income (the cost incurred associated with the occupation of a location, which includes Fixed Income, Overage, as well as maintenance fees for common areas and advertising expressed as a percentage of the sales of said tenants), was 8.7% in 2018, slightly higher than 8.5 calculated for 2017. In this same period, the Renewal Rate (result of dividing the gross profitable area of the premises that were renovated in a given period, between the gross total profitable area of the portfolio) was slightly lower, from 99.38% in 2017 to 98.10% in 2018.

#### Delinquency rate

The Delinquency rate (payment of the rent with a delay greater than 60 days as a percentage of the annualized Fixed Income revenues of the respective period) in the properties of our Initial Operating Portfolio was 0.26% in 2018 and represents a decrease against the 0.53% reported in 2017. Income Loss (overdue portfolio greater than 180 days as a percentage of annualized Fixed Income income for the respective period) was 0.63% in 2018, having a decrease of 22 bp with respect to 2017.

# Technical COMMITTEE

## **David Daniel Kabbaz Chiver**

### **Chairman of the Technical Committee**

*Related Member · Age 72*

He is one of the founding partners of Grupo Danhos and has over 40 years of experience in the development and management of iconic and premier quality real estate assets, as well as in acquisitions and financing of real estate projects. Mr. David Daniel is part of the Council of Presidents of the Monte Sinaí Jewish community of Mexico and has been at key positions in several institutions and organizations of the national and international Jewish community, including a position as Governor of the University of Tel Aviv in 1990. He is also a member of the "300 most influential leaders of Mexico", a recognition given by the publication "Mexican Leaders". Mr. David Daniel studied architecture at the National Autonomous University of Mexico.

## **Salvador Daniel Kabbaz Zaga**

### **Vice-Chairman of the Technical Committee and CEO**

*Related Member · Age 45*

He has over 25 years of experience in real estate including the design, development and administration of shopping centers and premier quality offices. Prior to joining Grupo Danhos in 1993, Mr. Salvador Daniel developed several architectural projects for office buildings in Mexico City. Already in Grupo Danhos, he participated in the elaboration of the architectural project of Parque Duraznos and one of the buildings of Urbitec, among others. He has also served several positions in the Monte Sinaí Jewish community of Mexico. He is currently President of the Association of Real Estate Developers (ADI). Mr. Salvador Daniel has a degree in architecture from the Anáhuac del Norte University, and studied Master's Degree in Real Estate Management and Construction Companies at the University of Madrid.

## **Carlos Daniel Kabbaz Chiver**

Mr. Carlos Daniel studied in different schools in Mexico City; He participated in Industrial Engineering courses applied to clothing in Mexico and Canada. He worked in the Clothing Factory "Festival" as a Partner and Director of the Production Department as well as in the "Vel-Form Corsetería" Factory in Mexico. He was founding Partner and Director of the Lingerie Factory Industrial Group "Antinea". Currently participates as a Partner in different Retail Boutiques.

## **Luis Moussali Mizrahi**

*Related member · Age 42*

He is Vice President of the Vitraccoat Group, a leading company in the manufacture of industrial coatings. He has 17 years of experience as a partner and investor in retail, industrial and office real estate projects.

## **Isaac Becherano Chiprut**

*Related member · Age 49*

Managing Partner of Grupo Inmobiliario Diana, a real estate company in the retail, office and residential segments; Founding Partner and General Director of Orotec International, a leading company in the manufacture of jewelry in Mexico; Managing Partner of Becherano y Asociados, S.C., financial advisory and business planning firm and founding partner and member of the Board of Directors of Sunny Fields, a company dedicated to agroindustry.

## **Alberto Zaga Hop**

Founder of Textiles Electrónicos, one of the largest textile companies in Mexico and which he currently owns. Mr. Alberto Zaga is a treasurer of the Mount Sinai Jewish Community of Mexico, as well as a member of the Chamber of the Textile Industry in Mexico City. During his business career he has also been a counselor for several banking and financial institutions, such as Multibanco Mercantil de México and BBVA Bancomer. Mr. Alberto Zaga has a degree in Business Administration.

## **Lino de Prado Sampedro**

*Related member · Age 72*

Public Accountant from Escuela Bancaria Comercial, being distinguished alumni. Commendation to the civil merit granted by His Majesty the King Juan Carlos I; Commendation of number of Isabel La Católica granted by His Majesty King Felipe VI. He has participated in the promotion and development of Mexico in successful projects in different key sectors of the economy: Chairman of the Board of Directors of Zara and all its associated brands, actively participating in its expansion since its inception; Board Member of the Bajío restaurant chain; Board member of Grupo Redegal, a software development and marketing company online with presence in Spain, Mexico and Colombia.



### **Adolfo Kalach Romano**

*Related member · Age 57*

Founding Partner of Avante Textil, a textile company, where he has served as Director of Fabric and Finishing for 13 years; He has extensive experience in the real estate sector, since 1984 he has led promotion, construction and administration of AAA distribution centers, with approximately 1,000,000 sqm built and has since 2004 entered the hotel sector with the construction of 2 resorts with 850 rooms, 14 restaurants, convention halls, in an area of 130,000 sqm. He is a Public Accountant graduated from Universidad Iberoamericana.

### **Francisco Gil Díaz**

*Independent member · Age 73*

President of Telefónica México and Chairman of the Board of Directors of Avanzia. He has held several key positions in the Mexican public sector, including that of Secretario de Hacienda and member of the Board of Governors at the Banco de México. He also participates as an independent board member in Bancomer, in the Mexican Stock Exchange and is also a member of the advisory board of Chrysler de México and Exi. He is also a member of the governing body of Universidad Iberoamericana, the Anderson School of Business of the University of California at Los Angeles and the Board of the PhD program of the Rand Corporation in Santa Monica, California.

### **José Antonio Chedraui Obeso**

*Independent member · Age 71*

He is a Mexican businessman that since 1965 has held the position of Managing Director, and since 1988 serves as Chairman of the Board of Directors of Grupo Comercial Chedraui. He has also been Chairman of the Board of Directors of ANTAD (National Association of Supermarkets and Department Stores).

### **Pilar Aguilar Pariente**

*Independent member · Age 49*

She is a counselor and investor for high growth companies in the venture stage. She was General Director of Endeavor México (2011-2016), an organization focused on promoting the growth of the Mexican economy through the support of high impact entrepreneurs. She was Director of Human Capital at Bain and Company in Mexico (2006-2011), Director of Commercial Intelligence at Telefónica Móviles (2006) and served as Director of Corporate Development at Satmex (1998-2000). She is currently a member of the Board of Directors of Zurich Vida, Zurich Seguros México and Kubo Financiero. She also belongs to the board of directors of Special Olympics Mexico and the board of Laureles Foundation.

# INDEPENDENT

## Auditors' Report

# Deloitte.

Galaz, Yamazaki,  
Ruiz Urquiza, S.C.  
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**To the Technical Committee and Trustors of Fideicomiso Irrevocable No. F/17416-3 (Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex, División Fiduciaria) and Subsidiaries**

### Opinion

We have audited the consolidated financial statements of Fideicomiso Irrevocable No. F/17416-3 (Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex, División Fiduciaria) and Subsidiaries (the "Entity" or the "Trust"), which comprise the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in trustors' capital and consolidated statements of cash flows for the years then ended, and notes to the 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 Irrevocable No. F/17416-3 (Banco Nacional de México, S.A., integrante del Grupo Financiero Banamex, División Fiduciaria) and Subsidiaries as of December 31, 2018, 2017 and 2016, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. ("IASB").

### Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated Financial Statements section of our report. We are independent of the trust with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants (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 which, in our professional judgment, have been of the greatest significance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements taken as a whole, and in the formation of our opinion thereon, and we do not express a separate opinion on those matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.



## **Valuation of Investment Properties**

As explained in Note 7 to the accompanying consolidated financial statements, to estimate the fair value of the investment properties, with the support of an independent expert, it selects the valuation techniques it considers most appropriate under the specific circumstances of each investment property. The assumptions related to the estimates of the fair values of the investment properties include, among others, the procurement of the contractual rentals, the expectation of future market rentals, renewal rates, maintenance requirements, discount rates which reflect the uncertainties of current markets, capitalization rates and recent transaction prices.

Based on a sample of properties selected randomly, we tested the information contained in the valuation of the investment property, including the lease revenues, acquisitions and capital expenses, comparing them with that recorded by the Trust. Such information was then tested and substantiated against the lease agreements that were duly signed and approved, and we reviewed the respective support documentation. For the properties in development, we made random selections and reviewed the cost recorded as of this date and recorded in accounting and ascertained that the costs incurred are similar in other fully completed projects. Based on the reports presented by the construction supervisor, we obtained a sample of the total cost reported at the review date and verified the support documentation of such expenses.

We met with the independent appraisers and obtained the valuation reports of all the properties. We analyzed such reports and confirmed that the valuation method of each property was applied in conformity with International Accounting Standard 40 "Investment Properties" and that the use in the determination of the book value was appropriate for financial statement purposes. Furthermore, we involved our internal valuation specialists to compare the valuations of each property against our market value expectation, and also reviewed and challenged the valuation methodology and assumptions considered by the independent appraiser. For this purpose we used evidence of comparable market operations and focused specifically on properties where the growth in capital values was higher or lower compared to market indexes.

We questioned the methodology and reasoning of the Trust's management for the valuation of the investment properties, based on the above assumptions, and concluded that the values are fair.

## **Recognition of lease revenues**

Once the Trust has established that it has a contract from which revenues are generated, it should assess which are commitments assumed and which represent obligations to the lessees. It will also have to determine the time at which the benefits and obligations have been transferred to the lessee with regard to the use of the spaces, which, together with other factors, will determine the initial recognition of the respective revenue.

The revenues associated with operating leases are recognized systematically for accounting purposes over the lease term, taking into account the incentives granted, such as grace periods, as well as the minimum payments which include considerations received at the beginning of the leases. Contingent rentals (such as variable rentals) are recognized when they are generated. The lease term is the noncancelable period of the contract, including additional periods for which the lessee has a renewal option, when at the beginning of the lease, management has a reasonable assurance that the lessee will exercise such option.

Pursuant to the foregoing, our procedures included, among others, the review of the commercial terms of the contracts to determine the appropriate moment to begin recognition of the revenues. We analyzed the rights and obligations established in the contracts and assured ourselves that all these elements were contemplated and accounted for correctly, and we inquired about and corroborated the elements used by management to determine the contingent revenues, among other procedures.

## **Tax compliance to maintain the status as a FIBRA in accordance with the Income Tax Law.**

As discussed in Note 1 to the consolidated financial statements, to maintain its status as a FIBRA, the Mexican Tax Administration Service ("SAT") has established, in articles 187 and 188 of the Income Tax Law, that the Trust must annually distribute at least 95% of its net tax result to the holders of its CBFIs, apart from other requirements. The test of compliance with such articles was significant for our audit because it is the fundamental going concern principle of the Trust. As a result, our audit procedures included the review of the annual tax result of the Trust and the involvement of tax experts to evaluate compliance with the principal requirements contained in such articles under the laws in effect as of December 31, 2018. Given the importance of the aforementioned matter, a change in the entity's status based on the Income Tax Law may have a material effect on the consolidated financial statements. The results of our audit procedures were reasonable.

## **Other information included in the document containing the consolidated financial statements**

Management of the Trust is responsible for the other information. The other information will include the information that will be incorporated into the Annual Report which the Entity is required to prepare in conformity with article 33, section I, subsection b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and Other Stock Market Participants in Mexico, and the Instructions which accompany those provisions ("the Provisions"). The Annual Report is expected to be available for reading after the date of this audit report.

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

In relation with our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or appears to contain a material misstatement. When we read the Annual Report, we will issue the legend on the reading of the annual report, as required in Article 33, Section I, subsection b) numeral 1.2 of the Provisions.

## **Responsibilities of Management for the Consolidated Financial Statements**

Management of the Trust is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management of the Trust determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Trust's management is responsible for overseeing the Trust's financial reporting process.

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

Our objective is 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 an 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 the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 consolidated 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 the Trust 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 adequate evidence about the financial information of the entities or business activities within the Trust in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Trust. We remain solely responsible for our audit opinion.

We communicate with the Trust's management about, among other matters, the scope and the timing of the performance of the planned audit and the significant audit findings, as well as any material internal control deficiency that we identify during the course of the audit.

We also provide to the Trust's management a statement that we have complied with applicable ethical requirements in relation to independence and communicated with them about all the relationships and other matters which might be reasonably expected to have an effect on our independence and, as the case may be, the related safeguards.

From the matters communicated with those charged of Trust's management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.**  
Miembro de Deloitte Touche Tohmatsu Limited

**C. P. C. Cesar Roman Navarrete Esparza**

Mexico City, Mexico

March 13, 2019

# Consolidated Statements of FINANCIAL POSITION

As of December 31, 2018, 2017 and 2016  
(In Mexican pesos)

	Notes	2018	2017	2016
<b>Assets</b>				
<b>Current assets:</b>				
Cash, cash equivalents and restricted cash	5	\$ 1,808,607,828	\$ 3,088,324,660	\$ 2,445,656,408
Lease receivables and other receivables	6	402,240,593	448,387,766	533,609,317
Accounts receivable from related parties	13	793,288	5,389,558	64,729,516
Recoverable taxes, mainly Income Taxes		37,599,750	2,304,907	121,053,178
Prepaid expenses, mainly commissions to be amortized and others		27,156,963	24,197,582	11,592,029
Total current assets		2,276,398,422	3,568,604,473	3,176,640,448
<b>Non-current assets:</b>				
Investment properties	7	62,716,149,554	60,371,665,765	55,044,271,556
Acquisition of technological platform		13,287,101	14,016,090	13,943,542
Other assets		10,000,000	10,000,000	7,500,000
Machinery and equipment		22,911,806	14,465,805	6,120,342
Deferred income tax of subsidiary		10,208,988	7,016,301	5,674,000
Total non-current assets		62,772,557,449	60,417,163,961	55,077,509,440
<b>Total assets</b>		<b>\$ 65,048,955,871</b>	<b>\$ 63,985,768,434</b>	<b>\$ 58,254,149,888</b>
<b>Liabilities and trustors' capital</b>				
<b>Current liabilities:</b>				
Short-term financial liabilities	12	\$ 1,000,000,000	\$ -	\$ -
Interest payable on financial liabilities		217,875,405	218,913,060	114,038,889
Deferred lease revenue		360,136,899	310,499,229	190,326,018
Trade accounts payable and accrued expenses	11	56,230,830	192,928,447	90,155,840
Prepaid lease		39,174,502	39,108,432	60,719,173
Accounts payable to related parties	13	190,416,516	184,942,223	518,239,633
Tax payable		69,533,984	57,585,850	5,571,309
Total current liabilities		1,933,368,136	1,003,977,241	979,050,862
<b>Non-current liabilities:</b>				
Long-term financial liabilities	12	5,462,500,832	6,452,720,449	3,967,746,985
Deferred lease revenue		1,034,433,630	1,202,608,816	1,249,238,492
Deposits of tenants		397,290,015	366,234,292	315,323,934
Employee benefits	9	13,259,369	9,959,699	8,448,799
Total liabilities		6,907,483,846	8,031,523,256	5,540,758,210
<b>Trustors' capital:</b>				
Trustors' capital	14	42,383,005,320	43,610,750,525	44,608,464,372
Retained earnings		13,072,255,847	10,878,899,354	7,126,970,274
Other comprehensive loss for the year		(2,154,136)	(1,075,211)	(1,093,830)
Controlling interest		55,453,107,031	54,488,574,668	51,734,340,816
Non-controlling interest		754,996,858	461,693,269	-
Total trustors' capital:		56,208,103,889	54,950,267,937	51,734,340,816
<b>Total liabilities and trustors' capital</b>		<b>\$ 65,048,955,871</b>	<b>\$ 63,985,768,434</b>	<b>\$ 58,254,149,888</b>

# Consolidated Statements of Profit or Loss and Other **COMPREHENSIVE INCOME**

For the years ended December 31, 2018, 2017 and 2016  
(In Mexican pesos)

	Notes	2018	2017	2016
Fixed rental revenues		\$ 3,346,441,358	\$ 2,603,591,802	\$ 1,989,336,678
Variable rental revenues		228,967,634	240,689,801	155,967,064
Deferred lease revenue		365,925,798	285,231,182	161,290,583
Parking revenues		421,461,742	367,305,390	300,990,879
Maintenance and advertising revenues		790,175,281	639,845,987	498,563,463
		5,152,971,813	4,136,664,162	3,106,148,667
Advisory fees	13	609,094,198	552,475,415	463,892,046
Representation fees	13	100,285,549	84,697,987	81,956,062
Administration expenses		117,174,886	19,258,564	13,079,734
Operation and maintenance expenses		739,690,898	639,919,739	514,475,811
Property tax		127,108,282	128,171,406	88,936,994
Insurance		33,586,136	30,226,896	27,746,831
Interest income		(80,173,400)	(113,293,979)	(80,614,944)
Interest expense		332,969,621	130,441,513	21,526,292
Foreign exchange gain – Net		6,560,786	18,406,362	(110,340,363)
Income tax expense of subsidiary		2,625,654	232,946	2,121,793
Adjustments to fair value of investment property	7	(727,748,087)	(2,520,134,043)	(3,789,379,865)
<b>Profit for the year</b>		<b>\$ 3,891,797,290</b>	<b>\$ 5,166,261,356</b>	<b>\$ 5,872,748,276</b>
Profit for the year attributable to:				
Owners of the Entity		\$ 3,889,865,680	\$ 5,166,261,356	\$ 5,872,748,276
Non-controlling interests		1,931,610	–	–
		3,891,797,290	5,166,261,356	5,872,748,276
Other comprehensive income results not recyclable:				
Actuarial (losses) gains of employee benefits		(1,078,925)	18,619	(580,605)
<b>Total consolidated comprehensive income for the year</b>		<b>\$ 3,890,718,365</b>	<b>\$ 5,166,279,975</b>	<b>\$ 5,872,167,671</b>
<b>Basic comprehensive income per CBFÍ (pesos)</b>		<b>\$ 2.7221</b>	<b>\$ 3.6590</b>	<b>\$ 4.1670</b>
<b>Diluted comprehensive income per CBFÍ (pesos)</b>		<b>\$ 2.5854</b>	<b>\$ 3.4016</b>	<b>\$ 3.8198</b>

# Consolidated Statements of Changes in TRUSTORS' CAPITAL

For the years ended December 31, 2018, 2017 and 2016  
(In Mexican pesos)

	Trustors' capital	Retained earnings
Balance as of January 1, 2016	\$ 45,122,110,237.00	\$ 2,882,288,245.00
Contribution of investment properties	1,053,291,737.00	-
Increase in equity by contributions in kind	483,417,795.00	-
Increase in equity due to capitalization of advisory fees	-2,050,355,397.00	-
Capital reimbursements	-	-1,628,066,247.00
Comprehensive income:		
Consolidated net income for the year	-	5,872,748,276.00
Actuarial loss for employee benefits	-	-
		5,872,748,276.00
<b>Balance as of December 31, 2016</b>	<b>44,608,464,372.00</b>	<b>7,126,970,274.00</b>
Increase in equity due to capitalization of advisory fees	486,341,093.00	-
Capital reimbursements	-1,484,054,940.00	-
Dividends paid	-	-1,414,332,276.00
Comprehensive income:		
Consolidated net income for the year	-	5,166,261,356.00
Actuarial loss for employee benefits	-	-
		5,166,261,356.00
Non controlling interest	-	-
<b>Balance as of December 31, 2017</b>	<b>43,610,750,525.00</b>	<b>10,878,899,354.00</b>
Increase in equity due to capitalization of advisory fees	580,061,236.00	-
Capital reimbursements	-1,567,037,927.00	-
Dividends paid	-	-1,696,509,187.00
Cancellation of CBFIs Via Vallejo	-240,768,514.00	-
Contribution to non controlling interest	-	-
Comprehensive income:		
Consolidated net income for the year	-	3,889,865,680.00
Actuarial loss for employee benefits	-	-
		3,889,865,680.00
<b>Balance as of December 31, 2018</b>	<b>\$ 42,383,005,320.00</b>	<b>\$ 13,072,255,847.00</b>

	Other items of comprehensive income		Controlling interest		Non-controlling interest		Total
\$	-513,225.00	\$	48,003,885,257.00	\$	-	\$	48,003,885,257.00
	-		1,053,291,737.00		-		1,053,291,737.00
	-		483,417,795.00		-		483,417,795.00
	-		-2,050,355,397.00		-		-2,050,355,397.00
	-		-1,628,066,247.00		-		-1,628,066,247.00
	-		5,872,748,276.00		-		5,872,748,276.00
	-580,605.00		-580,605.00		-		-580,605.00
	-580,605.00		5,872,167,671.00		-		5,872,167,671.00
	-1,093,830.00		51,734,340,816.00		-		51,734,340,816.00
	-		486,341,093.00		-		486,341,093.00
	-		-1,484,054,940.00		-		-1,484,054,940.00
	-		-1,414,332,276.00		-		-1,414,332,276.00
	-		5,166,261,356.00		-		5,166,261,356.00
	18,619.00		18,619.00		-		18,619.00
	18,619.00		5,166,279,975.00		-		5,166,279,975.00
	-		-		461,693,269.00		461,693,269.00
	-1,075,211.00		54,488,574,668.00		461,693,269.00		54,950,267,937.00
	-		580,061,236.00		-		580,061,236.00
	-		-1,567,037,927.00		-		-1,567,037,927.00
	-		-1,696,509,187.00		-		-1,696,509,187.00
	-		-240,768,514.00		-		-240,768,514.00
	-		-		291,371,979.00		291,371,979.00
	-		3,889,865,680.00		1,931,610.00		3,891,797,290.00
	-1,078,925.00		-1,078,925.00		-		-1,078,925.00
	-1,078,925.00		3,888,786,755.00		1,931,610.00		3,890,718,365.00
\$	<b>-2,154,136.00</b>	\$	<b>55,453,107,031.00</b>	\$	<b>754,996,858.00</b>	\$	<b>56,208,103,889.00</b>

# Consolidated Statements of CASH FLOWS

For the years ended December 31, 2018, 2017 and 2016  
(In Mexican pesos)

<b>Cash flows from operating activities:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Consolidated net income	\$ 3,891,797,290.00	\$ 5,166,261,356.00	\$ 5,872,748,276.00
Adjustments to net income:			
(Benefits) income tax from subsidiary	2,625,654.00	232,946.00	2,121,793.00
Adjustments to fair value of investment property	-727,748,087.00	-2,520,134,043.00	-3,789,379,865.00
Advisory fee liquidated by equity instruments	580,061,236.00	486,341,092.00	344,146,181.00
Employee benefits	1,758,347.00	1,537,498.00	1,217,525.00
Depreciation of machinery and equipment	2,909,347.00	706,508.00	478,570.00
Amortization of technological platform	5,986,376.00	4,672,030.00	-
Interest income	-80,173,400.00	-113,293,979.00	-80,614,944.00
Interest expense	332,969,621.00	130,441,514.00	21,526,292.00
<b>Total</b>	<b>4,010,186,384.00</b>	<b>3,156,764,922.00</b>	<b>2,372,243,828.00</b>
Changes in working capital:			
(Increase) decrease in:			
Lease receivable and other receivables	43,187,791.00	72,615,999.00	-264,464,477.00
Accounts receivable from related parties	4,596,270.00	59,339,958.00	-60,891,255.00
Recoverable taxes, mainly Income Taxes	-35,294,843.00	118,748,271.00	3,092,004.00
Increase (decrease) in:			
Trade accounts payable and accrued expenses	-135,956,300.00	101,422,326.00	49,044,963.00
Prepaid lease	66,070.00	-21,610,741.00	11,861,411.00
Deferred lease revenue	-118,537,516.00	73,543,533.00	740,648,773.00
Deposits of tenants	31,055,723.00	50,910,358.00	103,485,220.00
Income tax paid	5,355,945.00	51,781,595.00	-2,393,382.00
Accounts payable to related parties	5,474,293.00	-333,297,410.00	131,407,817.00
<b>Net cash generated in operating activities</b>	<b>3,810,133,817.00</b>	<b>3,330,218,811.00</b>	<b>3,084,034,902.00</b>
Cash flows from investing activities			
Acquisitions of investment properties	-1,641,815,898.00	-2,112,519,857.00	-3,303,716,359.00
Acquisition of technological platform	-5,257,387.00	-4,744,578.00	-13,943,542.00
Acquisitions of machinery and equipment	-11,355,349.00	-9,051,971.00	-5,102,884.00
Sale of land	-	62,953,798.00	74,394,746.00
Interest received	80,173,400.00	113,293,979.00	80,614,944.00
<b>Net cash used in investing activities</b>	<b>-1,578,255,234.00</b>	<b>-1,950,068,629.00</b>	<b>-3,167,753,095.00</b>
Cash flows from financing activities:			
Loans obtained (financial liability)	-	2,500,000,000.00	4,000,000,000.00
Expenses paid on the issuance of financial liabilities	-	-20,928,176.00	-41,848,695.00
Debt commissions	-	-2,500,000.00	-
Capital reimbursements	-1,567,037,927.00	-1,484,054,940.00	-2,050,355,397.00
Dividends paid	-1,696,509,187.00	-1,414,332,276.00	-1,628,066,247.00
Capital contributions to Fideicomiso Inxex 3381 (Parque Tepeyac)	291,371,976.00	-	-
Interest paid	-539,420,277.00	-315,666,538.00	-4,526,441.00
<b>Net cash used in financing activities</b>	<b>-3,511,595,415.00</b>	<b>-737,481,930.00</b>	<b>275,203,220.00</b>
Cash, cash equivalents and restricted cash:			
Net (decrease) increase in cash, cash equivalents and restricted cash	-1,279,716,832.00	642,668,252.00	191,485,027.00
Cash, cash equivalents and restricted cash at the beginning of period	3,088,324,660.00	2,445,656,408.00	2,254,171,381.00
<b>Cash, cash equivalents and restricted cash at the end of period</b>	<b>1,808,607,828.00</b>	<b>3,088,324,660.00</b>	<b>2,445,656,408.00</b>
Items that do not generate cash flow:			
Contribution of investment properties (see Note7)	\$ -	\$ -	\$ 1,053,291,737.00
Advisory fee liquidated by equity instruments (see Note13)	580,061,236.00	486,341,092.00	344,146,181.00
Cancellation of CBFI's Via Vallejo (see Note 1 "relevant events")	-240,768,514.00	-	-
<b>Total items that do not generate cash flow</b>	<b>\$ 339,292,722.00</b>	<b>\$ 486,341,092.00</b>	<b>\$ 1,397,437,918.00</b>





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